

Oracle® Fusion Applications Financials Implementation Guide

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Oracle® Fusion Applications Financials Implementation Guide

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Preface

This Preface introduces the guides, online help, and other information sources available to help you more effectively use Oracle Fusion Applications.

Oracle Fusion Applications Help

You can access Oracle Fusion Applications Help for the current page, section, activity, or task by clicking the help icon. The following figure depicts the help icon.



You can add custom help files to replace or supplement the provided content. Each release update includes new help content to ensure you have access to the latest information. Patching does not affect your custom help content.

Oracle Fusion Applications Guides

Oracle Fusion Applications guides are a structured collection of the help topics, examples, and FAQs from the help system packaged for easy download and offline reference, and sequenced to facilitate learning. You can access the guides from the **Guides** menu in the global area at the top of Oracle Fusion Applications Help pages.

Note

The **Guides** menu also provides access to the business process models on which Oracle Fusion Applications is based.

Guides are designed for specific audiences:

- **User Guides** address the tasks in one or more business processes. They are intended for users who perform these tasks, and managers looking for an overview of the business processes. They are organized by the business process activities and tasks.
- **Implementation Guides** address the tasks required to set up an offering, or selected features of an offering. They are intended for implementors. They are organized to follow the task list sequence of the offerings, as displayed within the Setup and Maintenance work area provided by Oracle Fusion Functional Setup Manager.
- **Concept Guides** explain the key concepts and decisions for a specific area of functionality. They are intended for decision makers, such as chief financial officers, financial analysts, and implementation consultants. They are organized by the logical flow of features and functions.

- **Security Reference Manuals** describe the predefined data that is included in the security reference implementation for one offering. They are intended for implementors, security administrators, and auditors. They are organized by role.

These guides cover specific business processes and offerings. Common areas are addressed in the guides listed in the following table.

Guide	Intended Audience	Purpose
Common User Guide	All users	Explains tasks performed by most users.
Common Implementation Guide	Implementors	Explains tasks within the Define Common Applications Configuration task list, which is included in all offerings.
Information Technology Management, Implement Applications Guide	Implementors	Explains how to use Oracle Fusion Functional Setup Manager to plan, manage, and track your implementation projects, migrate setup data, and validate implementations.
Technical Guides	System administrators, application developers, and technical members of implementation teams	Explain how to install, patch, administer, and customize Oracle Fusion Applications.

For guides that are not available from the Guides menu, go to Oracle Technology Network at <http://www.oracle.com/technetwork/indexes/documentation>.

Other Information Sources

My Oracle Support

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

Use the My Oracle Support Knowledge Browser to find documents for a product area. You can search for release-specific information, such as patches, alerts, white papers, and troubleshooting tips. Other services include health checks, guided lifecycle advice, and direct contact with industry experts through the My Oracle Support Community.

Oracle Enterprise Repository for Oracle Fusion Applications

Oracle Enterprise Repository for Oracle Fusion Applications provides visibility into service-oriented architecture assets to help you manage the lifecycle of your software from planning through implementation, testing, production,

and changes. In Oracle Fusion Applications, you can use the Oracle Enterprise Repository for Oracle Fusion Applications at <http://fusionappsoer.oracle.com> for:

- Technical information about integrating with other applications, including services, operations, composites, events, and integration tables. The classification scheme shows the scenarios in which you use the assets, and includes diagrams, schematics, and links to other technical documentation.
- Publishing other technical information such as reusable components, policies, architecture diagrams, and topology diagrams.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/us/corporate/accessibility/index.html>.

Comments and Suggestions

Your comments are important to us. We encourage you to send us feedback about Oracle Fusion Applications Help and guides. Please send your suggestions to oracle_fusion_applications_help_ww_grp@oracle.com. You can use the **Send Feedback to Oracle** link in the footer of Oracle Fusion Applications Help.

Overview

Common Implementation: Overview

Common implementation involves accessing tasks that are available in multiple offerings, or that apply to multiple products and product families. The Define Common Applications Configuration task list and other activities include these common setup and implementation tasks.

You can find other information in support of common implementation in the Oracle Fusion Applications Concepts Guide.

In addition, you can customize and extend applications using various tools. For more information, see the Oracle Fusion Applications Extensibility Guide.

Define Common Applications Configuration Task List

Use the Define Common Applications Configuration task list to set up and administer an implementation of behaviors across offerings.

Most Oracle Fusion Applications offerings include the Define Common Applications Configuration task list for implementing what is common in multiple or all Oracle Fusion applications. The task lists and tasks within Define Common Applications Configuration can be present in all offerings, some, or just a single offering.

Common implementation includes such tasks as setting up security, defining enterprise structures, configuring Oracle Fusion Applications Help, and setting options. Many of the common implementation tasks involve configuring reference objects provided by Oracle Fusion Middleware Extensions for Applications (Applications Core), such as messages, flexfields, document sequences, and profile options. Some common implementation tasks involve configuring features provided by Oracle Application Toolkit (ATK), such as the Watchlist. Other common implementation tasks involve Oracle Fusion Applications products such as the Assign Balancing Segment Values to Ledger task in Oracle Fusion General Ledger.

Other Common Setup and Maintenance Tasks

Other setup and maintenance tasks exist in multiple offerings but not in the Define Common Applications Configuration task list. Use these other task lists to define an Oracle Fusion Transactional Business Intelligence configuration, and to define extensions such as custom Oracle Enterprise Scheduler jobs.

You can access common implementation tasks and task lists by starting in the Setup and Maintenance Overview page and searching for task lists by name. Setup and Maintenance is available from the Administration menu to users provisioned with appropriate roles. The Administration menu provides access to other tasks, such as for customization.

Getting Started with an Implementation: Overview

To start an Oracle Fusion Applications implementation, you must setup one or more initial users using the super user that was created during installation and provisioning of the Oracle Fusion Applications environment. Because Oracle Fusion Applications is secure as delivered, the process of enabling the necessary setup access for initial users requires several specialized steps when getting started with an implementation.

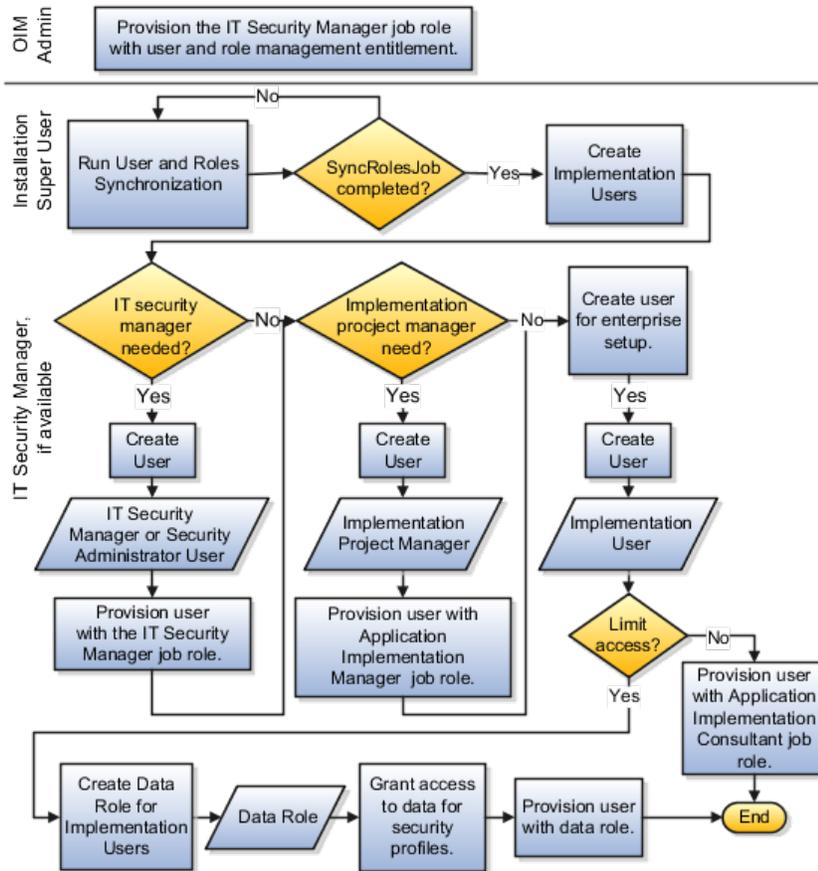
The following high level steps are required for starting an implementation.

1. As the Oracle Identity Management Administration user, provision the IT Security Manager job role with roles for user and role management.

This step enables the super user account, which is provisioned with the IT Security Manager job role, to create implementation users.

2. As the Oracle Fusion Applications installation super user, perform the following tasks once you have selected an offering to implement and generated the setup tasks needed to implement the offering.
 - a. Synchronize users and roles in the Lightweight Directory Access Protocol (LDAP) store with HCM user management by using the Run User and Roles Synchronization Process task.
 - b. Create an IT security manager user by using the Create Implementation Users task.
 - c. Provision the IT security manager with the IT Security Manager role by using the Provision Roles to Implementation Users task.
3. As the newly created IT security manager user, sign in to Oracle Fusion Applications and set up at least one implementation user for setting up enterprise structures.
 - a. Create an implementation user by using the Create Implementation Users task.
 - b. Provision the implementation user with the Application Implementation Manager job role or the Application Implementation Consultant job role by using the Provision Roles to Implementation Users task. The Application Implementation Consultant job role inherits from all product-specific application administrators and entitles the necessary View All access to all secured object.
 - c. Optionally, create a data role for an implementation user who needs only the limited access of a product-specific Application Administrator by using the Create Data Role for Implementation Users. Then assign the resulting data role to the implementation user by using the Provision Roles to Implementation Users task.

The figure shows the task flow from provisioning the IT Security Manager job role with the user and role management entitlement to creating and provisioning implementation users for enterprise setup.



Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation: Overview

Use the Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation task list to streamline your setup configuration to focus only on the critical setup steps. The rapid implementation task lists minimize the time needed for you to complete your key setups and enable the day-to-day use of Oracle Fusion Financials and Oracle Fusion Accounting Hub applications.

To create an implementation project that includes the Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation task list, use the Manage Implementation Projects page in the Setup and Maintenance work area. The application implementation manager can customize the task list and assign and track each task.

Task Lists

The Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation task list contains the following task lists:

Task List	Description
Define Common Financials Configuration for Rapid Implementation	Define the common configuration for Oracle Fusion Financials rapid implementation, which includes enterprise structures and banks setup.
Define Transaction Taxes for Rapid Implementation	Configure tax setup according to local and international tax requirements.
Define Fusion Accounting Hub Configuration for Rapid Implementation	Define the configuration for Oracle Fusion Accounting Hub rapid implementation, which includes Oracle Fusion General Ledger, intercompany, and budgeting setup.
Define Invoicing and Payments Configuration for Rapid Implementation	Define invoicing and payments configuration for Oracle Fusion Payables rapid implementation.
Define Expenses Configuration for Rapid Implementation	Define corporate expense policies and rules, expense types, and expense report approval rules for Oracle Fusion Expenses rapid implementation.
Define Fixed Assets Configuration for Rapid Implementation	Define the configuration for Oracle Fusion Assets rapid implementation.
Define Receivables Configuration for Rapid Implementation	Define the configuration for Oracle Fusion Receivables rapid implementation.
Define Financials Security Configuration for Rapid Implementation	Define the configuration for user and data roles setup for Oracle Fusion Financials rapid implementation.

The rapid implementation task lists include tasks that are:

- Critical setup tasks for initial setup.
- Setup steps that are required by most users.

Note

You are not restricted to only the setup configuration in the rapid implementation task list. You can manually add the standard Financials or Fusion Accounting Hub offering task lists and tasks to your rapid implementation project to change and update your setup.

Configuring Rapid Implementation Tasks Lists

Based on the applications you are implementing, you can streamline your task lists even more. For example, when you are only implementing:

- Oracle Fusion Accounting Hub: Delete the following task lists from your implementation project:
 - Define Transaction Taxes for Rapid Implementation
 - Define Invoicing and Payments Configuration for Rapid Implementation
 - Define Expenses Configuration for Rapid Implementation
 - Define Fixed Assets Configuration for Rapid Implementation
 - Define Receivables Configuration for Rapid Implementation

- Oracle Fusion Payables, Expenses, and Assets: Delete the Define Receivables Configuration for Rapid Implementation task lists from your implementation project:
- Oracle Fusion Receivables: Delete the following task lists from your implementation project:
 - Define Invoicing and Payments Configuration for Rapid Implementation
 - Define Expenses Configuration for Rapid Implementation
 - Define Fixed Assets Configuration for Rapid Implementation

Creating an Oracle Fusion Financials Rapid Implementation Project: Worked Example

This example shows how to create an implementation project for the Oracle Fusion Financials and Oracle Fusion Accounting Hub rapid implementation task lists.

The following table summarizes key decisions for this scenario:

Decision to Consider	In This Example
What Oracle Fusion applications are included in this implementation?	The Oracle Fusion applications being implemented are: <ul style="list-style-type: none"> • General Ledger • Subledger Accounting • Tax • Payables • Receivables • Expenses • Assets
Are the setup requirements unique to this organization?	No
Can the rapid implementation task lists and tasks be used for this implementation?	Yes

Creating the Implementation Project

1. On the Setup and Maintenance work area click the **Manage Implementation Projects** link.
2. Click **Create** in the Search Results table.
3. On the Create Implementation Project: Enter Basic Information page, enter **Implementation Project-FIN_Rapid_Implementation** in the **Name** field.

4. Click in the **Description** field to automatically update the name in the description.
5. Click the **Save and Open Project** button.
6. On the Implementation Project: Implementation Project-FIN_Rapid_Implementation page, click **Add** in the Task Lists and Tasks table.
7. On the **Select and Add: Task Lists and Task** dialog box, enter **%Rapid Implementation%** in the **Name** field. Use wild card characters if you do not know the exact name of the task list or task.
8. Click the **Search** button.
9. Select the Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation row.
10. Click the **Done** button.
11. On the Implementation Project: Implementation Project-FIN_Rapid_Implementation page, expand the task list to see the task lists and tasks associated with your implementation project.

Important

If you are not implementing all of the applications, you can delete the task lists associated with those applications. However, your rapid implementation project must always include the following task lists:

- Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation
- Define Common Financials Configuration for Rapid Implementation

You can remove the Define Transaction Taxes for Rapid Implementation task list if you are not using Oracle Fusion Tax for your transaction tax processing.

- Define Fusion Accounting Hub Configuration for Rapid Implementation
- Define Financials Security Configuration for Rapid Implementation

The Open First Period task must also be included in all rapid implementation projects.

-
12. Click the **Done** button.

Manage Application Implementation

Manage Application Implementation: Overview

The Manage Applications Implementation business process enables rapid and efficient planning, configuration, implementation, deployment, and ongoing maintenance of Oracle Fusion applications through self-service administration.

The Setup and Maintenance work area offers you the following benefits:

- Prepackaged lists of implementation tasks

Task lists can be easily configured and extended to better fit with business requirements. Auto-generated, sequential task lists include prerequisites and address dependencies to give full visibility to end-to-end setup requirements of Oracle Fusion applications.

- Rapid start

Specific implementations can become templates to facilitate reuse and rapid-start of consistent Oracle Fusion applications setup across many instances.

- Comprehensive reporting

A set of built-in reports helps to analyze, validate and audit configurations, implementations, and setup data of Oracle Fusion applications.

With Oracle Fusion Functional Setup Manager you can:

- Learn about and analyze implementation requirements.
- Configure Oracle Fusion applications to match your business needs.
- Get complete visibility to setup requirements through guided, sequential task lists downloadable into Excel for project planning.
- Enter setup data through easy-to-use user interfaces available directly from the task lists.
- Export and import data from one instance to another for rapid setup.
- Validate setup by reviewing setup data reports.
- Implement all Oracle Fusion applications through a standard and consistent process.

There are several documentation resources available for learning how to configure Oracle Fusion Applications.

- Functional Setup Manager Developer's Guide
- Common Implementation Guide
- Customer Data Management Implementation Guide
- Enterprise Contracts Implementation Guide
- Marketing Implementation Guide
- Sales Implementation Guide
- Fusion Accounting Hub Implementation Guide
- Financials Implementation Guide

- Compensation Management Implementation Guide
- Workforce Deployment Implementation Guide
- Workforce Development Implementation Guide
- Incentive Compensation Implementation Guide
- Procurement Implementation Guide
- P6 EPPM Administrator's Guide for an Oracle Database
- P6 EPPM Administrator's Guide for Microsoft SQL Server Database

Implementation Projects: Explained

An implementation project is the list of setup tasks you need to complete to implement selected offerings and options. You create a project by selecting the offerings and options you want to implement together. You manage the project as a unit throughout the implementation lifecycle. You can assign these tasks to users and track their completion using the included project management tools.

Maintaining Setup Data

You can also create an implementation project to maintain the setup of specific business processes and activities. In this case, you select specific setup task lists and tasks

Exporting and Importing

Implementation projects are also the foundation for setup export and import. You use them to identify which business objects, and consequently setup data, you will export or import and in which order.

Selecting Offerings

When creating an implementation project you see the list of offerings and options that are configured for implementation. Implementation managers specify which of those offerings and options to include in an implementation project. There are no hard and fast rules for how many offerings you should include in one implementation project. The implementation manager should decide based on how they plan to manage their implementations. For example, if you will implement and deploy different offerings at different times, then having separate implementation projects will make it easier to manage the implementation life cycles. Furthermore, the more offerings you included in an implementation project, the bigger the generated task list will be. This is because the implementation task list includes all setup tasks needed to implement all included offerings. Alternatively, segmenting into multiple implementation projects makes the process easier to manage.

Offerings: Explained

Offerings are application solution sets representing one or more business processes and activities that you typically provision and implement as a unit.

They are, therefore, the primary drivers of functional setup of Oracle Fusion applications. Some of the examples of offerings are Financials, Procurement, Sales, Marketing, Order Orchestration, and Workforce Deployment. An offering may have one or more options or feature choices.

Implementation Task Lists

The configuration of the offerings will determine how the list of setup tasks is generated during the implementation phase. Only the setup tasks needed to implement the selected offerings, options and features will be included in the task list, giving you a targeted, clutter-free task list necessary to meet your implementation requirements.

Enabling Offerings

Offerings and their options are presented in an expandable and collapsible hierarchy to facilitate progressive decision making when specifying whether or not an enterprise plans to implement them. An offering or its options can either be selected or not be selected for implementation. Implementation managers decide which offerings to enable.

Provisioning Offerings

The Provisioned column on the Configure Offerings page shows whether or not an offering is provisioned. While you are not prevented from configuring offerings that have not been provisioned, ultimately the users are not able to perform the tasks needed to enter setup data for those offerings until appropriate enterprise applications (Java EE applications) are provisioned and their location (end point URLs) is registered.

Options: Explained

Each offering in general includes a set of standard functionality and a set of optional modules, which are called options. For example, in addition to standard Opportunity Management, the Sales offering includes optional functionality such as Sales Catalog, Sales Forecasting, Sales Prediction Engine, and Outlook Integration. These optional functions may not be relevant to all application implementations. Because these are subprocesses within an offering, you do not always implement options that are not core to the standard transactions of the offering.

Feature Choices: Explained

Offerings include optional or alternative business rules or processes called feature choices. You make feature selections according to your business requirements to get the best fit with the offering. If the selected offerings and options have dependent features then those features are applicable when you implement the corresponding offering or option. In general, the features are set with a default configuration based on their typical usage in most implementations. However, you should always review the available feature choices for their selected offerings and options and configure them as appropriate for the implementation.

You can configure feature choices in three different ways:

Yes or No

If a feature can either be applicable or not be applicable to an implementation, a single checkbox is presented for selection. Check or uncheck to specify yes or no respectively.

Single Select

If a feature has multiple choices but only one can be applicable to an implementation, multiple choices are presented as radio buttons. You can turn on only one of those choices.

Multi-Select

If the feature has multiple choices but one or more can be applicable to an implementation then all choices are presented with a checkbox. Select all that apply by checking the appropriate choices.

Maintain Common Reference Objects

Maintain Common Reference Objects: Overview

The Maintain Common Reference Objects task list contains Oracle Fusion Middleware Extensions for Applications (Applications Core) tasks that support implementation of common behaviors, such as data security or reference data sets.

Use this task list to manage common reference objects that are defined centrally and shared across applications, in addition to those that are specific to Applications Core functionality. You can access this task list by starting in the Setup and Maintenance Overview page and searching for common reference object task lists.

Note

Offerings also include application-specific tasks for managing Applications Core objects. For example, the Financials offering includes tasks such as Manage Receivables Descriptive Flexfields, and Manage Receivables Lookups.

For more information on configuring custom objects, see the Oracle Fusion Applications Extensibility Guide.

To make the Maintain Common Reference Objects task list available in your implementation project, go to **Setup and Maintenance Overview - Configure Offerings**, and for a specific offering, select the Maintain Common Reference Objects feature choice.

Define Application Taxonomy

Application Taxonomy: Highlights

Application taxonomy is the organization of Oracle application components and functions in a hierarchical structure, from product lines to logical business areas. This hierarchy represents a breakdown of products into units based on how applications are installed and supported. Maintain this hierarchy on the Manage Taxonomy Hierarchy page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Taxonomy Hierarchy task.

A detailed introduction to application taxonomy is provided in the Oracle Fusion Applications Developer's Guide.

Hierarchy

- The application taxonomy hierarchy contains various levels and types of nodes, or modules.

See: Characteristics of the Level Categories

See: Benefits of a Logical Hierarchy

Usage

- Use application taxonomy to understand relationships among applications and between an application and its files. This information is helpful in managing various phases of the product lifecycle.

See: How to Manage the Lifecycle

Modules in Application Taxonomy: Explained

A module is any node in the application taxonomy hierarchy. The top level of the hierarchy is product line, followed by product family, application, and logical business area. There can be multiple levels of logical business areas, with one or more nested within a parent logical business area.

Product Line

A product line is a collection of products under a single brand name, for example, Oracle Fusion.

Product Family

A product family is a collection of products associated with a functional area that may or may not be licensed together as a single unit, for example Financials.

Application

An application is a single product within a product family, containing closely related features for a specific business solution, for example General Ledger.

Logical Business Area

A logical business area is a collection of business object definitions organized into a logical grouping. It contains the model objects, services, and UI components for those business objects. Logical business areas have their own hierarchy levels and in some cases can be two or three levels deep. Each leaf node has at least one business object and service, up to a maximum of four business objects and associated services. A logical business area with more than four business objects are further refined with child logical business area levels. Each of these parent-child levels is represented by a directory in the physical package hierarchy.

Managing Modules in Application Taxonomy: Points to Consider

Manage modules on the Create Child Module or Edit Module page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Taxonomy Hierarchy task. When you create a module, it is a child of the currently selected node in the application taxonomy hierarchy. This determines which values are available, for example for module type. Once created, you cannot delete the module or move it elsewhere in the hierarchy. As you create or edit modules, consider the following points regarding specific fields.

Identifiers

Module ID is the unique primary key for nodes in the taxonomy table. When you create a module, an ID is automatically generated. Once the module is created, you cannot update the ID.

Module key and alternative ID are additional identifiers of the module, presented in a way that is easier to read than the module ID. The module key is a string identifier, for example AP for the Oracle Fusion Payables application. The alternative ID is a numeric identifier, for example 1 for the Oracle Fusion product line. These IDs are provided for the product line, product family, and application modules, but you can optionally add them for logical business areas and new custom modules.

Note

Do not change the module key or alternative ID for predefined modules.

The product code is relevant only to application and logical business area modules. You can leave the field blank for other module types. The product code for applications is the short name that can be displayed in lists of application values, for example FND for Oracle Fusion Middleware Extensions for Applications.

Names

Module name is the logical name for the module and is always available. The name must be unique among nodes in the same hierarchy level with the same parent, but try to make it as unique in the whole hierarchy as possible.

The user name and description can appear to users in other parts of Oracle Fusion Applications, so make sure that the values are something that users know to represent the module.

Usage Types

Though you can update the usage type to reflect the current state of the module, just doing so does not affect the actual state. For example, setting a module as installed does not mean it is actually installed if the installation itself has not taken place. Installation refers to operations related to laying down all the

components needed to create an Oracle Fusion Applications environment, while deployment is the process that starts the managed servers and clusters and facilitates the actual use of product offerings. A licensed module is available for installation and deployment, and a deployed module is considered actively used when actually used by users.

Seed Data

If seed data is allowed, then seed data such as flexfields and lookups can be extracted for the module using seed data loaders. By default, extract is allowed for all predefined modules of type application and logical business area.

Associations

You can associate a logical domain to modules of type product family, as well as one or more enterprise applications to modules of type application. This association represents the relationship between the taxonomy modules and the corresponding domain and enterprise applications stored in the Oracle Fusion Applications Functional Core (ASK) tables.

Define Reference Data Sharing

Reference Data Sharing: Explained

Reference data sharing facilitates sharing of configuration data such as jobs and payment terms, across organizational divisions or business units. You define reference data sets and determine how the data is shared or partitioned. Use reference data sets to reduce duplication and maintenance by sharing common data across business entities where appropriate. Depending on the requirement (specific or common), each business unit can maintain its data at a central location, using a set of values either specific to it or shared by other business units.

You can share reference data after it is filtered on the basis of sets. A common reference data set is available as the default set, which can be assigned to several business units sharing the same reference data. For commonly used data such as currencies, you can use the common reference data set and assign it to multiple business units in various countries that use the same currency. In cases where the default set cannot be assigned to an entity, you can create specific sets. The data set visible on the transactional page depends on the sharing method used to share reference data.

For example, XYZ Corporation uses the same grades throughout the entire organization. Instead of managers in different business units setting up the same grades, XYZ Corporation decides to create a set called Grades and assign the grades reference data group for all business units in the organization to the Grades set, so that the grades can be shared.

Note

For specific information on configuring reference data sharing for a particular object or product, refer to its product documentation.

Reference Data Sets: Explained

Reference data sets are logical groups of reference data that can be accessed by various transactional entities depending on the business context. Oracle Fusion Applications contains a common reference data set as well as an enterprise set that may be used as a default set. Depending on your business requirement you can create and maintain additional reference data sets, while continuing to use the common reference data set.

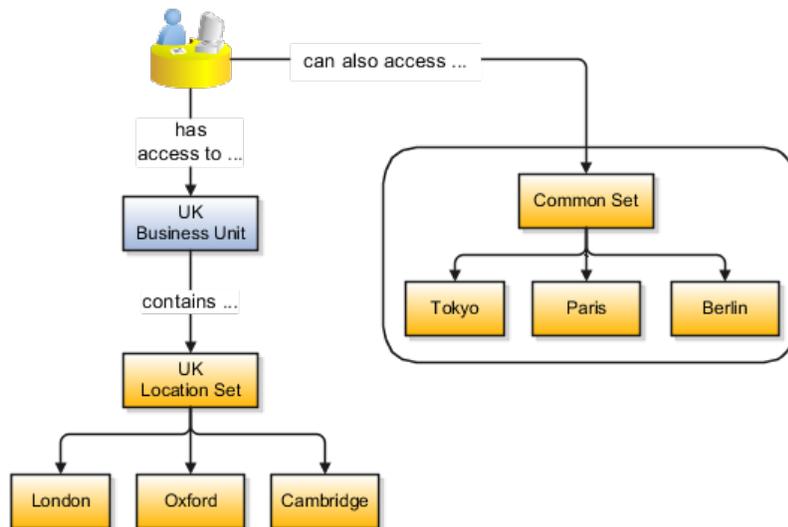
Consider the following scenario.

Your enterprise can decide that some aspects of corporate policy should affect all business units and leave other aspects to the discretion of the business unit manager. This allows your enterprise to balance autonomy and control for each business unit. For example, if your enterprise holds business unit managers accountable for their profit and loss, but manages working capital requirements at a corporate level, you can let managers define their own sales methods, but define payment terms centrally. In this case, each business unit would have its own reference data set for sales methods, and there would be one central reference data set for payment terms assigned to all business units.

Partitioning

The partitioning of reference data and creation of data sets enable you to create reference entities across tables or lookup types, and share modular information and data processing options among business units. With the help of partitioning, you can choose to create separate sets and subsets for each business unit depending upon its business requirement, or create common sets or subsets to enable sharing reference data between several business units, without the need for duplicating the reference data. Partitioning provides you the flexibility to handle the reference data in a way appropriate to your business needs.

The following figure illustrates the reference data sharing method (assignment to one set only, with common values) where the user can access the data assigned to a specific set in a particular business unit, as well as access the data assigned to the common set.



Assigning Reference Data Sets to Reference Objects: Points to Consider

You can assign the reference data sets to reference objects on the Manage Reference Data Set Assignments page. For multiple assignments, you can classify different types of reference data sets into groups and assign them to reference entity objects. The assignment takes into consideration the determinant type, determinant, and reference group, if any.

Determinant Types

The partitioned reference data is shared based on a business context setting called the determinant type. It is the point of reference used in the data assignment process. The following table lists the determinant types used in the reference data assignment.

Type	Description
Asset Book	Information about the acquisition, depreciation, and retirement of an asset that belongs to a ledger or a business unit.
Business Unit	The departments or organizations within an enterprise.
Cost Organization	The organization used for cost accounting and reporting on various inventory and cost centers within an enterprise.
Project Unit	A logical organization within an enterprise that is responsible for enforcing consistent project management practices.
Reference Data Set	References to other shared reference data sets.

Determinant

The determinant or determinant value is the value that corresponds to the selected determinant type. The determinant is one of the criteria for selecting the appropriate reference data set. For example, when managing set assignments for the set determinant type, Reference Data Set is the determinant type, and you would enter the corresponding set code value as the corresponding determinant value.

Reference Groups

A transactional entity may have multiple reference entities (generally considered to be setup data) that are treated in the same manner because of commonness in implementing business policies and legal rules. Such reference entities in your application are grouped into logical units called reference groups, based on the functional area and the partitioning requirements that they have in common. For example, all tables and views that define Sales Order Type details might be part of the same reference group.

Note

The reference groups are predefined in the reference groups table and are available for selection and assignment.

Define Lookups

Lookups: Explained

Lookups are lists of values in applications. You define a list of values as a lookup type consisting of a set of lookup codes, each code's translated meaning, and optionally a tag. End users see the list of translated meanings as the available values for an object.

Lookups provide a means of validation and lists of values where valid values appear on a list with no duplicate values. For example, an application might store the values Y and N in a column in a table, but when displaying those values in the user interface, Yes or No (or their translated equivalents) should be available for end users to select. For example, the two lookup codes Y and N are defined in the REQUIRED_INDICATOR lookup type.

In another example, a lookup type for marital status has lookup codes for users to specify married, single, or available legal partnerships.

Lookup Type	Lookup Code	Meaning	Tag
MAR_STATUS	M	Married	
	S	Single	
	R	Registered Partner	+NL
	DP	Domestic Partner	-FR, AU

In this case, tags are used for localizing the codes. All legislations list Married and Single. Only the Dutch legislation lists Registered Partner. And all legislations except France and Australia also list Domestic Partner.

When managing lookups, you need to understand the following.

- Using lookups in applications
- Customization levels
- Accessing lookups
- Enabling lookups
- The three kinds of lookups: standard, common, and set enabled

Using Lookups in Applications

Use lookups to provide validation or a list of values for a user input field in a user interface.

An example of a lookup used for validation is a flexfield segment using a table-validated value set with values from a lookup type. An example of a lookup in a list of values is a profile option's available values from which users select one to set the profile option. Invoice Approval Status gives the option of including payables invoices of different approval statuses in a report. The lookup code values include All so that users can report by all statuses: Approved, Resubmitted for approval, Pending or rejected, and Rejected.

Customization Level

The customization level of a lookup type determines whether the lookups in that lookup type can be edited. This applies data security to lookups.

Some lookup types are locked so no new codes and other changes can be added during implementation or later, as needed. Depending on the customization level of a lookup type, you may be able to change the codes or their meanings. Some lookups are designated as extensible, so new lookup codes can be created during implementation, but the meanings of predefined lookup codes cannot be modified. Some predefined lookup codes can be changed during implementation or later, as needed.

The customization levels are user, extensible, and system. The following table shows which lookup management tasks are allowed at each customization level.

Allowed Task	User	Extensible	System
Deleting a lookup type	Yes	No	No
Inserting new codes	Yes	Yes	No
Updating start date, end date, and enabled fields	Yes	Yes, only if the code is not predefined data	No
Deleting codes	Yes	Yes, only if the code is not predefined data	No
Updating tags	Yes	No	No
Updating module	Yes	No	No

Predefined data means LAST_UPDATED_BY = SEED_DATA_FROM_APPLICATION.

If a product depends on a lookup, the customization level should be system or extensible to prevent deletion.

Once the customization level is set for a lookup type, it cannot be modified. The customization level for lookup types created using the Define Lookups page is by default set at the User level.

Standard, Common, and Set-Enabled Lookups

The available kinds of lookups are as follows.

Lookup	Description
Standard	Lists the available codes and translated meanings

Set enabled	Additionally associates a reference data set with the lookup codes
Common	Legacy lookups

Standard lookups are the simplest form of lookup types consisting only of codes and their translated meaning. They differ from common lookups only in being defined in the standard lookup view.

Common lookups exist for reasons of backward compatibility and differ from standard lookups only in being defined in the common lookup view.

Set enabled lookup types store lookup codes that are enabled for reference data sharing. At runtime, a set-enabled lookup code is visible because the value of the determinant identifies a reference data set in which the lookup code is present.

Accessing Lookups

Standard, set-enabled, and common lookups are defined in the Standard, Set-enabled, and Common views, respectively. Applications development may define lookups in an application view to restrict the UI pages where they may appear.

In lookups management tasks, lookups may be associated with a module in the application taxonomy to provide a criteria for narrowing a search or limiting the number of lookups accessed by a product specific task such as Manage Purchasing Lookups.

Enabling Lookups

A lookup type is reusable for attributes stored in multiple tables.

Enable lookups based on the following.

- Selecting an **Enabled** check box
- Specifying an enabled start date, end date, or both
- Specifying a reference data set determinant

If you make changes to a lookup, users must sign out and back in before the changes take effect. When defining a list of values for display rather than validation, limit the number of enabled lookup codes to a usable length.

Managing a Standard Lookup: Example

Creating a new standard lookup involves creating or selecting a lookup type to which the lookup code belongs, and determining appropriate values for the lookup codes and their meanings.

Note

You can only create or edit the lookup codes for a particular lookup type if its customization level supports it.

Creating a Lookup Type Called COLORS

Your enterprise needs a list of values for status to be used on various objects such as processes or users. The lookups are colors, so the lookup type you create is COLORS.

Lookup type parameters	Value
Lookup type name	COLORS
Meaning	Status
Description	Status by color
Module	Oracle Fusion Middleware Extensions for Applications

The lookup codes you define for the COLORS lookup type are, BLUE, RED, GREEN, and YELLOW.

Lookup Code	Meaning	Enabled	Display Sequence
BLUE	Urgent	No	4
RED	Stop	Yes	1
GREEN	Go	Yes	3
YELLOW	Caution	Yes	2

Understanding the Resulting Data Entry List of Values

Users need to respond to a process question by indicating whether to stop it, use caution, go ahead, or complete it urgently.

The list of values for the COLORS lookup type includes the meanings for the enabled codes.

Displayed Value	Hidden ID
Stop	RED
Caution	YELLOW
Go	GREEN

Analysis

The BLUE lookup code was not enabled and does not appear in the list of values. The display sequence of values in the list of values is alphabetical unless you enter a number manually to determine the order of appearance. Number 1 indicates the value listed first in the list of values.

Note

Only lookups that are enabled and active, meaning between start and end dates, are visible.

When users enter one of the values from the list of values for the lookup type **COLORS**, the transaction table records the lookup code. In this example, the code is stored in the Status column

Transaction number	User name	Status
1	Jane	RED
2	Bob	YELLOW
3	Alice	BLUE

The status for one user is BLUE because at the time they entered a value, BLUE was enabled. Disabling a lookup code does not affect transaction records in which that code is stored. Data querying and reporting have access to disabled lookup codes in transaction tables.

Managing Set-Enabled Lookups: Examples

Creating a new set-enabled lookup is similar to creating a standard lookup with the addition of specifying a reference data set determinant for the lookup codes.

Note

You can only create or edit the lookup codes for a particular lookup type if its customization level supports it.

The reference data set for a set-enabled lookup code is part of its foreign key. This is unlike other set-enabled entities.

Selecting a Reference Group for a Set-Enabled Lookup Type

By specifying a reference group for a set-enabled lookup type you indicate which reference data set assignments are available for its lookup codes. For example a **COLORS** lookup type might be set enabled for a **Countries** reference group that includes the **US** and **EU** reference data set assignments.

Selecting a Reference Data Set for a Set-Enabled Lookup

The reference data set determines which lookup code is included in the list of values. If a **COLORS** lookup type contains a **RED**, **YELLOW**, **ORANGE**, and **GREEN** lookup code, you can enable one **RED** lookup as coming from the **US** reference data set and another **RED** lookup as coming from the **EU** reference data set with divergent meanings.

Reference Data Set	Lookup Code	Lookup Meaning
US	RED	Red
US	YELLOW	Yellow
US	GREEN	Green
EU	RED	Rouge
EU	ORANGE	Orange

In addition to divergent meanings for lookup codes based on associated reference data set, some lookup codes may be unique to one or another reference data set as the ORANGE lookup is to the EU reference data set in this example.

In another example, a lookup type called HOLD_REASON provides a list of reasons for applying a hold to a contract renewal. Reference data sets determine which codes are included in the hold reason list of values.

Reference Data Set	Lookup Code	Lookup Meaning
US	SEC	SEC Compliance Review
US	DIR	Needs Director's Approval
US	VP	Needs Vice President's Approval
CHINA	CSRC	Pending China Securities Regulatory Commission Review
CHINA	PR	Needs President's Approval
COMMON	REQUESTED	Customer Request

Using the Manage Set Assignments task, you have defined assignments that designate the China business unit to refer to the CHINA and the US business unit to refer to the US and all business units to refer to the COMMON set. When end users place a contract hold in the US business unit, only the three reason codes in US_SET are available. When placing a contract hold in the China business, only the two codes in China_SET are available.

FAQs for Define Lookups

How can I edit lookups?

You can edit the existing lookup codes of a lookup type or add new lookup codes on the Define Lookups pages, which you can access by starting in the Setup and Maintenance work area and searching for lookup tasks. You can edit the existing lookup codes of a lookup type, or add new lookup codes to a lookup type, if the customization level for the lookup type supports editing.

Why can't I see my lookup types?

Lookups are listed by lookup type. Typically lookup types are managed using tasks that handle a group of related lookups, such as Manage Geography Lookups. Each task gives you access only to certain lookup types. The generic tasks provide access to all lookup types of a kind, such as all common lookups using the Manage Common Lookups task.

If existing lookups are not available to the tasks of the Define Lookups activity, they may be validated for use in a lookup view that is not central to all applications or whose owning application has not been specified in a lookup view.

Lookups can only be managed in the Define Lookups tasks if the lookup's view application is the standard lookups view, common lookups view, or set-enabled lookups view. Lookups defined in an application view can only be managed by following instructions provided by the owning application.

Note

A lookup type and its codes can only be defined in one lookup view.

What's the difference between a lookup type and a value set?

A lookup type consists of lookup codes that are the values in a static list of values. Lookup code validation is a one to one match.

A table-validated value set can consist of values that are validated through a SQL statement, which allows the list of values to be dynamic.

Tip

A table validated value set can be defined based on any table, including the lookups table. This allows a lookup type to be made into a table-validated value set that can be used in flexfields.

Area of Difference	Lookup Type	Value Set
List of values	Static	Dynamic if Table validation type
Validation of values	One to one match of meaning to code included in a lookup view, or through the determinant of a reference data set	By format or inclusion in a table
Format type of values	char	varchar2, number, and so on
Length of value	Text string up to 30 characters	Any type of variable length from 1 to 4000
Duplication of values	Never. Values are unique.	Duplicate values allowed
Management	Managed by both administrators and end-users, except system lookups or predefined lookups at the system customization level, which cannot be modified.	Maintained by administrators, except some product flexfield codes, such as GL for Oracle Fusion General Ledger, which are maintained by end users

A lookup type cannot make use of a value from a value set.

Value sets can make use of standard, common, or set-enabled lookups.

Both lookup types and value sets are used to create lists of values from which users select values.

What's a lookup tag used for?

Tags on lookup codes allow you to add a label to your lookup codes.

Lookup tags are unvalidated and uninterpreted by lookups. A tag can be used to categorize lookups based on facilitating searches or guiding how a lookup should be used.

Document what the tag on a lookup represents and how to use it.

Manage Messages

Messages: Highlights

The message dictionary contains messages that tell users about business rule errors, such as missing or incorrect data, and how to resolve them, to warn users about the consequences of intended actions, and provide information in log files. These messages are defined for specific applications and modules, but a few are common messages that can be used in any application. All applications also use messages stored outside of the message dictionary.

The message dictionary is described in the Oracle Fusion Applications Developer's Guide, and other messages in the Oracle Fusion Middleware Web User Interface Developer's Guide for Oracle Application Development Framework.

Managing Messages

- Use the Manage Messages page to create and edit custom messages in the message dictionary, as well as edit predefined messages. Do not delete predefined messages unless you are sure that they are not used anywhere. Refer to the Oracle Fusion Applications Developer's Guide.

See: Introduction to Message Dictionary Messages

- Messages outside of the message dictionary, for example confirmations and field validations, are managed in Oracle Application Development Framework Faces components or through message resource bundles used for translation. Refer to the Oracle Fusion Middleware Web User Interface Developer's Guide for Oracle Application Development Framework.

See: Displaying Hints and Error Messages for Validation and Conversion

See: Internationalizing and Localizing Pages

Creating and Editing Messages: Highlights

Each message in the message dictionary has many attributes and components, including message properties, text, and tokens, that you define when creating or editing the message.

Details about these messages are described in the Oracle Fusion Applications Developer's Guide.

Message Properties

- The message type identifies the type of information that the message contains.

See: Understanding Message Types

- The message name and number are identifiers for the message. There are specific message number ranges for predefined messages in each application, and you should not edit numbers assigned to predefined messages. When creating custom messages, use only message numbers within the 10,000,000 to 10,999,999 range.

See: About Message Names

See: About Message Numbers

- The translation notes for predefined messages might contain internal content that you can disregard.

See: About Translation Notes

- The message category, severity, and logging enabled option are related to the incident and logging process.

See: About Grouping Messages by Category and Severity

See: Understanding Incidents and Diagnostic Logs with Message Dictionary

Message Text and Tokens

- The message text comprises various components, some of which are displayed only to select users. To determine which component of the message text is displayed to a particular user, set the Message Mode profile option (FND_MESSAGE_MODE) at the user level for that user. The message component short text is visible to all users and therefore, the profile option does not apply to this component. Also, the profile option applies only to messages in the message dictionary.

See: About Message Components

- Tokens are variables that represent values to be displayed in the message text.

See: About Tokens

Common Messages: Points to Consider

Common messages, which have message names that begin with FND_CMN and message numbers between 0 and 999, are used throughout Oracle Fusion Applications. Each common message can appear in multiple places in any product family. For example, the FND_CMN_NEW_SRCH message can be used for any search to indicate that no results were found. Common messages that are of type error or warning are part of the message dictionary.

Editing Common Messages

Because a common message can be used in any application, consider the ramifications if you edit any aspect of the message, including incident and

logging settings. Changes would be reflected in all instances where the message is used. For example, if you change the message text, make sure that the text would make sense to all users across Oracle Fusion Applications who might see it.

Creating Common Messages

You can create custom common messages for use in multiple places within a single product. Do not begin the message name with FND_CMN, but use another suitable convention. The message number should be within the range that is designated for the product.

Define ISO Reference Data

Defining Currencies: Points to Consider

When creating or editing currencies, consider these points relevant to entering the currency code, date range, or symbol for the currency.

Currency Codes

You cannot change a currency code after you enable the currency, even if you later disable that currency.

Date Ranges

Users can enter transactions denominated in the currency only for the dates within the specified range. If you do not enter a start date, then the currency is valid immediately. If you do not enter an end date, then the currency is valid indefinitely.

Symbols

Even if you enter a symbol for a currency, the symbol is not always displayed when an amount is displayed in this currency. Some applications use currency symbols when displaying amounts. Others, like Oracle Fusion General Ledger, do not.

Euro Currency Derivation: Explained

Use the Derivation Type, Derivation Factor, and Derivation Effective Date fields to define the relationship between the official currency (Euro) of the European Monetary Union (EMU) and the national currencies of EMU member states. For each EMU currency, you define its Euro-to-EMU fixed conversion rate and the effective starting date.

Note

If you need to use a different currency code for Euro, you can disable the predefined Euro currency and create a new one.

Derivation Type

The **Euro currency** derivation type is used only for the Euro, and the **Euro derived** derivation type identifies national currencies of EMU member states. All other currencies do not have derivation types.

Derivation Factor

The derivation factor is the fixed conversion rate by which you multiply one Euro to derive the equivalent EMU currency amount. The Euro currency itself should not have a derivation factor.

Derivation Effective Date

The derivation effective date is the date on which the relationship between the EMU currency and the Euro begins.

Natural Languages: Points to Consider

Natural languages are all the languages that humans use, written and spoken. If a language is enabled, then users can associate it with entities, for example as languages spoken by sales representatives. When managing natural languages, consider tasks to perform and best practices for entering particular values.

Tasks

Once you add a language, it cannot be deleted, just disabled. You can optionally associate natural languages with International Organization for Standardization (ISO) languages and territories, just for reference.

Values

When you create a natural language, use the alpha-2 ISO code as the language code, or, if not available, then alpha-3. If the language is not an ISO language, then use **x-** as a prefix for the code, for example **x-ja** for a Japanese dialect. Use the **sgn** code of ISO-639-2 for sign languages, followed by territory code, for example **sgn-US** for American Sign Language. You can also use Internet Assigned Numbers Authority (IANA) language tags.

The natural language description should be the language name with territory name in parenthesis where needed, for example **English (Australia)** and **English (Canada)**.

FAQs for Define ISO Reference Data

When do I create or edit territories?

Edit territory descriptions to determine how they are displayed in lists of country values throughout Oracle Fusion Applications. The predefined

territories are all countries from the International Organization for Standardization (ISO) 3166 standard. You usually would not edit territory names or codes.

Do not edit National Language Support (NLS) territory codes, which are identifiers used in the system, unless you need to change the association between ISO and system territory. You usually would not edit the default currency, which is the value that defaults in the **Currency** field in Oracle Fusion Applications user preferences after the user first selects a territory.

Create territories if new countries emerge and the system has not yet been patched with the latest ISO country values.

When do I create or edit industries?

Edit industry descriptions to determine how they are displayed in Oracle Fusion Applications. You usually would not edit industry names, which are from the North American Industry Classification System (NAICS). Enabled industries are mainly used in the context of customization, though these values can also appear in any application.

Create industries if you have particular ones you need, for example for customization, that are not included in the NAICS standard.

When do I associate industries with territories?

Optionally associate industries with territories to provide an industry in territory value, used for customization. For example, administrators can customize a page in one way for users within an industry in one country, and another way for users within the same industry in another country. The administrator would select the appropriate industry in territory value to set the customization context.

When do I create or enable currencies?

Create currencies to use, for example for reporting purposes, if they are not already provided. All currencies from the International Organization for Standardization (ISO) 4217 standard are provided.

Enable any currency other than USD for use in Oracle Fusion Applications, for example for displaying monetary amounts, assigning to sets of books, entering transactions, and recording balances. Only USD is enabled by default.

What's the difference between precision, extended precision, and minimum accountable unit for a currency?

Precision is the number of digits to the right of the decimal point used in regular currency transactions. Extended precision is the number of digits to the right of the decimal point used in calculations for this currency, and it must be greater than or equal to the standard precision. For example, USD would have 2 for precision because amounts are transacted as such, for example \$1.00. For calculations, for example adding USD amounts, you might want the application to be more precise than two decimal digits, and would enter an extended precision accordingly.

Note

Some applications use extended precision. Others, such as Oracle Fusion General Ledger, do not.

Minimum accountable unit is the smallest denomination for the currency. For example, for USD that would be .01 for the cent. This unit does not necessarily correspond to the precision for all currencies.

What's a statistical unit currency type?

The statistical unit currency type is used only for the Statistical (STAT) currency. The Statistical currency is used to record statistics such as the number of items bought and sold. Statistical balances can be used directly in financial reports, allocation formulas, and other calculations.

When do I create or edit ISO languages?

You can edit the names and descriptions of International Organization for Standardization (ISO) languages to determine how they are displayed in lists of ISO language values in Oracle Fusion Applications. The ISO languages are from the ISO 639 standard. If there were changes to the ISO standard and the system has not yet been patched with the latest ISO values, you can update the ISO alpha-2 code or add languages as needed.

When do I edit languages?

Installed languages automatically appear on the Manage Languages page, so you do not manually enter newly installed languages. This page contains all languages available for installation and translation in Oracle Fusion Applications. Each dialect is treated as a separate language. The language codes and names are values used by the system.

You generally would not edit any of the detailed fields unless you really need to and know what they are.

When do I create or edit time zones?

Though all standard time zones are provided, optionally enable only a subset for use in lists of time zone values in Oracle Fusion Applications. You can add time zones if new zones became standard and the system has not yet been patched with the latest values.

Manage Data Security Policies

Data Security in the Security Reference Implementation: Explained

The reference implementation contains a set of data security policies that can be inspected and confirmed to be suitable or a basis for further implementation using the Authorization Policy Manager (APM).

The security implementation of an enterprise is likely a subset of the reference implementation, with the enterprise specifics of duty roles, data security policies, and HCM security profiles provided by the enterprise.

The business objects registered as secure in the reference implementation are database tables and views.

Granting or revoking object entitlement to a particular user or group of users on an object instance or set of instances extends the base Oracle Fusion Applications security reference implementation without requiring customization of the applications that access the data.

Data Security Policies in the Security Reference Implementation

The data security policies in the reference implementation entitle the grantee (a role) to access instance sets of data based on SQL predicates in a WHERE clause.

Tip

When extending the reference implementation with additional data security policies, identify instance sets of data representing the business objects that need to be secured, rather than specific instances or all instances of the business objects.

Predefined data security policies are stored in the data security policy store, managed in the Authorization Policy Manager (APM), and described in the Oracle Fusion Applications Security Reference Manual for each offering. A data security policy for a duty role describes an entitlement granted to any job role that includes that duty role.

Warning

Review but do not modify HCM data security policies in APM except as a custom implementation. Use the HCM Manage Data Role And Security Profiles task to generate the necessary data security policies and data roles.

The reference implementation only enforces a portion of the data security policies in business intelligence that is considered most critical to risk management without negatively affecting performance. For performance reasons it is not practical to secure every level in every dimension. Your enterprise may have a different risk tolerance than assumed by the security reference implementation.

HCM Security Profiles in the Security Reference Implementation

The security reference implementation includes some predefined HCM security profiles for initial usability. For example, a predefined HCM security profile allows line managers to see the people that report to them.

The IT security manager uses HCM security profiles to define the sets of HCM data that can be accessed by the roles that are provisioned to users

Data Roles

The security reference implementation includes no predefined data roles to ensure a fully secured initial Oracle Fusion Applications environment.

The security reference implementation includes data role templates that you can use to generate a set of data roles with entitlement to perform predefined business functions within data dimensions such as business unit. Oracle Fusion Payables invoicing and expense management are examples of predefined business functions. Accounts Payable Manager - US is a data role you might generate from a predefined data role template for payables invoicing if you set up a business unit called US.

HCM provides a mechanism for generating HCM related data roles.

Data Security: Explained

By default, users are denied access to all data.

Data security makes data available to users by the following means.

- Policies that define grants available through provisioned roles
- Policies defined in application code

You secure data by provisioning roles that provide the necessary access. Enterprise roles provide access to data through data security policies defined for the inherited application roles.

When setting up the enterprise with structures such as business units, data roles are automatically generated that inherit job roles based on data role templates. Data roles also can be generated based on HCM security profiles. Data role templates and HCM security profiles enable defining the instance sets specified in data security policies.

When you provision a job role to a user, the job role implicitly limits data access based on the data security policies of the inherited duty roles. When you provision a data role to a user, the data role explicitly limits the data access of the inherited job role to a dimension of data.

Data security consists of privileges conditionally granted to a role and used to control access to the data. A privilege is a single, real world action on a single business object. A data security policy is a grant of a set of privileges to a principal on an object or attribute group for a given condition. A grant authorizes a role, the grantee, to actions on a set of database resources. A database resource is an object, object instance, or object instance set. An entitlement is one or more allowable actions applied to a set of database resources.

Data is secured by the following means.

Data security feature	Does what?
Data security policy	Grants access to roles by means of entitlement

Role	Applies data security policies with conditions to users through role provisioning.
Data role template	Defines the data roles generated based on enterprise setup of data dimensions such as business unit.
HCM security profile	Defines data security conditions on instances of object types such as person records, positions, and document types without requiring users to enter SQL code
Masking	Hides private data on non-production database instances
Encryption	Scrambles data to prevent users without decryption authorization from reading secured data

The sets of data that a user can access via roles are defined in Oracle Fusion Data Security. Oracle Fusion Data Security integrates with Oracle Platform Security Services (OPSS) to entitle users or roles (which are stored externally) with access to data. Users are granted access through the entitlement assigned to the roles or role hierarchy with which the user is provisioned. Conditions are WHERE clauses that specify access within a particular dimension, such as by business unit to which the user is authorized.

Data Security Policies

Data security policies articulate the security requirement "Who can do What on Which set of data," where 'Which set of data' is an entire object or an object instance or object instance set and 'What' is the object entitlement.

For example, accounts payable managers can view AP disbursements for their business unit.

Who	can do	what	on which set of data
Accounts payable managers	view	AP disbursements	for their business unit

A data security policy is a statement in a natural language, such as English, that typically defines the grant by which a role secures business objects. The grant records the following.

- Table or view
- Entitlement (actions expressed by privileges)
- Instance set (data identified by the condition)

For example, disbursement is a business object that an accounts payable manager can manage by payment function for any employee expenses in the payment process.

Note

Some data security policies are not defined as grants but directly in applications code. The security reference manuals for Oracle Fusion Applications offerings

differentiate between data security policies that define a grant and data security policies defined in Oracle Fusion applications code.

A business object participating in a data security policy is the database resource of the policy.

Data security policies that use job or duty roles refer to data security entitlement.

For example, the data security policy for the Accounts Payable Manager job role refers to the view action on AP disbursements as the data security entitlement.

Important

The duty roles inherited by the job role can be moved and job roles reassembled without having to modify the data security.

As a security guideline, data security policies based on user session context should entitle a duty role. This keeps both function and data security policies at the duty role level, thus reducing errors.

For example, a Sales Party Management Duty can update Sales Party where the provisioned user is a member of the territory associated with the sales account. Or the Sales Party Management Duty can update Sales Party where the provisioned user is in the management chain of a resource who is on the sales account team with edit access. Or the Participant Interaction Management Duty can view an Interaction where the provisioned user is a participant of the Interaction.

For example, the Disbursement Process Management Duty role includes entitlement to build documents payable into payments. The Accounts Payable Manager job role inherits the Disbursement Process Management Duty role. Data security policies for the Disbursement Process Management Duty role authorize access to data associated with business objects such as AP disbursements within a business unit. As a result, the user provisioned with the Accounts Payable Manager job role is authorized to view AP disbursements within their business unit.

A data security policy identifies the entitlement (the actions that can be made on logical business objects or dashboards), the roles that can perform those actions, and the conditions that limit access. Conditions are readable WHERE clauses. The WHERE clause is defined in the data as an instance set and this is then referenced on a grant that also records the table name and required entitlement.

Data Roles

Data roles are implemented as job roles for a defined set of data.

A data role defines a dimension of data within which a job is performed. The data role inherits the job role that describes the job. For example, a data role entitles a user to perform a job in a business unit.

The data role inherits abstract or job roles and is granted data security privileges. Data roles carry the function security privileges inherited from job roles and also the data security privilege granted on database objects and table rows.

For example, an accounts payables specialist in the US Business Unit may be assigned the data role Accounts Payables Specialist - US Business Unit. This data role inherits the job role Accounts Payables Specialist and grants access to transactions in the US Business Unit.

A data role may be granted entitlement over a set people.

For example, a Benefits Administrator A-E is allowed to administer benefits for all people that have a surname that begins with A-E.

Data roles are created using data role templates. You create and maintain data roles in the Authorization Policy Manager (APM). Use the Manage Data Roles and Security Profiles task to create and maintain HCM data roles in Oracle Fusion HCM.

HCM Security Profiles

HCM security profiles are used to secure HCM data, such as people and departments. You use HCM security profiles to generate grants for an enterprise role. The resulting data role with its role hierarchy and grants operates in the same way as any other data role.

For example, an HCM security profile identifies all employees in the Finance division.

Oracle Fusion Payroll uses HCM security profiles to secure project organizations. Applications outside of HCM can use the HCM Data Roles UI pages to give their roles access to HR people.

Masking and Encryption

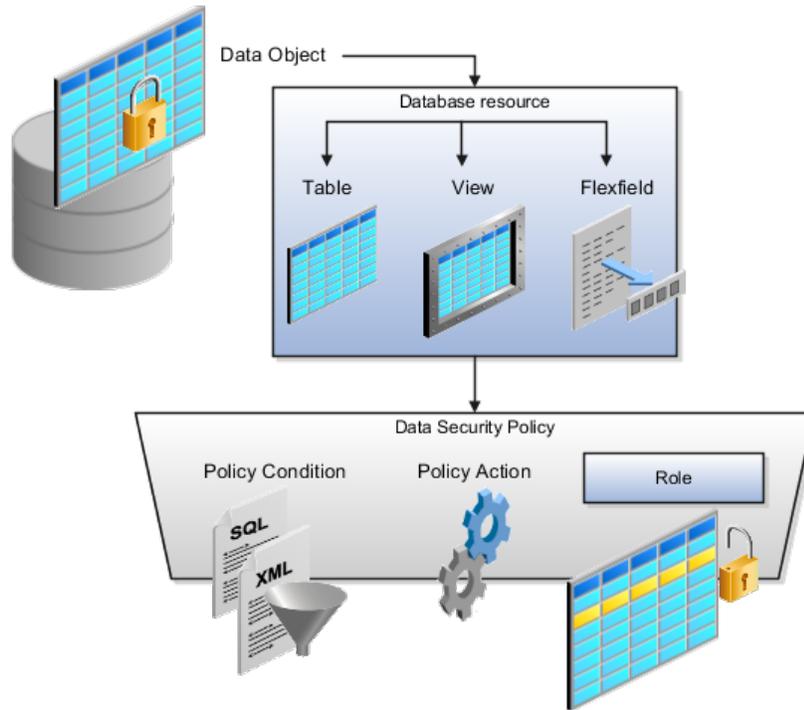
Oracle Fusion Applications uses masking to protect sensitive data from view by unauthorized users. Encryption APIs mask sensitive fields in applications user interfaces. Additionally, Oracle Data Masking is available for masking data in non-production instances and Oracle Transparent Data Encryption is available for protecting data in transit or in backups independent of managing encryption keys.

Database Resources and Data Security Policies: How They Work Together

A data security policy applies a condition and allowable actions to a database resource for a role. When that role is provisioned to a user, the user has access to data defined by the policy. In the case of the predefined security reference implementation, this role is always a duty role. Data roles generated to inherit the job role based on data role templates limit access to database resources in a particular dimension, such as the US business unit.

The database resource defines an instance of a data object. The data object is a table, view, or flexfield.

The following figure shows the database resource definition as the means by which a data security policy secures a data object. The database resource names the data object. The data security policy grants to a role access to that database resource based on the policy's action and condition.



Database Resources

A database resource specifies access to a table, view, or flexfield that is secured by a data security policy.

- Name providing a means of identifying the database resource
- Data object to which the database resource points

Data Security Policies

Data security policies consist of actions and conditions for accessing all, some, or a single row of a database resource.

- Condition identifying the instance set of values in the data object
- Action specifying the type of access allowed on the available values

Note

If the data security policy needs to be less restrictive than any available database resource for a data object, define a new data security policy.

Actions

Actions correspond to privileges that entitle kinds of access to objects, such as view, edit, or delete. The actions allowed by a data security policy include all or a subset of the actions that exist for the database resource.

Conditions

A condition is either a SQL predicate or an XML filter. A condition expresses the values in the data object by a search operator or a relationship in a tree hierarchy. A SQL predicate, unlike an XML filter, is entered in a text field in the data security user interface pages and supports more complex filtering than an XML filter, such as nesting of conditions or sub queries. An XML filter, unlike a SQL predicate, is assembled from choices in the UI pages as an AND statement.

Tip

An XML filter can be effective in downstream processes such as business intelligence metrics. A SQL predicate cannot be used in downstream metrics.

Securing Data Access: Points to Consider

Oracle Fusion Applications supports securing data through role-based access control (RBAC) by the following methods.

Method of securing data	Reason	Example
Data roles apply explicit data security policies on job and abstract roles	Appropriate for job and abstract roles that should only access a subset of data, as defined by the data role template that generates the data role or by HCM security profiles.	Accounts Payable Manager - US data role to provide an accounts payable manager in the US business unit with access to invoices in the US business unit.
Data security policies	Define data access for application roles and provide inheriting job and abstract roles with implicit data security	Projects

If a user has access to the same function through different roles that access different data sets, then the user has access to a union of those data sets.

When a runtime session is created, Oracle Platform Security Services (OPSS) propagates only the necessary user to role mapping based on Oracle Fusion Data Security grants. A grant can specify entitlement to the following.

- Specific rows of data (data object) identified by primary key
- Groups of data (instance set) based on a predicate that names a particular parameter
- Data objects or instance sets based on runtime user session variables

Data is either identified by the primary key value of the row in the table where the data is stored. Or data is identified by a rule (SQL predicate) applied to the WHERE clause of a query against the table where the data is stored.

Grants

Oracle Fusion Data Security can be used to restrict the following.

- Rows that are returned by a given query based on the intended business operation
- Actions that are available for a given row

Grants control which data a user can access.

Note

Attribute level security using grants requires a data security policy to secure the attribute and the entitlement check enforces that policy.

A grant logically joins a user or role and an entitlement with a static or parameterized object instance set. For example, `REGION='WEST'` is a static object instance set and `REGION=&GRANT_ALIAS.PARAMETER1` is a parameterized object instance set. In the context of a specific object instance, grants specify the allowable actions on the set of accessible object instances. In the database, grants are stored in `FND_GRANTS` and object instance sets are stored in `FND_OBJECT_INSTANCE_SETS`. Object access can be tested using the privilege check application programming interface (API).

Securing a Business Object

A business object is a logical entity that is typically implemented as a table or view, and corresponds to a physical database resource. The data security policies of the security reference implementation secure predefined database resources. Use the Manage Data Security Policies task to define and register other database resources.

Data security policies identify sets of data on the registered business object and the actions that may be performed on the business object by a role. The grant can be made by data instance, instance set or at a global level..

Note

Use parameterized object instance sets whenever feasible to reduce the number of predicates the database parses and the number of administrative intervention required as static object instances sets become obsolete. In HCM, security profiles generate the instance sets.

Data Role Templates: Explained

You use data role templates to generate data roles. You generate such data roles, and create and maintain data role templates in the Authorization Policy Manager (APM).

Note

HCM data roles are generated using the Manage Data Roles and Security Profiles task, which uses HCM security profiles, not data role templates, to define the data security condition.

The following attributes define a data role template.

- Template name
- Template description
- Template group ID
- Base roles
- Data dimension
- Data role naming rule
- Data security policies

The data role template specifies which base roles to combine with which dimension values for a set of data security policies. The base roles are the parent job or abstract roles of the data roles.

Note

Abstract, job, and data roles are enterprise roles in Oracle Fusion Applications. Oracle Fusion Middleware products such as Oracle Identity Manager (OIM) and Authorization Policy Manager (APM) refer to enterprise roles as external roles. Duty roles are implemented as application roles in APM and scoped to individual Oracle Fusion Applications.

The dimension expresses stripes of data, such as territorial or geographic information you use to partition enterprise data. For example, business units are a type of dimension, and the values picked up for that dimension by the data role template as it creates data roles are the business units defined for your enterprise. The data role template constrains the generated data roles with grants of entitlement to access specific data resources with particular actions. The data role provides provisioned users with access to a dimensional subset of the data granted by a data security policy.

An example of a dimension is a business unit. An example of a dimension value is a specific business unit defined in your enterprise, such as US. An example of a data security policy is a grant to access a business object such as an invoice with a view entitlement.

When you generate data roles, the template applies the values of the dimension and participant data security policies to the group of base roles.

The template generates the data roles using a naming convention specified by the template's naming rule. The generated data roles are stored in the Lightweight Directory Access Protocol (LDAP) store. Once a data role is generated, you provision it to users. A user provisioned with a data role is granted permission to access the data defined by the dimension and data security grant policies of the data role template.

For example, a data role template contains an Accounts Payable Specialist role and an Accounts Payable Manager role as its base roles, and region as its dimension, with the dimension values US and UK. The naming convention is [base-role-name]:[DIMENSION-CODE-NAME]. This data role template generates four data roles.

- Accounts Payable Specialist - US (business unit)
- Accounts Payable Specialist - UK (business unit)
- Accounts Payable Manager - US (business unit)
- Accounts Payable Manager - UK (business unit)

Making Changes To Data Role Templates

If you add a base role to an existing data role template, you can generate a new set of data roles. If the naming rule is unchanged, existing data roles are overwritten.

If you remove a base role from a data role template and regenerate data roles, a resulting invalid role list gives you the option to delete or disable the data roles that would be changed by that removal.

Making Changes to Dimension Values

If you add a dimension value to your enterprise that is used by a data role template, you must regenerate roles from that data role template to create a data role for the new dimension. For example if you add a business unit to your enterprise, you must regenerate data roles from the data role templates that include business unit as a dimension.

If you add or remove a dimension value from your enterprise that is used to generate data roles, regenerating the set of data roles adds or removes the data roles for those dimension values. If your enterprise has scheduled regeneration as an Oracle Enterprise Scheduler Services process, the changes are made automatically.

For information on working with data role templates, see the Oracle Fusion Middleware Administrator's Guide for Authorization Policy Manager (Oracle Fusion Applications Edition).

Define Document Sequences

Document Sequences: Explained

In Oracle Fusion Applications, each business document or business event is uniquely identified by a document sequence number that you assign to it. However, the document sequencing feature must be turned on (enabled) on the business document or event to allow the assignment. For example, if document sequencing is enabled, you can assign a document sequence number to an invoice that gets generated in response to a purchase order. You can use document sequences as a proof to track successfully executed transactions as well as failed transactions. Additionally, a document sequence helps in

generating an audit trail, which can be used to identify how a particular transaction passed through various applications.

Document sequencing can be managed automatically, manually, and gaplessly.

Note

Plan your document sequencing carefully before you use the options available in the application to apply sequence numbers. Avoid changes to the options after you saved your work on the Manage Document Sequences and Manage Document Sequence Categories pages.

Automatic Sequencing

Automatic document sequencing assigns a unique number to each document as it is generated, and this unique number is stored in the database. The numbering is sequential by date and time of creation. If you define a sequence to automatically number documents, you can provide an initial value to begin the sequence. In absence of a custom value, the default value 1 is used.

Manual Sequencing

Manual sequencing requires you to assign a unique number to each document before it is generated. In manual sequencing, the numerical ordering and completeness of a transaction is not enforced. Users can skip or omit numbers when entering the sequence value. However, each time that a number is assigned, the application validates its uniqueness.

Gapless Sequencing

Gapless sequencing is similar to automatic sequencing. It automatically generates a unique number for each document, but does that only for successfully generated documents. As a result, the sequence is maintained for all the documents that are generated, and no sequence numbers are lost due to incomplete or failed document generation.

Important

Use this type of sequencing only if necessary because it may affect the performance of the system and slow down transaction processing.

Sequential Numbering Enforced Profile Options

The Sequential Numbering Enforced profile validates the documents being created and applies the relevant document sequence, based on the selected option. The following options are available:

- **Always Used:** Sequential numbering is enforced for all document categories. When this option is set, users cannot create a document if its document category is not assigned any active document sequence. The system displays an error.
- **Partially Used:** Sequential numbering is enforced for all document categories. However, if no sequence is available for the document, the

system displays a warning. Users can either proceed without a document sequence or create and assign a document sequence before proceeding.

- **Not Used:** Sequential numbering is not enforced. In this mode, although the documents created do not require a document sequence to be assigned, the system checks for the uniqueness of the document number provided. The system does not display any warning or error.

Restriction

At the site level, the profile is by default set to Partially Used. Avoid changing this option as doing so may interfere with the validation logic and the data that was stored using the earlier option may not appear. However, you can change the option at the product or user level.

Document Sequence Categories: Explained

A document sequence category is a set of documents that share similar characteristics and that are formed into a logical group. Document sequence categories simplify the task of assigning number sequences to specific documents. Instead of assigning a number to each document, you assign a document sequence to one or more document sequence categories. The document sequence category automatically takes care of numbering the documents.

A document sequence category identifies the database table that stores documents resulting from transactions that your users enter. When you assign a sequence to a category, the sequence numbers the documents that are stored in a particular table. You must create document sequence categories to be able to manage the task of assigning document sequences.

Restriction

Once a document sequence category is created, you cannot change the application, the category code, or the table name. Therefore, carefully consider these details and plan your document sequencing requirement before you begin working with the application.

Once you create a document sequence category, it is available for use under the **Document Sequences: Assignments** section on the Manage Document Sequences page. The **Category** field contains the name of the document sequence category. After you create a document sequence, you can assign it to a document sequence category.

Document Sequences: Points to Consider

Sequencing documents is an important business and legal requirement. Certain aspects of the defining process are permanent and cannot be modified later. Therefore, it is important that you first decide the appropriate document sequence to use for a set of documents. You must also decide beforehand the

type of document sequencing, because you are not allowed to switch to other types once a sequence is assigned to a document sequence category. Make a note of the details such as the document sequence and document sequence category so that you can refer to them at a later point in time. Also note if there are any restrictions or configuration prerequisites before you define document sequencing.

Note

Products that implement document sequencing have specifications about its usage. Refer to the corresponding product documentation for specific details and also to determine if there are any restrictions or configuration prerequisites.

Creating and Editing Document Sequences

You can create document sequences that are automatic, manual, or gapless, depending on the business or legal requirement. By default, the current date is considered as the start date. If the end date is left blank, it means that the sequence definition never expires. Among the several options used in creating and editing document sequences, the following options are functionally more important and therefore need to be carefully determined:

- **Determinant Type:** Select to limit the document sequencing activity to certain documents that belong to a specific business entity, such as Ledger, Tax Registration, and so on.
- **Initial Value:** Enter a value for the first document in your sequence. This field applies only to sequences with automatic or gapless numbering types. Sequence numbers should not be greater than eight digits. If you leave this field blank, the first document is automatically assigned a value of 1. Once a document sequence is defined, you cannot change this initial value.

Creating and Editing Document Sequence Categories

Document sequence categories are defined to make it easy to assign document sequence definitions to a group of documents instead of to individual documents. Each document sequence category is mapped to a specific table, where the documents belonging to that category are stored. The table must already be enabled for document sequencing. When specifying the table, you must consider the following points:

- When the sequential numbering feature checks for completeness or generates a report, it locates the category's documents in the table.
- You can select only tables belonging to the application associated with the category.
- Once a category is defined, you cannot change the choice of table.

Assigning Document Sequences

Identify the documents to be numbered before assigning them a document sequence. For each document sequence, there can be only one active assignment

to a document sequence category, a method code, and a determinant value (if applicable). As part of the assignment, specify whether the document is created automatically (for example, due to a batch process, or manually through a form). If you do not specify an end date, the assignment continues to remain active throughout the process cycle. If a determinant type was specified for the document sequence, then enter a specific determinant value related to the selected determinant type.

At runtime, when users create documents, the document sequence to be assigned is determined by finding the active assignment that matches the correct combination of category, numbering method, and the date range containing the transaction date.

Auditing Document Sequences

You can audit document sequences, if required, to provide an audit trail of the document sequences used in a specific product. However, before enabling the audit functionality for a document sequence, you must have created an audit table for the specific document sequence, using appropriate details. Enabling the audit functionality is permitted only for newly created document sequences. You cannot audit document sequences that are already in use by a specific product.

For more information about defining a document sequence audit table, see the Oracle Fusion Applications Developer's Guide.

Define Trees

Trees: Overview

Use the tree management feature in Oracle Fusion applications to organize data into hierarchies. A hierarchy contains organized data and enables the creation of groups and rollups of information that exist within an organization. Trees are hierarchical structures that enable several data management functions such as better access control, application of business rules at various levels of hierarchies, improved query performance, and so on.

For example, XYZ Corporation has two departments: Marketing and Finance. The Finance department has two functional divisions: Receivables and Payables. Defining a tree for the XYZ Corporation establishes a hierarchy between the organization and its departments, and between the departments and their respective functional divisions. Such a hierarchical modeling of organizational data could be used for executing several data management functions within that organization.

You can create one or more versions of trees, and they can be labeled for better accessibility and information retrieval. You can create trees for multiple data sources, which allow the trees to be shared across Oracle Fusion applications.

Tree Structures

A tree structure is a representation of the data hierarchy, and guides the creation of a tree. A tree is an instance of the hierarchy as defined in the tree structure.

Tree structures enable you to enforce business rules to which the data must adhere.

The root node is the topmost node of a tree. Child nodes report to the root node. Child nodes at the same level, which report to a common parent node, are called siblings. Leaves are details branching off from a node but not extending further down the tree hierarchy.

Tree Versions

A tree is created having only one version. However, users can create more than one tree version depending on the need, and they can make changes to those versions. Depending on varying requirements, users can create one or more tree versions and publish all of them or some of them by making the versions active at the same time. Similar to any other version control system, versions of trees are maintained to keep track of all the changes that a tree undergoes in its life cycle.

Tree Labels

Tree labels are short names associated with trees and tree structures and point directly to the data source. Tree labels are automatically assigned to the tree nodes. You can store labels in any table and register the label data source with the tree structure.

Manage Tree Structures

Tree Structures: Explained

A tree structure defines the hierarchy for creating trees and prescribes rules based on which trees are created, versioned, and accessed. You can associate multiple data sources with a tree structure. A tree is an instance of this hierarchy. Every tree structure can contain one or more trees.

You can create tree structures specific to an application but you can share tree structures across applications. If you apply version control to the tree structure, it is carried over to the trees that are based on the tree structure. Each tree version contains at least one root node. Occasionally, a tree version may have more than one root node.

An administrator controls the access to tree structures through a set of rules that are periodically audited for validity.

Tree Structure Definition: Points to Consider

Defining a tree structure involves specifying several important pieces of information on the **Create Tree Structure: Specify Definition** page.

Tree Node Selection

The **Tree Node** table displays data in nodes that exist in the data hierarchy. You must select the correct and most appropriate tree node table to be able to define the tree structure, based on the tree hierarchy you want to establish. This

selection also affects the level of security that is set on a tree node and its child entities.

Tree Sharing Mode

The following options are used to determine the mode of sharing a tree structure across the applications.

- Open: Indicates that the tree is associated with all reference data sets.
- Set ID: Indicates that the tree will be associated with a specific reference data set.

Creation Mode

Indicates the source where the tree structure is being defined. For predefined tree structures select Oracle and for custom structures, select Customers.

Customization

You can customize the predefined tree structures as well as the ones that you created. However, customizing the predefined tree structures involves certain level of access restrictions, and will be limited to specific tree nodes and downwards in hierarchy.

Multiple Tree Versions

One or more trees and tree versions can be based on a tree structure. A tree structure can have one or more trees and tree versions based on it. Usually, only one active version is permitted at any given point of time. However, depending on the requirement, you can allow two or more tree versions to be in the active state for the same date range. This flexibility allows you to choose the tree version that you want to implement.

Managing Tree Structures: Points to Consider

You can create, edit, and delete tree structures depending upon the requirement. You can also audit and change the status a tree structure.

Creating and Editing Tree Structures

You can create trees on the basis of a tree structure. When you edit an active tree structure, the status of the tree structure and all associated trees and their versions change to draft. To reuse a tree structure, you can create a copy of it without copying the associated trees and tree versions. If you delete a tree structure, all the associated trees and tree versions are automatically deleted.

Note

For specific information on working with the predefined tree structures that exist in an Oracle Fusion application, refer to the specific product documentation.

Setting Status

If you change the status of a tree structure, the status of the trees and tree versions associated with that tree structure also changes.

The following table lists the different statuses of a tree structure.

Status	Meaning
Draft	Yet to be published or is in a modified state.
Active	In use and based on which one or more trees or tree versions are created.
Inactive	Not in use.

Specifying Data Sources for Tree Structures: Points to Consider

The data sources provide the items for establishing hierarchy in a tree structure. In the tree management infrastructure, these data sources are Oracle Application Development Framework (ADF) business components view objects, which are defined by application development.

Labeling Schemes

Selecting a labeling scheme determines how the tree nodes are labeled. You may select a labeling scheme to assign at the data source level, at the parent node level, or keep it open for customer assignment. You may also choose not to have any labeling scheme. However, if you decide to use any of the labeling schemes, you may need to select the following additional options, to restrict the list of values that appear under the selected tree node.

- **Allow Ragged Nodes:** To include nodes that have no child nodes, and are shorter than the remaining nodes in the entire hierarchy.
- **Allow Skip Level Nodes:** To include nodes that are at the same level but have parent nodes at different levels.

Restriction of Tree Node Values

You can decide the depth of the tree structure by selecting an appropriate value from the list. Keeping the depth limit open renders an infinite list of values.

Using the following options, you can restrict the list of values that appear for selection under a specific tree node.

- **Date Range:** Specifies whether a selection of nodes should be restricted to the same date range as the tree version.
- **Allow Multiple Root Nodes:** Allows you to add multiple root nodes when creating a tree version.
- **Reference Data Set:** Specifies whether a selection of nodes should be restricted to the same set as the tree.

Data Source Values and Parameters

Tree data sources have optional data source parameters with defined view criteria and associated bind variables. You can specify view criteria as a data source parameter when creating a tree structure, and edit the parameters when creating a tree. Multiple data sources can be associated with a tree structure and can have well-defined relationships among them.

Note

Parameter values customized at the tree level override the default values specified at the tree-structure level.

The data source parameters are applied to any tree version belonging to that data source, when performing node operations on the tree nodes. Data source parameters also provide an additional level of filtering for different tree structures. The tree structure definition supports three data source parameter types.

- **Bound Value:** Captures any fixed value, which is used as part of the view criteria condition.
- **Variable:** Captures and binds a dynamic value that is being used by the data source view object. This value is used by the WHERE condition of the data flow.
- **View Criteria:** Captures the view criteria name, which is applied to the data source view object.

You can also specify which of the data source parameters are mandatory while creating or editing the tree structure.

View objects from the ADF business components are used as data sources. To associate the view object with the tree structure, you can pick the code from ADF business component view objects and provide the fully qualified name of the view object, for example, `oracle.apps.fnd.applcore.trees.model.view.FndLabelVO`.

Specifying Performance Options for a Tree Structure: Points to Consider

Tree structures are heavily loaded with data. As a tree management guideline, use the following settings to improve performance of data rendering and retrieval.

- Row Flattening
- Column Flattening
- Column Flattened Entity Objects
- ADF Business Component View Objects

Row Flattening

Row flattening optimizes parent-child information for run-time performance by storing additional rows in a table for instantly finding all descendants of

a parent without initiating a CONNECT BY query. Row flattening eliminates recursive queries, which allows operations to perform across an entire subtree more efficiently.

To store row flattened data for the specific tree structure, users can either use the central `FND_TREE_NODE_RF` table or they can register their own row flattened table. For example, in a table, if Corporation is the parent of Sales Division (Corporation-Sales Division), and Sales Division is the parent of Region (Sales Division-Region), a row-flattened table contains an additional row with Corporation directly being the parent of Region (Corporation-Region).

Column Flattening

Column flattening optimizes parent-child information for run-time performance by storing an additional column in a table for all parents of a child.

To store column flattened data for the specific tree structure, users can either use the central `FND_TREE_NODE_CF` table or they can register their own column flattened table. For example, in a table, if Corporation is the parent of Sales Division (Corporation-Sales Division), and Sales Division is the parent of Region (Sales Division-Region), a flattened table in addition to these columns, contains three new columns: Region, Sales Division, and Corporation. Although positioned next to each other, the column Region functions at the lower level and Corporation at the higher level, retaining the data hierarchy.

Column Flattened Entity Objects

In the absence of a column-flattened table, if you need to generate the business component view objects for your tree structure for the flattened table, use the tree management infrastructure to correctly provide the fully qualified name of the entity object for the column flattened table.

ADF Business Component View Objects

View objects from the ADF business components can also be used as data sources, eliminating the need to create new types of data sources. This field is to store the fully qualified name for the business component view object generated by the tree management for business intelligence reporting and usage. The business component view object is a combination of the tree data source and column flattened entity. Using this option prevents data redundancy and promotes greater reuse of existing data, thereby improving the performance of the tree structure.

Manage Tree Labels

Tree Labels: Explained

Tree labels are tags that are stored on tree nodes. You can store labels in any table and register the label data source with the tree structure. When a labeling scheme is used for trees, the selected labels are stored in the tree label entity and each tree node contains a reference to a tree label in the labeling scheme.

The following table lists the three ways in which tree labels are assigned to the tree nodes.

Labeling Scheme	Description
Level	Labels that are automatically assigned based on the data source to which the tree node belongs. A level label points to a specific data source. For example, in a tree that reflects the organizational hierarchy of an enterprise, all division nodes appear on one level and all department nodes on another.
Group	Labels that you can arbitrarily assign to tree nodes.
Depth	<p>Labels that are automatically assigned based on the depth of the tree node within the tree. No manual assignment is performed.</p> <hr/> <p>Note</p> <p>In an unbalanced hierarchy, a level may not be equal to depth.</p>

Manage Trees and Tree Versions

Managing Trees and Tree Versions: Points to Consider

You can create and edit trees and tree versions depending upon the requirement. A tree can have one or more tree versions. Typically, when changes are made to an existing tree, a new version is created and published.

Creating and Editing Trees

Trees are created based on the structure defined in the tree structure. You can create trees, modify existing trees, and delete trees. If you want to copy an existing tree, you can duplicate it. However, only the tree is duplicated and not its versions.

Creating a tree involves specifying the tree definition and specifying the labels that are used on its nodes. If the selected tree structure has data sources and parameters defined for it, they appear on the page allowing you to edit the parameter values at the tree node level.

Note

Parameter values customized at the tree level will override the default values specified at the tree-structure level.

Creating and Editing Tree Versions

Tree versions are created at the time of creating trees. A tree must contain a version.

Editing an existing tree provides you the choice to update the existing version. You can also edit the existing version that lies nested under the tree in the search results.

When you edit a tree version bearing Active status, the status changes to Draft until the modifications are saved or cancelled.

Trees and Data Sources: How They Work Together

Data sources form the foundation for tree management in Oracle Fusion Applications. Tree structures, trees, and tree versions establish direct and real-time connectivity with the data sources. Changes to the data sources immediately reflect on the **Manage Trees and Tree Versions** page and wherever the trees are being used.

Metadata

Tree structures contain the metadata of the actual data that is used in Oracle Fusion Applications. Tree structures contain the core business logic that is manifested in trees and tree versions.

Data Storage

Trees and tree versions are built upon the tree structures. They employ the business rules defined in the tree structures and allow an application to select and enable a subset of trees to fulfill a specific purpose in that application.

Access Control

Source data is mapped to tree nodes at different levels in the database. Therefore, changes you make to the tree nodes affect the source data. Access control set on trees prevents unwanted data modifications in the database. Access control can be applied to the tree nodes or anywhere in the tree hierarchy.

Adding Tree Nodes: Points to Consider

Tree nodes are points of data convergence that serve as the building blocks of a tree structure. Technically, the node may be stored either in a product-specific table or in an entity that has been established by tree management as the default storage mechanism. However, since all data in Oracle Fusion Applications usually have a storage home, only user-created data needs to be stored in an entity.

Nodes are attached to tree versions. Whenever you create or edit a tree version, you need to specify its tree node.

Managing Tree Nodes

You can create, modify, or delete tree nodes on the **Tree Version: Specify Nodes** page. To add a tree node, ensure that the tree structure with which the tree

version is associated is mapped to a valid data source. You can also duplicate a tree node if the multiple root node feature is enabled.

Node Levels

In most trees, all nodes at the same level represent the same kind of information. For example, in a tree that reflects the organizational hierarchy, all division nodes appear on one level and all department nodes on another. Similarly, in a tree that organizes a user's product catalog, the nodes representing individual products might appear on one level and the nodes representing product lines on the next higher level.

When levels are not used, the nodes in the tree have no real hierarchy or reporting structure but do form a logical summarization structure. Strictly enforced levels mean that the named levels describe each node's position in the tree. This is natural for most hierarchies. Loosely enforced levels mean that the nodes at the same visual level of indentation do not all represent the same kind of information, or nodes representing the same kind of information appear at multiple levels. With loosely enforced levels, users assign a level to each node individually. The level is not tied to a particular visual position.

Node Types

A tree node has the following node types.

- **Single:** Indicates that the node is a value by itself.
- **Range:** Indicates that the node represents a range of values and possibly could have many children. For example, a tree node representing account numbers 10000 to 99999.
- **Referenced Tree:** Indicates that the tree node is actually another version for the tree based on the same tree structure, which is not physically stored in the same tree. For example, a geographic hierarchy for the United States can be referenced in a World geographic hierarchy.

Define Profile Options

Profile Options: Explained

Profile options manage configuration data centrally and influence the behavior of applications. Profile options serve as permanent user preferences and application configuration parameters. You configure profile options with settings for specific contexts or groups of users. Users customize how their user interfaces look and behave by changing the values of available profile options.

Profile options store the following kinds of information.

Type of Information	Profile Option Example
User preferences	Settings to provide access to social networking features

Installation information	Setting to identify the location of a portal
Configuration choices	Settings to change user interface skins and behaviors
Processing options	Settings to affect how much information to log either for an entire site or a specific user

You can add and configure new profile options in addition to configuring predefined profile options that are implemented as updateable.

Profile Option Definition and Configuration

Application developers add new profile options and configure ones that are not to be updated by other users. Application administrators and implementation consultants configure profile options with profile option values that are implemented as updateable.

Profile option definitions consist of the following.

- Profile option name
- Application and module in the application taxonomy
- Profile option values
- Profile options categories
- Profile option levels
- Profile option level hierarchy

Profile options can appear on any user interface page without indication that a profile option is what is being set.

Profile Option Values

Some profile options have predefined profile option values.

The Manage Profile Option Values task flow allows an administrator to set updateable profile option values at the available levels, including the user level. You can access the Manage Profile Option Values task starting in the Setup and Maintenance Overview page and searching for profile option tasks.

You can set profile option values at different levels: site, product, and user. The following table provides examples.

Profile Option Level	Value of the Profile Option Level	Profile Option Value	Effect
User	Manager1	UK pound sterling	Access to site and all products shows UK pounds sterling in effect
User	Manager2	US dollar	Access to site and all products shows US dollars in effect

Product	Financials for EMEA	Euro	Unless superseded by a user level value, Euros in effect for Financials for EMEA applications
Site	Site	UK pound sterling	UK pounds sterling in effect for all other users and products

Context such as user session or accessed product determines which profile option value is associated with the profile option name. In the example, if manager1 does not set a profile option value for this profile option, access to Financials for EMEA shows currency in Euros; and access to other products shows currency in UK pounds sterling.

Profile Option Categories

Categories group profile options based on their functional area. Profile option categories facilitate searching and defining data security.

For example, in Oracle Fusion Receivables, the Transactions profile option category groups profile options related to setting how Receivables transactions are to be processed, such as Require Adjustment Reason.

A profile option can be in more than one category.

Profile Option Hierarchies and Levels

Application developers specify at which hierarchy level a profile option is enabled. The predefined profile option hierarchy levels are site, product, and user.

The hierarchy levels specified in the profile option definition determine the context in which a profile option value may be set. If the profile option value at a particular level is updatable, an administrator can update the profile option value for that context.

Note

Profile options should only be enabled for context levels that are appropriate for that profile option. For example, a profile option indicating a global configuration setting should not be enabled at the user level, if users cannot choose a different value for that setting.

For security, one level in the hierarchy is designated as a user level. A profile option may be enabled at any or all hierarchy levels. When enabled at all levels, the predefined ordering of profile option hierarchy levels gives precedence to the values that are set at the user level over values set at the product and site levels, and precedence to values set at the product level to values set at the site level. If there is no value for the current user, then the product value applies. If there is no value for the user or product, then the site value applies.

The table shows the predefined profile option hierarchy and ordering.

Hierarchy Level	Priority When Multiple Levels Set	Effect on Applications	Example
Site	Lowest	Affect all applications for a given implementation	Currency for the site is set to Euros.
Product	Supersedes Site	Affect all applications of a product family such as Financials	Currency for the Financials products set to UK pound sterling.
User	Highest, supersedes Product	Affect only the experience of the current user	Currency for the user of Financials applications set to US dollars.

You can configure updatable values for profile options at one or more levels depending on which levels are enabled in the profile option definition. When a profile is set at more than one level, higher levels of specificity override lower levels of specificity.

In the example, if the currency setting for the site is UK pounds sterling, but the Financials division works in the Netherlands using the Euro, a manager in the US can override that product level setting at the user level to use US dollars when accessing Financials applications.

In another example, if a profile option called Printer is set only at the site and product levels. When a user logs on, the Printer profile option assumes the value set at the product level, since it is the highest level setting for the profile.

Tip

Set site-level profile option values before specifying values at any other level. The profile option values specified at the site-level work as defaults until profile option values are specified at the other levels.

Planning Profile Options: Points to Consider

Plan profile options before defining and configuring them.

The following aspects assist you in better planning how to manage profile options.

- Profile option tasks
- Before creating a profile option
- Profile options data model

Profile Option Tasks

Users may be able to set their own profile options, depending on settings in the profile option definition. However, not all profile options are visible to end users, and some profile options, while visible, may not be updated by end users.

The following table lists tasks and considerations relevant to planning profile options.

Tasks	Role	Considerations
Planning, creating, and editing a new profile option	Applications developer	Since profile options are for permanent settings, do not use profiles options to cache temporary session attributes. Add capacity for user preferences and system configuration. Customize profile options with values, value behaviors, validation, category values, and security. Define the levels at which the profile option is enabled.
Configure values in an existing profile option	Applications developer, application administrator, and implementation consultant	Manage the values for existing profile options.
Create and edit profile option categories	Applications developer, application administrator, and implementation consultant	Manage categories for organizing existing profile options.

Note

Since a profile option enables a behavior in an application user interface or across applications, a value change made by an end user is reflected in the UI page for managing profile option values.

Before Creating a Profile Option

Profile options are best defined for managing configuration data centrally and influencing the behavior of applications.

If the purpose of a profile option setting is specific to a piece of data (typically setup data), it is best implemented as an attribute of that data.

Do not use profile options for behavior that is not configurable.

Profile options exist independent of role.

Do not use profile options to implement function security. For example, an application should not check for a profile option value set to yes to provide access to a page. Do not use profile options to implement data security, such as a profile option value that must be set to a specific value to provide view access to an entity.

Do not use profile options to capture a dynamic system states, such as data stored in a temporary table. Use Global Variables for temporary states instead.

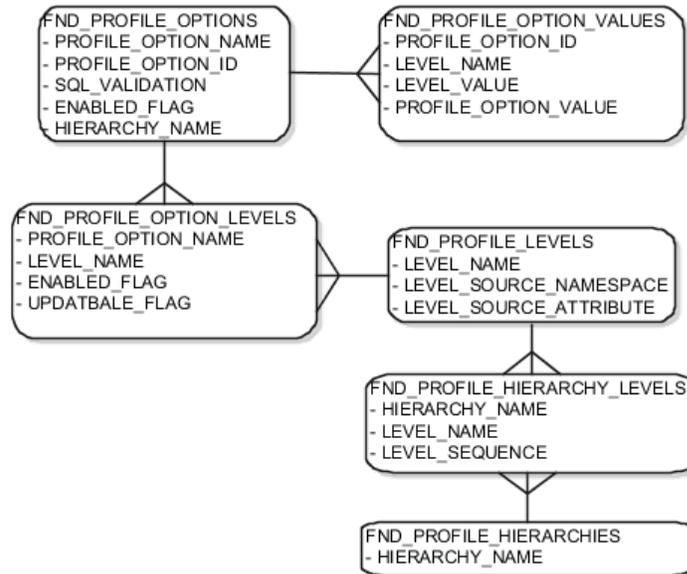
Evaluate if there is a genuine need before creating a profile option. Do not force users to make a decision about an aspect of their application use that is of no concern.

Evaluating need includes looking for duplicate or similar profile options, even in other products, before creating a new one. For example, you do not need multiple profile options to choose a preferred currency.

Profile Options Data Model

The profile option data model illustrates the relationships among profile option elements.

The figure shows the data model of profile option entities.



For more information about planning profile options, see the Oracle Fusion Applications Developer's Guide.

Managing Profile Options: Points to Consider

A profile option definition consists of a name for the profile option and valid values. It is defined within a module of the application taxonomy. Application developers manage profile options to create new profile options or modify existing profile option definitions, which includes specifying the levels at which a profile option is enabled and defining values. Implementation consultants and application administrators configure existing profile options by managing the profile option's updatable values, and creating categories that group profile options.

Configuring a Profile Option

A profile option definition includes information about the owning application and module in the application taxonomy. A start or end date, or both may limit when a profile option is active. The profile option definition may include an SQL validation statement that determines which values are valid, and the hierarchy levels at which the profile option is enabled and updatable.

To be visible to users, a profile option must be user enabled. You can also allow user updates of the profile option, which means users can make changes to the validation and the profile option level information.

Profile option levels specify at which context level profile values may be enabled or updated. .

Profile options should only be enabled for context levels that are appropriate for that profile option. For example, a profile option indicating a global configuration setting should not be enabled at the user level, if users cannot choose a different value for that setting.

SQL Validation

The SQL validation of the profile option definition determines what valid profile option values are available. In the absence of validation, any value is valid.

For example, SQL validation provides a means of defining a list of values for the valid values of the profile option. The SQL validation can use lookups to provide the valid values for profile options, such as the lookup codes of the YES_NO lookup type.

With a profile option called DEFAULT_LANGUAGE, you can configure the following validation.

```
SELECT DESCRIPTION Language, NLS_LANGUAGE
FROM FND_LANGUAGES_VL
WHERE INSTALLED_FLAG IN ('B','I')
ORDER BY DESCRIPTION
```

This results in the following list of values based on data in FND_LANUGUAGE_VL.

Display Value	Hidden Value
American English	US
French	F
Spanish	E

Hidden values must be varchar2(2000).

Profile options generally provide configuration values within a particular context. Though you can create a profile option to be global, think of global values as default values to avoid storing inappropriate configuration information as profile option values. Create global profile options that have corresponding contextual levels.

Managing Profile Option Categories: Points to Consider

Use profile option categories to group profile options.

Organizing Profile Options in Categories

As a guideline, group profile options in a single category if the profile options affect the same feature, or if an administrator would likely want to see the profile options in the results of a single search.

Application developers are responsible for the initial groupings and then administrators can make changes based on their specific needs. Administrators can categorize profile options and then easily search on profile options by category.

Tip

Define profile option categories first and assign new profile options to existing categories rather than defining profile options first and then defining categories to categorize them.

Adding New Profile Option Categories

You can add new categories or add profiles to an existing category.

You can create a profile option category by duplicating an existing category and editing it for a new grouping of profile options. You can add multiple profile options to a category. A profile option can exist in multiple categories.

Profile Option Order in a Category

Specify a profile option sequence to determine the order of profile options when queried by profile option category.

Viewing and Editing Profile Option Values: Points to Consider

A profile option value consists of the value and the context or level where the value is set. You specify the context with a pairing of the profile option value's level and level value, such as the product level and the level value GL for Oracle Fusion General Ledger. Adding or modifying profile option values can include deciding which valid values are enabled or updatable at which level.

The SQL validation of the profile option definition determines what valid profile option values are available. In the absence of validation, any value is valid.

Profile Option Levels and User Session Context

Site level profile option values affect the way all applications run for a given implementation. Product level profile option values affect the way applications owned by a particular product code behave. For example, a product may use profile options set at the product level to determine how regions provided by a common module such as those available from Oracle Fusion Trading Community Model or Customer Relationship Management (CRM) display in a particular work area or dashboard. User level profile option values affect the way applications run for a specific application user.

Whichever profile option value is most specific to a user session, that is the value at which the profile option is set for the user session.

For example, the predefined FND_LANGUAGE profile option sets the default language. In addition to a site level value, you can define a value for various product or user levels.

Level Name	Level Value	Profile Option Value
Site	InFusion	American English
Product	Customer Center	French
Product	CRM Application Composer	American English
User	Application Administrator	American English
User	Hima	Hindi

Values at the site level take effect for any user unless overridden by a different value set at the more specific levels of product and user. Product level profile option values affect the way applications owned by a particular product code behave. In addition to user level profile option values in applications, selections may be available in the user preferences workspace.

The following table demonstrates the FND_LANGUAGE profile option settings that would apply to specific users, based on the example above. For example, the user Hima is using the CRM Application Composer product, in the InFusion site. The example above shows that this profile option is set to Hindi at the user level for Hima. Because user is the highest applicable level for Hima, the applicable profile option value is Hindi for Hima.

Site	Product	User	Highest Available Level	Active Profile Option Value
InFusion	CRM Application Composer	Hima	User	Hindi
Acme	Payables	Application Administrator	User	American English
InFusion	Customer Center	Guillaume	Product	French
InFusion	Payables	Implementation Consultant	Site	American English
Acme	Payables	Implementation Consultant	none	no value

Note

More than one site level value is relevant in an enterprise with multiple tenants using a single instance of Oracle Fusion Applications.

Effect of Changes to Profile Option Values

Any change you make to a user level profile option has an immediate effect on the way applications run for that session. When you sign in again, changes made to your user level profile options in a previous session are still in effect. When you change profile option value at the product level and no user level values are set, you see the update immediately, but other users may not see the changed value until signing out and back in. When you change a profile option value and

the new value affects other users, the change takes effect only when users sign in the next time.

Changes to site level profile options take effect for any user session that is started after the setting has been changed. Changes to site or user level profile options do not affect any user sessions that are already in progress when the change is made.

Changes to site or user level profile options take effect for any C or PL/SQL processes, such as scheduled jobs, that are launched after the setting has been changed. Profile option changes do not affect C or PL/SQL processes that are already running.

Define Flexfields

Flexfields: Overview

Flexfields are a mechanism for configuring and extending applications to meet enterprise-specific needs. Using flexfields, you can extend application objects to capture data that would not otherwise be tracked by the application, or configure intelligent key codes comprised of meaningful parts according to your business practices. Flexfields encapsulate all of the pieces of information related to a specific purpose, such as a key identifying a particular purchase, or the components of a student's contact information, or the features of a product in inventory.

A flexfield is an extensible data field consisting of subfields. Each subfield is a flexfield segment. You configure segments to capture enterprise-specific information. Each segment captures a single atomic value, has a name, and maps to a pre-reserved column in the applications database.

Flexfields allow enterprise requirements to be met without changing the data model. Different data can be captured on the same database table.

Application developers create a flexfield and register it so that it is available for configuration. Administrators and implementation consultants setup or configure segments and other properties of the available flexfields. End users see flexfield segments as attributes of information displayed in the application user interface. They enter a value for the attribute. The value may be selected from a list of valid values or entered as free-form text that complies with formatting rules.

Manage flexfields using tasks you access by starting in the Setup and Maintenance Overview page.

Tip

Use the **Business Object** parameter to search Application Key Flexfields, Application Descriptive Flexfields, and Application Extensible Flexfields to find all tasks related to flexfields. To manage any flexfield across all Oracle Fusion Applications products, search for the Define Flexfields task list and access the Manage Descriptive Flexfields, Manage Extensible Flexfields, and Manage Key Flexfields tasks.

Types of Flexfields

The following three types of flexfields are available in Oracle Fusion Applications and provide a means to customize applications features without programming.

- Key
- Descriptive
- Extensible

For example, in Oracle Fusion Financials, key flexfields represent objects such as accounting codes and asset categories. Generally, correct operations of a product depend on key flexfield setup. In Oracle Fusion Payables, a descriptive flexfield expands a customizable area of an invoices page by providing subfields for collecting invoice details. You can implement these subfields, which are descriptive flexfield segments, as context sensitive so they appear only when needed. Extensible flexfields are similar to descriptive flexfields, but provide additional advanced features. Generally setup of descriptive and extensible flexfields is optional because their segments capture additional information that is stored attributes on an entity

Segments

All flexfields consist of segments. Segments represent attributes of information. They can appear globally wherever the flexfield is implemented, or based on a structure or context.

You define the appearance and meaning of individual segments when configuring a flexfield.

A key flexfield segment commonly describes a characteristic of the entity identified by the flexfield, such as a part number structured to include information about the type, color, and size of an item. A descriptive flexfield segment represents an attribute of information that describes a characteristic of the entity identified on the application page, such as details about a device containing components, some of which are globally present on the page while others are contextually dependent on the category of the device.

Value Sets

A value set is a predefined, named group of values that can be used to validate the content of a flexfield segment.

You configure a flexfield segment with a value set that establishes the valid values that an end user can enter for the segment. You define the values in a value set, including such characteristics as the length and format of the values. You can specify formatting rules, or specify values from an application table or predefined list. Multiple segments within a flexfield, or multiple flexfields, can share a single value set.

Structure and Context

Key flexfields have structure. Descriptive flexfields and extensible flexfields have context.

Each key flexfield structure is a specific configuration of segments. Adding or removing segments, or rearranging their order, produces a different structure. The database columns on which segments in different structures are based can be reused in as many structures as desired.

Descriptive flexfield segments can be context-sensitive, which means available to an application based on a context rather than globally available wherever the flexfield appears. (which means available to an application based on a context value rather than globally available wherever the flexfield appears. A descriptive flexfield context is a set of context-sensitive segments that store information related to the same context value. You define contexts as part of configuring a descriptive flexfield. End users see global segments, as well as any context-sensitive segments that apply to the selected context value.

Extensible flexfield segments are made available to an application based upon a category value. An extensible flexfield context serves as a container for related segments, used to organize the various segments that are applicable to a category value. You define contexts with context-sensitive segments and associate them to categories as part of configuring an extensible flexfield. End users see the segments displayed in subregions, one for each context associated to the selected category value.

In descriptive flexfields and extensible flexfields, the database columns on which context-sensitive segments are based can be reused in as many contexts as desired.

Deployment

A flexfield must be deployed to display its current definition in a runtime application user interface. For example, if the deployment status is Edited, the flexfield segments may appear in the UI based on the flexfield definition at the time of last deployment, rather than the current definition.

You can deploy a flexfield as a sandbox for testing the configuration before deploying it to the mainline for all users.

Runtime Appearance

In an application user interface, descriptive flexfield segments appear as label and field pairs or as a table of fields where the column headers correspond to the labels. The fields represent the flexfield segments and accept entered input or a selection from a list of choices that correspond to the segment's assigned value set. Extensible flexfield segments appear grouped within labeled regions, where each grouping is a context and the region labels are the context names.

Use the **Highlight Flexfields** command in the Administration menu of the Setup and Maintenance work area to identify the location of the descriptive and key flexfields on the runtime page. Flexfields in highlight mode display an information icon to access details about the flexfield, and an edit icon to manage the flexfield.

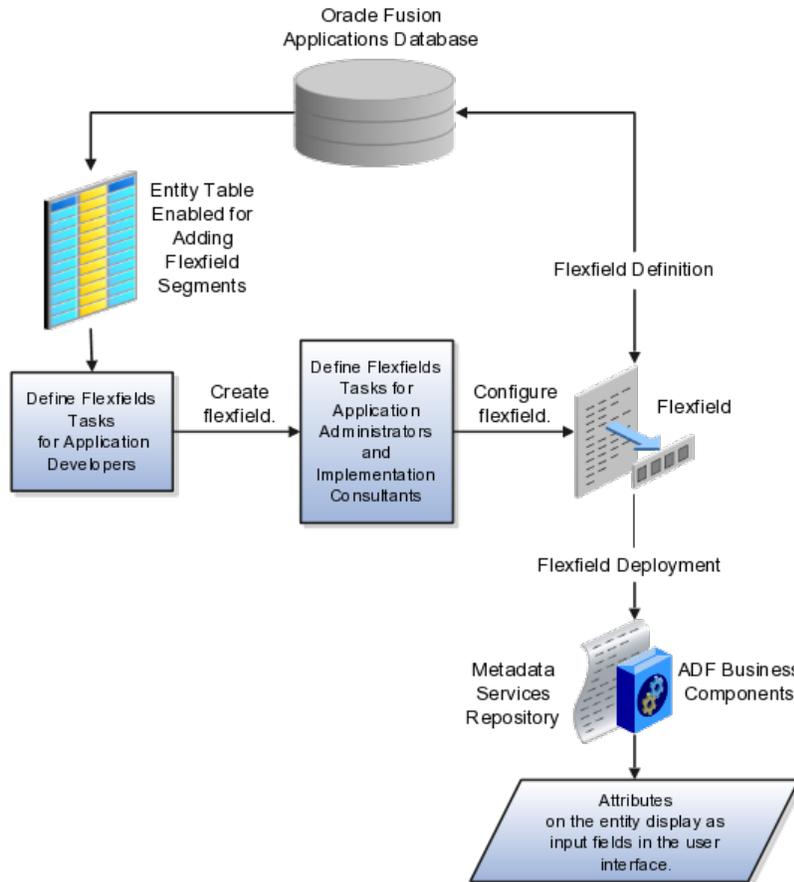
All segments of a single flexfield are grouped together by default. The layout and positions of the flexfield segments depend on where the application developer places the flexfield on the page. Flexfields may also be presented in a separate section of the page, in a table, or on their own page or subwindow.

You can use Oracle Composer to edit the layout, position, or other display features of the flexfield segments.

Flexfields and Oracle Fusion Application Architecture: How They Work Together

Administrators configure flexfield segments to capture data that represents the values of attributes. Flexfield segments represent attributes of entities (business objects). Most business objects are enabled for descriptive flexfields. Some business objects are enabled for extensible flexfields.

The figure shows the layers of a flexfield: the business entity table and metadata in the database, business components that are Application Development Framework (ADF) objects or ADFbc objects derived from the metadata and stored in the Metadata Services Repository (MDS), and the user interface where the input fields defined by the flexfield segments are rendered. The flexfield definition consists of all the metadata defined during configuration and stored in the database.



Application developers create a flexfield and register it so that it is available for configuration. Administrators and implementation consultants configure segments and other properties of the available flexfields. This information is stored as additional flexfield metadata in the database. Deploying the flexfield generates ADF business components based on the flexfield metadata in the database.

Integration

A flexfield affects the Web Services Description Language (WSDL) schemas exposed by ADF services and used by SOA composites. The Web services that expose base entity data also expose flexfield segment data.

Attributes incorporate into SOA infrastructure (BPEL, Rules) and integrate with business intelligence (Oracle Business Intelligence, Extended Spread Sheet Database (ESSbase)).

Flexfield configurations are preserved across Oracle Fusion Applications updates.

Deployment

The metadata for the flexfield is stored in the application database as soon as you save your configuration changes. Deploying the flexfield generates the ADF business components so that the runtime user interface reflects the latest definition of the flexfield in the metadata.

Importing and Exporting

You can export and import flexfields with a deployment status of Deployed or Deployed to Sandbox across instances of Oracle Fusion Applications using the Setup and Maintenance Overview page. Ensure a flexfield is eligible for migration (by verifying that it has successfully deployed) prior to attempting the migration.

Runtime

For a flexfield to reflect the latest flexfield definition at runtime it must be deployed. The user interface accesses a business object and the deployed flexfield definition indicates which business object attributes the flexfield captures values for. If you add display customizations for a flexfield using Oracle Composer, these are customizations on the page so that the same flexfield segments can appear differently on various different pages.

Values entered for segments are validated using value sets.

Flexfield Management

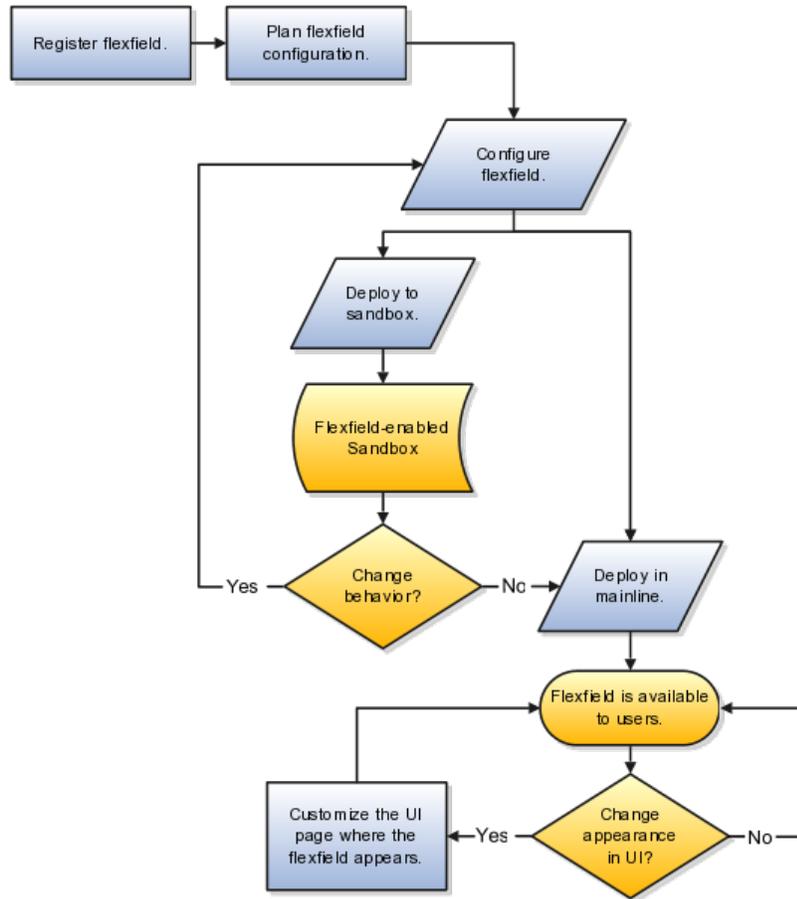
Managing Flexfields: Points to Consider

Managing flexfields involves, registering, planning, and configuring flexfields.

You plan and configure the registered flexfields provided in your applications by applications developers. How you configure flexfield segments determines how the flexfield segments appear to end users. Optionally, you can customize the UI page to change how the flexfield segments appear to end users on that page.

The figure shows the processes involved in making flexfields available to end users. The tasks in the Define Flexfields activity allow administrators to configure and deploy flexfields. If you deploy a flexfield to a sandbox and decide not to make further changes, you select the flexfield in the Manage Flexfields

tasks of the Define Flexfields activity and deploy the flexfield in the mainline so it is available to users.



Registering Flexfields

Application development registers flexfields so they are available to administrators and implementation consultants for configuration.

Application development creates the capacity of database tables to support flexfields so an enterprise can capture specific information about an entity. Many flexfields are predefined in Oracle Fusion Applications.

A flexfield must be registered before it can be configured.

For more information on registering flexfields, see Oracle Fusion Applications: Developer's Guide.

Planning Flexfields

All flexfields consist of segments which represent attributes of an entity. The values an end user inputs for an attribute are stored in a column of the entity table. Application development enables columns of entity tables for use in flexfields during flexfield registration.

A flexfield must be registered before it can be configured. Before configuring new flexfield segments for your enterprise, be sure to plan their implementation carefully.

For more information on planning flexfield configuration, see Oracle Fusion Applications Extensibility Guide.

Configuring Flexfields

Administrators or implementors configure flexfields so they meet the needs of the enterprise. Some flexfields require configuration to make an application operate correctly.

Configuring a flexfield includes the following.

- Defining value sets against which the values entered by end users are validated
- Defining the structure or context of the segments in the flexfield
- Specifying the prompt, length and data type of each flexfield segment
- Specifying valid values for each segment, and the meaning of each value within the application

Tip

As a flexfield guideline, define value sets before configuring the flexfield, because you assign value sets to each segment as you configure a flexfield.

Some descriptive flexfields provide parameters that are attributes of the same or related entity objects. You use parameters to set the initial value or derivation value of an attribute from external reference data, such as a column value or a session variable, rather than from user input.

Note

Adding segments to represent additional attributes is considered a custom task. For more information, see the Oracle Fusion Applications Extensibility Guide.

For more information on adding columns to a table, see the Oracle Fusion Applications Developer's Guide.

For more information on configuring flexfields for custom attributes, see also the Oracle Fusion Applications Extensibility Guide.

Enabling a Flexfield Segment for Business Intelligence

You can enable key flexfield segment instances and descriptive flexfield segments for business intelligence if the flexfield is registered in the database as an Oracle Business Intelligence-enabled flexfield. For more information on enabling segments for business intelligence, see points to consider when enabling key and descriptive flexfield segments for business intelligence.

Deploying Flexfields

After you configure or change a flexfield, you must deploy it to make the latest definition available to end users.

You deploy a flexfield in the mainline for general use in a test or production environment, or you can deploy a flexfield as a flexfield-enabled sandbox to confirm that it is correctly configured before deploying it to the mainline.

Deploying a flexfield results in a deployment status. Once deployed, the deployment status indicates the state of the currently configured flexfield relative to the last deployed definition

Optionally Changing How Flexfield Segments Appear in a User Interface Page

The flexfield attributes you define integrate with the user interface pages where users access the attributes' business object. Application development determines the UI pages where business objects appear and the display patterns used by default to render flexfield segments.

You can customize the appearance of the flexfield segments in the UI page using Oracle Composer once the flexfield is deployed to the mainline.

For more information on customizing flexfield appearance with Oracle Composer, see guidance on customizing existing pages in Oracle Fusion Applications Extensibility Guide.

For more information on planning flexfields or customizing them beyond the configuration possible in the Define Flexfields tasks, see Oracle Fusion Applications Extensibility Guide.

For more information on creating flexfields and adding them to a UI page, see Oracle Fusion Applications Developer's Guide.

Identifying Flexfields on a Runtime Page

The **Highlight Flexfields** command in the Administration menu of the Setup and Maintenance work area identifies the location of descriptive and key flexfields on the runtime page by displaying an information icon for accessing details about each flexfield.

Even if a flexfield has not yet been deployed and does not appear on the runtime page in normal view, it appears in the Highlight Flexfield view for that page. **Highlight Flexfields** accesses the current flexfield metadata definition.

Use the highlighted flexfield's edit icon to manage the descriptive or key flexfield directly. Alternatively, note a highlighted flexfield's name to search for it in the tasks for managing flexfields.

Flexfield Segment Properties: Explained

Independent of the value set assigned to a segment, segments may have properties such as validation.

Range Validation of Segments

Range validation enables you to enforce an arithmetic inequality between two segments of a flexfield. For example, a product must be ordered before it can be shipped, so the order date must be on or before the ship date, and consequently the order date segment value must be less than or equal to the ship date segment value. You can use range validation to ensure this relationship.

The conditions for range validation are as follows.

- Segments must be configured for range validation in pairs, one with the low value and one with the high value.
- Both segments must be the same data type.
- Both segments must be part of the same structure in a key flexfield or part of the same context in a descriptive flexfield or extensible flexfield.
- The low value segment must have a lower sequence number than the high value segment.
- Non-range validated segments can exist between a range validated pair, but range validated pairs cannot overlap or be nested.

You can configure as many range validated pairs as you want within the same flexfield. Your application automatically detects and applies range validation to the segment pairs that you define, in sequence order. It must encounter a low value segment first, and the next range validated segment it encounters must be a high value segment. These two segments are assumed to be a matching pair. The low value and the high value can be equal.

Code Naming Conventions

When entering codes such as segment code, enter a code consisting of the characters A-Z, a-z, 0-9, with a non-numeric leading character.

The code is used in the flexfield's element in the XML schema for web services. You can maximize the readability of the schema by naming codes with a leading alphabetic character followed by alphanumeric characters. The use of spaces, underscores, multi-byte characters, and leading numeric characters, which are all encoded in XML schemas, make the codes in the schema element difficult to read.

This applies to context code in descriptive and extensible flexfields, and to structure instance code in key flexfields.

Flexfields and Value Sets: How They Work Together

Value sets are specific to your enterprise. When gathering information using flexfields, your enterprise's value sets validate the values your users enter based on how you defined the value set.

You can assign a value set to any number of flexfield segments in the same or different flexfields. Value set usage information indicates which flexfields use the value set.

Defining and Assigning Value Sets

As a flexfield guideline, define value sets before configuring the flexfield, because you assign value sets to each segment as you configure a flexfield.

Caution

Be sure changes to a shared value set are compatible with all flexfield segments using the value set.

Shared Value Sets

When you change a value in a shared value set, the change affects the value set for all flexfields that use that value set. The advantage of a shared values set is that a single change propagates to all usages. The drawback is that the change shared across usages may not be appropriate in every case.

Deployment

When you deploy a flexfield, the value sets assigned to the segments of the flexfield provide end users with the valid values for the attributes represented by the segments.

Defaulting and Deriving Segment Values: Explained

To populate a flexfield segment with a default value when a row is created, specify a default type of constant or parameter and a default value.

To synchronize a segment's value with another field's value whenever it changes, specify the derivation value to be the flexfield parameter from which to derive the attribute's value. Whenever the parameter value changes, the attribute's value is changed to match. If you derive an attribute from a parameter, consider making the attribute read-only, as values entered by users are lost whenever the parameter value changes.

When defaulting or deriving a default value from a parameter, only those attributes designated by development as parameters are available to be chosen.

Different combinations of making the segments read only or editable in combination with the default or derivation value or both, have different effects.

Initial runtime behavior corresponds to the row for the attribute value being created in the entity table. If the default value is read only, it cannot subsequently be changed through the user interface. If the default value is not read only, users can modify it. However, if the segment value is a derived value, a user-modified segment value is overwritten when the derivation value changes.

Default Type	Default value specified?	Derivation value specified?	Initial runtime behavior	Runtime behavior after parameter changes
None	No	Yes	No initial segment value	Changed parameter derivation value updates segment value

Constant	Yes	No	Default segment value	N/A
Constant	Yes	Yes	Default segment value	Changed parameter derivation value updates segment value
Parameter	Yes	No	Default segment value is the parameter's default value	N/A
Parameter	Yes	Yes, and same as default value	Default segment value is parameter's default and derivation value	Changed parameter derivation value updates segment value
Parameter	Yes	Yes, and different from default value	Default segment value is parameter's default value	Changed parameter default value does not update segment value. Only the changed derivation value updates the segment value.

Flexfield Deployment

Flexfield Deployment: Explained

To use a flexfield at runtime, the flexfield must have been deployed at least once. Deployment generates or refreshes the Application Development Framework (ADF) business component objects that render the flexfield in a user interface. Flexfields are deployed for the first time during the application provisioning process.

After you configure or change a flexfield, you must deploy it to make the latest definition available to end users. You can deploy a flexfield to a sandbox for testing or to the mainline for use.

Deployment Status

Every flexfield has a deployment status.

A flexfield can have the following deployment statuses.

Deployment Status	Meaning
Edited	The flexfield metadata definition has not been deployed yet. Updates of the metadata definition are not applied in the runtime environment yet.
Patched	The flexfield metadata definition has been modified through a patch or through a data migration action, but the flexfield has not yet been deployed so the updated definition is not reflected in the runtime environment.

Deployed to Sandbox	The current metadata for the flexfield is deployed in ADF artifacts and available as a flexfield-enabled sandbox. The status of the sandbox is managed by the Manage Sandboxes task available to the Administrator menu of the Setup and Maintenance work area.
Deployed	The current metadata for the flexfield is deployed in ADF artifacts and available to end users. There have not been any changes to the flexfield since it was last deployed in the mainline.
Error	The deployment attempt in the mainline failed.

Note

Whenever a value set definition changes, the deployment status of a flexfield that uses that value set changes to edited. If the change results from a patch, the deployment status of the flexfield changes to patched.

Initial Deployment Status of Flexfields

The Oracle Fusion Applications installation loads flexfield metadata into the database. This initial load sets the flexfield status to Edited to indicate that the flexfield has not been deployed yet. The application provisioning process during installation deploys the predefined flexfields of the provisioned applications, which sets their status to Deployed if no errors are encountered.

When accessing a provisioned application, deployed flexfields are ready to use. In some cases, flexfield availability at runtime requires setup, such as defining key flexfields.

Metadata Validation

Use the Validate Metadata command to view possible metadata errors before attempting to deploy the flexfield. Metadata validation is the initial phase of the Deploy and Deploy to Sandbox commands. By successfully validating metadata before running the deployment commands, you can avoid failures in the metadata validation phase of a deployment attempt. Errors in the metadata validation phase of deployment cause the deployment attempt to abort. Metadata validation results do not affect the deployment status of a flexfield.

Flexfield Deployment Status: How It Is Calculated

Flexfield deployment status indicates how the flexfield metadata definition in the Oracle Fusion Applications database relates to the Application Development Framework (ADF) business components generated into a Metadata Services (MDS) repository.

Settings That Affect Flexfield Deployment Status

If you have made a change to a flexfield and expect a changed deployment status, be sure you have saved your changes. No settings affect flexfield deployment status.

How Flexfield Deployment Status Is Calculated

If the flexfield definition has been edited through the Define Flexfields activity task flows, the status is Edited. The latest flexfield metadata definition in the Oracle Fusion application diverges from the latest deployed flexfield definition. Any change, including if a value set used in a flexfield changes, changes the deployment status to Edited. If a flexfield has never been deployed, its status is Edited.

Note

When an application is provisioned, the provisioning framework attempts to deploy all flexfields in that application.

If you deploy the flexfield to a sandbox successfully, the status is Deployed to Sandbox. The latest flexfield metadata definition in the Oracle Fusion application matches the metadata definition that generated ADF business components in a sandbox MDS repository. Whether the sandbox is active or not does not affect the deployment status. If the flexfield was deployed to a sandbox and has not been edited or re-deployed to the mainline since then, the status remains Deployed to Sandbox independent of whether the sandbox is active, or who is viewing the status.

If you deploy the flexfield successfully, meaning to the mainline, the status is Deployed. The latest flexfield metadata definition in the Oracle Fusion application matches the metadata definition that generated ADF business components in a mainline MDS repository. Change notifications are sent when a flexfield is deployed successfully to the mainline.

If either type of deployment fails so the current flexfield definition is not deployed, the status is Error. The deployment error message gives details about the error. The latest flexfield metadata definition in the Oracle Fusion application likely diverges from the latest successfully deployed flexfield definition.

If the flexfield definition has been modified by a patch, the status is Patched. The latest flexfield metadata definition in the Oracle Fusion application diverges from the latest deployed flexfield definition. If the flexfield definition was Deployed before the patch and then a patch was applied, the status changes to Patched. If the flexfield definition was Edited before the patch and then a patch was applied, the status will remain at Edited to reflect that there are still changes (outside of the patch) that are not yet in effect.

When a deployment attempt fails and you can access the Deployment Error Message for details.

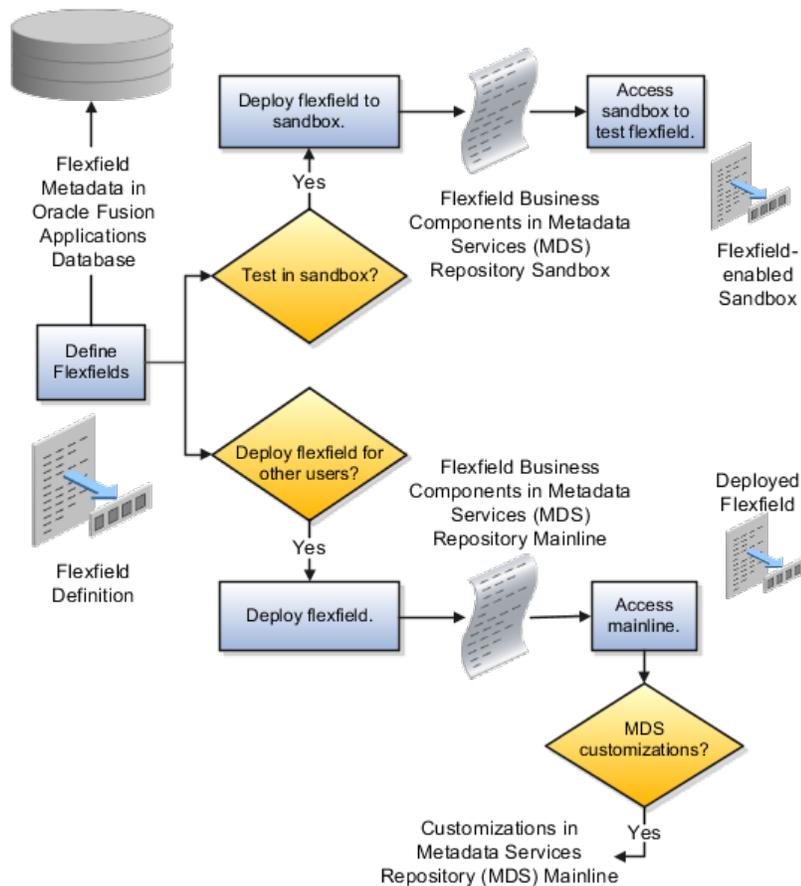
Deploying a Flexfield-Enabled Sandbox: How It Works With Mainline Metadata

The flexfield definition in a sandbox corresponds to the flexfield metadata definition in the Oracle Fusion Applications database at the time the flexfield was deployed to the sandbox. When the flexfield is ready for end users, the flexfield must be deployed to the mainline.

A flexfield-enabled sandbox uses the following components.

- Flexfield metadata in the Oracle Fusion Applications database
- Flexfield business components in a sandbox Metadata Services (MDS) repository
- User interface customizations for the flexfield in the mainline MDS repository

The figure shows the two types of deployment available in the Manage Flexfield tasks of the Define Flexfields activity. Deploying a flexfield to a sandbox creates a sandbox MDS repository for the sole purpose of testing flexfield behavior. The sandbox is only accessible to the administrator who activates and accesses it, not to users generally. Deploying a flexfield to the mainline applies the flexfield definition to the mainline MDS repository where it is available to end users. After deploying the flexfield to the mainline, customize the page where the flexfield segments appear. Customization of the page in the sandbox MDS repository cannot be published to the mainline MDS repository.



Sandbox Metadata Services Repository Data

Deploying the flexfield to a sandbox generates the Application Development Framework (ADF) business components of a flexfield in a sandbox MDS repository for testing in isolation.

Warning

Do not make changes to flexfield segment display features in a flexfield-enabled sandbox as these changes will be lost when deploying the flexfield to the mainline.

Mainline Metadata Services Repository Data

The Oracle Fusion Applications database stores the single source of truth about a flexfield. From this the ADF business component objects that implement the flexfield in the runtime user interface are generated in the mainline MDS repository when the flexfield is deployed.

Deploying a Flexfield-Enabled Sandbox: Points to Consider

Deploying a flexfield to a sandbox creates a flexfield-enabled sandbox . Each flexfield-enabled sandbox contains only one flexfield.

You can test the runtime behavior of a flexfield in the flexfield-enabled sandbox. If changes are needed, return to the Define Flexfield tasks to change the flexfield definition.

When you deploy a flexfield to sandbox, the process reads the metadata about the segments from the database, generates flexfield Application Development Framework (ADF) business component artifacts based on that definition, and stores in the sandbox only the generated artifacts derived from the definition.

Sandbox MDS Repository Data

The sandbox data allows you to test the flexfield in isolation without first deploying it in the mainline where it could be accessed by users.

Warning

Do not make changes to flexfield segment display features in a flexfield-enabled sandbox as these changes will be lost when deploying the flexfield to the mainline.

Managing a Flexfield-Enabled Sandbox

When you deploy a flexfield as a sandbox, that flexfield-enabled sandbox automatically gets activated in your user session. When you sign back in to see the changes, the sandbox is active in your session.

You can only deploy a flexfield to a sandbox using the Define Flexfields task flow pages.

You also can use the Manage Sandboxes feature in the Administration menu of the Setup and Maintenance work area to activate, access, or delete a flexfield-enabled sandbox.

Note

Whether you use the Define Flexfields or Manage Sandboxes task flows to access a flexfield-enabled sandbox, you must sign out and sign back in before you can see the changes you deployed in the runtime.

You cannot publish the flexfield from the sandbox to the mainline. You must use the Define Flexfields task flow pages to deploy the flexfield for access by users of the mainline because the flexfield configuration in the mainline is the single source of truth.

Deploying Flexfields Using the Command Line: Explained

You can use the Manage Key Flexfields, Manage Descriptive Flexfields, and Manage Extensible Flexfields tasks to deploy flexfields. You can also use WebLogic Server Tool (WLST) commands for priming the Metadata Services (MDS) repository with predefined flexfield artifacts and for deploying flexfields.

The table describes the available commands.

WebLogic Server Tool Command	Description
<code>deployFlexForApp</code>	Deploys all flexfields for the specified enterprise application. Only flexfields whose status is other than deployed are affected by this command unless the option is enabled to force all flexfields to be deployed regardless of deployment status. Initial application provisioning runs this command to prime the MDS repository with flexfield artifacts.
<code>deployFlex</code>	Deploy a single flexfield regardless of deployment status
<code>deployPatchedFlex</code>	Deploys flexfield changes that have been delivered using a flexfield Seed Data Framework (SDF) patch. Deploys flexfields that have a Patched deployment status.
<code>deleteFlexPatchingLabels</code>	Displays MDS label of flexfield changes for viewing and deleting patching labels.

Executing these commands outputs a report at the command line. The report provides the following information for every flexfield that is processed.

- Application identity (APPID)
- Flexfield code
- Deployment result, such as success or error

In case of errors, the report lists the usages for which the errors were encountered. If a runtime exception occurs, the output displays the traceback information. For each WLST flexfield command, adding the `reportFormat='xml'` argument returns the report as an XML string.

Consider the following aspects of command line deployment.

- Preparing to use the WLST flexfield commands

- Using the `deployFlexForApp` command
- Using the `deployFlex` command
- Using the `deployPatchedFlex` command
- Using the `deleteFlexPatchingLabels` command
- Exiting the WLST and checking the results

Preparing To Use the WLST Flexfield Commands

You can only execute the WLST flexfield commands on a WebLogic Administration Server for a domain that has a running instance of the Oracle Fusion Middleware Extensions for Applications (Applications Core) Setup application.

For more information on deploying the Applications Core Setup application, see the Oracle Fusion Applications Developer's Guide.

Ensure that the AppMasterDB data source is registered as a JDBC data source with the WebLogic Administration Server and points to the same database as the ApplicationDB data source.

Start the WebLogic Server Tool (WLST) tool, if it is not currently running.

UNIX:

```
sh $JDEV_HOME/oracle_common/common/bin/wlst.sh
```

Windows:

```
wlst.cmd
```

Connect to the server, replacing the user name and password arguments with your WebLogic Server user name and password.

```
connect('wls_username', 'wls_password', 'wls_uri')
```

The values must be wrapped in single-quotes. The `wls_uri` value is typically `T3://localhost:7101`.

For more information on the WLST scripting tool, see the Oracle Fusion Middleware Oracle WebLogic Scripting Tool.

Using the `deployFlexForApp` Command

The `deployFlexForApp` command translates the product application's predefined flexfield metadata into artifacts in the MDS repository.

Important

This command is run automatically when you provision applications. However, after custom applications development, you must run the `deployFlexForApp` command after you configure your application to read the flexfield artifacts from the MDS repository and before you log into the application for the first time, even if there is no predefined flexfield metadata.

This command does not deploy flexfields that have a status of Deployed unless the force parameter is set to 'true' (the default setting is 'false').

For more information on priming the MDS partition with configured flexfield artifacts, see the Oracle Fusion Applications Developer's Guide.

From the WLST tool, execute the following commands to deploy the artifacts to the MDS partition, replacing `product_application_shortcode` with the application's short name wrapped in single-quotes.

```
deployFlexForApp('product_application_shortcode'[, 'enterprise_id']  
[, 'force'])
```

In a multi-tenant environment, replace `enterprise_id` with the Enterprise ID to which the flexfield is mapped. Otherwise, replace with 'None' or do not provide a second argument.

To deploy all flexfields regardless of their deployment status, set force to 'true' (the default setting is 'false'). If you want to deploy all flexfields in a single-tenant environment, you either can set `enterprise_id` to 'None', or you can use the following signature:

```
deployFlexForApp(applicationShortName='product_application_shortcode', force='true')
```

Tip

The application's short name is the same as the application's module name.

For more information about working with application taxonomy, see the Oracle Fusion Applications Developer's Guide.

Using the `deployFlex` Command

From the WLST tool, execute the following command to deploy a flexfield, replacing `flex_code` with the code that identifies the flexfield, and replacing `flex_type` with the flexfield's type, which is either DFF, KFF, or EFF.

```
deployFlex('flex_code', 'flex_type')
```

The values must be wrapped in single-quotes.

Using the `deployPatchedFlex` Command

Use the `deployPatchedFlex` command for situations where the patching framework does not invoke the command, such as when an application has been patched offline.

If the installation is multi-tenant enabled, the command deploys all patched flexfields for all enterprises. This command is not intended to be invoked manually.

Check with your provisioning or patching team, or the task flows for managing flexfields, to verify that the flexfield has a Patched deployment status.

From the WLST tool, execute the following command to deploy the artifacts to the MDS partition of all flexfields that have a READY status.

```
deployPatchedFlex()
```

Execute the following command to deploy all flexfields that have either a READY status or an ERROR status.

```
deployPatchedFlex(mode='RETRY')
```

Using the deleteFlexPatchingLabels Command

Whenever you deploy flexfield changes to MDS using the `deployPatchedFlex()` WLST command, an MDS label is created in the format `FlexPatchingWatermarkdate+time`. Use the `deleteFlexPatchingLabels` command to inquire about and delete these labels.

From the WLST tool, execute the `deployPatchedFlex()` command with no arguments to delete the flexfield patching labels.

To output a list of flexfield patching labels, execute the command with the `infoOnly` argument, as follows:

```
deleteFlexPatchingLabels(infoOnly='true')
```

Exiting the WLST and Checking the Results

To exit the tool, execute the following command.

```
disconnect()
```

Optionally, sign into the application, access user interface pages that contain flexfields, and confirm the presence of flexfields for which configuration exists, such as value sets, segments, context, or structures.

Manage Value Sets

Value Sets: Explained

A value set is a set of valid values that you assign to a flexfield segment.

An end user enters a value into a flexfield segment while using the application. The flexfield validates the segment against the set of valid values that you configured as a value set and assigned to the segment.

For example, you can define a required format, such as a five digit number, or a list of valid values, such as green, red, and blue.

Flexfield segments are usually validated, and typically each segment in a given flexfield uses a different value set. You can assign a single value set to more than one segment, and you can share value sets among different flexfields.

Caution

Be sure changes to a shared value set are compatible with all flexfields segments using the value set.

Defining value sets involves making decisions about the following.

- Validation

- Security
- Precision and scale
- Usage and deployment

Validation

The following types of validation are available for value sets.

- Format only, where end users enter data rather than selecting values from a list
- Independent, a list of values consisting of valid values you specify
- Dependent, a list of values where a valid value derives from the independent value of another segment
- Subset, where the list of values is a subset of the values in an existing independent value set
- Table, where the values derive from a column in an application table and the list of values is limited by a WHERE clause

A segment that uses a format only value set does not present a list of valid values to users.

You can build a tree structure from the values in an independent value set whose data type is character.

Note

Adding table validated value sets to the list of available value sets available for configuration is considered a custom task.

For more information, see the Oracle Fusion Applications Extensibility Guide.

Security

Value set security only works in conjunction with usage within flexfield segments. If a value set is used standalone, meaning outside a flexfield, value set security is not applied, but Oracle Fusion data security is enforced.

You can specify that data security be applied to the values in flexfield segments that use a value set. Based on the roles provisioned to users, data security policies determine which values of the flexfield segment end users can view or modify.

Value set security applies at the value set level. If a value set is secured, every usage of it in any flexfield is secured. It is not possible to disable security for individual usages of the same value set.

Value set security applies to independent, dependent, or table-validated value sets.

Value set security applies mainly when data is being created or updated, and to key flexfield combinations tables for query purposes. Value set security does not determine which descriptive flexfield data is shown upon querying.

Security conditions defined on value sets always use table aliases. When filters are used, table aliases are always used by default. When predicates are defined for data security conditions, make sure that the predicates also use table aliases.

For key flexfields, the attributes in the view object that correspond to the code combination ID (CCID), structure instance number (SIN), and data set number (DSN) cannot be transient. They must exist in the database table. For key flexfields, the SIN segment is the discriminator attribute, and the CCID segment is the common attribute.

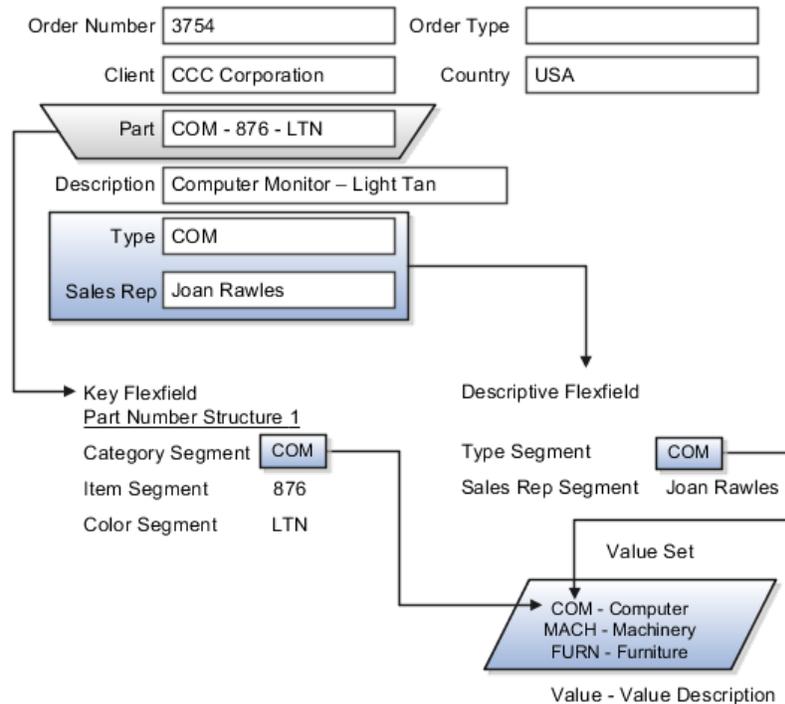
Precision and Scale

For a value set with the data type Number, you can specify the precision (maximum number of digits user can enter) or scale (maximum number of digits following the decimal point).

Usage and Deployment

The usage of a value set is the flexfields where that value set is used. The deployment status of flexfields in which the value set is used indicates the deployment status of the value set instance.

The figure shows a value set used by a segment in a key flexfield and the context segment of a descriptive flexfield.



For most value sets, when you enter values into a flexfield segment, you can enter only values that already exist in the value set assigned to that segment.

Global and context-sensitive segment require a value set. You can assign a value set to a descriptive flexfield context segment. If you specify only context values, not value sets for contexts, the set of valid values is equal to the set of context values.

Defining Value Sets: Critical Choices

Validation and usage of value sets determine where and how end users access valid values for attributes represented by flexfield segments.

Tip

As a flexfield guideline, define value sets before configuring the flexfield, because you assign value sets to each segment as you configure a flexfield.

Value Sets for Context Segments

When assigning a value set to a context segment, you can only use table-validated or independent value sets. The data type must be character and the maximum length of the values being stored must not be larger than column length of the context.

Format Only Validation

The format only validation type enables end users to enter any value, as long as it meets your specified formatting rules. That is, the value must not exceed the maximum length you define for your value set, and it must meet any format requirements for that value set.

For example, if the value set allows only numeric characters, your user could enter the value 456 (for a value set with maximum length of three or more), but could not enter the value ABC. A format only value set does not otherwise restrict the range of different values that users can enter. For numeric values, you can also specify if a numeric value should be zero filled or how many digits should follow the radix separator.

Interdependent Value Sets

You cannot specify a dependent value set for a given segment without having first defined an independent value set that you apply to another segment in the same flexfield. You use a dependent value set to limit the list of values for a given segment based on the value that the end user has chosen for a related independent segment. The available values in a dependent list and the meaning of a given value depend on which value was selected for the independently validated segment.

For example, you could define an independent value set of U.S. states with values such as CA, NY, and so on. Then you define a dependent value set of U.S. cities, with values such as San Francisco and Los Angeles that are valid for the independent value CA, and New York City and Albany that are valid for the independent value NY. In the UI, only the valid cities can be selected for a given state.

Because you define a subset value set from an existing independent value set, you must define the independent value set first. End users do not need to choose a value for another segment first to have access to the subset value set.

Table Validation

Typically, you use a table-validated set when the values you want to use are already maintained in an application table (for example, a table of vendor names). Table validation allows you to enable a segment to depend upon multiple prior segments in the same context or structure.

Table-validated value sets have unique values across the table, irrespective of bind variables. The WHERE clause fragment of the value set is considered if it does not have bind variables. If it has bind variables, the assumption is that the values are unique in the value set.

Range

In the case of format, independent, or dependent value sets, you can specify a range to further limit which values are valid. You can specify a range of values that are valid within a value set. You can also specify a range validated pair of segments where one segment represents the low end of the range and another segment represents the high end of the range

For example, you might specify a range for a format-only value set with format type Number where the user can enter only values between 0 and 100. If you use a table value set, you cannot reference flexfield segments in the WHERE clause of the value set. For example, the WHERE clause cannot reference a segment or a value set.

Security

In the case of independent and dependent values, you can specify that data security be applied to the values in segments that use a value set. Based on the roles provisioned to users, data security policies determine which values of the flexfield segment end users can view or modify.

When you enable security on a table-validated value sets, the security rule that is defined is absolute and not contingent upon the bind variables (if any) that may be used by the WHERE clause of the value set. For example, suppose a table-validated value set has a bind variable to further filter the value list to x, y and z from a list of x, y, z, xx, yy, zz. The data security rule or filter written against the value set should not assume anything about the bind variables; it must assume the whole list of values is available and write the rule, for example, to allow x, or to allow y and z. By default in data security all values are denied, and show only rows to which access has been provided.

Maintenance

There is no need to define or maintain values for a table-validated or subset value set, as the values are managed as part of the referenced table or independent value set, respectively.

If your application has more than one language installed, or there is any possibility that you might install one or more additional languages for your application in the future, select **Translatable**. This does not require you to provide translated values now, but you cannot change this option if you decide to provide them later.

For more information about defining value sets, see the Oracle Fusion Applications Extensibility Guide.

Manage Descriptive Flexfields

Descriptive Flexfields: Explained

Descriptive flexfields provide a way to add custom attributes to entities, and define validation and display properties for them. These attributes are generally standalone. They don't necessarily have anything to do with each other and are not treated together as a combination.

All Oracle Fusion Applications business entities that you can access are enabled for descriptive flexfields. Descriptive flexfields are optional. You can choose to configure and expose segments for the descriptive flexfield defined and registered in your database, or not.

A descriptive flexfield provides a set amount of segments for an entity. The segments of a descriptive flexfield are made available to end users as individual fields in the application user interface.

Context

A descriptive flexfield can have only one context segment to provide context sensitivity.

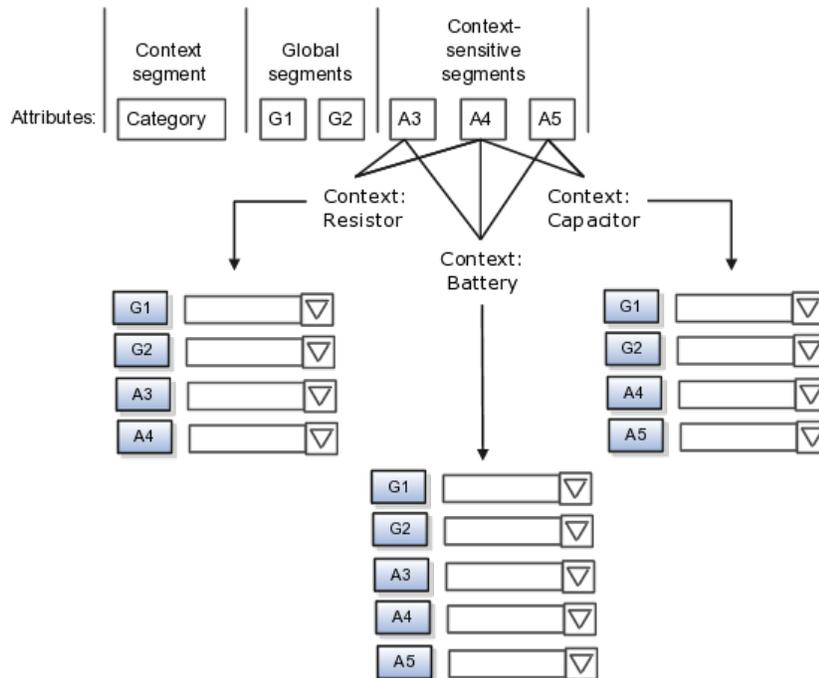
The same underlying column can be used by different segments in different contexts. For example, you can define a Dimensions context that uses the ATTRIBUTE1 column for height, the ATTRIBUTE2 column for width, and the ATTRIBUTE3 column for depth. You can also define a Measurements context that uses the same columns for other attributes: the ATTRIBUTE1 column for weight, the ATTRIBUTE2 column for volume, and the ATTRIBUTE3 column for density.

Segments and Contexts

Descriptive flexfield segments are of the following types.

Segment Type	Runtime Behavior
Global segment	Always available
Context segment	Determines which context-sensitive segments are displayed
Context-sensitive segment	Displayed depending on the value of the context segment

In the figure, a descriptive flexfield has one context segment called Category for which there are three values: Resistor, Battery, and Capacitor. In addition, the descriptive flexfield consists of two global segments that appear in each of the contexts, and three context-sensitive segments that only appear in the context in which they are configured.



Application development determines the number of segments available for configuring. During implementation you determine which attributes to add using the available segments, and the context values and the combination of attributes in each context. A segment can be used for different attributes, such as Height in Context1 and Color in Context2. Each segment of a descriptive flexfield that you make available to end users is exposed in the user interface as an individual field.

Value Sets

For each global and context-sensitive segment, you configure the values allowed for the segment and how the values that end users enter are validated, including interdependent validation among the segments.

Managing Descriptive Flexfields: Points to Consider

Configuring descriptive flexfields involves managing the available flexfields registered with your Oracle Fusion Applications database and configuring their flexfield-level properties, defining and managing descriptive flexfield contexts, and configuring global and context-sensitive segments.

Every descriptive flexfield is registered to include a context segment, which you may choose to use or not.

Segments

You can assign sequence order numbers to global segments and to context-sensitive segments in each context. Segment display is always in a fixed order. You cannot enter a number for one segment that is already in use for a different segment.

Value sets are optional for context segments. The value set that you specify for a context segment consists of a set of context codes, each of which corresponds to a context that is appropriate for the descriptive flexfield. If you do not specify a value set for a context segment, the valid values for that context segment are derived from the context codes. The definition of each context segment specifies the set of context-sensitive segments that can be presented when that context code is selected by the end user.

For reasons of data integrity, you cannot delete an existing context. Instead, you can disable the associated context value in its own value set by setting its end date to a date in the past.

You can configure the individual global segments and context-sensitive segments in a descriptive flexfield. These segment types are differentiated by their usage, but they are configured on application pages that use most of the same properties.

Usages

Descriptive flexfield usages allow for the same definition to be applied to multiple entities. Descriptive flexfield tables define the placeholder entity where the flexfield segment values are stored once you have configured the descriptive flexfield.

Parameters

Parameters are public arguments to a descriptive flexfield. Parameters provide outside values in descriptive flexfield validation. Parameters can be referenced by the logic that derives the default segment value and in table-validated VALUE set WHERE clauses.

Delimiters

A segment delimiter or separator visually separates segment values when the flexfield is displayed as a string of concatenated segments.

Manage Extensible Flexfields

Extensible Flexfields: Explained

Extensible flexfields are like descriptive flexfields, with some additional features.

- You can add as many context-sensitive segments to the flexfield as you need. You are not dependent on the number of segments predefined and registered for the flexfield.
- You can configure a one-to-many relationship between the entity and its extended attribute rows.
 - A row of data can have multiple contexts associated with it.
 - A row of data can have multiple occurrences of the same context.

- You can configure contexts in groups so the attributes in the context always appear together in the user interface.
- You can use existing hierarchical categories so that entities inherit the contexts that are configured for their parents. Contexts are reusable throughout categories.
- You can specify view and edit privileges for the extensible flexfield segments to control who sees the attributes and who can change the attribute's values.

When you configure a context for multiple rows per entity, the segments are displayed as a table.

Unlike descriptive flexfields, the extension columns corresponding to extensible flexfields segments are part of extension tables, separate from the base application table. Unlike descriptive flexfield contexts, the set of attributes in an extensible flexfield context remains constant and does not differ by context value.

An extensible flexfield describes an application entity, with the runtime ability to expand the database that implementation consultants can use to define the data structure that appears in the application.

Extensible flexfields support one-to-many relationships between the entity and the extended attribute rows.

Usages

As with descriptive flexfields, you can define multiple usages for an extensible flexfield, which enables several application tables to share the same flexfield.

For example, a flexfield for shipping options can be used by both a Supplier table and a Buyer table. In addition, you can associate a context with one, some, or all of the flexfield's usages. Thus, with the shipping information example, you can associate a warehouse context with the Supplier usage, a delivery location context with the Buyer usage, and a ship-via context with all usages.

Categories

Extensible flexfields support multiple contexts, and the contexts can be grouped into categories. Every extensible flexfield has at least one category, or root category, and some extensible flexfields support a hierarchy of categories, where a given category can inherit contexts from its parent categories.

You can define categories for extensible flexfields, and you can associate any combination of contexts with a given category.

For example, the Electronics and Computers category hierarchy might include a Home Entertainment category, which in turn might include an Audio category and a TV category, and so on. The Home Entertainment product might have contexts that specify voltage, dimensions, inputs and outputs. Contexts are reusable within a given extensible flexfield. For example, the dimensions context could be assigned to any category that needs to include dimensional information.

Pages

Extensible flexfields allow you to combine contexts into groups known as pages, which serve to connect the contexts so they will always be presented together in the application user interface.

Each application page corresponds to one extensible flexfield category, with a separate region of the page for each associated context.

Managing Extensible Flexfields: Points to Consider

Configuring extensible flexfields involves managing the available flexfields registered with your application database and configuring their flexfield-level properties, defining contexts, categories, and pages, and configuring the segments for each extensible flexfield.

Contexts

A context can be defined as single row or multi row. Single row contexts are the same as descriptive flexfields contexts. A single row context has only one set of context-sensitive segments. A multi-row context enables you to associate multiple sets of values with the same object instance.

For example, for a BOOK table, you could create a multi-row context named chapters that contains a chapter segment and a number of pages segment. Multiple chapters can then be associated with each book in the BOOK table.

Set the context to translatable so free-form text entered by end users is stored in the language of the user's locale, and different translations of that text can be stored in other languages. Segments in the translated contexts should utilize format-only value sets for storing free-form, user-entered text.

Categories

A category is a grouping of related data items that can be considered to belong together. You can associate any combination of contexts with a given category.

A category hierarchy logically organizes a set of categories.

For example, the Electronics and Computers category hierarchy might include a Computer category and a Home Entertainment category, which in turn might include an Audio category and a TV category, and so on.

A category can be a child or sibling of an existing category. The hierarchy can be as simple or as complex as desired, with any combination of zero or more sibling categories and zero or more child categories. If no category is defined, the data items are grouped under a single predefined default category.

Each category has associated contexts that store relevant information about a data item in that category. For example, a Home Entertainment product has contexts that specify Voltage, Dimensions, Inputs and Outputs. Contexts are reusable within a given extensible flexfield; the Dimensions context could be assigned to any category that needs to include dimensional information.

If a hierarchy includes child categories, each child category inherits the contexts from its parent category; for example, the Home Entertainment category inherits Voltage and Dimensions from the Electronics and Computers category.

Each extensible flexfield is associated with a particular category hierarchy. You can think of category hierarchies as the defining framework for extensible flexfields and their contexts. A category hierarchy specifies which contexts are valid for each category.

An extensible flexfield can include multiple contexts which you define to support a given category. These contexts can be suitable for a variety of different purposes, but within a particular category, some contexts might be considered to be related to, or dependent on, each other. You can combine these contexts into groups known as pages, which serve to connect the contexts so they will always be presented together in the application user interface.

For example, the Home Entertainment category might have an Electrical Specifications page that contains the Voltage, Inputs and Outputs contexts, and a Physical Specifications page that contains the Dimensions and Form Factor contexts.

Indexed Segments

You can designate an extensible flexfield segment as indexed so that it is one of the selectively required attributes an end user can use in an attribute search. If you indicate in the Manage Extensible Flexfield UI page that a segment should be indexed, the column representing the segment must be added to the database index. This is commonly done by a database administrator (DBA).

When an extensible flexfield with indexed segments is deployed, search task flows are generated along with the other flexfield artifacts and specify the indexed attributes as selectively required. In the deployed extensible flexfield's search task flow, an end user must specify at least one of the indexed attributes in the search criteria. This prevents non-selective searches which could cause performance issues.

For example, if you index the memory and processor attributes and ensure that the corresponding columns in the database are indexed, an end user can search an item catalog for computers by entering processor or memory or both as a search criterion. No search is performed if an end user enters an attribute as search criteria that is not indexed.

Manage Key Flexfields

Key Flexfields: Explained

Key flexfields provide a means to capture a key such as a part number, a job code, or an account code. A key flexfield consists of one or more segments, where each segment can have a meaning.

For example, a part number 10-PEN-BLA-450 might correspond to a black pen from vendor #450 sold by division #10 (office supplies). Behind the scenes, the application uses a unique number, 13452, for this part, but the end user always see the 10-PEN-BLA-450 part number.

The following aspects are important to understanding key flexfields.

- Architecture
- Segments and segment labels
- Structures
- Segment and structure instances
- Combinations
- Dynamic combination creation
- Security

Key flexfields are not optional. You must configure key flexfields to ensure that your applications operate correctly. You configure and maintain key flexfield definitions with the Manage Key Flexfields task.

Architecture

When you configure a key flexfield, you define metadata about the key flexfield such as how many segments are in a structure, how many structures the flexfield uses, what value sets each segment uses, and so on. This is flexfield metadata stored in flexfield metadata tables.

Based on the flexfield metadata, actual part numbers are captured at runtime as a combination of segment values and stored in a combinations table. A combinations table contains all the segment columns for a flexfield, plus a unique ID column and a structure instance number column that differentiates multiple arrangements of the segment columns.

For example, a part number that can be comprised of multiple segments can be represented by a key flexfield. A part number key flexfield has a corresponding combinations table, where the flexfield stores a list of the complete codes, with one column for each segment of the code, together with the corresponding unique ID and structure instance number for the code. When users define a new part number or maintain existing part numbers in the parts catalog, they directly maintain rows in the combination table.

The foreign key table contains a different business entity than the combinations table. For example, the business entity in the foreign key table is order lines or invoice lines that contain foreign key references to parts for ordering and so on. Any number of foreign key tables can reference a particular entity represented by a key flexfield.

Segments and Segment Labels

A key flexfield consists of segments. Segments consist of a prompt, a short prompt, display width, a number that determines where in the sequence of a key flexfield structure the segment exists, the range type and the column name of the attribute being captured by the segment, a default value set and a label for the segment. A segment label identifies a particular segment of a key flexfield. Segment labels are defined and made available by applications development.

Applications identify a particular segment for some purpose such as security or computations. Segment name or segment order cannot reliably identify a segment because key flexfield segments can be configured to appear in any order with any prompts. A segment label functions as a tag for a segment.

For example, Oracle Fusion General Ledger needs to identify which segment in the Accounting Flexfield contains balancing information and which segment contains natural account information. General Ledger uses a segment label to determine which segment you are using for natural account information. When you define your Accounting Flexfield, you must specify which segment label apply to which segments.

Some labels must be unique, and cannot be applied to more than one segment in each structure. Other labels are required, and must be applied to at least one segment in each structure.

A segment label orients an end user's search of segments, such as the Cost Center label for all segments across key flexfields that capture a value for cost center.

Structures

A key flexfield structure definition includes the number of segments and their order.

In some applications, different users need to see different segment structures for the same flexfield. A key flexfield can have multiple structures if registered to support more than one structure.

The flexfield can display different fields for different end users based on a data condition in your application data, such as the value of another field entered by the end user or the user's role. For example, the correctly formatted local postal address for customer service inquiries differs based on locale. A postal address key flexfield could display different segments and prompts for different end users based on a location condition in your application data, such as the user's role or a value entered by the user.

Each structure can have one or more segments. Thus a segment is a child of a structure. If you want to store a particular segment, such as Cost Center, in two different structures, you must define the segment separately in each structures.

Each structure may have one or more structure instances. Each instance of a structure shares the same number and order of segments, but differs in the allowable values or value sets that validate the segments.

Structure and Segment Instances

You can define multiple configurations of a key flexfield structure. These structure instances have the same segment structure, in the same sequence order. They differ primarily in how each segment is validated. You define a structure instance for each key flexfield and each key flexfield structure instance.

The segments in a key flexfield structure instance are segment instances. A segment instance is a segment with a specific value set assigned to it.

If a key flexfield has been registered with a tree structure, you can specify a tree code for a segment instance, where the tree code defines a hierarchical relationship between the segment values.

Combinations

A combination is a complete code, or combination of segment values that makes up the code, that uniquely identifies an object.

For example, each part number is a single combination, such as PAD-YEL-11x14 or 01-COM-876-7BG-LTN. In these combinations, the hyphen is the segment separator. If you had ten parts you would define ten combinations. A valid combination is simply an existing or new combination that can currently be used because it is not out of date or disabled, and does not violate cross-validation or security rules. A combination has different segments depending on the flexfield structure being used for that combination. Any combination is associated with only one particular flexfield structure.

Many Oracle Fusion Applications products refer to a key flexfield combination by using the name of the entity or the key flexfield itself. For example, Oracle Fusion Assets uses the asset key flexfield and refers to one of its combinations as an asset key or asset key flexfield. In another example, other Oracle Fusion Applications products including Oracle Fusion General Ledger (GL) refer to combinations of the accounting flexfield as account or GL account.

Each key flexfield has one corresponding table, known as the combinations table, where the flexfield stores a list of the complete codes, with one column for each segment of the code, together with the corresponding unique ID number (a code combination ID number or CCID) for that code. Then, other tables in the application have a column that stores just the unique ID for the code. For example, you may have a part number code, such as PAD-YEL-11x14. The Parts combinations table stores that code along with its ID, 57494. If your application allows you to take orders for parts, you might then have an Orders table that stores orders for parts. That Orders table would contain a single column that contains the part ID, 57494, instead of several columns for the complete code PAD-YEL-11x14.

Typically one combinations page maintains the key flexfield, where the key flexfield is the representation of an entity in your application. The combinations page is where you maintain individual combinations, such as part numbers.

Dynamic Combination Creation

Dynamic combination creation is the insertion of a new valid combination into a combinations table from a page other than the combinations page.

Dynamic combination creation may be enabled at the following levels.

Level Of Dynamic Combination Creation	Controlled By:
Flexfield	Application development
Each usage or reference to the key flexfield	Application development
Structure instance	Administrators and implementation consultants
Other	Administrators and implementation consultants

If your key flexfield or certain usages or references of the key flexfield do not permit dynamic combination creation, you may control whether dynamic

combination creation is enabled for each structure instance. If enabled, a user can enter a new combination of segment values using the flexfield window from a foreign key page. For example, when entering a transaction, a GL user can enter a new expense account code combination for an account that does not yet exist. Your application creates the new account by inserting the new combination into the combinations table behind the scenes. Assuming that the new combination satisfies any existing cross-validation rules, the flexfield inserts the new combination into the combinations table, even though the combinations table is not the underlying table for the foreign key page.

Managing Key Flexfields: Points to Consider

Consider the plans for a key flexfield, security, and resulting runtime pages when configuring key flexfields.

Planning

Plan structures carefully and allow for future needs.

Caution

Do not change the number, order, and maximum length of segments once you have acquired flexfield data.

Structure Delimiters

A delimiter separates the segments when they appear to end users. The delimiter value of a structure specifies the character used to visually separate segment values when the key flexfield is displayed as a string of concatenated segments in the UI.

Tip

Choose the delimiter value of your key flexfield carefully so that it does not conflict with the flexfield data. For example, if your data frequently contains periods, such as in monetary or numeric values, do not use a period as your segment separator. Any character you expect to appear frequently in your segment values or descriptions is not a good choice for the delimiter.

If you change the configuration of a key flexfield, such as the delimiter, the change affects the previously stored key flexfields with that structure.

Security

Oracle Fusion data security enforces value set security.

Within key flexfields, value set security applies to the selection of the individual segment values in the segment list of values. When selecting a key flexfield segment value from the combination table, data security allows display of only the combinations whose segment values you have access to. Applications development controls whether or not value set security rules propagate to the foreign key table. By default they do.

Runtime Pages

Application development determines the user interface (UI) pages used to render flexfields. The types of key flexfield UI pages are as follows.

- Combinations pages where underlying entity objects use the combinations table itself
- Foreign key pages where the underlying entity objects contain a foreign key reference to the combinations table
- Partial usage page where some or all of the key flexfield's segment columns are in a product table

The same key flexfield can be used in different ways on different pages.

A page with a foreign key reference has a base table or view that contains a foreign key reference to a combinations table with the actual flexfield segment columns. This allows manipulating rows containing code combination IDs (CCID).

A page with partial usage of a key flexfield presents segments that are defined on a product's transactional table in addition to being defined on a combinations table. In the case of a partial usage page, it is possible that only part of the configuration is visible. This allows the key flexfield to behave more like a descriptive flexfield.

A code combination maintenance page or combinations page presents the combinations table. This allows directly creating and maintaining code combinations. The combinations table contains all key flexfield segment columns and a unique ID column.

A typical application has one and only one combinations page. An application might not have a combinations page if it does not support maintenance by administrators.

A page containing a search region enables end users to select which attributes of the key flexfield view object to use as criteria to search for flexfield metadata.

For example, you can configure seven segments for the Account key flexfield. In a foreign key reference page, end users see the typical key flexfield picker with all seven segments where they can search for combinations. In a partial usage page using the same key flexfield, end users potentially could see only a single segment such as the Cost Center labeled segment, or they might see multiple segments but displayed as individual segments rather than as a picker for choosing combinations

For more information on key flexfield pages, see the Oracle Fusion Applications Developer's Guide.

Key Flexfield Structures: Explained

A key flexfield structure arranges the segments of a key so you can reuse a single key flexfield in multiple combinations of the same or a subset of segments.

Multiple instances of a single structure can accommodate differences in the value sets assigned to the structure's segments.

The structure determines the following aspects of a key flexfield.

- The segments to include
- The order of the segments
- Segment labels on the included segments
- Properties for each segment applied to the instances of the segments in an instance of the structure

Managing Key Flexfield Structures

All the segments defined for a key flexfield are available to be included in a key flexfield structure.

You can define as many segments as there are defined segment columns in your key flexfield combinations table.

Restriction

Be sure to add segments in the order that your key requires. Once deployed, the order cannot be changed.

Enable segments to indicate that they are in use. A flexfield does not display disabled segments in runtime.

Tip

To protect the integrity of your data, disable a segment if you have already used it to enter data.

Key Flexfield Structure Instances and Segment Instances: Explained

A key flexfield structure can have one or more alternate structure instances.

The instances of a key flexfield structure share the following aspects of the structure.

- The same set of segments
- The same arrangement of segments
- The same properties at the segment and structure levels

Differences among structure instances at the structure level include whether dynamic combination creation is allowed.

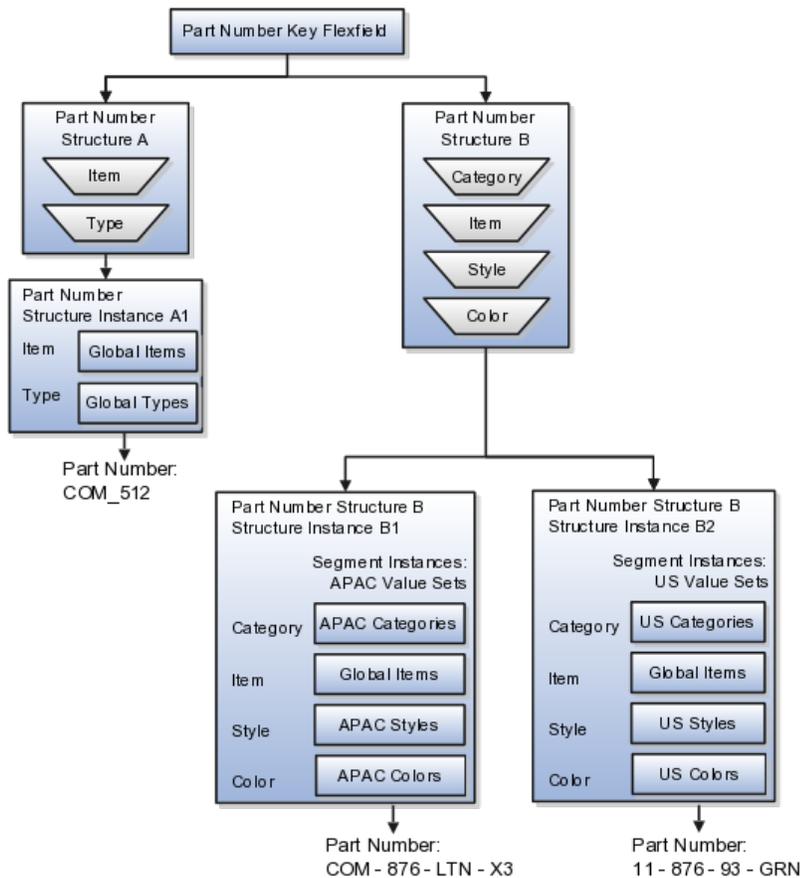
Differences among segment instances at the structure instance level include the following.

- Value set
- Default type and default value

- Tree code
- Whether the segment is any of the following
 - Required
 - Displayed
 - Enabled for business intelligence
 - Optional or required as a query criterion

For example, you could use one group of value sets for the US and another for France.

The figure shows two structures instances for a part number structure. The structures differ in the number of segments and the segment separators used. The structure instances of a structure share all properties that are defined for the structure, but can vary in the properties defined at the structure instance or segment instance level, such as the value set assigned to the segment instances.



Query Required Segment Instances

You can designate a key flexfield segment instance as query required so that it is one of the selectively required attributes an end user can use in a key flexfield combination search. If you indicate in the Manage Key Flexfields UI page that a segment instance should be indexed, the column representing the segment

must be added to the database index. This is commonly done by a database administrator (DBA).

Following deployment, the combination picker of the key flexfield displays the query required attributes as selectively required. An end user must specify at least one of the query required attributes in the search criteria. This prevents non-selective searches that could cause performance issues.

For example, if you mark the cost center and account attributes as query required and ensure that the corresponding columns in the database are indexed, an end user can search for combinations by entering cost center or account or both as a search criterion. No search is performed if an end user does not enter at least one query required attribute as search criteria.

Tip

Index the Structure Instance Number column on your combinations table to improve performance.

Dynamic Combinations

If a key flexfield supports dynamic combination creation, you can choose to enable this feature by selecting **Dynamic Combination Creation Allowed**. This will allow end users to enter values at runtime that produce new code combinations for the flexfield. If not enabled, new valid combinations can only be entered using the combinations table for the flexfield.

Trees

If a tree code has been defined for the value set assigned to the segment instance, and you assign the tree code to the segment instance, tree hierarchy search operations are available on the segment values.

For a segment instance to be based on a tree, the following must be true.

- Application development registered the key flexfield with a tree structure.
- A tree code for that tree structure exists.
- The tree code that includes tree versions containing the values of the value set assigned to the segment instance.
- You assign the desired tree code directly to the segment instance.

Provided these conditions are satisfied, different segment instances that use the same value set can be assigned the same or different tree codes, meaning they use a different hierarchy definition over the same values.

Key Flexfields: Example

A key flexfield can capture expense account information.

Scenario

When entering details for each expense, the user specifies an account to which the expense is charged.

Entering Expense Accounts

A user interface for entering expenses gives the user the option of selecting an expense account that identifies the cost center and other details needed for processing the expense.

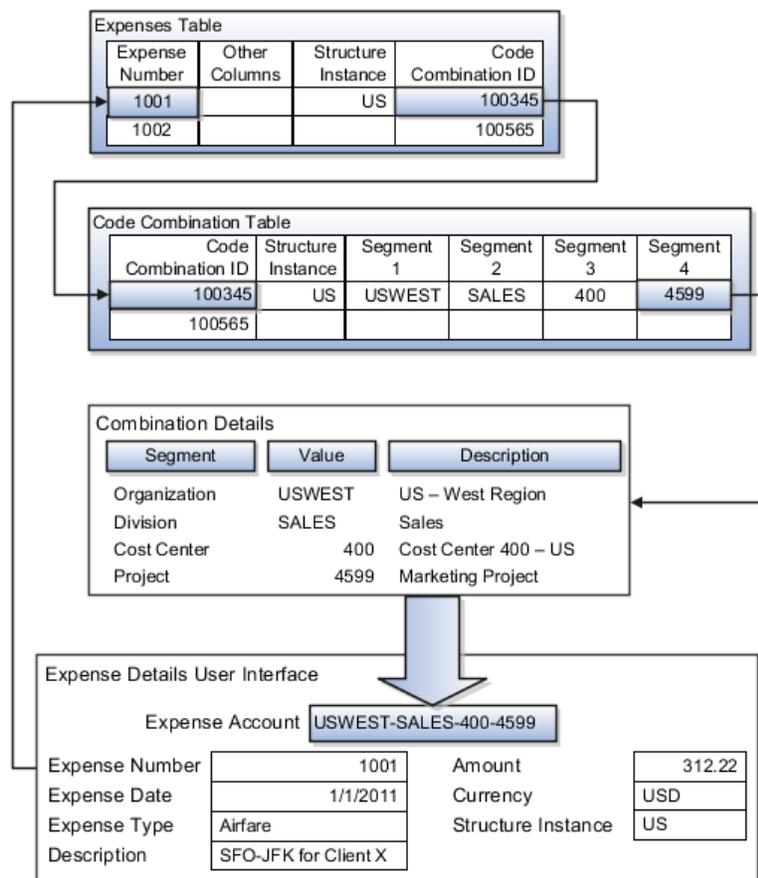
Analysis

The expense account field is a foreign key reference to a code combination (EXPENSE_LINES.EXPENSE_ACCOUNT = ACCOUNTS.CCID).

Code Combination Table for Entering Accounts and Employees

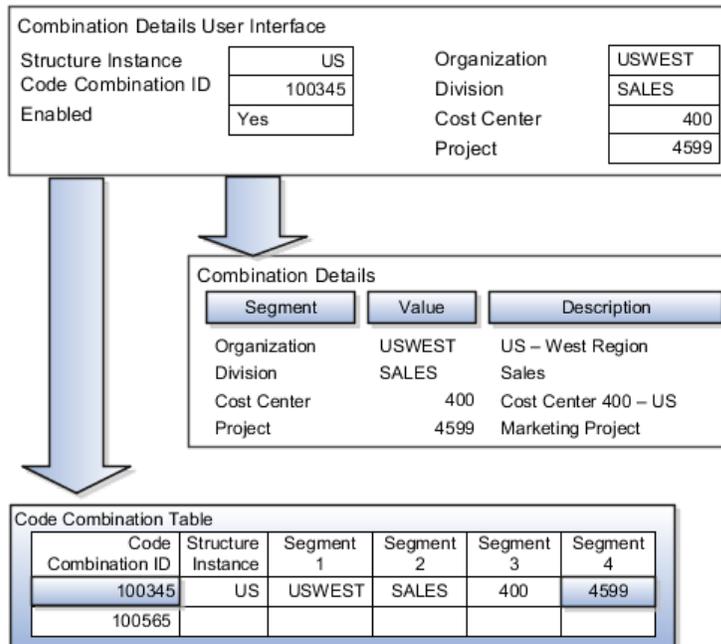
The code combination table supports entering account information, such as for expense accounts.

The figure shows the origin in the code combination table of the account specified by the user. The code combination ID record stores the information of the key flexfield segments used to assemble the expense account based on the key flexfield configuration.



The combinations page, which is the maintenance page for the key flexfield, is for managing rows in the combination table. In this example, managing the combinations means adding or editing account numbers that adhere to the key flexfield metadata rules.

The figure shows the code combination details for the example expense account reflected in the flexfield configuration and the code combination table.

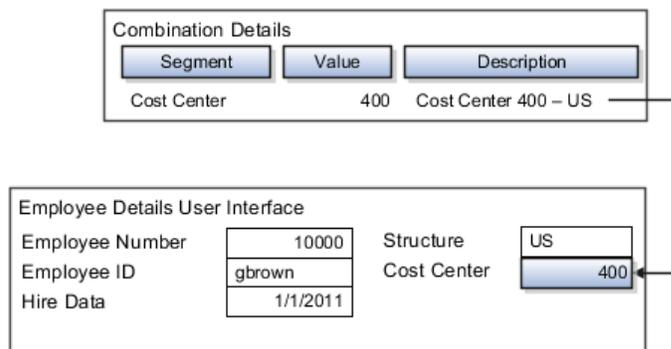


If dynamic combination creation is not enabled, then when entering an expense line, the user can only select an account that already exists in the ACCOUNTS (combinations) table. If they require an account that does not exist, they must consult with the appropriate application administrator who can add the account to the combinations table.

If dynamic combination creation is enabled, then when entering an expense line, the user can either select a pre-existing account, or type in a new account that created dynamically on the fly in the ACCOUNTS (combinations) table. Once the new combination is created, the same user can refer to it on the expense line.

When managing employee information, the user specifies the cost center that the employee belongs to. The cost center field corresponds to a single, labeled segment of the Account Key Flexfield and has metadata defined such as the allowable value set for that segment.

In this figure, instead of specifying a cost center ID reference to an account, only the Cost Center segment is used and the value is stored directly on the employee table.



FAQs for Define Flexfields

Why did my flexfield changes not appear in the runtime UI?

The ADF business components or artifacts of a flexfield, which are generated into an metadata services (MDS) repository when the flexfield is deployed, are cached within a user session. You must sign out and back in again to view flexfield definition changes reflected in the runtime application user interface page.

A flexfield's status relative to its deployment determines whether the flexfield segments as currently defined in the metadata are available to end users. The flexfield segments seen by end users in the runtime correspond to the flexfield definition that was last deployed successfully.

What happens if a value set is security enabled?

Value set security is a feature that enables you to secure access to value set values based on the end user's role in the system.

As an example, suppose you have a value set of US state names. When this value set is used to validate a flexfield segment, and users can select a value for the segment, you can use value set security to restrict them to selecting only a certain state or subset of states based on their assigned roles in the system.

For example, Western-region employees may choose only California, Nevada, Oregon, and so on as valid values. They cannot select non-Western-region states. Eastern-region employees may choose only New York, New Jersey, Virginia, and so on as valid values, but cannot select non-Eastern-region states. Value set security is implemented using Oracle Fusion Applications data security.

How can I set a default value for a flexfield segment?

When you define or edit a flexfield segment, you specify a default value from the values provided by the value set assigned to that segment.

You can set the default value to be a parameter, which means the entity object attribute to which the parameter you choose is mapped will provide the initial default value for the segment.

You can set to be a constant, if appropriate to the data type of the value set assigned to the segment.

In addition to an initial default value, you can set a derivation value for updating the attribute's value every time the parameter value changes. The parameter you choose identifies the entity object source attribute. Any changes in the value of the source attribute during runtime are reflected in the value of the segment.

If the display type of the segment is a check box, you can set whether the default value of the segment is checked or unchecked.

Define Attachments

Attachments: Explained

Attachments are pieces of supplementary information that users can associate with specific business objects such as expense reports or purchase orders. Attachments can be URLs, desktop files, text, or in cases where available, repository folders. For any given business object, a user may be able to only view attachments, or also create, delete, or edit attachments, depending on security. For more information on an introduction to attachments, see the Oracle Fusion Applications Developer's Guide.

Repository

Attachments are stored in a content server, the Oracle Enterprise Content Management document repository. Users have no real interaction with the repository unless the repository mode is enabled for attachments on specific business objects. In which case, users can share attachments among objects, update attachments by checking them out of and back in to the repository, and perform other tasks. Access to attachment files is controlled by a digital signing mechanism. Depending on security, users might have direct access to the repository.

Security

Data security that applies to a specific business object also applies to attachments for that object, as determined by the attachment entity defined for the object. For example, if a user has no access to a specific expense report, then the same user cannot access attachments for the expense report. You can also use attachment categories to control access and actions on attachments, based on roles associated with the category. For more information on securing attachments, see the Oracle Fusion Applications Developer's Guide.

Attachment Entities: Explained

An attachment entity is usually a database entity, for example a table or view, that represents a business object attachments can be associated with. Each attachment UI must be defined with a corresponding attachment entity, which not only identifies the business object to attach to, but also controls what users can do. Attachment entities are used only in the context of attachments and exist separately from the database entities that they are based on.

Edit and create attachment entities on the Manage Attachment Entities page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Attachment Entities task. Though you would generally use predefined attachment entities with attachment UIs, you might need to create new entities, for example when developing custom UIs.

Entity Names

An attachment entity name should match the name of the table or view that represents the business object to attach to. The name is also used in the

repository folder that is automatically created to store attachments for the entity. The attachment entity display name should be something that users know to represent the business object.

Database Resource

The data security policies associated with the database resource defined for the attachment entity would apply to attachments for that entity. For example, based on the database resource for the expense reports attachment entity, the same policies apply to attachments for expense reports. The database resource value must match the value in the OBJ_NAME column in the FND_OBJECTS table for the business object that the entity represents.

Enabling Security

Security based on the database resource associated with the attachment entity is always in effect. What you can enable or disable is security based on attachment categories. If any of the attachment categories associated with the attachment entity has data security defined, then that security applies to this entity only if enabled.

Attachment Entities and Attachment Categories: How They Work Together

The association between attachment entities and categories determines which categories can be used for an entity. For example, categories associated with the expense report attachment entity are available to be implemented in attachment UIs for expense reports. You can define these associations when managing either entities or categories. Any association changes in either the Manage Attachment Entities or Manage Attachment Categories page are reflected on the other page. You can access either page by starting in the Setup and Maintenance Overview page and searching for attachment tasks.

Managing Entities

You determine which attachment categories are relevant to a particular entity on the Manage Attachment Entities page, and each entity must have at least one category. Depending on configuration, any or all of the available categories for that entity are used. For example, you assign three categories to the expense reports attachment entity. For a particular expense report page with attachments functionality, you can customize the attachments component to specify which of the three categories are used. Based on your selection, the data security defined for each category, if any, is applied to attachments on that page if the attachment entity has category-based security enabled.

Managing Categories

If you create an attachment category and need to assign it to multiple attachment entities, use the Manage Attachment Categories page. The association means the same as the association on the Manage Attachment Entities page.

FAQs for Define Attachments

What's an attachment category?

An attachment category is used to classify and secure attachments. Each attachment user interface must be defined with at least one category for users to be able to add attachments. If there are multiple categories, users can view them and select one when adding attachments. For example, attachments for an expense report can be categorized as receipts, scanned invoice images, and so on.

You can also associate roles with categories to determine user access and actions for attachments, based on the categories assigned to the attachment entity. For example, security for expense report attachments can be based in part on the categories assigned to the expense report attachment entity. You can define multiple categories per module, and add and manage custom categories for your own purposes. For more information on attachment category data security, see the Oracle Fusion Applications Developer's Guide.

Use the Manage Attachment Categories page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Attachment Categories task.

Set Activity Stream Options

Activity Stream Options: Highlights

Activity Stream is a region on the Oracle Fusion Applications Welcome dashboard and other pages in various applications. Users track the activities and transactions of other users in this region. You can set options that affect the all Activity Stream regions for all users across your site. Individual users can still override your settings through Activity Stream preferences.

Activity stream settings are described in the Oracle Fusion Middleware User's Guide for Oracle WebCenter Portal: Spaces. When you read content from that guide, note that:

- Your setup applies to all users, not just yourself or any individual user.
- You can disregard discussions about how to access the settings, because you access the Set Activity Stream Options page by starting in the Setup and Maintenance Overview page and searching for the Set Activity Stream Options task.

Setting Activity Stream Options

- Define the types of users to display activities about in the Activity Stream region, the types of activities to track, and other settings.

See: Setting Activity Stream Preferences

Manage Menu Customizations

Managing Menu Customizations: Highlights

You can customize the Navigator menu, which is the main menu of Oracle Fusion Applications and is always available in the global area. Use the Manage

Menu Customizations page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Menu Customization task.

An overview of customizing the Navigator menu is provided in the Oracle Fusion Applications Extensibility Guide. Details of the values you enter to define menu items are provided in the Oracle Fusion Applications Developer's Guide.

Overview

- Navigator menu customization involves managing items, which are nodes in the menu that take the user to the desired destination, and groups, which are categories of items. The label is the menu item or group text displayed to users, and only rendered items and groups are visible to users. Items and groups that are not rendered are displayed in italics in the menu customization pages. Refer to the Oracle Fusion Applications Extensibility Guide.

See: Customizing the Navigator Menu

Menu Items

When you customize items in the Navigator menu, you determine if the item takes users to a specific page in Oracle Fusion Applications or to another application or Web site. The details of what you enter to define the menu item depend on the type of destination. If you duplicate a menu item, the new item appears below the selected source item.

- For menu items to an Oracle Fusion Applications page, do not enter anything in the Destination field, but specify the focus view ID of the target page, Web application, secured resource name, application stripe, and page parameters list. The secured resource name identifies the page definition file that is used to secure resource grants for the page, for example `oracle.apps.view.pageDefs.CaseList_Form_Attach_UIShellPagePageDef`. The application stripe is the partition for the application in the policy store, for example `crm`. If you enter both a secured resource name and an application stripe, then the menu item is rendered only if the logged-in user has permission to view that secured resource. If either value is missing, then the item is not secured. Refer to the Oracle Fusion Applications Developer's Guide.

See: Menu Attributes Added by Oracle Fusion Middleware Extensions for Applications

- For menu items to another application or Web site, enter only the full URL in the Destination field.

Manage Applications Core Common Reference Objects

Common Messages: Points to Consider

Common messages, which have message names that begin with `FND_CMN` and message numbers between 0 and 999, are used throughout Oracle Fusion

Applications. Each common message can appear in multiple places in any product family. For example, the FND_CMN_NEW_SRCH message can be used for any search to indicate that no results were found. Common messages that are of type error or warning are part of the message dictionary.

Editing Common Messages

Because a common message can be used in any application, consider the ramifications if you edit any aspect of the message, including incident and logging settings. Changes would be reflected in all instances where the message is used. For example, if you change the message text, make sure that the text would make sense to all users across Oracle Fusion Applications who might see it.

Creating Common Messages

You can create custom common messages for use in multiple places within a single product. Do not begin the message name with FND_CMN, but use another suitable convention. The message number should be within the range that is designated for the product.

Document Sequences: Explained

In Oracle Fusion Applications, each business document or business event is uniquely identified by a document sequence number that you assign to it. However, the document sequencing feature must be turned on (enabled) on the business document or event to allow the assignment. For example, if document sequencing is enabled, you can assign a document sequence number to an invoice that gets generated in response to a purchase order. You can use document sequences as a proof to track successfully executed transactions as well as failed transactions. Additionally, a document sequence helps in generating an audit trail, which can be used to identify how a particular transaction passed through various applications.

Document sequencing can be managed automatically, manually, and gaplessly.

Note

Plan your document sequencing carefully before you use the options available in the application to apply sequence numbers. Avoid changes to the options after you saved your work on the Manage Document Sequences and Manage Document Sequence Categories pages.

Automatic Sequencing

Automatic document sequencing assigns a unique number to each document as it is generated, and this unique number is stored in the database. The numbering is sequential by date and time of creation. If you define a sequence to automatically number documents, you can provide an initial value to begin the sequence. In absence of a custom value, the default value 1 is used.

Manual Sequencing

Manual sequencing requires you to assign a unique number to each document before it is generated. In manual sequencing, the numerical ordering and completeness of a transaction is not enforced. Users can skip or omit numbers when entering the sequence value. However, each time that a number is assigned, the application validates its uniqueness.

Gapless Sequencing

Gapless sequencing is similar to automatic sequencing. It automatically generates a unique number for each document, but does that only for successfully generated documents. As a result, the sequence is maintained for all the documents that are generated, and no sequence numbers are lost due to incomplete or failed document generation.

Important

Use this type of sequencing only if necessary because it may affect the performance of the system and slow down transaction processing.

Sequential Numbering Enforced Profile Options

The Sequential Numbering Enforced profile validates the documents being created and applies the relevant document sequence, based on the selected option. The following options are available:

- **Always Used:** Sequential numbering is enforced for all document categories. When this option is set, users cannot create a document if its document category is not assigned any active document sequence. The system displays an error.
- **Partially Used:** Sequential numbering is enforced for all document categories. However, if no sequence is available for the document, the system displays a warning. Users can either proceed without a document sequence or create and assign a document sequence before proceeding.
- **Not Used:** Sequential numbering is not enforced. In this mode, although the documents created do not require a document sequence to be assigned, the system checks for the uniqueness of the document number provided. The system does not display any warning or error.

Restriction

At the site level, the profile is by default set to Partially Used. Avoid changing this option as doing so may interfere with the validation logic and the data that was stored using the earlier option may not appear. However, you can change the option at the product or user level.

Define Currencies and Currency Rates

Manage Currencies

Defining Currencies: Points to Consider

When creating or editing currencies, consider these points relevant to entering the currency code, date range, or symbol for the currency.

Currency Codes

You cannot change a currency code after you enable the currency, even if you later disable that currency.

Date Ranges

Users can enter transactions denominated in the currency only for the dates within the specified range. If you do not enter a start date, then the currency is valid immediately. If you do not enter an end date, then the currency is valid indefinitely.

Symbols

Even if you enter a symbol for a currency, the symbol is not always displayed when an amount is displayed in this currency. Some applications use currency symbols when displaying amounts. Others, like Oracle Fusion General Ledger, do not.

Euro Currency Derivation: Explained

Use the Derivation Type, Derivation Factor, and Derivation Effective Date fields to define the relationship between the official currency (Euro) of the European Monetary Union (EMU) and the national currencies of EMU member states. For each EMU currency, you define its Euro-to-EMU fixed conversion rate and the effective starting date.

Note

If you need to use a different currency code for Euro, you can disable the predefined Euro currency and create a new one.

Derivation Type

The **Euro currency** derivation type is used only for the Euro, and the **Euro derived** derivation type identifies national currencies of EMU member states. All other currencies do not have derivation types.

Derivation Factor

The derivation factor is the fixed conversion rate by which you multiply one Euro to derive the equivalent EMU currency amount. The Euro currency itself should not have a derivation factor.

Derivation Effective Date

The derivation effective date is the date on which the relationship between the EMU currency and the Euro begins.

FAQs for Manage Currencies**When do I create or enable currencies?**

Create currencies to use, for example for reporting purposes, if they are not already provided. All currencies from the International Organization for Standardization (ISO) 4217 standard are provided.

Enable any currency other than USD for use in Oracle Fusion Applications, for example for displaying monetary amounts, assigning to sets of books, entering transactions, and recording balances. Only USD is enabled by default.

What's the difference between precision, extended precision, and minimum accountable unit for a currency?

Precision is the number of digits to the right of the decimal point used in regular currency transactions. Extended precision is the number of digits to the right of the decimal point used in calculations for this currency, and it must be greater than or equal to the standard precision. For example, USD would have 2 for precision because amounts are transacted as such, for example \$1.00. For calculations, for example adding USD amounts, you might want the application to be more precise than two decimal digits, and would enter an extended precision accordingly.

Note

Some applications use extended precision. Others, such as Oracle Fusion General Ledger, do not.

Minimum accountable unit is the smallest denomination for the currency. For example, for USD that would be .01 for the cent. This unit does not necessarily correspond to the precision for all currencies.

What's a statistical unit currency type?

The statistical unit currency type is used only for the Statistical (STAT) currency. The Statistical currency is used to record statistics such as the number of items bought and sold. Statistical balances can be used directly in financial reports, allocation formulas, and other calculations.

Manage Conversion Rate Types

Creating Conversion Rate Types: Critical Choices

Maintain different conversion rates between currencies for the same period with the Oracle Fusion General Ledger conversion rate types functionality. Four predefined daily conversion rate types are seeded: Spot, Corporate, User, and Fixed, allowing you to use different rate types for different business needs. During journal entry, the conversion rate is provided automatically by the General Ledger based on the selected conversion rate type and currency, unless the rate type is user. For user rate types, you must enter the conversion rate. Define additional rate types as needed. Set your most frequently used rate type as the default. Conversion rate types cannot be deleted.

Assign conversion rate types to automatically populate the associated rate for your period average and period end rates for the ledger. For example, you can assign the predefined rate type **Spot** to populate your period average rates and the predefined rate type **Corporate** to populate your period end rates. Period average and period end rates are used in translation of account balances.

Conversion rate types are used to automatically assign a rate when you perform the following accounting functions:

- Convert foreign currency journal amounts to ledger currency equivalents
- Convert journal amounts from source ledgers to reporting currencies or secondary ledgers
- Run Revaluation or Translation processes

In creating new conversion rates, decide whether to do the following:

- Enforce inverse relationships
- Select pivot currencies
- Select contra currencies
- Enable cross rates and allow cross rate overrides
- Maintain cross rate rules

Enforce Inverse Relationships

Check the **Enforce Inverse Relationship** check box to specify whether or not to enforce the automatic calculation of inverse conversion rates when defining daily rates.

Action	Results
Checked	<p>When you enter a daily rate to convert currency A to currency B, General Ledger automatically calculates the inverse rate, currency B to A, and enters it in the adjacent column. If either rate is changed, the application automatically recalculates the other rate.</p> <p>You can update the application calculated inverse rate, but once you do, the related rate is updated. The check box enforces that the inverse relationship is maintained but does not prevent you from updating the rates.</p>
Unchecked	<p>General Ledger calculates the inverse rate but you can change the rate and update the daily rates table without the corresponding rate being updated.</p>

Select Pivot Currencies

Select a pivot currency that is commonly used in your currency conversions. A pivot currency is the central currency that interacts with contra currencies. For example, you set up a daily rate between the US dollar (USD) and the Euro currency (EUR) and another between the USD and the Canadian dollar (CAD). USD is the pivot currency in creating a rate between EUR and CAD. EUR and CAD are the contra currencies. Select the pivot currency from the list of values which contains those currencies that are enabled, effective, and not a statistical (STAT) currency. The description of the pivot currency is populated automatically based on the currency definition.

If you want the application to create cross rates against a base currency, define the base currency as the pivot currency. Selected pivot currencies can be changed in the Rate Types page.

Select Contra Currencies

Select currencies available on the list of values as contra currencies. The available currencies are those currencies which are enabled, effective, not STAT currency, and not the pivot currency selected earlier. The description of the contra currency is populated automatically based on the currency definition. Add or delete contra currencies in the Contra Currencies region of the Rate Types page.

Enable Cross Rates and Allow Cross Rate Overrides

Check the **Enable Cross Rates** check box to calculate conversion rates based on defined currency rate relationships. General Ledger calculates cross rates

based on your defined cross rate rules. Associate your cross rate rules with a conversion rate type, pivot currency, and contra currencies. Cross rates facilitate the creation of daily rates by automatically creating the rates between contra currencies based on their relationship to a pivot currency. If the **Enable Cross Rates** check box is changed to unchecked after entering contra currencies, the application stops calculating cross rates going forward for that particular rate type. All the earlier calculated cross rates for that rate type remain in the database unless you manually delete them.

For example, if you have daily rates defined for the pivot currency, USD to the contra currency, EUR, and USD to another contra currency, CAD, the application will automatically create the rates between EUR to CAD and CAD to EUR. This prevents the need to manually define the EUR to CAD and CAD to EUR rates.

Check the **Allow Cross Rates Override** check box to permit your users to override application generated cross rates. If you accept the default of unchecked, the application generated cross rates cannot be overridden

Maintain Cross Rate Rules

Define or update your cross rate rules at any time by adding or removing contra currency assignments. Add a contra currency to a cross rate rule and run the Daily Rates Import and Calculation process to generate the new rates. If you remove a cross rate rule or a contra currency from a rule, any cross rates generated previously for that contra currency remain unless you manually delete them. Changes to the rule are not retroactive and will not affect previously stored cross rates. The Cross Rate process generates as many rates as possible and skips currencies where one component of the set is missing.

Note

With a defined web service that extracts daily currency conversion rates from external services, for example Reuters, currency conversion rates are automatically updated for the daily rates and all cross currency relationships.

Using Rate Types: Examples

There are four seeded conversion rate types in Oracle Fusion applications:

- Spot
- Corporate
- User
- Fixed

Scenario

You are the general ledger accountant for InFusion America Inc. You are entering a journal entry to capture three transactions that were transacted in three different foreign currencies:

- Canadian dollar (CAD): A very stable currency
- Mexican Peso (MXP): A fluctuating currency
- Hong Kong dollar (HKD): An infrequently used currency

You enter two lines with accounts and amounts for each foreign currency transaction. Based on your company procedures, you select the appropriate rate type to populate the rate for **Corporate** and **Spot** rate types from your daily rates table. You manually enter the current rate for the **User** rate type.

Currency Selected	Rate Type Selected	Reason
CAD	Corporate	Entered a periodic type of transaction. Your company has established a daily rate to use for the entire month across divisions for all transactions in CAD. CAD is a stable currency that only fluctuations slightly over the month.
MXP	Spot	Entered a periodic type of transaction. Your company enters daily rates each day for MXP because this currency is unstable and fluctuates.
HKD	User	Entered a one time transaction. Your company does not maintain daily rates in HKD.

Note

Your company does not currently use the **Fixed** rate type. From January 1, 1999, the conversion rate of the French franc (FRF) against the euro currency (EUR) was set at a fixed rate of 1 EUR to 6.55957 FRF. Your French operations were started in 2007, so you maintain all your French business records in the EUR.

FAQs for Manage Conversion Rate Types

What's the difference between spot, corporate, user, and fixed rate types?

Spot, corporate, user, and fixed conversion rate types differ based on the fluctuations of your entered foreign currency and your company procedures for maintaining daily rates.

Rate Type	Usage
Spot	For currencies with fluctuating conversion rates or when exact currency conversion is needed.
Corporate	For establishment of a standard rate across your organization for a stable currency.
User	For infrequent entries where your daily rates for the entered foreign currency are not set up.

Fixed	For rates where the conversion is constant between two currencies.
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If you have infrequent foreign currency transactions, the user rate type can simplify your currency maintenance while providing an accurate conversion rate on the date of the transaction.

Manage Daily Rates

Entering Daily Rates Manually: Worked Example

You are required to enter the daily rates for currency conversion from Great Britain pounds sterling (GBP) to United States dollars (USD) each day for your company InFusion America Inc.

Oracle Application Development Framework (ADF) Desktop Integration is an Excel add-in that must be loaded onto each client. Because ADF Desktop Integration is an add-in to Microsoft Office products, you can use this feature only if they have Microsoft Excel 2007 or above, Internet Explorer 7 or above, and Microsoft Windows 7, XP Professional SP2, or Vista. Users must download the installation files from **Navigator - Tools - Download Desktop Integrator Installer**.

Entering Daily Rates

1. Navigate to the Period Close work area.
Use the Period Close work area to link to close processes and currency process.
2. Click the Manage Currency Rates link.
Use the Currency Rates Manager page to create, edit, and review currency rate types, daily rates, and historical rates.
3. Click the Daily Rates tab.
Use the Daily Rates tab to review and enter currency rates.
4. Click the Create in Spreadsheet button.
Use the Create Daily Rates spreadsheet to enter daily rates in a template that you can save and reuse.
5. Click in the From Currency field. Select the GBP - Pound Sterling list item.
6. Click in the To Currency field. Select the USD - US Dollar list item.
7. Click in the Conversion Rate field. Select the Spot list item
8. Click in the From Conversion field. Enter the desired information into the From Conversion field. Enter a valid value e.g. "8/1/2011".
9. Click in the To Conversion Date field. Enter the desired information into the To Conversion Date field. Enter a valid value e.g. "8/1/2011".

10. Click in the Conversion Rate field. Enter the desired information into the Conversion Rate field. Enter a valid value e.g. "1.33225".
11. Click the Submit button. Click the OK button twice.
12. Review the Record Status column to verify that all rows were loaded successfully.
13. Save the template to use to enter daily rates frequently. You can save the spreadsheet to either a local drive or a shared network drive.

Updating Currency Rates: Worked Example

You are required to change today's daily rates that were already entered. The rates you are changing are for currency conversion from Great Britain pounds sterling (GBP) to United States dollars (USD) for your company InFusion America Inc.

Currency conversion rates were entered by an automatic load to the Daily Rates table. They can also be entered through a spreadsheet.

Updating Currency Rates

1. Navigate to the Period Close work area.

Use the Period Close work area to link to close processes and currency process.
2. Click the Manage Currency Rates link.

Use the Currency Rates Manager page to create, edit, and review currency rate types, daily rates, and historical rates.
3. Click the Daily Rates tab.

Use the Daily Rates tab to review and enter currency rates.
4. Click the From Currency list. Select the GBP - Pound Sterling list item.
5. Click the To Currency list. Select the USD - US Dollar list item.
6. Enter the dates for the daily rates that you are changing. Enter today's date.
7. Click the Rate Type list. Select the Spot list item.
8. Click the Search button.
9. Click in the Rate field. Enter the new rate of 1.7 in the Rate field.
10. Click in the Inverse Rate field. Enter the new inverse rate of 0.58822 in the Inverse Rate field.
11. Click the Save button.

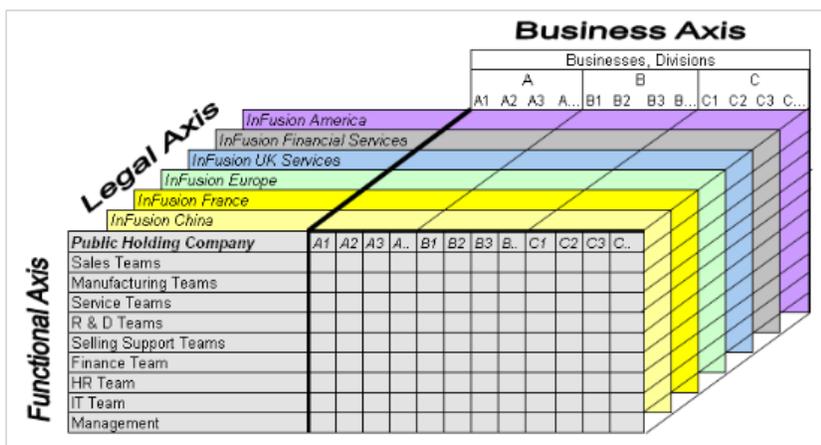
Define Enterprise Structures

Enterprise Structures: Overview

Oracle Fusion Applications have been designed to ensure your enterprise can be modeled to meet legal and management objectives. The decisions about your implementation of Oracle Fusion Applications are affected by your:

- Industry
- Business unit requirements for autonomy
- Business and accounting policies
- Business functions performed by business units and optionally, centralized in shared service centers
- Locations of facilities

Every enterprise has three fundamental structures, legal, managerial, and functional, that are used to describe its operations and provide a basis for reporting. In Oracle Fusion, these structures are implemented using the chart of accounts and organizations. Although many alternative hierarchies can be implemented and used for reporting, you are likely to have one primary structure that organizes your business into divisions, business units, and departments aligned by your strategic objectives.



Legal Structure

The figure above shows a typical group of legal entities, operating various business and functional organizations. Your ability to buy and sell, own, and

employ comes from your charter in the legal system. A corporation is a distinct legal entity from its owners and managers. The corporation is owned by its shareholders, who may be individuals or other corporations. There are many other kinds of legal entities, such as sole proprietorships, partnerships, and government agencies.

A legally recognized entity can own and trade assets and employ people in the jurisdiction in which it is registered. When granted these privileges, legal entities are also assigned responsibilities to:

- Account for themselves to the public through statutory and external reporting
- Comply with legislation and regulations
- Pay income and transaction taxes
- Process value added tax (VAT) collection on behalf of the taxing authority

Many large enterprises isolate risk and optimize taxes by incorporating subsidiaries. They create legal entities to facilitate legal compliance, segregate operations, optimize taxes, complete contractual relationships, and isolate risk. Enterprises use legal entities to establish their enterprise's identity under the laws of each country in which their enterprise operates.

In the figure above, a separate card represents a series of registered companies. Each company, including the public holding company, InFusion America, must be registered in the countries where they do business. Each company consists of various divisions created for purposes of management reporting. These are shown as vertical columns on each card. For example, a group might have a separate company for each business in the United States (US), but have their United Kingdom (UK) legal entity represent all businesses in that country. The divisions are linked across the cards so that a business can appear on some or all of the cards. For example, the air quality monitoring systems business might be operated by the US, UK, and France companies. The list of business divisions is on the Business Axis. Each company's card is also horizontally striped by functional groups, such as the sales team and the finance team. This functional list is called the Functional Axis. The overall image suggests that information might, at a minimum, be tracked by company, business, division, and function in a group environment. In Oracle Fusion Applications, the legal structure is implemented using legal entities.

Management Structure

Successfully managing multiple businesses requires that you segregate them by their strategic objectives, and measure their results. Although related to your legal structure, the business organizational hierarchies do not need to be reflected directly in the legal structure of the enterprise. The management structure can include divisions, subdivisions, lines of business, strategic business units, and cost centers. In the figure above, the management structure is shown on the Business Axis. In Oracle Fusion Applications, the management structure is implemented using divisions and business units.

Functional Structure

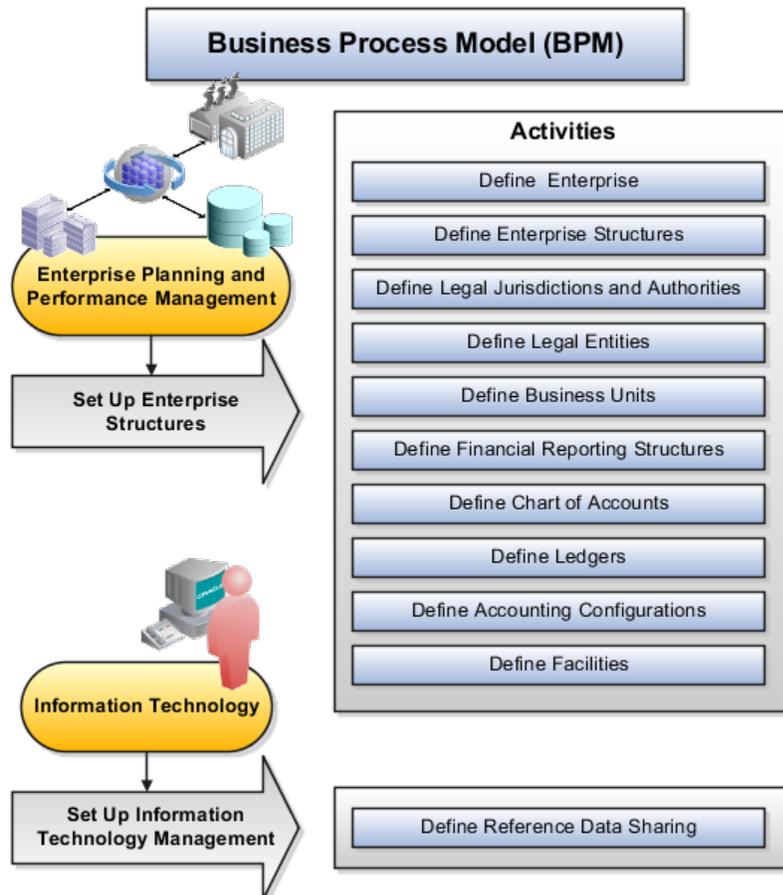
Straddling the legal and business organizations is a functional organization structured around people and their competencies. For example, sales, manufacturing, and service teams are functional organizations. This functional

structure is represented by the Functional Axis in the figure above. You reflect the efforts and expenses of your functional organizations directly on the income statement. Organizations must manage and report revenues, cost of sales, and functional expenses such as research and development (R&D) and selling, general, and administrative (SG&A) expenses. In Oracle Fusion Applications, the functional structure is implemented using departments and organizations, including sales, marketing, project, cost, and inventory organizations.

Enterprise Structures Business Process Model: Explained

In Oracle Fusion Applications, the Enterprise Performance and Planning Business Process Model illustrates the major implementation tasks that you perform to create your enterprise structures. This process model includes the Set Up Enterprise Structures business process, which consist of implementation activities that span many product families. Information Technology is a second Business Process Model which contains the Set Up Information Technology Management business process. Define Reference Data Sharing is one of the activities in this business process and is important in the implementation of the enterprise structures. This activity creates the mechanism to share reference data sets across multiple ledgers, business units, and warehouses, reducing the administrative burden and decreasing the time needed to implement.

The following figure and chart describes the Business Process Model structures and activities.



BPM Activities	Description
Define Enterprise	Define the enterprise to capture the name of the deploying enterprise and the location of the headquarters. There is normally a single enterprise organization in a production environment. Multiple enterprises are defined when the system is used to administer multiple customer companies, or when you choose to set up additional enterprises for testing or development.
Define Enterprise Structures	Define enterprise structures to represent an organization with one or more legal entities under common control. Define internal and external organizations to represent each area of business within the enterprise.
Define Legal Jurisdictions and Authorities	Define information for governing bodies that operate within a jurisdiction.
Define Legal Entities	Define legal entities and legal reporting units for business activities handled by the Oracle Fusion Applications.
Define Business Units	Define business units of an enterprise to allow for flexible implementation, to provide a consistent entity for controlling and reporting on transactions, and to be an anchor for the sharing of sets of reference data across applications.
Define Financial Reporting Structures	Define financial reporting structures, including organization structures, charts of accounts, organizational hierarchies, calendars, currencies and rates, ledgers, and document sequences which are used in organizing the financial data of a company.
Define Chart of Accounts	Define chart of accounts including hierarchies and values to enable tracking of financial transactions and reporting at legal entity, cost center, account, and other segment levels.
Define Ledgers	Define the primary accounting ledger and any secondary ledgers that provide an alternative accounting representation of the financial data.
Define Accounting Configurations	Define the accounting configuration that serves as a framework for how financial records are maintained for an organization.
Define Facilities	Define inventory, item, and cost organizations. Inventory organizations represent facilities that manufacture or store items. The item master organization holds a single definition of items that can be shared across many inventory organizations. Cost organizations group inventory organizations within a legal entity to establish the cost accounting policies.
Define Reference Data Sharing	Define how reference data in the applications is partitioned and shared.

Note

There are product specific implementation activities that are not listed here and depend on the applications you are implementing. For example, you can

Global Enterprise Configuration: Points to Consider

Start your global enterprise structure configuration by discussing what your organization's reporting needs are and how to represent those needs in the Oracle Fusion Applications. Consider deployment on a single instance, or at least, on as few instances as possible, to simplify reporting and consolidations for your global enterprises. The following are some questions and points to consider as you design your global enterprise structure in Oracle Fusion.

- Enterprise Configuration
- Business Unit Management
- Security Structure
- Compliance Requirements

Enterprise Configuration

What is the level of configuration needed to achieve the reporting and accounting requirements? What components of your enterprise do you need to report on separately? Which components can be represented by building a hierarchy of values to provide reporting at both detail and summary levels? Where are you on the spectrum of centralization versus decentralization?

Business Unit Management

What reporting do I need by business unit? How can you set up your departments or business unit accounts to achieve departmental hierarchies that report accurately on your lines of business? What reporting do you need to support the managers of your business units, and the executives who measure them? How often are business unit results aggregated? What level of reporting detail is required across business units?

Security Structure

What level of security and access is allowed? Are business unit managers and the people that report to them secured to transactions within their own business unit? Are the transactions for their business unit largely performed by a corporate department or shared service center?

Compliance Requirements

How do you comply with your corporate external reporting requirements and local statutory reporting requirements? Do you tend to prefer a corporate first or an autonomous local approach? Where are you on a spectrum of centralization, very centralized or decentralized?

Modeling Your Enterprise Management Structure in Oracle Fusion: Example

This example uses a fictitious global company to demonstrate the analysis that can occur during the enterprise structure configuration planning process.

Scenario

Your company, InFusion Corporation, is a multinational conglomerate that operates in the United States (US) and the United Kingdom (UK). InFusion

has purchased an Oracle Fusion enterprise resource planning (ERP) solution including Oracle Fusion General Ledger and all of the Oracle Fusion subledgers. You are chairing a committee to discuss creation of a model for your global enterprise structure including both your US and UK operations.

InFusion Corporation

InFusion Corporation has 400 plus employees and revenue of \$120 million. Your product line includes all the components to build and maintain air quality monitoring (AQM) systems for homes and businesses. You have two distribution centers and three warehouses that share a common item master in the US and UK. Your financial services organization provides funding to your customers for the start up costs of these systems.

Analysis

The following are elements you need to consider in creating your model for your global enterprise structure.

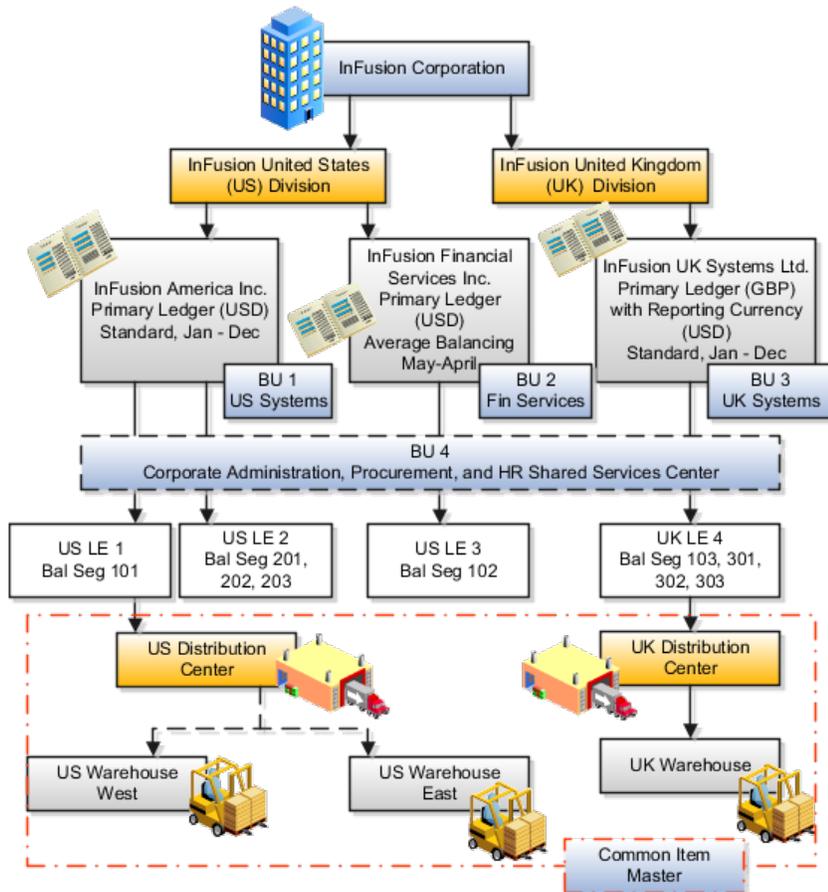
- Your company is required to report using US Generally Accepted Accounting Principles (GAAP) standards and UK Statements of Standard Accounting Practice and Financial Reporting Standards. How many ledgers do you need to achieve proper statutory reporting?
- Your managers need reports that show profit and loss (revenue and expenses) for their lines of business. Do you use business units and balancing segments to represent your divisions and businesses? Do you secure data by two segments in your chart of accounts which represents each department and legal entity or one segment that represents both to produce useful, but confidential management reports?
- Your corporate management requires reports showing total organizational performance with drill down capability to the supporting details. Do you need multiple balancing segment hierarchies to achieve proper rollup of balances for reporting requirements?
- Your company has all administrative, account payables, procurement, and human resources functions performed at their corporate headquarters. Do you need one or more business unit in which to perform all these functions? How will your shared service center be configured?

Global Enterprise Structure Model

The following figure and table summarize the model that your committee has designed and uses numerical values to provide a sample representation of your structure. The model includes the following recommendations:

- Creation of three separate ledgers representing your separate legal entities:
 - InFusion America Inc.
 - InFusion Financial Services Inc.
 - InFusion UK Services Ltd.
- Consolidation of results for system components, installations, and maintenance product lines across the enterprise

- All UK general and administrative costs processed at the UK headquarters
- US Systems' general and administrative costs processed at US Corporate headquarters
- US Financial Services maintains its own payables and receivables departments



Real World Entity	Entity Name	Enterprise	Legal Entity	BSV	Ledger	BU	Cost Center	Dept	Item Master Org	Inventory Org
Enterprise	InFusion Group	M								
Company	US LE 1		M	O	O					
Company	US LE 2		M	O	O					
Company	US LE 3		M	O	O					
Company	UK LE 4		M	O	O					
Business Unit	US Systems BU 1					M				
Business Unit	FIN Services BU 2					M				
Business Unit	UK Systems BU 3					M				
Division	InFusion UK			O			O			
Division	InFusion US			O			O			
Headquarters	BU 4					M				
Shared Service Center	BU 4					M				
Department	AP Department						O	M		
List of Items	Common Item Master								O	
Distribution Center	US Distribution Center									O
Distribution Center	UK Distribution Center									O
Warehouse	US Warehouse West									O
Warehouse	US Warehouse East									O
Warehouse	UK Warehouse									O
BSV = Balancing Segment Value										
BU = Business Unit										
Dept = Department										
Org = Organization										
M = Mandatory Setup										
O = Optional Setup										

In this chart, the green globe stands for mandatory and gold globe stands for optional setup. The following statements expand on the data in the chart.

- The enterprise is mandatory because it serves as an umbrella for the entire implementation. All organizations are created within an enterprise.
- Legal entities are also mandatory. They can be optionally mapped to balancing segment values or represented by ledgers. Mapping balancing segment values to legal entities is mandatory if you plan to use the intercompany functionality.
- At least one ledger is mandatory in an implementation in which you record your accounting transactions.
- Business units are also mandatory because financial transactions are processed in business units.
- A shared service center is optional, but if used, must be a business unit.
- Divisions are optional and can be represented with a hierarchy of cost centers or by a second balancing segment value.
- Departments are mandatory because they track your employees.
- Optionally, add an item master organization and inventory organizations if you are tracking your inventory transactions in Oracle Fusion Applications.

Note

Some Oracle Fusion Human Capital Management and Customer Relationship Management implementations do not require recording of accounting transactions and therefore, do not require implementation of a ledger.

Note

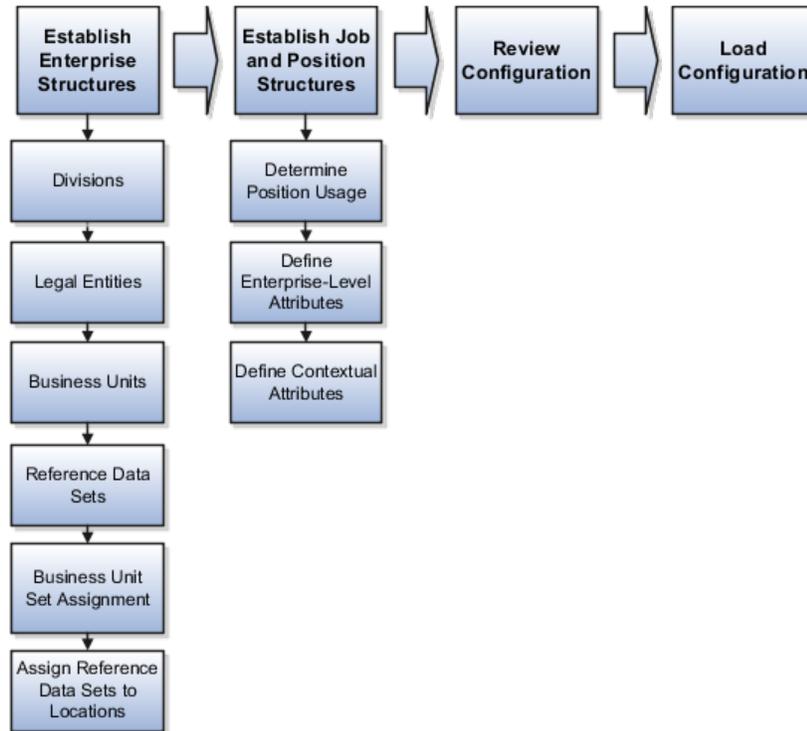
The InFusion Corporation is a legal entity but is not discussed in this example.

Define Initial Configuration with the Enterprise Structures Configurator

Establishing Enterprise Structures Using the Enterprise Structures Configurator: Explained

The Enterprise Structures Configurator is an interview-based tool that guides you through the process of setting up a basic enterprise structure. By answering questions about your enterprise, the tool creates a structure of divisions, legal entities, business units, and reference data sets that reflects your enterprise structure. After you create your enterprise structure, you also follow a guided process to determine whether or not to use positions, and whether to set up additional attributes for jobs and positions. After you define your enterprise structure and your job and position structures, you can review them, make any necessary changes, and then load the final configuration.

This figure illustrates the process to configure your enterprise using the Enterprise Structures Configurator.



To be able to use the Enterprise Structures Configurator, you must select the Enterprise Structures Guided Flow feature for your offerings on the Configure Offerings page in the Setup and Maintenance work area. If you do not select this feature, then you must set up your enterprise structure using individual tasks provided elsewhere in the offerings, and you cannot create multiple configurations to compare different scenarios.

Establish Enterprise Structures

To define your enterprise structures, you use the guided flow within the Establish Enterprise Structures task to enter basic information about your enterprise, such as the primary industry and the location of your headquarters. You then create divisions, legal entities, business units, and reference data sets. The Establish Enterprise Structures task enables you to create multiple enterprise configurations so that you can compare different scenarios. Until you load a configuration, you can continue to create and edit multiple configurations until you arrive at one that best suits your enterprise.

Establish Job and Position Structures

You also use a guided process to determine whether you want to use jobs only, or jobs and positions. The primary industry that you select in the Establish Enterprise Structures task provides the application with the information needed to make an initial recommendation. You can either accept the recommendation, or you can answer additional questions about how you manage people in your enterprise, and then make a selection. After you select whether to use jobs or positions, the guided process prompts you to set up a descriptive flexfield structure for jobs, and for positions if you have chosen to use them. Descriptive

flexfields enable you to capture additional information when you create jobs and positions.

Review Configuration

Finally, you can review a summary of the results of the two interview processes. For each configuration, the online summary lists the divisions, legal entities, business units, reference data sets, and job and position structures that the application will create when you load the configuration.

For a more detailed analysis of a configuration, you can access the Technical Summary Report. This report lists the same information as the online summary, but also lists the following information that will be created by the application when you load the configuration, based on your configuration:

- Legislative data groups (the application creates one legislative data group for each country that is identified in the configuration.)
- Name of the legislative data group that will be assigned to the payroll statutory unit that is generated for each legal entity.
- Organization hierarchy.

The Technical Summary report also lists the default settings that will be loaded for these fields, which you access from the Manage Enterprise HCM Information task: **Worker Number Generation**, **Employment Model** and **Allow Employment Terms Override**. You can print the Technical Summary Report for each of your configurations and compare each scenario.

Note

If your PDF viewer preferences are set to open PDFs in a browser window, the Technical Summary report replaces the Oracle Fusion application. Use your browser's Back button to return to the application.

Load Configuration

You can load only one configuration. When you load a configuration, the application creates the divisions, legal entities, business units, and so on. After you load the configuration, you then use individual tasks to edit, add, and delete enterprise structures.

Designing an Enterprise Configuration: Example

This example illustrates how to set up an enterprise based on a global company operating mainly in the US and the UK with a single primary industry.

Scenario

InFusion Corporation is a multinational enterprise in the high technology industry with product lines that include all the components that are required to build and maintain air quality monitoring (AQM) systems for homes and businesses. Its primary locations are in the US and the UK, but it has smaller outlets in France, Saudi Arabia, and the United Arab Emirates (UAE).

Enterprise Details

In the US, InFusion employs 400 people and has a company revenue of \$120 million. Outside the US, InFusion employs 200 people and has revenue of \$60 million.

Analysis

InFusion requires three divisions. The US division will cover the US locations. The Europe division will cover the UK and France. Saudi Arabia and the UAE will be covered by the Middle East division.

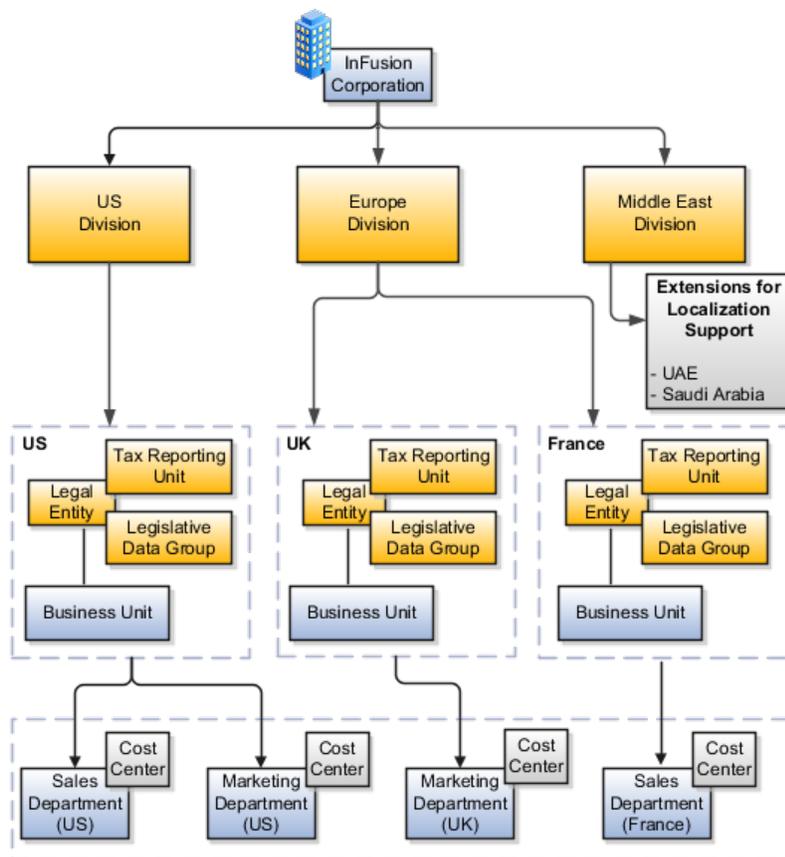
InFusion requires legal entities with legal employers, payroll statutory units, tax reporting units, and legislative data groups for the US, UK, France, Saudi Arabia, and UAE, in order to employ and pay its workers in those countries.

InFusion requires a number of departments across the enterprise for each area of business, such as sales and marketing, and a number of cost centers to track and report on the costs of those departments.

InFusion requires business units for human capital management (HCM) purposes. InFusion has general managers responsible for business units within each country. Those business units may share reference data. Some reference data can be defined within a reference data set that multiple business units may subscribe to. Business units are also required for financial purposes. Financial transactions are always processed within a business unit.

Based on this analysis, InFusion requires an enterprise with multiple divisions, ledgers, legal employers, payroll statutory units, tax reporting units, legislative data groups, departments, cost centers, and business units.

This figure illustrates the enterprise configuration that results from the analysis of InFusion Corporation.



Division: Explained

Managing multiple businesses requires that you segregate them by their strategic objectives and measure their results. Responsibility to reach objectives can be delegated along the management structure. Although related to your legal structure, the business organizational hierarchies do not need to reflect directly the legal structure of the enterprise. The management entities and structure can include divisions and subdivisions, lines of business, and other strategic business units, and include their own revenue and cost centers. These organizations can be included in many alternative hierarchies and used for reporting, as long as they have representation in the chart of accounts.

Divisions

A division refers to a business oriented subdivision within an enterprise, in which each division organizes itself differently to deliver products and services or address different markets. A division can operate in one or more countries, and can be comprised of many companies or parts of different companies that are represented by business units.

A division is a profit center or grouping of profit and cost centers, where the division manager is responsible for attaining business goals including profit goals. A division can be responsible for a share of the company's existing product lines or for a separate business. Managers of divisions may also have return on investment goals requiring tracking of the assets and liabilities of the division. The division manager reports to a top corporate executive.

By definition a division can be represented in the chart of accounts. Companies may choose to represent product lines, brands, or geographies as their divisions: their choice represents the primary organizing principle of the enterprise. This may coincide with the management segment used in segment reporting.

Oracle Fusion Applications supports a qualified management segment and recommends that you use this segment to represent your hierarchy of business units and divisions. If managers of divisions have return on investment goals, make the management segment a balancing segment. Oracle Fusion applications allows up to three balancing segments. The values of the management segment can be comprised of business units that roll up in a hierarchy to report by division.

Historically, divisions were implemented as a node in a hierarchy of segment values. For example, Oracle E-Business Suite has only one balancing segment, and often the division and legal entity are combined into a single segment where each value stands for both division and legal entity.

Use of Divisions in Oracle Fusion Human Capital Management (HCM)

Divisions are used in HCM to define the management organization hierarchy, using the generic organization hierarchy. This hierarchy can be used to create organization based security profiles.

Legal Entities: Explained

A legal entity is a recognized party with rights and responsibilities given by legislation.

Legal entities have the right to own property, the right to trade, the responsibility to repay debt, and the responsibility to account for themselves to regulators, taxation authorities, and owners according to rules specified in the relevant legislation. Their rights and responsibilities may be enforced through the judicial system. Define a legal entity for each registered company or other entity recognized in law for which you want to record assets, liabilities, expenses and income, pay transaction taxes, or perform intercompany trading.

A legal entity has responsibility for elements of your enterprise for the following reasons:

- Facilitating local compliance
- Taking advantage of lower corporation taxation in some jurisdictions
- Preparing for acquisitions or disposals of parts of the enterprise
- Isolating one area of the business from risks in another area. For example, your enterprise develops property and also leases properties. You could operate the property development business as a separate legal entity to limit risk to your leasing business.

The Role of Your Legal Entities

In configuring your enterprise structure in Oracle Fusion Applications, you need to understand that the contracting party on any transaction is always the legal entity. Individual legal entities own the assets of the enterprise, record sales and pay taxes on those sales, make purchases and incur expenses, and perform other transactions.

Legal entities must comply with the regulations of jurisdictions, in which they register. Europe now allows for companies to register in one member country and do business in all member countries, and the US allows for companies to register in one state and do business in all states. To support local reporting requirements, legal reporting units are created and registered.

You are required to publish specific and periodic disclosures of your legal entities' operations based on different jurisdictions' requirements. Certain annual or more frequent accounting reports are referred to as statutory or external reporting. These reports must be filed with specified national and regulatory authorities. For example, in the United States (US), your publicly owned entities (corporations) are required to file quarterly and annual reports, as well as other periodic reports, with the Securities and Exchange Commission (SEC), who enforces statutory reporting requirements for public corporations.

Individual entities privately held or held by public companies do not have to file separately. In other countries, your individual entities do have to file in their own name, as well as at the public group level. Disclosure requirements are diverse. For example, your local entities may have to file locally to comply with local regulations in a local currency, as well as being included in your enterprise's reporting requirements in different currency.

A legal entity can represent all or part of your enterprise's management framework. For example, if you operate in a large country such as the United Kingdom or Germany, you might incorporate each division in the country as a separate legal entity. In a smaller country, for example Austria, you might use a single legal entity to host all of your business operations across divisions.

Creating Legal Entities in the Enterprise Structures Configurator: Points to Consider

Using the Enterprise Structures Configurator (ESC), you can create legal entities for your enterprise automatically, based on the countries in which divisions of your business operate, or you can upload a list of legal entities from a spreadsheet.

Automatically Creating Legal Entities

If you are not certain of the number of legal entities that you need, you can create them automatically. To use this option, you first identify all of the countries in which your enterprise operates. The application opens the Map Divisions by Country page, which contains a matrix of the countries that you identified, your enterprise, and the divisions that you created. You select the check boxes where your enterprise and divisions intersect with the countries to identify the legal entities that you want the application to create. The enterprise is included for situations where your enterprise operates in a country and acts on behalf of several divisions within the enterprise and is a legal employer in a country. If you select the enterprise for a country, the application creates a country holding company.

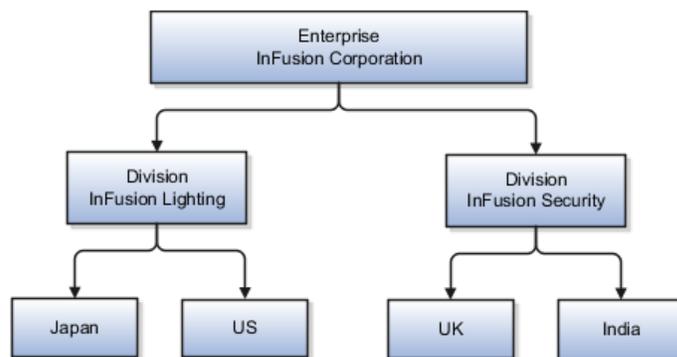
The application automatically creates the legal entities that you select, and identifies them as payroll statutory units and legal employers. For each country that you indicated that your enterprise operates in, and for each country that you created a location for, the application also automatically creates a legislative data group.

Any legal entities that you create automatically cannot be deleted from the Create Legal Entities page within the Enterprise Structures Configurator. You must return to the Map Divisions by Country page and deselect the legal entities that you no longer want.

Example: Creating Legal Entities Automatically

InFusion Corporation is using the ESC to set up their enterprise structure. They have identified two divisions, one for Lighting, and one for Security. The Lighting division operates in Japan and the US, and the Security division operates in the UK and India.

This figure illustrates InFusion Corporation's enterprise structure.



This table represents the selections that InFusion Corporation makes when specifying which legal entities to create on the Map Divisions by Country page.

Country	Enterprise	InFusion Lighting	InFusion Security
Japan	No	Yes	No
US	No	Yes	No
UK	No	No	Yes
India	No	No	Yes

Based on the selections made in the preceding table, the ESC creates the following four legal entities:

- InFusion Lighting Japan LE
- InFusion Lighting US LE
- InFusion Security UK LE
- InFusion Security India LE

Creating Legal Entities Using a Spreadsheet

If you have a list of legal entities already defined for your enterprise, you can upload them from a spreadsheet. To use this option, you first download a spreadsheet template, then add your legal entity information to the spreadsheet, and then upload directly to your enterprise configuration. You can export and import the spreadsheet multiple times to accommodate revisions.

Legal Entity in Oracle Fusion: Points to Consider

Oracle Fusion Applications support the modeling of your legal entities. If you make purchases from or sell to other legal entities, define these other legal entities in your customer and supplier registers, which are part of the Oracle Fusion Trading Community Architecture. When your legal entities are trading with each other, you represent both of them as legal entities and also as customers and suppliers in your customer and supplier registers. Use legal entity relationships to determine which transactions are intercompany and require intercompany accounting. Your legal entities can be identified as legal employers and therefore, are available for use in Human Capital Management (HCM) applications.

There are several decisions that need to be considered in creating your legal entities.

- The importance of legal entity in transactions
- Legal entity and its relationship to business units
- Legal entity and its relationship to divisions
- Legal entity and its relationship to ledgers
- Legal entity and its relationship to balancing segments
- Legal entity and its relationship to consolidation rules
- Legal entity and its relationship to intercompany transactions
- Legal entity and its relationship to worker assignments and legal employer
- Legal entity and payroll reporting

- Legal reporting units

The Importance of Legal Entity in Transactions

All of the assets of the enterprise are owned by individual legal entities. Oracle Fusion Financials allow your users to enter legal entities on transactions that represent a movement in value or obligation.

For example, the creation of a sales order creates an obligation for the legal entity that books the order to deliver the goods on the acknowledged date, and an obligation of the purchaser to receive and pay for those goods. Under contract law in most countries, damages can be sought for both actual losses, putting the injured party in the same state as if they had not entered into the contract, and what is called loss of bargain, or the profit that would have made on a transaction.

In another example, if you revalued your inventory in a warehouse to account for raw material price increases, the revaluation and revaluation reserves must be reflected in your legal entity's accounts. In Oracle Fusion Applications, your inventory within an inventory organization is managed by a single business unit and belongs to one legal entity.

Legal Entity and Its Relationship to Business Units

A business unit can process transactions on behalf of many legal entities. Frequently, a business unit is part of a single legal entity. In most cases the legal entity is explicit on your transactions. For example, a payables invoice has an explicit legal entity field. Your accounts payables department can process supplier invoices on behalf of one or many business units.

In some cases, your legal entity is inferred from your business unit that is processing the transaction. For example, your business unit A agrees on terms for the transfer of inventory to your business unit B. This transaction is binding on your default legal entities assigned to each business unit. Oracle Fusion Procurement, Oracle Fusion Projects, and Oracle Fusion Supply Chain applications rely on deriving the legal entity information from the business unit.

Legal Entity and Its Relationship to Divisions

The division is an area of management responsibility that can correspond to a collection of legal entities. If desired, you can aggregate the results for your divisions by legal entity or by combining parts of other legal entities. Define date-effective hierarchies for your cost center or legal entity segment in your chart of accounts to facilitate the aggregation and reporting by division. Divisions and legal entities are independent concepts.

Legal Entity and Its Relationship to Ledgers

One of your major responsibilities is to file financial statements for your legal entities. Map legal entities to specific ledgers using the Oracle Fusion General Ledger Accounting Configuration Manager. Within a ledger, you can optionally map a legal entity to one or more balancing segment values.

Legal Entity and Its Relationship to Balancing Segments

Oracle Fusion General Ledger supports up to three balancing segments. Best practices recommend that one of these segments represents your legal entity to

ease your requirement to account for your operations to regulatory agencies, tax authorities, and investors. Accounting for your operations means you must produce a balanced trial balance sheet by legal entity. If you account for many legal entities in a single ledger, you must:

1. Identify the legal entities within the ledger.
2. Balance transactions that cross legal entity boundaries through intercompany transactions.
3. Decide which balancing segments correspond to each legal entity and assign them in Oracle Fusion General Ledger Accounting Configuration Manager. Once you assign one balancing segment value in a ledger, then all your balancing segment values must be assigned. This recommended best practice facilitates reporting on assets, liabilities, and income by legal entity.

Represent your legal entities by at least one balancing segment value. You may represent it by two or three balancing segment values if more granular reporting is required. For example, if your legal entity operates in multiple jurisdictions in Europe, you might define balancing segment values and map them to legal reporting units. You can represent a legal entity by more than one balancing segment value, do not use a single balancing segment value to represent more than one legal entity.

In Oracle Fusion General Ledger, there are three balancing segments. You can use separate balancing segments to represent your divisions or strategic business units to enable management reporting at the balance sheet level for each division or business unit. For example, use this solution to empower your business unit and divisional managers to track and assume responsibility for their asset utilization or return on investment. Using multiple balancing segments is also useful when you know at the time of implementation that you are disposing of a part of a legal entity and need to isolate the assets and liabilities for that entity.

Note

Implementing multiple balancing segments requires every journal entry that is not balanced by division or business unit, to generate balancing lines. Also, you cannot change to multiple balancing segments easily after you have begun to use the ledger because your historical data is not balanced by the new multiple balancing segments. Restating historical data must be done at that point.

To use this feature for disposal of a part of a legal entity, implement multiple balancing segments at the beginning of the legal entity's corporate life or on conversion to Oracle Fusion.

If you decided to account for each legal entity in a separate ledger, there is no requirement to identify the legal entity with a balancing segment value within the ledger.

Note

While transactions that cross balancing segments don't necessarily cross legal entity boundaries, all transactions that cross legal entity boundaries must cross balancing segments. If you make an acquisition or are preparing to dispose of a portion of your enterprise, you may want to account for that part of the enterprise in its own balancing segment even if it is not a separate legal entity. If you do not map legal entities sharing the same ledger to balancing segments,

you will not be able to distinguish them using the intercompany functionality or track their individual equity.

Legal Entity and Its Relationship to Consolidation Rules

In Oracle Fusion Applications you can map legal entities to balancing segments and then define consolidation rules using your balancing segments. You are creating a relationship between the definition of your legal entities and their role in your consolidation.

Legal Entity and its Relationship to Intercompany Transactions

Use Oracle Fusion Intercompany functionality for automatic creation of intercompany entries across your balancing segments. Intercompany processing updates legal ownership within the enterprise's groups of legal entities. Invoices or journals are created as needed. To limit the number of trading pairs for your enterprise, set up intercompany organizations and assign them to your authorized legal entities. Define processing options and intercompany accounts to use when creating intercompany transactions and to assist in consolidation elimination entries. These accounts are derived and automatically entered on your intercompany transactions based on legal entities assigned to your intercompany organizations.

Intracompany trading, in which legal ownership isn't changed but other organizational responsibilities are, is also supported. For example, you can track assets and liabilities that move between your departments within your legal entities by creating departmental level intercompany organizations.

Note

In the Oracle Fusion Supply Chain applications, model intercompany relationships using business units, from which legal entities are inferred.

Legal Entity and Its Relationship to Worker Assignments and Legal Employer

Legal entities that employ people are called legal employers in the Oracle Fusion Legal Entity Configurator. You must enter legal employers on worker assignments in Oracle Fusion HCM.

Legal Entity and Payroll Reporting

Your legal entities are required to pay payroll tax and social insurance such as social security on your payroll. In Oracle Fusion Applications, you can register payroll statutory units to pay and report on payroll tax and social insurance on behalf of many of your legal entities. As the legal employer, you might be required to pay payroll tax, not only at the national level, but also at the local level. You meet this obligation by establishing your legal entity as a place of work within the jurisdiction of a local authority. Set up legal reporting units to represent the part of your enterprise with a specific legal reporting obligation. You can also mark these legal reporting units as tax reporting units, if the legal entity must pay taxes as a result of establishing a place of business within the jurisdiction.

Business Units: Explained

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. A business unit can

process transactions on behalf of many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. Roll business units up into divisions if you structure your chart of accounts with this type of hierarchy. In Oracle Fusion Applications, you assign your business units to one primary ledger. For example, if a business unit is processing payables invoices they will need to post to a particular ledger. This assignment is mandatory for your business units with business functions that produce financial transactions.

In Oracle Fusion Applications, use business unit as a securing mechanism for transactions. For example, if you run your export business separately from your domestic sales business, secure the export business data to prevent access by the domestic sales employees. To accomplish this security, set up the export business and domestic sales business as two separate business units.

The Oracle Fusion Applications business unit model:

- Allows for flexible implementation
- Provides a consistent entity for controlling and reporting on transactions
- Anchors the sharing of sets of reference data across applications

Business units process transactions using reference data sets that reflect your business rules and policies and can differ from country to country. With Oracle Fusion Application functionality, you can choose to share reference data, such as payment terms and transaction types, across business units, or you can choose to have each business unit manage its own set depending on the level at which you wish to enforce common policies.

In countries where gapless and chronological sequencing of documents is required for subledger transactions, define your business units in alignment with your ledger definition, because the uniqueness of sequencing is only ensured within a ledger. In these cases, define a single ledger and assign one legal entity and business unit.

In summary, use business units in the following ways:

- Management reporting
- Processing of transactions
- Security of transactional data
- Reference data definition and sharing

Brief Overview of Business Unit Security

Business units are used by a number of Oracle Fusion Applications to implement data security. You assign data roles to your users to give them access to data in business units and permit them to perform specific functions on this data. When a business function is enabled for a business unit, the application can trigger the creation of data roles for this business unit based on the business function's related job roles.

For example, if a payables invoicing business function is enabled, then it is clear that there are employees in this business unit that perform the function of payables invoicing, and need access to the payables invoicing functionality. Therefore, based on the correspondence between the business function and the job roles, appropriate data roles are generated automatically. Use Human Capital

Management (HCM) security profiles to administer security for employees in business units.

Creating Business Units in the Enterprise Structures Configurator: Points to Consider

Business units are used within Oracle Fusion applications for management reporting, processing of transactions, and security of transactional data. Using the Enterprise Structures Configurator (ESC), you create business units for your enterprise either automatically or manually.

Automatically Creating Business Units

To create business units automatically, you must specify the level at which to create business units. Business units within your enterprise may be represented at the business function level, such as Sales, Consulting, Product Development, and so on, or they may be represented at a more detailed level, where a business unit exists for each combination of countries in which you operate and the functions in those countries.

You can automatically create business units at the following levels:

- Country
- Country and Division
- Country and business function
- Division
- Division and legal entity
- Division and business function
- Business function
- Legal entity
- Business function and legal entity

Select the option that best meets your business requirements, but consider the following:

- If you use Oracle Fusion Financials, the legal entity option is recommended because of the manner in which financial transactions are processed.
- The business unit level that you select determines how the application automatically creates reference data sets.

After you select a business unit level, the application generates a list of business units, and you select the ones you want the application to create. If you select a level that has two components, such as country and division, then the system displays a table listing both components, and you select the check boxes at the intersections of the components.

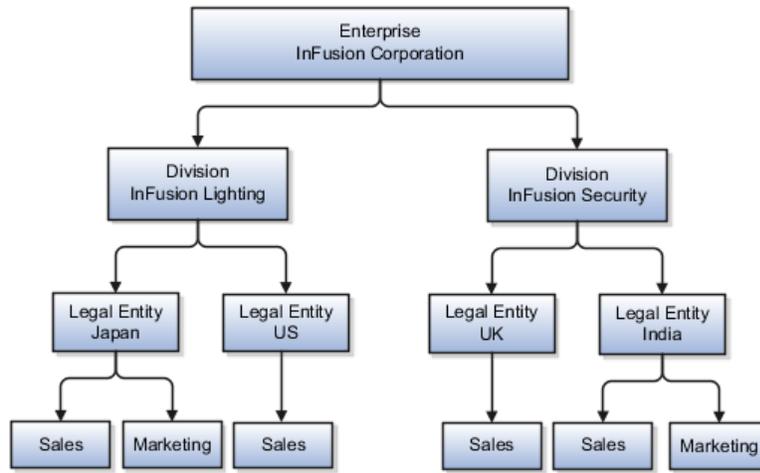
The business units listed by the application are suggestions only, and are meant to simplify the process to create business units. You are not required to select all of the business units suggested. When you navigate to the next page in the ESC guided flow, which is the Manage Business Units page, you cannot delete any of

the business units that were created automatically. You must return to the Create Business Units page and deselect any business units that you no longer want.

Example: Selecting Business Unit Levels

InFusion Corporation is using the Enterprise Structures Configurator to set up their enterprise structure. They have identified two divisions, one for Lighting, and one for Security. They operate in four countries: US, UK, Japan, and India, and they have created a legal entity for each of the countries. The sales and marketing functions are based in both India and Japan, while the US and the UK have only the sales function.

This figure illustrates InFusion Corporation's enterprise structure.



The following table lists the options for business unit levels and the resulting business units that the application suggests for InFusion Corporation.

Business Unit Level	Suggested Business Units
Country	<ul style="list-style-type: none"> • US • UK • Japan • India
Country and Division	<ul style="list-style-type: none"> • InFusion Lighting: Japan • InFusion Lighting: US • InFusion Security: UK • InFusion Security: India
Country and business function	<ul style="list-style-type: none"> • Sales: Japan • Marketing: Japan • Sales: US • Sales: UK • Marketing: India • Sales: India

Division	<ul style="list-style-type: none"> • InFusion Lighting • InFusion Security
Division and Legal Entity	<ul style="list-style-type: none"> • InFusion Lighting: Japan • InFusion Lighting: US • InFusion Security: UK • InFusion Security: India
Division and Business Function	<ul style="list-style-type: none"> • InFusion Lighting, Sales • InFusion Lighting, Marketing • InFusion Security, Sales • InFusion Security, Marketing
Business Function	<ul style="list-style-type: none"> • Sales • Marketing
Legal Entity	<ul style="list-style-type: none"> • Legal Entity: Japan • Legal Entity: US • Legal Entity: UK • Legal Entity India
Legal Entity and Business Function	<ul style="list-style-type: none"> • Legal Entity: Japan, Sales • Legal Entity: Japan, Marketing • Legal Entity: US, Sales • Legal Entity: UK, Sales • Legal Entity India, Marketing • Legal Entity India, Sales

Manually Creating Business Units

If none of the levels for creating business units meets your business needs, you can create business units manually, and you create them on the Manage Business Units page. If you create business units manually, then no reference data sets are created automatically. You must create them manually as well.

Reference Data Sets and Sharing Methods: Explained

Oracle Fusion Applications reference data sharing feature is also known as SetID. The reference data sharing functionality supports operations in multiple ledgers, business units, and warehouses, thereby reducing the administrative burden and decreasing the time needed to implement new business units. For example, you can share sales methods, transaction types, or payment terms across business units or selected other data across asset books, cost organizations, or project units.

The reference data sharing features use reference data sets to which reference data is assigned. The reference data sets group assigned reference data. The sets

can be understood as buckets of reference data assigned to multiple business units or other application components.

Reference Data Sets

You begin this part of your implementation by creating and assigning reference data to sets. Make changes carefully as changes to a particular set will affect all business units or application components using that set. You can assign a separate set to each business unit for the type of object that is being shared. For example, assign separate sets for payment terms, transaction types, and sales methods to your business units.

Your enterprise can decide that some aspects of corporate policy should affect all business units and leave other aspects to the discretion of the business unit manager. This allows your enterprise to balance autonomy and control for each business unit. For example, if your enterprise holds business unit managers accountable for their profit and loss, but manages working capital requirements at a corporate level, you can let managers define their own sales methods, but define payment terms centrally. In this case, each business unit would have its own reference data set for sales methods, and there would be one central reference data set for payment terms assigned to all business units.

The reference data sharing is especially valuable for lowering the cost of setting up new business units. For example, your enterprise operates in the hospitality industry. You are adding a new business unit to track your new spa services. The hospitality divisional reference data set can be assigned to the new business unit to quickly setup data for this entity component. You can establish other business unit reference data in a business unit specific reference data set as needed

Reference Data Sharing Methods

There are variations in the methods used to share data in reference data sets across different types of objects. The following list identifies the methods:

- Assignment to one set only, no common values allowed. The simplest form of sharing reference data that allows assigning a reference data object instance to one and only one set. For example, Asset Prorate Conventions are defined and assigned to only one reference data set. This set can be shared across multiple asset books, but all the values are contained only in this one set.
- Assignment to one set only, with common values. The most commonly used method of sharing reference data that allows defining reference data object instance across all sets. For example, Receivables Transaction Types are assigned to a common set that is available to all the business units without the need to be explicitly assigned the transaction types to each business unit. In addition, you can assign a business unit specific set of transaction types. At transaction entry, the list of values for transaction types includes transaction types from the set assigned to the business unit, as well as transaction types assigned to the common set that is shared across all business units.
- Assignment to multiple sets, no common values allowed. The method of sharing reference data that allows a reference data object instance to be assigned to multiple sets. For instance, Payables Payment Terms use this method. It means that each payment term can be assigned to one or more than one set. For example, you assign the payment term Net 30 to several sets, but the payment term Net 15 is assigned to only your corporate business unit specific set. At transaction entry, the list of values

for payment terms consists of only one set of data; the set that is assigned to the transaction's business unit.

Note: Oracle Fusion Applications contains a reference data set called Enterprise. Define any reference data that affects your entire enterprise in this set.

Business Units and Reference Data Sets: How They Work Together

Reference data sharing is a feature within Oracle Fusion that enables you to group set-enabled reference data such as jobs or grades so that the data can be shared across different parts of the organization. Sets also enable you to filter reference data at the transaction level so that only data that has been assigned to certain sets is available to select. To filter reference data, Oracle Fusion Human Capital Management (HCM), applications use the business unit on the transaction. To set up reference data sharing in Oracle Fusion HCM, you create business units and sets, and then assign the sets to the business units.

Common Set Versus Specific Sets

Some reference data in your organization may be considered global, and should therefore be made available for use within the entire enterprise. You can assign this type of data to the Common Set, which is a predefined set. Regardless of the business unit on a transaction, reference data that has been assigned to the Common Set will always be available, in addition to the reference data that has been assigned to the set that corresponds to the business unit on the transaction.

Other types of reference data may be specific to certain business units, so you want to restrict the use of the data to those business units. In this case, you can create sets specifically for this type of data, and assign the sets to the business units.

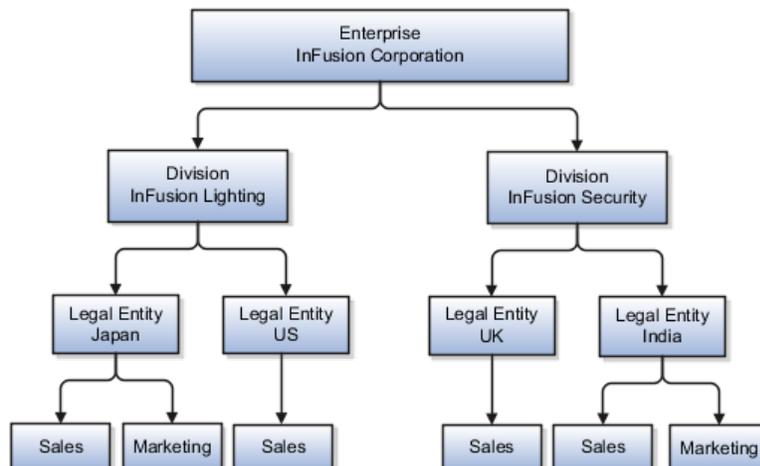
Business Unit Set Assignment

When you assign reference data sets to business units, you assign a default reference data set that will be used for all reference data types for that business unit. You can override the set assignment for one or more data types.

Example: Assigning Sets to Business Units

InFusion Corporation has two divisions: Lighting and Security, and the divisions each have two locations. Each location has one or more business functions.

The following figure illustrates the structure of InFusion Corporation.



When deciding how to create business units, InFusion decides to create them using the country and business function level. Therefore, they created the following business units:

- Sales_Japan
- Marketing_Japan
- Sales_US
- Sales_UK
- Marketing_India
- Sales_India

Because locations, departments, and grades are specific to each business unit, InFusion does not want to share these types of reference data across business units. They will create a reference data set for each business unit so that data of those types can be set up separately. Because the jobs in the Sales business function are the same across many locations, InFusion decides to create one additional set called Jobs and they will override the set assignment for the Jobs reference data group and assign it to the Jobs set. Based on these requirements, they create the following sets:

- Sales_Japan_Set
- Mktg_Japan_Set
- Sales_US_Set
- Sales_UK_Set
- Mktg_India_Set
- Sales_India_Set
- Grades_Set

InFusion assigns business units to sets as follows:

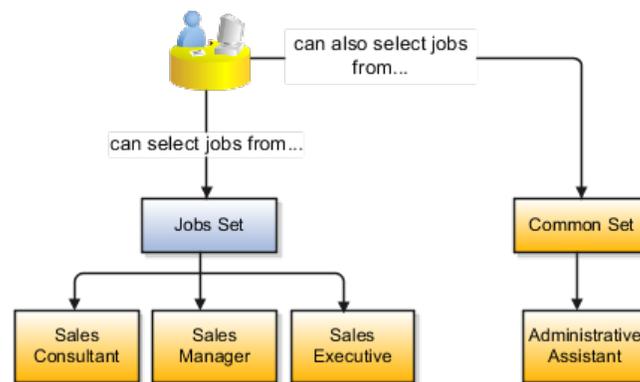
Business Unit	Default Set Assignment	Set Assignment Overrides
Sales_Japan	Sales_Japan_Set for grades, departments, and locations	Jobs set for jobs
Marketing_Japan	Mktg_Japan_Set for grades, departments, and locations	None
Sales_US	Sales_US_Set for grades, departments, and locations	Jobs set for jobs
Sales_UK	Sales_UK_Set for grades, departments, and locations	Jobs set for jobs
Marketing_India	Mktg_India_Set for grades, departments, and locations	None
Sales_India	Sales_India_Set for grades, departments, and locations	Jobs set for jobs

When setting up grades, departments, and locations for the business units, InFusion will assign the data to the default set for each business unit. When setting up jobs, they will assign the Jobs set and will assign the Common Set to any jobs that may be used throughout the entire organization.

When using grades, departments, and locations at the transaction level, users will be able to select data from the set that corresponds to the business unit that they enter on the transaction, and any data that was assigned to the Common Set. For example, for transactions for the Marketing_Japan business unit, grades, locations, and departments from the Mktg_Japan_Set will be available to select, as well as from the Common Set.

When using jobs at the transaction level, users will be able to select jobs from the Jobs set and from the Common Set when they enter one of the Sales business units on the transaction. For example, when a manager hires an employee for the Sales_India business unit, the list of jobs will be filtered to show jobs from the Jobs set and from the Common Set.

The following figure illustrates what sets of jobs can be accessed when a manager creates an assignment for a worker.



Creating Reference Data Sets in the Enterprise Structures Configurator: Explained

If you created business units automatically, then the Enterprise Structures Configurator automatically creates reference data sets for you. The Enterprise Structures Configurator creates one reference data set for each business unit. You can add additional sets, but you cannot delete any of the sets that were created automatically.

A standard set called the Enterprise set is predefined.

Common Set

The common set is a predefined set that enables you to share reference data across business units. When you select set-enabled data at the transaction level, the list of values includes data in both the common set and the set associated with the data type for the business unit on the transaction. For example, when you create an assignment, the list of values for grades will include both grades in the common set and in the set that is assigned to grades for the business unit in which you creating the assignment.

Jobs and Positions: Critical Choices

Jobs and positions represent roles that enable you to distinguish between tasks and the individuals who perform those tasks. The key to whether to use jobs or

positions is how each is used. Positions offer a well-defined space independent of the person performing the job. Jobs are a space defined by the person. A job can be defined globally in the Common Set, whereas a position is defined within one business unit.

You can update the job and department of a position at any time. This is useful if you hire someone into a new role and want to transfer the position to another department.

During implementation, one of the earliest decisions you will make is whether to use jobs or a combination of jobs and positions. The determinants for this decision are:

- The primary industry of your enterprise
- How you manage your people

Primary Industry of Your Enterprise

Primary industries and how they usually set up their workforce are listed in the table below.

Primary Industry	Workforce Setup
Mining	Positions
Utilities	Positions
Manufacturing	Positions
Retail Trade	Positions
Transportation and Warehousing	Positions
Educational Services	Positions
Public Transportation	Positions
Agriculture, Forestry, Fishing, and Hunting	Jobs
Construction	Jobs
Wholesale Trade	Jobs
Information	Jobs
Finance and Insurance	Jobs
Professional, Scientific, and Technical Services	Jobs
Management of Companies and Enterprises	Jobs
Administrative and Support and Waste Management and Remediation Services	Jobs
Arts, Entertainment, and Recreation	Jobs
Accommodation and Food Services	Jobs
Other Services (Except Public Administration)	Jobs

Management of People

The following table displays suggestions of whether to use jobs or a combination of jobs and positions based on your industry and how you manage your employees when there is turnover.

Industry	We always replace employees by rehiring to same role	We replace the head count, but the manager can use the head count in a different job	We rehire to the same position, but the manager can request a reallocation of budget to a different post
Project (An industry that supports project-based forms of organization in which teams of specialists from both inside and outside the company report to project managers.)	Positions	Jobs	Jobs
Controlled (An industry that is highly structured in which all aspects of work and remuneration are well organized and regulated.)	Positions	Positions	Positions
Manufacturing	Positions	Jobs	Positions
Retail	Positions	Jobs	Positions
Education	Positions	Jobs	Positions
Other	Positions	Jobs	Jobs

Positions: Examples

Positions are typically used by industries that use detailed approval rules, which perform detailed budgeting and maintain head counts, or have high turnover rates.

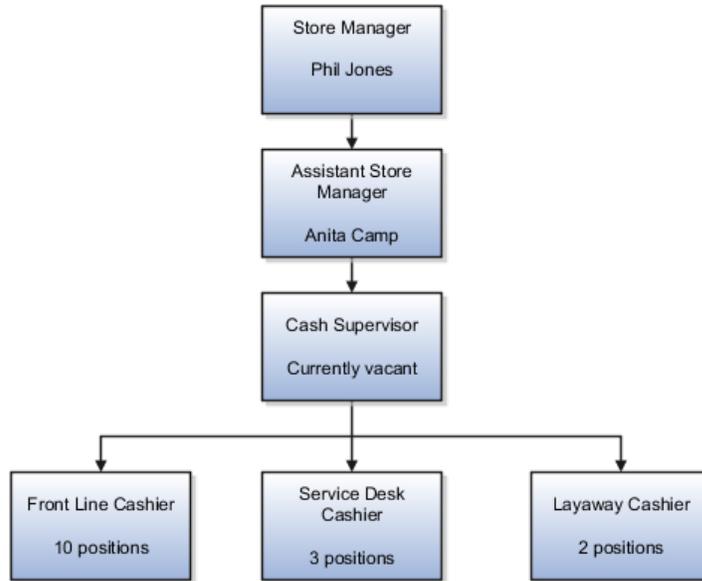
Retail Industry

ABC Corporation has high turnover. It loses approximately 5% of their cashiers monthly. The job of cashier includes three positions: front line cashier, service desk cashier, and layaway cashier. Each job is cross trained to take over another cashier position. When one cashier leaves from any of the positions, another existing cashier from the front line, service desk or layaway can assist where needed. . But to ensure short lines and customer satisfaction, ABC must replace each cashier lost to turnover.

Since turnover is high in retail it is better for this industry to use positions. There is an automatic vacancy when an employee terminates employment. The position exists even when there are no holders. This is important if the person who leaves the company is a manager or supervisor with direct reports. All direct reports continue reporting to the position even if it is empty. You do not need to reassign these employees to another manager or supervisor; the replacement manager is assigned to the existing position.

Also, an advantage to using positions is that when you hire somebody new many of the attributes are defaulted in from the position. This speeds up the hiring process.

This figure illustrates the retail position setup.

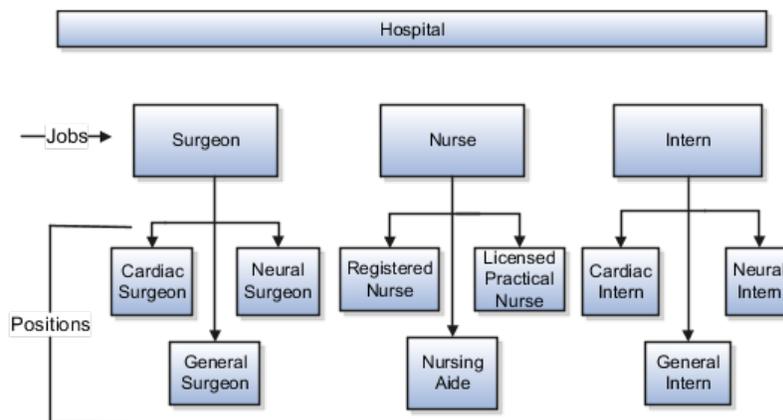


Health Care Industry

The hospital has a structured head count and detailed budgeting. For example, a specific number of surgeons, nurses, and interns of various types are needed. These positions need to be filled in order for the hospital to run smoothly. Use jobs and positions if you need to apply detailed head count rules.

Health care is an industry that needs to regulate employment, roles, and compensation according to strict policies and procedures. Fixed roles tend to endure over time, surviving multiple incumbents. Industries that manage roles rather than individuals, where roles continue to exist after individuals leave, typically model the workforce using positions.

This figure illustrates the hospital position setup.



Jobs: Example

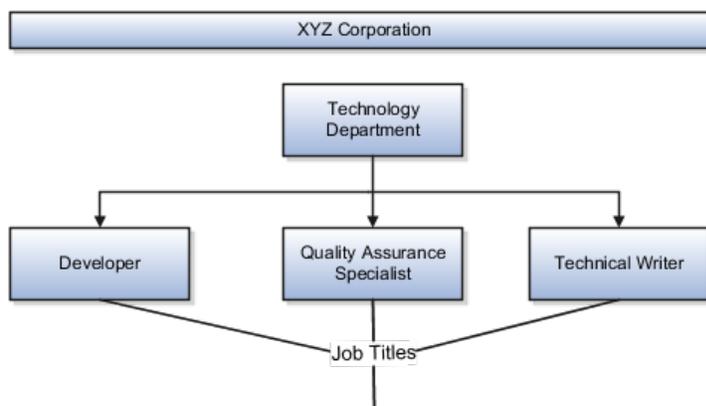
Jobs are typically used without positions by service industries where flexibility and organizational change are key features.

Software Industry

For example, XYZ Corporation has a director over the departments for developers, quality assurance, and technical writers. Recently, three developers have left the company. The director decides to redirect the head count to other areas. Instead of hiring all three back into development, one person is hired to each department, quality assurance, and technical writing.

In software industries, the organization is fluid. Using jobs gives an enterprise the flexibility to determine where to use head count, because the job only exists through the person performing it. In this example, when the three developers leave XYZ Corporation, their jobs no longer exist, therefore the corporation has the flexibility to move the headcount to other areas.

This figure illustrates the software industry job setup.



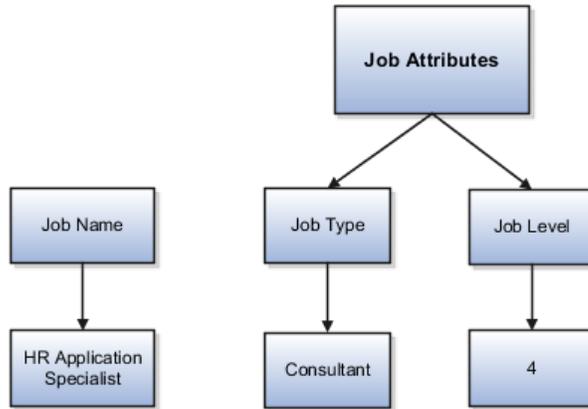
Job and Position Structures: Explained

Job and position structures identify the descriptive flexfield structure that enables you to specify additional attributes that you want to capture when you define jobs and positions. Job and position attributes provide further detail to make jobs and positions more specific. You also use attributes to define the structure of your jobs and positions. You can specify attributes at the enterprise level for jobs and positions, at the business unit level for positions, and at the reference data set level for jobs. Job and position structures are optional.

Enterprise-Level Job Attributes

When you define a job, you enter a value for the name of the job. To make job names more specific, set up attributes that enable you to identify additional details about the job, such as the nature of the work that is performed or the relative skill level required for the job. If these attributes apply to all jobs within your enterprise, set up enterprise-level job attributes. Standard capabilities mean that you can use the different segments of the name to identify common jobs or job holders for analysis or compensation, or for grouping records in reports, for example, to find all jobs of a specific job type. You should not use attributes with values that change regularly, for example, salary ranges or expense approval levels that change every year.

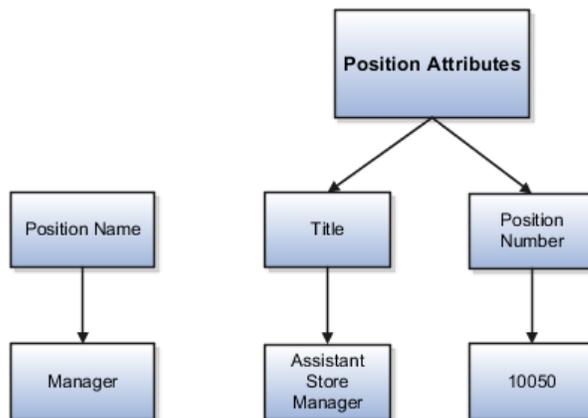
This figure illustrates how job type and job level provide further details for the HR Application Specialist job.



Enterprise-Level Position Attributes

Position attributes at the enterprise level are similar to those for jobs. Each position that you define identifies a specific role in the enterprise, which you can manage independently of the person in the position, and it will belong to one specific department or organization. The name of each position must be unique. To simplify the process of managing unique names for positions, set up enterprise-level attributes to identify separate components of the position name. For example, you can set up an attribute for position title and one for position number. When defining the attributes that make up the structure of a position name you should also consider if any of your attributes are part of the definition of a common job type. Using job types for a position can help you manage common information that applies to many different positions. For example you can define a job type of Manager.Level 1 and use this for comparison of positions across departments or lines or business, or for setting common job requirements. You can then define multiple manager type positions in your HR department, each of which has responsibility for a different management function or group.

This figure illustrates how title and position number provide further details for the manager position.



Business Unit-Level Attributes for Positions

If you have information that you want to capture for positions that is specific to each business unit, then you can define attributes at the business unit level for positions. When you create positions, these attributes appear in addition to any enterprise-level attributes. For example, you may want to identify the sales region for all positions in the sales business unit. You can set up a text attribute

called Sales Region and use it to enter the necessary information when creating positions for the sales business unit.

Reference Data Set-Level Attributes for Jobs

If you have information for jobs that applies to specific reference data sets, set up attributes for jobs at the reference data set level. When you create jobs, these attributes appear in addition to any enterprise-level attributes. For example, you may want to identify all information technology (IT) jobs within a specific set. You can set up a text attribute called Function and use it to enter IT in jobs that you create that perform an IT function within a specific set.

FAQs for Define Initial Configuration

What happens if I don't use the Enterprise Structures Configurator to set up my enterprise structures?

The Enterprise Structures Configurator is an interview-based tool that guides you through setting up divisions, legal entities, business units, and reference data sets. The tool also enables you to assign reference data sets to business units and locations. You can set up multiple configurations to perform what-if scenarios, and then print each configuration to compare the resulting enterprise structure. If you do not use the Enterprise Structures Configurator, then you must set up your enterprise structure using the individual tasks that correspond to each enterprise component. In addition, you will not be able to set up multiple configurations and compare different scenarios. It is recommended that you use the Enterprise Structures Configurator.

What's an ultimate holding company?

The legal entity that represents the top level in your organization hierarchy, as defined by the legal name entered for the enterprise. This designation is used only to create an organization tree, with the ultimate holding company as the top level, divisions and country holding companies as the second level, and legal employers as the third level.

What's the default reference data set?

The reference data set that is assigned to a business unit for all reference data groups, such as grades, locations, departments, and jobs. You can override the default reference data set for any reference data group.

What happens if I override the set assignment?

For the selected business unit, you can override the default reference data set for one or more reference data groups. For example, assume you have three reference data groups: Vision 1 SET, Vision 2 SET, and Vision 3 SET, where Vision SET 1 is the default set for business unit United Kingdom Vision 1 BU. You can override the default so that grades are assigned to Vision 2 SET, departments are assigned to Vision 3 SET, and jobs are assigned to the default set, Vision 3 SET.

Define Common Financials Configuration for Rapid Implementation

Enterprise Structures Rapid Implementation: Overview

You can use Rapid Implementation spreadsheet template to rapidly implement Oracle Fusion enterprise structures and set up the following objects:

- Chart of accounts, including value sets, value set values, structures, and structure instances

- Account hierarchies including trees and tree versions
- Accounting calendars (monthly type only)
- Legal entities including legal addresses, jurisdictions, and identifiers
- Primary ledgers with legal entity assignments to primary balancing segment values
- Business units

Below are the Functional Setup Manager tasks which are required to be performed to rapidly implement the Oracle Fusion General Ledger:

- **Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet:** Downloads the rapid implementation excel spreadsheet template.
- **Upload Chart of Accounts:** Invokes the **Create Enterprise Structure** process from the **Scheduled Process** page with the upload data file as a parameter. You need to upload your first file, ChartOfAccounts.xml, created using the template and monitor for the successful completion of the process.
- **Deploy Chart of Accounts:** Opens the **Manage Chart of Accounts Instance** page. Select the accounting flexfield and press the **Deploy** button to deploy the accounting flexfield.
- **Upload Ledger, Legal Entities, and Business Units:** Invokes the **Create Enterprise Structure** process from the **Scheduled Process** page with the upload data file as a parameter. You need to upload your second file, FinancialsCommonEntities.xml, created using the template and monitor for the successful completion of the process.

The following are best practices and recommendations:

- Design your chart of accounts carefully, including the number and sequence of segments.
- Identify the aspects of your business that you need to track and analyze, such as company, division, cost center, department, account, and line of business.
- Anticipate future growth and reporting requirements by defining one or more future segments. Assign those segments with a default value to streamline data entry.
- Create account hierarchies to reflect managerial, legal, or geographical relationships between your value set values. Your financial balances are preaggregated at each parent level in your hierarchy, thus allowing fast and robust account inquiry and drill down.

Note

Once you begin using your chart of accounts, making changes to the segments is neither recommended nor supported.

Preparing and Loading Enterprise Structures Rapid Implementation Templates: Worked Example

Your company is implementing Oracle Fusion General Ledger using the rapid implementation methodology to create your enterprise structures.

Use the Microsoft Excel template to rapidly implement the following enterprise structures: chart of accounts, hierarchies, legal entities, accounting calendar, primary ledgers, and business units.

Gathering the Data

Start your implementation carefully, by first gathering the necessary data:

1. Determine your chart of accounts segments.
2. Compile your segment values and hierarchies data.
3. Identify your legal entities and business units.
4. Determine your retained earnings account.

Preparing the Template Data Sheets

Complete the data sheets for each enterprise structure.

1. Complete the **COA, Calendar, and Ledger** data sheet with your setup data for your chart of accounts, calendar, and ledger.

Entry Field	Comments
Ledger	Enter the name of primary ledger.
Ledger Currency	Select the primary ledger currency from the list of values.
Retained Earnings Account	Enter the retained earnings account. Ensure all the segment values are child values and postable. The value of natural account segment must be an account type of owner's equity.
Enable Average Balances	Select Yes to enable average balancing. Default value is No.
Fiscal Year Start Date	Enter the start date of the accounting calendar with the format mm/dd/yyyy.
Period Frequency	This value is monthly and read only. Note The rapid implementation spreadsheet only supports the creation of a monthly calendar. If you need a different type of calendar, use the standard Financials task list instead of the rapid implementation spreadsheet.
Adjusting Periods	Select the desired adjustments periods from the following list of values. <ul style="list-style-type: none"> • Once at year end • Once at mid of year and once at year end • Quarterly • None
Segment	Enter the segment name for each segment.

Segment Label	<p>Assign the following segment label from the list of values to your segments.</p> <ul style="list-style-type: none"> • Primary, Second, and Third Balancing • Cost Center • Natural Account • Intercompany • Local Use <hr/> <p>Note</p> <ul style="list-style-type: none"> • Primary Balancing and Natural Account are mandatory. • Assign segment labels once. • The Intercompany segment is optional. If specified, the segment reuses the value set created for the Primary Balancing segment. • The Second and Third Balancing are optional. Second balancing segment may be assigned with the Cost Center segment.
Short Prompt	Enter the short prompt for each segment.
Display Width	Enter the display width you require for each segment.
Add Segment Sheets button	<p>After entering all your segments, press this button. A data sheet is created for each additional segment where you can enter the segment values and hierarchies.</p> <hr/> <p>Note</p> <p>The segment value and hierarchies data entry sheets for your Primary Balancing segment and Natural Account segment are provided.</p>

2. Complete the **Business Units** data entry sheet if needed.

Entry Field	Comments
Name	<p>Enter the name of your business units (BUs).</p> <hr/> <p>Note</p> <p>The process enables all the functions and defaults the following:</p> <ul style="list-style-type: none"> • Reference Data Set is Common. • Primary Ledger created in this process is the default ledger for all BUs. • First entered legal entity on the Companies and Legal Entities data sheet is the default legal entity for all BUs.

3. Complete the **Companies and Legal Entities** data entry sheet for your companies, hierarchies, and legal entity data.

Entry Field	Comments
Parent1 to Parent9	<p>To define hierarchies, enter the parent values in Parent1 to Parent9 column. First level parent is entered in the column Paent1. The parent of Parent1 is entered in the column Parent2 and so on.</p>
Child Value	<p>Enter all the child values or level0 values which are your postable account values in this column. No parent values are entered in this column.</p> <hr/> <p>Note</p> <ul style="list-style-type: none"> • Enter the child values of a parent first before you start entering the parent. Duplicate values are not allowed. • Enter a mandatory value and description on each row until the last row. • Plan the hierarchies before you start entering them in this template.
Legal Entity Name	<p>This is a mandatory field.</p>

Legal Entity Identifier	This is a mandatory field.
Country	Select from the list of values provided for this mandatory field. The Identifying Jurisdiction is derived from the country you select.
Address Line	This is a mandatory field. Enter the address in comma separated format.
City, State, County, Province, and Postal Code	Address for the legal entity.
Legal Entity Registration Number	This is a mandatory field.
Legal Reporting Unit Registration Number	This is a mandatory field. <hr/> Note Map the legal entity details to the primary balancing segment value. If the legal entity maps to multiple primary balancing segment values consecutively, only specify the legal entity for the first primary balancing segment value.

4. Complete the **Natural Accounts** data entry sheet if needed.

Entry Field	Comments
Parent1 to Parent9 and Child Value	Enter your parent values in these columns. First level parents are entered in the column Parent1 and so on. Enter the child values of a parent first before you start entering the parent. Duplicate values are not allowed.
Description	This is a mandatory field. Provide descriptions for each of the parent values as well as the child values.
Account Type	This is a mandatory field. Select from the following values: <ul style="list-style-type: none"> • Asset • Expense • Liability • Owner's Equity • Revenue

Financial Category	Not a mandatory field. The seeded values consist of the standard financial categories. For example: Accounts payable, Accounts receivable, Accrued liabilities, Accumulated depreciation, Cash, and Common stock.
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Loading the Templates

1. After you finish preparing the data in the sheets, click the **Generate Chart of Accounts File** button on **COA, Calendar, and Ledger** sheet. The program generates an XML data file called **ChartOfAccounts.xml** for the entered chart of accounts and hierarchies setup data.
2. Save the file in a local directory.
3. Click the **Generate Ledger, LE, and BU File** button on **COA, Calendar, and Ledger** sheet. The program generates an XML data file called **FinancialsCommonEntities.xml** for the entered ledger, legal entities, and business units setup data.
4. Save the file in a local directory.
5. From the **Setup and Maintenance** page in the Functional Setup Manager, search for and select the **Upload Chart of Accounts** task. This task launches the **Upload Enterprise Structures** process.
6. Click on the **Upload File** button and select the first file you saved called **ChartOfAccounts.xml**.
7. Click the **Submit** button. The **Scheduled Processes** page opens.
8. Verify that the process completes without errors or warnings.
9. Press the **Done** button.
10. Select the **Deploy Chart of Accounts** task from the **Setup and Maintenance** page. Select the **Deploy** button for the Accounting Flexfield.
11. Refresh the page until the green check mark appears and verifies that the deployment was successful.
12. From **Setup and Maintenance** page select the task **Upload Ledger, Legal Entities and Business Units**. This launches the **Upload Enterprise Structures** process.
13. Click on the **Upload File** button and select the second xml file you saved called **FinancialsCommonEntities.xml**.
14. Click the **Submit** button. The **Scheduled Processes** page open
15. Verify that the process completed without errors or warnings.
16. Press **Done** button.

Running Automatic Processes

1. Below are the processes that are run automatically during the rapid start flow to configure the ledger and associated setup and create the balances cubes.
 - Submit Account Configuration which includes general ledger balances cube creation

- Online Audit of Hierarchy Data of tree and tree versions
- Row and Column Flattening of hierarchy data
- Publish Hierarchies

Define Reference Data Sharing

Reference Data Sharing: Explained

Reference data sharing facilitates sharing of configuration data such as jobs and payment terms, across organizational divisions or business units. You define reference data sets and determine how the data is shared or partitioned. Use reference data sets to reduce duplication and maintenance by sharing common data across business entities where appropriate. Depending on the requirement (specific or common), each business unit can maintain its data at a central location, using a set of values either specific to it or shared by other business units.

You can share reference data after it is filtered on the basis of sets. A common reference data set is available as the default set, which can be assigned to several business units sharing the same reference data. For commonly used data such as currencies, you can use the common reference data set and assign it to multiple business units in various countries that use the same currency. In cases where the default set cannot be assigned to an entity, you can create specific sets. The data set visible on the transactional page depends on the sharing method used to share reference data.

For example, XYZ Corporation uses the same grades throughout the entire organization. Instead of managers in different business units setting up the same grades, XYZ Corporation decides to create a set called Grades and assign the grades reference data group for all business units in the organization to the Grades set, so that the grades can be shared.

Note

For specific information on configuring reference data sharing for a particular object or product, refer to its product documentation.

Reference Data Sets: Explained

Reference data sets are logical groups of reference data that can be accessed by various transactional entities depending on the business context. Oracle Fusion Applications contains a common reference data set as well as an enterprise set that may be used as a default set. Depending on your business requirement you can create and maintain additional reference data sets, while continuing to use the common reference data set.

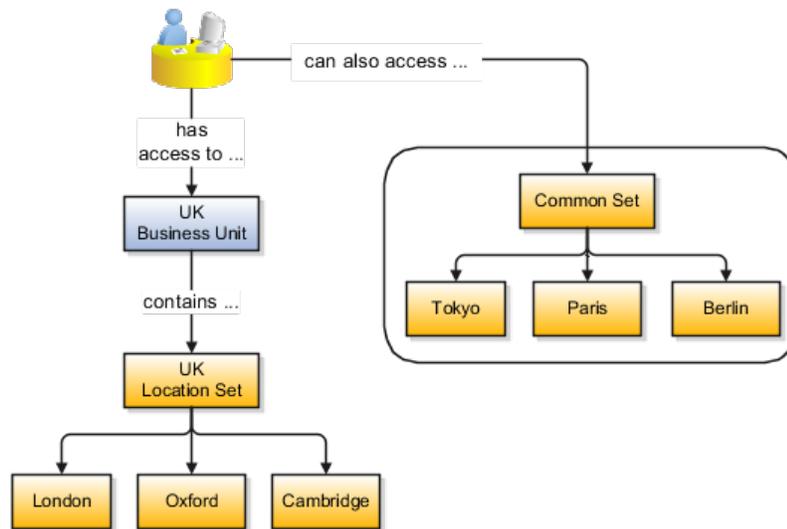
Consider the following scenario.

Your enterprise can decide that some aspects of corporate policy should affect all business units and leave other aspects to the discretion of the business unit manager. This allows your enterprise to balance autonomy and control for each business unit. For example, if your enterprise holds business unit managers accountable for their profit and loss, but manages working capital requirements at a corporate level, you can let managers define their own sales methods, but define payment terms centrally. In this case, each business unit would have its own reference data set for sales methods, and there would be one central reference data set for payment terms assigned to all business units.

Partitioning

The partitioning of reference data and creation of data sets enable you to create reference entities across tables or lookup types, and share modular information and data processing options among business units. With the help of partitioning, you can choose to create separate sets and subsets for each business unit depending upon its business requirement, or create common sets or subsets to enable sharing reference data between several business units, without the need for duplicating the reference data. Partitioning provides you the flexibility to handle the reference data in a way appropriate to your business needs.

The following figure illustrates the reference data sharing method (assignment to one set only, with common values) where the user can access the data assigned to a specific set in a particular business unit, as well as access the data assigned to the common set.



Reference Data Sets and Sharing Methods: Explained

Oracle Fusion Applications reference data sharing feature is also known as SetID. The reference data sharing functionality supports operations in multiple ledgers, business units, and warehouses, thereby reducing the administrative burden and decreasing the time needed to implement new business units. For example, you can share sales methods, transaction types, or payment terms across business units or selected other data across asset books, cost organizations, or project units.

The reference data sharing features use reference data sets to which reference data is assigned. The reference data sets group assigned reference data. The sets can be understood as buckets of reference data assigned to multiple business units or other application components.

Reference Data Sets

You begin this part of your implementation by creating and assigning reference data to sets. Make changes carefully as changes to a particular set will affect all business units or application components using that set. You can assign a separate set to each business unit for the type of object that is being shared. For example, assign separate sets for payment terms, transaction types, and sales methods to your business units.

Your enterprise can decide that some aspects of corporate policy should affect all business units and leave other aspects to the discretion of the business unit manager. This allows your enterprise to balance autonomy and control for each business unit. For example, if your enterprise holds business unit managers accountable for their profit and loss, but manages working capital requirements at a corporate level, you can let managers define their own sales methods, but define payment terms centrally. In this case, each business unit would have its own reference data set for sales methods, and there would be one central reference data set for payment terms assigned to all business units.

The reference data sharing is especially valuable for lowering the cost of setting up new business units. For example, your enterprise operates in the hospitality industry. You are adding a new business unit to track your new spa services. The hospitality divisional reference data set can be assigned to the new business unit to quickly setup data for this entity component. You can establish other business unit reference data in a business unit specific reference data set as needed

Reference Data Sharing Methods

There are variations in the methods used to share data in reference data sets across different types of objects. The following list identifies the methods:

- Assignment to one set only, no common values allowed. The simplest form of sharing reference data that allows assigning a reference data object instance to one and only one set. For example, Asset Prorate Conventions are defined and assigned to only one reference data set. This set can be shared across multiple asset books, but all the values are contained only in this one set.
- Assignment to one set only, with common values. The most commonly used method of sharing reference data that allows defining reference data object instance across all sets. For example, Receivables Transaction Types are assigned to a common set that is available to all the business units without the need to be explicitly assigned the transaction types to each business unit. In addition, you can assign a business unit specific set of transaction types. At transaction entry, the list of values for transaction types includes transaction types from the set assigned to the business unit, as well as transaction types assigned to the common set that is shared across all business units.
- Assignment to multiple sets, no common values allowed. The method of sharing reference data that allows a reference data object instance to

be assigned to multiple sets. For instance, Payables Payment Terms use this method. It means that each payment term can be assigned to one or more than one set. For example, you assign the payment term Net 30 to several sets, but the payment term Net 15 is assigned to only your corporate business unit specific set. At transaction entry, the list of values for payment terms consists of only one set of data; the set that is assigned to the transaction's business unit.

Note: Oracle Fusion Applications contains a reference data set called Enterprise. Define any reference data that affects your entire enterprise in this set.

Assigning Reference Data Sets to Reference Objects: Points to Consider

You can assign the reference data sets to reference objects on the Manage Reference Data Set Assignments page. For multiple assignments, you can classify different types of reference data sets into groups and assign them to reference entity objects. The assignment takes into consideration the determinant type, determinant, and reference group, if any.

Determinant Types

The partitioned reference data is shared based on a business context setting called the determinant type. It is the point of reference used in the data assignment process. The following table lists the determinant types used in the reference data assignment.

Type	Description
Asset Book	Information about the acquisition, depreciation, and retirement of an asset that belongs to a ledger or a business unit.
Business Unit	The departments or organizations within an enterprise.
Cost Organization	The organization used for cost accounting and reporting on various inventory and cost centers within an enterprise.
Project Unit	A logical organization within an enterprise that is responsible for enforcing consistent project management practices.
Reference Data Set	References to other shared reference data sets.

Determinant

The determinant or determinant value is the value that corresponds to the selected determinant type. The determinant is one of the criteria for selecting the appropriate reference data set. For example, when managing set assignments for the set determinant type, Reference Data Set is the determinant type, and you would enter the corresponding set code value as the corresponding determinant value.

Reference Groups

A transactional entity may have multiple reference entities (generally considered to be setup data) that are treated in the same manner because of commonness in implementing business policies and legal rules. Such reference entities in your application are grouped into logical units called reference groups, based on the functional area and the partitioning requirements that they have in common. For example, all tables and views that define Sales Order Type details might be part of the same reference group.

Note

The reference groups are predefined in the reference groups table and are available for selection and assignment.

Items and Supplier Site Reference Data Sharing: Explained

Some products required special logic for reference data sharing and have implemented their own domain specific ways for sharing data.

Items and supplier sites are two such product specific reference data objects that use product specific mechanisms to share data.

Items

If you share your items across warehouses or manufacturing facilities, you can access them through a common item master. Configure one or multiple item masters for your enterprise, based your enterprise structure. A single item master is recommended because it provides simpler and more efficient maintenance. However, in rare cases, it may be beneficial to keep multiple item masters. For example, if you acquire another enterprise and need to continue to operate your lines of business separately, maintaining a second item master might be the best decision.

Suppliers Sites

You can approve particular suppliers to supply specified commodities and authorize your business units to buy from those suppliers when the need arises. For example, you might be a household cleaning products manufacturer and need dyes, plastics, and perfumes to make your products. You purchase from a central supplier 70% of your perfume supplies with an additional supplier, in reserve, from whom you purchase the remaining 30%. At the same time, each of your business units purchases plastics and dyes from the same supplier, but from different local supplier sites to save transportation costs.

To implement business unit specific supplier sites, Oracle Fusion Procurement supports a method for defining suppliers sites as owned and managed by the business unit responsible for negotiating the supplier terms. Your other business units that have a service provider relationship defined with your procurement business unit, subscribe to the supplier sites using the supplier site assignments feature. In addition, Procurement allows sharing of the following procurement data objects across business units:

- Supplier qualification data, such as approved supplier lists

- Catalog content, such as agreements, smart forms, public shopping lists, and content zones
- Procurement configuration data

FAQs for Define Reference Data Sharing

What reference data objects can be shared across business units?

The following list contains the reference data objects for the Oracle Fusion Applications that can be shared across business units and the method in which the reference data for each is shared.

Application Name	Reference Data Object	Method of Sharing
Trading Community Model	Customer Account Relationship	Assignment to one set only, with common values
Trading Community Model	Customer Account Site	Assignment to one set only, with common values
Trading Community Model	Sales Person	Assignment to one set only, with common values
Opportunity Management	Sales Method Group	Assignment to one set only, with common values
Work Management	Assessment Templates	Assignment to one set only, with common values
Enterprise Contracts	Contract Types	Assignment to one set only, with common values
Sales	Sales Method	Assignment to one set only, with common values
Common Components	Activity Templates	Assignment to one set only, with common values
Payables	Payment Terms	Assignment to multiple sets, no common values allowed
Receivables	Accounting Rules	Assignment to one set only, with common values
Receivables	Aging Buckets	Assignment to one set only, with common values
Receivables	Auto Cash Rules	Assignment to one set only, with common values
Receivables	Collectors	Assignment to one set only, with common values
Receivables	Lockbox	Assignment to one set only, with common values
Receivables	Memo Lines	Assignment to one set only, with common values
Receivables	Payment Terms	Assignment to one set only, with common values
Receivables	Remit To Address	Assignment to one set only, with common values
Receivables	Revenue Contingencies	Assignment to one set only, with common values

Receivables	Transaction Source	Assignment to one set only, with common values
Receivables	Transaction Type	Assignment to one set only, with common values
Advanced Collections	Collections Setups	Assignment to one set only, with common values
Advanced Collections	Dunning Plans	Assignment to one set only, with common values
Tax	Tax Classification Codes	Assignment to one set only, with common values
Performance Management	Performance Templates	Assignment to one set only, with common values
Human Resources	Departments	Assignment to one set only, with common values
Human Resources	Jobs	Assignment to one set only, with common values
Human Resources	Locations	Assignment to one set only, with common values
Human Resources	Grades	Assignment to one set only, with common values
Project Billing	Project and Contract Billing	Assignment to multiple sets, common values not allowed
Project Foundation	Project Accounting Definition	Assignment to one set only, no common values allowed
Project Foundation	Project Rates	Assignment to one set only, with common values
Distributed Order Orchestration	Hold Codes	Assignment to one set only, with common values
Distributed Order Orchestration	Orchestration Process	Assignment to one set only, with common values

What reference data objects can be shared across asset books?

The following list contains the reference data objects for Oracle Fusion Assets that can be shared across asset books and the method in which the reference data for each is shared.

Application Name	Reference Data Object	Method of Sharing
Assets	Bonus Rules	Assignment to one set only, no common values allowed
Assets	Depreciation Ceilings	Assignment to one set only, no common values allowed
Assets	Depreciation Methods	Assignment to one set only, with common values
Assets	Asset Descriptions	Assignment to one set only, no common values allowed
Assets	Property Types	Assignment to one set only, with common values

Assets	Prorate Conventions	Assignment to one set only, no common values allowed
Assets	Asset Queue Names	Assignment to one set only, with common values
Assets	Retirement Types	Assignment to one set only, with common values
Assets	Unplanned Types	Assignment to one set only, with common values

What reference data objects can be shared across cost organizations?

The following list contains the reference data objects for Oracle Fusion Cost Management that can be shared across cost organizations and the method in which the reference data for each is shared.

Application Name	Reference Data Object	Method of Sharing
Cost Management	Cost Structure	Assignment to one set only, no common values allowed

What reference data objects can be shared across project units?

The following list contains the reference data objects for Oracle Fusion Project Foundation that can be shared across project units and the method in which the reference data for each is shared.

Application Name	Reference Data Object	Method of Sharing
Project Foundation	Project Definition	Assignment to multiple sets, no common values allowed
Project Foundation	Project Transaction Types	Assignment to multiple sets, no common values allowed

Define Enterprise: Manage Enterprise HCM Information

Enterprise: Explained

An enterprise consists of legal entities under common control and management.

Enterprise Defined

When implementing Oracle Fusion Applications you operate within the context of an enterprise that has already been created in the application for you. This is either a predefined enterprise or an enterprise that has been created in the application by a system administrator.

An enterprise organization captures the name of the deploying enterprise and the location of the headquarters. There is normally a single enterprise organization in a production environment. Multiple enterprises are defined when the system is used to administer multiple customer companies, for

example, multiple tenants, or when a customer chooses to set up additional enterprises for testing or development.

Oracle Fusion Applications offers capabilities for multiple tenants to share the same applications instance for some human resources processes. If you offer business process outsourcing services to a set of clients, each of those clients may be represented as an enterprise within an Oracle Fusion Application instance. To support this functionality, system owned reference data such as sequences, sets, and flexfields are also defined within an enterprise.

In Oracle Fusion Applications, an organization classified as an enterprise is defined before defining any other organizations in the HCM Common Organization Model. All other organizations are defined as belonging to an enterprise.

Managing Enterprise Information for Non-Oracle Fusion HCM Users: Explained

The Manage Enterprise HCM Information task includes default settings for your enterprise such as the employment model, worker number generation, and so on. If you are not implementing Oracle Fusion Human Capital Management (HCM), then the only action you may need to perform using this task is to change the enterprise name, if necessary. The other settings are HCM-specific and are not relevant outside of Oracle Fusion HCM.

Define Enterprise: Manage Locations

Locations: Explained

A location identifies physical addresses of a workforce structure, such as a department or a job. You can also create locations to enter the addresses of external organizations that you want to maintain, such as employment agencies, tax authorities, and insurance or benefits carriers.

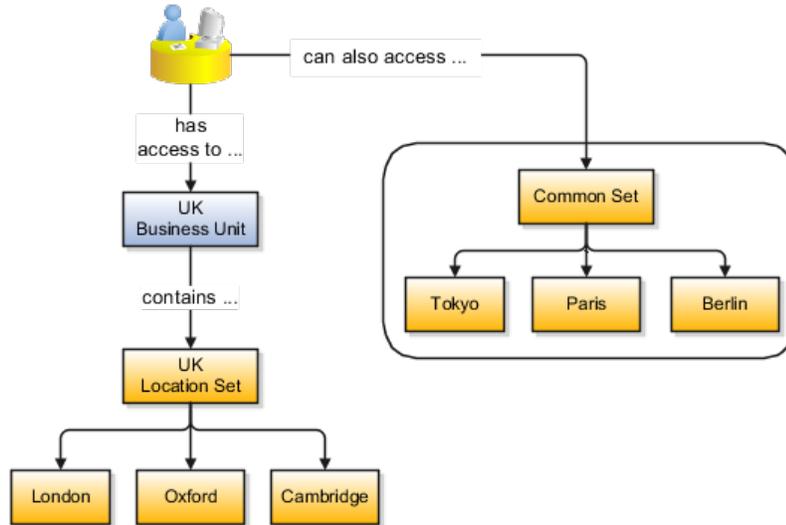
The locations that you create exist as separate structures that you can use for reporting purposes, and also in rules that determine employee eligibility for various types of compensation and benefits. You enter information about a location only once. Subsequently, when you set up other workforce structures you select the location from a list.

Location Sets

When you create a location, you must associate it with a set. Only those users who have access to the set's business unit can access the location set and other associated workforce structure sets, such as those that contain departments and jobs.

You can also associate the location to the common set so that users across your enterprise can access the location irrespective of their business unit. When users search for locations, they can see the locations that they have access to along with the locations in the common set.

The following figure shows how locations sets restrict access to users.



Creating Multiple Locations Simultaneously

If you have a list of locations already defined for your enterprise, you can upload them from a spreadsheet. To use this option, you first download a spreadsheet template, then add your location information to the spreadsheet, and then upload directly to your enterprise configuration. You can upload the spreadsheet multiple times to accommodate revisions.

FAQs for Manage Locations

Why can't I see my location in the search results?

You can search for approved locations only. Also, if you created a location in Oracle Fusion Trading Community Model, then you can't access that location from Oracle Fusion Global Human Resources. For use in Oracle Fusion HCM, you must recreate the location from the Manage Locations page.

What happens if I select a geographic hierarchy node when I'm creating or editing a location?

The calendar events that were created for the geographical node start to apply for the location and may impact the availability of worker assignments at that location. The geographical hierarchy nodes available for selection on the Locations page display from a predefined geographic hierarchy.

What happens if I select an inventory organization when I'm creating or editing a location?

The location is available for selection in purchase documents of that inventory organization in Oracle Fusion Inventory Management. If you don't select an inventory organization, then the location is available in purchase documents across all inventory organizations.

What happens if I inactivate a location?

Starting from the effective date that you entered, you can no longer associate the location with other workforce structures, assignments, or applications. If the

location is already in use, it will continue to be available to the components that currently use it.

How can I associate a location with an inventory organization?

From the Manage Locations page in Oracle Fusion Global Human Resources.

To appear on the Create or Edit Location pages, your inventory organization must be effective on today's date and must exist in the location set that you selected.

Define Geographies

Defining Address Cleansing: Explained

Address cleansing provides a way to validate, correct, and standardize addresses that are entered in a user interface. Geography validation only validates the geography attributes of an address, for example, State, City, and Postal codes; address cleansing validates both the geography attributes and the address line attributes.

Address cleansing can only be used through the Oracle Fusion Trading Community Data Quality product, because the feature is delivered using Data Quality integration. You need to ensure that you have a license for the countries that will use Trading Community Data Quality data cleansing.

You can specify the real time address cleansing level for each country by choosing either **None**, meaning that there is no real time address cleansing, or by choosing **Optional**, meaning that you will have the choice to cleanse addresses. Once you have enabled address cleansing for a country a **Verify Address** icon appears at address entry points in the application. You can then click the icon to perform address cleansing and receive a corrected, standardized address. If Trading Community Data Quality does not find a matching address the application will alert you.

Geography Structure, Hierarchy, and Validation: How They Fit Together

There are three components that are dependent on each other when defining a country: geography structure, geography hierarchy, and geography validation. Every country has to have the geography structure defined first before the hierarchy can be defined, and the geography hierarchy has to be defined before the validation can be defined.

Geography Structure

Firstly, you need to create a geography structure for each country to define which geography types are part of the country structure, and how the geography types are hierarchically related within the country structure. For example, you can create geography types called State, City, and Postal Code. Then you can rank the State geography type as the highest level within the country, the City as the second level, and the Postal Code as the lowest level within the country structure. Geography structure can be defined using the **Manage Geographies** task, or can be imported using tasks in the **Define Geographies** activity.

Geography Hierarchy

Once the geography structure is defined, the geographies for each geography type can be added to the hierarchy. For example, below the United States you can create a geography called California using a State geography type.

As part of managing the geography hierarchy you can view, create, edit, and delete the geographies for each geography type in the country structure. You can also add a primary and alternate name and code for each geography. A geography hierarchy can be created using the **Manage Geographies** task, or can be imported using tasks in the **Define Geographies** activity.

Geography Validation

After defining the geography hierarchy, you need to specify the geography validations for the country. You can choose which address style formats you would like to use for the country, and for each selected address style format you can map geography types to address attributes. You can also select which geography types should be included in geography or tax validation, and which geography types will display in a list of values during address entry in other user interfaces. The geography validation level for the country, such as error or warning, can also be selected.

Geography Structures: Explained

A geography structure is a hierarchical grouping of geography types for a country. For example, the geography structure for the United States is the geography type of State at the top, then followed by the County, then the City, and finally the Postal Code.

You can use the geography structure to establish:

- How geographies can be related
- The types of geographies you can define for the country

How Geographies Can Be Related

You can determine how a country's geographies are hierarchically related by creating the hierarchy of the geography types in the geography structure. When you define a country's structure the country geography type is implicitly at the top of the geography structure, and the numbering of the subsequent levels start with 1 as the next geography level after country.

You must add a geography type as a level in the country structure before you can define a geography for that geography type in a country. For example, before defining the state of California, the State geography type must be added to the United States country structure. Only one geography type can be used for each level, you cannot define more than one geography type at the same level.

Note

After you first define a country structure you can only add geography types below the current lowest level, and delete geography types without defined geographies.

To simplify the creation of a country structure you can copy a structure from another country, and then amend the geography type hierarchy for the country.

The Types of Geographies You Can Define for the Country

The application provides you with a set of available master reference geography types. If required, you can create a geography type before adding it to the country structure. Each geography type is added below the current lowest level.

Note

If you want to delete a geography type that is not at the lowest level in the country structure, then you have to delete the geography type level and all the levels below it.

A geography type that you create within the country structure can be used for other country structures as well.

Geography Hierarchy: Explained

Geography hierarchy is a data model that lets you establish conceptual parent-child relationships between geographies. A geography, such as Tokyo or Peru, describes a boundary on the surface of the earth. The application can extrapolate information based on this network of hierarchical geographical relationships.

For example, in the geography hierarchy the state of California is defined as the parent of San Mateo county, which is the parent of Redwood City, which is the parent of the postal code 94065. If you enter just 94065, the application can determine that the postal code is in California, or that the corresponding city is Redwood City.

The application leverages geography hierarchy information to facilitate business processes that rely on geography information, for example, tax calculation, order sourcing rules, sales territory definition. The geography hierarchy information is centrally located in the Trading Community Model and shared among other application offerings.

The top level of the geography hierarchy is Country, so the hierarchy essentially contains countries and their child geographies. Other aspects of the geography hierarchy include:

- Geography
- Geography type
- Geography usage
- Master reference geography hierarchy
- User defined zones

Geography

A geography is a boundary such as a country, state, province or city. It is a physical space with boundaries that is a defined instance of a geography type. For example, San Jose is a geography of the City geography type.

Geography Type

Geography types are a divisional grouping of geographies, which can be either geopolitical (for example, City, Province, and District) or user defined (for example, Continent, Country Regions, Tax Regions).

Geography Usage

Geography usage indicates how a geography type or geography is used in the application. A master reference geography always has the usage of Master Reference. User defined zones can have the usages of Tax, Shipping, or Territory, based on what is relevant for their purpose.

Master Reference Geography Hierarchy

The geography hierarchy data is considered to be the single source of truth for geographies. It is all the data, including geography types and geographies, that you define and maintain in the Trading Community Model tables.

The geography usage for the entire hierarchy is the master reference, and defined geography types and geographies are considered as master reference geography types and geographies. For example, Country is a universally recognized geography type, and United States is considered a master geography.

User Defined Zones

User defined zones are a collection of geographical data, created from master reference data for a specific purpose. For example, territory zones are collections of master reference geographies ordered in a hierarchy. Tax and shipping zones are collections of master reference geographies without a hierarchical grouping.

Geography Validation: Explained

Geography validation determines the geography mapping and validation for a country's address styles, as well as the overall geography validation control for a country.

The **No Styles Format** address style format is the default address style format for a country. By defining the mapping and validation for this format you will ensure that validations can be performed for any address in the country. After the **No Styles Format** is defined you can set up additional mapping for specific address styles.

For each address style format, you can define the following:

- Map to attribute
- Enable list of values
- Tax validation
- Geography validation
- Geography validation control

Map to Attribute

For every address style format, you can map each geography type to an address attribute. For example, you can map the **State** geography type to the **State** address attribute for the United States, or map the **State** geography type to the **County** address attribute for the United Kingdom. The geography types that appear are based on how the country structure is defined. The list of address attributes that appear are based on address formats delivered with the application, or your customer defined address formats.

Note

You only need to map geography types that you want to use for geography or tax validation purposes.

Enable List of Values

Once a geography type is mapped to an attribute, then you can specify whether the geography type will appear in a list of values during address entry in user interfaces. It is very important to review carefully if you want to enable a list of values. You should only enable a list of values if you have sufficient geography data imported or created for that geography. Once you have enabled a list of values for an address attribute, you can only select the geography data available for the geography type. This means that if a specific geography value is not available in the geography hierarchy, you cannot create an address with a different geography value.

Tax Validation

You can also specify whether a geography type will be included in tax validation. For example, for the United States North America address style format you specify that County, State, and City are used for tax validation. This will mean that when a transaction involves an address with the North America address style, the address must have the correct county, state, and city combination based on the geography hierarchy data, to be considered valid for tax calculation.

Geography Validation

You can specify whether a geography type will be included in geography validation. This will mean that, for example, when the user enters a United States address using the North America address style format, the address must have the correct country, state, and postal code combination based on geography hierarchy data to be considered geographically valid.

If an address element is mapped to a geography type, but not selected for geography validation usage, then during address entry suggested values will be provided for the address element, but the address element will not be validated.

Note

For either the tax or geography validation, do not skip more than one consecutive level unless you are certain that the selected geography types can uniquely identify geographies. For example, the United States country structure is: State, County, City, and Postal Code, and you want to select just State and Postal Code for geography or tax validation. However, for the combination of California and 94065, the city can be either Redwood Shores or Redwood City. In this case, you should also select at least the City geography type for geography or tax validation.

Geography Validation Control

You can select the geography validation level for a country. Validation will check if the entered address maps to the geography hierarchy data available for the country, and the geography validation control determines whether you can save

an address that did not pass validation during address entry. For example, if the validation level is **Error**, then an address cannot be saved if the values do not match the geography hierarchy data.

These are the geography validation levels you can choose:

- **Error** - only completely valid addresses can be saved, with all mandatory address elements entered.
- **No Validation** - all addresses can be saved including incomplete and invalid addresses.

Regardless of the result of validation, the validation process will try to map any address attribute to a geography of the country, and store any mapping it could establish based on the available data. This is called **Geography Name Referencing** and it is executed as part of validation. The result of this referencing is used in several business processes in the application to map an address to a specific geography or zone.

Note

The Geography Dimension value in territories is derived from sell-to addresses of sales accounts. To use geography dimensions in territories, ensure that the geography elements in addresses, such as state, city, and postal code, are validated. You can do so by enabling geography validation for each country using the Manage Geographies task. While doing so, ensure that at least one level in the geography hierarchy is enabled for geography validation. It is recommended that you enable geography validation for all geography levels that you intend to use for territory definition for each country. You can enable a list of values containing specific geography elements. This will help users search and select appropriate geography values during addresses entry and eliminate all possibilities of wrong address entry. You can also set geography validation control to Error in the Manage Geography Validation page. This ensures that users can only use valid geography elements in addresses. If you have already created addresses before setting up geography validation for a country, you must execute the Run Maintain Geography Name Referencing task for that country after enabling geography validation to ensure that all your geography elements are validated.

Importing Geographies: Explained

A geography, such as Tokyo or Peru, describes a boundary on the surface of the earth. You can create new geographies by importing data through interface tables. There are two options for populating the interface tables: using the tool of your preference to load the data or using file-based data import. If you plan to provide the data details in a source file, use the file-based import feature. If you will populate the interface table directly, run the geography loader process to import the data. Having a good understanding of the import entity, interface table, and destination table will help you prepare your import data.

Consider the following when importing geographies:

- File-based import option
- Geography loader process option
- Import object entity, interface table, and destination tables

File-Based Import Option

The file-based import process reads the data included in your XML or text file, populates the interface tables, and imports the data into the application destination tables. The **File-Based Data Import Setup and Maintenance** task list includes the tasks needed to configure the geography import object, create source file mappings, and schedule the import activities.

Geography Loader Process Option

Populate the interface table with your import data, then navigate to the **Run Geography Loader Setup and Maintenance** task to schedule the import of data from the interface table to the destination table.

Import Object Entity, Interface Table, and Destination Tables

The geography import object consists of one entity and interface table that forms the geography. If you are using file-based import, you can map your source file data to import entity attributes that correspond to the interface table columns. The import activity process populates the interface table based on the mapping and your source file. If using the geography loader scheduled process, populate the interface table directly using your preferred tool. If you need the unique IDs of existing application data for your import data, use the **Define Data Export Setup and Maintenance** task list to export the information.

Note

Spreadsheets containing detailed information about each interface table, including the import attributes, corresponding interface table columns, defaults, and validations, are available from the Oracle Enterprise Repository by searching on a specific interface table name or initiating a search using the **FusionApps: Interface Table** asset type.

The following lists the object entity, tables, and resulting application object:

File-Based Import Entities	Interface Tables	Destination Tables	Application Object
ImpGeography	HZ_IMP_GEOGRAPHIES	HZ_GEOGRAPHIES HZ_GEOGRAPHY_IDEN HZ_GEOGRAPHY_TYPE HZ_HIERARCHY_NODE	Geography

Importing Geographies Using File-based Data Import: Worked Example

This example demonstrates how to import data using the File-Based Data Import tool. In this particular example you have a source file containing geography data that you want to import into the application, so that the geography data can be used for uses related to locations, such as real time address validation and tax purposes.

The following table summarizes the key decisions for this scenario:

Decisions to Consider	In This Example
What type of object are you importing?	Geography
What file type are you using for your source data?	Text file
Where are you uploading your source data file from?	Your desktop
What data type is your source data file?	Comma separated
Which fields are you importing into Oracle Fusion applications?	All, except for the RecordTypeCode field
When do you want to process the import?	Immediately

These are the steps that are required to create an import activity and submit the import:

1. Determine what information is in the source file.
2. Create and schedule the import activity.
3. Monitor the import results.

Prerequisites when importing additional geography data after your initial import

1. You need to ensure that the combination of Source ID and Parent Source ID values are unique for each row of data within a single import. However, your source data files do not need to have the same Source ID and Parent Source ID values as your previously imported geography data. If the geography structure levels and the parents for each geography value are the same, the changed IDs will not affect the import.
2. Ensure that all of the parents of a child geography are included in your data file so that the child geography can be added. For example, if you originally imported US, CA, and San Francisco, and now you want to import the city of San Jose in CA, then your data file needs to include US, CA, and San Jose.
3. Check that your source data file has the correct values for the geography data that you have already loaded. For example, if your initial import included the value US for country and CA as state, and in a subsequent import you have California as a state, your geography import will result in two state records (CA and California) in the application data, with the US as the country parent.

Determine what information is in the source file

1. Your source geography data files should include a unique Source ID value for each row of data, and a Parent Source ID value which identifies the parent of that row of geography data. Source IDs, or Parent Source IDs, should not exceed 18 characters. An example of geography source data could be as follows:

Geography Level	Name	Source ID	Parent Source ID
1 (Country)	US	1	
2 (State)	CA	11	1

3 (County)	Alameda	111	11
4 (City)	Pleasanton	1111	111
4 (City)	Dublin	1112	111

Create and schedule the import activity

You create an import activity, enter the import details, and schedule the import. An import activity definition provides the instructions for the import processing - this includes selecting the source file, or file location; mapping fields from the source file to the Oracle Fusion object and attribute; and scheduling the import.

1. Navigate to Setup and Maintenance and search for the Manage File Import Activities task. Click **Go to Task**.
2. In the Manage Import Activities page, click the **Create** icon.
3. In the Create Import Activity: Set Up page, create an import activity for the Geography object type by completing the fields, as shown in this table:

Field	Value
Name	Master Reference Geographies
Object	Geography
File Type	Text File
File Selection	Specific file
Upload From	Desktop
File Name	Choose relevant file from desktop
Data Type	Comma separated

Note

Ensure that the file type that you select in the Create Import Activity: Set Up page matches the file type of the source data file.

4. Click **Next**.
5. On the Create Import Activity: Map Fields page, map each field from your source file to the Oracle Fusion object and attribute, as shown in this example:

Column Header	Example Value	Ignore	Object	Attribute
Primary Geography Name	Primary Geography Name	United States	Imp Geography	Primary Geography Name
Country Code	US	No	Imp Geography	Country Code
Record Type Code	0	Yes	Imp Geography	Record Type Code

Source ID	10265	No	Imp Geography	Source ID
Parent Source ID	1053	No	Imp Geography	Parent Source ID

If you do not want to import a column in the text file you can select **Ignore**.

Note

If you have any difficulties mapping the fields from your source file to the relevant Oracle Fusion applications object, you can use the import object spreadsheets for reference.

6. Click **Next**.
7. On the Create Import Activity: Create Schedule page, select Immediate in the Schedule field so that the import will start immediately.

Instead of immediately importing the data, you can choose a date and time to start the import. You can also specify if the import will be repeated, and the frequency of the repeated import.

8. Click **Next**.

Monitor the import results

You monitor the progress of the Import Activity processing, and view completion reports for both successful records and errors.

1. On the Create Import Activity: Review and Activate page, you verify your import details in the Import Details, File Details, Import Options, and Schedule sections.
2. Your import details are correct so you click **Activate** to submit the import.

Once the import activity has completed, the Status field value will change to Completed.

Importing and Exporting Territory Geography Zones: Explained

Territory geography zones are geographical boundaries that you can set up to replicate your organization's regions, such as a Pacific Northwest sales region. You can set up territory geography zones in one Oracle Fusion applications instance, and then after the territory geography zones are defined you can export the territory zones and import them into another Oracle Fusion applications instance.

To define your territory geography zones and then import your territory zones into another Oracle Fusion applications instance, you need to complete the following steps:

1. Import the master reference geography data into the Oracle Fusion application.

2. Define your territory geography zones using the Manage Territory Geographies task.
3. Export the territory geography zones.
4. Import the territory geography zones into another Oracle Fusion applications instance.

Import the master reference geography data

Firstly, you need to import the master reference geography data. Master reference geography data consists of geography elements such as country, state, and city, and is required for any geographical information you store in the application, such as address information used in customer and sales records. For more information, refer to the Geography Hierarchy: Explained topic listed in the related topics section. Master reference geography data can be imported into the application using the Manage File Import Activities task in Setup and Maintenance - refer to the Importing Master Reference Geography Data: Worked Example topic listed in the related topics section for more information.

Define your territory geography zones

Once the master reference geography data has been imported, you can then create your territory geography zones in the application using the Manage Territory Geographies task in Setup and Maintenance. For more information, refer to the Managing Territory Geographies: Worked Example topic listed in the related topics section.

Export the territory geography zones

Once you have completed importing the master reference geography data and defining your territory geography zone tasks, you can create a configuration package to export the territory zone data. For more information, refer to the Exporting Setup Data demo listed in the related topics section.

Import the territory geography zones

Once you have downloaded your configuration package for your territory geography zone setup, you can import the territory zones into another Oracle Fusion application instance. For more information, refer to the Importing Setup Data listed in the related topics section.

Note

Ensure that you import your master reference geography data into the new Oracle Fusion instance before you import the configuration package.

Managing Geography Structures, Hierarchies, and Validation: Worked Example

This example shows how to start the configuration of the geography structure, hierarchy, and validation for the country geography of the United Kingdom.

The following table summarizes the key decisions for this scenario.

Decisions to Consider	In This Example
Copy an existing country structure?	No, create a new country structure.
What is the structure of the geography types?	Create geography types with the following ranking structure: <ul style="list-style-type: none"> 1. County 2. Post Town
What is the geography hierarchy?	Create the following hierarchy: <ul style="list-style-type: none"> 1. Country of United Kingdom 2. County of Berkshire 3. Post Town of Reading
Which address style format will you use when mapping geography validations?	The default address style format, called the No Styles Format.
Are you using Oracle Fusion Tax for tax purposes?	No, do not select Tax Validation for the geography types.

Add the County and Post Town geography types to the geography structure. Then add the geographies for the County and Post Town geography types to define the geography hierarchy. Finally, specify the geography validations for the geography types you have added to the geography structure.

Defining the geography structure

You add the County and Post Town geography types to the United Kingdom geography structure.

1. On the Manage Geographies page, enter GB in the **Code** field. Click **Search**.
2. On the Manage Geographies page, click **Structure Defined**.
3. On the Manage Geography Structure page, click the **Create** button next to the **Copy Country Structure From** field.
4. In the Geography Structure section, select the County list item in the **Add Geography Type** field.
5. Click **Add**.
6. Select the Post Town list item in the **Add Geography Type** field.
7. Click **Add**.

Defining the geography hierarchy

You want to begin to create the geography hierarchy for the United Kingdom, so you add the geographies for the County and Post Town geography types using the geography hierarchy User Interfaces. You can also use the Manage File Import Activities task to import geography hierarchies using a csv or xml file.

1. On the Manage Geographies page, enter GB in the **Code** field. Click **Search**.
2. On the Manage Geographies page, click **Hierarchy Defined**.
3. On the Manage Geography Hierarchy page, Geography Hierarchy section, click the United Kingdom to highlight the table row.

4. Click the **Create** button.
5. In the **Create County** page, Primary and Alternate Names section, enter Berkshire in the **Name** field.
6. Click **Save and Close**.
7. On the Manage Geography Hierarchy page, Geography Hierarchy section, click Berkshire to highlight the table row.
8. Click the **Create** button.
9. In the **Create Post Town** page, Primary and Alternate Names section, enter Reading in the **Name** field.
10. Click Save and Close.

Defining the geography validations

Now you want to specify the geography validations for the geography types you have added to the United Kingdom. You define the geography mapping and validation for the United Kingdom default address style format. You map the geography types to attributes, enable the geography types for Lists of Values and Geography validation, and set the geography validation level.

1. On the Manage Geographies page, click **Validation Defined**.
2. On the Manage Geography Validation page, Address Style section, click **No Styles Format** to highlight the table row.
3. For the County geography type, click the **County** list item in the **Map to Attribute** field.
4. Click the **Enable List of Values** option for the County geography type.
5. Click the **Geography Validation** option for the County geography type.
6. For the Post Town geography type, click the **City** list item in the **Map to Attribute** field.
7. Click the **Geography Validation** option for the Post Town geography type.
8. In the Geography Validation Control section, click the **Error** list item in the **Geography Validation Level for Country** field.
9. Click **Save and Close**.

FAQs for Define Geographies

When do I define address cleansing?

When address data entered into the application needs to conform to a particular format, in order to achieve consistency in the representation of addresses. For example, making sure that the incoming data is stored following the correct postal address format.

Why can't I update a geography structure by copying an existing country structure?

You can only update a geography structure by adding existing geography types, or by creating new geography types and then adding them to the geography

structure. You can only copy an existing country structure when you are defining a new country structure.

Why can't I delete a level of the country geography structure?

If a geography exists for a country geography structure level then you cannot delete the level. For example, if a state geography has been created for the United States country geography structure, then the State level cannot be deleted in the country geography structure.

Can I add any geography to the geography hierarchy?

Yes. However, the geography type for the geography that you want to add must be already added to the country geography structure.

Can I edit a specific geography in the geography hierarchy?

Yes. In the Manage Geography Hierarchy page you can edit details such as the geography's date range, primary and alternate names and codes, and parent geographies.

How can I add a geography that is the level below another geography in a geography hierarchy?

Select the geography that you want your geography to be created below, and then click the **Create** icon. This will allow you to create a geography for a geography type that is the level below the geography type you selected. The structure of the country's geography types are defined in the Manage Geography Structure page.

Define Legal Jurisdictions and Authorities

Jurisdictions and Legal Authorities: Explained

You are required to register your legal entities with legal authorities in the jurisdictions where you conduct business. Register your legal entities as required by local business requirements or other relevant laws. For example, register your legal entities for tax reporting to report sales taxes or value added taxes.

Legal Jurisdictions and Authorities

Define jurisdictions and related legal authorities to support multiple legal entity registrations, which are used by Oracle Fusion Tax and Oracle Fusion Payroll. When you first create a legal entity, the Oracle Fusion Legal Entity Configurator automatically creates one legal reporting unit for that legal entity with a registration.

Jurisdictions: Explained

Jurisdiction is a physical territory such as a group of countries, country, state, county, or parish where a particular piece of legislation applies. French Labor

Law, Singapore Transactions Tax Law, and US Income Tax Laws are examples of particular legislation that apply to legal entities operating in different countries' jurisdictions. Judicial authority may be exercised within a jurisdiction.

Types of jurisdictions are:

- Identifying Jurisdiction
- Income Tax Jurisdiction
- Transaction Tax Jurisdiction

Identifying Jurisdiction

For each legal entity, select an identifying jurisdiction. An identifying jurisdiction is your first jurisdiction you must register with to be allowed to do business in a country. If there is more than one jurisdiction that a legal entity needs to register with to commence business, select one as the identifying jurisdiction. Typically the identifying jurisdiction is the one you use to uniquely identify your legal entity.

Income tax jurisdictions and transaction tax jurisdictions do not represent the same jurisdiction. Although in some countries, the two jurisdictions are defined at the same geopolitical level, such as a country, and share the same legal authority, they are two distinct jurisdictions.

Income Tax Jurisdiction

Create income tax jurisdictions to properly report and remit income taxes to the legal authority. Income tax jurisdictions by law impose taxes on your financial income generated by all your entities within their jurisdiction. Income tax is a key source of funding that the government uses to fund its activities and serve the public.

Transaction Tax Jurisdiction

Create transaction tax jurisdictions through Oracle Fusion Tax in a separate business flow, because of the specific needs and complexities of various taxes. Tax jurisdictions and their respective rates are provided by suppliers and require periodic maintenance. Use transaction tax jurisdiction for legal reporting of sales and value added taxes.

Legal Authorities: Explained

A legal authority is a government or legal body that is charged with powers to make laws, levy and collect fees and taxes, and remit financial appropriations for a given jurisdiction.

Legal Authorities

For example, the Internal Revenue Service is the authority for enforcing income tax laws in United States. In some countries, such as India and Brazil, you are required to print legal authority information on your tax reports. Legal authorities are defined in the Oracle Fusion Legal Entity Configurator. Tax authorities are a subset of legal authorities and are defined using the same setup flow.

Legal authorities are not mandatory in Oracle Fusion Human Capital Management (HCM), but are recommended and are generally referenced on statutory reports.

Creating Legal Jurisdictions, Addresses and Authorities: Examples

Define legal jurisdictions and related legal authorities to support multiple legal entity registrations, which are used by Oracle Fusion Tax and Oracle Fusion Payroll.

Legal Jurisdictions

Create a legal jurisdiction by following these steps:

1. Navigate to the **Manage Legal Jurisdictions** page from the **Setup and Maintenance** work area by querying on the **Manage Legal Jurisdictions** task and selecting **Go to Task**.
2. Select **Create**.
3. Enter a unique **Name**, United States Income Tax.
4. Select a **Territory**, United States.
5. Select a **Legislative Category**, Income tax.
6. Select **Identifying**, Yes. Identifying indicates the first jurisdiction a legal entity must register with to do business in a country.
7. Enter a **Start Date** if desired. You can also add an **End Date** to indicate a date that the jurisdiction may no longer be used.
8. Select a **Legal Entity Registration Code**, EIN or TIN.
9. Select a **Legal Reporting Unit Registration Code**, Legal Reporting Unit Registration Number.
10. Optionally enter one or more **Legal Functions**.
11. Select **Save and Close**.

Legal Addresses for Legal Entities and Reporting Units

Create a legal address for legal entities and reporting units by following these steps:

1. Navigate to the **Manage Legal Address** page from the **Setup and Maintenance** work area by querying on the **Manage Legal Address** task and selecting **Go to Task**.
2. Select **Create**.
3. Select **Country**.
4. Enter **Address Line 1**, Oracle Parkway.
5. Optionally enter **Address Line 2**, and **Address Line 3**.
6. Enter or Select **Zip Code**, 94065.
7. Select **Geography** 94065 and **Parent Geography** Redwood Shores, San Mateo, CA.

8. Optionally enter a **Time Zone**, US Pacific Time.
9. Select **OK**.
10. Select **Save and Close**.

Legal Authorities

Create a legal authority by following these steps:

1. Navigate to the **Manage Legal Authorities** page from the **Setup and Maintenance** work area by querying on the **Manage Legal Authorities** task and selecting **Go to Task**.
2. Enter the **Name**, California Franchise Tax Board.
3. Enter the **Tax Authority Type**, Reporting.

Note

Create an address for the legal authority.

-
4. Select **Create**.
 5. The **Site Number** is automatically assigned.
 6. Optionally enter a **Mail Stop**.
 7. Select **Country**, United States
 8. Enter **Address Line 1**, 121 Spear Street, Suite 400.
 9. Optionally enter **Address Line 2**, and **Address Line 3**.
 10. Enter or Select **Zip Code**, 94105.
 11. Select **Geography** 94105 and **Parent Geography** San Francisco, San Francisco, CA.
 12. Select **OK**.
 13. Optionally enter a **Time Zone**, US Pacific Time.
 14. Optionally click the **One-Time Address** check box.
 15. The **From Date** defaults to today's date. Update if necessary.
 16. Optionally enter a **To Date** to indicate the last day the address can be used.

Note

You can optionally enter **Address Purpose** details.

-
17. Select **Add Row**.
 18. Select **Purpose**.
 19. The **Purpose from Date** will default to today's date.
 20. Optionally enter a **Purpose to Date**.
 21. Select **OK**.
 22. Select **Save and Close**.

Creating Legal Entities, Registrations, and Reporting Units: Examples

Define a legal entity for each registered company or other entity recognized in law for which you want to record assets, liabilities, and income, pay transaction taxes, or perform intercompany trading.

Legal Entity

From within an implementation project, create a legal entity by following these steps:

Note

Working within an implementation project is required because you select a scope value within an implementation project. The scope value is the legal entity that you will create or select to work within for your implementation project.

-
1. Navigate to an implementation project that contains the **Define Legal Entities** task list from the **Setup and Maintenance** work area.
 2. Select **Go to Task** for the **Define Legal Entities** task list within the implementation project.

Note

The following message appears:

You must first select a scope value to perform the task.

- Select and add an existing scope value to the implementation project.
- Create a new scope value and then add it to the implementation project.

-
3. Select **Create New**.
 4. From the **Manage Legal Entities** page select **Create**.
 5. Accept the default **Country**, United States.
 6. Enter **Name**, InFusion USA West.
 7. Enter **Legal Entity Identifier**, US0033.
 8. Optionally enter **Start Date**. When the start date is blank the legal entity is effective from the creation date.
 9. Optionally enter an **End Date**.
 10. Optionally, if your legal entity should be registered to report payroll tax and social insurance, select the **Payroll statutory unit** check box.
 11. Optionally, if your legal entity has employees, select the **Legal employer** check box.
 12. Optionally, if this legal entity is not a payroll statutory unit, select an existing payroll statutory unit to report payroll tax and social instance on behalf of this legal entity.

Note

Enter the **Registration Information**.

13. Accept the default **Identifying Jurisdiction**, United States Income Tax.
 14. Search for and select a **Legal Address**, 500 Oracle Parkway, Redwood Shores, CA 94065.
-

Note

The legal address must have been entered previously using the **Manage Legal Address** task.

15. Select **OK**.
16. Optionally enter a **Place of Registration**.
17. Enter the **EIN or TIN**.
18. Enter the **Legal Reporting Unit Registration Number**.
19. Select **Save and Close** to navigate back to the Manage Legal Entities page.
20. Select **Done** to return to your implementation project. An issue with the done button has been fixed in 11g Release 1 (11.1.4).
21. In the **Legal Entity** choice list in the implementation project (just below the implementation project name and code), click **Select and Add Legal Entity** to choose the legal entity that you just created, and set the scope for the remainder of your setup.
22. Search for and select your legal entity from the **Manage Legal Entities** page.
23. Select **Save and Close**.

This sets the scope for your task list to the selected legal entity, as indicated in the **Legal Entity** choice list above the **Tasks and Task Lists** table.

Legal Entity Registrations

A legal entity registration with the same name as that of the legal entity will be created by default. To verify this, locate the **Manage Legal Entity Registrations** task and then select **Go to Task**. To create another registration for the legal entity follow these steps:

1. Navigate to your implementation project from the **Setup and Maintenance** work area. Verify that the parent **Legal Entity** scope value is set correctly.
2. Expand the **Define Legal Entities** task list within the implementation project.
3. Select **Manage Legal Entity Registrations Go to Task**.
4. Select **Create**.
5. Enter **Jurisdiction**.

6. Enter **Registered Address**.
7. Enter **Registered Name**.
8. Optionally enter **Alternate Name, Registration Number, Place of Registration, Issuing Legal Authority, and Issuing Legal Authority Address, Start Date, and End Date**.
9. **Save and Close**.

Legal Reporting Unit

When a legal entity is created, a legal reporting unit with the same name as that of the entity is also automatically created. To create more legal reporting units or modify the settings follow these steps:

1. Navigate to your implementation project from the **Setup and Maintenance** work area. Verify that the parent **Legal Entity** scope value is set correctly.
2. Select **Go to Task** for the **Define Legal Entities** task list within the implementation project.
3. Select **Create**.
4. Enter **Territory, United States**.
5. Enter **Name**.
6. Optionally enter a **Start Date**.

Note

Enter **Registration Information**.

-
7. Search for and select **Jurisdiction**.

Note

Enter **Main Legal Reporting Unit** information.

-
8. Select the value Yes or No for the **Main Legal Reporting Unit**. Set value to yes only if you are creating a new main (primary) legal reporting unit.
 9. Enter the **Main Effective Start Date, 1/1/11**.
 10. **Save and Close**.

Define Legal Entities: Manage Legal Entity

Legal Entities: Explained

A legal entity is a recognized party with rights and responsibilities given by legislation.

Legal entities have the right to own property, the right to trade, the responsibility to repay debt, and the responsibility to account for themselves to regulators, taxation authorities, and owners according to rules specified in the relevant legislation. Their rights and responsibilities may be enforced through the judicial system. Define a legal entity for each registered company or other entity

recognized in law for which you want to record assets, liabilities, expenses and income, pay transaction taxes, or perform intercompany trading.

A legal entity has responsibility for elements of your enterprise for the following reasons:

- Facilitating local compliance
- Taking advantage of lower corporation taxation in some jurisdictions
- Preparing for acquisitions or disposals of parts of the enterprise
- Isolating one area of the business from risks in another area. For example, your enterprise develops property and also leases properties. You could operate the property development business as a separate legal entity to limit risk to your leasing business.

The Role of Your Legal Entities

In configuring your enterprise structure in Oracle Fusion Applications, you need to understand that the contracting party on any transaction is always the legal entity. Individual legal entities own the assets of the enterprise, record sales and pay taxes on those sales, make purchases and incur expenses, and perform other transactions.

Legal entities must comply with the regulations of jurisdictions, in which they register. Europe now allows for companies to register in one member country and do business in all member countries, and the US allows for companies to register in one state and do business in all states. To support local reporting requirements, legal reporting units are created and registered.

You are required to publish specific and periodic disclosures of your legal entities' operations based on different jurisdictions' requirements. Certain annual or more frequent accounting reports are referred to as statutory or external reporting. These reports must be filed with specified national and regulatory authorities. For example, in the United States (US), your publicly owned entities (corporations) are required to file quarterly and annual reports, as well as other periodic reports, with the Securities and Exchange Commission (SEC), who enforces statutory reporting requirements for public corporations.

Individual entities privately held or held by public companies do not have to file separately. In other countries, your individual entities do have to file in their own name, as well as at the public group level. Disclosure requirements are diverse. For example, your local entities may have to file locally to comply with local regulations in a local currency, as well as being included in your enterprise's reporting requirements in different currency.

A legal entity can represent all or part of your enterprise's management framework. For example, if you operate in a large country such as the United Kingdom or Germany, you might incorporate each division in the country as a separate legal entity. In a smaller country, for example Austria, you might use a single legal entity to host all of your business operations across divisions.

Legal Entity in Oracle Fusion: Points to Consider

Oracle Fusion Applications support the modeling of your legal entities. If you make purchases from or sell to other legal entities, define these other legal entities in your customer and supplier registers, which are part of the Oracle Fusion Trading Community Architecture. When your legal entities are trading with each other, you represent both of them as legal entities and also as

customers and suppliers in your customer and supplier registers. Use legal entity relationships to determine which transactions are intercompany and require intercompany accounting. Your legal entities can be identified as legal employers and therefore, are available for use in Human Capital Management (HCM) applications.

There are several decisions that need to be considered in creating your legal entities.

- The importance of legal entity in transactions
- Legal entity and its relationship to business units
- Legal entity and its relationship to divisions
- Legal entity and its relationship to ledgers
- Legal entity and its relationship to balancing segments
- Legal entity and its relationship to consolidation rules
- Legal entity and its relationship to intercompany transactions
- Legal entity and its relationship to worker assignments and legal employer
- Legal entity and payroll reporting
- Legal reporting units

The Importance of Legal Entity in Transactions

All of the assets of the enterprise are owned by individual legal entities. Oracle Fusion Financials allow your users to enter legal entities on transactions that represent a movement in value or obligation.

For example, the creation of a sales order creates an obligation for the legal entity that books the order to deliver the goods on the acknowledged date, and an obligation of the purchaser to receive and pay for those goods. Under contract law in most countries, damages can be sought for both actual losses, putting the injured party in the same state as if they had not entered into the contract, and what is called loss of bargain, or the profit that would have made on a transaction.

In another example, if you revalued your inventory in a warehouse to account for raw material price increases, the revaluation and revaluation reserves must be reflected in your legal entity's accounts. In Oracle Fusion Applications, your inventory within an inventory organization is managed by a single business unit and belongs to one legal entity.

Legal Entity and Its Relationship to Business Units

A business unit can process transactions on behalf of many legal entities. Frequently, a business unit is part of a single legal entity. In most cases the legal entity is explicit on your transactions. For example, a payables invoice has an explicit legal entity field. Your accounts payables department can process supplier invoices on behalf of one or many business units.

In some cases, your legal entity is inferred from your business unit that is processing the transaction. For example, your business unit A agrees on terms for the transfer of inventory to your business unit B. This transaction is binding on your default legal entities assigned to each business unit. Oracle Fusion Procurement, Oracle Fusion Projects, and Oracle Fusion Supply Chain applications rely on deriving the legal entity information from the business unit.

Legal Entity and Its Relationship to Divisions

The division is an area of management responsibility that can correspond to a collection of legal entities. If desired, you can aggregate the results for your divisions by legal entity or by combining parts of other legal entities. Define date-effective hierarchies for your cost center or legal entity segment in your chart of accounts to facilitate the aggregation and reporting by division. Divisions and legal entities are independent concepts.

Legal Entity and Its Relationship to Ledgers

One of your major responsibilities is to file financial statements for your legal entities. Map legal entities to specific ledgers using the Oracle Fusion General Ledger Accounting Configuration Manager. Within a ledger, you can optionally map a legal entity to one or more balancing segment values.

Legal Entity and Its Relationship to Balancing Segments

Oracle Fusion General Ledger supports up to three balancing segments. Best practices recommend that one of these segments represents your legal entity to ease your requirement to account for your operations to regulatory agencies, tax authorities, and investors. Accounting for your operations means you must produce a balanced trial balance sheet by legal entity. If you account for many legal entities in a single ledger, you must:

1. Identify the legal entities within the ledger.
2. Balance transactions that cross legal entity boundaries through intercompany transactions.
3. Decide which balancing segments correspond to each legal entity and assign them in Oracle Fusion General Ledger Accounting Configuration Manager. Once you assign one balancing segment value in a ledger, then all your balancing segment values must be assigned. This recommended best practice facilitates reporting on assets, liabilities, and income by legal entity.

Represent your legal entities by at least one balancing segment value. You may represent it by two or three balancing segment values if more granular reporting is required. For example, if your legal entity operates in multiple jurisdictions in Europe, you might define balancing segment values and map them to legal reporting units. You can represent a legal entity by more than one balancing segment value, do not use a single balancing segment value to represent more than one legal entity.

In Oracle Fusion General Ledger, there are three balancing segments. You can use separate balancing segments to represent your divisions or strategic business units to enable management reporting at the balance sheet level for each division or business unit. For example, use this solution to empower your business unit and divisional managers to track and assume responsibility for their asset utilization or return on investment. Using multiple balancing segments is also useful when you know at the time of implementation that you are disposing of a part of a legal entity and need to isolate the assets and liabilities for that entity.

Note

Implementing multiple balancing segments requires every journal entry that is not balanced by division or business unit, to generate balancing lines. Also, you

cannot change to multiple balancing segments easily after you have begun to use the ledger because your historical data is not balanced by the new multiple balancing segments. Restating historical data must be done at that point.

To use this feature for disposal of a part of a legal entity, implement multiple balancing segments at the beginning of the legal entity's corporate life or on conversion to Oracle Fusion.

If you decided to account for each legal entity in a separate ledger, there is no requirement to identify the legal entity with a balancing segment value within the ledger.

Note

While transactions that cross balancing segments don't necessarily cross legal entity boundaries, all transactions that cross legal entity boundaries must cross balancing segments. If you make an acquisition or are preparing to dispose of a portion of your enterprise, you may want to account for that part of the enterprise in its own balancing segment even if it is not a separate legal entity. If you do not map legal entities sharing the same ledger to balancing segments, you will not be able to distinguish them using the intercompany functionality or track their individual equity.

Legal Entity and Its Relationship to Consolidation Rules

In Oracle Fusion Applications you can map legal entities to balancing segments and then define consolidation rules using your balancing segments. You are creating a relationship between the definition of your legal entities and their role in your consolidation.

Legal Entity and its Relationship to Intercompany Transactions

Use Oracle Fusion Intercompany functionality for automatic creation of intercompany entries across your balancing segments. Intercompany processing updates legal ownership within the enterprise's groups of legal entities. Invoices or journals are created as needed. To limit the number of trading pairs for your enterprise, set up intercompany organizations and assign them to your authorized legal entities. Define processing options and intercompany accounts to use when creating intercompany transactions and to assist in consolidation elimination entries. These accounts are derived and automatically entered on your intercompany transactions based on legal entities assigned to your intercompany organizations.

Intracompany trading, in which legal ownership isn't changed but other organizational responsibilities are, is also supported. For example, you can track assets and liabilities that move between your departments within your legal entities by creating departmental level intercompany organizations.

Note

In the Oracle Fusion Supply Chain applications, model intercompany relationships using business units, from which legal entities are inferred.

Legal Entity and Its Relationship to Worker Assignments and Legal Employer

Legal entities that employ people are called legal employers in the Oracle Fusion Legal Entity Configurator. You must enter legal employers on worker assignments in Oracle Fusion HCM.

Legal Entity and Payroll Reporting

Your legal entities are required to pay payroll tax and social insurance such as social security on your payroll. In Oracle Fusion Applications, you can register payroll statutory units to pay and report on payroll tax and social insurance on behalf of many of your legal entities. As the legal employer, you might be required to pay payroll tax, not only at the national level, but also at the local level. You meet this obligation by establishing your legal entity as a place of work within the jurisdiction of a local authority. Set up legal reporting units to represent the part of your enterprise with a specific legal reporting obligation. You can also mark these legal reporting units as tax reporting units, if the legal entity must pay taxes as a result of establishing a place of business within the jurisdiction.

Define Legal Entities: Manage Legal Entity HCM Information

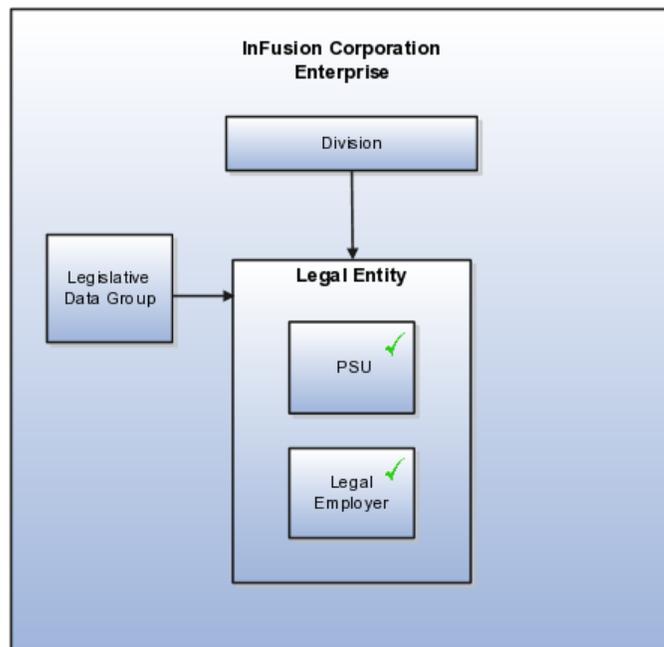
HCM Organization Models: Examples

These examples illustrate different models for human capital management (HCM) organizations. Each example includes a legislative data group (LDG). LDGs are not an organization classification, but they are included in the example to show how you associate them with a payroll statutory unit to partition payroll data.

Simple Configuration

This example illustrates a simple configuration that does not include any tax reporting units. The legal employer and payroll statutory units are the same, sharing the same boundaries. Reporting can only be done at a single level. Countries such as Saudi Arabia and the United Arab Emirates (UAE) might use this type of model, as reporting in these countries is done at the legal entity level.

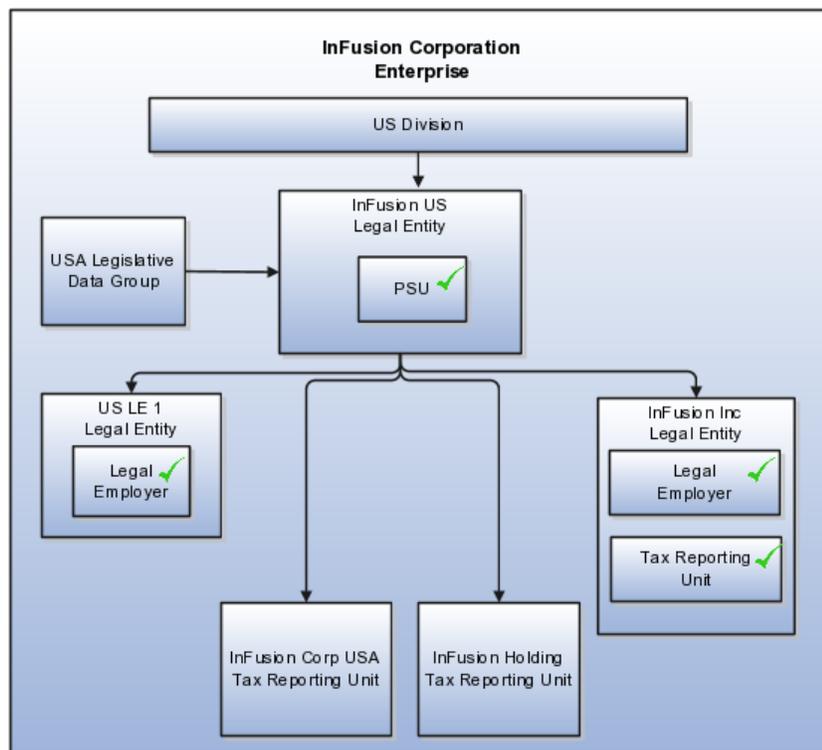
This figure illustrates a simple configuration where the enterprise has only one legal entity that is both a payroll statutory unit and a legal employer.



Multiple Legal Employers and Tax Reporting Units Under One Payroll Statutory Unit

This example illustrates a more complex configuration. In this enterprise, one legal entity, InFusion US, is defined as a payroll statutory unit and has two separate legal entities, which are also legal employers. This model shows multiple legal employers that are associated with a single payroll statutory unit, and how tax reporting units are always associated with a specific legal employer (or employers) through the payroll statutory unit. The implication is that payroll statutory reporting boundaries vary from human resources (HR) management, and the balances can be categorized separately by either payroll statutory unit, legal employer, or tax reporting unit. This configuration is based on tax filing requirements, as some tax-related payments and reports are associated with a higher level than employers. An example of a country that might use this model is the US.

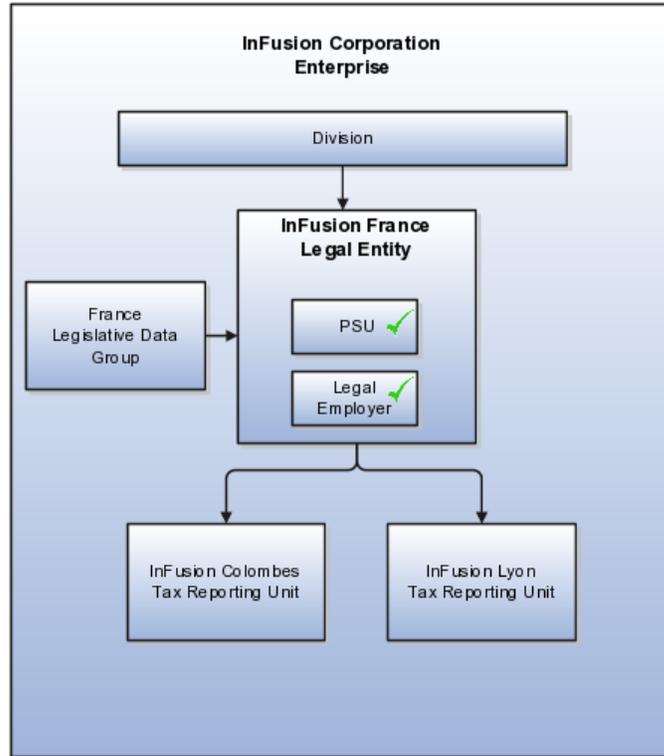
This figure illustrates an enterprise that has one payroll statutory unit and multiple legal employers and tax reporting units.



One Payroll Statutory Unit and Two Tax Reporting Units That Are Subsidiaries of the Legal Entity

This model makes no distinction between a legal employer and a payroll statutory unit. Tax reporting units are defined as subsidiaries to the legal entity. In this enterprise, legal entity is the highest level of aggregation for payroll calculations and reporting, and statutory reporting boundaries are assumed to be the same for both payroll and HR management. An example of a country that might use this model is France.

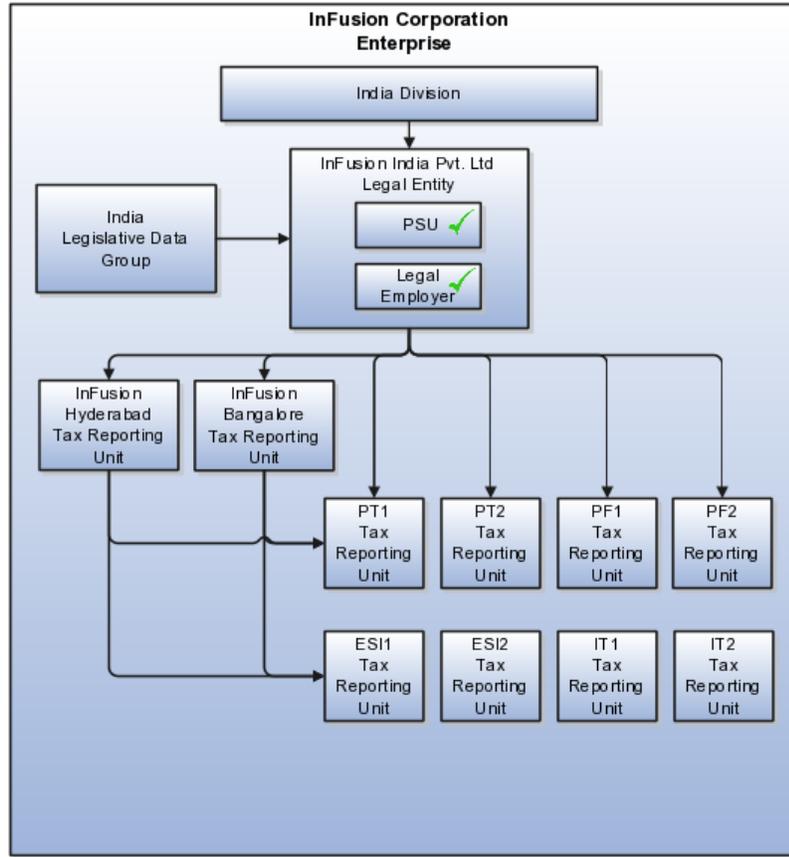
This figure illustrates an example of an organization with one legal entity that is both a legal employer and a payroll statutory unit and that has two tax reporting units.



One Payroll Statutory Unit with Several Tax Reporting Units That Are Independent from the Legal Employer

In this model, the enterprise has one legal entity, and legal employers and tax reporting units are independent from each other within a payroll statutory unit, because there is no relationship from a legal perspective. Therefore, you can run reporting on both entities independently. Using this model, you would not typically need to report on tax reporting unit balances within a legal employer, and balances can be categorized by either or both organizations, as required. An example of a country that might use this model is India.

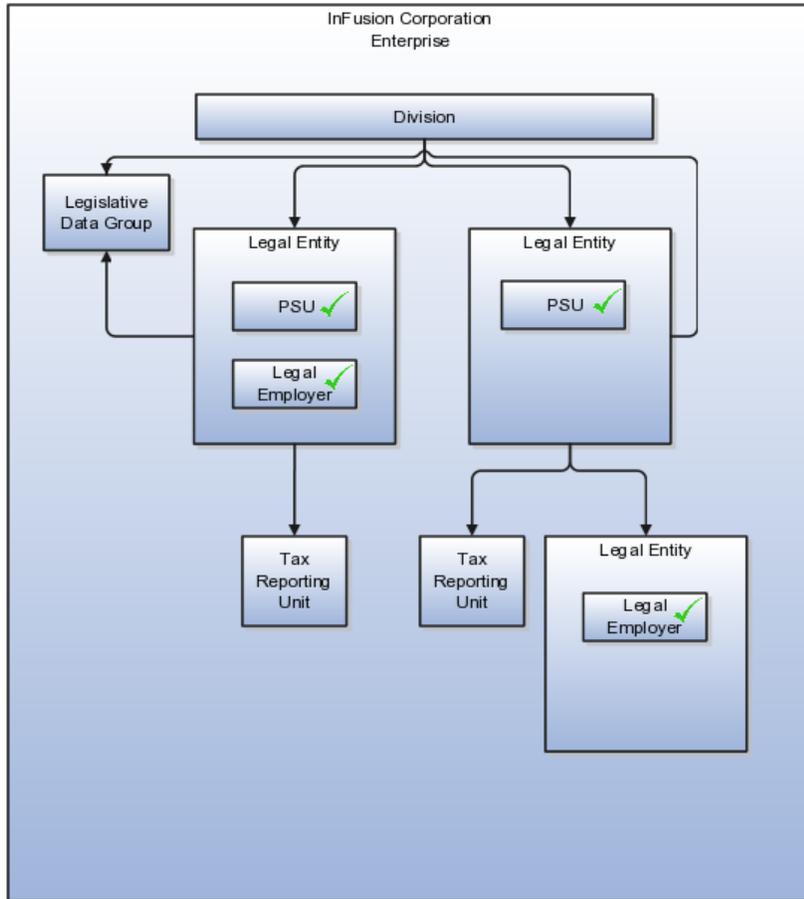
This figure illustrates an enterprise with one legal entity that is a payroll statutory unit and a legal employer, and the tax reporting units are independent from the legal employer.



Multiple Payroll Statutory Units with Several Tax Reporting Units that are Independent from the Legal Employer

In this model, the enterprise has two legal entities, and legal employers and tax reporting units are independent from each other within a payroll statutory unit, because there is no relationship from a legal perspective. Therefore, you can run reporting on both entities independently. Using this model, you would not typically need to report on tax reporting unit balances within a legal employer, and balances can be categorized by either or both organizations, as required. An example of a country that might use this model is the United Kingdom (UK).

This figure illustrates an enterprise with two legal entities, and legal employers and tax reporting units are independent from each other.



Payroll Statutory Units, Legal Employers, and Tax Reporting Units: How They Work Together

When you set up legal entities, you can identify them as legal employers and payroll statutory units, which makes them available for use in Oracle Fusion Human Capital Management (HCM). A tax reporting unit is created automatically when you add a legal entity and identify it as a payroll statutory unit. Depending on how your organization is structured, you may have only one legal entity that is also a payroll statutory unit and a legal employer, or you may have multiple legal entities, payroll statutory units, and legal employers.

Legal Employers and Payroll Statutory Unit

Payroll statutory units enable you to group legal employers so that you can perform statutory calculations at a higher level, such as for court orders or for United Kingdom (UK) statutory sick pay. In some cases, a legal employer is also a payroll statutory unit. However, your organization may have several legal employers under one payroll statutory unit. A legal employer can belong to only one payroll statutory unit.

Payroll Statutory Units and Tax Reporting Units

Payroll statutory units and tax reporting units have a parent-child relationship, with the payroll statutory unit being the parent.

Tax Reporting Units and Legal Employers

Tax reporting units are indirectly associated with a legal employer through the payroll statutory unit. One or more tax reporting units can be used by a single legal employer, and a tax reporting unit can be used by one or more legal employers. For example, assume that a single tax reporting unit is linked to a payroll statutory unit. Assume also that two legal employers are associated with this payroll statutory unit. In this example, both legal employers are associated with the single tax reporting unit.

FAQs for Manage Legal Entity HCM Information

What's a legal employer?

A legal employer is a legal entity that employs workers. You define a legal entity as a legal employer in the Oracle Fusion Legal Entity Configurator.

The legal employer is captured at the work relationship level, and all employment terms and assignments within that relationship are automatically with that legal employer. Legal employer information for worker assignments is also used for reporting purposes.

What's a payroll statutory unit?

Payroll statutory units are legal entities that are responsible for paying workers, including the payment of payroll tax and social insurance. A payroll statutory unit can pay and report on payroll tax and social insurance on behalf of one or many legal entities, depending on the structure of your enterprise. For example, if you are a multinational, multicompany enterprise, then you register a payroll statutory unit in each country where you employ and pay people. You can optionally register a consolidated payroll statutory unit to pay and report on workers across multiple legal employers within the same country. You associate a legislative data group with a payroll statutory unit to provide the correct payroll information for workers.

Define Legal Entities: Manage Legal Entity Tax Profile

Party Tax Profiles: Explained

A tax profile is the body of information that relates to a party's transaction tax activities. A tax profile can include main and default information, tax registration, tax exemptions, party fiscal classifications, tax reporting codes, configuration options, and service subscriptions.

Set up tax profiles for the following parties involved in your transactions:

- **First parties:** All legal entities, legal reporting units, and business units in your organization that have a transaction tax requirement.
- **Third parties:** Your customers and suppliers and their locations and banks.
- **Tax authorities:** Parties that administer tax rules and regulations.

First Parties

Set up tax profiles for your first party legal entities, legal reporting units, and business units.

First party legal entities identify your organization to the relevant legal authorities, for example, a national or international headquarters. Legal entities let you more accurately model your external relationships to legal authorities. The relationships between first party legal entities and the relevant tax authorities normally control the setup of the transaction taxes required by your business. Under most circumstances the tax setup is used and maintained based on the configuration of the legal entity. Enter the default information, party fiscal classifications, tax reporting codes, and configuration options for your legal entities. You can also specify if you are using the tax services of an external service provider for tax calculation.

First party legal reporting units identify each office, service center, warehouse and any other location within the organization that has a tax requirement. A legal reporting unit tax profile is automatically created for the headquarter legal entity. Set up additional legal reporting unit tax profiles for those needed for tax purposes. For legal reporting units, enter the default information, tax registrations, party fiscal classifications, and tax reporting codes. Also, define tax reporting details for your VAT and global tax reporting needs for tax registrations of tax regimes that allow this setup.

Business units organize your company data according to your internal accounting, financial monitoring, and reporting requirements. To help you manage the tax needs of your business units, you can use the business unit tax profile in either of two ways:

- Indicate that business unit tax setup is used and maintained based on the configuration of the associated legal entity at transaction time. The tax setup of the associated legal entity setup is either specific to the legal entity or shared across legal entities using the Global Configuration Owner setup.
- Indicate that tax setup is used and maintained by a specific business unit. Create configuration options for the business unit to indicate that the subscribed tax content is used for the transactions created for the business unit.

For business units that maintain their own setup, enter the default information, tax reporting codes, configuration options, and service providers as required.

Third Parties

Set up third party tax profiles for parties with the usage of customer, supplier, and their sites. Enter the default information, tax registrations, party fiscal classifications, and reporting codes required for your third parties or third party sites. You can set up tax exemptions for your customers and customer sites.

Banks are also considered third parties. When a bank is created, the tax registration number specified on the bank record is added to the party tax profile record in Oracle Fusion Tax. You can not modify the party tax profile for a bank as it is view only. You can only modify the bank record itself.

Note

Setting up party tax profiles for third parties is not required. Taxes are still calculated on transactions for third parties that do not have tax profiles

Tax Authorities

Set up a tax authority party tax profile using the Legal Authorities set up task. The tax authority party tax profile identifies a tax authority party as a collecting authority or a reporting authority or both. A collecting tax authority manages the administration of tax remittances. A reporting tax authority receives and processes all company transaction tax reports.

The collecting and reporting tax authorities appear in the corresponding list of values on all applicable Oracle Fusion Tax pages. All tax authorities are available in the list of values as an issuing tax authority.

Specifying First Party Tax Profile Options: Points to Consider

Set up first party tax profiles for all legal entities, legal reporting units, and business units in your organization that have a transaction tax requirements. How you set up your first parties can impact the tax calculation on your transactions.

The first party tax profile consists of:

- **Defaults and controls:** Applicable to legal entities and legal reporting units. Business units that use their own tax setup do not have defaults and controls.
- **Tax registrations:** Applicable to legal reporting units.
- **Party fiscal classifications:** Applicable to legal entities and legal reporting units.
- **Tax reporting codes:** Applicable to legal entities, legal reporting units, and business units who do not use the tax setup of the legal entity.
- **Configuration options:** Applicable to legal entities and business units who do not use the tax setup of the legal entity.
- **Service subscriptions:** Applicable to legal entities and business units who do not use the tax setup of the legal entity.

Defaults and Controls

The following table describes the defaults and controls available at the first party tax profile level:

Option	Description
Set as self-assessment (reverse charge)	Automatically self-assess taxes on purchases.
Rounding Level	Perform rounding operations on the: <ul style="list-style-type: none"> • Header: Applies rounding to calculated tax amounts once for each tax rate per invoice. • Line: Applies rounding to the calculated tax amount on each invoice line.

Rounding Rule	<p>The rule that defines how the rounding should be performed on a value involved in a taxable transaction. For example, up to the next highest value, down to the next lowest value, or nearest.</p> <hr/> <p>Note</p> <p>If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, Oracle Fusion Tax considers the rounding details in the applicable tax profile.</p>
Set Invoice Values as Tax Inclusive	<p>This first party intends to send or receive invoices with invoice line amount inclusive of the tax amount.</p> <hr/> <p>Note</p> <p>This option overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.</p>

Tax Registrations

You must set up a separate tax registration to represent each distinct registration requirement for a first party legal reporting unit. Oracle Fusion Tax uses tax registrations in tax determination and tax reporting. If your first party has more than one tax registration under the same tax regime, then the application considers the tax registration in the order: tax jurisdiction; tax; tax regime.

You must enable the **Use tax reporting configuration** option on the first party tax regime to allow entry of global tax reporting configuration details during tax registration setup for legal reporting units for these tax regimes.

Party Fiscal Classifications

If applicable, associate first party fiscal classification codes with this party. The party fiscal classification codes you enter become part of tax determination for invoices associated with this party. Specify start and end dates to control when these fiscal classifications are applicable for this party and transaction.

For legal entities, you can view the associated legal classifications that were assigned to the tax regime defined for this first party. The legal classifications are used in the tax determination process, similarly to the party fiscal classifications.

Tax Reporting Codes

Set up tax reporting types to capture additional tax information on transactions for your tax reports for your first parties. Depending on the tax reporting type code, you either enter or select a tax reporting code for this party. Specify start and end dates to control when these tax reporting codes are applicable.

Configuration Options

The legal entities and business units in your organization are each subject to specific sets of tax regulations as designated by the tax authorities where you do

business. Use configuration options to associate legal entities and business units with their applicable tax regimes. You can set up tax configuration options when you create a tax regime or when you create a party tax profile. Both setup flows display and maintain the same party and tax regime definitions.

Service Subscriptions

Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Receivables transactions. The setup for provider services is called a service subscription. A service subscription applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit. Set up service subscriptions when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit.

FAQs for Manage Legal Entity Tax Profile

When does a party tax profile get created for a legal entity?

The legal entity party tax profile is automatically created when a legal entity record is created. If a legal entity party tax profile record is not created, for example, when a legal entity is created through a back-end process, a legal entity party tax profile is created upon saving the tax regime when a legal entity is subscribed to or upon saving the configuration owner tax options when they are defined for the legal entity. Otherwise, create a party tax profile using the Create Legal Entity Tax Profile page. You can edit the tax profile that was automatically generated with the relevant tax information, but it is not required.

Define Legal Entities: Define Legal Reporting Units

Planning Legal Reporting Units: Points to Consider

Each of your legal entities has at least one legal reporting unit. Legal reporting units can also be referred to as establishments. You can define either domestic or foreign establishments. Define legal reporting units by physical location, such as a sales office, or by logical unit, such as groups of employees subject to different reporting requirements. For example, define logical legal reporting units for both salaried and hourly paid employees.

Another example of logical reporting units is in the Human Capital Management (HCM) system where you use your legal reporting units to model your tax reporting units. A tax reporting unit is used to group workers for the purpose of tax reporting.

Planning Legal Reporting Units

Plan and define your legal reporting units at both the local and national levels if you operate within the administrative boundaries of a jurisdiction that is more granular than country. For example, your legal entity establishes operation in a country that requires reporting of employment and sales taxes locally as well as nationally. Therefore, you need more than one legally registered location to meet this legal entity's reporting requirements in each local area. Additionally, legal

entities in Europe operate across national boundaries, and require you to set up legal reporting units for the purposes of local registration in each country. There can be multiple registrations associated with a legal reporting unit. However, there can be only one identifying registration, defined by the legal authority used for the legal entity or legal reporting unit, associated with the legal reporting unit.

Define Chart of Accounts for Enterprise Structures: Manage Chart of Accounts

Chart of Accounts: Explained

The chart of accounts is the underlying structure for organizing financial information and reporting. An entity records transactions with a set of codes representing balances by type, expenses by function, and other divisional or organizational codes that are important to its business.

A well-designed chart of accounts provides the following benefits:

- Effectively manages an organization's financial business
- Supports the audit and control of financial transactions
- Provides flexibility for management reporting and analysis
- Anticipates growth and maintenance needs as organizational changes occur
- Facilitates an efficient data processing flow
- Allows for delegation of responsibility for cost control, profit attainment, and asset utilization
- Measures performance against corporate objectives by your managers

The chart of accounts facilitates aggregating data from different operations, from within an operation, and from different business flows, thus enabling the organization to report using consistent definitions to their stakeholders in compliance with legislative and corporate reporting standards and aiding in management decisions.

Best practices include starting the design from external and management reporting requirements and making decisions about data storage in the general ledger, including thick versus thin general ledger concepts.

Thick Versus Thin General Ledger: Critical Choices

Thick versus thin general ledger is standard terminology used to describe the amount of data populated and analysis performed in your general ledger. Thick and thin are the poles; most implementations are somewhere in between. Here are some variations to consider:

- A general ledger used in conjunction with an enterprise profitability management (EPM) product, which has data standardized from each operation, is designed as a thin general ledger. Use this variation if your

solution is project based, and Oracle Fusion Projects is implemented. More detailed reporting can be obtained from the Projects system. In the thin general ledger, business units, divisions, and individual departments are not represented in the chart of accounts.

- A general ledger, with segments representing all aspects and capturing every detail of your business, with frequent posting, many values in each segment, and many segments, is called a thick general ledger. A thick general ledger is designed to serve as a repository of management data for a certain level of management. For example, a subsidiary's general ledger is designed to provide the upper management enough data to supervise operations, such as daily sales, without invoice details or inventory without part number details.
- A primary ledger and a secondary ledger, where one is a thick general ledger and the other a thin general ledger, provides dual representation for reporting requirements that require more than one ledger.

Thin General Ledger

With a thin general ledger, you use the general ledger for internal control, statutory reporting, and tracking of asset ownership. You minimize the data stored in your general ledger. A thin general ledger has many of the following characteristics:

- Minimal chart of accounts
 - Short list of cost centers
 - Short list of natural accounts
 - Short list of cost accounts
 - Summary level asset and liability accounts
 - Low number of optional segments
- Infrequent posting schedule

A thin general ledger has natural accounts at a statutory reporting level, for example, payroll expense, rent, property taxes, and utilities. It has cost centers at the functional expense level, such as Research and Development (R&D) or Selling, General, and Administrative (SG&A) expense lines, rather than at department or analytic levels. It omits business unit, division, and product detail.

One example of an industry that frequently uses a thin general ledger is retail. In a retail organization, the general ledger tracks overall sales numbers by region. A retail point of sales product tracks sales and inventory by store, product, supplier, markup, and other retail sales measures.

Thick General Ledger

With a thick general ledger, you use the general ledger as a detailed, analytic tool, performing analytic functions directly in the general ledger. Data is broken down by many reporting labels, and populated frequently from the subledgers.

You maximize the data stored in the general ledger. A thick general ledger has many of the following characteristics:

- Maximum use of the chart of accounts
 - Long list of natural accounts
 - Long list of cost centers
 - Long list of costing accounts
 - Detailed asset and liability accounts
- Frequent posting schedule

In a thick general ledger, you obtain detail for cost of goods sold and inventory balances and track property plant and equipment at a granular level. Cost centers represent functional expenses, but also roll up to departmental or other expense analysis levels. Using product and location codes in optional segments can provide reporting by line of business. Posting daily, at the individual transaction level, can maximize the data stored in the general ledger.

One example of an industry that frequently uses a thick general ledger is electronic manufacturers. Detail on the revenue line is tagged by sales channel. Product is structured differently to provide detail on the cost of goods sold line, including your bill of materials costs. The general ledger is used to compare and contrast both revenue and cost of goods sold for margin analysis.

Other Considerations

Consider implementing a thick ledger if there are business requirements to do any of the following:

- Track entered currency balances at the level of an operational dimension or segment of your chart of accounts, such as by department or cost center
- Generate financial allocations at the level of an operational dimension or segment
- Report using multiple layered and versioned hierarchies of the operational dimension or segment from your general ledger

Consider implementing a thin ledger in addition to a thick ledger, if there are additional requirements for:

- Minimal disclosure to the authorities in addition to the requirements listed above. For example, in some European countries, fiscal authorities examine ledgers at the detailed account level.
- Fiscal only adjustments, allocations, and revaluations, which don't impact the thick general ledger.

The important consideration in determining if a thick ledger is the primary or secondary ledger is your reporting needs. Other considerations include how the values for an operational dimension or segment are derived and the amount of resources used in reconciling your different ledgers. If values for the operational dimension are always entered by the user like other segments of the accounting flexfield, then a thick primary ledger is the better choice.

However, if values for the operational dimension or segment are automatically derived from other attributes on the transactions in your subledger accounting rules, rather than entered in the user interface, then use a thick secondary ledger. This decision affects the amount of:

- Storage and maintenance needed for both the general ledger and subledger accounting entries
- System resources required to perform additional posting
- In summary, you have:
 - Minimum demand on storage, maintenance, and system resources with the use of a thin ledger
 - Greater demand on storage, maintenance, and system resources with the use of a thick ledger
 - Greatest demand on storage, maintenance and system resources with the use of both thick and thin ledgers

Note

Generally speaking, there is a tradeoff between the volume of journals and balances created and maintained versus system resource demands. Actual performance depends on a wide range of factors including hardware and network considerations, transaction volume, and data retention policies.

Summary

The factors you need to consider in your decision to use a thick or thin general ledger for your organization, are your:

- Downstream EPM system and its capabilities
- Business intelligence system and its capabilities
- Subledger systems and their capabilities and characteristics, including heterogeneity
- General ledger reporting systems and their capabilities
- Maintenance required for the thick or thin distributions and record keeping
- Maintenance required to update value sets for the chart of accounts segments
- Preferences of the product that serves as a source of truth
- Level at which to report profitability including gross margin analysis
- Industry and business complexity

Chart of Accounts: How Its Components Fit Together

There are several important elements to the basic chart of accounts in Oracle Fusion Applications: a structure that defines the account values, segments, and their labels, and rules (security and validation). Account combinations link

the values in the segments together and provide the accounting mechanism to capture financial transactions.

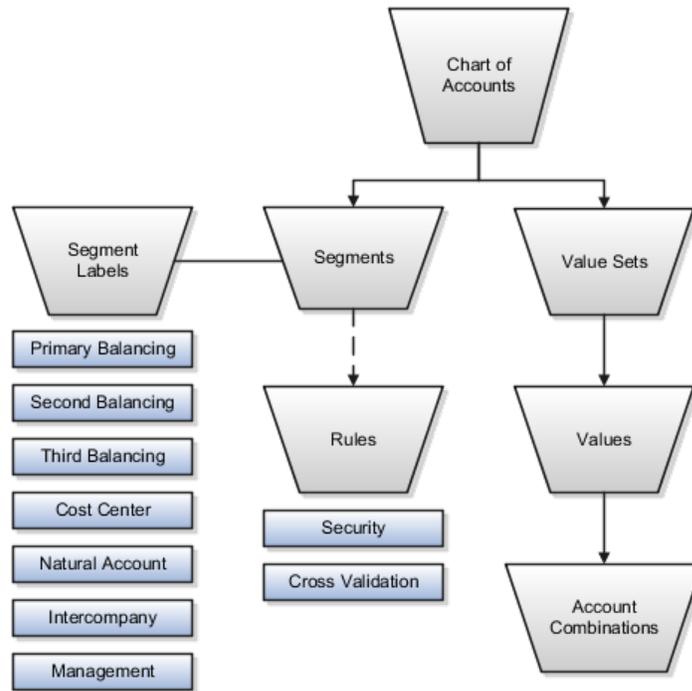


Chart of Accounts

The chart of accounts defines the number and attributes of various segments, including the order of segments, the width of segments, prompts, and segment labels, such as balancing, natural account, and cost center.

The chart of accounts further defines the combination of value sets associated with each segment of the chart of accounts, as well as the type, default value, additional conditions designating the source of the values using database tables, and the required and displayed properties for the segments.

Segments

A chart of accounts segment is a component of the account combination. Each segment has a value set attached to it to provide formatting and validation of the set of values used with that segment. The combination of segments creates the account combination used for recording and reporting financial transactions. Examples of segments that may be found in a chart of accounts are company, cost center, department, division, region, account, product, program, and location.

Value Sets and Values

The value sets define the attributes and values associated with a segment of the chart of accounts. You can think of a value set as a container for your values. You can set up your flexfield so that it automatically validates the segment values that you enter against a table of valid values. If you enter an invalid segment value, a list of valid values appears automatically so that you can select a valid value. You can assign a single value set to more than one segment, and you can share value sets across different flexfields.

Segment Labels

Segment labels identify certain segments in your chart of accounts and assign special functionality to those segments. Segment labels were referred to as flexfield qualifiers in Oracle E-Business Suite. Here are the segment labels that are available to use with the chart of accounts.

- **Balancing:** Ensures that all journals balance for each balancing segment value or combination of multiple balancing segment values to use in trial balance reporting. There are three balancing segment labels: primary, second, and third balancing. The primary balancing segment label is required.
- **Cost Center:** Facilitates grouping of natural accounts by functional cost types, accommodating tracking of specific business expenses across natural accounts. As cost centers combine expenses and headcount data into costs, they are useful for detailed analysis and reporting. Cost centers are optional, but required if you are accounting for depreciation, additions, and other transactions in Oracle Fusion Assets, and for storing expense approval limits in Oracle Fusion Expense Management.
- **Natural Account:** Determines the account type (asset, liability, expense, revenue, or equity) and other information specific to the segment value. The natural account segment label is required.
- **Management:** Optionally, denotes the segment that has management responsibility, such as the department, cost center, or line of business. Also can be attached to the same segment as one of the balancing segments to make legal entity reporting more granular.
- **Intercompany:** Optionally, assigns the segment to be used in intercompany balancing functionality.

Note

All segments have a segment qualifier that enables posting for each value. The predefined setting is Yes to post.

Account Combinations

An account combination is a completed code of segment values that uniquely identifies an account in the chart of accounts, for example 01-2900-500-123, might represent InFusion America (company)-Monitor Sales (division)-Revenue (account)-Air Filters (product).

Rules

The chart of accounts uses two different types of rules to control functionality.

- **Security rules:** Prohibit certain users from accessing specific segment values. For example, you can create a security rule that grants a user access only to his or her department.
- **Cross-validation rules:** Control the account combinations that can be created during data entry. For example, you may decide that sales cost centers 600 to 699 should enter amounts only to product sales accounts 4000 to 4999.

Creating One Chart of Accounts Structure with Many Instances: Example

In Oracle Fusion General Ledger, the chart of accounts model is framed around the concept of a chart of accounts structure, under which one or more chart of accounts structure instances can be created.

Scenario

Your company, InFusion Corporation, is a multinational conglomerate that operates in the United States (US) and the United Kingdom (UK). InFusion has purchased an Oracle Fusion enterprise resource planning (ERP) solution including Oracle Fusion General Ledger and all of the Oracle Fusion subledgers. You are chairing a committee to discuss creation of a model for your global financial reporting structure including your charts of accounts for both your US and UK operations.

InFusion Corporation

InFusion Corporation has 400 plus employees and revenue of \$120 million. Your product line includes all the components to build and maintain air quality monitoring (AQM) systems for homes and businesses.

Analysis

In Oracle Fusion General Ledger, the chart of accounts model is framed around the concept of a chart of accounts structure, under which one or more chart of accounts structure instances can be created.

The chart of accounts structure provides the general outline of the chart of accounts and determines the number of segments, the type, the length, and the label (qualifier) of each segment. This forms the foundation of the chart of accounts definition object.

For each chart of accounts structure, it is possible to associate one or more chart of accounts structure instances. Chart of accounts structure instances under the same structure share a common configuration with the same segments, in the same order, and the same characteristics. Using one chart of accounts structure with multiple instances simplifies your accounting and reporting.

At the chart of accounts structure instance level, each segment is associated with a value set that conforms to the characteristic of that segment. For example, you assign a value set with the same segment type and length to each segment. You are using hierarchies with your chart of accounts segments. Each structure instance segment is assigned a tree code to indicate the source of the hierarchy information for the associated value set. The same value set can be used multiple times within the same or across different chart of accounts instances within the same structure or in different structures. This functionality reduces your segment value creation and maintenance across your charts of accounts.

The collective assignment of value sets to each of the segments forms one chart of accounts instance. At the chart of accounts structure instance level, you can select to enable dynamic insertion. Dynamic insertion allows the creation of account code combinations automatically the first time your users enter that new account combination. The alternative is to create them manually. By deciding to enable dynamic insertion, you save data entry time and prevent delays caused

by the manual creation of new code combinations. Well defined cross validation rules help prevent the creation of inappropriate account code combinations.

Perform deployment after a new chart of accounts structure and structure instances are defined or any of their modifiable attributes are updated. Deployment validates and regenerates the necessary objects to enable your charts of accounts and chart of accounts structure instances. By unifying and standardizing you organization's chart of accounts, you are positioned to take full advantage of future functionality in Oracle Fusion General Ledger.

In summary, you are recommending to your company to unify the organization's chart of accounts in a single chart of accounts structure based on chart of accounts commonalities across ledgers. You have also decided to use the chart of accounts structure instance construct to serve different accounting and reporting requirements by using value sets specific to each of your entities.

Creating Chart of Accounts Structure and Instances: Examples

In Oracle Fusion General Ledger, the chart of accounts model is framed around the concept of a chart of accounts structure, under which one or more chart of accounts structure instances can be created. A chart of accounts structure defines the key attributes for your chart of accounts, such as the number of segments, the segment sequences, the segment names, segment prompts, segment labels, for example natural account and primary balancing, and default value sets.

The chart of accounts instance is exposed in the user interfaces and processes. By default, a chart of accounts instance inherits all the attributes of the chart of accounts structure, meaning that all instances of the same structure share a common shape and have the same segments in the same order. However, at the chart of accounts instance level, you can override the default value set assignments for your segments and assign a unique account hierarchy that determines the parent and child relationships between the value set values. At the chart of accounts instance level, determine if allow dynamic insertion is enabled to generate new account combinations dynamically instead of creating them manually.

Chart of Account Structure

You are creating a chart of accounts structure as you setup your chart of accounts for your enterprise, InFusion America, Inc. Follow these steps:

1. Navigate to the **Manage Chart of Accounts** page from the Functional Setup Manger by querying on **Manage Chart of Accounts** and clicking on the **Go To Task**.
2. Select **General Ledger** from the Module list of values and click **Search**.
3. Click **Manage Structures** to open the **Manage Key Flexfield Structures** page.
4. Select the **General Ledger** row and click the **Create** to open the **Create Key Flexfield Structure** page.
5. Enter a unique Structure Code, **INFUSION_AM_COA_STRUCTURE**, and Name, **InFusion America COA Structure**. Provide an optional Description, **InFusion America Inc. Chart of Accounts Structure**.
6. Select the - Delimiter to visually separate your segment values.

7. Click **Save**.
8. To create a new segment, click the **Create** to open the **Create Key Flexfield Segment** page.
 - a. Enter the following parameters:

Parameter	Value
Segment Code	INFUSION_AM_CO
Name	InFusion America Company
Description	InFusion America Inc. Company
Sequence Number	1
Prompt	Company
Short Prompt	CO
Display Width	2
Column Name	Segment1
Default Value Set Code	INFUSION_AM_COMPANY

- b. Select a segment label, **Primary Balancing Segment**, to indicate its purpose within your chart of accounts.

Note

Two segment labels are required: primary balancing segment and natural account segment. These labels are not used with each other or with other labels in a specific segment.

- c. Click **Save and Close**.
 - d. Click **Done**.
 - e. Define additional segments following the same process.

Chart of Account Instance

You are creating a chart of accounts instance as you setup your chart of accounts for your enterprise, InFusion America, Inc. Follow these steps:

1. Navigate to the **Manage Chart of Accounts** page from the Functional Setup Manger by querying on **Manage Chart of Accounts** and clicking on the **Go To Task**.
2. Select **General Ledger** from the Module list of values and click **Search**.
3. Select the **General Ledger** row and click **Manage Structure Instances** to open the **Manage Key Flexfield Structure Instance** page.
4. Click the **Create** icon to open the **Create Key Flexfield Structure Instance** page.
5. Enter a unique Structure Instance Code, **INFUSION_AM_COA_INSTANCE**, and Name, **InFusion America COA Instance**. Provide an optional Description, **InFusion America Inc. Chart of Accounts Structure Instance**.

6. Select **Dynamic combination creation allowed** to indicate that you want to dynamically generate account combinations.
7. Associate your instance with your Structure Name, **InFusion America Structure**.

Note

By default, an instance inherits the key attributes of the associated structure. Some attributes, such as the value set assigned to each the segment, can be modified.

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8. Click **Save**.
 9. Optionally, select the segment row and click **Edit** to modify instance segments.
 10. Check **Required**, **Displayed**, and **Business intelligence enabled** check boxes.

Note

The Business Intelligence check box is only valid when enabled on segments with segment labels. Check the Required and Displayed options for all segments including those intended for future use. The recommended best practice is to define one segment for future use and set a default value. This ensures room for expansion in your chart of accounts and that the extra segment is populated in the account combinations.

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11. Click **OK**.
 12. Click **Save and Close**.
 13. Define additional instances following the same process.

Note

Alternatively, proceed directly with creating your value set values by selecting the corresponding **Value Set Code** in the Segment Instances table.

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14. Click **Done**.
 15. Click **Deploy Flexfield**.
 16. Click **OK**.

Balancing Segments: Explained

Balancing segments ensure that all journals balance for each balancing segment value or combination of multiple balancing segment values. You can secure access to your primary balancing segment values only with data access sets. The general ledger application automatically calculates and creates balancing lines as required in journal entries. For example, recognizing an entity's receivable and the other entity's payable. There are three balancing segment labels: primary, second, and third balancing. The primary balancing segment label is required.

By enabling multiple balancing segments for your chart of accounts, it is possible to produce financial statements for each unique combination of segment values across not only one, but two or even three qualified balancing segments. This ability provides you greater insights into your operations as it affords you visibility along the critical fiscal dimensions you use to plan, monitor, and measure your financial performance.

The following explains processes that use balancing segments.

- Intercompany balancing: Adds lines to unbalanced journals using intercompany rules.
- Opening first period of the new accounting year: Calculates retained earnings amounts at the level of granularity that totals revenue and expense account balances for multiple balancing segment value combinations. This applies to standard and average balances.
- Importing journals: Adds lines using the suspense account on unbalanced journals.
- Posting journals: Adds additional lines to unbalanced journals for the following enabled account types:
 - Suspense
 - Rounding
 - Net income
 - Retained earnings
 - Cumulative translation adjustments from replication of revaluation journals to reporting currencies and for multiple reporting currency account type specific conversion
- Posting prior period journals: Calculates any income statement impact and posts to the appropriate retained earnings account.
- Translating balances: Supports multiple balancing segments for the following accounts:
 - Retained earnings: Calculated translated retained earnings are post to the retained earnings accounts by balancing segment. Retained earnings represents the summing of the translated revenue and expense accounts across multiple balancing segment values.
 - Cumulative translation adjustment: Amounts posted by balancing segment to these accounts represents currency fluctuation differences between ranges of accounts which use different rate types. For example, period end rates are used for asset and liability accounts and historical rates for equity accounts.
- Revaluing Balances: Supports multiple balancing segments when calculating gain or loss accounts.
- Creating Opening Balances: Initializes reporting currency balances by converting from the total primary currency. Any difference in the reporting currency amounts is offset by populating retained earnings accounts.

- Closing year end: Supports multiple balancing segments when calculating the income statement offset and closing account in the closing journals.

Multiple Balancing Segments: Points to Consider

Oracle Fusion General Ledger supports tracking financial results at a finer level of granularity than a single balancing segment. In addition to the required primary balancing segment for the chart of accounts, which is typically associated with the company dimension of a business organization, two additional segments of the chart of accounts can be optionally qualified as the second and third balancing segments respectively. Possible chart of accounts segments that can be tagged as these additional balancing segments include cost center or department, additional aspects of a business commonly used in measuring financial results.

There are several points to consider in using multiple balancing segments:

- Journal entry processing
- Implementation timing
- Change options
- Migration adjustments

Journal Entry Processing

Multiple balancing segments ensure that account balances come from journal entries where the debits equal the credits, and thus, the financial reports are properly generated for each unique instance of account value combinations across the balancing segments. Consider this option carefully as it provides more granular reporting but requires more processing resources.

Implementation Timing

When considering implementing the optional second and third balancing segments, keep in mind that these chart of accounts segment labels are set from the beginning of time and are actively used by your ledgers. This is important to ensure that balances are immediately maintained in accordance with the necessary balancing actions to produce consistent financial reporting for the desired business dimensions. Multiple balancing segment ledgers that are not maintained from the beginning of time require extensive manual balance adjustments to catch up and realign the balances in accordance with the multiple balancing segments.

Note

Do not set a segment already qualified as a natural account or intercompany segment as any of the three balancing segments. Validations are not performed when segment labels are assigned, so verify that all are assigned correctly before using your chart of accounts.

Change Options

Once a segment has been enabled and designated as a balancing segment, you must not change the segment. Do not disable the segment or remove the segment

labels. These settings must be consistently maintained throughout the life of the chart of accounts to control the accuracy and integrity of the financial data.

Migration Adjustments

For charts of accounts migrated from Oracle E-Business Suite to Oracle Fusion General Ledger that use a segment with the secondary balance tracking segment qualifier, steps must be taken to ensure the proper transition to the second and third balancing segments. The required adjustments are extensive.

For ledgers associated with a migrated chart of accounts, its balances must be adjusted manually to be consistent with the second and third balancing segments as though these segment labels have been in place since the beginning of entries for these ledgers. This requires recomputing and updating of the following processes to reflect the correct balancing for each unique combination of segment values across the additional second and third balancing segments.

- Intercompany balancing
- Suspense posting
- Rounding imbalance adjustments on posting
- Entered currency balancing
- Revaluation gains or losses
- Retained earnings calculations at the opening of each new fiscal year
- Cumulative translation adjustments during translation

Note

All previously translated balances must also be purged, and new translations run to properly account for translated retained earnings and cumulative translation adjustments with the correct level of balancing.

Using Multiple Balancing Segments: Example

This simple example illustrates balancing along two balancing segments for a simple chart of accounts with three segments.

Scenario

Your company has a chart of accounts with two balancing segments and three segments, qualified as follows:

- Company: Primary balancing segment
- Cost Center: Second balancing segment
- Account: Natural account segment

The following multiple company and cost center journal has been entered to transfer advertising and phone expense from Company 1, Cost Center A to Company 2, Cost Center B.

Account	Debit	Credit
Company 1-Cost Center A-Advertising Expense Account	600	

Company 2-Cost Center B-Advertising Expense Account		600
Company 1-Cost Center A-Phone Expense Account	800	
Company 2-Cost Center B-Phone Expense Account		800

During the posting process, the last four lines are created to balance the entry across the primary and second balancing segments, company and cost center.

Account	Debit	Credit
Company 1-Cost Center A-Advertising Expense Account	600	
Company 2-Cost Center B-Advertising Expense Account		600
Company 1-Cost Center A-Phone Expense Account	800	
Company 2-Cost Center B-Phone Expense Account		800
Company 1-Cost Center A-Balancing Account		600
Company 2-Cost Center B-Balancing Account	600	
Company 1-Cost Center A-Balancing Account		800
Company 2-Cost Center B-Balancing Account	800	

FAQs for Manage Charts of Accounts

How can I use future accounting segments?

To plan for future growth in the business organization that requires additional segments in the chart of accounts, extra segments can be added to the chart of accounts structure during your original implementation. Since all segments of the chart are required and have to be enabled, these unused segments can be assigned value sets that have a single value in the chart of accounts structure instance. This value is set as a default for that segment so that the extra segments are automatically populated when an account code combination is used.

Define Chart of Accounts for Enterprise Structures: Manage Chart of Accounts Value Sets

Chart of Accounts Values Sets: Critical Choices

A value set is the collection of account values that are associated with a segment of a chart of accounts structure instance. When creating values sets, consider the following critical choices:

- Module Designation
- Validation Type
- Format Assignments
- Security Rules
- Values Definition

Module Designation

The module designation is used to tag value sets in Oracle Fusion Applications and sets the value sets apart during upgrades and other processes. Chart of accounts value sets upgraded from Oracle E-Business Suite Release 12 generically bear the module value of **Oracle Fusion Middleware**. When creating new value sets for a chart of accounts, the module can be specified as **Oracle Fusion General Ledger** to distinctly identify its intended use in an accounting flexfield, basically a chart of accounts.

Validation Type

Assign one of the following validation types to chart of accounts value sets:

- **Independent:** The values are independently selected when filling out the segment in the account combination.
- **Table Validated:** The values are stored in an external table to facilitate maintenance and sharing of the reference data.

Format Assignments

Value sets for chart of accounts must use the **Value Data Type** of **Character**. The **Value Subtype** is set to **Text**. These two settings support values that are both numbers and characters, which are typical in natural account segment values. Set the maximum length of the value set to correspond to the length of the chart of accounts segment to which it is assigned. Best practices recommend restricting values to **Upper Case Only** or **Numeric** values that are zero filled by default.

Security Rules

If flexfield data security rules are to be applied to the chart of accounts segment associated with the value set, the **Enable Security** check box must be checked for the assigned value set. In addition, assign a data security resource name to enable creation of a data security object automatically for the value set. The data security object is used in the definition of flexfield data security rules.

Value Definition

Once these basic characteristics are defined for the value set, values can be added to the set in the Manage Values page.

- Set the values to conform to the value set length and type.
- Enter the value, its description, and its attributes including the **Enable** check box, **Start Date**, and **End Date**.

- Assign the following attributes: **Parent** or **Summary** check box, **Posting is allowed**, and **Budgeting is allowed**.

Note

If the value set is used with a natural account segment, the value also requires you set the **Natural Account Type**, with one of the following values: **Asset**, **Liability**, **Equity**, **Revenue** or **Expense**. Other attributes used are **Third Party Control Account**, **Reconciliation** indicator, and **Financial Category** used with Oracle Transaction Business Intelligence reporting.

Oracle Fusion General Ledger best practice is to define the values for the value set after the value set is assigned to a chart of accounts structure instance. Otherwise you are not able to define the mandatory value attributes, such as summary flag, posting allowed, and account type for natural account segment. The attributes must be added after the value set is assigned to a chart of accounts structure instance.

Creating a Value Set for Your Chart of Accounts: Example

Create your value sets before creating your chart of accounts. A value set can be shared by different charts of accounts or across different segments of the same chart of accounts.

Scenario

You are creating a company value set to be used in your chart of accounts for your enterprise, InFusion America, Inc. Follow these steps:

1. Navigate to the **Manage Chart of Accounts Value Sets** task from within your implementation project and click the **Go to Task**.
2. Click the **Create** icon on the toolbar of the Search Results table. The **Create Value Set** page opens.
3. Enter a unique Value Set Code, **InFusion America Company**, and an optional Description, **Company values for InFusion America Inc.**
4. Select **General Ledger** from the list in the Module field.
5. Select **Independent** as Validation Type.
6. Select **Character** as the Validation Data Type.
7. Click **Save and Close**.

Define Chart of Accounts for Enterprise Structures: Manage Accounting Calendars

Defining Accounting Calendars: Critical Choices

Define an accounting calendar to create your accounting year and the periods it contains. Specify common calendar options that the application uses to automatically generate a calendar with its periods. Specifying all the options

makes defining a correct calendar easier and more intuitive with fewer errors. The choices you make when specifying the following options are critical, because it is difficult to change your accounting calendar after a period status is set to open or future enterable.

- Start Date
- Period Frequency
- Adjusting Period Frequency
- Period Name Format

Note

In Oracle Fusion, the common calendar types, monthly, weekly, 4-4-5, 4-5-4, 5-4-4, 4-week, quarterly, and yearly, are automatically generated. This functionality makes it easier to create and maintain accounting calendars. By using the period frequency option, you no longer have to go through the tedious task of defining each period manually.

Start Date

If you plan to run translation, specify a calendar start date that is a full year before the start date of the year of the first translation period for your ledger. Translation cannot be run in the first period of a calendar. Consider how many years of history you are going to load from your previous system and back up the start date for those years plus one more. You cannot add previous years once the first calendar period has been opened.

Period Frequency

Use period frequency to set the interval for each subsequent period to occur, for example, monthly, quarterly, or yearly. If you select the period frequency of Other, by default, the application generates the period names, year, and quarter number. You specify the start and end dates. You must manually enter the period information. For example, select the period frequency of Other and enter 52 as the number of periods when you want to define a weekly calendar. For manually entered calendars, when you click the **Add Year** button, the application creates a blank year. Then, you must manually enter the periods for the new year. The online validation helps prevent erroneous entries.

Note

In Oracle Fusion applications a calendar can only have one period frequency and period type. Therefore, if you have an existing calendar with more than one period type associated with it, during the upgrade from Oracle E-Business Suite, separate calendars are created based on each calendar name and period type combination.

Adjusting Period Frequency

Use the adjusting period frequency to control when the application creates adjusting periods. For example, some of the frequencies you select add one adjusting period at year end, two at year end, or one at the end of each quarter.

The default is None which adds no adjusting periods. If you select the frequency of Other, the **Number of Adjusting Periods** field is displayed. Enter the number of desired adjusting periods and then, manually define them.

Period Name Format Region

The **User-Defined Prefix** field in the Period Name Format region is an optional feature that allows you to enter your own prefix. For example, define a weekly calendar and then enter a prefix of Week, - as the separator, and the period name format of Period numberYY fiscal year. The application creates the names of Week1-11, Week2-11, through Week52-11. The options for the **Format** field are predefined values. The list of values is filtered based on the selected separator and only displays the options that match the selected separator.

The year displayed in the period names is based on the selected period name format and the dates the period covers or if the period crosses years, on the year of the start date of the period. For example, April 10, 2010 to May 9, 2010 has the period name of Apr-10 and December 10, 2010 to January 9, 2011 has the name of Dec-10. If period frequency is Other, then the period format region is hidden. The application generates a temporary period name for calendars with period frequency of Other, using a fixed format of Period numberYY. You can override this format with your own customized period names.

Note

For an accounting calendar that is associated with a ledger, changing period names or adding a year updates the accounting period dimension in the balances cubes.

Calendar Validation: How It Works with the Accounting Calendar

Calendar validation is automatic and prevents serious problems when you begin using the calendar. Once you set a calendar period status to open or future enterable, you cannot edit the period.

Settings That Affect Calendar Validation

The calendar validation runs automatically when you save the calendar.

How the Calendar Is Validated

The following table lists the validation checks performed when the accounting calendar is saved.

Validation Performed	Example of Data
Unique period number	2 assigned for two periods
Unique period name	Jan-11 entered twice
Period number beyond the maximum number of periods per year	13 for a 12 period calendar with no adjusting periods
Entered period name contains spaces	Jan 11

Single or double quotes in the period name	Jan '11
Nonadjusting periods with overlapping dates	01-Jan-2011 to 31-Jan-2011 and 30-Jan-2011 to 28-Feb-2011
Period date gaps	01-Jan-2011 to 28-Jan-2011 and 31-Jan-2011 to 28-Feb-2011
Missing period numbers	Periods 1 through 6 defined for a twelve month calendar
Period number gaps	1, 3, 5
Period numbers not in sequential order by date	Period 1 covers 01-Jan-2011 to 31-Jan-2011 and period 2 covers 01-Mar-2011 to 31-Mar-2011, and period 3 covers 01-Feb-2011 to 28-Feb-2011.
Quarter number gaps	1, 3, 4
Quarters not in sequential order by period	1, 3, 2, 4
Period start or end dates more than one year before or after the fiscal year	July 1, 2010 in a 2012 calendar

FAQs for Manage Accounting Calendars

How can I identify errors in my accounting calendar?

Oracle Fusion General Ledger identifies erroneous entries online as you enter a new calendar or change data on an existing calendar. The application also automatically validates the data when you save the calendar.

What's the difference between calendar and fiscal period naming?

The period naming format determines the year that is appended to the prefix for each period in the calendar. For the example, your accounting year has a set of twelve accounting period with a start date of September 1, 2011 and the end date is August 31, 2012, with each period's date range following the natural calendar month date range.

Calendar period naming format: Select the calendar period format to append the period's start date's year to the prefix. For the period covering September 1, 2011 to December 31, 2011, then 2011 or just 11, depending on the period format selected, is appended to each period's name. For the remaining periods covering January 1, 2012 to August 31, 2012, then 2012 or 12, is appended to each period's name.

Fiscal period naming format: Select the fiscal period format to always append the period's year assignment to the prefix. If the accounting periods in the set of twelve are all assigned the year of 2012, then 2012 or just 12, depending on the period format selected, is appended to the period name of all 12 periods.

When do I update an existing calendar?

Update an existing calendar before the new periods are needed as future periods, based on the future period setting in your accounting configuration. If a complete year has been defined and validated, use the **Add Year** button to add the next year quickly. Accept or change the new rows as required. For

example, with the Other frequency type calendar, dates may differ from what the application generates.

What happens if I upgrade my calendar from Oracle E-Business Suite Release 12?

The migration script assigns a period frequency that most closely matches your Oracle E-Business Suite Release 12 calendar. When you use the Oracle Fusion applications Add Year functionality for the first time, you have an opportunity to review and change the period frequency. The Calendar Options page opens only for calendars upgraded from Release 12 to allow one time modification.

Make your changes to the period frequency, adjusting period frequency, and period name format, including the prefix and separator, as needed. Changes can not conflict with the existing upgraded calendar definition. Update the calendar name and description in the calendar header, as needed, for all calendars. Period details for a new year will be generated automatically based on the latest calendar options. You can also manually update the calendar. The modified calendar options affect future years only.

Define Accounting Configurations of Enterprise Structures: Manage Primary or Secondary Ledgers

Accounting Configuration Offerings: Overview

The Setup and Maintenance work area in the Oracle Fusion Applications is used to manage the configuration of legal entities, ledgers, and reporting currencies that comprise your accounting configuration. To create a new legal entity or ledger, your implementation consultant or system administrator must create an implementation project. This implementation project can be populated by either adding a financials related offering or one or more task lists.

Note

Setup tasks that are not related to the ledger or legal entity specific setup tasks can be invoked from either an implementation project or launched directly from the Setup and Maintenance work area.

There are two offerings predefined for financial implementations.

- The Oracle Fusion Accounting Hub offering is used to add the Oracle Fusion General Ledger and Oracle Fusion Subledger Accounting application features to an existing enterprise resource planning (ERP) system to enhance the current reporting and analysis.
- The Oracle Fusion Financials offering, which includes the Oracle Fusion General Ledger and Oracle Fusion Subledger Accounting application features, as well as at least one of the subledger financial applications.

When adding an offering to an implementation project, implementation consultants can customize the tasks displayed by adding additional tasks to the implementation project.

Ledgers and Subledgers: Explained

Oracle Fusion Applications reflect the traditional segregation between the general ledger and associated subledgers. Detailed transactional information is captured in the subledgers and periodically imported and posted in summary or detail to the ledger.

A ledger determines the currency, chart of accounts, accounting calendar, ledger processing options, and accounting method for its associated subledgers. Each accounting setup requires a primary ledger and optionally, one or more secondary ledgers and reporting currencies. Reporting currencies are associated with either a primary or secondary ledger.

The number of ledgers and subledgers is unlimited and determined by your business structure and reporting requirements.

Single Ledger

If your subsidiaries all share the same ledger with the parent company or they share the same chart of accounts and calendar, and all reside on the same applications instance, you can consolidate financial results in Oracle Fusion General Ledger in a single ledger. Use Oracle Fusion Financial Reporting functionality to produce individual entity reports by balancing segments. General Ledger has three balancing segments that can be combined to provide detailed reporting for each legal entity and then rolled up to provide consolidated financial statements.

Multiple Ledgers

Accounting operations using multiple ledgers can include single or multiple applications instances. You need multiple ledgers if one of the following is true:

- You have companies that require different account structures to record information about transactions and balances. For example, one company may require a six-segment account, while another needs only a three-segment account structure.
- You have companies that use different accounting calendars. For example, although companies may share fiscal year calendars, your retail operations require a weekly calendar, and a monthly calendar is required for your corporate headquarters.
- You have companies that require different functional currencies. Consider the business activities and reporting requirements of each company. If you must present financial statements in another country and currency, consider the accounting principles to which you must adhere.

Subledgers

Oracle Fusion Subledgers capture detailed transactional information, such as supplier invoices, customer payments, and asset acquisitions. Oracle Fusion Subledger Accounting is an open and flexible application that defines the accounting rules, generates detailed journal entries for these subledger

transactions, and posts these entries to the general ledger with flexible summarization options to provide a clear audit trail.

Ledgers: Points to Consider

Companies account for themselves in primary ledgers, and, if necessary, secondary ledgers and reporting currencies. Your transactions from your subledgers are posted to your primary ledgers and possibly, secondary ledgers or reporting currencies. Local and corporate compliance can be achieved through an optional secondary ledger, providing an alternate accounting method, or in some cases, a different chart of accounts. Your subsidiary's primary and secondary ledgers can both be maintained in your local currency, and you can convert your local currency to your parent's ledger currency to report your consolidated financial results using reporting currencies or translation.

Primary Ledgers

A primary ledger is the main record-keeping ledger. Like any other ledger, a primary ledger records transactional balances by using a chart of accounts with a consistent calendar and currency, and accounting rules implemented in an accounting method. The primary ledger is closely associated with the subledger transactions and provides context and accounting for them.

To determine the number of primary ledgers, your enterprise structure analysis must begin with your financial, legal, and management reporting requirements. For example, if your company has separate subsidiaries in several countries worldwide, enable reporting for each country's legal authorities by creating multiple primary ledgers that represent each country with the local currency, chart of accounts, calendar, and accounting method. Use reporting currencies linked to your country specific primary ledgers to report to your parent company from your foreign subsidiaries. Other considerations, such as corporate year end, ownership percentages, and local government regulations and taxation, also affect the number of primary ledgers required.

Secondary Ledgers

A secondary ledger is an optional ledger linked to a primary ledger for the purpose of tracking alternative accounting. A secondary ledger can differ from its primary ledger by using a different accounting method, chart of accounts, accounting calendar, currency, or processing options. All or some of the journal entries processed in the primary ledger are transferred to the secondary ledger, based on your configuration options. The transfers are completed based on the conversion level selected. There are four conversion levels:

- **Balance:** Only Oracle Fusion General Ledger balances are transferred to the secondary ledger.
- **Journal:** General Ledger journal posting process transfers the journal entries to the secondary ledger.
- **Subledger:** Oracle Fusion Subledger Accounting creates subledger journals to subledger level secondary ledgers as well as reporting currencies.

- **Adjustments Only:** Incomplete accounting representation that only holds adjustments. The adjustments can be manual or detailed adjustments from Subledger Accounting. This type of ledger must share the same chart of accounts, accounting calendar, and period type combination, and currency as the associated primary ledger.

Note

A full accounting representation of your primary ledger is maintained in any subledger level secondary ledger.

Secondary ledgers provide functional benefits, but produce large volumes of additional journal entry and balance data, resulting in additional performance and memory costs. When adding a secondary ledger, consider your needs for secondary ledgers or reporting currencies, and select the least costly data conversion level that meets your requirements. For secondary ledgers, the least costly level is the adjustment data conversion level because it produces the smallest amount of additional data. The balance data conversion level is also relatively inexpensive, depending upon how often the balances are transferred from the primary to the secondary ledger. The journal and subledger data conversion levels are much more expensive, requiring duplication of most general ledger and subledger journal entries, as well as general ledger balances.

For example, you maintain a secondary ledger for your International Financial Reporting Standards (IFRS) accounting requirements, while your primary ledger uses US Generally Accepted Accounting Principles (GAAP). You decided to select the subledger level for your IFRS secondary ledger. However, since most of the accounting is identical between US GAAP and IFRS, a better solution is to use the adjustment only level for your secondary ledger. The subledger level secondary ledger requires duplication of most subledger journal entries, general ledger journal entries, and general ledger balances. With the adjustment only level, your secondary ledger contains only the adjustment journal entries and balances necessary to convert your US GAAP accounting to the IFRS accounting, which uses a fraction of the resources that are required by full subledger level secondary ledger.

Following are scenarios that may require different combinations of primary and secondary ledgers:

- The primary and secondary ledgers use different charts of accounts to meet varying accounting standards or methods. A chart of accounts mapping is required to instruct the application how to propagate balances from the source (primary) chart of accounts to the target (secondary) chart of accounts.
- The primary and secondary ledgers use different accounting calendars to comply with separate industry and corporate standards.

Note

Use the same currency for primary and secondary ledgers to avoid difficult reconciliations, if you have the resources to support the extra posting time and data storage. Use reporting currencies or translations to generate the different currency views needed to comply with internal reporting needs and consolidations.

Reporting Currencies

Reporting currencies maintain and report accounting transactions in additional currencies. Each primary and secondary ledger is defined with a ledger currency that is used to record your business transactions and accounting data for that ledger. It is advisable to maintain the ledger in the currency in which the majority of its transactions are denominated. For example, create, record, and close a transaction in the same currency to save processing and reconciliation time. Compliance, such as paying local transaction taxes, is also easier using a local currency. Many countries require that your accounting records be kept in their national currency.

If you need to maintain and report accounting records in different currencies, you do this by defining one or more reporting currencies for the ledger. There are three conversion levels for reporting currencies:

- **Balance:** Only General Ledger balances are converted into the reporting currency using translation.
- **Journal:** General Ledger journal entries are converted to the reporting currency during posting.
- **Subledger:** Subledger Accounting creates subledger reporting currency journals along with primary ledger journals.

Note

A full accounting representation of your primary ledger is maintained in any subledger level reporting currency. Secondary ledgers cannot use subledger level reporting currencies.

Of the three data conversion levels available, the balance data conversion level is typically the least expensive, requiring duplication of only the balance level information. The journal and subledger data conversion levels are more expensive, requiring duplication of most general ledger and subledger journal entries, as well as general ledger balances.

Do not use journal or subledger level reporting currencies if your organization has only an infrequent need to translate your financial statements to your parent company's currency for consolidation purposes. Standard translation functionality meets this need. Consider using journal or subledger level reporting currencies when any of the following conditions exist.

- You operate in a country whose unstable currency makes it unsuitable for managing your business. As a consequence, you need to manage your business in a more stable currency while retaining the ability to report in the unstable local currency.
- You operate in a country that is part of the European Economic and Monetary Union (EMU), and you choose to account and report in both the European Union currency and your National Currency Unit (NCU).

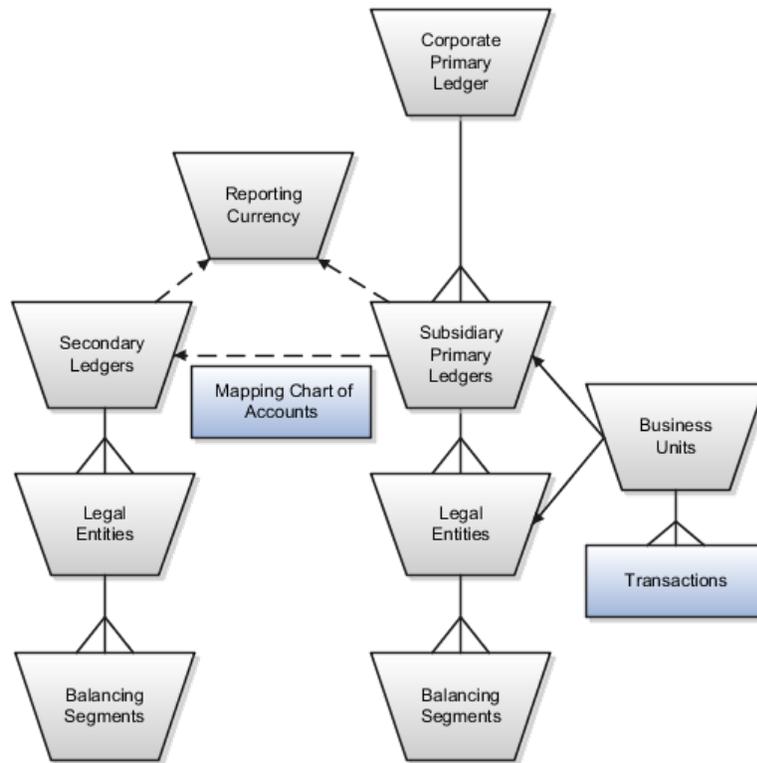
Note

The second option is rare since most companies have moved beyond the initial conversion to the EMU currency. However, future decisions could add other countries to the EMU, and then, this option would again be used during the conversion stage.

Financial Ledgers: How They Fit Together

Oracle Fusion Applications is an integrated suite of business applications that connects and automates the entire flow of the business process across both front and back office operations and addresses the needs of a global enterprise. The process of designing the enterprise structure, including the accounting configuration, is the starting point for an implementation. This process often includes determining financial, legal, and management reporting requirements, setting up primary and secondary ledgers, making currency choices, and examining consolidation considerations.

This figure shows the enterprise structure components and their relationships to each other. Primary ledgers are connected to reporting currencies and secondary ledgers to provide complete reporting options. Legal entities are assigned to ledgers, both primary and secondary, and balancing segments are assigned to legal entities. Business units must be connected to both a primary ledger and a default legal entity. Business units can record transactions across legal entities.



Primary Ledgers

A primary ledger is the main record-keeping ledger. Create a primary ledger by combining a chart of accounts, accounting calendar, ledger currency, and accounting method. To determine the number of primary ledgers, your enterprise structure analysis must begin with determining financial, legal, and management reporting requirements. For example, if your company has separate subsidiaries in several countries worldwide, create multiple primary ledgers representing each country with the local currency, chart of accounts, calendar, and accounting method to enable reporting to each country's legal authorities.

If your company just has sales in different countries, with all results being managed by the corporate headquarters, create one primary ledger with multiple balancing segment values to represent each legal entity. Use secondary ledgers or reporting currencies to meet your local reporting requirements, as needed. Limiting the number of primary ledgers simplifies reporting because consolidation is not required. Other considerations such as corporate year end, ownership considerations, and local government regulations, also affect the number of primary ledgers required.

Secondary Ledgers

A secondary ledger is an optional ledger linked to a primary ledger. A secondary ledger can differ from its related primary ledger in chart of accounts, accounting calendar, currency, accounting method, or ledger processing options. Reporting requirements, for example, that require a different accounting representation to comply with international or country-specific regulations, create the need for a secondary ledger.

Below are scenarios and required action for different components in primary and secondary ledgers:

- If the primary and secondary ledgers use different charts of accounts, the chart of accounts mapping is required to instruct the system how to propagate journals from the source chart of accounts to the target chart of accounts.
- If the primary and secondary ledgers use different accounting calendars, the accounting date and the general ledger date mapping table will be used to determine the corresponding non-adjusting period in the secondary ledger. The date mapping table also provides the correlation between dates and non-adjusting periods for each accounting calendar.
- If the primary ledger and secondary ledger use different ledger currencies, currency conversion rules are required to instruct the system on how to convert the transactions, journals, or balances from the source representation to the secondary ledger.

Note: Journal conversion rules, based on the journal source and category, are required to provide instructions on how to propagate journals and types of journals from the source ledger to the secondary ledger.

Reporting Currencies

Reporting currencies are the currency you use for financial, legal, and management reporting. If your reporting currency is not the same as your ledger currency, you can use the foreign currency translation process or reporting currencies functionality to convert your ledger account balances in your reporting currency. Currency conversion rules are required to instruct the system on how to convert the transactions, journals, or balances from the source representation to the reporting currency.

Legal Entities

Legal entities are discrete business units characterized by the legal environment in which they operate. The legal environment dictates how the legal entity should perform its financial, legal, and management reporting. Legal entities generally have the right to own property and the obligation to comply with

labor laws for their country. They also have the responsibility to account for themselves and present financial statements and reports to company regulators, taxation authorities, and other stakeholders according to rules specified in the relevant legislation and applicable accounting standards. During setup, legal entities are assigned to the accounting configuration, which includes all ledgers, primary and secondary.

Balancing Segments

You assign primary balancing segment values to all legal entities before assigning values to the ledger. Then, assign specific primary balancing segment values to the primary and secondary ledgers to represent nonlegal entity related transactions such as adjustments. You can assign any primary balancing segment value that has not already been assigned to a legal entity. You are allowed to assign the same primary balancing segment values to more than one ledger. The assignment of primary balancing segment values to legal entities and ledgers is performed within the context of a single accounting setup. The Balancing Segment Value Assignments report is available to show all primary balancing segment values assigned to legal entities and ledgers across accounting setups to ensure the completeness and accuracy of their assignments. This report allows you to quickly identify these errors and view any unassigned values.

Business Units

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. When a business function produces financial transactions, a business unit must be assigned a primary ledger, and a default legal entity. Each business unit can post transactions to a single primary ledger, but it can process transactions for many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. You define business units as separate task generally done after the accounting setups steps.

The business unit model:

- Allows for flexible implementation
- Provides a consistent entity for controlling and reporting on transactions
- Enables sharing of sets of reference data across applications

For example, if your company requires business unit managers to be responsible for managing all aspects of their part of the business, then consider using two balancing segments, company and business unit to enable the production of business unit level balance sheets and income statements.

Transactions are exclusive to business units. In other words, you can use business unit as a securing mechanism for transactions. For example, if you have an export business that you run differently from your domestic business, use business units to secure members of the export business from seeing the transactions of the domestic business.

Creating Primary Ledgers: Example

Create a primary ledger as your main record-keeping ledger. Like any other ledger, a primary ledger records transactional balances by using a chart of

accounts with a calendar, currency, and accounting rules implemented in an accounting method. The primary ledger is closely associated with the subledger transactions and provides context and accounting for them.

Scenario

Your company, InFusion Corporation is implementing Oracle Fusion Applications. You have been assigned the task of creating a primary ledger for your InFusion America entity.

1. Navigate to the **Define Accounting Configurations** task list and open **Manage Primary Ledgers** from within your implementation project. Click the **Go to Task**.
2. Click the **Create** icon.
3. Enter the following values:

Field	Value
Name	InFusion America
Description	InFusion America primary ledger for recording transactions.
Chart of Accounts	InFusion America Chart of Accounts
Accounting Calendar	Standard Monthly
Currency	USD
Accounting Method	Standard Accrual

4. Click **Save and Edit Task List** to navigate back to the accounting configuration task list.

Note

You cannot change the chart of accounts, accounting calendar, or currency for your ledger after you save your ledger.

Define Accounting Configurations of Enterprise Structures: Specify Ledger Options

Specifying Ledger Options: Worked Example

This example demonstrates specifying the ledger options for your primary ledger. Your company, InFusion Corporation, is a multinational conglomerate that operates in the United States (US) and the United Kingdom (UK). InFusion has purchased an Oracle Fusion enterprise resource planning (ERP) solution including Oracle Fusion General Ledger and all of the Oracle Fusion subledgers.

After completing your InFusion America Primary Ledger, select **Specify Ledger Options** under the Define Accounting Configuration task list on the Functional Setup Manager page.

Note

Both primary and secondary ledgers are created in the same way and use the same user interface to enable their specific ledger options.

Reviewing General Region Options

1. Accept the **Name** and **Description** defaults for the ledger selected.
2. Review the **Currency** and **Chart of Accounts** for the specified ledger, which are automatically populated.

Setting Accounting Calendar Region Options

1. Review the **Accounting Calendar** that defaults from your ledger.
2. Select Jan-2011 as the **First Open Period** for your ledger.

Important: Select a period after the first defined period in the ledger calendar to enable running translation. You cannot run translation in the first defined period of a ledger calendar. In this example, your calendar began with Jan-2010.

3. Enter 3 for the **Number of Future Enterable Periods**.

Any value between 0 and 999 periods can be specified to permit entering journals but not posting them in future periods. Minimize the number of open and future periods to prevent entry in the wrong period.

Selecting the Subledger Accounting Region Options

1. Accept the default **Accounting Method** from your ledger.
2. Select US American English as your **Journal Language**.

Completing the Period Close Region Options

1. Enter your **Retained Earnings Account**:
101-00-31330000-0000-000-0000-0000.

This account is required for the General Ledger to perform the movement of revenue and expense account balances to this account at the end of the accounting year.

2. Enter your **Cumulative Translation Adjustment Account**:
101-00-31350000-0000-000-0000-0000.

Note: The Cumulative Translation Adjustment (CTA) account is required for ledgers running translation.

3. Do not enter a **Default Period End Rate Type** or **Default Period Average Rate Type**.

The values entered here are used as the default for balance level reporting currency processing. InFusion America Primary Ledger is using the subledger level reporting currency processing.

Specifying the Journal Processing Region Options

1. Specify the Balance options as outlined in the following table.

Option	Setting
Enable Suspense	General Ledger
Default Expense Account	101-00-98199999-0000-000-0000-0000
Rounding Account	101-10-98189999-0000-000-0000-0000
Entered Currency Balancing Account	101-10-98179999-0000-000-0000-0000
Balancing Threshold Percent	10

2. Click all the following Entry options listed in the table.

Option	Description
Enable journal approval	Click to enable journal approval functionality. Approval rules must be created in the Oracle Fusion Approvals Management (AMX).
Notify when prior period journal	Notify the user when a prior period date is selected on a journal entry.
Allow mixed and statistical journals	Enter both monetary and statistical amounts on the same line in a journal entry.
Validate reference date	Requires a reference date in an open or future enterable period.

3. Click the **Separate journals by accounting date during journal import** for the Import option to create individual journal entries for each accounting date.
4. For the Reversal options, select InFusion America Accrual Set from the list of values in the **Journal Reversal Criteria Set** field and click the **Launch AutoReverse after open period** to reverse accrual journal entries automatically when a new period is opened.
5. Click the **Enable intercompany accounting** for the Intercompany option to enable automatic balancing by the application for primary, second, and third balancing segments (if implemented) on intercompany journal entries and transactions.

Note: To complete the intercompany accounting functionality, you must define intercompany rules.

FAQs for Specify Ledger Options

What happens if I change the cumulative adjustment account?

To avoid data corruption, your cumulative adjustment account (CTA) can only be changed if you first perform the following set of steps:

- Purge all translated balances
- Change the CTA account

- Rerun translation

What happens if I change the retained earnings account?

To avoid data corruption, your retained earnings account can only be changed if you first perform the following set of steps:

- Enter and post journals to bring the ending balances for your income statement accounts to zero at the end of each accounting year
- Purge actual translated balances
- Update the retained earnings account
- Reverse the journal entries use to bring the ending account balances to zero and rerun translation

Assigning Legal Entities and Balancing Segments: Examples

Optionally, assign legal entities and balancing segments to your accounting configuration.

Assign Legal Entities

Assign one or more legal entities to your configuration by following these steps:

1. Navigate to the **Assign Legal Entities** task. Click the **Go to Task**.
2. Click the **Select and Add** icon.
3. Click **Search**. Select your legal entities.
4. Click **Apply**. Click **Done**.
5. Click **Save and Close**.

Assign Balancing Segments to Legal Entities

Assign balancing segment values to your legal entities by following these steps:

1. Navigate to the **Assign Balancing Segment Values to Legal Entities** task. Click the **Go to Task**.
2. Click the **Create** icon.
3. Select the balancing segment value. Optionally, add a Start Date.
4. Click **Save and Close** to close the create page.
5. Click **Save and Close**.

Assign Balancing Segments to Ledgers

Assign balancing segment values directly to your ledger by following these steps:

1. Navigate to the **Assign Balancing Segment Value to Ledger** task. Click the **Go to Task**.
2. Select the balancing segment value.
3. Optionally enter a start date.

4. Click **Save and Close**.

Note

The balancing segment values that are assigned to the ledger represent nonlegal entity transactions, such as adjustments. If you use legal entities, you must assign balancing segment values to all legal entities before assigning values to the ledger. The only available balancing segment values that can be assigned to ledgers are those not assigned to legal entities.

Define Accounting Configurations of Enterprise Structures: Manage Reporting Currencies

Reporting Currency Balances: How They Are Calculated

Reporting currency balances, set at the journal or subledger level, are updated when journal entries that originate in Oracle Fusion General Ledger are posted and converted to your reporting currencies. This process includes General Ledger manual journals, periodic journals, and allocations, and at the subledger level, journals from Oracle Fusion Subledger Accounting and imported from sources other than your Oracle Fusion subledgers. When you post a journal in a ledger that has one or more reporting currencies defined, the posting process creates new journals converted to each of your reporting currencies and includes them in the same batch as the original journal with a status of Posted.

Settings That Affect

Reporting currencies share a majority of the ledger options with their source ledger. For example, the reporting currency uses the same suspense account and retained earnings accounts as its source ledger. However, there are certain options that need to be set specifically for the reporting currencies. For example, reporting currencies are maintained at one of these three currency conversion levels:

- **Balance Level:** Only balances are maintained in the reporting currency using the General Ledger Translation process.
- **Journal Level:** Journal entries and balances are converted to the reporting currency by the General Ledger Posting process.
- **Subledger Level:** Subledger Accounting creates reporting currency journals for subledger transactions. General Ledger converts journals that originated in General Ledger or that are imported from sources other than the Oracle Fusion subledgers. The full accounting representation of your primary ledger is maintained in the subledger level reporting currency.

Note

Secondary Ledgers cannot use subledger level reporting currencies.

There are multiple dependencies between a reporting currency and its source ledger. Therefore, it is important that you complete your period opening tasks, daily journal or subledger level reporting currencies accounting tasks, and

period closing tasks in the correct order. Some guidelines are presented in the table below.

Type	Task
Period Opening Tasks	Open the accounting period in both your ledger and reporting currencies before you create or import journals for the period. Converted journals are only generated in your reporting currency if the period is open or future enterable.
Daily Tasks	Enter the daily conversion rates to convert your journals to each of your reporting currencies.
Period Closing Tasks	<ul style="list-style-type: none"> • Finish entering all regular and adjusting journals for the period in your ledger. • Post all unposted journals in your ledger if not already done in the previous step. • Post all unposted journals in your reporting currencies if not already done in the previous step. • Run Revaluation in both your ledger and reporting currencies. Post the resulting revaluation batches in each ledger. • As needed, translate balances in your ledger. • Generate needed reports from both your ledger and reporting currencies. • Close your accounting period in both your ledger and reporting currencies.

How Reporting Currencies Are Calculated

If you use reporting currencies at the journal or subledger level, when you create accounting, post journal entries, or translate balances, journals are posted in your reporting currency. General Ledger and Subledger Accounting automatically generate journals in your reporting currencies where the entered currency amounts are converted to the reporting currency amounts. Other factors used in the calculation of reporting currency balances are listed:

- **Manual Journals:** Enter a manual journal batch in your reporting currency at the journal or subledger level by using the Create Journals page. Select the journal or subledger level reporting currency from the ledger's list of values and continue in the same manner as entering any other manual journal.
- **Conversion Rounding:** Use the reporting currency functionality to round converted and accounted amounts using the same rounding rules used throughout your Oracle Fusion Applications. The reporting currency functionality considers several factors that are a part of the currencies predefined in your applications, including:
 - **Currency Precision:** Number of digits to the right of the decimal point used in currency transactions.

- **Minimum Accountable Unit:** Smallest denomination used in the currency. This might not correspond to the precision.
- **Converted Journals:** Generate and post automatically, using the General Ledger Posting process, journals in your reporting currencies when you post the original journals in the source ledger for the following types of journals:
 - Manual journals
 - Periodic and allocation journals
 - Unposted journals from non-Oracle subledger applications
 - Unposted journals from any Oracle Fusion subledger that does not support reporting currency transfer and import
 - Optionally, revaluation journals
- **Unconverted Journals:** Rely on the subledger accounting functionality to converted and transfer Oracle Fusion subledger journals for both the original journal and the reporting currency journal to the General Ledger for import and posting. The reporting currency conversion for these journals is not performed by the General Ledger.
- **Approving Journals:** Use the journal approval feature to process reporting currency journals through your organization's approval hierarchy. You can enable journal approval functionality separately in your source ledger and reporting currencies.
- **Document Numbers:** Accept the default document numbers assigned by the General Ledger application to your journal when you enter a journal in your ledger. The converted journal in the reporting currency is assigned the same document number. However, if you enter a journal in the reporting currency, the document number assigned to the journal is determined by the reporting currency.
- **Sequential Numbering:** Enable sequential numbering if you want to maintain the same numbering in your reporting currency and source ledger for journals, other than those journals for Oracle Fusion subledgers. Do not create separate sequences for your reporting currencies. If you do, the sequence defined for the reporting currencies is used and can cause document numbers not to be synchronized between the ledger and reporting currencies.

Note

If the Sequential Numbering profile option is set to **Always Used** or **Partially Used** and you define an automatic document numbering sequence, General Ledger enters a document number automatically when you save your journal. If you use manual numbering, you can enter a unique document number.

- **Revaluation:** Run periodically revaluation in your ledger and reporting currencies as necessary to satisfy the accounting regulations of the country in which your organization operates.

- Account Inquiries: Perform inquiries in the reporting currency. Drill down to the journal detail that comprises the reporting currency balance. If the journal detail is a converted journal that was converted automatically when the original journal was posted in the source ledger, you can drill down further to see the source ledger currency journal amounts.

Note

Be careful when changing amounts in a reporting currency, since the changes are not reflected in your source ledger. Making journal entry changes to a reporting currency makes it more difficult to reconcile your reporting currency to your source ledger. In general, enter or change your journals in your source ledger, and then allow posting to update the reporting currency.

Note

If you use reporting currencies at the journal or subledger level, statistical journals are generated for your reporting currencies, but the journals are not affected by the currency conversion process.

Define Business Units: Manage Service Provider Relationships

Shared Service Centers: Explained

Oracle Fusion Applications allows defining relationships between business units to outline which business unit provides services to the other business units.

Service Provider Model

In Oracle Fusion Applications V1.0, the service provider model centralizes only the procurement business function. Your business units that have the requisitioning business function enabled can define relationships with business units that have the procurement business function enabled. These service provider business units will process requisitions and negotiate supplier terms for their client business units.

This functionality is used to frame service level agreements and drive security. The definition of service provider relationships provides you with a clear record of how the operations of your business are centralized. For other centralized processing, business unit security is used (known in Oracle EBS as Multi-Org Access Control). This means that users who work in a shared service center have the ability to get access and process transactions on behalf of many business units.

Shared Service Center: Points to Consider

Oracle Fusion applications supports shared service centers in two ways. First, with business unit security, which allows your shared service centers personnel to process transactions for other business units called clients. This was the foundation of Multi Org Access Control in the Oracle E-Business Suite.

Second, the service provider model expands on this capability to allow a business unit and its personnel in a shared service center to work on transactions of the client business units. It is possible to view the clients of a service provider business unit, and to view service providers of a client business unit.

Your shared service centers provide services to your client business units that can be part of other legal entities. In such cases, your cross charges and recoveries are in the form of receivables invoices, and not merely allocations within your general ledger, thereby providing internal controls and preventing inappropriate processing.

For example, in traditional local operations, an invoice of one business unit cannot be paid by a payment from another business unit. In contrast, in your shared service center environment, processes allowing one business unit to perform services for others, such as paying an invoice, are allowed and completed with the appropriate intercompany accounting. Shared service centers provide your users with access to the data of different business units and can comply with different local requirements.

Security

The setup of business units provides you with a powerful security construct by creating relationships between the functions your users can perform and the data they can process. This security model is appropriate in a business environment where local business units are solely responsible for managing all aspects of the finance and administration functions.

In Oracle Fusion applications, the business functions your business unit performs are evident in the user interface for setting up business units. To accommodate shared services, use business unit security to expand the relationship between functions and data. A user can have access to many business units. This is the core of your shared service architecture.

For example, you take orders in many business units each representing different registered legal entities. Your orders are segregated by business unit. However, all of these orders are managed from a shared service order desk in an outsourcing environment by your users who have access to multiple business units.

Benefits

In summary, large, medium, and small enterprises benefit from implementing share service centers. Examples of functional areas where shared service centers are generally implemented include procurement, disbursement, collections, order management, and human resources. The advantages of deploying these shared service centers are the following:

- Reduce and consolidate the number of control points and variations in processes, mitigating the risk of error.
- Increase corporate compliance to local and international requirements, providing more efficient reporting.
- Implement standard business practices, ensuring consistency across the entire enterprise and conformity to corporate objectives.

- Establish global processes and accessibility to data, improving managerial reporting and analysis.
- Provide quick and efficient incorporation of new business units, decreasing startup costs.
- Establish the right balance of centralized and decentralized functions, improving decision making.
- Automate self-service processes, reducing administrative costs.
- Permit business units to concentrate on their core competencies, improving overall corporate profits.

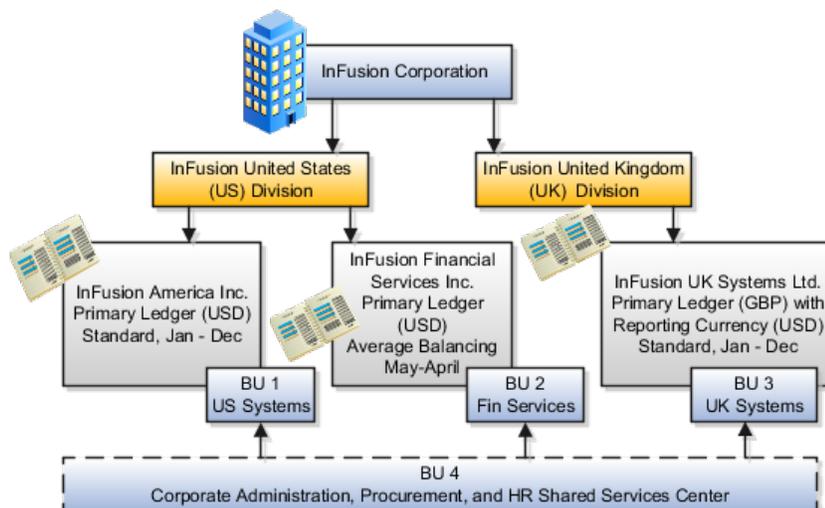
Service Provider Model: Explained

In Oracle Fusion applications, the service provider model defines relationships between business units for a specific business function, identifying one business in the relationship as a service provider of the business function, and the other business unit as its client.

Procurement Example

The Oracle Fusion Procurement product family has taken advantage of the service provide model by defining outsourcing of the procurement business function. Define your business units with requisitioning and payables invoicing business functions as clients of your business unit with the procurement business function. Your business unit responsible for the procurement business function will take care of supplier negotiations, supplier site maintenance, and purchase order processing on behalf of your client business units. Subscribe your client business units to the supplier sites maintained by the service providers, using a new procurement feature for supplier site assignment.

In the InFusion example below, business unit four (BU4) serves as a service provider to the other three business units (BU1, BU2, and BU3.) BU4 provides the corporate administration, procurement, and human resources (HR) business functions, thus providing cost savings and other benefits to the entire InFusion enterprise.



Define Business Units: Specify Customer Contract Management Business Function Properties

Customer Contracts Business Unit Setup: Explained

Using the **Specify Customer Contract Management Business Function Properties** task, available by navigating to Setup and Maintenance work area and searching on the task name, you can specify a wide variety of business function settings for customer contracts in a specific business unit. The selections you make for these business functions impact how Oracle Fusion Enterprise Contracts behaves during contract authoring.

Using the **Specify Customer Contract Management Business Function Properties** task, manage these business function properties:

- Enable related accounts
- Set currency conversion details
- Manage project billing options
- Set up the Contract Terms Library

The setup options available for the Contract Terms Library are applicable to both customer and supplier contracts, and are described in the business unit setup topic for the Contract Terms Library. That topic is available as a related link to this topic.

Enabling Related Customer Accounts

Contract authors can specify bill-to, ship-to, and other accounts for the parties in a contract. Enable the related customer accounts option if you want accounts previously specified as related to the contract party to be available for selection.

Managing Currency Conversion Options

If your organization plans to transact project-related business in multiple currencies, then select the multicurrency option. This allows a contract author to override a contract's currency, which defaults from the ledger currency of the business unit. It also enables the contract author to specify currency conversion attributes to use when converting from the bill transaction currency to the contract currency and from the invoice currency to the ledger currency.

In the Bill Transaction Currency to Contract Currency region, enter currency conversion details that will normally be used, by all contracts owned by this business unit, to convert transaction amounts in the bill transaction currency to the contract currency. Newly created contracts contain the default currency conversion values, but you can override the values on any contract, if needed.

In the Invoice Currency to Ledger Currency region:

- Enter invoice transaction conversion details if the invoice and ledger currencies can be different.
- Enter revenue transaction conversion details if the revenue and ledger currencies can be different for as-incurred and rate-based revenue.

Managing Project Billing Options

The options available for selection in the Project Billing region control the behavior of project invoicing and revenue recognition for contracts with project-based work.

Project billing can behave differently for external contracts (customer billing) or intercompany and interproject contracts (internal billing).

Set these options, which apply to all contracts:

- Select the **Transfer Revenue to General Ledger** option if you want to create revenue accounting events and entries, and transfer revenue journals to the general ledger. If this option is not selected, then revenue can still be generated, but will not be transferred to the general ledger.
- Indicate if a reason is required for credit memos that are applied to invoices.

There are two sets of the following options, one for customer billing and a second for internal billing:

- Select an invoice numbering method, either **Manual** or **Automatic**. The invoice numbering method is the method that Oracle Fusion Receivables uses to number its invoices, upon release of draft invoices from Project Billing.
 - If the invoice numbering method is **Manual**, then select an invoice number type, which sets the type of Receivables invoice numbers that are allowed. Valid values are **Alphanumeric** and **Numeric**.
 - If the invoice numbering method is **Automatic**, then enter the next invoice number to use when generating Receivables invoice numbers.
- Select the Receivables batch source to use when transferring invoices to Receivables.

Set this option only for customer billing:

- Indicate if you want contract authors to manually enter the Receivables transaction type on the customer contracts they create.

Contract Terms Library Business Unit Setup: Explained

You can specify a wide variety of Contract Terms Library settings for either customer or supplier contracts within each business unit, by using either the **Specify Customer Contract Management Business Function Properties** or the **Specify Supplier Contract Management Business Function Properties** tasks. These tasks are available by navigating to the **Setup and Maintenance** work area and searching on the task name.

For the Contract Terms Library in each business unit, you can:

- Enable clause and template adoption.
- Set the clause numbering method.
- Enable the Contract Expert feature.

- Specify the layout for printed clauses and contract deviation reports.

Enabling Clause Adoption

If you plan to use clause adoption in your implementation, then set up the following:

- Specify a global business unit

You must designate one of the business units in your organization as the global business unit by selecting the **Global Business Unit** option. This makes it possible for the other local business units to adopt and use approved content from that global business unit. If the **Global Business Unit** option is not available for the business unit you are setting up, this means that you already designated another business unit as global.

- Enable automatic adoption

If you are implementing the adoption feature, then you can have all the global clauses in the global business unit automatically approved and available for use in the local business by selecting the **Autoadopt Global Clauses** option. If you do not select this option, the employee designated as the Contract Terms Library Administrator must approve all global clauses before they can be adopted and used in the local business unit. This option is available only for local business units.

- Specify the administrator who approves clauses available for adoption

You must designate an employee as the Contract Terms Library administrator if you are using adoption. If you do not enable automatic adoption, then the administrator must adopt individual clauses or localize them for use in the local business unit. The administrator can also copy over any contract terms templates created in the global business unit. The clauses and contract terms templates available for adoption are listed in the administrator's Terms Library work area.

Setting Clause Numbering Options

You can set up automatic clause numbering for the clauses in the business unit by selecting Automatic in the **Clause Numbering** field and entering a Document Sequence Category you previously set up in the **Clause Sequence Category** field. If clause numbering is manual, contract terms library administrators must enter unique clause numbers each time they create a clause.

You can choose to display the clause number in front of the clause title in contracts by selecting the **Display Clause Number in Clause Title** option.

Enabling Contract Expert

You must select the **Enable Contract Expert** option to be able to use the Contract Expert feature in a business unit. This setting takes precedence over enabling Contract Expert for individual contract terms templates.

Specifying the Printed Clause and Deviations Report Layouts

For each business unit, you can specify the Oracle BI Publisher RTF file that serves as the layout for:

- The printed contract terms

Enter the RTF file you want used for formatting the printed clauses in the **Clause Layout Template** field.

- The contract deviations report

The RTF file you select as the **Deviations Layout Template** determines the appearance of the contract deviations report PDF. This PDF is attached to the approval notification sent to contract approvers.

Define Business Units: Specify Supplier Contract Management Business Function Properties

Supplier Contracts Business Unit Setup: Explained

Using the **Specify Supplier Contract Management Business Function Properties** task, available by selecting Setup and Maintenance from the Tools menu and searching on the task name, you can specify a variety of business function settings for supplier contracts in a specific business unit.

The selections you make for these business functions impact how the Contract Terms Library behaves during supplier contract authoring.

Managing Contract Terms Library Setup Options

The setup options available for the Contract Terms Library are applicable to both customer and supplier contracts, and are described in the business unit setup topic for the Contract Terms Library. That topic is available as a related link to this topic.

Contract Terms Library Business Unit Setup: Explained

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- Enable automatic adoption

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Define Business Units: Assign Business Unit Business Function

Business Functions: Explained

A business unit can perform many business functions in Oracle Fusion Applications. Prior to Oracle Fusion Applications, operating units in Oracle E-Business Suite were assumed to perform all business functions, while in Oracle PeopleSoft, each business unit had one specific business function. Oracle Fusion Applications blends these two models and allows defining business units with one or many business functions.

Business Functions

A business function represents a business process, or an activity that can be performed by people working within a business unit and describes how a business unit is used. The following business functions exist in Oracle Fusion applications:

- Billing and revenue management
- Collections management
- Customer contract management
- Customer payments
- Expense management
- Incentive compensation
- Marketing
- Materials management
- Inventory management
- Order fulfillment orchestration
- Payables invoicing
- Payables payments
- Procurement
- Procurement contract management
- Project accounting
- Receiving
- Requisitioning
- Sales

Although there is no relationship implemented in Oracle Fusion Applications, a business function logically indicates a presence of a department in the business unit with people performing tasks associated with these business functions.

A business unit can have many departments performing various business functions. Optionally, you can define a hierarchy of divisions, business units, and departments as a tree over HCM organization units to represent your enterprise structure.

Note

This hierarchy definition is not required in the setup of your applications, but is a recommended best practice.

Your enterprise procedures can require a manager of a business unit to have responsibility for their profit and loss statement. However, there will be cases where a business unit is performing only general and administrative functions, in which case your manager's financial goals are limited to cost containment or recovering of service costs. For example, if a shared service center at the corporate office provides services for more commercially-oriented business units, it does not show a profit and therefore, only tracks its costs.

In other cases, where your managers have a responsibility for the assets of the business unit, a balance sheet can be produced. The recommended best practice to produce a balance sheet, is to setup the business unit as a balancing segment in the chart of accounts. The business unit balancing segment can roll up to divisions or other entities to represent your enterprise structure.

When a business function produces financial transactions, a business unit must be assigned to a primary ledger, and a default legal entity. Each business unit can post transactions to a single primary ledger, but it can process transactions for many legal entities.

The following business functions generate financial transactions and will require a primary ledger and a default legal entity:

- Billing and revenue management
- Collections management
- Customer payments
- Expense management
- Materials management
- Payables invoicing
- Project accounting
- Receiving
- Requisitioning

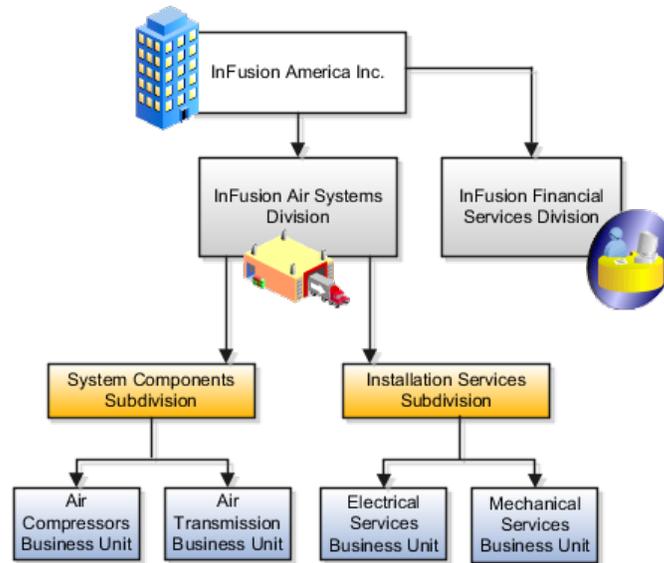
Business Unit Hierarchy: Example

For example, your InFusion America Company provides:

- Air quality monitoring systems through your division InFusion Air Systems
- Customer financing through your division InFusion Financial Services

The InFusion Air Systems division further segments your business into the System Components and Installation Services subdivisions. Your subdivisions are divided by business units:

- System Components by products: Air Compressors and Air Transmission
- Installation Services by services: Electrical and Mechanical



Oracle Fusion applications facilitates independent balance sheet rollups for legal and management reporting by offering up to three balancing segments. Hierarchies created using the management segment can provide the divisional results. For example, it is possible to define management segment values to correspond to business units, and arrange them in a hierarchy where the higher nodes correspond to divisions and subdivisions, as in the Infusion US Division example above.

Define Business Units: Manage Business Units

Business Units: Explained

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. A business unit can process transactions on behalf of many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. Roll business units up into divisions if you structure your chart of accounts with this type of hierarchy. In Oracle Fusion Applications, you assign your business units to one primary ledger. For example, if a business unit is processing payables invoices they will need to post to a particular ledger. This assignment is mandatory for your business units with business functions that produce financial transactions.

In Oracle Fusion Applications, use business unit as a securing mechanism for transactions. For example, if you run your export business separately from your domestic sales business, secure the export business data to prevent access by the domestic sales employees. To accomplish this security, set up the export business and domestic sales business as two separate business units.

The Oracle Fusion Applications business unit model:

- Allows for flexible implementation
- Provides a consistent entity for controlling and reporting on transactions
- Anchors the sharing of sets of reference data across applications

Business units process transactions using reference data sets that reflect your business rules and policies and can differ from country to country. With Oracle Fusion Application functionality, you can choose to share reference data, such as payment terms and transaction types, across business units, or you can choose to have each business unit manage its own set depending on the level at which you wish to enforce common policies.

In countries where gapless and chronological sequencing of documents is required for subledger transactions, define your business units in alignment with your ledger definition, because the uniqueness of sequencing is only ensured within a ledger. In these cases, define a single ledger and assign one legal entity and business unit.

In summary, use business units in the following ways:

- Management reporting
- Processing of transactions
- Security of transactional data
- Reference data definition and sharing

Brief Overview of Business Unit Security

Business units are used by a number of Oracle Fusion Applications to implement data security. You assign data roles to your users to give them access to data in business units and permit them to perform specific functions on this data. When a business function is enabled for a business unit, the application can trigger the creation of data roles for this business unit based on the business function's related job roles.

For example, if a payables invoicing business function is enabled, then it is clear that there are employees in this business unit that perform the function of payables invoicing, and need access to the payables invoicing functionality. Therefore, based on the correspondence between the business function and the job roles, appropriate data roles are generated automatically. Use Human Capital Management (HCM) security profiles to administer security for employees in business units.

Define Workforce Structures: Manage Enterprise HCM Information

Managing Enterprise Information for Non-Oracle Fusion HCM Users: Explained

The Manage Enterprise HCM Information task includes default settings for your enterprise such as the employment model, worker number generation, and so on. If you are not implementing Oracle Fusion Human Capital Management (HCM), then the only action you may need to perform using this task is to change the enterprise name, if necessary. The other settings are HCM-specific and are not relevant outside of Oracle Fusion HCM.

Define Workforce Structures: Manage Locations

Locations: Explained

A location identifies physical addresses of a workforce structure, such as a department or a job. You can also create locations to enter the addresses of external organizations that you want to maintain, such as employment agencies, tax authorities, and insurance or benefits carriers.

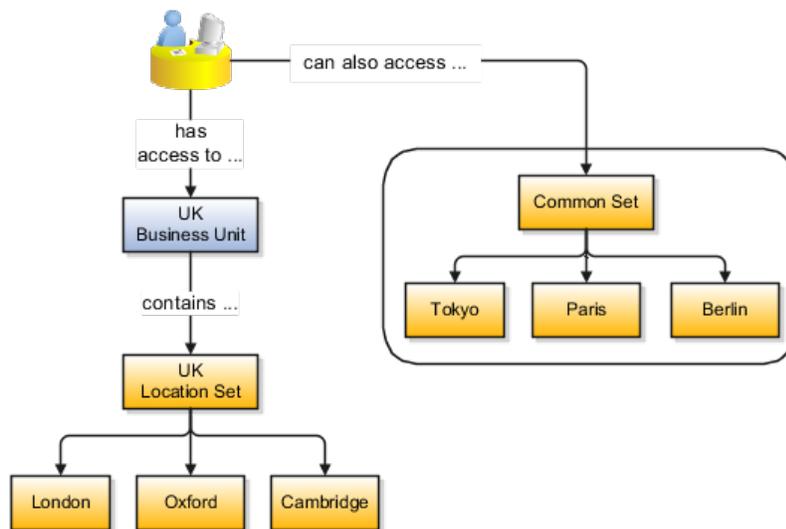
The locations that you create exist as separate structures that you can use for reporting purposes, and also in rules that determine employee eligibility for various types of compensation and benefits. You enter information about a location only once. Subsequently, when you set up other workforce structures you select the location from a list.

Location Sets

When you create a location, you must associate it with a set. Only those users who have access to the set's business unit can access the location set and other associated workforce structure sets, such as those that contain departments and jobs.

You can also associate the location to the common set so that users across your enterprise can access the location irrespective of their business unit. When users search for locations, they can see the locations that they have access to along with the locations in the common set.

The following figure shows how locations sets restrict access to users.



Creating Multiple Locations Simultaneously

If you have a list of locations already defined for your enterprise, you can upload them from a spreadsheet. To use this option, you first download a spreadsheet template, then add your location information to the spreadsheet, and then upload directly to your enterprise configuration. You can upload the spreadsheet multiple times to accommodate revisions.

Define Workforce Structures: FAQs for Manage Locations

Why can't I see my location in the search results?

You can search for approved locations only. Also, if you created a location in Oracle Fusion Trading Community Model, then you can't access that location from Oracle Fusion Global Human Resources. For use in Oracle Fusion HCM, you must recreate the location from the Manage Locations page.

How can I associate a location with an inventory organization?

From the Manage Locations page in Oracle Fusion Global Human Resources.

To appear on the Create or Edit Location pages, your inventory organization must be effective on today's date and must exist in the location set that you selected.

What happens if I select an inventory organization when I'm creating or editing a location?

The location is available for selection in purchase documents of that inventory organization in Oracle Fusion Inventory Management. If you don't select an inventory organization, then the location is available in purchase documents across all inventory organizations.

What happens if I select a geographic hierarchy node when I'm creating or editing a location?

The calendar events that were created for the geographical node start to apply for the location and may impact the availability of worker assignments at that location. The geographical hierarchy nodes available for selection on the Locations page display from a predefined geographic hierarchy.

What happens if I inactivate a location?

Starting from the effective date that you entered, you can no longer associate the location with other workforce structures, assignments, or applications. If the location is already in use, it will continue to be available to the components that currently use it.

Define Workforce Structures: Manage Divisions

Division: Explained

Managing multiple businesses requires that you segregate them by their strategic objectives and measure their results. Responsibility to reach objectives can be delegated along the management structure. Although related to your legal structure, the business organizational hierarchies do not need to reflect directly the legal structure of the enterprise. The management entities and structure can include divisions and subdivisions, lines of business, and other strategic business units, and include their own revenue and cost centers. These organizations can

be included in many alternative hierarchies and used for reporting, as long as they have representation in the chart of accounts.

Divisions

A division refers to a business oriented subdivision within an enterprise, in which each division organizes itself differently to deliver products and services or address different markets. A division can operate in one or more countries, and can be comprised of many companies or parts of different companies that are represented by business units.

A division is a profit center or grouping of profit and cost centers, where the division manager is responsible for attaining business goals including profit goals. A division can be responsible for a share of the company's existing product lines or for a separate business. Managers of divisions may also have return on investment goals requiring tracking of the assets and liabilities of the division. The division manager reports to a top corporate executive.

By definition a division can be represented in the chart of accounts. Companies may choose to represent product lines, brands, or geographies as their divisions: their choice represents the primary organizing principle of the enterprise. This may coincide with the management segment used in segment reporting.

Oracle Fusion Applications supports a qualified management segment and recommends that you use this segment to represent your hierarchy of business units and divisions. If managers of divisions have return on investment goals, make the management segment a balancing segment. Oracle Fusion applications allows up to three balancing segments. The values of the management segment can be comprised of business units that roll up in a hierarchy to report by division.

Historically, divisions were implemented as a node in a hierarchy of segment values. For example, Oracle E-Business Suite has only one balancing segment, and often the division and legal entity are combined into a single segment where each value stands for both division and legal entity.

Use of Divisions in Oracle Fusion Human Capital Management (HCM)

Divisions are used in HCM to define the management organization hierarchy, using the generic organization hierarchy. This hierarchy can be used to create organization based security profiles.

Adding a New Division After Acquiring a Company: Example

This example shows how to restructure your enterprise after acquiring a new division.

Scenario

You are part of a senior management team at InFusion Corporation. InFusion is a global company with organizations in the United States (US), the United Kingdom (UK), France, China, Saudi Arabia, and the United Arab Emirates (UAE). Its main area of business is in the high tech industry, and it has just acquired a new company. You must analyze their current enterprise structure and determine what new organizations you need to create to accommodate the new company.

Details of the Acquired Company

The acquired company is a financial services business based in Germany. Because the financial services business differs significantly from the high tech business, you want to keep the financial services company as a separate business with all the costs and reporting rolling up to the financial services division.

Analysis

The following table summarizes the key decisions that you must consider when determining what new organizations to set up and how to structure the enterprise.

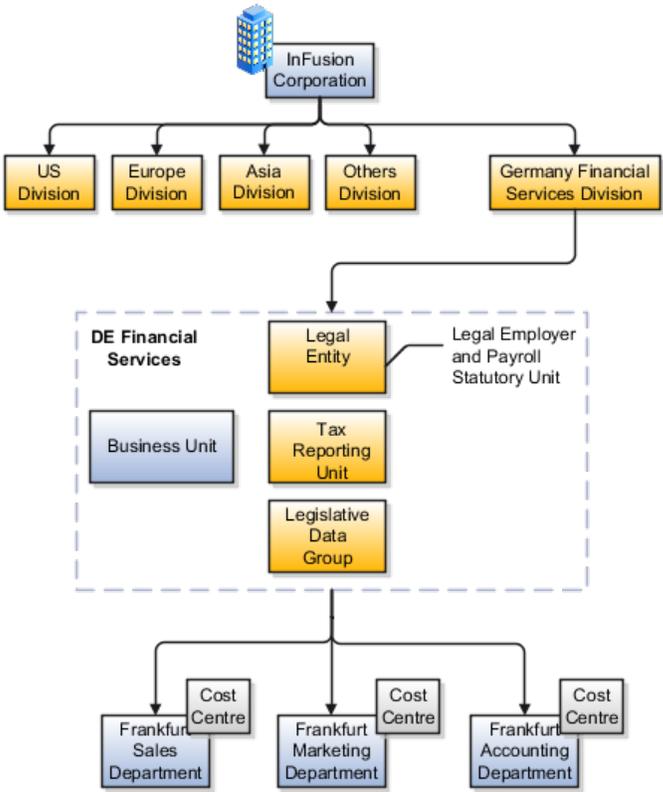
Decision to Consider	In This Example
Create location?	The financial services company is based in Frankfurt as are the departments, so you need to create only one location.
Create separate division?	Yes. Although the new division will exist within the current enterprise structure, you want to keep the financial services company as a separate line of business. Creating a separate division means you can manage the costs and reporting separately from the InFusion Corporation. It also means you do not have to modify any existing organizations in the enterprise setup.
Create business unit?	Yes. The financial services business requires you to create several jobs that do not exist in your high tech business. You can segregate the jobs that are specific to financial services in a new business unit.
How many departments?	The financial services company currently has three departments for sales, accounting, and marketing. As you have no plans to downsize or change the company, you can create three departments to reflect this structure.
How many cost centers?	Although you can have more than one cost center tracking the costs of a department, you decide to create one cost center for each department to track costs.
How many legal entities?	<p>Define a legal entity for each registered company or other entity recognized in law for which you want to record assets, liabilities, and income, pay transaction taxes, or perform intercompany trading. In this case, you need only one legal entity.</p> <p>You must define the legal entity as a legal employer and payroll statutory unit. As the new division operates in Germany only, you can configure the legal entity to suit Germany legal and statutory requirements.</p> <hr/> <p>Note</p> <p>When you identify the legal entity as a payroll statutory unit, the application transfers the legal reporting unit that is associated with that legal entity to Oracle Fusion HCM as a tax reporting unit.</p>

Create legislative data group?	Yes. Because you currently do not employ or pay people in Germany, you must create one legislative data group to run payroll for the workers in Germany.
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Based on the analysis, you must create the following:

- One new division
- One new location
- Three new departments
- Three new cost centers
- One new legal entity
- One new legislative data group

The following figure illustrates the structure of InFusion Corporation after adding the new division and the other organizations.



Define Workforce Structures: Manage Departments

Cost Centers and Departments: Explained

A cost center represents the smallest segment of an organization for which costs are collected and reported. A department is an organization with one or more

operational objectives or responsibilities that exist independently of its manager and has one or more workers assigned to it.

The following two components need to be considered in designing your enterprise structure:

- Cost centers
- Departments

Cost Centers

A cost center also represents the destination or function of an expense as opposed to the nature of the expense which is represented by the natural account. For example, a sales cost center indicates that the expense goes to the sales department.

A cost center is generally attached to a single legal entity. To identify the cost centers within a chart of accounts structure use one of these two methods:

- Assign a cost center value in the value set for each cost center. For example, assign cost center values of PL04 and G3J1 to your manufacturing teams in the US and India. These unique cost center values allow easy aggregation of cost centers in hierarchies (trees) even if the cost centers are in different ledgers. However, this approach will require defining more cost center values.
- Assign a balancing segment value with a standardized cost center value to create a combination of segment values to represent the cost center. For example, assign the balancing segment values of 001 and 013 with cost center PL04 to represent your manufacturing teams in the US and India. This creates 001-PL04 and 013-PL04 as the cost center reporting values.

The cost center value of PL04 has a consistent meaning. This method requires fewer cost center values to be defined. However, it prevents construction of cost center hierarchies using trees where only cost center values are used to report results for a single legal entity. You must specify a balancing segment value in combination with the cost center values to report on a single legal entity.

Departments

A department is an organization with one or more operational objectives or responsibilities that exist independently of its manager. For example, although the manager may change, the objectives do not change. Departments have one or more workers assigned to them.

A manager of a department is typically responsible for:

- Controlling costs within their budget
- Tracking assets used by their department
- Managing employees, their assignments, and compensation

Note

The manager of a sales department may also be responsible for meeting the revenue targets.

The financial performance of departments is generally tracked through one or more cost centers. In Oracle Fusion Applications, departments are defined and classified as Department organizations. Oracle Fusion Human Capital Management (HCM) assigns workers to departments, and tracks the headcount at the departmental level.

The granularity of cost centers and their relationship to departments varies across implementations. Cost center and department configuration may be unrelated, identical, or consist of many cost centers tracking the costs of one department.

Department Classifications: Points to Consider

A department can be classified as a project organization, sales and marketing organization, or cost organization.

Oracle Fusion Human Capital Management (HCM) uses trees to model organization hierarchies. It provides seeded tree structures for department and other organizational hierarchies that can include organizations with any classification.

Project Organization

Classify departments as a project owning organization to enable associating them with projects or tasks. The project association is one of the key drivers for project access security.

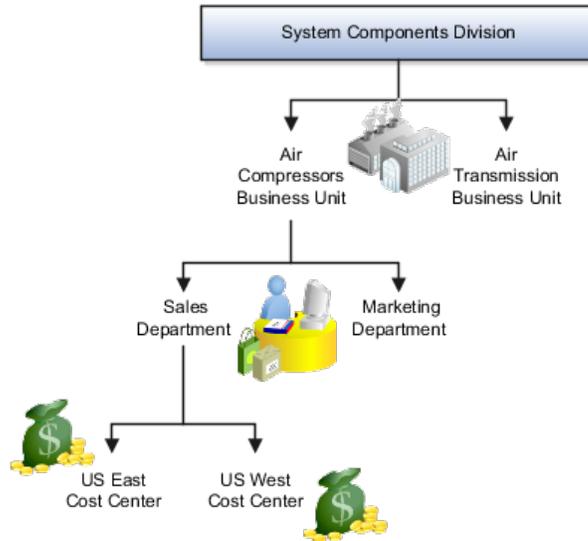
In addition, you must classify departments as project expenditure organizations to enable associating them to project expenditure items. Both project owning organizations and project expenditure organizations can be used by Oracle Fusion Subledger Accounting to derive accounts for posting Oracle Fusion Projects accounting entries to Oracle Fusion General Ledger.

Sales and Marketing Organization

In Oracle Fusion Customer Relationship Management (CRM), you can define sales and marketing organizations. Sales organization hierarchies are used to report and forecast sales results. Sales people are defined as resources assigned to these organizations.

In some enterprises, the HCM departments and hierarchies correspond to sales organizations and hierarchies. It is important to examine the decision on how to model sales hierarchies in relationship to department hierarchies when implementing customer relationship management to eliminate any possible redundancy in the definition of the organizations.

The following figure illustrates a management hierarchy, in which the System Components Division tracks its expenses in two cost centers, Air Compressors and Air Transmission. At the department level, two organizations with a classifications of Department are defined, the Marketing Department and Sales Department. These two departments can be also identified as a Resource Organizations, which will allow assigning resources, such as sales people, and other CRM specific information to them. Each department is represented in the chart of accounts by more than one cost center, allowing for granular as well as hierarchical reporting.



Cost Organization

Oracle Fusion Costing uses a cost organization to represent a single physical inventory facility or group of inventory storage centers, for example, inventory organizations. This cost organization can roll up to a manager with responsibility for the cost center in the financial reports.

A cost organization can represent a costing department. Consider this relationship when determining the setup of departments in HCM. There are no system dependencies requiring these two entities, cost organization and costing department, be set up in the same way.

Define Workforce Structures: FAQs for Manage Job Families

What's the difference between a job set and a job family?

A job family is a group of jobs that have different but related functions, qualifications, and titles. They are beneficial for reporting. You can define competencies for job families by associating them with model profiles.

A job set is an organizational partition of jobs. For example, a job set can be global and include jobs for use in all business units, or it can be restricted to jobs for a specific country or line of business. When you select a job, for a position or an assignment, the available jobs are those in the set associated with the business unit in which you are working, and also those in the Common set.

Define Workforce Structures: Manage Job

Jobs: Example

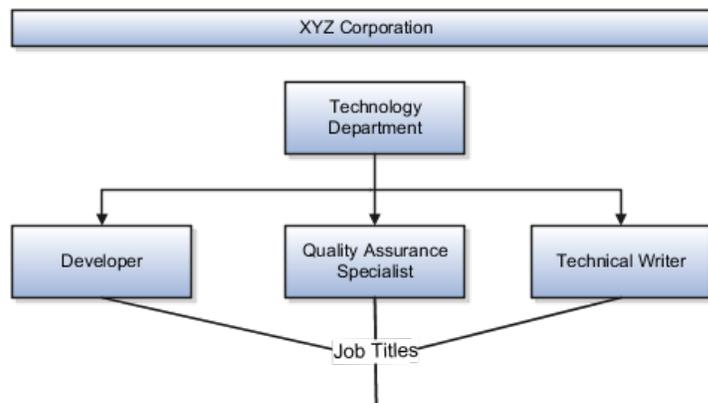
Jobs are typically used without positions by service industries where flexibility and organizational change are key features.

Software Industry

For example, XYZ Corporation has a director over the departments for developers, quality assurance, and technical writers. Recently, three developers have left the company. The director decides to redirect the head count to other areas. Instead of hiring all three back into development, one person is hired to each department, quality assurance, and technical writing.

In software industries, the organization is fluid. Using jobs gives an enterprise the flexibility to determine where to use head count, because the job only exists through the person performing it. In this example, when the three developers leave XYZ Corporation, their jobs no longer exist, therefore the corporation has the flexibility to move the headcount to other areas.

This figure illustrates the software industry job setup.



Define Workforce Structures: Manage Person Search Relevance Profile Option Values

Search Relevance Profile Options: Explained

The strength of the relationship between the person performing a gallery search and each person whose assignment appears in the search results can determine the order of the results: the stronger the relationship, the closer to the top of the results an assignment appears. The search relevance profile options control how the strength of the relationship between the searcher and the search result is calculated.

Weighting Profile Options

Using the following profile options, you can change the weighting applied to the relevant factors.

Profile Option	Description
HR: Organization Hierarchy Weight	Specifies the weighting applied to the relationship strength value for the organization hierarchy proximity factor.

HR: Position Hierarchy Weight	Specifies the weighting applied to the relationship strength value for the position hierarchy proximity factor.
HR: Manager Hierarchy Weight	Specifies the weighting applied to the relationship strength value for the manager hierarchy proximity factor.
HR: Location Proximity Weight	Specifies the weighting applied to the relationship strength value for the location proximity factor.
HR: Selection History Weight	Specifies the weighting applied to the relationship strength value for the selection history factor.
HR: Social Network Weight	Specifies the weighting applied to the relationship strength value for the social network factor.

The default value of each weighting profile option is 0.5. To increase the relevance of a factor relative to other factors, you increase its weighting; to decrease its relevance, you reduce its weighting.

HR: Selection History Timeout

The number of times the searcher selects a person's assignment from the search results during a specified period, which is 7 days by default, is recorded automatically. You can specify this period for the enterprise on the HR: Selection History Timeout profile option.

HR: Maximum Hierarchy Proximity

When the searcher's primary assignment is in the same organization, position, or manager hierarchy as a person's assignment, the strength of the relationship depends on their proximity to each other in the hierarchy. The maximum number of hierarchy boundaries to include in the calculation is 4 by default. You can set this value for the enterprise on the HR: Maximum Hierarchy Proximity profile option.

HR: Relationship Priority Factor

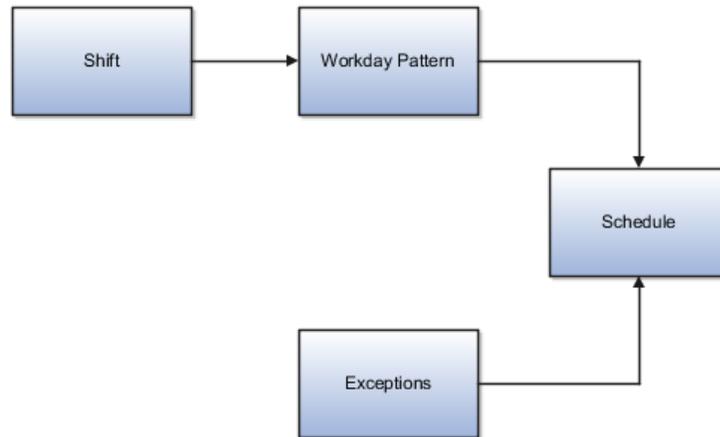
The searcher can specify a rating for a search result, and each rating is associated with a multiplying factor. On this profile option, you can specify the highest possible multiplying factor that can be applied to a search result. By default, the multiplying factor is 2. If you increase its value, you increase the significance of the searcher's own ratings relative to other factors.

Define Facilities: Manage Facility Shifts, Workday Patterns, and Schedules

Schedule Components: How They Fit Together

Schedules are comprised of workday patterns and exceptions. Workday patterns are comprised of shifts. You can also create exceptions, nonworking days, to the schedules.

Begin by creating shifts and then assigning those shifts to workday patterns. Next, create a schedule that is a collection of workday patterns and any exception dates.



Shift

A shift is a period of time, typically expressed in hours, and it can be defined by a start time and an end time, or a duration. A shift can be for a work period or a off period. You can create time, duration, and elapsed shifts.

Workday Pattern

A workday pattern is a collection of shifts for a specific number of days. You can create time, duration, and elapsed workday patterns.

Exception

An exception is a record of a date that overrides the availability of a resource to which a schedule has been assigned. For example, a resource is assigned a schedule that includes December 25 as a working day. An exception can be created for December 25 and applied to that schedule to override resource availability for that date. Exceptions can also be for a date time period such as 9 a.m. to 11 a.m. on December 25th.

Schedule

A schedule is defined by a start date, an end date, and a sequence of workday patterns to be followed between those dates. A schedule can also contain

exception dates that override the availability of resources to which the schedule is assigned. Quarter types such as 4-4-5, 4-5-4 are supported.

Managing Shifts: Examples

A shift is a period of time, typically expressed in hours, that is used to build workday patterns. Workday patterns are used to build schedules. There are multiple types of shifts you can create. The following scenarios illustrate each type.

Managing Time Shifts

Next month you are adding a second shift for your manufacturing operations. This new shift will start right after your regular first shift. You can create a time shift that starts at 4:00 p.m. and ends at 12:00 a.m. There are restrictions in updating existing shifts and patterns. Shifts and patterns cannot be updated if the change affects a schedule, that is they are associated to a schedule. If a shift is created but not assigned to a pattern (or assigned to a pattern but the pattern is not assigned to a schedule) it can be updated. If a pattern is created and not assigned to a schedule it can be updated.

Managing Time Shifts with Punch Details

Your division has decided that the employees in the office must clock in and out for lunch starting next week. All employees will take the same lunch hour. Add punch shift details to the existing shift so that employees punch in at 8:00 a.m.; they punch out for lunch from 11:30 a.m. to 12:30 p.m.; they punch back in at 12:30 p.m.; and they punch out for the day at 5:00 p.m.

Managing Time Shifts with Flexible Details

Jorge Sanchez is a contractor who is starting work in your department next week. His hours will be flexible, so you need to create a new time shift with flexible details that he can use to record his time. He will have a flexible start time from 7:00 a.m. to 9:00 a.m. and a flexible end time from 4:00 p.m. to 6:00 p.m. His core work hours will be from 9:00 a.m. to 4:00 p.m.

Managing Duration Shifts

One of the divisions in your organization does not use fixed start and end times for its daily shifts; the division only records the total duration of the shift and indicates if resources are available or not during that time. All of the employees in the division are available for 24 hours straight, and then they are not available for the next 24 hours. You should create a duration shift that indicates that resources are available for 24 hours, and create a second duration shift that indicates that resources are not available for 24 hours.

Managing Elapsed Shifts

The employees in the Human Resources department all work 8 hours a day, but the start and end times vary by employee. Some employees start as early as 6:00 a.m., while others don't start until 9:00 a.m. Create an elapsed shift with a duration of 8 hours, where all employees are assumed to be available for the number of hours in the shift at any time during the day.

Managing Workday Patterns: Examples

A workday pattern is a collection of shifts for a specific number of days. There are multiple types of workday patterns you can create. The following scenarios illustrate each type.

Managing Time Workday Patterns

Your department works a Monday through Friday workweek with 8 hour shifts each day. Time patterns always have time shifts. That is, the shift will have start time and end time. You can create a time workday pattern with a length of 7 days and details of an 8 hour time shift for days 1 through 5. Days 6 and 7 are considered nonworking days.

Managing Duration Workday Patterns

A new group of employees starts next month, and each employee will work a schedule where he or she is available for 10 hours, and then not available for the next 16 hours, and then available for 10 hours again, and so on. This pattern starts on midnight of the first day of the next month. Create a duration workday pattern with a 10-hour available duration shift, followed by a 16-hour not available duration shift. Do not specify the pattern length or start and end days, and the pattern will repeat for the length of the schedule to which it is associated.

Managing Elapsed Workday Patterns

In the summer, several divisions in your organization work only 4 hours on Fridays. They work extended hours on Wednesdays and Thursdays to cover the 4 hours they will not work on Fridays. Create an elapsed workday pattern with a length of 7 days. Days 1 and 2 will have an 8-hour shift assigned, while days 3 and 4 will have a 10-hour shift assigned. Finally, day 5 will have a 4-hour shift assigned. As in the time workday pattern, days 6 and 7 are considered nonworking days.

Define Facilities: Manage Inventory Organizations

Inventory Organizations: Explained

An inventory organization is a logical or physical entity in the enterprise that is used to store definitions of items or store and transact items.

You select the following usages in the inventory organization's properties:

- Item management
- Item and inventory management

Item Management

Inventory organizations used for item management, which are the same as item organizations, store only definitions of items. Use inventory organizations for item management when the storage or movement of inventory does not need to be physically or financially tracked. For example, in a retail implementation you can create an inventory organization for item management to store the names

of items that are listed by and sold through each retail outlet, while a different system tracks physical inventory and transactions. If it is necessary in the future, you can change an inventory organization's usage from item management to item and inventory management in the inventory organization's properties.

Item and Inventory Management

Inventory organizations used for item and inventory management store and transact items, in addition to item definitions. An inventory organization used for item and inventory management is associated with one business unit, one legal entity, and one primary ledger. Use inventory organizations for item and inventory management when the storage or movement of inventory needs to be physically and financially tracked. Inventory organizations used for item and inventory management can represent facilities such as manufacturing centers, warehouses, or distribution centers. You cannot change an inventory organization's use from item and inventory management to item management.

Inventory Organization: Critical Choices

In Oracle Fusion, storage facilities, warehouses, and distribution centers are implemented as inventory organizations.

Inventory organizations are:

- Managed by a business unit, with the materials management business function enabled.
- Mapped to a legal entity and a primary ledger.

There are two types of inventory organizations:

- Manufacturing facilities
- Storage facilities

Storage and manufacturing facilities are related to other organizational entities through a business unit that stores, manufactures, and distributes goods through many factories, warehouses, and distribution centers. The material parameters are set for both the facilities, enabling movement of material in the organization. This business unit has the business function of Materials Management enabled. Oracle Fusion Applications allow many inventory organizations to be assigned to one business unit.

Note

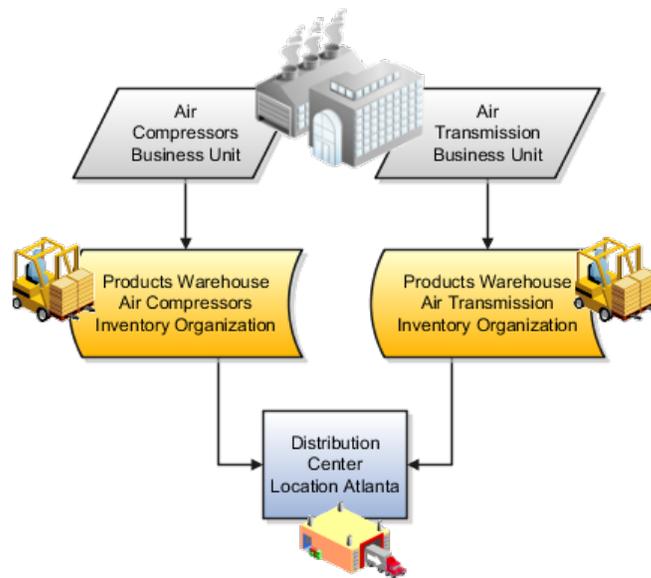
Currently, Oracle Fusion Applications do not include manufacturing capabilities, so setup your manufacturing facilities outside of Oracle Fusion applications.

Distribution Center as an Inventory Organization

A distribution center can store inventory that is the responsibility of different business units. In this situation, assign an inventory organization to each business unit as a representation of the inventory in the distribution center. The multiple inventory organizations representing the inventory are defined with the same location to show that they are a part of the same distribution center.

In the following figure the two business units, Air Compressors and Air Transmission, share one distribution center in Atlanta. The two inventory

organizations, Air Compressors and Air Transmission represent the inventory for each business unit in the Atlanta distribution center and are both assigned the Atlanta location.

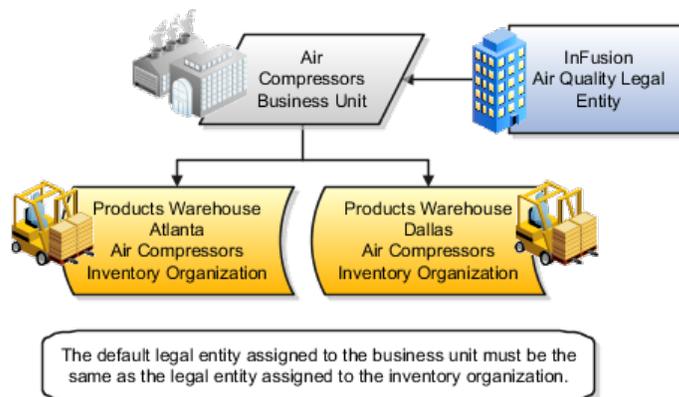


Legal Entities Own Inventory Organizations

A legal entity owns the inventory located in a storage or manufacturing facility. This ownership is assigned through the relationship of the inventory organization representing the inventory and the legal entity assigned to the inventory organization. The legal entity assigned to the inventory organization shares the same primary ledger as the inventory organization's business unit.

The inventory is tracked in the inventory organization owned by the legal entity of which the business unit is part. All transactions are accounted for in the primary ledger of the legal entity that owns the inventory.

The figure below illustrates the inventory owned by InFusion Air Quality legal entity. The InFusion Air Quality legal entity is associated with the Air Compressors business unit, which is associated with the two Air Compressors inventory organizations. Therefore, InFusion Air Quality legal entity owns the entire inventory in both the Dallas and Atlanta locations.



Facility Schedules Are Associated with Inventory Organizations

A prerequisite to defining an inventory organization is to define a facility schedule. Oracle Fusion Applications allow you to associate an inventory organization with a schedule.

Facility schedules allow creating workday calendars for inventory organizations that are used in the Oracle Fusion Supply Chain Management product family. For example, use workday calendars in the scheduling of cycle counts and calculating transit time.

Inventory Organization Prerequisites: Points to Consider

You can create a new inventory organization, or select an existing organization to define as an inventory organization.

Before creating inventory organizations:

- Set up inventory organization dependencies
- Plan inventory organization parameters

Setting Up Inventory Organization Dependencies

When you create an inventory organization, you must associate it to dependencies, such as business units and legal entities. For this reason, create these dependencies before creating an inventory organization.

Planning Inventory Organization Parameters

Before creating an inventory organization, plan the inventory organization's parameters

Consider the following when planning to configure an inventory organization's parameters

- Which schedule to use
- Which inventory organization to serve as the item master organization
- Whether to configure locator control and if so, the level at which to enforce the locator control
- How you want to configure movement request settings such as pick slip batch size and replenishment movement request grouping

Consider the size of your operation, your usage of subinventories, and the type of labor or equipment required when considering whether you want to use organization- or subinventory-level replenishment movement request grouping.

- How you want to configure lot, serial, and packing unit generation settings

To make appropriate choices for these settings, you should be familiar with:

- Your company's guidelines for creating lot names, serial numbers, and packing unit numbers
- Whether your company requires you to assign the same lot number to multiple items in the same organization, or a specific lot number to only one item in the same organization
- Whether your company requires you to place purchase order or shipping order material under lot control
- How you want to configure item sourcing details, such as the picking rule to use, and whether to specify the inventory organization as a logistics services organization

Rounding the Reorder Quantity: How It Affects Min-Max Planning Reorder Calculations

When you specify to round reorder quantities, min-max planning reorders for item subinventories are automatically rounded up or down.

Settings That Affect Rounding the Reorder Quantity

Reorder quantities for an item subinventory are calculated based on:

- The setting that you select for the **Round Order Quantity** parameter on the Manage Inventory Organization Parameters page, General tab, of the inventory organization containing the item subinventory
- The value that you specify for the **Fixed Lot Multiple** text box on the Add Item to Subinventory window

How Rounding the Reorder Quantity Affects Min-Max Planning Reorder Quantity Calculations

If you enable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded up. If you disable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded down.

Note

To round reorder quantities, you must specify a fixed lot multiple.

Example: Rounding the Reorder Quantity

Assume that the reorder quantity is 24. If you enable rounding the reorder quantity and specify 10 for the fixed lot multiple, the reorder quantity is rounded up to 30. If you disable rounding the reorder quantity and keep the fixed lot multiple at 10, the reorder quantity is rounded down to 20.

Selecting Lot Number Uniqueness Control: Critical Choices

Select one of the following lot number uniqueness control options to apply to the items in your inventory organization:

- No uniqueness control
- Across items

No Uniqueness Control

You can assign the same lot number to multiple items in the same inventory organization and across inventory organizations. The following table provides an example of how lot numbers are generated when uniqueness control is not applied, both within and across inventory organizations.

Within Inventory Organization	Across Inventory Organizations
Item AS100 (printer) / Lot LN100	Item AS100 (printer) / Lot LN100
Item AS101 (laptop computer) / Lot LN100	Item AS101 (laptop computer) / Lot LN100

Across Items

You can only assign a unique lot number to a single item in one inventory organization. If the same item is also in a different inventory organization, you must assign that item a unique lot number. The following table provides an example of how lot numbers are generated when uniqueness control is applied across items, both within and across inventory organizations.

Within Inventory Organization	Across Inventory Organizations
Item AS100 (printer) / Lot LN100	Item AS100 (printer) / Lot LN300
Item AS101 (laptop computer) / Lot LN200	Item AS101 (laptop computer) / Lot LN400

FAQs for Manage Inventory Organizations

What happens if I select the Supplier item sourcing type for replenishment?

Items are replenished from an external supplier.

What happens if I create an inventory organization as a logistics services organization?

The inventory organization is not costed, and shipment lines from different logistics service provider customers cannot be packed in the same packing unit.

Define Facilities: Manage Item Organizations

Item Organization: Explained

An item organization defines an item when inventory balances are not stored and inventory storage or inventory movement is not reflected in the Oracle

Fusion Applications. For example, you would use an item organization in a retail scenario, if you need to know the items that are listed by and sold through each retail outlet even though inventory and transactions are recorded in another system. In Oracle Fusion Customer Relationship Management (CRM), item organizations are used to define sales catalogs.

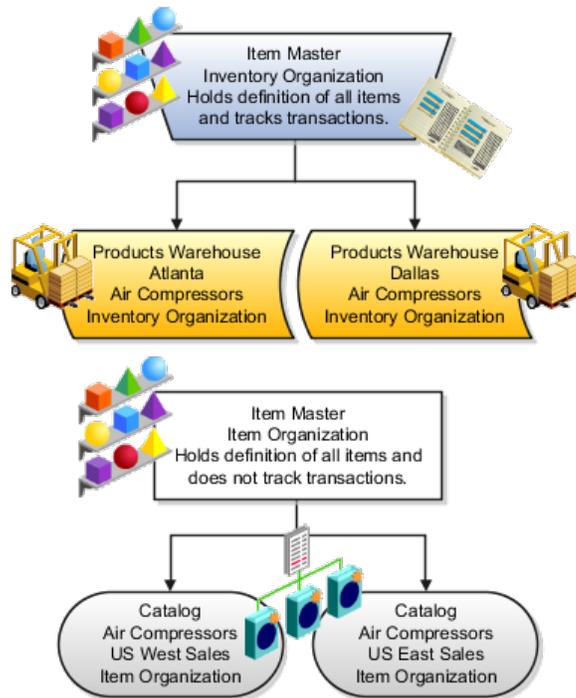
Note

- Items belong to an item organization.
 - Item attributes that are associated with financial and accounting information are hidden from the item if it exists within the item organization.
 - Item organizations can be changed by administrators to an inventory organization by updating the necessary attributes. There is no difference in the way items are treated in these two types of organizations except that there cannot be any financial transactions in the downstream applications for items that are assigned to an item organization.
-

Item Master Organization: Explained

An item master organization lists and describes items that are shared across several inventory organizations or item organization.

The following example shows the choice between inventory organizations that track inventory transactions, stored in two warehouses, and item organizations that just track items, listed in two sales catalogs.



For the most efficient processing, you should:

- Have a single item master
- Include an item and its definition of form, fit, and function only once in the item master
- Separate the item master organization from organizations that store and transact items

Note

Oracle Fusion allows multiple item masters, however, use this capability cautiously. If you acquire a company, there may be value in allowing the old item master to exist for a transition period. If you manage your subsidiaries as separate businesses, there may be reduced value in a single item master.

Define Ledgers

Accounting Configuration Offerings: Overview

The Setup and Maintenance work area in the Oracle Fusion Applications is used to manage the configuration of legal entities, ledgers, and reporting currencies that comprise your accounting configuration. To create a new legal entity or ledger, your implementation consultant or system administrator must create an implementation project. This implementation project can be populated by either adding a financials related offering or one or more task lists.

Note

Setup tasks that are not related to the ledger or legal entity specific setup tasks can be invoked from either an implementation project or launched directly from the Setup and Maintenance work area.

There are two offerings predefined for financial implementations.

- The Oracle Fusion Accounting Hub offering is used to add the Oracle Fusion General Ledger and Oracle Fusion Subledger Accounting application features to an existing enterprise resource planning (ERP) system to enhance the current reporting and analysis.
- The Oracle Fusion Financials offering, which includes the Oracle Fusion General Ledger and Oracle Fusion Subledger Accounting application features, as well as at least one of the subledger financial applications.

When adding an offering to an implementation project, implementation consultants can customize the tasks displayed by adding additional tasks to the implementation project.

Ledgers and Subledgers: Explained

Oracle Fusion Applications reflect the traditional segregation between the general ledger and associated subledgers. Detailed transactional information is captured in the subledgers and periodically imported and posted in summary or detail to the ledger.

A ledger determines the currency, chart of accounts, accounting calendar, ledger processing options, and accounting method for its associated subledgers. Each accounting setup requires a primary ledger and optionally, one or more

secondary ledgers and reporting currencies. Reporting currencies are associated with either a primary or secondary ledger.

The number of ledgers and subledgers is unlimited and determined by your business structure and reporting requirements.

Single Ledger

If your subsidiaries all share the same ledger with the parent company or they share the same chart of accounts and calendar, and all reside on the same applications instance, you can consolidate financial results in Oracle Fusion General Ledger in a single ledger. Use Oracle Fusion Financial Reporting functionality to produce individual entity reports by balancing segments. General Ledger has three balancing segments that can be combined to provide detailed reporting for each legal entity and then rolled up to provide consolidated financial statements.

Multiple Ledgers

Accounting operations using multiple ledgers can include single or multiple applications instances. You need multiple ledgers if one of the following is true:

- You have companies that require different account structures to record information about transactions and balances. For example, one company may require a six-segment account, while another needs only a three-segment account structure.
- You have companies that use different accounting calendars. For example, although companies may share fiscal year calendars, your retail operations require a weekly calendar, and a monthly calendar is required for your corporate headquarters.
- You have companies that require different functional currencies. Consider the business activities and reporting requirements of each company. If you must present financial statements in another country and currency, consider the accounting principles to which you must adhere.

Subledgers

Oracle Fusion Subledgers capture detailed transactional information, such as supplier invoices, customer payments, and asset acquisitions. Oracle Fusion Subledger Accounting is an open and flexible application that defines the accounting rules, generates detailed journal entries for these subledger transactions, and posts these entries to the general ledger with flexible summarization options to provide a clear audit trail.

Ledgers: Points to Consider

Companies account for themselves in primary ledgers, and, if necessary, secondary ledgers and reporting currencies. Your transactions from your subledgers are posted to your primary ledgers and possibly, secondary ledgers or reporting currencies. Local and corporate compliance can be achieved through an optional secondary ledger, providing an alternate accounting method, or in some cases, a different chart of accounts. Your subsidiary's primary and secondary ledgers can both be maintained in your local currency, and you can

convert your local currency to your parent's ledger currency to report your consolidated financial results using reporting currencies or translation.

Primary Ledgers

A primary ledger is the main record-keeping ledger. Like any other ledger, a primary ledger records transactional balances by using a chart of accounts with a consistent calendar and currency, and accounting rules implemented in an accounting method. The primary ledger is closely associated with the subledger transactions and provides context and accounting for them.

To determine the number of primary ledgers, your enterprise structure analysis must begin with your financial, legal, and management reporting requirements. For example, if your company has separate subsidiaries in several countries worldwide, enable reporting for each country's legal authorities by creating multiple primary ledgers that represent each country with the local currency, chart of accounts, calendar, and accounting method. Use reporting currencies linked to your country specific primary ledgers to report to your parent company from your foreign subsidiaries. Other considerations, such as corporate year end, ownership percentages, and local government regulations and taxation, also affect the number of primary ledgers required.

Secondary Ledgers

A secondary ledger is an optional ledger linked to a primary ledger for the purpose of tracking alternative accounting. A secondary ledger can differ from its primary ledger by using a different accounting method, chart of accounts, accounting calendar, currency, or processing options. All or some of the journal entries processed in the primary ledger are transferred to the secondary ledger, based on your configuration options. The transfers are completed based on the conversion level selected. There are four conversion levels:

- **Balance:** Only Oracle Fusion General Ledger balances are transferred to the secondary ledger.
- **Journal:** General Ledger journal posting process transfers the journal entries to the secondary ledger.
- **Subledger:** Oracle Fusion Subledger Accounting creates subledger journals to subledger level secondary ledgers as well as reporting currencies.
- **Adjustments Only:** Incomplete accounting representation that only holds adjustments. The adjustments can be manual or detailed adjustments from Subledger Accounting. This type of ledger must share the same chart of accounts, accounting calendar, and period type combination, and currency as the associated primary ledger.

Note

A full accounting representation of your primary ledger is maintained in any subledger level secondary ledger.

Secondary ledgers provide functional benefits, but produce large volumes of additional journal entry and balance data, resulting in additional performance and memory costs. When adding a secondary ledger, consider your needs for secondary ledgers or reporting currencies, and select the least costly data

conversion level that meets your requirements. For secondary ledgers, the least costly level is the adjustment data conversion level because it produces the smallest amount of additional data. The balance data conversion level is also relatively inexpensive, depending upon how often the balances are transferred from the primary to the secondary ledger. The journal and subledger data conversion levels are much more expensive, requiring duplication of most general ledger and subledger journal entries, as well as general ledger balances.

For example, you maintain a secondary ledger for your International Financial Reporting Standards (IFRS) accounting requirements, while your primary ledger uses US Generally Accepted Accounting Principles (GAAP). You decided to select the subledger level for your IFRS secondary ledger. However, since most of the accounting is identical between US GAAP and IFRS, a better solution is to use the adjustment only level for your secondary ledger. The subledger level secondary ledger requires duplication of most subledger journal entries, general ledger journal entries, and general ledger balances. With the adjustment only level, your secondary ledger contains only the adjustment journal entries and balances necessary to convert your US GAAP accounting to the IFRS accounting, which uses a fraction of the resources that are required by full subledger level secondary ledger.

Following are scenarios that may require different combinations of primary and secondary ledgers:

- The primary and secondary ledgers use different charts of accounts to meet varying accounting standards or methods. A chart of accounts mapping is required to instruct the application how to propagate balances from the source (primary) chart of accounts to the target (secondary) chart of accounts.
- The primary and secondary ledgers use different accounting calendars to comply with separate industry and corporate standards.

Note

Use the same currency for primary and secondary ledgers to avoid difficult reconciliations, if you have the resources to support the extra posting time and data storage. Use reporting currencies or translations to generate the different currency views needed to comply with internal reporting needs and consolidations.

Reporting Currencies

Reporting currencies maintain and report accounting transactions in additional currencies. Each primary and secondary ledger is defined with a ledger currency that is used to record your business transactions and accounting data for that ledger. It is advisable to maintain the ledger in the currency in which the majority of its transactions are denominated. For example, create, record, and close a transaction in the same currency to save processing and reconciliation time. Compliance, such as paying local transaction taxes, is also easier using a local currency. Many countries require that your accounting records be kept in their national currency.

If you need to maintain and report accounting records in different currencies, you do this by defining one or more reporting currencies for the ledger. There are three conversion levels for reporting currencies:

- Balance: Only General Ledger balances are converted into the reporting currency using translation.
- Journal: General Ledger journal entries are converted to the reporting currency during posting.
- Subledger: Subledger Accounting creates subledger reporting currency journals along with primary ledger journals.

Note

A full accounting representation of your primary ledger is maintained in any subledger level reporting currency. Secondary ledgers cannot use subledger level reporting currencies.

Of the three data conversion levels available, the balance data conversion level is typically the least expensive, requiring duplication of only the balance level information. The journal and subledger data conversion levels are more expensive, requiring duplication of most general ledger and subledger journal entries, as well as general ledger balances.

Do not use journal or subledger level reporting currencies if your organization has only an infrequent need to translate your financial statements to your parent company's currency for consolidation purposes. Standard translation functionality meets this need. Consider using journal or subledger level reporting currencies when any of the following conditions exist.

- You operate in a country whose unstable currency makes it unsuitable for managing your business. As a consequence, you need to manage your business in a more stable currency while retaining the ability to report in the unstable local currency.
- You operate in a country that is part of the European Economic and Monetary Union (EMU), and you choose to account and report in both the European Union currency and your National Currency Unit (NCU).

Note

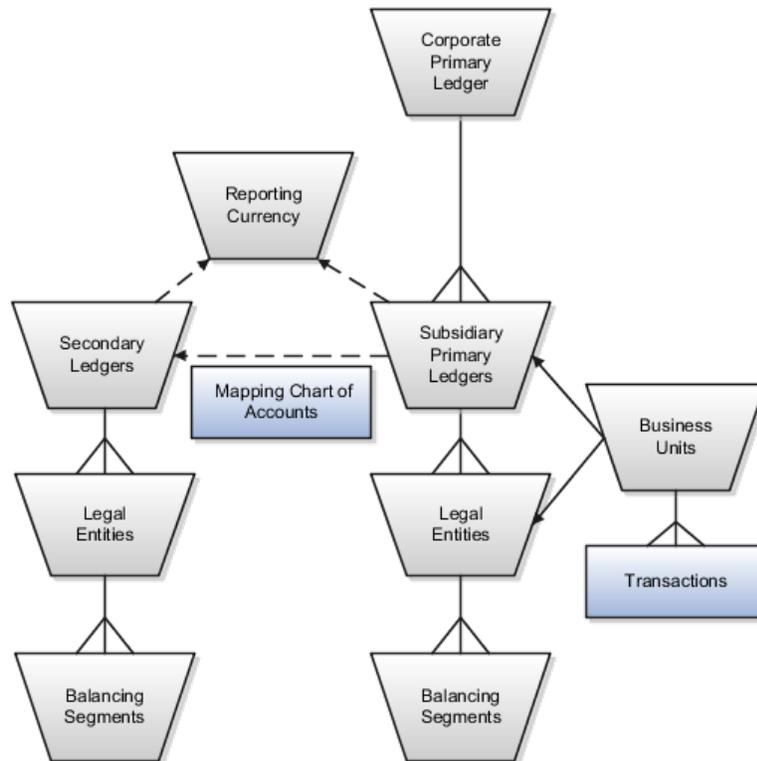
The second option is rare since most companies have moved beyond the initial conversion to the EMU currency. However, future decisions could add other countries to the EMU, and then, this option would again be used during the conversion stage.

Financial Ledgers: How They Fit Together

Oracle Fusion Applications is an integrated suite of business applications that connects and automates the entire flow of the business process across both front and back office operations and addresses the needs of a global enterprise. The process of designing the enterprise structure, including the accounting configuration, is the starting point for an implementation. This process often includes determining financial, legal, and management reporting requirements, setting up primary and secondary ledgers, making currency choices, and examining consolidation considerations.

This figure shows the enterprise structure components and their relationships to each other. Primary ledgers are connected to reporting currencies and secondary

ledgers to provide complete reporting options. Legal entities are assigned to ledgers, both primary and secondary, and balancing segments are assigned to legal entities. Business units must be connected to both a primary ledger and a default legal entity. Business units can record transactions across legal entities.



Primary Ledgers

A primary ledger is the main record-keeping ledger. Create a primary ledger by combining a chart of accounts, accounting calendar, ledger currency, and accounting method. To determine the number of primary ledgers, your enterprise structure analysis must begin with determining financial, legal, and management reporting requirements. For example, if your company has separate subsidiaries in several countries worldwide, create multiple primary ledgers representing each country with the local currency, chart of accounts, calendar, and accounting method to enable reporting to each country's legal authorities.

If your company just has sales in different countries, with all results being managed by the corporate headquarters, create one primary ledger with multiple balancing segment values to represent each legal entity. Use secondary ledgers or reporting currencies to meet your local reporting requirements, as needed. Limiting the number of primary ledgers simplifies reporting because consolidation is not required. Other consideration such as corporate year end, ownership considerations, and local government regulations, also affect the number of primary ledgers required.

Secondary Ledgers

A secondary ledger is an optional ledger linked to a primary ledger. A secondary ledger can differ from its related primary ledger in chart of accounts, accounting calendar, currency, accounting method, or ledger processing options. Reporting requirements, for example, that require a different accounting representation to

comply with international or country-specific regulations, create the need for a secondary ledger.

Below are scenarios and required action for different components in primary and secondary ledgers:

- If the primary and secondary ledgers use different charts of accounts, the chart of accounts mapping is required to instruct the system how to propagate journals from the source chart of accounts to the target chart of accounts.
- If the primary and secondary ledgers use different accounting calendars, the accounting date and the general ledger date mapping table will be used to determine the corresponding non-adjusting period in the secondary ledger. The date mapping table also provides the correlation between dates and non-adjusting periods for each accounting calendar.
- If the primary ledger and secondary ledger use different ledger currencies, currency conversion rules are required to instruct the system on how to convert the transactions, journals, or balances from the source representation to the secondary ledger.

Note: Journal conversion rules, based on the journal source and category, are required to provide instructions on how to propagate journals and types of journals from the source ledger to the secondary ledger.

Reporting Currencies

Reporting currencies are the currency you use for financial, legal, and management reporting. If your reporting currency is not the same as your ledger currency, you can use the foreign currency translation process or reporting currencies functionality to convert your ledger account balances in your reporting currency. Currency conversion rules are required to instruct the system on how to convert the transactions, journals, or balances from the source representation to the reporting currency.

Legal Entities

Legal entities are discrete business units characterized by the legal environment in which they operate. The legal environment dictates how the legal entity should perform its financial, legal, and management reporting. Legal entities generally have the right to own property and the obligation to comply with labor laws for their country. They also have the responsibility to account for themselves and present financial statements and reports to company regulators, taxation authorities, and other stakeholders according to rules specified in the relevant legislation and applicable accounting standards. During setup, legal entities are assigned to the accounting configuration, which includes all ledgers, primary and secondary.

Balancing Segments

You assign primary balancing segment values to all legal entities before assigning values to the ledger. Then, assign specific primary balancing segment values to the primary and secondary ledgers to represent nonlegal entity related transactions such as adjustments. You can assign any primary balancing segment value that has not already been assigned to a legal entity. You are allowed to assign the same primary balancing segment values to more than one ledger. The assignment of primary balancing segment values to legal entities and ledgers is performed within the context of a single accounting setup. The Balancing

Segment Value Assignments report is available to show all primary balancing segment values assigned to legal entities and ledgers across accounting setups to ensure the completeness and accuracy of their assignments. This report allows you to quickly identify these errors and view any unassigned values.

Business Units

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. When a business function produces financial transactions, a business unit must be assigned a primary ledger, and a default legal entity. Each business unit can post transactions to a single primary ledger, but it can process transactions for many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. You define business units as separate tasks generally done after the accounting setups steps.

The business unit model:

- Allows for flexible implementation
- Provides a consistent entity for controlling and reporting on transactions
- Enables sharing of sets of reference data across applications

For example, if your company requires business unit managers to be responsible for managing all aspects of their part of the business, then consider using two balancing segments, company and business unit to enable the production of business unit level balance sheets and income statements.

Transactions are exclusive to business units. In other words, you can use business unit as a securing mechanism for transactions. For example, if you have an export business that you run differently from your domestic business, use business units to secure members of the export business from seeing the transactions of the domestic business.

Creating Primary Ledgers: Example

Create a primary ledger as your main record-keeping ledger. Like any other ledger, a primary ledger records transactional balances by using a chart of accounts with a calendar, currency, and accounting rules implemented in an accounting method. The primary ledger is closely associated with the subledger transactions and provides context and accounting for them.

Scenario

Your company, InFusion Corporation is implementing Oracle Fusion Applications. You have been assigned the task of creating a primary ledger for your InFusion America entity.

1. Navigate to the **Define Accounting Configurations** task list and open **Manage Primary Ledgers** from within your implementation project. Click the **Go to Task**.
2. Click the **Create** icon.
3. Enter the following values:

Field	Value
Name	InFusion America

Description	InFusion America primary ledger for recording transactions.
Chart of Accounts	InFusion America Chart of Accounts
Accounting Calendar	Standard Monthly
Currency	USD
Accounting Method	Standard Accrual

4. Click **Save and Edit Task List** to navigate back to the accounting configuration task list.

Note

You cannot change the chart of accounts, accounting calendar, or currency for your ledger after you save your ledger.

Specifying Ledger Options: Worked Example

This example demonstrates specifying the ledger options for your primary ledger. Your company, InFusion Corporation, is a multinational conglomerate that operates in the United States (US) and the United Kingdom (UK). InFusion has purchased an Oracle Fusion enterprise resource planning (ERP) solution including Oracle Fusion General Ledger and all of the Oracle Fusion subledgers.

After completing your InFusion America Primary Ledger, select **Specify Ledger Options** under the Define Accounting Configuration task list on the Functional Setup Manager page.

Note

Both primary and secondary ledgers are created in the same way and use the same user interface to enable their specific ledger options.

Reviewing General Region Options

1. Accept the **Name** and **Description** defaults for the ledger selected.
2. Review the **Currency** and **Chart of Accounts** for the specified ledger, which are automatically populated.

Setting Accounting Calendar Region Options

1. Review the **Accounting Calendar** that defaults from your ledger.
2. Select Jan-2011 as the **First Open Period** for your ledger.

Important: Select a period after the first defined period in the ledger calendar to enable running translation. You cannot run translation in the first defined period of a ledger calendar. In this example, your calendar began with Jan-2010.

3. Enter 3 for the **Number of Future Enterable Periods**.

Any value between 0 and 999 periods can be specified to permit entering journals but not posting them in future periods. Minimize the number of open and future periods to prevent entry in the wrong period.

Selecting the Subledger Accounting Region Options

1. Accept the default **Accounting Method** from your ledger.
2. Select US American English as your **Journal Language**.

Completing the Period Close Region Options

1. Enter your **Retained Earnings Account**:
101-00-31330000-0000-000-0000-0000.

This account is required for the General Ledger to perform the movement of revenue and expense account balances to this account at the end of the accounting year.

2. Enter your **Cumulative Translation Adjustment Account**:
101-00-31350000-0000-000-0000-0000.

Note: The Cumulative Translation Adjustment (CTA) account is required for ledgers running translation.

3. Do not enter a **Default Period End Rate Type** or **Default Period Average Rate Type**.

The values entered here are used as the default for balance level reporting currency processing. InFusion America Primary Ledger is using the subledger level reporting currency processing.

Specifying the Journal Processing Region Options

1. Specify the Balance options as outlined in the following table.

Option	Setting
Enable Suspense	General Ledger
Default Expense Account	101-00-98199999-0000-000-0000-0000
Rounding Account	101-10-98189999-0000-000-0000-0000
Entered Currency Balancing Account	101-10-98179999-0000-000-0000-0000
Balancing Threshold Percent	10

2. Click all the following Entry options listed in the table.

Option	Description
Enable journal approval	Click to enable journal approval functionality. Approval rules must be created in the Oracle Fusion Approvals Management (AMX).
Notify when prior period journal	Notify the user when a prior period date is selected on a journal entry.

Allow mixed and statistical journals	Enter both monetary and statistical amounts on the same line in a journal entry.
Validate reference date	Requires a reference date in an open or future enterable period.

3. Click the **Separate journals by accounting date during journal import** for the Import option to create individual journal entries for each accounting date.
4. For the Reversal options, select InFusion America Accrual Set from the list of values in the **Journal Reversal Criteria Set** field and click the **Launch AutoReverse after open period** to reverse accrual journal entries automatically when a new period is opened.
5. Click the **Enable intercompany accounting** for the Intercompany option to enable automatic balancing by the application for primary, second, and third balancing segments (if implemented) on intercompany journal entries and transactions.

Note: To complete the intercompany accounting functionality, you must define intercompany rules.

Assigning Legal Entities and Balancing Segments: Examples

Optionally, assign legal entities and balancing segments to your accounting configuration.

Assign Legal Entities

Assign one or more legal entities to your configuration by following these steps:

1. Navigate to the **Assign Legal Entities** task. Click the **Go to Task**.
2. Click the **Select and Add** icon.
3. Click **Search**. Select your legal entities.
4. Click **Apply**. Click **Done**.
5. Click **Save and Close**.

Assign Balancing Segments to Legal Entities

Assign balancing segment values to your legal entities by following these steps:

1. Navigate to the **Assign Balancing Segment Values to Legal Entities** task. Click the **Go to Task**.
2. Click the **Create** icon.
3. Select the balancing segment value. Optionally, add a Start Date.
4. Click **Save and Close** to close the create page.
5. Click **Save and Close**.

Assign Balancing Segments to Ledgers

Assign balancing segment values directly to your ledger by following these steps:

1. Navigate to the **Assign Balancing Segment Value to Ledger** task. Click the **Go to Task**.
2. Select the balancing segment value.
3. Optionally enter a start date.
4. Click **Save and Close**.

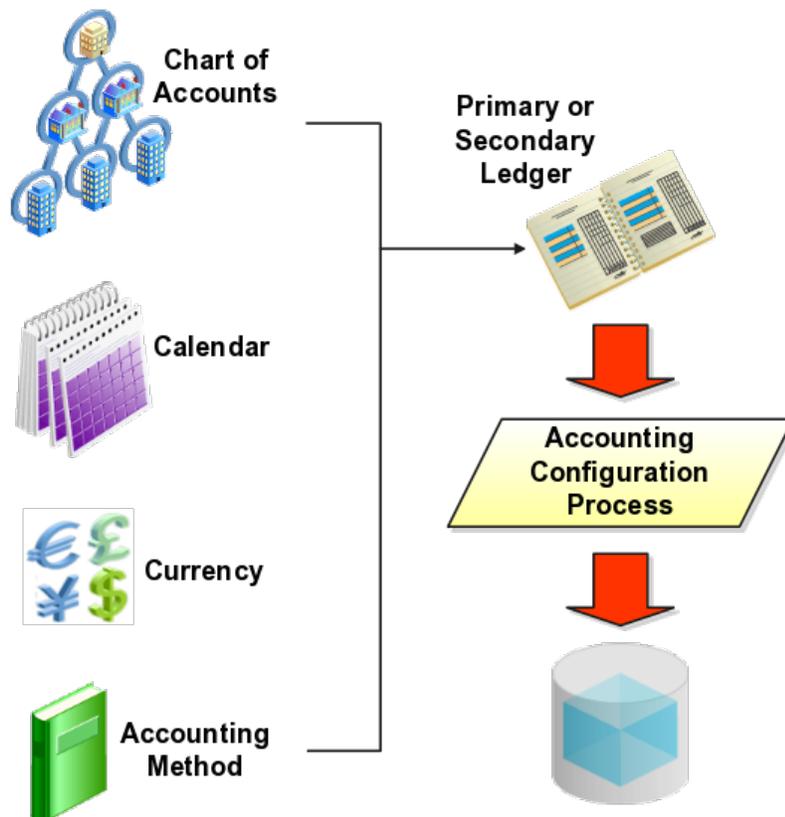
Note

The balancing segment values that are assigned to the ledger represent nonlegal entity transactions, such as adjustments. If you use legal entities, you must assign balancing segment values to all legal entities before assigning values to the ledger. The only available balancing segment values that can be assigned to ledgers are those not assigned to legal entities.

Define Ledgers: Review and Submit Accounting Configuration

Oracle Fusion General Ledger Balances Cube: Overview

A balances cube is an online analytical application (OLAP) database that maintains financial balances in a multidimensional database. In Oracle Fusion General Ledger a new balances cube is created when an accounting configuration is submitted for a primary or secondary ledger that uses to a new unique combination of chart of accounts and calendar.



A new balances cube is also created when a secondary ledger is added to an existing accounting configuration and uses a new unique combination of chart of accounts and calendar. The balances cubes are named after the chart of accounts they contain.

A balances cube:

- Stores your financial balances in a multidimensional enable real time, interactive financial reporting and analysis.
- Preaggregates your balances at every possible point of summarization, thus ensuring immediate access to financial data and eliminating the need for an external data warehouse for financial reporting.
- Is uniquely identified by the combination of a chart of accounts and an accounting calendar. Average balances are tracked in a separate balances cube.
- Is automatically synchronized by the following general ledger processes: posting, open period, and translation.
- Consists of a set of defining business entities called dimensions. Dimensions in a cube determine how data is accumulated for reporting and analytical purposes
- Are referred to as an application or database connection in the user interfaces for:
 - Financial Reports
 - Smart View
 - Calculation Manager

Note

Account balances were maintained in relational tables in Oracle E-Business Suite General Ledger, The Oracle Fusion General Ledger updates balances in real time to the relational tables and the General Ledger Balances cubes. Most inquiry and reporting are now performed from the General Ledger Balances cubes and not from the relational tables.

Standard Balances Cube Dimensions: Explained

A balances cube consists of a set of defining business entities called dimensions. This table details the dimensions that are available for creating financial reports, Smart View queries, and allocations using multidimensional cubes.

Dimension	Description	Example
Accounting Period	Based upon the calendar of the ledger or ledger set. Report on years, quarters, or periods.	<ul style="list-style-type: none"> • 2012 • Qtr-1 • Jan-12

Ledger or Ledger Set	Used to select a ledger for the reporting. Multiple ledgers may be in the same cube if they share a common chart of accounts.	<ul style="list-style-type: none"> • InFusion North America Ledger Set • InFusion US Primary Ledger
Chart of Accounts Segments	Uses a separate dimension for each of the segments from the charts of accounts. Organized by hierarchy. A default hierarchy is provided that includes all detail segment values. Hierarchies published in the Publish Account Hierarchies user interface are included.	<ul style="list-style-type: none"> • Company: InFusion America: 101 • Cost Center: Sales: 400 • Account: Cash: 1110
Scenario	<p>Indicates if the balances represented are actual or budget amounts. Allocation related dimensions are seeded members and required for allocation solutions. Allocation dimension are not used directly by end users.</p> <p>Budget scenario dimension members are user defined in the Oracle Fusion Applications value set called Accounting Scenario and appear in the cube after running the Create Scenario Dimension Members process.</p>	<ul style="list-style-type: none"> • Budget 2012 • Actuals • Forecast 2013
Balance Amount	Indicates if the value is the beginning balance, period activity, or ending balance. Debit, Credit, and Net amounts are available for reporting.	<ul style="list-style-type: none"> • Beginning Balance (Dr, Cr, or Net) • Period Activity (Dr, Cr, or Net) • Ending Balance (Dr, Cr, or Net)
Amount Type	Indicates whether the amounts represent Base, Period to Date, Quarter to Date, or Year to Date.	<ul style="list-style-type: none"> • Base • PTD: Period to Date • QTD: Quarter to Date • YTD: Year to Date
Currency	Used to select the desired currency for the balances.	<ul style="list-style-type: none"> • All ISO Currencies • USD: US Dollar • JPY: Japanese Yen
Currency Type	Used to select the currency type of the balances.	<ul style="list-style-type: none"> • Total • Entered • Converted From (for each ISO currency)

Note

Dimensions are seeded and new ones cannot be added.

Creating GL Balances Cubes: Examples

There are two types of Oracle Fusion General Ledger Balances cubes: Standard Balances cubes and Average Balances cubes.

Standard Balances Cubes

A new standard balances cube is created whenever an accounting configuration is submitted for a ledger, either primary or secondary, that uses a new unique combination of chart of accounts and accounting calendar. Cubes are named after the chart of accounts.

For example, the chart of accounts, InFusion US Chart of Accounts has a related cube entitled, InFusion US Chart of Accounts. If a chart of accounts is used by multiple ledgers with different calendars, the cube names are distinguished by appending a number to their names.

For example, if InFusion US Chart of Accounts is used by two different ledgers, each of which has a different accounting calendar, one with a standard calendar year ending December 31st and the other with a fiscal year ending May 31st, two cubes are created. The cubes are named InFusion US Chart of Accounts and InFusion US Chart of Accounts 2.

Average Balances Cubes

Average balances cubes use different dimensions than the standard balances cubes therefore require their results be stored in separate cubes. If the average balances option is enabled for a ledger, a second average balances cube is automatically created based upon the same criteria of a unique combination of chart of accounts and accounting calendar. Average balances cubes are named with ADB (average daily balances) plus the name of the associated chart of accounts.

For example, for a chart of accounts, InFusion US Chart of Accounts, the average balances cube name is **ADB InFusion US Chart of Accounts**. Numbers are appended to the name when more than one calendar is used by the same chart of accounts. The numbering is determined and shared with the related standard balances cubes. The standard cube called **InFusion US Chart of Accounts 3** has a corresponding average balance cube entitled **ADB InFusion US Chart of Accounts 3**.

Customer Specific GL Balances Cube Dimension Values: Points to Consider

In creating your cube, take in to consideration the dimensions that are you, the customer, define and those that are partially or completely predefined by Oracle Fusion Applications.

- Two dimensions, Chart of Accounts and Scenario, have customer specific dimension values and require user procedures to populate the cube

- Accounting Period, Currency, and Ledger dimensions are customer specific, but are automatically created in the cubes from the changes made in the applicable user interfaces.
- Other dimensions, such as Amount Type and Balance Amount, have only predefined members.

The following are points to consider in setting up and populating cubes for the Chart of Accounts and Scenario dimension members.

Create Account Hierarchies

- Account hierarchies for your chart of account dimensions are created in the **Manage Account Hierarchies** page or the **Manage Trees and Trees Versions** page after setting up your value sets, chart of accounts, and values.
- Create account hierarchies (trees) to identify managerial, legal, or geographical relationships between your value set values.
- Define date-effective tree versions to reflect organizational changes within each hierarchy over time.
- The tree version must be in an active or inactive status to be published. Draft versions cannot be published.

Note

From your implementation project, **Navigate > Define Common Applications Configuration > Define Enterprise Structures > Define Financial Reporting Structures > Define Chart of Accounts > Manage Account Hierarchies > Go to Task.**

Publish Account Hierarchies

Next, after defining the tree versions, publish account hierarchies (tree versions) to the cube. Before publishing, set the following profile option: **Display Only Segment Value Description in the Cube Alias**. Consider the following points when setting the profile option.

- The member alias displayed in the Oracle Fusion General Ledger balances cubes.
 - Yes displays only the segment value description, for example: Cash.
 - No displays value plus the segment value description, for example: 1110 Cash.
- Default value is No.
- No is necessary when there are duplicate segment value descriptions across all dimensions. The descriptions are stored in the Alias in the cube. Aliases must be unique across all dimensions in the cube. For example, if the description West existed in the Cost Center value set and the Location value set, the entire cube creation process fails.

- If duplicate segment value descriptions exist, the cube can be created with the profile set to No. At anytime the value of the profile can be changed to Yes after the duplicates are removed. At that time, the account hierarchies (tree versions) must be published or republished to the cube.
- If you set the profile value to Yes, and rebuild a cube from a process run in Enterprise Scheduler or create a cube by submitting an accounting configuration and duplicate descriptions exist, the create cubes process errors. You have two options at that point:
 - Set profile value to No and run the Create Cubes process or if you have a new ledger with a new chart of accounts and accounting calendar combination, submit the accounting configuration.
 - Remove the duplicates across all dimensions, not just a single segment. Then run the **Create Cubes** or resubmit the accounting configuration.

From your implementation project, **Navigate > Define Common Applications Configuration > Define Enterprise Structures > Define Financial Reporting Structures > Define Chart of Accounts > Publish Account Hierarchies > Go to Task**. Use the **Publish Account Hierarchies** page to search and publish account hierarchies.

- Select the **Publish** check box. This is indicator of what to include in balances cube by selecting the check box or what you don't want to include in balances cube by removing the check from the check box.
- Select the rows. Functionality allows for select multiple rows to be selected.
- Select the **Publish** button to update the balances cubes. A process is generated.
- **Navigator > Tools > Scheduled Processes** to monitor the process.

Note

Use **Smart View** to verify that the account hierarchies were correctly published.

Define Scenario Dimension Members

The customer specific Scenario dimension members are defined in the **Manage Value Sets** and **Manage Values** pages in the value set called **Accounting Scenario**. Any customer specific Scenario dimension is included in all balances cubes.

Best practice is to setup the customer specific Scenario members in this value set before you create your first ledger and run the **Accounting Configuration** process. The **Accounting Configuration** process generates your balances cubes.

If the cubes already existed, you can run the **Create Scenario Dimension Members** process to update the balances cubes for the new members.

Note

If you are on a release before the **Create Scenario Dimension Members** process is available, you have to rebuild the cubes with the **Create Cubes** process to add the Scenario dimension in the cube. Follow the guidelines for creating cubes before running process.

Default Dimension Values in Reporting: Explained

For Standard Balances Cube dimensions, there are default values that if used in Smart View and on financial reports created in Financial Reporting Studio cause #MISSING to appear when balances are returned on a report output. If #MISSING appears, check that all dimensions are properly set. Particularly, check the Accounting Period, Ledger, Scenario, and Currency dimensions, which all must have a value selected other than the default top level value called Gen1.

The following table lists the available and default dimension values as well as providing guidance on selecting the correct dimensions.

Dimension	Possible Values	Default Value	Additional Information
Accounting Period	Years, quarters, and period	Accounting Period = Accounting Period (Gen1)	You must always select an accounting period for each financial report including User Point of View, Smart View query, or allocation including Point of View. If you do not specify a valid Accounting Period, the financial reports, Smart View queries, and Account Inspector displays #MISSING.
Ledger	Includes ledgers and ledger sets	Ledger = Ledger (Gen1)	If you do not specify a specific Ledger or Ledger Set, the financial reports, Smart View queries, and Account Inspector queries display #MISSING
Chart of accounts dimensions		Highest level (Gen1)	There is a separate dimension for each segment of the chart of accounts used by the cube. Each segment has a default account hierarchy that includes all the detail values for the segment but not parent values. Only account hierarchies (tree versions) published from the Publish Account Hierarchies user interface are available in the cube.

Scenario		Scenario = Scenario represents the sum of all values: Actual + Allocated + Total for Allocations + Budget + Forecast. Select a value for this dimension. Note Must always select a Scenario dimension.	Seeded values are Actual, Allocated, and Total for Allocated. Additional scenario values for Budget, Forecast Q1, and Forecast Q2 may be available if they have been added to the Accounting Scenario value set. These additional values will be published to every cube.
Balance Amount	<ul style="list-style-type: none"> Beginning Balance DR, CR, or Net Period Activity DR, CR, or Net Ending Balance DR, CR, or Net Balance Amount (same as Ending Balance) 	Balance Amount = Balance Amount (Gen1) which is the equivalent of Ending Balance.	
Amount Type	Base, PTD, QTD, YTD	Amount Type = Amount Type (Gen1) which is the equivalent of Base.	Base is necessary because this is the value used to store from posting all balances at the lowest level. PTD, QTD, and YTD are calculated values.
Currency	All ISO currencies (250+).	Highest level (Gen1)	Similar to Accounting Period and Ledger, there may not be an appropriate default for Currency since different Ledgers have different ledger currencies. If you don't specify a valid currency in a financial report, Smart View query, or allocation, you will get a result = #MISSING.
Currency Type	Total, Entered, and Converted from for each ISO currency = each ISO currency.	Currency Type = Currency Type (Gen1), which is the equivalent of Total.	

Average Balances Cubes Dimensions

The following dimensions are included in the average balances cube in this order. Most comments from standard cube are applicable below unless stated.

- Accounting Period: Valid values are years, quarters, accounting period and day, which is equivalent to accounting date.
- Ledger

- Separate dimension for each Chart of accounts segment
- Scenario
- Amount Type valid values are: PATD, QATD, and YATD
- Currency
- Currency Type

GL Balances Cube Terminology: Explained

Levels and generations are cube terminology used to describe hierarchies in Oracle Fusion General Ledger balances cubes.

Levels

Levels are used to describe hierarchy levels. Levels are numbered from the lowest hierarchy level. For example, the detail chart of accounts segment values are Level 0. The immediate parent is Level 1; the next parent is Level 2.

Generations

Generations (Gen) describe hierarchy levels starting with the top of the hierarchy and moving down through the generations of the same.

An example for generations is as follows:

- Accounting Period = Accounting Period is Gen 0
 - Year is Gen 1
 - Qtr is Gen 2
 - Period is Gen 3
- Ledger = Ledger is Gen 1
 - All Ledgers is Gen 2
 - VF USA is Gen 3
 - Ledger Set (any ledger set) is Gen 2
- Company = Company is Gen 1
 - All Company Values, for example detail values, is Gen 2
 - 11010 is Gen 3
 - Tree 1 V1 is Gen 2
 - [Tree 1 V1].[10000] is Gen 3
 - [Tree 1 V1].[10000].[11000] is Gen 4
 - Tree 2 V1 is Gen 2
 - [Tree 2 V1].[10000] is Gen 3
 - [Tree 1 V1].[10000].[11000] is Gen 4

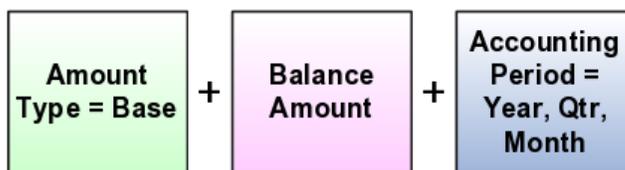
Note

Similar levels and generations apply to the other dimension, including chart of accounts dimensions and those that are not chart of accounts dimensions.

Using Dimension Values in Reporting: Examples

By using various combinations of selections for the Accounting Period, Balance Amount, and Amount Type dimensions, you can derive different amounts to meet financial reporting requirements. In some cases, more than one combination of query values can return the desired information.

There is some duplication in the calculations for the balances cube to ensure complete reporting requirements.



Many reporting needs can be completed using the Balance Amount dimension, Amount Type equal to Base, and specifying the Accounting Period equal to Year, Quarter, or Month.

However, the Amount Type dimension is still required for the following reasons:

- To get the complete QTD (Quarter to Date) reporting requirements for the first and second month in a quarter can only be achieved using QTD and Accounting Period = Month.
- PTD (Period to Date) and YTD (Year to Date) are also available to ensure more consistency reporting with the E-Business Suite Release 12.

Obtaining Quarter Information

This example shows how to obtain quarter information.

- QTD for the first and second months of a quarter can only be achieved using Amount Type dimension equal to QTD.
- The end of quarter information can be derived from the Accounting Period dimension equal to Quarter or with the Amount Type equal QTD.

Obtaining End of Year Information

This example shows how to obtain end of year information.

- Accounting Period equal to Year and Balance Amount equal to Ending Balance and Amount Type equal to Base or YTD.
- Accounting Period equal to a specific month and Balance Amount equal to Period Activity and Amount Type equal to YTD.
- When the Balance Amount equals the Balance Amount or the Balance Amount equals the Ending Balance, this results in an Ending Balance.

Note

Ending Balance is always the ending balance regardless of Amount Type member setting or Accounting Period member setting (period, quarter or year).

Standard Balances: Example

You have loaded your Oracle E-Business Suite Release 12 balances into your new Oracle Fusion Standard Balances Cube. Now you want to query the results to verify that the data was loaded correctly.

Scenario

The following two tables show the amounts loaded into the balances cube from your R12 balances and the calculated balances for ending balance, year to date (YTD), and quarter to date (QTD). The first table is the balance sheet based balances and the second table is for income statement based balances.

Oracle E-Business Suite R12 Balances

Balance Sheet Balances

Month	Beginning Balance Loaded to Cube	Activity Loaded to Cube	Ending Balance	Calculate YTD	QTD
Jan	200	20	220	20	20
Feb	220	30	250	50	50
Mar	250	25	275	75	75
Apr	275	50	325	125	50
May	325	40	365	165	90
Jun	365	45	410	210	135
Jul	410	100	510	310	100
Aug	510	200	710	510	300
Sep	710	140	850	650	440
Oct	850	150	1000	800	150
Nov	1000	100	1100	900	250
Dec	1100	400	1500	1300	650

Income Statement Balances

Month	Beginning Balance Loaded to Cube	Activity Loaded to Cube	Ending Balance	Calculate YTD	QTD
Jan	0	70	70	70	70
Feb	70	20	90	90	90
Mar	90	30	120	120	120
Apr	120	100	220	220	100
May	220	200	420	420	300
Jun	420	250	670	670	550
Jul	670	50	720	720	50
Aug	720	300	1020	1020	350
Sep	1020	130	1150	1150	480
Oct	1150	110	1260	1260	110
Nov	1260	200	1460	1460	310

Dec	1460	500	1960	1960	810
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Analysis

The following two tables show the results available from Oracle Fusion General Ledger from your R12 loaded and aggregated balances in the balances cube. The first table is the balance sheet based balances and the second table is for income statement based balances.

Balance Sheet Balances

Accounting Period	Balance Amount	Amount Type	Value	Comments	R12 Amount Type Equivalent
May	Beginning Balance	YTD	200	Jan Beginning Balance	
May	Period Activity	YTD	165	Jan to May Activity	YTD-Actual as of May
May	Ending Balance	YTD	365	May Ending Balance	YTD-Actual as of May
May	Beginning Balance	QTD	275	Apr Beginning Balance	
May	Period Activity	QTD	90	Apr-May Activity	QTD-Actual as of May
May	Ending Balance	QTD	365	May Ending Balance	QTD-Actual as of May
May	Beginning Balance	PTD	325	May Beginning Balance	
May	Period Activity	PTD	40	May Activity	PTD-Actual as of May
May	Ending Balance	PTD	365	May Ending Balance	PTD-Actual as of May
May	Beginning Balance	Base	325	May Beginning Balance	
May	Period Activity	Base	40	May Activity	PTD-Actual as of May
May	Ending Balance	Base	365	May Ending Balance	YTD-Actual as of May
Q2	Beginning Balance	QTD	275	April Beginning Balance	
Q2	Period Activity	QTD	135	Always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	QTD	410	Ending Balance always as of Jun	QTD-Actual as of Jun
Q2	Ending Balance	YTD	410	Ending Balance always as of Jun	YTD-Actual as of Jun
Q2	Beginning Balance	Base	275	Apr Beginning Balance	
Q2	Period Activity	Base	135	Always Apr-Jun	QTD-Actual as of Jun

Q2	Ending Balance	Base	410	Ending Balance always as of Jun	YTD-Actual as of Jun
Year	Beginning Balance	YTD	200	Jan Beginning Balance	
Year	Period Activity	YTD	1300	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	YTD	1500	Ending Balance always as of Dec	YTD-Actual as of Dec
Year	Beginning Balance	Base	200	Jan Beginning Balance	
Year	Period Activity	Base	1300	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	Base	1500	Ending Balance always as of Dec	YTD-Actual as of Dec

Income Statement Balances

Accounting Period	Balance Amount	Amount Type	Value	Comments	R12 Amount Type Equivalent
May	Beginning Balance	YTD	0	Jan Beginning Balance	
May	Period Activity	YTD	420	Jan to May Activity	YTD-Actual as of May
May	Ending Balance	YTD	420	May Ending Balance	YTD-Actual as of May
May	Beginning Balance	QTD	120	Apr Beginning Balance	
May	Period Activity	QTD	300	Apr-May Activity	QTD-Actual as of May
May	Ending Balance	QTD	420	May Ending Balance	QTD-Actual as of May
May	Beginning Balance	PTD	220	May Beginning Balance	
May	Period Activity	PTD	200	May Activity	PTD-Actual as of May
May	Ending Balance	PTD	420	May Ending Balance	PTD-Actual as of May
May	Beginning Balance	Base	220	May Beginning Balance	
May	Period Activity	Base	200	May Activity	PTD-Actual as of May
May	Ending Balance	Base	420	May Ending Balance	YTD-Actual as of May
Q2	Beginning Balance	QTD	120	Apr Beginning Balance	
Q2	Period Activity	QTD	550	Period Activity Always Apr-Jun	QTD-Actual as of Jun

Q2	Ending Balance	QTD	670	Ending Balance always as of Jun	QTD-Actual as of Jun
Q2	Ending Balance	YTD	670	Ending Balance always as of Jun	YTD-Actual as of Jun
Q2	Beginning Balance	Base	120	Apr Beginning Balance	
Q2	Period Activity	Base	550	Period Activity always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	Base	670	Ending Balance always as of Jun	YTD-Actual as of Jun
Year	Beginning Balance	YTD	0	Jan Beginning Balance (always zero for Income Statement)	
Year	Period Activity	YTD	1960	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	YTD	1960	Ending Balance always as of Dec	YTD-Actual as of Dec
Year	Beginning Balance	Base	0	Jan Beginning Balance (always zero for Income Statement)	
Year	Period Activity	Base	1960	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	Base	1960	Ending Balance always as of Dec	YTD-Actual as of Dec

Invalid Balance Cube Dimension Combinations: Explained

By using various combinations of selections for the Accounting Period, Balance Amount, and Amount Type dimensions, you can derive different amounts to meet financial reporting requirements combinations.

Balances cubes do not return data for these combinations:

Accounting Period	Balance Amount	Amount Type
Year	Beginning Balance	QTD
Year	Period Activity	QTD
Year	Ending Balance	QTD
Year	Beginning Balance	PTD
Year	Period Activity	PTD
Year	Ending Balance	PTD
Q2	Beginning Balance	YTD
Q2	Period Activity	YTD
Q2	Beginning Balance	PTD
Q2	Period Activity	PTD
Q2	Ending Balance	PTD

Standard Balances: Example

You have loaded your Oracle E-Business Suite Release 12 balances into your new Oracle Fusion Standard Balances Cube. Now you want to query the results to verify that the data was loaded correctly.

Scenario

The following two tables show the amounts loaded into the balances cube from your R12 balances and the calculated balances for ending balance, year to date (YTD), and quarter to date (QTD). The first table is the balance sheet based balances and the second table is for income statement based balances.

Oracle E-Business Suite R12 Balances

Balance Sheet Balances

Month	Beginning Balance Loaded to Cube	Activity Loaded to Cube	Ending Balance	Calculate YTD	QTD
Jan	200	20	220	20	20
Feb	220	30	250	50	50
Mar	250	25	275	75	75
Apr	275	50	325	125	50
May	325	40	365	165	90
Jun	365	45	410	210	135
Jul	410	100	510	310	100
Aug	510	200	710	510	300
Sep	710	140	850	650	440
Oct	850	150	1000	800	150
Nov	1000	100	1100	900	250
Dec	1100	400	1500	1300	650

Income Statement Balances

Month	Beginning Balance Loaded to Cube	Activity Loaded to Cube	Ending Balance	Calculate YTD	QTD
Jan	0	70	70	70	70
Feb	70	20	90	90	90
Mar	90	30	120	120	120
Apr	120	100	220	220	100
May	220	200	420	420	300
Jun	420	250	670	670	550
Jul	670	50	720	720	50
Aug	720	300	1020	1020	350
Sep	1020	130	1150	1150	480
Oct	1150	110	1260	1260	110
Nov	1260	200	1460	1460	310
Dec	1460	500	1960	1960	810

Analysis

The following two tables show the results available from Oracle Fusion General Ledger from your R12 loaded and aggregated balances in the balances cube. The first table is the balance sheet based balances and the second table is for income statement based balances.

Balance Sheet Balances

Accounting Period	Balance Amount	Amount Type	Value	Comments	R12 Amount Type Equivalent
May	Beginning Balance	YTD	200	Jan Beginning Balance	
May	Period Activity	YTD	165	Jan to May Activity	YTD-Actual as of May
May	Ending Balance	YTD	365	May Ending Balance	YTD-Actual as of May
May	Beginning Balance	QTD	275	Apr Beginning Balance	
May	Period Activity	QTD	90	Apr-May Activity	QTD-Actual as of May
May	Ending Balance	QTD	365	May Ending Balance	QTD-Actual as of May
May	Beginning Balance	PTD	325	May Beginning Balance	
May	Period Activity	PTD	40	May Activity	PTD-Actual as of May
May	Ending Balance	PTD	365	May Ending Balance	PTD-Actual as of May
May	Beginning Balance	Base	325	May Beginning Balance	
May	Period Activity	Base	40	May Activity	PTD-Actual as of May
May	Ending Balance	Base	365	May Ending Balance	YTD-Actual as of May
Q2	Beginning Balance	QTD	275	April Beginning Balance	
Q2	Period Activity	QTD	135	Always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	QTD	410	Ending Balance always as of Jun	QTD-Actual as of Jun
Q2	Ending Balance	YTD	410	Ending Balance always as of Jun	YTD-Actual as of Jun
Q2	Beginning Balance	Base	275	Apr Beginning Balance	
Q2	Period Activity	Base	135	Always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	Base	410	Ending Balance always as of Jun	YTD-Actual as of Jun

Year	Beginning Balance	YTD	200	Jan Beginning Balance	
Year	Period Activity	YTD	1300	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	YTD	1500	Ending Balance always as of Dec	YTD-Actual as of Dec
Year	Beginning Balance	Base	200	Jan Beginning Balance	
Year	Period Activity	Base	1300	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	Base	1500	Ending Balance always as of Dec	YTD-Actual as of Dec

Income Statement Balances

Accounting Period	Balance Amount	Amount Type	Value	Comments	R12 Amount Type Equivalent
May	Beginning Balance	YTD	0	Jan Beginning Balance	
May	Period Activity	YTD	420	Jan to May Activity	YTD-Actual as of May
May	Ending Balance	YTD	420	May Ending Balance	YTD-Actual as of May
May	Beginning Balance	QTD	120	Apr Beginning Balance	
May	Period Activity	QTD	300	Apr-May Activity	QTD-Actual as of May
May	Ending Balance	QTD	420	May Ending Balance	QTD-Actual as of May
May	Beginning Balance	PTD	220	May Beginning Balance	
May	Period Activity	PTD	200	May Activity	PTD-Actual as of May
May	Ending Balance	PTD	420	May Ending Balance	PTD-Actual as of May
May	Beginning Balance	Base	220	May Beginning Balance	
May	Period Activity	Base	200	May Activity	PTD-Actual as of May
May	Ending Balance	Base	420	May Ending Balance	YTD-Actual as of May
Q2	Beginning Balance	QTD	120	Apr Beginning Balance	
Q2	Period Activity	QTD	550	Period Activity Always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	QTD	670	Ending Balance always as of Jun	QTD-Actual as of Jun

Q2	Ending Balance	YTD	670	Ending Balance always as of Jun	YTD-Actual as of Jun
Q2	Beginning Balance	Base	120	Apr Beginning Balance	
Q2	Period Activity	Base	550	Period Activity always Apr-Jun	QTD-Actual as of Jun
Q2	Ending Balance	Base	670	Ending Balance always as of Jun	YTD-Actual as of Jun
Year	Beginning Balance	YTD	0	Jan Beginning Balance (always zero for Income Statement)	
Year	Period Activity	YTD	1960	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	YTD	1960	Ending Balance always as of Dec	YTD-Actual as of Dec
Year	Beginning Balance	Base	0	Jan Beginning Balance (always zero for Income Statement)	
Year	Period Activity	Base	1960	Jan-Dec Activity	YTD-Actual as of Dec
Year	Ending Balance	Base	1960	Ending Balance always as of Dec	YTD-Actual as of Dec

GL Balance Cube Related Processes Run in ESS

This list describes the processes used to create, rebuild, publish, and maintain Oracle Fusion General Ledger balances cubes, including automatically run child processes.

Create Cube Processes Run in Oracle Enterprise Scheduler Service (ESS)

Parent Process	Child Process	Description	Cube Type
Create Cube		Creates or rebuilds the balances cube based on the combination of chart of accounts and accounting calendar. Automatically runs the child processes below for standard and average daily balance (ADB) cubes, if enabled.	Standard
	Create Cube: Initialize Cube	Starts the process to import data into the balances cube.	Standard
	Create Cube: Create Calendar Dimension Members and Hierarchies	Creates the calendar dimension members and hierarchies for a balances cube.	Standard

	Create Cube: Create Ledger Dimension Members	Creates the ledger dimension members for a balances cube.	Standard
	Create Cube: Publish Chart of Accounts Dimension Members and Hierarchies	Publishes chart of accounts and hierarchy changes to balances cubes and updates dimension members for any new or changed segment values.	Standard
	Create Average Daily Balance Cube	Determines the amount needed to manually adjust general ledger account average balances to reflect the differences between the original and revalued customer open items.	Average Daily Balance (ADB)
	Create Cube: Initialize Average Balances Cube	Begins the process to import average balances into the balances cube.	ADB
	Create Cube: Create Daily Dimension Members and Hierarchies	Creates the daily calendar dimension members and hierarchies for a balances cube.	ADB
	Create Cube: Create Ledger Dimension Members	Creates the ledger dimension members for a balances cube.	ADB
	Create Cube: Publish Chart of Accounts Dimension Members and Hierarchies	Publishes chart of accounts and hierarchy changes to balances cubes and updates dimension members for any new or changed segment values.	ADB
	Create Cube: Transfer General Ledger Balances to Essbase	Transfer balances to balances cubes.	Standard and ADB, if enable, in same request

Publish Cube Processes Run in ESS

Parent Process	Child Process	Description	Cube Type
Publish Chart of Accounts Dimension Members and Hierarchies		Publishes chart of accounts dimension member and hierarchy changes to balances cubes and updates dimension members for any new or changed segment values.	Standard and ADB, if enable, in same request
	Update Chart of Accounts Dimension Members and Hierarchies	Updates chart of accounts dimension member and hierarchy changes to Essbase.	Standard and ADB, if enable, in same request

Transfer Cube Process Run in ESS

Parent Process	Description	Cube Type
Transfer General Ledger Balances to Essbase	Refreshes standard cube (and average balances cube if enabled) in the General Ledger balances cube.	Standard and ADB, if enable, in same request

Other Cube Processes Run in ESS

Parent Process	Descriptions	Cube Type
Create Accounting Period Dimension for Standard Cube	Creates the accounting period dimension members.	Standard
Create Ledger Dimension Members	Creates and updates ledger dimension members including primary ledgers, secondary ledgers, reporting currencies, and ledger sets in the balances cubes.	Standard and ADB, if enable, in same request
Create Currency Dimension Members	Creates and updates all currencies in every balances cube.	Standard and ADB, if enable, in same request
Create Scenario Dimension Members	Creates and updates all scenario dimension members when new scenarios are created or existing scenarios are changed.	Standard and ADB, if enable, in same request
Create Accounting Period Dimension for Average Daily Balances Cube	Creates the accounting period dimension members in the average daily balances cube.	ADB
Create Rules XML File for BI Extender Automation		Standard and ADB, if enable, in same request

To run cube process, use the following steps the Scheduled Processes work area from the Navigator menu.

1. Click the **Schedule New Process** button
2. Search on the Process Name.
3. Enter the desired parameters.
4. Enter the desired process options and schedule.
5. Click Submit.

FAQs for Define Ledgers

What happens if I change the cumulative adjustment account?

To avoid data corruption, your cumulative adjustment account (CTA) can only be changed if you first perform the following set of steps:

- Purge all translated balances
- Change the CTA account

- Rerun translation

What happens if I change the retained earnings account?

To avoid data corruption, your retained earnings account can only be changed if you first perform the following set of steps:

- Enter and post journals to bring the ending balances for your income statement accounts to zero at the end of each accounting year
- Purge actual translated balances
- Update the retained earnings account
- Reverse the journal entries use to bring the ending account balances to zero and rerun translation

How can I secure GL balances cubes?

Secure GL balances cubes with chart of accounts dimension values, which use data access set and segment value security. Security restricts the display of data, not the selection of dimension values.

How can I inquire on translated balances?

To inquire on translated balances, for example balance level reporting currency balances, query on Currency Type equal to Total and Currency equal to Translated Currency.

When do the GL balances cubes need to be rebuilt?

In rare cases, you may need to rebuild the cubes. Carefully consider requirements and work with Oracle Support before rebuilding a cube. Use the on demand programs to rebuild dimension members for each dimension and to refresh balances to the cubes rather than rebuilding the cube. When you rebuild a cube, the process rebuilds both the standard and average balances cubes

To rebuild cubes, run the **Create Cubes** process. Enter values for the following parameters: **Chart of Accounts**, **Accounting Calendar**, and **Starting Period** for balances.

How can I refresh balances in the GL balances cubes?

Run the **General Ledger Transfer Balances to Essbase** process. Select your Ledger or Ledger Set and Starting Period to refresh balances in the GL balance cubes.

Manage Cross-Validation Rules

Cross Validation Rules: Overview

In Oracle Fusion General Ledger, use cross validation rules to determine the account combinations that are created dynamically as your users enter

transactions or journal entries. Once enabled, a cross validation rule determines whether a selected value for a particular segment of the account combination can be combined with specific values in the other segments to form a new account combination.

A cross validation rule is defined in terms of a condition filter and a validation filter.

- The condition filter describes the event under which the rule will be evaluated. If the event specified in the condition filter is not applicable, then the rule will not be evaluated even if it is enabled.
- When the event specified in the condition filter is applicable, the validation filter condition must be satisfied before the account combination can be created. The rule is evaluated using the following logic: If condition is satisfied, then perform specified validations.

For example, if your organization has determined that a certain company value, Operations, cannot use a specific cost center, Marketing, define the following cross validation rule to validate your accounts accordingly: If company is equal to Operations, then validate that cost center is not equal to Marketing.

If account combinations already exist and violate the newly enabled cross validation rules, these account combinations continue to be valid. Before disabling any existing account combinations that violate your rules and you are no longer using, move the balances in those accounts to the correct accounts. Then disable the account combinations manually to prevent further posting.

Note

Best practice is to define and enable cross validation rules before:

- Balances are loaded
 - Transactions or journal entries are imported or entered
 - Account combinations are created
-

Creating a Cross Validation Rule: Example

Create cross validation rules to prevent specific combinations of segment values in your account combinations, for example, preventing a particular cost center from being combined with a specific company value. Cross validation rules only affect the creation of new account combinations.

Scenario

Enter a new cross validation rule to prevent your InFusion America Inc. company value 01 from being combined with your marketing department value 300 in an account combination. Your company, InFusion America Inc. does not have a marketing department.

1. Navigate to the **Manage Cross-Validation Rules** task from within your implementation project, and then click the **Go to Task** icon.
2. Select your InFusion America chart of accounts. Click the **Create** icon.

3. Specify a unique rule Name, **IFAM01**, an optional Description, **Do not combine Marketing Department, 300 with InFusion America, company 01**.
4. Enter an optional effective From Date of today. Check **Enabled**.
5. Click on the **Change filter condition** on the Condition Filter. Enter Company equal to **01**. The cross validation rule evaluates if Company 01 was entered and if it was, then the validation process continues to evaluate the rule.

Note

If you do not specify any statement in the condition filter, then the rule is always evaluated.

-
6. Click on the **Change filter condition** on the Validation Filter. Enter Cost Center equal to **300**. When the rule is evaluated, an account combination must contain a cost center other than 300 before it can be created.
 7. Enter an Error Message: **Cost Center 300 is not allowed with Company 01**. The message displays in the relevant user interfaces and processes when an account combination cannot be created because it violates the rule.
 8. Click **Save and Close**.

Manage Chart of Accounts Mapping

Mapping Chart of Accounts: Explained

The chart of accounts mapping feature supports the ability to correlate a source chart of accounts to a target chart of accounts to allow for the processing of balances or amounts. This is accomplished by either using segment rules, account rules, or a combination of both. A chart of accounts mapping is used by the posting process in propagating transactions from the primary ledger to its secondary ledger, providing the means to map the primary ledger chart of accounts to that of the secondary ledger. The mapping feature is used by both balance transfer processes for balance level secondary ledgers as well as cross ledger transfers, whereby balances from one ledger are copied to another ledger.

Segment Rules

Segment rules serve to map each segment of the target chart of accounts to an account value or segment in the source account. Three different mapping actions are available:

- Assign a constant value for a segment in the target chart of accounts
- Copy the value from the source segment to the corresponding target segment

Note

To use this action, the paired target and source segments must share identical values in their value sets.

- Use roll up rules to aggregate source accounts to a corresponding target segment or account
- Create a single value mapping when a specific detail source segment value is given a detail target segment value.
- Use hierarchical roll up rules when a specific parent source value and all of its child segment values, are mapped to a given detail target segment value. This provides the ability to process groups of source segment values in one single roll up rule.
- Define parent source values in roll up rules when date effective versions of the hierarchy are used with the accounting date of the transactions produced by the processes that reference the chart of accounts mapping. This gives the additional benefit of self maintaining mappings since the hierarchies referenced change with time, and the applicable child values are processed automatically.

Account Rules

In addition to segment rules, define account rules for the chart of accounts mapping. Account rules map a complete target account code combination against one or more source account code combinations. The source account code combinations can be defined segment by segment using:

- Single detail account values
- Detail account value ranges
- Parent values for primary balancing and the natural account segments

Note

When using parent values, its child values for the date effective version of the hierarchy, are processed when the mapping is called.

FAQs for Manage Chart of Accounts Mapping

What's the difference between mapping with segment rules and mapping with account rules?

Segment rules serve to map each segment of the target chart of accounts to an account value or segment in the source account of a secondary chart of accounts. A segment is only one part of the account code combination.

Account rules map a complete target account code combination against one or more source account code combinations.

Note

Segment and account rules can be used alone or both types of mapping rules can be used in the same mapping set.

When do account rules override segment rules in the chart of accounts mapping?

Segment rules and account rules can be exclusively used in a chart of accounts mapping, or you can use a combination of both. If there is an overlap between the two types of rules, whereby a source account is mapped one way by the segment rules, and another by the account rules, the account rule supersedes. As such, segment rules can be used to more broadly define how to map the relationship between two charts of accounts on a segment by segment basis, and account rules can be used to more precisely delineate specific source account code combinations into their intended target accounts.

Manage Journal Approval Rules

Approving Journals: Points to Consider

Journal approval in Oracle Fusion applications uses Oracle Fusion Approvals Management (AMX) to merge the functionality of Oracle Approvals Management (AME) and PeopleSoft Approvals (AWE). In addition, Oracle Business Process Execution Language (BPEL) has replaced Oracle Workflow.

Rule Definition Consideration

There is one predefined approval rule. If you enable the ledger and the source for approval, then the journal entry is sent for one level of approval by default. You must configure the approval rules in the AMX Rules Setup user interface. For a simple approval scenario, start by defining one or all of the following rules.

- Journal approval based on the highest journal line amount per ledger per batch.
- Journal approval based on the highest journal amount per ledger per batch.
- Journal approval behavior based on where you are in the period close process. For example, are you in the beginning, middle, or end of the month, or in pre-close, close, post close, or quarter close process?

For example, after your ledger is enabled for approval, enter the following approval rules to apply when your maximum journal line amount is:

- Less than 50,000 United States dollars (USD), then there is no approval required
- Between 50,000 to 100,000 USD, then the journal batch requires one level of approval
- Greater than 100,000 USD, then the journal batch requires two levels of approval

Build your rules for every combination of ledger, entered amount, approval level, or other needed scenarios by using the pattern in the suggested rules. In addition, the Oracle Fusion functionality allows you to further define your own rules based on attributes from the different parts of your journal, including the ledger, batch, header, or line level. For example, use category, source, account, or descriptive flexfield information as selection criteria for the journals to be sent for approval.

The ledger is included in the rules because you typically define approval rules per ledger. Set the options that enable journal approval at the ledger level and by journal source. This allows the approval process to determine which journals to send for approval.

AMX List Builder Considerations

Use the following AMX List Builder to build your approval list.

List Builder	Functionality	Additional Information
Human Resources (HR) Supervisory	This method uses the HR Supervisory hierarchy levels and specifies the number of levels available for approval.	This method is most effective when the General Accountant enters the journals. For example, if an accountant enters a journal, he needs approval from his manager. If his manager enters a journal he needs approval from his manager and so on up the hierarchy for the specified number of levels. Self approval can be set at any levels in the hierarchy.
Job Level	A relative dollar amount can be attached to a job. The approval list moves up the HR Supervisory hierarchy to the point it finds a job with the necessary approval amount.	Enable self-approval to allow approval of journals created within your authority limit.
Position	A relative dollar amount can be attached to a position.	This is effective if you need a hierarchy different than the HR Supervisory hierarchy. It is also effective when there are multiple hierarchies that need to be selected based on different attributes.
Approval Group	Approver groups represent functional or subject matter experts outside the transaction's managerial chain of authority, such as Legal or HR personnel.	
Dual Chain	Dual chains can be processed at the same time.	

Note

Best practices are to select Job Level, HR Supervisory, or Position list builders for your journal approval rules.

Other Considerations

Other functionality to consider before defining approval rules include:

- Approval is for the entire journal batch regardless of the attributes used in the approval rules.
- For the job and position level approvals, the approval list continues up hierarchy until it finds the approver with the correct approval authority.
- If the journal requires approval, submitting a journal for posting automatically routes the journal for approval before posting.
- A journal can be escalated to a new approver by the administrator.
- The **Withdraw Approval** button on the Journals page is used at anytime in the approval process to withdraw journals from the process. Clicking this button allows you to edit to the journal. After your changes are made, submit the entry for approval again. When a journal is withdrawn, the completion status is set to Incomplete.
- Approval notifications display a table of key journal attributes for each journal and a list of past, current, and future approvers.
- The Journals region of the dashboard displays the journals requiring your approval (if you have the privilege to approve journals) and journals with pending approval from others.
- The Journals page allows you to approve or reject journals if you are the current approver.
- Allocation journals are not routed through the approval process.

Note

Approval is enabled at the ledger and source level. Both the ledger and journal source need to be enabled for the approval process.

Manage AutoPost Criteria Sets

Creating an AutoPost Criteria Set: Worked Example

This example shows how to create an AutoPost Criteria Set to post your general ledger journal entries that were created by the journal import process for your subledger transactions. Your enterprise, InFusion Corporation, implemented Oracle Fusion General Ledger and the following Oracle Fusion subledgers: Payables and Receivables. You use a non-Oracle subledger called Fast Assets for fixed asset tracking and depreciation. You want to automate posting of your general ledger journal batches created by the journal import process to protect the subledger sourced journal entries from edits or deletion that might inadvertently happen and cause an out-of-balance situation between your subledgers and general ledger.

Consider the following points while creating your criteria set:

- Use the **All** option for category and accounting period to reduce maintenance and ensure that all journal imports are included in the posting process.
- Create a criteria set that includes all your subledger sources. Create multiple criteria sets by source only if you need to schedule different posting times to balance close activities or reduce processing time.

Creating an AutoPost Criteria Set

Create your AutoPost Criteria Set to automatically post journal entries from both Oracle and non-Oracle subledgers.

1. On the Manage AutoPost Criteria Sets page, click the **Create** icon to open the Create AutoPost Criteria Set page.
2. Enter the set name: All Journal Imported Entries
3. Select the **Enable** check box.
4. Enter the description: Posting journals imported from the subledgers.
5. Click the **Add Row** icon to add each new line.
6. Complete the fields, as shown in the table below:

Priority	Ledger or Ledger Set	Source	Category	Accounting Period
1	InFusion Corporation Ledger	Payables	All	All
2	InFusion Corporation Ledger	Receivables	All	All
3	InFusion Corporation Ledger	Fast Assets	All	All

7. For all three sources, select **Yes** for the **process all criteria** option and enter 30 as the number of days before and after submission date.

Setting the before and after days with a wide range of days enables the process to run less often.

8. Click the **Save and Close** button.
9. Schedule the process to run daily at 3:00 a.m.

Schedule the process immediately after the journal imports to prevent changes to the journals. Run the process during nonpeak times to save resources.

Manually Generating the AutoPost Process: Examples

Create an AutoPost criteria set and schedule the AutoPost process to run on a regular basis following your scheduled journal imports from your subledgers.

When errors occur that prevent posting of the journal imports, you must correct the errors and manually run the AutoPost process. The following scenarios illustrate the kinds of errors that could occur and how you can resolve these errors.

Scenario

The following errors occurred and prevented the journal batches from posting when the scheduled AutoPost process ran.

Error	Cause	Solution
Error - Unopened accounting period	The journal import was imported into a future period. An error arises when the AutoPost process runs on a schedule because journals cannot be posted in a future period.	Open the period.
Error - Invalid or no journals	Journal import fails to import transactions from the general ledger interface table. The AutoPost process runs on schedule but finds no batches to post. The Posting process does not run and the AutoPost Execution report shows that no batches matched the criteria.	Correct the error that caused the journal import to fail.
Error - Invalid or no journals	No journals were selected based on the posting criteria. Journal batches are available for posting. The Posting process does not run and the AutoPost Execution report shows that no batches matched the criteria.	Revise the criteria set.

After you correct the errors, manually run the AutoPost process by selecting the **Launch AutoPost** option from the Tasks panel on the journal pages or by clicking the **Generate** button on the AutoPost criteria set pages. Verify that the process ran successfully by reviewing the AutoPost Execution report.

FAQs for Manage AutoPost Criteria Sets

How can I run the AutoPost process?

After you define an automatic posting criteria set, run the AutoPost process by clicking the **Generate** button on the Manage AutoPost Criteria Sets page or the **Launch AutoPost** link from the Journals task pane. The AutoPost process posts the journal batches that meet the criteria defined. Optionally, schedule the AutoPost process for specific automatic posting criteria sets through the Enterprise Scheduler to run at specific times and submission intervals.

How can I identify errors that occurred during my AutoPost process?

Review the AutoPost process results on the AutoPost Execution report. This report is automatically created when the process completes successfully. The

report contains the batch name, accounting period, and balance type for each posted journal batch, and lists error statuses for batches that failed to post. The unposted journals with their error status are also displayed on the Requiring Attention tab of the Journals work area and the General Accounting Dashboard.

Why didn't the AutoPost process post journal batches as expected?

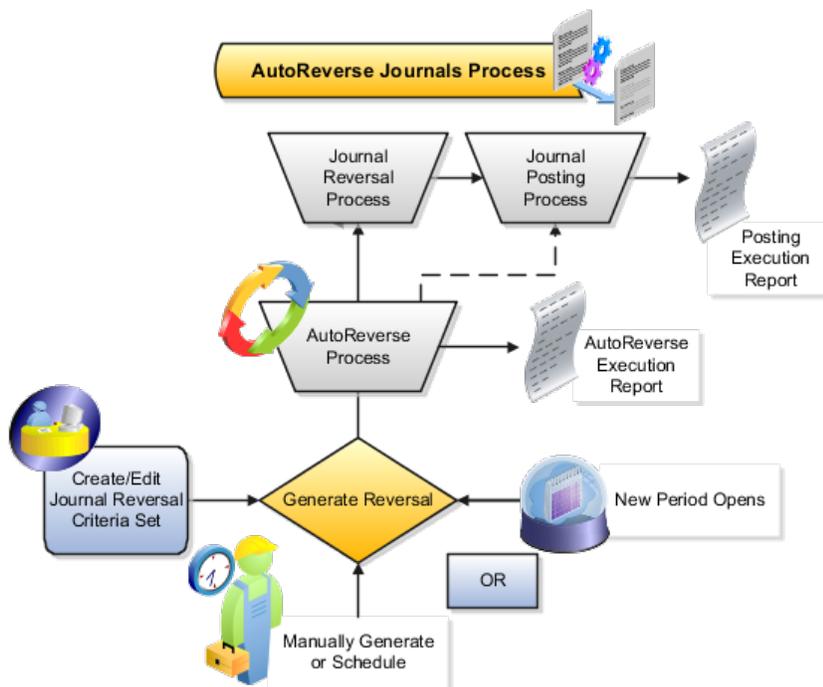
Verify that the posting criteria set specifies the precise criteria needed to post the desired journals. If the criteria is correct, then verify the following:

- Journal imports completed successfully.
- Journal batches are error free and ready to post.
- Desired accounting period is open.

Manage Journal Reversal Criteria Sets

Automatic Journal Reversals: How They Are Processed

The ability to submit journal reversals automatically allows you to automate and streamline your journal reversal process. If you routinely generate and post a large number of journal reversals as part of your month end closing and opening procedures, using the automatic reversal functionality saves you time and reduces entry errors.



Settings That Affect Journal Reversals

The journal must meet the following criteria to be automatically reversed:

- Balance type is Actual.

- Category is enabled to be automatically reversed.
- Reversal period is open or future enterable.
- Posted but not yet reversed.
- Not a reversal journal. Reversal journals cannot be reversed in Oracle Fusion General Ledger.
- Not a posted journal for a reporting currency that was replicated from its source journal. Reporting currency journals that were replicated from a source journal will be reversed when the source journal is reversed.
- Not a posted journal that originated from Oracle Fusion Subledger Accounting with a frozen source.

There is a new ledger option called **Launch AutoReverse After Open Period** that you can enable to have journal reversals automatically generated when an accounting period is first opened for the ledger. This ledger option replaces the former profile option called GL: Launch AutoReverse After Open Period. If you prefer to reverse your journals on the last day of every month, disable the ledger option to automatically launch reversals when the period is opened. Then schedule the AutoReverse process to run on the last day of every month.

How Automatic Journal Reversals Are Processed

Define Journal Reversal Criteria Sets to automatically reverse and optionally post journals using the following criteria:

Criteria	Functionality	Options
Category	Required. The journal category you set as the reversal option. Journals entered with this category are chosen for reversal and optionally, posting.	All journal categories are listed.
Reversal period	Required. The accounting period of the reversal journal. The Next day option is only applicable to average daily balance ledgers. Nonaverage daily balance ledgers and consolidation average daily balance ledgers treat the Next day option in the same manner as the No default option.	<ul style="list-style-type: none"> • No default • Same period • Next period • Next nonadjusting • Next day
Reversal day	Required for average daily balance ledgers only. The day of the period on which to reverse the journal.	<ul style="list-style-type: none"> • First day • Last day • Next day
Reversal method	Required. The method for changing the amounts in the reversal entry.	<ul style="list-style-type: none"> • Change sign • Switch debit or credit

Automatic reversal option	<p>Required.</p> <p>The option to reverse and post journals automatically. Journals are posted after they are reversed.</p>	<ul style="list-style-type: none"> • None • Reverse automatically • Reverse and post automatically
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After creating your journal reversal criteria sets, assign them to ledgers. Journal reversal criteria set can be shared and assigned to multiple ledgers. Also secure journal reversal criteria set definitions using definition access set security to prevent unauthorized users from using, viewing, or modifying the journal reversal criteria.

If the automatic reversal option is set to reverse and post automatically, the AutoPost process posts all the reversal journals that were generated by the AutoReverse process. The process does not pick up other journals. You manually post reversal journals that were generated outside of the AutoReverse process.

Note

Journals posted by the AutoReverse process always bypass approval.

General Ledger automatically creates the AutoReverse Execution report when the AutoReverse process completes successfully. The report prints the journal name and reversal period for each journal that is successfully reversed and whether the reversal journal is submitted for posting. The AutoPost Execution report is created automatically when the AutoPost process finishes. These reports help you diagnose any problems and verify that all journals were processed properly.

Note

The AutoReverse process does not check that the reversal date is a valid business day for an average balance ledger. The journal validation in the journal pages or import process does the check and if necessary, rolls the date to the next business day.

Manage Period Close

Period Close Components: Explained

While implementing your accounting configuration, optionally define and maintain the period close components to customize your accounting configurations setup.

Period close components include allocations, period entries, revaluation, and historical rates.

If you use allocations, revaluation, or translation, configure the following tasks under the Define Period Close Components parent task in your implementation project:

- Manage Allocations and Period Entries

- Manage Revaluations
- Manage Historical Rates

Manage Allocations and Period Entries

Manage Allocations and Period Entries is a manual task in the implementation project. Use the Calculation Manager to create allocations and other formulaic journal templates for generating periodic journal entries automatically. Base formulas on multiple criteria.

You must perform an external procedure outside the Setup and Maintenance work area to complete this task. In order to setup your allocations rules, navigate to the Journals work area and click the Create Allocations Rules task from the Tasks pane. This task navigates you to Calculation Manager, a framework that enables you define your allocation rules and formulas using a graphical interface and intuitive step-by-step wizards.

Manage Revaluations

Defines currency revaluation options, such as the range of accounts to revalue and the gain or loss accounts. Revaluation is done to adjust foreign entered amounts due to currency fluctuations. Navigate to the Manage Revaluations page, and define and generate your revaluation definitions.

Manage Historical Rates

Historical rates are the weighted average rate for transactions that occur at different points in time. Used by the system to calculate the conversion rate on equity account balances during foreign currency translation of the balance sheet.

Navigate to the Currency Rates Manager page to define and maintain your historical rates that are used in the translation process. In Oracle Fusion General Ledger, you can currently define historical rates using an ADF Desktop Integrator spreadsheet.

To create new historical rates, specify the required Ledger and the other optional fields, as needed. Click the **Create in Spreadsheet** button to open the spreadsheet for uploading.

To update the existing historical rates for your ledgers, click the Edit in Spreadsheet button, the spreadsheet is prepopulated with the existing historical rates.

Note

Before using the historical rates spreadsheet, install the ADF Desktop Integrator client as an add on to Microsoft Excel.

Close Monitor: Overview

The Close Monitor:

- Provides information on the period close status for a given accounting period across multiple products for related ledgers in a hierarchical ledger set based display.

- Uses the hierarchical ledger set to mirror the consolidation relationships and roll ups of entities across the enterprise.
- Summarizes period close status information for each ledger across multiple products and for each consolidation node across multiple ledgers.
- Provides the contact information of the manager for a given node on the ledger set hierarchy.
- Summarizes high level income statement results for each entity and aggregates this financial information at each consolidation node.
- Displays each of these elements of information, period status, manager information, and financial data, in separate tags that are navigated to for each node of the interactive hierarchical display.
- Provides views for a given ledger set, for a particular accounting period, and currency.

The period status information that is displayed is broken down by application module including General Ledger, Payables, Receivables, Asset, Projects, and Costing. Some modules track their entity at a more granular level, such as:

- Business units for Payables, Receivables, and Projects
- Asset Books for Assets
- Cost Organization Books for Costing

The Close Monitor indicates the number of the subunits by module for the ledgers. It also displays the fractional indicator, where applicable, of how many of the subunits are at the closed status.

Secondary ledgers, journal level, or transaction level reporting currencies cannot be associated with subledger business units for Payables, Receivables, and Projects. As such, if the ledger set displayed in the hierarchy includes members that are secondary ledgers, journal, or subledger level reporting currencies, the period status indicated in the Close Monitor for such subledger modules is based on its related primary ledger. Asset books and cost organization books can be associated with all types of ledgers. Therefore in the case of the Assets and Costing modules, their period status for secondary ledger or reporting currencies is shown accordingly for the books directly associated with them. Otherwise, their period statuses are derived from the books associated with their primary ledgers.

Setting Up the Close Monitor

The Close Monitor setup is comprised of a ledger set hierarchy definition whereby a predefined ledger set is addressed, with each ledger and ledger set assigned a manager who is responsible for its financial close, and a logo to represent the entity in the display.

Note

The list of managers available for assignment contains the persons defined in the Human Capital Management (HCM) module of Oracle Fusion Applications. The

attributes defined in HCM, such as the picture of the person and contact details, are shown in the Close Monitor.

The ledger set serves as the foundation of this setup.

- The members of the Close Monitor hierarchy must share a common chart of accounts and calendar.
- The financial data displayed in the Close Monitor is derived from the account group assigned to the ledger set, therefore, an assignment is required. The account group:
 - Must include two line items whose account designations respectively query the total revenues and total expenses of the organization.
 - Reflects a summarized income statement in the financial data tab of the Close Monitor.
- All ledgers in the ledger set share a common chart of accounts and the selection of accounts are equally applicable throughout the nodes in the ledger set hierarchy.
- When working with ledger sets that include members that are also ledger sets, you can choose any of the ledger sets in the selector to indicate the top starting ledger set to display in the Close Monitor.
- If different account groups are assigned to each ledger set member in such a ledger set, the account group used to display the financial data is the one assigned to the ledger set specified in the selector in the Close Monitor.
- To have meaningful comparison and summation along the ledger set hierarchy:
 - Assign ledgers to the ledger set that have a relevant currency representation that matches the intended group currency that the Close Monitor displays the financial data in.
 - Select the appropriate primary, secondary, or reporting currency ledger for assignment to the ledger set.
 - Alternately, use translated balances (balance level reporting currency) in the ledger set selection to satisfy the common group currency requirement if needed.

Viewing the Close Monitor

You choose a ledger set, an accounting period, and currency as the view criteria for the Close Monitor display. You can alter this selection at any time.

For example, change the currency displayed by:

- Working with a global ledger set.
- Shifting the focus to a lower level ledger set that is aggregating at the continental level, such as North America, that uses a different group currency.

- Including the ledger with the relevant currency representation that matches the selected group currency that the Close Monitor financial data is displayed in.

Note

If matching financial data for a ledger in the selected currency is not available, a message is displayed stating that the requested financial data is not available.

The Close Monitor supports different zoom levels to enable you to:

- Accommodate viewing a larger ledger set hierarchy in its entirety, given the limited display area of the user interface.
- Show detail information for each node which can vary, decreasing and simplifying in content as you zoom out further to be able to accommodate showing more nodes in a single view.
- Hover over the more summarized node and view a punch out of that particular node that shows the complete set of information available at the 100% zoom level.
- Leave the zoom level at 100% and move around the display to other ledger sets or ledgers currently not in view.

Note

A view control panel that can be exposed on demand allows you to adjust the zoom level, pan across the hierarchy, flip the display tabs, and switch the hierarchy display format.

Opening First Period: Overview

For all ledgers, primary, secondary, and journal and subledger level reporting currencies, open the first period of the ledger when you are ready to transact in that period.

To open the first period of your ledgers, navigate to the Open First Period task in the primary ledger task list and click the **Go to Task** icon. On the submission page, select the ledger and the period to open. Click the **Submit** button to launch the open period process.

There are other ways to open the first period or subsequent periods without going into the Setup and Maintenance work area. You can maintain the ledgers' period statuses from the:

- Close Status region in the General Accounting Dashboard. The Close Status region provides real time visibility into the period close process from your subledgers to your General Ledger across the entire enterprise.
- Manage Accounting Periods task in the Period Close work area.
- Process Monitoring work area, which provides a framework for launching, monitoring and maintaining processes across Oracle Fusion Financials.

Manage Allocations and Periodic Entries

Allocation and Periodic Entries: Overview

In Oracle Fusion General Ledger, use the Calculation Manager to create allocations and other formulaic journal templates for generating periodic journal entries automatically. Base formulas on multiple criteria. For example, use account balances or statistical amounts to allocate shared revenue or costs across multiple organizational units and ledgers. Define complex computations based on variables from different charts of accounts. Group journal formulas together and execute sequentially to update account balances in a step-by-step process.

The Calculation Manager provides flexibility, automation, intelligence, and control in distributing costs and revenues across the enterprise. In addition, the Calculation Manager:

- Distributes revenues or costs with recursive allocation rules
- Creates complex formula rules using formula components
- Contains an Allocation Wizard to define allocation and formula rules
- Uses real time checking of rule definitions to validate correctness of rules
- Minimizes setup and maintenance time with reusable components
- Simplifies allocation generation mechanism by integrating with enterprise scheduler
- Groups rules together in rule sets and cascading allocations for processing efficiencies
- Creates primary, statistical, or foreign currency allocation and formula rules

Access the Calculation Manager from the **Tasks** pane of the **General Accounting** dashboard or **Journals** work area by clicking on the:

- **Define Allocation Rules** link to define or modify allocation definitions
- **Generate Allocations** link to run the allocation process

Note

For more information, see:

- Hyperion Calculation Manager Release 11.1.2.1 Designer's Guide
-

Calculation Manager: Overview

The Calculation Manager creates, validates, deploys, and administers sophisticated allocation rules. In the Calculation Manager:

- Base formulas on multiple criteria, such as account balances or statistical amounts, to allocate shared revenue or costs across multiple organizational units.

- Use complex computations based on different variables to automatically calculate allocated amounts.
- Group journal formulas together and executed sequentially to update account balances step-by-step.

There are three types of objects that can be created in Calculation Manager:

- Components: Contain formulas, points of view, or allocation objects.
- Rules: Contain components such as points of view, formulas, and templates, which are used to create allocation calculations.
- Rule Sets: Contain sets of rules that can be calculated sequentially

Note

The following are limitation in Oracle Fusion General Ledger.

- Allocation rules cannot be shared across rule sets in Calculation Manager.
 - Within a rule or rule set, the same target or offset cannot be written to by multiple rule components.
 - When generating allocation rules with run time prompts other than the User Point of View in an allocation rule component, an error occurs.
-

Allocation Security: Explained

The following privileges and permissions are associated with the Calculation Manager:

- Generate General Ledger Allocation Formula - Generate Allocation and Periodic Entries: Permits generation of allocation and periodic entries.
- Define General Ledger Allocation Formula - Manage Allocation Rules or Rulesets via Calculation Manager: Grants the ability to update allocation rules or rulesets owned by the user with view access to all allocation rules or rulesets regardless of their ownership.
- Define Self Managed General Ledger Allocation Formula - Manage Allocation Rules or RuleSets via Calculation Manager: Grants the ability to update allocation rules or rulesets, but limited to the ones owned by the user.
- Administer General Ledger Allocation Formula - Administer Allocation Rules or RuleSets via Calculation Manager: Grants the ability to update all aspect of allocation rules or rulesets including the ownership attribute, regardless of the original definition's ownership.

Calculation Manager Toolbar: Explained

In addition to the Oracle Hyperion Enterprise Performance Management Workspace buttons, the Calculation Manager toolbar displays buttons that are

specific to the Calculation Manager. Not all buttons display in all the views and designers within the Calculation Manager.

The Calculation Manager toolbar consists of the following buttons:

- Home: Displays the default startup option for the content area.
- System View: Displays the main view within the Calculation Manager. (This is the default view).
- List View: Displays a list of objects that you can filter by application type, application, object or database type, deployment status, and validation status.
- Custom View: Displays a view you can customize with folders you create and objects you drag and drop into them.
- Filter Options: Opens the Filter dialog that you can use to filter objects in the List View.
- Refresh: Refreshes the view with your latest changes.

The Calculation Manager toolbar adds the following buttons when you open a rule:

- Save: Saves the object with which you are working.
- Validate: Validates the object with which you are working.
- Validate and Deploy: Validates and deploys the object with which you are working.

Calculation Manager Menus: Explained

Calculation Manager menus and menu options display in addition to Oracle Hyperion Enterprise Performance Management Workspace menus and menu options. The menus and options vary depending on the view you are using and the object with which you are working. The default view of the Calculation Manager displays the following menus when you launch Calculation Manager, System View.

Note

This topic describes the Calculation Manager menu options only.

File Menu

Enables you to create new objects, open and close objects, import and export objects, print rules, and log off.

Note

Not all of these file menu options are available for the products that use Calculation Manager.

- New, Rule: Creates a new rule

- New, Ruleset: Creates a new rule set

Edit Menu

Enables you to edit objects you select. It is available from most of the views and from within the Rule and Component definition pages.

- Edit, Delete: Deletes an object selected in the System, List, or Custom View
- Edit, Copy: Copies selected text
- Edit, Paste: Pastes text copied to the clipboard to the right of the cursor
- Edit, Copy Group: Copies a component group

Note

The Edit menu is not available within the Deployment View.

View Menu

Enables you to open different views.

- View, View Pane: Displays or hides a list of existing and/or new objects that you can add to rules, rule sets, components, and templates by dragging and dropping them.

Note

This is the only View menu option available from within the Rule Designer and Ruleset Designer.

- View, List View: Displays a list of the objects you select on the Filter dialog. The filter dialog enables you to create a filtered list, by application type of applications, databases, and objects.
- View, System View: Displays a list of the Essbase applications, databases, and objects to which you have access. This is the default view.
- View, Custom View: Displays a view that you can customize with folders you create and drag and drop objects into them. This view enables you to organize objects in a way that is meaningful to you.
- View, Deployment View: Displays a list, by application type and application, of the rules and rule sets that are deployed and not deployed with their deployment and validation status.

Tools Menu

Enable you to install other products, search for objects, create a filtered list of objects for the List View, edit the caption of an object, and access the Variable Navigator and Variable Designer.

- Tools, Filter: Opens the Filter dialog from which you can filter by application type, application, object type (rule, rule set, formula or script component, or template), calculation type, plan type, database,

deployment status, and validation status. You can also select All to display all application types, applications, objects, and databases, regardless of their deployment and validation status.

- **Tools, Variables:** Opens the Variable Navigator in which you can navigate to a location for which you want to create, edit, copy, or delete a variable. From the location you select in the Variable Navigator, you can display the Variable Designer in which you can create, edit, copy, and delete variables for components.

Note

The two menu options listed above are not available within the Deployment View.

Actions Menu

Enables you to validate and deploy objects you select in the views and from within the Rule and Ruleset Designers. Not all of the Actions menu options are available from within the views and designers.

- **Actions, Validate:** Validates the rule, rule set, and formula component you selected

Note

This is the only Actions menu option available from within the Deployment View.

-
- **Actions, Deploy:** Deploys the rules or rulesets you selected.
 - **Actions, Quick Deploy:** Deploys the rule in fewer steps than regular deployment by using a shortcut to one or more applications.

Note

This feature is available only from within the Rule Designer for Essbase business rules.

Using Flow Charts: Explained

View rules and templates, and the components that comprise them, in a flow chart within the Rule Designer. When you open a rule, move amongst the components that comprise it, for example, formulas, ranges, and loops, by selecting them in the flow chart. Increase or decrease the size of the flow chart to view or hide details of the components.

When you select a component in the flow chart, its properties, usages, and other information are displayed in tabs below the flow chart. As you move among the components, the tabs below the flow chart change. For example, if you open an allocation rule that contains a formula component, and select the formula component in the flow chart the following properties are displayed:

- Properties of the formula, such as name, description, application, and application type to which it belongs
- Usages of the formula, such as which rules and templates it is used in
- Text of the formula, such as the variables, members, and functions, that are displayed in the tabs below the flow chart

Views: Explained

Views enable you to see Calculation Manager objects in different contexts. For example, the Deployment View displays objects according to whether they are deployed or not deployed. The Custom View displays objects according to filters and criteria that you select.

The Calculation Manager contains the following views:

- List View
- System View
- Custom View
- Deployment View
- View Pane

List View

The List View contains a filtered list of Essbase applications, or databases, and objects, rule sets, rules, or formula components, according to filter criteria you specify.

System View

The System View is the default view that is displayed when you launch the Calculation Manager. It contains a list of all of the applications and objects to which you have access. Your access privileges are determined by the role you are assigned in Shared Services. For each object, the owner, the user who made the last change, and the date the changes were last made are listed.

Custom View

The Custom View enables you to create folders and drag and drop objects into them to create a view that contains only the objects you want. This view enables you to organize objects in a way that is meaningful to you.

Deployment View

The Deployment View contains a list, by application type and application, of the rules and rule sets that are deployable with their deployment and validation status. From this view, select rules and rule sets in an application to make them deployable. Then deploy one or more rules or rule sets (known as a partial deployment), or you can deploy all rules and rule sets in an application (known as a full deployment).

View Pane

The View Pane enables you to create or open an object. Display the View Pane in the left frame of the window. Depending on whether you are working in a rule or a rule set, the Rule or Ruleset Palette, is displayed in the View Pane. In the Palette, drag new and existing objects and drop them into the rule, rule set, or flow chart.

When working with views, display or hide the View Pane using the View menu. In the Custom View, drag and drop new and existing objects from the View Pane into the custom folders you create. In the System and List views, the View Pane is hidden by default. In the Deployment View, the View Pane is not available.

Note

The content of the View Pane varies depending on which view you are in and whether you are working with a rule set, a rule, a template, or a component.

The following table lists the tasks that can be performed from the various views in the Calculation Manager.

Tasks	List View	System View	Custom View	Deployment
Create, open, rename, delete, refresh, and close objects	Yes	Yes	Yes	Yes
Set preferences	Yes	Yes	Yes	Yes
Import and export objects	Yes	Yes	Yes	Yes
Show the usages of objects	Yes	Yes	Yes	Yes
Create a copy of objects	Yes	Yes	Yes	Yes
Print a business rule	Yes	Yes	Yes	Yes
Select views	Yes	Yes	Yes	Yes
Exit or log off Workspace	Yes	Yes	Yes	Yes
Work with favorites	Yes	Yes	Yes	Yes
Perform an advanced search	Yes	Yes	Yes	Yes
Access help	Yes	Yes	Yes	Yes
Filter objects in the view according to criteria you specify	Yes			
Work with variables	Yes	Yes		Yes
Validate objects	Yes			Yes
Create a shortcut to a business rule		Yes		

Import and export business rules and other objects		Yes	Yes	
Validate and migrate objects		Yes	Yes	
Change the owner of an object			Yes	Yes
Deploy objects				Yes

Filtering Objects in the List View: Examples

You can use filters in the List View to filter objects according to:

- Application Type that is populated by default with the application type, such as Essbase, your application or database, in which you are creating the new rule.
- Object type, such as allocation rules, allocation rule sets, and formula components
- Deployment or validation status

Scenario

To create a filtered list of objects in the List View:

1. From the System View, select View, List View.

The Filter dialog is displayed the first time you open the List View. If you select filtering options, then close the List View to work in the System or Custom View. When you reopen the List View, the filter dialog is not displayed. If you want to change the filtering options when you reopen the List View, select Tools, Filter to open the Filter dialog.

2. In the Filter dialog, on Filter Options, under Application Type, select Essbase.
3. Do one of these tasks:
 - For Essbase: In the Application and Object Type fields, select the applications and object types you want to display in the List View. The default is All.
 - Under Deployed Status and Validated Status, clear any check boxes of selections you do not want to display. All check boxes are selected by default.

Tip

Click Reset to reset the dialog with default values.

- On Advanced Options, for Object Label, select one of these options to display only objects whose names match the criteria:

- Starts With, to display only objects whose names start with characters you specify.
- Ends With, to display only objects whose names end with characters you specify.
- Contains, to display only objects whose names contain characters you specify.
- Matches, to display only objects whose names match characters you specify.
- Enter the characters that are common to the names of the objects you want to display.
- Select Ignore case, if you want to display objects whose names contain characters in either upper or lower case, even if the case does not match the case of the text you entered in step 6.
- In Created By, enter the name of the user who created objects you want to display.
- In Modified By, enter the name of the user who modified objects you want to display.
- For Created Date, select After, Before, or Between to display only objects that were created after, before, or between dates you specify. Between is the default. Click the drop down arrows to display calendars from which you can select dates.
- For Modified Date, select After, Before, or Between to display only objects that were modified after, before, or between dates you specify. (Between is the default.) Click the dropdown arrows to display calendars from which you can select dates.
- For **Any Text**, select an option to display only objects containing text that starts with, ends with, contains, or matches text that you enter. To display objects that include this text regardless of its case, select **Ignore case**.

4. Click OK.

Generating Allocations and Periodic Entries Manually: Worked Example

This example demonstrates how to generate an allocation or periodic entry manually from the Oracle Fusion General Ledger.

You are the General Accountant for Infusion America Inc. You have created allocation and periodic journal entry definitions for several monthly entries. You now generate these entries.

Note

Schedule allocations and periodic entries in the Journals work area for automatic generation.

Prior to generating the allocation and periodic entries, the following tasks must be completed:

- The period is set to **Open or Future Enterable**. You post in open periods, but generation can take place in either an open or future enterable period.
- The rules or rules sets have been defined, validated, and deployed successfully from the Calculation Manager.
- The journal balances, that are inputs for the allocation or periodic rules, are entered and posted in the proper period.

Generating Allocations and Periodic Entries Manually

1. From the Navigator, click the **Journals** link to open the Journals work area.
2. In the task pane of the Journals page, click the **Generate Allocations** link to open the Submission page.
3. Optionally select one or all of the following options:
 - Print Output
 - E-mail me the output
 - Notify me when this process ends
4. Select a rule or rule set from the list of values.
5. Enter the submission parameters, including **Ledger, Balancing Segment Value, and Period**. The application automatically sets the last day of the submission period as the Accounting Date and Calculation Effective Date.
6. Accept the selected check box for the **Post Allocations** option to enable the process to post the journal entries.

If you deselect the check box for the Post Allocations option, you must post the entry manually or define an AutoPost Criteria Set to automatically post the journal entries.

7. Click **Submit**.

After the generation process is complete, the journal entries created by the process are available for inquiry on the Journals page.

FAQs for Manage Allocations and Periodic Entries

How can I access the Calculation Manager?

Login into the Oracle Fusion General Ledger application and navigate to the **Journals** work area. From the **Journals** work area select the **Create Allocation Rules** link and automatically log into the Calculation Manager in Workspace to create new allocation rules or rule sets.

Note

The application or the balances cube that is currently selected in the General Ledger Data Access Set is automatically selected in the Calculation Manager.

How can I create a folder in the Custom View?

In the Custom View, create folders that contain only the allocation rules, allocation rule sets, and formulas you want to view and work with. To add objects to your folders, drag them from the Existing Objects pane and drop them into the folders.

To create a folder in the **Custom View**:

1. In the **System View**, select **View, Custom View**.
2. In the **Custom View**, right-click the **Essbase** application type, and select **New Folder**.
3. In **New Folder**, enter a name for the folder.
4. Click **OK**.

Tip

You can create nested folders by right-clicking the folder you want to create a folder in and selecting **New Folder**.

How can I rename a folder in the Custom View?

Rename the folders you create in the Custom View.

To rename a folder in the Custom View:

1. In the **System View**, select **View, Custom View**.
2. In the **Custom View**, expand the **Essbase** application type.
3. Right-click the folder you want to rename, and select **Rename**.
4. In the **Rename Folder**, enter a new name for the folder.
5. Click **OK**.

Manage Revaluations

Revaluation Process: Explained

The revaluation process is used to adjust account balances denominated in a foreign currency. Revaluation adjustments represent the difference in the value of the balance due to changes in conversion rates between the date of the original journal entry and the revaluation date. These adjustments are posted through journal entries to the underlying account with the offset posted to an unrealized gain or loss account. All debit adjustments are offset against the unrealized gain

account and all credit adjustments are offset against the unrealized loss account. If the same account is specified in the **Unrealized Gain Account** and **Unrealized Loss Account** fields, the net of the adjustments is derived and posted.

For balance sheet accounts, the revaluation journal entries are reversed in the next period. AutoReverse can be used to automate the reversals. For income statement accounts that use the PTD method of revaluation, the revaluation journal entries aren't reversed since each period's revaluation adjustment is just for that period.

In Oracle Fusion General Ledger, the revaluation functionality provides the following advantages:

- Full multicurrency functionality to eliminate currency barriers across a global business
- Predefined revaluation rules to ensure consistency in generation of revaluation entries each period
- Usage of prevailing currency normalization accounting standards including:
 - US Financial Accounting Standards Board (FASB) Financial Accounting Statement No. 52 (FAS 52), Foreign Currency Translation
 - International Financial Reporting Standards (IFRS) International Accounting Standard No. 21 (IAS 21), The Effects of Changes in Foreign Exchange Rates
- Support for multiple balancing segments to provide clarity in tracking the profitability and performance for more distinct segments of the your enterprise in any currency

Definition

When defining your revaluations, perform the following:

- Include accounts for tracking gains and losses, currency conversion rates, and the number of transaction currencies to revalue.
- Define separate revaluation definitions for each class of accounts, using a different rate type for each class.
- Choose various conversion types and methodologies for different account ranges, such as current rates and year-to-date (YTD) method for balance sheet accounts, and average rates and period-to-date (PTD) method for income statement accounts.

Note

Income statement accounts can also be revalued using YTD method.

Hierarchies and flexible account selection criteria, such as usage of parent values from your account hierarchy, streamlines maintenance of revaluation definitions. The parent values can be selected for the primary balancing and the natural account segments using the **Is a last descendant of** operator. Leveraging hierarchy versions extends your revaluation definitions during organizational

changes. Adjust account selection criteria monthly to retrieve the accounts that need to be revalued for the current accounting period.

Share revaluation definitions across ledgers that have the same chart of accounts to reduce maintenance.

Generation

Generating revaluations include:

- Using defined revaluation criteria and automatically generating entries to shorten your close process.
- Selecting automatic posting as part of the generate revaluation criteria to help you to achieve processing efficiency.
- Scheduling revaluations to run during off peak hours to save your system resources.
- Utilizing date effective account hierarchies to generate revaluations to keep results in line with your current organization structures.

Always run revaluation to bring monetary balances to current rates before performing currency translation or remeasurement.

Revaluation Execution Report

The Revalue Balances process automatically generates the Revaluation Execution report when you run revaluation. This report shows the details of your account balance revaluation and the journal batches created after running revaluation. The report includes the currencies and revaluation rates used to revalue your accounts, the unrealized gain or loss account in which you recorded net gains and losses, and the range of accounts revalued. The report also prints the names of your batch and journals that the revaluation process creates for each foreign currency, as well as the total debits and credits of the created entries.

If the Revaluation process cannot locate rates for one or more currencies, balances are not revalued for those currencies. In this case, the Revaluation process completes with a warning and the execution report lists which currencies are missing rates.

Accounting for Unrealized Gain or Loss on Revaluation: Explained

Revaluation launches a process that revalues the ledger currency equivalent balances for the accounts and currencies you select, using the appropriate current rate for each currency. Resulting unrealized gain or loss amounts are posted to the unrealized gain or loss accounts or to the cumulative translation adjustment (CTA) account you specify, and are balanced by balancing segment values. This process creates a revaluation journal which can be posted automatically.

Oracle Fusion General Ledger creates journal entries to adjust the ledger currency balances for conversion rate fluctuations, in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation and International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates.

The revaluation journal entries generated and posted in the primary ledger are automatically generated, converted, and posted to each of their reporting currencies. Define the CTA account for unrealized gains or losses in the reporting currency prior to running revaluation.

Income Statement Accounts Revaluation Rule: Explained

Revaluation is the process which adjusts asset or liability accounts that may be materially understated or overstated due to a fluctuation in the conversion rate between the time the transaction was entered and the time revaluation takes place. You may want to revalue income statement accounts as well. The Income Statement Accounts Rule indicates whether period-to-date (PTD) or year-to-date (YTD) method is to be used when revaluing income statement accounts.

Click the **Income Statement** radio buttons on the **Create Revaluation** page to specify whether you want to revalue income statement accounts using PTD or YTD balances. There are two radio buttons, one for PTD and one for YTD.

If you select to revalue PTD balances for income statement accounts, the process continues to appropriately revalue YTD balances for balance sheet accounts. In the revaluation definition if the range of accounts consists of both income statement and balance sheet accounts and you select PTD as an option for income statement account revaluation rule, a separate revaluation journal is created for the income statement accounts. Revaluing the PTD balance of your income statement accounts creates weighted average YTD balances using period rates from each corresponding period against the PTD account balance in compliance with the Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation.

To summarize, when you run revaluation on your income statement accounts, the process produces two separate journal entries; one that revalues your balance sheet accounts and another for your income statement accounts. You do not need to reverse the PTD revaluation journal entry for your income statement accounts in the subsequent period since that revaluation only applies to last period's activity.

Note

This functionality only applies when the range of accounts to be revalued in the revaluation definition consist of income statement accounts in addition to balance sheet accounts. Normally only balance sheets accounts are revalued.

Revaluing Across Multiple Balancing Segments: Worked Example

This example demonstrates how to revalue foreign currency balances across multiple balancing segments. Your company, InFusion America, Inc. has three lines of business. You revalue your foreign currency account balances for two of your divisions, Air Components and Repair Parts. Your Installation Services line of business does not have foreign currency transactions. Your company is your primary balancing segment and your lines of business are represented in your secondary balancing segment.

Note

Enable up to three balancing segments to use the multiple balancing segment feature.

The following are points to consider in running the revaluation process.

- Revaluation posts the resulting gain or loss amounts against the unrealized gain or loss accounts, substituting the balancing segment values appropriately for all balancing segments.
- Gain or loss accounts and revaluation account ranges are not validated against your data access set security when the revaluation definition is created because the ledger context is not known at the time of definition.
- Data access set security is enforced when the Revalue Balances process is executed. Limited write access to the gain or loss accounts due to inadequate access results in an error.
- Segment value security rules are enforced when you enter the account ranges and the unrealized gain and loss accounts. Only segment values you have access to are available in the list of values.
- Account ranges you have read and write access to are revalued. Account combinations that you do not have access to are ignored.
- Revaluation expands the parent primary balancing segment to the child values. Data access set security applies to the child values only, not the parent value.
- Posting supports multiple balancing segments for calculating the entry to the Cumulative Translation Adjustment accounts when replicating revaluation journals to reporting currencies.

Defining Revaluations

1. From the **Manage Revaluations** page, click the **Create** icon.
2. Enter the values in the following table in the correct fields.

Field	Value
Name	InFusion America Revaluation
Description	Revaluation for all foreign currency balances.
Chart of Accounts	InFusion America Chart of Accounts
Currency	Leave blank <hr/> Note If left blank, all currencies are revalued and after saving, the field automatically displays: All currencies. <hr/>
Conversion Rate Type	Daily

Days to Roll Forward	5
Unrealized Gain Account	011-00-96600000-0000-000-000
Unrealized Loss Account	011-00-96700000-0000-000-000
Income Statement Account Basis	PTD
Post Automatically	Yes

3. In the **Revaluation Accounts** region, click the **Add Row** icon.
4. Click the **Change filter conditions** icon to enter the filter used to select the accounts to revalue.
5. Click the **Add Field** drop down arrow and select your company, InFusion America Inc. from the list.

Field	Value
Equals	011

6. Click the **Add Field** drop down arrow and select your two Lines of Business: 30 for Air Components and 40 for Repair Parts.

Note: Your Installation Services line of business, 50, is not included because it does not have foreign currency transactions.

Field	Value
Between	30
	40

7. Click the **Add Field** drop down arrow and select Account from the list.

Field	Value
Between	10000000
	29999999

8. Click OK to accept your filters.
9. Click the **Save and Close** button to save your revaluation.

Optionally, select the **Save** and **Generate** buttons to run the revaluation immediately.

Define Business Units

Manage Service Provider Relationships

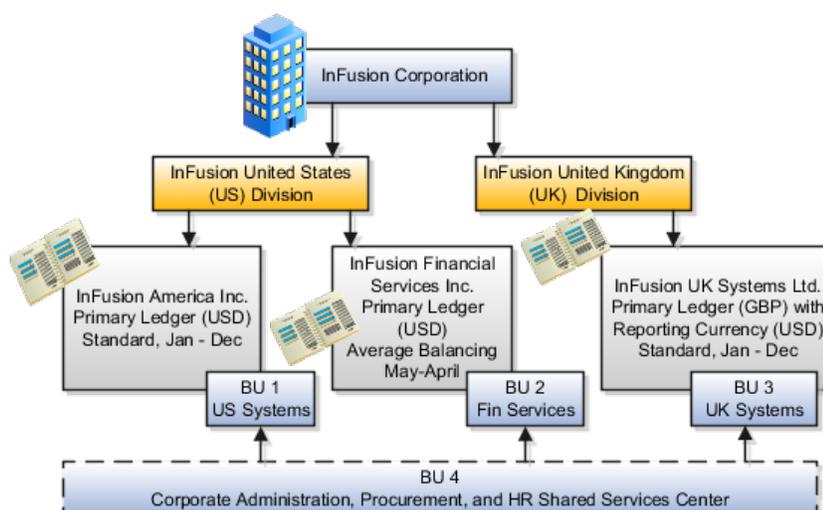
Service Provider Model: Explained

In Oracle Fusion applications, the service provider model defines relationships between business units for a specific business function, identifying one business unit in the relationship as a service provider of the business function, and the other business unit as its client.

Procurement Example

The Oracle Fusion Procurement product family has taken advantage of the service provide model by defining outsourcing of the procurement business function. Define your business units with requisitioning and payables invoicing business functions as clients of your business unit with the procurement business function. Your business unit responsible for the procurement business function will take care of supplier negotiations, supplier site maintenance, and purchase order processing on behalf of your client business units. Subscribe your client business units to the supplier sites maintained by the service providers, using a new procurement feature for supplier site assignment.

In the InFusion example below, business unit four (BU4) serves as a service provider to the other three business units (BU1, BU2, and BU3.) BU4 provides the corporate administration, procurement, and human resources (HR) business functions, thus providing cost savings and other benefits to the entire InFusion enterprise.



Shared Service Centers: Explained

Oracle Fusion Applications allows defining relationships between business units to outline which business unit provides services to the other business units.

Service Provider Model

In Oracle Fusion Applications V1.0, the service provider model centralizes only the procurement business function. Your business units that have the requisitioning business function enabled can define relationships with business units that have the procurement business function enabled. These service provider business units will process requisitions and negotiate supplier terms for their client business units.

This functionality is used to frame service level agreements and drive security. The definition of service provider relationships provides you with a clear record of how the operations of your business are centralized. For other centralized processing, business unit security is used (known in Oracle EBS as Multi-Org Access Control). This means that users who work in a shared service center have the ability to get access and process transactions on behalf of many business units.

Shared Service Center: Points to Consider

Oracle Fusion applications supports shared service centers in two ways. First, with business unit security, which allows your shared service centers personnel to process transactions for other business units called clients. This was the foundation of Multi Org Access Control in the Oracle E-Business Suite.

Second, the service provider model expands on this capability to allow a business unit and its personnel in a shared service center to work on transactions of the client business units. It is possible to view the clients of a service provider business unit, and to view service providers of a client business unit.

Your shared service centers provide services to your client business units that can be part of other legal entities. In such cases, your cross charges and recoveries are in the form of receivables invoices, and not merely allocations within your general ledger, thereby providing internal controls and preventing inappropriate processing.

For example, in traditional local operations, an invoice of one business unit cannot be paid by a payment from another business unit. In contrast, in your shared service center environment, processes allowing one business unit to perform services for others, such as paying an invoice, are allowed and completed with the appropriate intercompany accounting. Shared service centers provide your users with access to the data of different business units and can comply with different local requirements.

Security

The setup of business units provides you with a powerful security construct by creating relationships between the functions your users can perform and the data they can process. This security model is appropriate in a business environment where local business units are solely responsible for managing all aspects of the finance and administration functions.

In Oracle Fusion applications, the business functions your business unit performs are evident in the user interface for setting up business units. To accommodate shared services, use business unit security to expand the relationship between functions and data. A user can have access to many business units. This is the core of your shared service architecture.

For example, you take orders in many business units each representing different registered legal entities. Your orders are segregated by business unit. However, all of these orders are managed from a shared service order desk in an outsourcing environment by your users who have access to multiple business units.

Benefits

In summary, large, medium, and small enterprises benefit from implementing share service centers. Examples of functional areas where shared service centers are generally implemented include procurement, disbursement, collections, order management, and human resources. The advantages of deploying these shared service centers are the following:

- Reduce and consolidate the number of control points and variations in processes, mitigating the risk of error.
- Increase corporate compliance to local and international requirements, providing more efficient reporting.
- Implement standard business practices, ensuring consistency across the entire enterprise and conformity to corporate objectives.
- Establish global processes and accessibility to data, improving managerial reporting and analysis.
- Provide quick and efficient incorporation of new business units, decreasing startup costs.
- Establish the right balance of centralized and decentralized functions, improving decision making.
- Automate self-service processes, reducing administrative costs.
- Permit business units to concentrate on their core competencies, improving overall corporate profits.

Assign Business Unit Business Function

Business Functions: Explained

A business unit can perform many business functions in Oracle Fusion Applications. Prior to Oracle Fusion Applications, operating units in Oracle E-Business Suite were assumed to perform all business functions, while in Oracle PeopleSoft, each business unit had one specific business function. Oracle Fusion Applications blends these two models and allows defining business units with one or many business functions.

Business Functions

A business function represents a business process, or an activity that can be performed by people working within a business unit and describes how a

business unit is used. The following business functions exist in Oracle Fusion applications:

- Billing and revenue management
- Collections management
- Customer contract management
- Customer payments
- Expense management
- Incentive compensation
- Marketing
- Materials management
- Inventory management
- Order fulfillment orchestration
- Payables invoicing
- Payables payments
- Procurement
- Procurement contract management
- Project accounting
- Receiving
- Requisitioning
- Sales

Although there is no relationship implemented in Oracle Fusion Applications, a business function logically indicates a presence of a department in the business unit with people performing tasks associated with these business functions. A business unit can have many departments performing various business functions. Optionally, you can define a hierarchy of divisions, business units, and departments as a tree over HCM organization units to represent your enterprise structure.

Note

This hierarchy definition is not required in the setup of your applications, but is a recommended best practice.

Your enterprise procedures can require a manager of a business unit to have responsibility for their profit and loss statement. However, there will be cases where a business unit is performing only general and administrative functions, in which case your manager's financial goals are limited to cost containment or recovering of service costs. For example, if a shared service center at the corporate office provides services for more commercially-oriented business units, it does not show a profit and therefore, only tracks its costs.

In other cases, where your managers have a responsibility for the assets of the business unit, a balance sheet can be produced. The recommended best practice to produce a balance sheet, is to setup the business unit as a balancing segment in the chart of accounts. The business unit balancing segment can roll up to divisions or other entities to represent your enterprise structure.

When a business function produces financial transactions, a business unit must be assigned to a primary ledger, and a default legal entity. Each business unit can post transactions to a single primary ledger, but it can process transactions for many legal entities.

The following business functions generate financial transactions and will require a primary ledger and a default legal entity:

- Billing and revenue management
- Collections management
- Customer payments
- Expense management
- Materials management
- Payables invoicing
- Project accounting
- Receiving
- Requisitioning

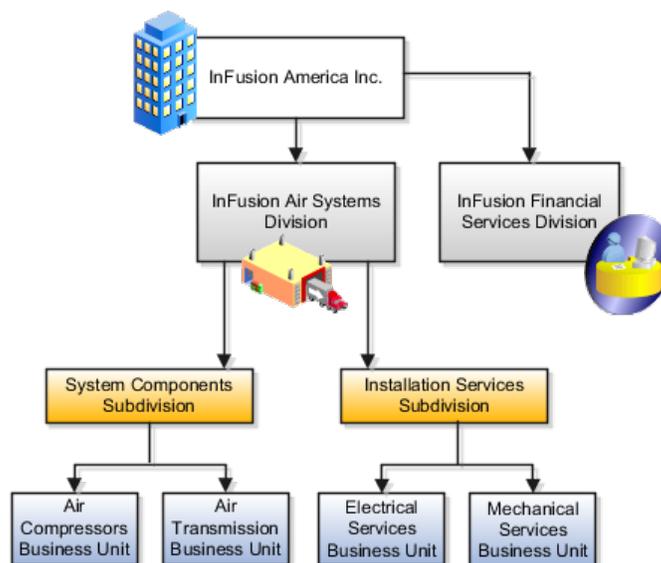
Business Unit Hierarchy: Example

For example, your InFusion America Company provides:

- Air quality monitoring systems through your division InFusion Air Systems
- Customer financing through your division InFusion Financial Services

The InFusion Air Systems division further segments your business into the System Components and Installation Services subdivisions. Your subdivisions are divided by business units:

- System Components by products: Air Compressors and Air Transmission
- Installation Services by services: Electrical and Mechanical



Oracle Fusion applications facilitates independent balance sheet rollups for legal and management reporting by offering up to three balancing segments. Hierarchies created using the management segment can provide the divisional results. For example, it is possible to define management segment values to correspond to business units, and arrange them in a hierarchy where the higher nodes correspond to divisions and subdivisions, as in the Infusion US Division example above.

Manage Business Units

Business Units: Explained

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. A business unit can process transactions on behalf of many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. Roll business units up into divisions if you structure your chart of accounts with this type of hierarchy. In Oracle Fusion Applications, you assign your business units to one primary ledger. For example, if a business unit is processing payables invoices they will need to post to a particular ledger. This assignment is mandatory for your business units with business functions that produce financial transactions.

In Oracle Fusion Applications, use business unit as a securing mechanism for transactions. For example, if you run your export business separately from your domestic sales business, secure the export business data to prevent access by the domestic sales employees. To accomplish this security, set up the export business and domestic sales business as two separate business units.

The Oracle Fusion Applications business unit model:

- Allows for flexible implementation
- Provides a consistent entity for controlling and reporting on transactions
- Anchors the sharing of sets of reference data across applications

Business units process transactions using reference data sets that reflect your business rules and policies and can differ from country to country. With Oracle Fusion Application functionality, you can choose to share reference data, such as payment terms and transaction types, across business units, or you can choose to have each business unit manage its own set depending on the level at which you wish to enforce common policies.

In countries where gapless and chronological sequencing of documents is required for subledger transactions, define your business units in alignment with your ledger definition, because the uniqueness of sequencing is only ensured within a ledger. In these cases, define a single ledger and assign one legal entity and business unit.

In summary, use business units in the following ways:

- Management reporting

- Processing of transactions
- Security of transactional data
- Reference data definition and sharing

Brief Overview of Business Unit Security

Business units are used by a number of Oracle Fusion Applications to implement data security. You assign data roles to your users to give them access to data in business units and permit them to perform specific functions on this data. When a business function is enabled for a business unit, the application can trigger the creation of data roles for this business unit based on the business function's related job roles.

For example, if a payables invoicing business function is enabled, then it is clear that there are employees in this business unit that perform the function of payables invoicing, and need access to the payables invoicing functionality. Therefore, based on the correspondence between the business function and the job roles, appropriate data roles are generated automatically. Use Human Capital Management (HCM) security profiles to administer security for employees in business units.

FAQs for Manage Business Units

What's the difference between business units in Oracle E-Business Suite and Oracle Fusion Applications?

In Oracle E-Business Suite, operating units are used to determine in which ledger a given subledger transaction is accounted and to partition setup reference data, processing and security.

In Oracle Fusion Applications, enable business units with all their business functions to replace your operating units in the Oracle E-Business Suite. Oracle Fusion Applications provide the additional functionality of assigning a manager to the business unit.

What's the difference between business units in PeopleSoft and Oracle Fusion Applications?

PeopleSoft business units and Oracle E-Business Suite operating units have been combined to create the new Oracle Fusion Applications business unit functionality.

In PeopleSoft Enterprise, a business unit housed the configuration of only one business function.

A business unit can be configured for multiple business functions in Oracle Fusion Applications. The advantage is you no longer have to name multiple business units with the same name as you did in PeopleSoft Enterprise.

In PeopleSoft Enterprise, business units can be consolidated in a hierarchy. You can see the results of a single business unit or a set of business units. PeopleSoft Enterprise also allows you to produce financial statements for a business unit.

In Oracle Fusion Applications, this is accomplished by creating a business unit representation in a chart of accounts and building appropriate hierarchies.

Define Security

Security Tasks: Highlights

Security tasks include the following.

- Security setup
- Security implementation and administration

Note

Security setup and administration tasks typically use integrated user interface pages that are provided by the following products.

- Oracle Identity Manager (OIM)
- Oracle Authorization Policy Manager (APM)
- Oracle Fusion Human Capital Management (HCM) products
- Oracle Application Access Control Governor (AACG) in Governance, Risk, and Compliance Controls (GRCC)

Security setup and administrative tasks performed by product administrators and implementation consultants, such as managing HCM security profiles, are presented in the documentation for those products.

Set Up the IT Security Manager Job Role

Provision the IT Security Manager job role with roles for user and role management.

- Using the OIM Administrator user name and password, sign in to Oracle Identity Manager (OIM). Refer to the Oracle Fusion Middleware Enterprise Deployment Guide for Oracle Identity Management (Oracle Fusion Applications Edition).

See: Creating Users and Groups for Oracle Identity Manager

- Open the IT Security Manager job role's attributes and use the Hierarchy tab to add the User Identity Administrators role and the Role Administrators role in the OIM Roles category using the Add action. Use the Delegated Administration menu to search for the Xellerate Users organization and assign it to the IT Security Manager role. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.

See: User Management Tasks

Prerequisite Tasks for Security Administration

Sign into Oracle Fusion Applications for the first time with the Installation Super User account to synchronize LDAP users with HCM user management and create an IT security manager user account and provision it with the IT Security Manager role.

- The super user account is established during installation. Refer to the Oracle Fusion Applications Installation Guide.

See: Oracle Identity and Policy Management Configuration Parameters

- Synchronize LDAP users with HCM user management by performing the Run User and Roles Synchronization Process task. Monitor completion of the predefined Enterprise Scheduler job SyncRolesJob.
- Create a user account and provision it with roles. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.

See: Managing Users

- As a security guideline, provision a dedicated security professional with the IT Security Manager role as soon as possible after initial security setup and revoke that role from users provisioned with the Application Implementation Consultant role. If entitled to do so, see Security Tasks and Oracle Fusion Applications: How They Fit Together for details about provisioning the IT security manager.

Required Security Administration Tasks

Establish at least one implementation user and provision that user with sufficient access to set up the enterprise for all integrated Oracle Fusion Middleware and all application pillars or partitions.

- Perform the initial security tasks. If entitled to do so, see Initial Security Administration: Critical Choices.
- Sign in to Oracle Fusion Applications using the IT security manager's or administrator's user name and password, and create and provision users who manage your implementation projects and set up enterprise structures by performing the Create Implementation Users task. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.

See: User Management Tasks

- Create a data role for implementation users who will set up HCM that grants access to data in secured objects required for performing HCM setup steps. Provision the implementation user with this View All data role. See "Creating an HCM Data Role: Worked Example."
- For an overview of security tasks from the perspective of an applications administrator, refer to the Oracle Fusion Applications Administrator's Guide

See: Securing Oracle Fusion Applications

Optional Security Administration Tasks

Once initial security administration is complete and your enterprise is set up with structures such as business units, additional security administration tasks are optional and based on modifying and expanding the predefined security reference implementation to fit your enterprise. See points to consider for defining security, data security and trading partner security after enterprise setup.

- Create users. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.
See: Creating Users
- Provision users with roles. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.
See: Adding and Removing Roles
- You manage users and job roles, including data and abstract roles, in Oracle Identity Management user interface pages. Refer to the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.
See: User Interfaces
- You manage duties, security policies, and data role templates in the Authorization Policy Manager. Refer to the Oracle Fusion Middleware Authorization Policy Manager Administrator's Guide (Oracle Fusion Applications Edition).
See: Managing Oracle Fusion Applications Data Security Policies
- You manage role provisioning rules in Human Capital Management (HCM). If entitled to do so, see Role Mappings: Explained.
- For a complete description of the Oracle Fusion Applications security reference implementation, see the Oracle Fusion Applications Security Reference Manuals for each offering.
- For a detailed functional explanation of the Oracle Fusion Applications security approach, refer to the following guides.
See: Oracle Fusion Applications Security Guide
See: Oracle Fusion Applications Security Hardening Guide
- Since security in Oracle Fusion Applications is based on integrations with Oracle Identity Management in Fusion Middleware, security features in the database, and Governance, Risk, Compliance, and Controls, additional resources in support of performing security tasks include the following.
 - Authorization Policy Manager (APM) is available in Oracle Fusion Applications through integration with Oracle Identity Management (OIM). Authorization policy management involves managing duty roles, data role templates, and data security policies. Refer to the Oracle Fusion Middleware Authorization Policy Manager Administrator's Guide (Oracle Fusion Applications Edition).
See: Getting Started With Oracle Authorization Policy Manager

- Oracle Identity Management (OIM) is available in Oracle Fusion Applications through integration with Oracle Fusion Middleware. Identity management in Oracle Fusion Application involves creating and managing user identities, creating and linking user accounts, managing user access control through user role assignment, managing enterprise roles, and managing workflow approvals and delegated administration.

See: Oracle Fusion Middleware User's Guide for Oracle Identity Manager

- Oracle Fusion Applications is certified to integrate with Applications Access Controls Governor (AACG) in the Oracle Governance, Risk and Compliance Controls (GRCC) suite to ensure effective segregation of duties (SOD).

See: Oracle Application Access Controls Governor Users Guide

See: Oracle Application Access Controls Governor Implementation Guide

- Configure and manage auditing. Refer to the Oracle Fusion Middleware Application Security Guide.

See: Configuring and Managing Auditing

Defining Security After Enterprise Setup: Points to Consider

After the implementation user has set up the enterprise, further security administration depends on the requirements of your enterprise.

The Define Security activity within the Information Technology (IT) Management business process includes the following tasks.

- Import Worker Users
- Import Partner Users
- Manage Job Roles
- Manage Duties
- Manage Application Access Controls

If no legacy users, user accounts, roles, and role memberships are available in the Lightweight Directory Access Protocol (LDAP) store, and no legacy workers are available in Human Resources (HR), the implementation user sets up new users and user accounts and provisions them with roles available in the Oracle Fusion Applications reference implementation.

If no legacy identities (workers, suppliers, customers) exist to represent people in your enterprise, implementation users can create new identities in Human Capital Management (HCM), Supplier Portal, and Customer Relationship Management (CRM) Self Service, respectively, and associate them with users.

Before Importing Users

Oracle Identity Management (OIM) handles importing users.

If legacy employees, contingent workers, and their assignments exist, the HCM Application Administrator imports these definitions by performing the Load Batch Data task. If user and role provisioning rules have been defined, the Load Batch Data process automatically creates user and role provisioning requests as the workers are created.

Once the enterprise is set up, performing the Load Batch Data task populates the enterprise with HR workers in records linked by global user ID (GUID) to corresponding user accounts in the LDAP store. If no user accounts exist in the LDAP store, the Load Batch Data task results in new user accounts being created. Worker email addresses as an alternate input for the Load Batch Data task triggers a search of the LDAP for user GUIDs, which may perform more slowly than entering user names.

In the security reference implementation, the HCM Application Administrator job role hierarchy includes the HCM Batch Data Loading Duty role, which is entitled to import worker identities. This entitlement provides the access necessary to perform the Load Batch Data task in HCM.

Note

The Import Person and Organization task in the Define Trading Community Import activity imports the following resources, creates users, and links the resources to users for use in CRM.

- Internal employees
- Contingent workers
- External partner contacts
- Partner companies
- Legal entities
- Customers
- Consumers

If role provisioning rules have been defined, the Import Person and Organization task automatically provisions role requests as the users are created.

Import Users

If legacy users (identities) and user accounts exist outside the LDAP store that is being used by the Oracle Fusion Applications installation, the IT security manager has the option to import these definitions to the LDAP store by performing the Import Worker Users and Import Partner Users tasks.

If no legacy users or user accounts can be imported or exist in an LDAP repository accessible to Oracle Identity Management (OIM), the IT security manager creates users manually in OIM or uses the Load Batch Data task to create users from imported HR workers.

Once users exist, their access to Oracle Fusion Applications is dependent on the roles provisioned to them in OIM or Human Capital Management. Use the

Manage HCM Role Provisioning Rules task to define rules that determine what roles are provisioned to users.

Importing user identities from other applications, including other Oracle Applications product lines, is either a data migration or manual task. Migrating data from other Oracle Applications includes user data. For more information about importing users, see the Oracle Fusion Middleware Developer's Guide for Oracle Identity Manager.

In the security reference implementation, the IT Security Manager job role hierarchy includes the HCM Batch Data Loading Duty and the Partner Account Administration Duty. These duty roles provide entitlement to import or create users. The entitlement Load Batch Data provides the access necessary to perform the Import Worker Users task in OIM. The entitlement Import Partner entitlement provides the access necessary to perform the Import Partner Users task in OIM.

Manage Job Roles

Job and abstract roles are managed in OIM. This task includes creating and modifying job and abstract roles, but not managing role hierarchies of duties for the jobs.

Note

Manage Job Roles does not include provisioning job roles to users. Provisioning users is done in OIM, HCM, CRM or Oracle Fusion Supplier Portal.

Roles control access to application functions and data. Various types of roles identify the functions performed by users.

The Oracle Fusion Applications security reference implementation provides predefined job and abstract roles. In some cases, the jobs defined in your enterprise may differ from the predefined job roles in the security reference implementation. The predefined roles and role hierarchies in Oracle Fusion may require changes or your enterprise may require you to create new roles. For example, you need a job role for a petty cash administrator, in addition to an accounts payable manager. The security reference implementation includes a predefined Accounts Payable Manager, and you can create a petty cash administrator role to extend the reference implementation.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Enterprise Role Management Duty role, which is entitled to manage job and abstract roles (the entitlement is Manage Enterprise Role). This entitlement provides the access necessary to perform the Manage Job Roles task in OIM.

Manage Duties

A person with a job role must be able to perform certain duties. In the Oracle Fusion Applications security reference implementation, enterprise roles inherit duties through a role hierarchy. Each duty corresponds to a duty role. Duty roles specify the duties performed within applications and define the function and data access granted to the enterprise roles that inherit the duty roles.

Managing duties includes assigning duties to job and abstract roles in a role hierarchy using Authorization Policy Manager (APM). If your enterprise needs users to perform some actions in applications coexistent with Oracle Fusion applications, you may wish to remove the duty roles that enable those actions. For details about which duty roles are specific to the products in an offering, see the Oracle Fusion Applications Security Reference Manual for each offering.

OIM stores the role hierarchy and the spanning of roles across multiple pillars or logical partitions of applications.

In cases where your enterprise needs to provide access to custom functions, it may be necessary to create or modify the duty roles of the reference implementation.

Tip

As a security guideline, use only the predefined duty roles, unless you have added new applications functions. The predefined duty roles fully represent the functions and data that must be accessed by application users and contain all appropriate entitlement. The predefined duty roles are inherently without segregation of duty violations of the constraints used by the Application Access Controls Governor.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Application Role Management Duty role, which is entitled to manage duty roles (the entitlement is Manage Application Role). This entitlement provides the access necessary to perform the Manage Duties task in APM.

Note

Product family administrators are not entitled to create role hierarchies or manage duty roles and must work with the IT security manager to make changes such as localizing a duty role to change a role hierarchy. Setup for localizations is documented in HCM documentation.

Manage Application Access Controls

Prevent or limit the business activities that a single person may initiate or validate by managing segregation of duties policies in the Application Access Controls Governor (AACG) .

Note

In AACG, segregation of duties policies are called access controls or segregation of duties controls.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Segregation of Duties Policy Management Duty role, which is entitled to manage segregation of duties policies (the entitlement is Manage Segregation of Duties Policy). This entitlement provides the access necessary to perform the Manage Application Access Controls task in AACG.

Security Tasks and Oracle Fusion Applications: How They Fit Together

The major security tasks and their order within the context of an overall Oracle Fusion Applications implementation extend from security setup through production deployment audits.

The Oracle Fusion business process model (BPM) provides a sequence of security implementation tasks that includes the following.

- Security setup (Define Common Applications Configuration activity)
 - Define Implementation Users task group (optional)
 - Create Implementation Users task
 - Create Data Role for Implementation Users task
 - Provision Roles to Implementation Users task
 - Define security - tasks vary depending on deployed Oracle Fusion product family
 - Revoke Data Role from Implementation Users task
 - Import Worker Users task
 - Import Partner Users task
 - Manage Duties task
 - Manage Job Roles task
 - Manage Application Access Controls task
 - Define Automated Governance, Risk, and Performance Controls activity
 - Manage Application Access Controls task (AACG settings)
 - Manage Application Preventive Controls task
 - Manage Application Transaction Controls task
 - Manage Application Configuration Controls task
- User and role provisioning tasks
 - Implement Role Request and Provisioning Controls activity
 - Import Worker Users task
 - Import Partner Users task
 - Self Request User Roles task
 - Approve User and Role Provisioning Requests task

- Assign User Roles task
- Manage Supplier User Roles and User Role Usages task
- Map and Synchronize User Account Details task
- Tasks for viewing account details for self or others
- Tasks for applying and managing various role provisioning rules
- Tasks for running synchronization processes
- Security implementation and ongoing maintenance after setup (Manage IT Security activity)
 - Implement Function Security Controls
 - Create Job Role task
 - Import Worker Users task
 - Import Partner Users task
 - Manage Duties task
 - Manage Job Roles task
 - Manage Users task
 - Implement Data Security Controls
 - Manage Data Security Policies task
 - Manage Role Templates task
 - Manage Encryption Keys task
 - Manage Segment Security task
 - Manage Data Access Sets task
 - Define Security Profiles task group
 - Auditing tasks
 - Manage Security Audit, Compliance and Reporting activity
 - Manage Application Access Controls task

Note

Go live deployment does not require lockdown or specific security tasks because security is enforced across the test to production information life cycle.

Required Roles

The Oracle Fusion Applications installation process sets up a single, super user provisioned with the following enterprise roles.

- Application Implementation Consultant
- IT Security Manager
- Application Administrators for the provisioned products

Initial security administration includes provisioning the IT Security Manager role with Oracle Identity Management (OIM) roles that carry entitlement for user and role management.

- Identity User Administrator
- Role Administrator

Additionally, the Xellerate Users organization must be assigned to the IT Security Manager role.

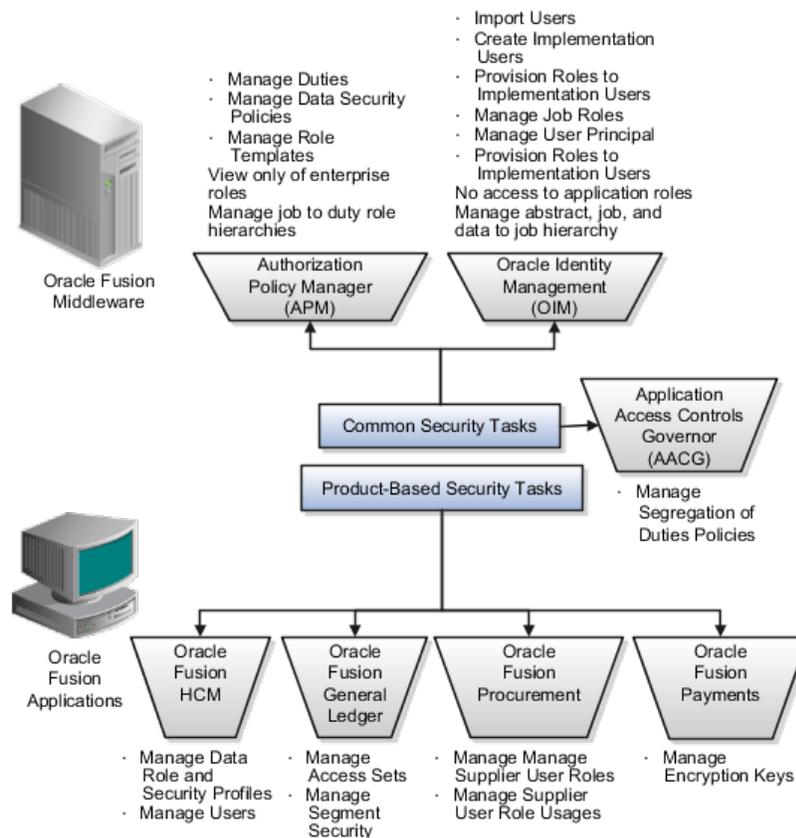
Important

As a security guideline, provision a dedicated security professional with the IT Security Manager role at the beginning of an implementation, and revoke that role from users provisioned with the Application Implementation Consultant role.

Tools Used to Perform Security Tasks

Security tasks are supported by tools within both Oracle Fusion Applications and Oracle Fusion Middleware.

The figure lists the tasks associated with each of the integrated products and pillars of an Oracle Fusion Applications deployment.



Security Tasks: Overview

Security tasks span multiple business processes and are performed by various roles using numerous integrated tools.

The following table shows the business process model (BPM) tasks and tools used to support securing Oracle Fusion Applications.

Example Task	Oracle BPM Task	Supporting Tools	Details
View duty roles inherited by a job role	Manage Duties	<ul style="list-style-type: none"> Authorization Policy Manager (APM) 	Each logical partition or pillar contains a collection of application roles, and function and data security policies.
View entitlement or policies carried by a job role	Manage Duties	<ul style="list-style-type: none"> APM 	In LDAP, the policy store stores application roles and the identity store stores enterprise roles.
Add a job role to a role hierarchy	Manage Job Roles	<ul style="list-style-type: none"> Oracle Identity Management (OIM) 	The identity store in LDAP stores enterprise roles.
Add a duty role to a role hierarchy	Manage Duties	<ul style="list-style-type: none"> APM 	LDAP stores the role hierarchy and the spanning of roles across multiple pillars or logical partitions.
Create a hierarchy of enterprise (abstract, job, data) roles	Manage Job Roles	<ul style="list-style-type: none"> OIM 	
Create a hierarchy of (application) duty roles	Manage Duties	<ul style="list-style-type: none"> APM 	
Create a new job role	Manage Job Roles	<ul style="list-style-type: none"> OIM 	The identity store in LDAP stores enterprise roles.
Change duty roles inherited by a job or abstract role	Manage Duties	<ul style="list-style-type: none"> APM 	The policy store stores duty roles. The identity store stores enterprise roles. Some duty roles may enable actions and their associated users interface features that your enterprise does not want users to perform in Oracle Fusion applications.
Create a new duty role	Manage Duties	<ul style="list-style-type: none"> APM 	All functions and actions in Oracle Fusion Applications that need to be secured are covered by the reference implementation. In some cases, especially with function customizations, a new duty role may be needed.

View Segregation of Duties (SOD) policies respected by a duty role	Manage Application Access Controls	<ul style="list-style-type: none"> Application Access Controls Governor (AACG) in Governance, Risk, and Compliance Controls (GRCC) 	The Security Reference Manuals (SRM) document the segregation of duties (SOD) policies respected within each job role
View SOD policy violations carried by the duty roles inherited by a job role	Manage Application Access Controls	<ul style="list-style-type: none"> AACG in GRCC 	The Security Reference Manuals (SRM) document the SOD policies respected within each job role
View SOD policy violations	Manage Segregation of Duties Policies	<ul style="list-style-type: none"> AACG in GRC 	The SRM documents the SOD conflicts for each job role
View the data security policies carried by a job, abstract, and data roles	Manage Data Security Policies	<ul style="list-style-type: none"> APM 	<p>Oracle Fusion Data Security stores data security policies in the policy store.</p> <p>Data security can also be defined in application pages provided by Oracle Middleware Extensions for Applications (FND)</p>
Create and update HCM security profiles	Manage Data Role and Security Profiles	<ul style="list-style-type: none"> Oracle Fusion HCM 	This task does not include assigning data roles to the users, which is supported by user provisioning tasks.
Create (generate) a data role	<ol style="list-style-type: none"> Manage Role Templates Manage Data Roles and Security Profiles 	<ul style="list-style-type: none"> APM Oracle Fusion HCM 	<p>Data roles are generated automatically based on data role templates and enterprise setup. Changes to data role templates generate new or changed data roles.</p> <p>Create data roles in HCM using the Manage Data Roles and Security Profiles task.</p>
Create a new data security policy (not through generated data roles based on data role templates or HCM security profiles)	Manage Data Security Policies	<ul style="list-style-type: none"> APM 	Data security can also be defined in application pages provided by Oracle Middleware Extensions for Applications (FND)
View data role templates defined by a product	Manage Role Templates	<ul style="list-style-type: none"> APM 	
Create or edit an existing data role template	Manage Role Templates	<ul style="list-style-type: none"> APM 	

Secure common objects such as attachment categories or profile options	Manage Data Security Policies	<ul style="list-style-type: none"> • APM 	Data security can also be defined in application pages provided by Oracle Middleware Extensions for Applications (FND)
View, create, update encryption keys used to secure attributes of personally identifiable information	Manage Encryption Keys	<ul style="list-style-type: none"> • Oracle Fusion Payments 	
View, create, update Data Access Sets used to secure Ledgers and Ledger Sets	Manage Data Access Sets	<ul style="list-style-type: none"> • Oracle Fusion General Ledger 	
View, create, update accounting flexfield segment security rules	Manage Security Segments	<ul style="list-style-type: none"> • Oracle Fusion General Ledger 	
View or update the set of job roles that can be provisioned to supplier users	Manage Supplier User Role	<ul style="list-style-type: none"> • Supplier Portal • Sourcing 	These tools are in the Oracle Fusion Procurement product family
Determine the supplier job roles that the supplier self service administrator can provision to supplier users	Manage Supplier User Role Usages	<ul style="list-style-type: none"> • Supplier Portal • Sourcing 	These tools are in the Oracle Fusion Procurement product family
Set default supplier job roles based on the set of supplier roles that are defined by performing the Manage Supplier User Roles task	Manage Supplier User Role Usages	<ul style="list-style-type: none"> • Supplier Portal • Sourcing 	These tools are in the Oracle Fusion Procurement product family
Create a new implementation user	Create Implementation Users	<ul style="list-style-type: none"> • OIM 	
Import legacy users	<ul style="list-style-type: none"> • Import Worker Users • Import Partner Users 	<ul style="list-style-type: none"> • OIM 	
Create a new user	Manage Users	<ul style="list-style-type: none"> • HCM 	<p>HCM creates a new user and identity when a new worker is created. The Hire Employee and Add Contingent Worker tasks also result in new user creation requests.</p> <p>Creating a new user automatically triggers role provisioning requests based on role provisioning rules.</p>

Provision roles to a user	<ol style="list-style-type: none"> 1. Provision Roles to Implementation Users 2. Manage Users 	<ul style="list-style-type: none"> • OIM • Oracle Fusion HCM • Oracle Fusion CRM • Oracle Fusion Suppliers 	<p>Implementation users are provisioned through OIM since HCM is not setup at the start of the implementation. The Provision Roles to Implementation Users is not needed once implementation is complete.</p> <p>Once HCM is setup, HCM is used to provision roles to non-implementation users by performing the Manage Users task. Human Resources (HR) transaction flows such as Hire and Promote also provision roles.</p> <p>Once supplier users are setup, Supplier Model can be used by internal users to maintain supplier user accounts or supplier users can maintain their accounts in Supplier Portal.</p>
View the job, abstract, and data roles provisioned to a user	<ol style="list-style-type: none"> 1. Manage Users 2. Manage User Principal 3. Provision Roles to Implementation Users 	<ul style="list-style-type: none"> • Human Capital Management (HCM) • OIM 	<p>LDAP stores users, roles and provisioning information.</p> <p>The Manage User Principal and Provision Roles to Implementation Users tasks are not needed once implementation is complete.</p>
Revoke role from user.	Manage Users	<ul style="list-style-type: none"> • HCM 	You can revoke roles from various Human Resources task flows, the HCM Manage Users task and OIM. User termination includes role revocation.
Approve role provisioning or user account request.	Approve User and Role Provisioning Requests	<ul style="list-style-type: none"> • OIM 	
View audit logs	Not applicable	<ul style="list-style-type: none"> • Oracle Enterprise Manager 	Viewing audit logs is a Oracle Fusion Middleware function and not represented by an Oracle Fusion Applications BPM task.

For more information about provisioning identities and configuring audit policies, see the Oracle Fusion Applications Administrator's Guide.

There may be more than one navigation path to the graphical user interface in which the task is performed. You can access most security tasks by starting in the Setup and Maintenance Overview page and searching for security tasks and task lists.

Define Data Security

Data Security: Explained

By default, users are denied access to all data.

Data security makes data available to users by the following means.

- Policies that define grants available through provisioned roles
- Policies defined in application code

You secure data by provisioning roles that provide the necessary access. Enterprise roles provide access to data through data security policies defined for the inherited application roles.

When setting up the enterprise with structures such as business units, data roles are automatically generated that inherit job roles based on data role templates. Data roles also can be generated based on HCM security profiles. Data role templates and HCM security profiles enable defining the instance sets specified in data security policies.

When you provision a job role to a user, the job role implicitly limits data access based on the data security policies of the inherited duty roles. When you provision a data role to a user, the data role explicitly limits the data access of the inherited job role to a dimension of data.

Data security consists of privileges conditionally granted to a role and used to control access to the data. A privilege is a single, real world action on a single business object. A data security policy is a grant of a set of privileges to a principal on an object or attribute group for a given condition. A grant authorizes a role, the grantee, to actions on a set of database resources. A database resource is an object, object instance, or object instance set. An entitlement is one or more allowable actions applied to a set of database resources.

Data is secured by the following means.

Data security feature	Does what?
Data security policy	Grants access to roles by means of entitlement
Role	Applies data security policies with conditions to users through role provisioning.
Data role template	Defines the data roles generated based on enterprise setup of data dimensions such as business unit.

HCM security profile	Defines data security conditions on instances of object types such as person records, positions, and document types without requiring users to enter SQL code
Masking	Hides private data on non-production database instances
Encryption	Scrambles data to prevent users without decryption authorization from reading secured data

The sets of data that a user can access via roles are defined in Oracle Fusion Data Security. Oracle Fusion Data Security integrates with Oracle Platform Security Services (OPSS) to entitle users or roles (which are stored externally) with access to data. Users are granted access through the entitlement assigned to the roles or role hierarchy with which the user is provisioned. Conditions are WHERE clauses that specify access within a particular dimension, such as by business unit to which the user is authorized.

Data Security Policies

Data security policies articulate the security requirement "Who can do What on Which set of data," where 'Which set of data' is an entire object or an object instance or object instance set and 'What' is the object entitlement.

For example, accounts payable managers can view AP disbursements for their business unit.

Who	can do	what	on which set of data
Accounts payable managers	view	AP disbursements	for their business unit

A data security policy is a statement in a natural language, such as English, that typically defines the grant by which a role secures business objects. The grant records the following.

- Table or view
- Entitlement (actions expressed by privileges)
- Instance set (data identified by the condition)

For example, disbursement is a business object that an accounts payable manager can manage by payment function for any employee expenses in the payment process.

Note

Some data security policies are not defined as grants but directly in applications code. The security reference manuals for Oracle Fusion Applications offerings differentiate between data security policies that define a grant and data security policies defined in Oracle Fusion applications code.

A business object participating in a data security policy is the database resource of the policy.

Data security policies that use job or duty roles refer to data security entitlement.

For example, the data security policy for the Accounts Payable Manager job role refers to the view action on AP disbursements as the data security entitlement.

Important

The duty roles inherited by the job role can be moved and job roles reassembled without having to modify the data security.

As a security guideline, data security policies based on user session context should entitle a duty role. This keeps both function and data security policies at the duty role level, thus reducing errors.

For example, a Sales Party Management Duty can update Sales Party where the provisioned user is a member of the territory associated with the sales account. Or the Sales Party Management Duty can update Sales Party where the provisioned user is in the management chain of a resource who is on the sales account team with edit access. Or the Participant Interaction Management Duty can view an Interaction where the provisioned user is a participant of the Interaction.

For example, the Disbursement Process Management Duty role includes entitlement to build documents payable into payments. The Accounts Payable Manager job role inherits the Disbursement Process Management Duty role. Data security policies for the Disbursement Process Management Duty role authorize access to data associated with business objects such as AP disbursements within a business unit. As a result, the user provisioned with the Accounts Payable Manager job role is authorized to view AP disbursements within their business unit.

A data security policy identifies the entitlement (the actions that can be made on logical business objects or dashboards), the roles that can perform those actions, and the conditions that limit access. Conditions are readable WHERE clauses. The WHERE clause is defined in the data as an instance set and this is then referenced on a grant that also records the table name and required entitlement.

Data Roles

Data roles are implemented as job roles for a defined set of data.

A data role defines a dimension of data within which a job is performed. The data role inherits the job role that describes the job. For example, a data role entitles a user to perform a job in a business unit.

The data role inherits abstract or job roles and is granted data security privileges. Data roles carry the function security privileges inherited from job roles and also the data security privilege granted on database objects and table rows.

For example, an accounts payables specialist in the US Business Unit may be assigned the data role Accounts Payables Specialist - US Business Unit. This data role inherits the job role Accounts Payables Specialist and grants access to transactions in the US Business Unit.

A data role may be granted entitlement over a set people.

For example, a Benefits Administrator A-E is allowed to administer benefits for all people that have a surname that begins with A-E.

Data roles are created using data role templates. You create and maintain data roles in the Authorization Policy Manager (APM). Use the Manage Data Roles and Security Profiles task to create and maintain HCM data roles in Oracle Fusion HCM.

HCM Security Profiles

HCM security profiles are used to secure HCM data, such as people and departments. You use HCM security profiles to generate grants for an enterprise role. The resulting data role with its role hierarchy and grants operates in the same way as any other data role.

For example, an HCM security profile identifies all employees in the Finance division.

Oracle Fusion Payroll uses HCM security profiles to secure project organizations. Applications outside of HCM can use the HCM Data Roles UI pages to give their roles access to HR people.

Masking and Encryption

Oracle Fusion Applications uses masking to protect sensitive data from view by unauthorized users. Encryption APIs mask sensitive fields in applications user interfaces. Additionally, Oracle Data Masking is available for masking data in non-production instances and Oracle Transparent Data Encryption is available for protecting data in transit or in backups independent of managing encryption keys.

Defining Data Security After Enterprise Setup: Points to Consider

After the implementation user has set up the enterprise, further security administration depends on the requirements of your enterprise.

The Define Data Security activity within the Information Technology (IT) Management business process includes the following tasks.

- Manage Data Access Sets
- Manage Segment Security
- Manage Role Templates
- Manage Data Security Policies
- Manage Encryption Keys

These tasks address data security administration. For information on using the user interface pages for setting up and managing data security, see the Oracle Fusion Middleware Administrator's Guide for Authorization Policy Manager (Oracle Fusion Applications edition).

Note

The Manage Data Role and Security Profiles task, and all other HCM security profile setup tasks are documented in Human Capital Management (HCM) documentation.

Manage Data Access Sets

Data access sets define a set of access privileges to one or more ledgers or ledger sets.

The information on ledgers that are attached to data access sets are secured by function security. Users must have access to the segment values associated with the data access sets to access the corresponding GL account.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Data Access Administration Duty role, which is entitled to manage data access sets (the entitlement is Define General Ledger Data Access Set). This entitlement provides the access necessary to perform the Manage Data Access Sets task in General Ledger.

Manage Segment Security

Balancing or management segment values can secure data within a ledger.

Segment values are stored in GL_ACCESS_SET_ASSIGNMENTS and secured by restrictions, such as Exclude, on parameters that control the set of values that a user can use during data entry.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Application Key Flexfield Administration Duty role, which is entitled to manage application key flexfields (the entitlement is Manage Application Key Flexfield). This entitlement provides the access necessary to perform the Manage Segment Security task in General Ledger.

Manage Role Templates

Data role templates automatically create or update data roles based on dimensions such as business unit. As an enterprise expands, data role templates trigger replication of roles for added dimensions. For example, when creating a new business unit, a data role template generates a new Accounts Payables Manager data role based on the Financials Common Module Template for Business Unit Security data role template.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Application Role Management Duty role, which is entitled to manage data role templates (the entitlement is Manage Role Template). This entitlement provides the access necessary to perform the Manage Role Templates task in APM.

Manage Data Security Policies

Data security grants provisioned to roles are data security policies. The security reference implementation provides a comprehensive set of predefined data

security policies and predetermined data security policies based on data role templates.

Data security policies are available for review in Authorization Policy Manager (APM). Data security policies are implemented by grants stored in Oracle Fusion Data Security (FND_GRANTS).

Data security policies secure the database resources of an enterprise. Database resources are predefined applications data objects and should not be changed. However, for cases where custom database resources must be secured objects, the IT security manager is entitled to manage database resources and create new data security policies.

Warning

Review but do not modify HCM data security policies in APM except as a custom implementation. Use the HCM Manage Data Role And Security Profiles task to generate the necessary data security policies and data roles.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Application Role Management Duty role, which is entitled to manage data security policies (the entitlement is Manage Data Security Policy). This entitlement provides the access necessary to perform the Manage Data Security Policies task in APM.

Manage Encryption Keys

Create or edit encryption keys held in Oracle Wallet to secure Personally Identifiable Information (PII) attributes This task is only available when Payments is implemented.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Payments Data Security Administration Duty role, which is entitled to manage encryption keys that secure PII (the entitlement is Manage Wallet). This entitlement provides the access necessary to perform the Manage Encryptions Keys task in Payments.

Data Security in the Security Reference Implementation: Explained

The reference implementation contains a set of data security policies that can be inspected and confirmed to be suitable or a basis for further implementation using the Authorization Policy Manager (APM).

The security implementation of an enterprise is likely a subset of the reference implementation, with the enterprise specifics of duty roles, data security policies, and HCM security profiles provided by the enterprise.

The business objects registered as secure in the reference implementation are database tables and views.

Granting or revoking object entitlement to a particular user or group of users on an object instance or set of instances extends the base Oracle Fusion Applications

security reference implementation without requiring customization of the applications that access the data.

Data Security Policies in the Security Reference Implementation

The data security policies in the reference implementation entitle the grantee (a role) to access instance sets of data based on SQL predicates in a WHERE clause.

Tip

When extending the reference implementation with additional data security policies, identify instance sets of data representing the business objects that need to be secured, rather than specific instances or all instances of the business objects.

Predefined data security policies are stored in the data security policy store, managed in the Authorization Policy Manager (APM), and described in the Oracle Fusion Applications Security Reference Manual for each offering. A data security policy for a duty role describes an entitlement granted to any job role that includes that duty role.

Warning

Review but do not modify HCM data security policies in APM except as a custom implementation. Use the HCM Manage Data Role And Security Profiles task to generate the necessary data security policies and data roles.

The reference implementation only enforces a portion of the data security policies in business intelligence that is considered most critical to risk management without negatively affecting performance. For performance reasons it is not practical to secure every level in every dimension. Your enterprise may have a different risk tolerance than assumed by the security reference implementation.

HCM Security Profiles in the Security Reference Implementation

The security reference implementation includes some predefined HCM security profiles for initial usability. For example, a predefined HCM security profile allows line managers to see the people that report to them.

The IT security manager uses HCM security profiles to define the sets of HCM data that can be accessed by the roles that are provisioned to users

Data Roles

The security reference implementation includes no predefined data roles to ensure a fully secured initial Oracle Fusion Applications environment.

The security reference implementation includes data role templates that you can use to generate a set of data roles with entitlement to perform predefined business functions within data dimensions such as business unit. Oracle Fusion Payables invoicing and expense management are examples of predefined

business functions. Accounts Payable Manager - US is a data role you might generate from a predefined data role template for payables invoicing if you set up a business unit called US.

HCM provides a mechanism for generating HCM related data roles.

Securing Data Access: Points to Consider

Oracle Fusion Applications supports securing data through role-based access control (RBAC) by the following methods.

Method of securing data	Reason	Example
Data roles apply explicit data security policies on job and abstract roles	Appropriate for job and abstract roles that should only access a subset of data, as defined by the data role template that generates the data role or by HCM security profiles.	Accounts Payable Manager - US data role to provide an accounts payable manager in the US business unit with access to invoices in the US business unit.
Data security policies	Define data access for application roles and provide inheriting job and abstract roles with implicit data security	Projects

If a user has access to the same function through different roles that access different data sets, then the user has access to a union of those data sets.

When a runtime session is created, Oracle Platform Security Services (OPSS) propagates only the necessary user to role mapping based on Oracle Fusion Data Security grants. A grant can specify entitlement to the following.

- Specific rows of data (data object) identified by primary key
- Groups of data (instance set) based on a predicate that names a particular parameter
- Data objects or instance sets based on runtime user session variables

Data is either identified by the primary key value of the row in the table where the data is stored. Or data is identified by a rule (SQL predicate) applied to the WHERE clause of a query against the table where the data is stored.

Grants

Oracle Fusion Data Security can be used to restrict the following.

- Rows that are returned by a given query based on the intended business operation
- Actions that are available for a given row

Grants control which data a user can access.

Note

Attribute level security using grants requires a data security policy to secure the attribute and the entitlement check enforces that policy.

A grant logically joins a user or role and an entitlement with a static or parameterized object instance set. For example, `REGION='WEST'` is a static object instance set and `REGION=&GRANT_ALIAS.PARAMETER1` is a parameterized object instance set. In the context of a specific object instance, grants specify the allowable actions on the set of accessible object instances. In the database, grants are stored in `FND_GRANTS` and object instance sets are stored in `FND_OBJECT_INSTANCE_SETS`. Object access can be tested using the privilege check application programming interface (API).

Securing a Business Object

A business object is a logical entity that is typically implemented as a table or view, and corresponds to a physical database resource. The data security policies of the security reference implementation secure predefined database resources. Use the Manage Data Security Policies task to define and register other database resources.

Data security policies identify sets of data on the registered business object and the actions that may be performed on the business object by a role. The grant can be made by data instance, instance set or at a global level..

Note

Use parameterized object instance sets whenever feasible to reduce the number of predicates the database parses and the number of administrative intervention required as static object instances sets become obsolete. In HCM, security profiles generate the instance sets.

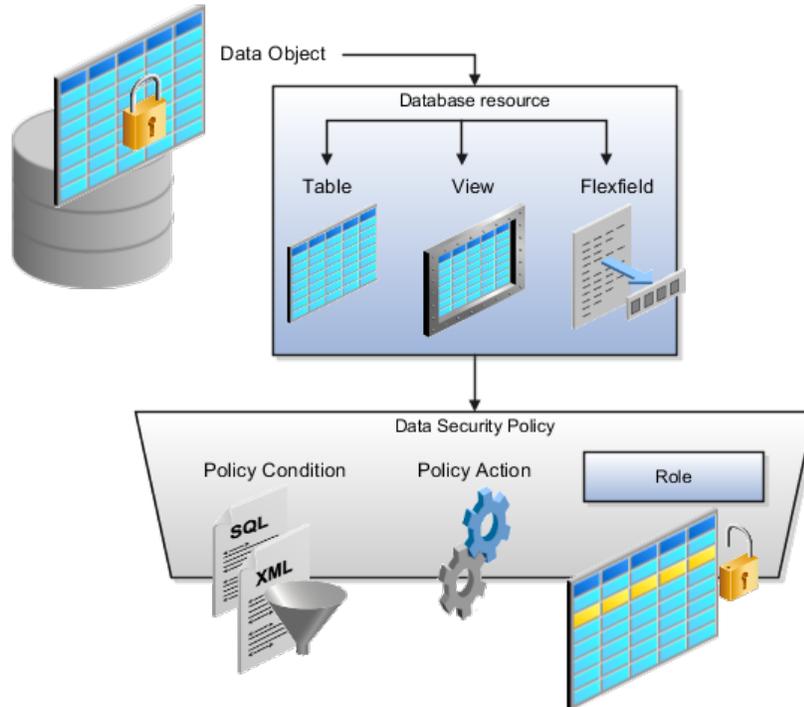
Manage Data Security Policies

Database Resources and Data Security Policies: How They Work Together

A data security policy applies a condition and allowable actions to a database resource for a role. When that role is provisioned to a user, the user has access to data defined by the policy. In the case of the predefined security reference implementation, this role is always a duty role. Data roles generated to inherit the job role based on data role templates limit access to database resources in a particular dimension, such as the US business unit.

The database resource defines and instance of a data object. The data object is a table, view, or flexfield.

The following figure shows the database resource definition as the means by which a data security policy secures a data object. The database resource names the data object. The data security policy grants to a role access to that database resource based on the policy's action and condition.



Database Resources

A database resource specifies access to a table, view, or flexfield that is secured by a data security policy.

- Name providing a means of identifying the database resource
- Data object to which the database resource points

Data Security Policies

Data security policies consist of actions and conditions for accessing all, some, or a single row of a database resource.

- Condition identifying the instance set of values in the data object
- Action specifying the type of access allowed on the available values

Note

If the data security policy needs to be less restrictive than any available database resource for a data object, define a new data security policy.

Actions

Actions correspond to privileges that entitle kinds of access to objects, such as view, edit, or delete. The actions allowed by a data security policy include all or a subset of the actions that exist for the database resource.

Conditions

A condition is either a SQL predicate or an XML filter. A condition expresses the values in the data object by a search operator or a relationship in a tree hierarchy. A SQL predicate, unlike an XML filter, is entered in a text field in the data security user interface pages and supports more complex filtering than an

XML filter, such as nesting of conditions or sub queries. An XML filter, unlike a SQL predicate, is assembled from choices in the UI pages as an AND statement.

Tip

An XML filter can be effective in downstream processes such as business intelligence metrics. A SQL predicate cannot be used in downstream metrics.

Manage Role Templates

Data Role Templates: Explained

You use data role templates to generate data roles. You generate such data roles, and create and maintain data role templates in the Authorization Policy Manager (APM).

Note

HCM data roles are generated using the Manage Data Roles and Security Profiles task, which uses HCM security profiles, not data role templates, to define the data security condition.

The following attributes define a data role template.

- Template name
- Template description
- Template group ID
- Base roles
- Data dimension
- Data role naming rule
- Data security policies

The data role template specifies which base roles to combine with which dimension values for a set of data security policies. The base roles are the parent job or abstract roles of the data roles.

Note

Abstract, job, and data roles are enterprise roles in Oracle Fusion Applications. Oracle Fusion Middleware products such as Oracle Identity Manager (OIM) and Authorization Policy Manager (APM) refer to enterprise roles as external roles. Duty roles are implemented as application roles in APM and scoped to individual Oracle Fusion Applications.

The dimension expresses stripes of data, such as territorial or geographic information you use to partition enterprise data. For example, business units are a type of dimension, and the values picked up for that dimension by the data role template as it creates data roles are the business units defined for your enterprise. The data role template constrains the generated data roles with grants of entitlement to access specific data resources with particular actions. The data role provides provisioned users with access to a dimensional subset of the data granted by a data security policy.

An example of a dimension is a business unit. An example of a dimension value is a specific business unit defined in your enterprise, such as US. An example of a data security policy is a grant to access a business object such as an invoice with a view entitlement.

When you generate data roles, the template applies the values of the dimension and participant data security policies to the group of base roles.

The template generates the data roles using a naming convention specified by the template's naming rule. The generated data roles are stored in the Lightweight Directory Access Protocol (LDAP) store. Once a data role is generated, you provision it to users. A user provisioned with a data role is granted permission to access the data defined by the dimension and data security grant policies of the data role template.

For example, a data role template contains an Accounts Payable Specialist role and an Accounts Payable Manager role as its base roles, and region as its dimension, with the dimension values US and UK. The naming convention is [base-role-name];[DIMENSION-CODE-NAME]. This data role template generates four data roles.

- Accounts Payable Specialist - US (business unit)
- Accounts Payable Specialist - UK (business unit)
- Accounts Payable Manager - US (business unit)
- Accounts Payable Manager - UK (business unit)

Making Changes To Data Role Templates

If you add a base role to an existing data role template, you can generate a new set of data roles. If the naming rule is unchanged, existing data roles are overwritten.

If you remove a base role from a data role template and regenerate data roles, a resulting invalid role list gives you the option to delete or disable the data roles that would be changed by that removal.

Making Changes to Dimension Values

If you add a dimension value to your enterprise that is used by a data role template, you must regenerate roles from that data role template to create a data role for the new dimension. For example if you add a business unit to your enterprise, you must regenerate data roles from the data role templates that include business unit as a dimension.

If you add or remove a dimension value from your enterprise that is used to generate data roles, regenerating the set of data roles adds or removes the data roles for those dimension values. If your enterprise has scheduled regeneration as an Oracle Enterprise Scheduler Services process, the changes are made automatically.

For information on working with data role templates, see the Oracle Fusion Middleware Administrator's Guide for Authorization Policy Manager (Oracle Fusion Applications Edition).

Manage Data Role and Security Profiles

HCM Data Roles: Explained

HCM data roles, like all Oracle Fusion Applications data roles, define data security policies: they enable users to perform a set of tasks, using identified menus, menu items, and pages in application user interfaces, on a specified set of data within those user interfaces. Because data roles are specific to the enterprise, no predefined HCM data roles exist.

How HCM Data Roles Differ from Other Data Roles

HCM data roles differ from other data roles in the following ways:

- You create and maintain HCM data roles outside Oracle Identity Management (OIM) and the Oracle Fusion Middleware Authorization Policy Manager (APM), and they are not based on data role templates.

Although HCM data roles are visible in the Oracle Fusion Middleware APM, they must not be maintained there.

- A single HCM data role can enable access to data of multiple types.

You identify the data that users can access in HCM security profiles. You can create security profiles for the person, organization, position, country, legislative data group (LDG), document type, payroll, payroll flow, and workforce business process objects.

Selecting the Job Role

Each HCM data role is associated with a single job role, which you select from the list of enterprise roles. The HCM securing objects that the selected role needs to access are identified automatically, and the appropriate types of security profile are displayed. For example, if you select the job role human resource analyst, users with that job role need to access managed person, public person, organization, position, LDG, and document type data; therefore, security profiles for those object types must be included in the HCM data role. The security profile types that appear in the HCM data role vary according to the data requirements of the selected job role.

If you select a job role that requires no access to HCM data secured by security profiles, you cannot create an HCM data role.

Note

If you create custom job roles in OIM, you must add them to a locally defined role category that ends with "Job Roles"; otherwise, they do not appear in the list of job roles when you create an HCM data role. Do not add custom job roles to the predefined role category HCM - Job Roles.

Creating or Selecting the Security Profiles

You can either create new security profiles or use existing security profiles. For each object type, you can include only one security profile in an HCM data role.

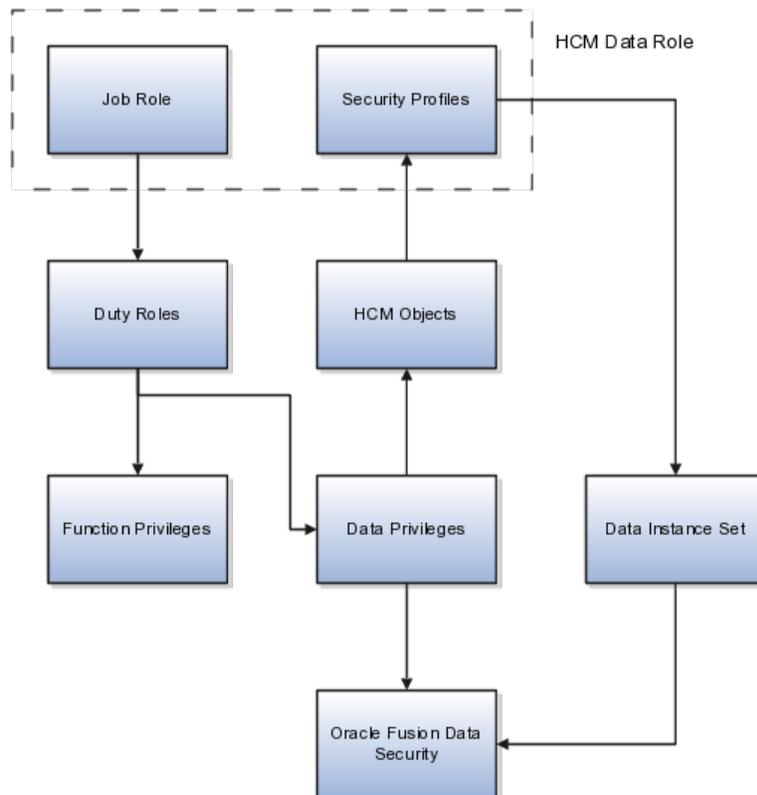
Users with Multiple HCM Data Roles

When users have multiple HCM data roles, the data security policies arising from each role remain separate. For example, being able to promote or terminate workers in the purchasing department in one HCM data role and view contact details of all workers in the sales department in another HCM data role does not enable a user to promote or terminate workers in the sales department.

Components of the HCM Data Role

The following figure summarizes how the components of the HCM data role contribute to Oracle Fusion Data Security for the data role. Oracle Fusion Data Security comprises the data security policies for data roles that are generated automatically when data roles are created.

The job role that you select in the HCM data role inherits multiple duty roles. Each duty role has one or more function privileges and related data privileges, from which the relevant HCM objects are identified. The specific instances of the objects required by this HCM data role are identified in security profiles and stored in a data instance set. Data security policy data is created automatically in Oracle Fusion Data Security when you create the data role.



For example, the human resource specialist job role inherits the employee hire and worker promotion duty roles, among many others. The inherited duty roles provide both function privileges, such as Hire Employee, Rehire Employee, and Promote Workers, and data privileges to HCM objects, such as person and assignment. The specific instances of those objects required by this HCM data role, such as people with assignments in a specified legal employer and department, are identified in security profiles.

HCM Security Profiles: Explained

A security profile defines the criteria that identify instances of a human capital management (HCM) object. For example, a person security profile defines the criteria that identify one or more person records, and a position security profile defines the criteria that identify one or more positions. When you include a security profile in an HCM data role and provision the data role to a user, that user can access the data instances identified in the security profile. The type of access available to the user (for example whether the user can edit or simply view the data) depends on the job role identified in the HCM data role.

HCM Object Types

You can create security profiles for the following HCM object types:

- Person
 - Managed person
 - Public person
- Organization
- Position
- Legislative data group (LDG)
- Country
- Document type
- Payroll
- Payroll flow
- Workforce business process

All security profile definitions for these HCM objects are eventually visible in the Oracle Fusion Middleware Authorization Policy Manager (APM). The name of the security profile's data instance set in the Oracle Fusion Middleware APM is derived from the name of the security profile and the relevant object type. For example, if the security profile name is Manager Hierarchy, then the data instance set for the object PER_ALL_PEOPLE_F is HCM:PER:PER_ALL_PEOPLE_F:Manager Hierarchy.

You must use the Oracle Fusion Human Capital Management interfaces, which are designed for ease of use and access, to create and maintain security profiles; do not use the Oracle Fusion Middleware APM to maintain security profiles for these HCM objects.

Security Criteria in HCM Security Profiles

In any HCM security profile, you specify the criteria that identify data instances of the relevant type. For example, in an organization security profile, you can identify organizations by organization hierarchy, by organization classification, or by listing organizations to include in or exclude from the security profile. All of the criteria in an HCM security profile apply when the data instance set is defined; for example, if you identify organizations by both organization

hierarchy and organization classification, then both sets of criteria apply, and only those organizations that satisfy all criteria belong to the data instance set.

Predefined HCM Security Profiles

The following HCM security profiles are predefined:

Security Profile Name	HCM Security Profile Type	Description
View All People	Person	Identifies all person records in the enterprise
View Own Record	Person	Identifies the signed-on user's own person record and the person records of that user's contacts
View Manager Hierarchy	Person	Identifies the signed-on user's line manager hierarchy
View All Workers	Person	Identifies the person records of all people who have a work relationship in the enterprise
View All Organizations	Organization	Identifies all organizations in the enterprise
View All Positions	Position	Identifies all positions in the enterprise
View All Legislative Data Groups	LDG	Identifies all LDGs in the enterprise
View All Countries	Country	Identifies all countries in the FND_TERRITORIES table
View All Document Types	Document Type	Identifies all document types in the enterprise
View All Payrolls	Payroll	Identifies all payrolls in the enterprise
View All Flows	Payroll Flow	Identifies all payroll flows in the enterprise
View All Workforce Business Processes	Workforce Business Process	Identifies all registered workforce business processes in the enterprise

You can include the predefined security profiles in any HCM data role, but you cannot edit them. Note also that the **View all** option is disabled in any security profile that you create; this restriction exists because predefined security profiles exist for this requirement.

Creating Security Profiles

You can create security profiles either individually or as part of the process of creating an HCM data role. If you have standard requirements, it may be more efficient to create the security profiles individually and include them in appropriate HCM data roles.

Reusability and Inheritance of Security Profiles

Regardless of how you create them, all security profiles are reusable; they do not belong to particular HCM data roles, and you can include them in any HCM data role for which they define an appropriate data instance set.

You can include security profiles in other security profiles. For example, you can include an organization security profile:

- In a person security profile, to secure person records by department, business unit, or legal employer
- In a position security profile, to secure positions by department or business unit

Therefore, one security profile can inherit the data instance set defined by another.

Assigning Security Profiles to Abstract Roles: Explained

Abstract roles define a worker's role in the enterprise independently of the job that the worker is hired to do.

These abstract roles are predefined in Oracle Fusion Human Capital Management:

- Line manager
- Employee
- Contingent worker

Enabling Data Access for Abstract Roles

Typically, you create role mappings during implementation to provision abstract roles automatically to eligible workers. Although users with these roles may be able to sign in to Oracle Fusion Applications and navigate to tasks of interest, they have no automatic access to data. For example, employees can navigate to the Person Gallery but cannot view portraits or see lists of person names in product interfaces, and line managers can navigate to the Manager Resources Dashboard but can see no data for their organizations. To enable users with abstract roles to access relevant HCM data, you must assign security profiles to those abstract roles.

Predefined Security Profiles to Assign to Abstract Roles

To enable users with abstract roles to access relevant data, you assign the following predefined security profiles directly to the employee, contingent worker, and line manager abstract roles.

Security Profile Type	Employee	Contingent Worker	Line Manager
Person	View Own Record	View Own Record	View Manager Hierarchy
Public person	View All Workers	View All Workers	View All Workers
Organization	View All Organizations	View All Organizations	View All Organizations
Position	View All Positions	View All Positions	View All Positions
Legislative data group	View All Legislative Data Groups	View All Legislative Data Groups	View All Legislative Data Groups
Country	View All Countries	View All Countries	View All Countries
Document type	View All Document Types	View All Document Types	View All Document Types
Payroll Flow	Not applicable	Not applicable	View All Flows

Workforce Business Process	Not applicable	Not applicable	View All Workforce Business Processes
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After implementation, you may want to change aspects of this data access. For example, you may want to create your own security profiles and assign those directly to abstract roles; however, you must remember that such changes apply to all users who have the abstract role.

HCM Data Roles

Users who have abstract roles are likely to gain additional data access by means of HCM data roles that you define for their job roles. For example, you may create an HCM data role for human resource specialists to enable them to access the person records of all workers in a legal employer. Such data access is in addition to any data access provided by abstract roles.

Assigning Security Profiles to Abstract Roles: Worked Example

This example shows how to assign predefined security profiles to the employee, contingent worker, and line manager abstract roles.

Searching for the Employee Abstract Role

1. On the All Tasks tab of the Overview page of the Setup and Maintenance work area, search for the task Manage Data Role and Security Profiles.
2. In the Search Results region, click **Go to Task**.
3. On the Manage Data Roles and Security Profiles page, enter the abstract-role name Employee in the **Role** field. Click **Search**.
4. In the Search Results region, highlight the entry for the predefined Employee role and click **Assign**.

Assigning Security Profiles to the Employee Abstract Role

1. On the Assign Data Role: Security Criteria page, select the security-profile values shown in the following table. These are the security profiles that are typically assigned to the employee role. You may see a subset of these security profiles, depending on the combination of product offerings that you are implementing.

Field	Value
Organization Security Profile	View All Organizations
Position Security Profile	View All Positions
Country Security Profile	View All Countries
LDG Security Profile	View All Legislative Data Groups
Person Security Profile (Person section)	View Own Record
Person Security Profile (Public Person section)	View All Workers
Document Type Security Profile	View All Document Types

2. Click **Review**.
3. On the Assign Data Role: Review page, click **Submit**.
4. On the Manage Data Roles and Security Profiles page, search again for the predefined Employee role.
5. In the Search Results region, confirm that a green check mark appears in the **Security Profiles** column for the Employee role. The check mark confirms that security profiles are assigned to the role.

Repeat the steps in Searching for the Employee Abstract Role and Assigning Security Profiles to the Employee Abstract Role for the predefined Contingent Worker role.

Searching for the Line Manager Abstract Role

1. On the Manage Data Roles and Security Profiles page, enter the abstract-role name Line Manager in the **Role** field. Click **Search**.
2. In the Search Results region, highlight the entry for the predefined Line Manager role and click **Assign**.

Assigning Security Profiles to the Line Manager Abstract Role

1. On the Assign Data Role: Security Criteria page, select the security-profile values shown in the following table. These are the security profiles that are typically assigned to the line manager role. You may see a subset of these security profiles, depending on the combination of product offerings that you are implementing.

Field	Value
Organization Security Profile	View All Organizations
Position Security Profile	View All Positions
LDG Security Profile	View All Legislative Data Groups
Person Security Profile (Person section)	View Manager Hierarchy
Person Security Profile (Public Person section)	View All Workers
Document Type Security Profile	View All Document Types
Payroll Flow	View All Flows
Workforce Business Process	View All Workforce Business Processes

2. Click **Review**.
3. On the Assign Data Role: Review page, click **Submit**
4. On the Manage Data Roles and Security Profiles page, search again for the predefined Line Manager role.
5. In the search results, confirm that a green check mark appears in the **Security Profiles** column for the Line Manager role. The check mark confirms that security profiles are assigned to the role.

Define Users

Securing Identities and Users: Points To Consider

Identity covers all aspects of an entity's existence within the contexts in which it is used. The identity of an enterprise user consists of HR attributes, roles, resources, and relationships.

HR attributes include identifying information about a user that is relatively static and well understood, such as first and last name, title, and job function.

Roles are part of a user's identity and define the user's purpose and responsibilities.

Within identity management, resources define what a user can and does do. In an enterprise, this typically translates into what resources a user has access to, what privileges they have on that resource, and what they have been doing on that resource. Resources can be application accounts or physical devices such as laptops or access cards. The enterprise owns the resources, secures them, and manages access to the resources by managing the user's identity and access.

Relationships establish the portion of user identities that involve organizational transactions such as approvals.

An Oracle Fusion Applications user and corresponding identity are usually created in a single transaction, such as when a worker is created in Human Resources (HR). That transaction automatically triggers provisioning requests for the user based on role provisioning rules.

User accounts for some identities that are not employees, such as partner contacts, may be created in a later transaction using an identity that is already created in the identity store. Supplier contacts are created in the Supplier Model, not HR.

Stores

Various locations store identity and user data.

Identity data consists of the following.

- HR person records
- Oracle Fusion Trading Community Model party records

In Oracle Fusion Applications, identities and users correspond one to one, but not all identities correspond to a user, and not all users are provisioned with an identity. Some identities stored in HR and Trading Community Model may not be provisioned to user accounts and therefore are not synchronized with Oracle Identity Management (OIM). For example, a contact for a prospective customer is an identity in Trading Community Model but may not be provisioned with a user account in OIM. Some users stored in the Lightweight Directory Access Protocol (LDAP) store may not be provisioned with identities. For example,

system user accounts used to run Web services to integrate third party services with Oracle Fusion Applications are not associated with a person record in HR or Trading Community Model. Some identifying credentials such as name, department, e-mail address, manager, and location are stored with user data in the LDAP store.

Importing Users

You can import users or user attributes in bulk from existing legacy identity and user stores.

Your tasks may include the following.

- Create users in bulk
- Update specific attributes for all users, such as postal code
- Link users to HR or Trading Community Model persons
- Monitor progress of the import process
- Correct errors & re-import
- Export users in bulk
- Import and export users using a standard plain text data interchange format like Lightweight Data Interchange Format (LDIF)

You can reserve a specific user name not currently in use for use in the future, or release a reserved username from the reservation list and make it available for use. Between a user registration request and approved registration, Oracle Fusion Applications holds the requested user name on the reservation list, and releases the name if an error occurs in the self-registration process or the request is rejected. Self-registration processes check the reservation list for user name availability and suggest alternative names.

Provisioning Events

New identities, such as new hires, trigger user and role provisioning events. In addition to user creation tasks, other tasks, such as Promote Worker or Transfer Worker, result in role provisioning and recalculation based on role provisioning rules.

When an identity's attributes change, you may need to provision the user with different roles. Role assignments may be based on job codes, and a promotion triggers role provisioning changes. Even if the change in the identities attributes requires no role assignment change, such as with a name change, OIM synchronizes the corresponding user information in the LDAP store.

Deactivating or terminating an identity triggers revocation of some roles to end all assignments, but may provision new roles needed for activities, such as a pay stub review. If the corresponding user for the identity was provisioned with a buyer role, terminating the identity causes the user's buyer record in

Procurement to be disabled, just as the record was created when the user was first provisioned with the buyer role.

Notifications and Audits

Oracle Fusion Applications provides mechanisms for notifying and auditing requests or changes affecting identities and users.

Oracle Fusion Applications notifies requestors, approvers, and beneficiaries when a user account or role is provisioned. For example, when an anonymous user registers as a business-to-customer (B2C) user, the B2C user must be notified of the registration activation steps, user account, password and so on once the approver (if applicable) has approved the request and the user is registered in the system.

User ID and GUID attributes are available in Oracle Fusion Applications session information for retrieving authenticated user and identity data.

End user auditing data is stored in database WHO columns and used for the following activities.

- Setting up sign-in audit
- Using the application monitor
- Notifying of unsuccessful sign ins
- Sign-in audit reports

You can conduct real time audits that instantiate a runtime session and impersonate the target user (with the proxy feature) to test what a user has access to under various conditions such as inside or outside firewall and authentication level.

For information on configuring audit policies and the audit store, see the Oracle Fusion Applications Administrator's Guide.

Delegated Administration

You can designate local administrators as delegated administrators to manage a subset of users and roles.

Delegated administrators can be internal or external persons who are provisioned with a role that authorizes them to handle provisioning events for a subset of users and roles.

For example, internal delegated administrators could be designated to manage users and roles at the division or department level. External delegated administrators could be designated to manage users and roles in an external organization such as a primary supplier contact managing secondary users within that supplier organization.

You can also define delegated administration policies based on roles. You authorize users provisioned with specific roles named in the policy to request a subset of roles for themselves if needed, such as authorizing a subset of roles for

a subset of people. For example, the policy permits a manager of an Accounts Payables department to approve a check run administrator role for one of their subordinates, but prohibits the delegated administrator from provisioning a budget approver role to the subordinate.

Credentials

You activate or change credentials on users by managing them in Oracle Identity Management (OIM)

Applications themselves must be credentialed to access one another.

Oracle Fusion Applications distinguishes between user identities and application identities (APPID). Predefined application identities serve to authorize jobs and transactions that require higher privileges than users.

For example, a payroll manager may submit a payroll run. The payroll application may need access to the employee's taxpayer ID to print the payslip. However, the payroll manager is not authorized to view taxpayer IDs in the user interface as they are considered personally identifiable information (PII).

Calling applications use application identities (APPID) to enable the flow of transaction control as it moves across trust boundaries. For example, a user in the Distributed Order Orchestration product may release an order for shipping. The code that runs the Pick Notes is in a different policy store than the code that releases the product for shipment. When the pick note printing program is invoked it is the Oracle Fusion Distributed Order Orchestration Application Development Framework (ADF) that is invoking the program and not the end user.

Manage HCM Role Provisioning Rules

Role Provisioning and Deprovisioning: Explained

A user's access to data and functions depends on the user's roles: users have one or more roles that enable them to perform the tasks required by their jobs or positions. Roles must be provisioned to users; otherwise, users have no access to data or functions.

Role Provisioning Methods

Roles can be provisioned to users:

- Automatically
- Manually, using delegated administration:
 - Users such as line managers and human resource specialists can provision roles manually to other users.
 - Users can request roles for themselves.

For both automatic and manual role provisioning, you create a role mapping to identify when a user becomes eligible for a role.

Oracle Identity Management (OIM) can be configured to notify users when their roles change; notifications are not issued by default.

Role Types

Data roles, abstract roles, and job roles can be provisioned to users. Roles available for provisioning include predefined roles, HCM data roles, and roles created using OIM.

Automatic Role Provisioning

A role is provisioned to a user automatically when at least one of the user's assignments satisfies the conditions specified in the relevant role-mapping definition. The provisioning occurs when the assignment is either created or updated. For example, when a person is promoted to a management position, the line manager role is provisioned automatically to the person if an appropriate role mapping exists. Any change to a person's assignment causes the person's automatically provisioned roles to be reviewed and updated as necessary.

Role Deprovisioning

Automatically provisioned roles are deprovisioned automatically as soon as a user no longer satisfies the role-mapping conditions. For example, a line manager role that is provisioned to a user automatically is deprovisioned automatically when the user ceases to be a line manager.

Automatically provisioned roles can be deprovisioned manually at any time.

Manually provisioned roles are deprovisioned automatically only when all of the user's work relationships are terminated; in all other circumstances, users retain manually provisioned roles until they are deprovisioned manually.

Changes to Assignment Managers

When a person's line manager is changed, the roles of both new and previous line managers are updated as necessary. For example, if the person's new line manager now satisfies the conditions in the role mapping for the line manager role, and the role is one that is eligible for autoprovisioning, then that role is provisioned automatically to the new line manager. Similarly, if the previous line manager no longer satisfies the conditions for the line manager role, then that role is deprovisioned automatically.

Roles at Termination

When a work relationship is terminated, all automatically provisioned roles for which the user does not qualify in other work relationships are deprovisioned automatically. Manually provisioned roles are deprovisioned automatically only if the user has no other work relationships; otherwise, the user retains all manually provisioned roles until they are deprovisioned manually.

Automatic deprovisioning can occur either as soon as the termination is submitted or approved or on the day after the termination date. The user who is terminating the work relationship selects the appropriate deprovisioning date.

Role mappings can provision roles to users automatically at termination. For example, the locally defined roles Retiree and Beneficiary could be provisioned to users at termination based on assignment status and person type values.

If a termination is later reversed, roles that were deprovisioned automatically at termination are reinstated and post-termination roles are deprovisioned automatically.

Date-Effective Changes to Assignments

Automatic role provisioning and deprovisioning are based on current data. For a future-dated transaction, such as a future promotion, role changes are identified and role provisioning occurs on the day the changes take effect, not when the change is entered. The process Send Pending LDAP Requests identifies future-dated transactions and manages role provisioning and deprovisioning at the appropriate time. Note that such role-provisioning changes are effective as of the system date; therefore, a delay of up to 24 hours may occur before users in other time zones acquire the access for which they now qualify.

Role Mappings: Explained

User access to data and functions is determined by abstract, job, and data roles, which are provisioned to users either automatically or manually. To enable a role to be provisioned to users, you define a relationship, known as a mapping, between the role and a set of conditions, typically assignment attributes such as department, job, and system person type. In a role mapping, you can select any role stored in the Lightweight Directory Access Protocol (LDAP) directory, including Oracle Fusion Applications predefined roles, roles created in Oracle Identity Management (OIM), and HCM data roles.

The role mapping can support:

- Automatic provisioning of roles to users
- Manual provisioning of roles to users
- Role requests from users
- Immediate provisioning of roles

Automatic Provisioning of Roles to Users

A role is provisioned to a user automatically if:

- At least one of the user's assignments satisfies all conditions associated with the role in the role mapping.
- You select the **Autoprovision** option for the role in the role mapping.

For example, for the HCM data role Sales Manager Finance Department, you could select the **Autoprovision** option and specify the following conditions.

Attribute	Value
Department	Finance Department
Job	Sales Manager
Assignment Status	Active

The HCM data role Sales Manager Finance Department is provisioned automatically to users with at least one assignment that satisfies all of these conditions.

Automatic role provisioning occurs as soon as the user is confirmed to satisfy the role-mapping conditions, which can be when the user's assignment is either created or updated. The provisioning process also removes automatically provisioned roles from users who no longer satisfy the role-mapping conditions.

Note

The automatic provisioning of roles to users is effectively a request to OIM to provision the role. OIM may reject the request if it violates segregation-of-duties rules or fails a custom OIM approval process.

Manual Provisioning of Roles to Users

Users such as human resource (HR) specialists and line managers can provision roles manually to other users; you create a role mapping to identify roles that can be provisioned in this way.

Users can provision a role to other users if:

- At least one of the assignments of the user who is provisioning the role (for example, the line manager) satisfies all conditions associated with the role mapping.
- You select the **Requestable** option for the role in the role mapping.

For example, for the HCM data role Quality Assurance Team Leader, you could select the **Requestable** option and specify the following conditions.

Attribute	Value
Manager with Reports	Yes
Assignment Status	Active

Any user with at least one assignment that satisfies both of these conditions can provision the role Quality Assurance Team Leader manually to other users, who are typically direct and indirect reports.

If the user's assignment subsequently changes, there is no automatic effect on roles provisioned by this user to others; they retain manually provisioned roles until either all of their work relationships are terminated or the roles are manually deprovisioned.

Role Requests from Users

Users can request roles when reviewing their own account information; you create a role mapping to identify roles that users can request for themselves.

Users can request a role if:

- At least one of their own assignments satisfies all conditions associated with the role mapping.

- You select the **Self-requestable** option for the role in the role mapping.

For example, for the Expenses Reporting role you could select the **Self-requestable** option and specify the following conditions.

Attribute	Value
Department	ABC Department
System Person Type	Employee
Assignment Status	Active

Any user with at least one assignment that satisfies all of these conditions can request the role. The user acquires the role either immediately or, if approval is required, once the request is approved. Self-requested roles are classified as manually provisioned.

If the user's assignment subsequently changes, there is no automatic effect on self-requested roles. Users retain manually provisioned roles until either all of their work relationships are terminated or the roles are manually deprovisioned.

Immediate Provisioning of Roles

When you create a role mapping, you can apply autoprovisioning from the role mapping itself.

In this case, all assignments and role mappings in the enterprise are reviewed. Roles are:

- Provisioned immediately to all users who do not currently have roles for which they are eligible
- Deprovisioned immediately from users who are no longer eligible for roles that they currently have

Immediate autoprovisioning from the role mapping enables bulk automatic provisioning of roles to a group of users who are identified by the role-mapping conditions. For example, if you create a new department after a merger, you can provision relevant roles to all users in the new department by applying autoprovisioning immediately.

To provision roles immediately to a single user, the user's line manager or an HR specialist can autoprovision roles from that user's account.

Role-Mapping Names

The names of role mappings must be unique in the enterprise. You are recommended to devise a naming scheme that reveals the scope of each role mapping. For example:

Name	Description
Autoprovisioned Roles Sales Department	Mapping includes all roles provisioned automatically to anyone in the sales department
Benefits Specialist Autoprovisioned	Mapping defines the conditions for autoprovisioning the Benefits Specialist role

Line Manager Requestable Roles	Mapping includes all roles that a line manager can provision manually to direct and indirect reports
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Role Mappings: Examples

Roles must be provisioned to users explicitly, either automatically or manually; no role is provisioned to a user by default. This topic provides some examples of typical role mappings to support automatic and manual role provisioning.

Creating a Role Mapping for Employees

You want all employees in your enterprise to have the Employee role automatically when they are hired. In addition, employees must be able to request the Expenses Reporting role when they need to claim expenses. Few employees will need this role, so you decide not to provision it automatically to all employees.

You create a role mapping called All Employees and enter the following conditions.

Attribute	Value
System Person Type	Employee
Assignment Status	Active

In the role mapping you include the:

- Employee role, and select the **Autoprovision** option
- Expenses Reporting role, and select the **Self-requestable** option

You could create a similar role mapping for contingent workers called All Contingent Workers, where you would set the system person type to contingent worker.

Note

If the Employee and Contingent Worker roles are provisioned automatically, pending workers acquire them when their periods of employment or placements start. If they need roles before then, you create a separate role mapping for the pending worker system person type.

Creating a Role Mapping for Line Managers

Any type of worker can be a line manager in the sales business unit. You create a role mapping called Line Manager Sales BU and enter the following conditions.

Attribute	Value
Business Unit	Sales
Assignment Status	Active
Manager with Reports	Yes

You include the Line Manager role and select the **Autoprovision** option. This role mapping ensures that the Line Manager role is provisioned automatically to any worker with at least one assignment that matches the role-mapping conditions.

In the same role mapping, you could include roles that line managers in this business unit can provision manually to other users by selecting the roles and marking them as requestable. Similarly, if line managers can request roles for themselves, you could include those in the same role mapping and mark them as self-requestable.

Creating a Role Mapping for Retirees

Retirees in your enterprise need a limited amount of system access to manage their retirement accounts. You create a role mapping called All Retirees and enter the following conditions.

Attribute	Value
System Person Type	Retiree
Assignment Status	Inactive

You include the locally defined role Retiree in the role mapping and select the **Autoprovision** option. When at least one of a worker's assignments satisfies the role-mapping conditions, the Retiree role is provisioned to that worker automatically.

Creating a Role Mapping for Sales Managers

Grade 6 sales managers in the sales department need the Sales Manager role. In addition, sales managers need to be able to provision the Sales Associate role to other workers. You create a role mapping called Sales Managers Sales Department and enter the following conditions.

Attribute	Value
Department	Sales
Job	Sales manager
Grade	6
Assignment Status	Active

In the role mapping, you include the:

- Sales Manager role, and select the **Autoprovision** option
- Sales Associate role, and select the **Requestable** option

Import Worker Users

Defining Security After Enterprise Setup: Points to Consider

After the implementation user has set up the enterprise, further security administration depends on the requirements of your enterprise.

The Define Security activity within the Information Technology (IT) Management business process includes the following tasks.

- Import Worker Users
- Import Partner Users
- Manage Job Roles
- Manage Duties
- Manage Application Access Controls

If no legacy users, user accounts, roles, and role memberships are available in the Lightweight Directory Access Protocol (LDAP) store, and no legacy workers are available in Human Resources (HR), the implementation user sets up new users and user accounts and provisions them with roles available in the Oracle Fusion Applications reference implementation.

If no legacy identities (workers, suppliers, customers) exist to represent people in your enterprise, implementation users can create new identities in Human Capital Management (HCM), Supplier Portal, and Customer Relationship Management (CRM) Self Service, respectively, and associate them with users.

Before Importing Users

Oracle Identity Management (OIM) handles importing users.

If legacy employees, contingent workers, and their assignments exist, the HCM Application Administrator imports these definitions by performing the Load Batch Data task. If user and role provisioning rules have been defined, the Load Batch Data process automatically creates user and role provisioning requests as the workers are created.

Once the enterprise is set up, performing the Load Batch Data task populates the enterprise with HR workers in records linked by global user ID (GUID) to corresponding user accounts in the LDAP store. If no user accounts exist in the LDAP store, the Load Batch Data task results in new user accounts being created. Worker email addresses as an alternate input for the Load Batch Data task triggers a search of the LDAP for user GUIDs, which may perform more slowly than entering user names.

In the security reference implementation, the HCM Application Administrator job role hierarchy includes the HCM Batch Data Loading Duty role, which is entitled to import worker identities. This entitlement provides the access necessary to perform the Load Batch Data task in HCM.

Note

The Import Person and Organization task in the Define Trading Community Import activity imports the following resources, creates users, and links the resources to users for use in CRM.

- Internal employees
- Contingent workers

- External partner contacts
 - Partner companies
 - Legal entities
 - Customers
 - Consumers
-

If role provisioning rules have been defined, the Import Person and Organization task automatically provisions role requests as the users are created.

Import Users

If legacy users (identities) and user accounts exist outside the LDAP store that is being used by the Oracle Fusion Applications installation, the IT security manager has the option to import these definitions to the LDAP store by performing the Import Worker Users and Import Partner Users tasks.

If no legacy users or user accounts can be imported or exist in an LDAP repository accessible to Oracle Identity Management (OIM), the IT security manager creates users manually in OIM or uses the Load Batch Data task to create users from imported HR workers.

Once users exist, their access to Oracle Fusion Applications is dependent on the roles provisioned to them in OIM or Human Capital Management. Use the Manage HCM Role Provisioning Rules task to define rules that determine what roles are provisioned to users.

Importing user identities from other applications, including other Oracle Applications product lines, is either a data migration or manual task. Migrating data from other Oracle Applications includes user data. For more information about importing users, see the Oracle Fusion Middleware Developer's Guide for Oracle Identity Manager.

In the security reference implementation, the IT Security Manager job role hierarchy includes the HCM Batch Data Loading Duty and the Partner Account Administration Duty. These duty roles provide entitlement to import or create users. The entitlement Load Batch Data provides the access necessary to perform the Import Worker Users task in OIM. The entitlement Import Partner entitlement provides the access necessary to perform the Import Partner Users task in OIM.

Manage Job Roles

Job and abstract roles are managed in OIM. This task includes creating and modifying job and abstract roles, but not managing role hierarchies of duties for the jobs.

Note

Manage Job Roles does not include provisioning job roles to users. Provisioning users is done in OIM, HCM, CRM or Oracle Fusion Supplier Portal.

Roles control access to application functions and data. Various types of roles identify the functions performed by users.

The Oracle Fusion Applications security reference implementation provides predefined job and abstract roles. In some cases, the jobs defined in your enterprise may differ from the predefined job roles in the security reference implementation. The predefined roles and role hierarchies in Oracle Fusion may require changes or your enterprise may require you to create new roles. For example, you need a job role for a petty cash administrator, in addition to an accounts payable manager. The security reference implementation includes a predefined Accounts Payable Manager, and you can create a petty cash administrator role to extend the reference implementation.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Enterprise Role Management Duty role, which is entitled to manage job and abstract roles (the entitlement is Manage Enterprise Role). This entitlement provides the access necessary to perform the Manage Job Roles task in OIM.

Manage Duties

A person with a job role must be able to perform certain duties. In the Oracle Fusion Applications security reference implementation, enterprise roles inherit duties through a role hierarchy. Each duty corresponds to a duty role. Duty roles specify the duties performed within applications and define the function and data access granted to the enterprise roles that inherit the duty roles.

Managing duties includes assigning duties to job and abstract roles in a role hierarchy using Authorization Policy Manager (APM). If your enterprise needs users to perform some actions in applications coexistent with Oracle Fusion applications, you may wish to remove the duty roles that enable those actions. For details about which duty roles are specific to the products in an offering, see the Oracle Fusion Applications Security Reference Manual for each offering.

OIM stores the role hierarchy and the spanning of roles across multiple pillars or logical partitions of applications.

In cases where your enterprise needs to provide access to custom functions, it may be necessary to create or modify the duty roles of the reference implementation.

Tip

As a security guideline, use only the predefined duty roles, unless you have added new applications functions. The predefined duty roles fully represent the functions and data that must be accessed by application users and contain all appropriate entitlement. The predefined duty roles are inherently without segregation of duty violations of the constraints used by the Application Access Controls Governor.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Application Role Management Duty role, which is

entitled to manage duty roles (the entitlement is Manage Application Role). This entitlement provides the access necessary to perform the Manage Duties task in APM.

Note

Product family administrators are not entitled to create role hierarchies or manage duty roles and must work with the IT security manager to make changes such as localizing a duty role to change a role hierarchy. Setup for localizations is documented in HCM documentation.

Manage Application Access Controls

Prevent or limit the business activities that a single person may initiate or validate by managing segregation of duties policies in the Application Access Controls Governor (AACG) .

Note

In AACG, segregation of duties policies are called access controls or segregation of duties controls.

In the security reference implementation, the IT Security Manager job role hierarchy includes the Segregation of Duties Policy Management Duty role, which is entitled to manage segregation of duties policies (the entitlement is Manage Segregation of Duties Policy). This entitlement provides the access necessary to perform the Manage Application Access Controls task in AACG.

Manage Users

Creating Users: Worked Example

You can create users by entering basic person and employment data. A user account is created automatically for a person when you create the user record. You can assign the users Oracle Fusion Human Capital Management (HCM) and non-HCM data roles, each providing access to specific functions and data. This example demonstrates how to create a user and assign roles to the user.

Note

This user management functionality is available for HCM Foundation and Oracle Fusion Workforce Directory Management (WDM) users only.

Decisions to Consider	In this Example
For whom are you creating the user record?	Gail Williams

What is the user account name?	Same as the e-mail ID, gail.williams@vision.com
Where is Gail employed?	Gail is an employee of Vision Corporation, and works in the Human Resources (HR) department in the Canada office.
What roles must be provisioned to Gail?	Autoprovision the employee role. Gail is responsible for processing workers' expense claims so provision the role Expense Claims Administrator manually to Gail.

Prerequisites

1. Create a role mapping called All Employees and enter the following conditions.

Attribute	Value
System Person Type	Employee
Assignment Status	Active

In the role mapping you include the:

- Employee role, and select the **Autoprovision** option
- Expense Claims Administrator role, and select the **Self-requestable** option

Creating a User

1. On the Search Person page, click the **Create** icon to open the Create User page.
2. Complete the fields, as shown in this table:

Field	Value
Last Name	Williams
First Name	Gail
E-Mail	gail.williams@vision.com
Hire Date	4/12/11

3. In the User Details region, leave the User Name field blank. The user name defaults to the user's e-mail ID.
4. In the Employment Information region, select the person type **Employee** and complete the fields as shown in the table:

Field	Value
Legal Employer	Vision Corporation
Business Unit	Vision Canada
Department	Human Resources

Assigning Roles to the User

1. Click **Autoprovision Roles** to provision the employee role to the user.
2. Click **Add Role**.
3. Search for and select the **Expense Claims Administrator** role.
4. Click **Save and Close**. The user account is created and the roles are assigned to the user immediately.

Define Approval Management

Approval Management: Highlights

Use approval management to determine the policies that apply to approval workflows for particular business objects such as expense reports. For example, you can specify levels of approval for expense reports over a particular amount, to reflect your own corporate policies. You also determine the groups of users who act on these workflow tasks, for example, the chain of approvers for expense reports.

Approval management is fully described in the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management. Though the concepts described there apply also to Oracle Fusion Applications, the only setup relevant to Oracle Fusion Applications involves approval groups and task configuration. Customization of approval workflows themselves is described in the Oracle Fusion Applications Extensibility Guide.

Overview

- Approval management is an extension of the human workflow services of Oracle SOA Suite. Refer to the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

See: Introduction to Approval Management

See: Understanding Approval Management Concepts

Approval Groups and Task Configuration

- An approval group consists of a name and a predefined set of users configured to act on a task in a certain pattern. Refer to the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

See: Administering Approval Groups

- Task configuration involves managing policies that control approval flows. Refer to the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

See: Using Task Configuration

- To configure a predefined approval policy, select the predefined rule set and click the Edit task icon button.

- To disable a predefined rule set, select the Ignore this participant check box for that rule set.
- To edit the rules within a predefined rule set, you can insert, update, or delete from the seeded rules as needed while in edit mode.
- You can configure a specific rule to automatically approve without being sent to any approver. Modify the routing for that rule so that it is sent to the initiator (which means the requestor is the approver), set the Auto Action Enabled option to True, and enter APPROVE in the Auto Action field.

Customization

- You can optionally customize predefined approval workflows, for example add post-approval activities or additional stages. Refer to the Oracle Fusion Applications Extensibility Guide.

See: Customizing and Extending SOA Components

Define Help Configuration

Define Help Configuration: Overview

The Define Help Configuration task list contains tasks that let you set up and maintain Oracle Fusion Applications Help for all users. Use the Set Help Options task to determine if certain aspects of Oracle Fusion Applications Help are available to users and to control how aspects of the help site work. Use the Assign Help Text Administration Duty and Manage Help Security Groups tasks to set up customization of help content.

After performing the help configuration tasks, you can review the predefined help and consider whether to add or customize any content. You can also customize help that is embedded in the application, for example hints and help windows, using other tools such as Oracle JDeveloper and Oracle Composer.

Use the Setup and Maintenance work area to access the tasks in the Define Help Configuration task list.

Set Help Options

Help Feature Choices and Help Options: Points to Consider

Help feature choices on the Configure Offerings page in the Setup and Maintenance work area control the look and behavior of Oracle Fusion Applications Help, and also determine which help options are available. Help options are setup options on the Set Help Options page.

Local Installation of Help

Select the Local Installation of Help feature choice so that the Define Help Configuration task list appears in your implementation project, and you can select two additional features (Access to Internet-Based Help Features and Help Customization) to control the fields available on the Set Help Options page.

Access to Internet-Based Help Features

Select this feature choice to provide users access to features that involve navigation to sites on the Web. If you select this feature choice, then the Web Sites Available from Help Site section is available on the Set Help Options page.

Important

Some help includes links to the Oracle Fusion Applications Technology Library. If you select this feature, then these links open the library on the Oracle Technology Network Web site. If you do not select this feature, then your service administrator (Oracle Cloud implementations) or system administrator (other implementations) must download the library from Oracle Technology Network (<http://www.oracle.com/technetwork/documentation/default-1577155.html>) and put all the content from within the extracted folder (for example E28271_01) directly into the appmgr/APPLTOP/fusionapps/applications/ahc/afh/reference/TechLib folder.

Help Customization

Select the Help Customization feature choice if you intend to customize predefined help or add your own files to help. For example, you can add internal policies or procedures as help, and Oracle User Productivity Kit content, if any. Not selecting this feature choice only hides the relevant setup options; help customization is not disabled for users with customization access. To disable help customization, remove the Oracle Fusion Help Text Administration duty from the job roles where it is predefined.

If you select this feature choice, then the Custom Help Security feature choice is available, as well as all these sections on the Set Help Options page:

- Custom Help
- User Productivity Kit
- Privacy Statement

Custom Help Security

Select this feature choice if you want certain help files to be available only to a restricted set of users. You can define the user groups allowed to view corresponding help files. Do not select this feature choice if you do not have this requirement, because the feature can have an impact on performance.

If you select the Custom Help Security feature choice, then the Manage Help Security Groups task is available in the Define Help Configuration task list in your implementation project. There are no help options associated with this feature choice.

Administering Collaboration Features and Announcements in Help: Points to Consider

Announcements and collaboration features (discussions, ratings and comments) allow users to share information regarding help and the subjects that particular help files cover. The collaboration features are also used elsewhere in Oracle Fusion Applications. Discussions may not be available in Oracle Cloud implementations.

Use the Set Help Options page in the Setup and Maintenance work area to enable the announcements and discussions features and to set options about

ratings. When administering these features, consider the purpose of each feature and points that are specific to Oracle Fusion Applications Help.

Announcements

Use announcements to broadcast information to all users of your help site. You can provide information about help, for example new custom help that was recently added, or about anything that users should take note of, for example a change in company policy. Announcements can appear on any of the tabs on the home page of Oracle Fusion Applications Help. You can target specific user groups by posting announcements to specific tabs, for example, posting information related to implementation to the Functional Setup tab.

Only users with the Oracle Fusion Help Text Administration duty role have access to the Manage Announcements icon button in the Announcements sections. They can create, edit, and delete announcements for the tab that they are on, and set the date range for when each announcement is to be displayed.

Discussions

Users can use discussions to post questions or comments about subjects covered in specific help files. For example, after reading help on expense reports, users might have questions or comments about company policies or processes for expenses. Other users who later access this help file would benefit from the information in the discussion.

You can set a help option to enable discussions. Each help file would contain a **Discuss** link that all users can use to read discussions about that file. They can also start a discussion topic or post to existing topics. These discussions are visible only to users in your enterprise.

Important

Do not enable discussions until servers for discussions are up and running.

Only users with the appropriate administrator role can moderate discussions. For more information on granting the administrator role on the discussions server, see the Oracle Fusion Middleware Administrator's Guide for Oracle WebCenter Portal.

Ratings and Comments

Users can rate any help file on a five star system and provide feedback about the content. This information is helpful to other users in deciding which help file to open. Help files with a higher average rating are listed first in help windows, and in the help listings you see as you browse using the help navigators.

The scope of ratings and reviews is limited to your enterprise.

FAQs for Set Help Options

When do I link to the Oracle User Productivity Kit library from the help site?

Provide a link to your Oracle User Productivity Kit (UPK) library if you have UPK licensed and custom UPK content to share with your users. You give them

access to a library of custom UPK content in addition to any custom UPK demos that you added to the help site itself. UPK demos that you add as custom help are available only in the See It mode, so the library can include the same demo in other modes. If you have UPK versions earlier than 3.6.1, then you cannot add UPK demos as custom help, so the link is the only way for users to access custom UPK content from the help site.

How can I find the URL to the Oracle User Productivity Kit library?

The URL to enter on the Set Help Options page should be the full path from the Web server where you are hosting your Oracle User Productivity Kit (UPK) content to the index.html file that opens the table of contents for the library, for example, `http://<your domain>.com/UPKcontent/PlayerPackage/index.html`. In this example, you or your UPK administrator would publish one UPK player package that contains all the content to be linked to from Oracle Fusion Applications Help, as well as the index.html file, and place the PlayerPackage folder in a manually created folder called UPKcontent on the Web server.

FAQs for Assign Help Text Administration Duty

Who can add and manage custom help?

Users with the Oracle Fusion Help Text Administration duty role have access to customize help in Oracle Fusion Applications Help. This duty is assigned by default to various job roles, in particular the administrators for product families.

You can assign the duty role to other users who need access to customize help. Use the Manage Duties task in the Setup and Maintenance work area to search for the Oracle Fusion Help Text Administration duty role on the Role Catalog page, and map additional job roles to this duty role.

Manage Help Security Groups

Creating Help Security Groups: Worked Example

This example demonstrates how to create a help security group to define a set of job roles that have access to help. The help security group can then be assigned to particular help files so that only users with any of the defined roles have access to the help.

The following table summarizes key decisions for this scenario.

Decisions to Consider	In This Example
What type of users do you need to limit help access to?	Human resources (HR) specialists
Is there a specific time period for which this access is needed?	No, the help files should always be viewed only by the HR specialists
Where do you want this group to appear in the list of values for help security groups?	First

Define a help security group and assign a duty role to the group.

1. From the Setup and Maintenance work area, find the Manage Help Security Groups task and click **Go to Task**.
2. On the Manage Help Security Groups page, add a new row.
3. Complete the fields, as shown in this table. Leave the start and end dates blank.

Field	Value
Help Security Group	HR
Meaning	HR Only
Description	Viewing by HR specialists only
Display Sequence	1

4. Click **Save**.
5. With your new help security group selected, go to the Associated Roles section and add a new row.
6. Select **PER_HUMAN_RESOURCE_SPECIALIST** as the role name.
7. Click **Save and Close**.

You have created a new lookup code for the Help Security Groups lookup type, which is a standard lookup. The lookup code has the name, meaning, and description that you defined for the help security group.

You have also created a data security policy for the help database resource, specifying that the Human Resource Specialist role can view help that is defined with the HR security group. If you go to the Manage Database Resources and Policies page and find the database resource, or object, **ATK_KR_TOPICS**, then you can see the policy for the Human Resource Specialist role, with the condition that the column name, **SECURITY_CODE**, is equal to the value **HR**.

Help File Customization

Help File Customization: Overview

If you have the appropriate job roles, then you can customize the help files in the help site. Use the Manage Custom Help page to maintain both predefined and custom help files. You can create, duplicate, edit, and delete custom files, or set their status to Active or Inactive. For predefined files, you can only duplicate them or set their status. For each help file, predefined or custom, use help locations to determine where the help file appears in the application and in the help site. You have various options in how you add custom help, for example by uploading a file or specifying a URL.

Note

To make a copy of all custom help for testing, migration, or other purposes, use the export and import feature in the Setup and Maintenance work area.

There are various ways to access help customization.

- Many help files can be accessed from help windows in the application. If you want to customize help in the context of a help window, for example create a custom help file and add a link to it from a specific help window, then start by opening that help window. When you click the **Manage Custom Help** link, you go to the Manage Custom Help page, and the help location fields are automatically populated with values that correspond to the help window. This way you can easily select existing files to add to the same help location, and when you create a new file, the same help location appears by default.
- Open the Manage Custom Help page directly from the home page of Oracle Fusion Applications Help or from search result pages.
- To edit a specific file, you can either find it in the Manage Custom Help page, or open the file itself and click the **Edit** link.
- Likewise, you can find glossary terms in the Manage Custom Help page, or click the **Glossary** link in the global area to open the Glossary tab, search for the term, and click **Edit**.

Note

When you search in the Manage Custom Help page, make sure that the **Custom Help Only** check box is not selected if you are looking for predefined help.

If your enterprise has purchased Oracle User Productivity Kit (UPK) content, then your administrator can also add a **UPK** item to the **Help** menu in the global area of Oracle Fusion Applications. When users select this menu item, they access UPK content specific to the page that they are on.

Help Locations: Explained

Help locations determine where users can find help files, custom or not, from either the application or the help site.

Help locations include:

- Page or section values
- Help hierarchies
- Primary locations

Page or Section Values

The value in the **Page or Section** field on the help customization pages represents where users can click a help icon to open a help window that contains a link to the help file. In most cases, this value represents a page or region header in the application. Help windows are also available on specific tabs or windows, and in the Setup and Maintenance work area for specific task lists or tasks. You can associate a help file with multiple page or section values, or with none at all.

The page or section value reflects the logical navigation to the help window. For example, **Edit Opportunity page, Revenue tab, Recommendations window** does not mean that the help file is available in three different places. The help icon is in the Recommendations window, which is accessed from the Revenue tab on the Edit Opportunity page.

If the value suggests multiple locations, for example **Create and Edit Opportunity pages**, then the help file is available from the page header of both the Create Opportunity and Edit Opportunity pages. If the page or section value is, for example, a dashboard region that appears in multiple dashboards, then the value does not specify the page name but just the region. The help file is available from that region in multiple dashboards.

Help Hierarchies

Help files are associated with help hierarchies, which are used to categorize help files and aid users in finding help. Each help file can have multiple hierarchies, with at least one of type Business Processes. The business process hierarchy is based on the Business Process Management model. Every page or section value is predefined with a specific business process hierarchy. If you select a page or section without entering a business process hierarchy, the predefined hierarchy appears by default.

The Search by Business Process navigator in the help site is based on the business process hierarchy. For example, if you assign two business process hierarchies to a help file, users can find the file in both locations in the navigator. When the user clicks **More Help** from a help window, all help files assigned to the same business process hierarchy as the page or section value are returned as search results.

Similarly, the Search by Product navigator is based on the Product hierarchy type, in which level 1 is the product family, level 2 is the product, and level 3 is the business activity owned by that product.

The Search by Functional Setup navigator is based on the Functional Setup hierarchy type. The level 1 nodes for this hierarchy are:

- Functional Setup Manager, which includes help about using the Setup and Maintenance work area.
- Guides, which contains level 2 nodes that correspond to business areas and setup offerings. All the user reference and functional setup PDF guides are included.
- Offerings, which contains level 2 nodes for each setup offering, and lower levels for the main task lists in the offerings. Help for the task lists and tasks are included.

The Search by Common Tasks navigator is based on the Welcome hierarchy type. The level 1 nodes represent categories of functional areas common to all users.

Primary Locations

The primary location of a help file designates the hierarchy that is displayed for the help file in search results and within the help content as breadcrumbs.

You cannot change the primary location of a help file that came with your help installation. Primary locations of predefined help are based on the business process hierarchy, while custom help files can have primary locations based on hierarchies of any type.

Editing Predefined Help and Glossary Terms: Points to Consider

When you open any predefined help file, including glossary terms, that came with Oracle Fusion Applications Help, you can see an edit option if you have roles allowing edit access. When you edit predefined help, keep in mind:

- What happens to the original help file
- Where predefined help appears
- Considerations specific to glossary terms

What Happens to the Original Files

When you edit predefined help, you are actually creating a new custom help file based on the original file, with the same help locations. The customized version replaces the original, which becomes inactive and hidden from users. You can display both versions by reactivating the original in the Manage Custom Help page.

Note

In the Search Results: Existing Help region on the Manage Custom Help page, there is no option to edit predefined help. You can duplicate a predefined help file, edit the copy, and optionally inactivate the original.

Where Predefined Help Appears

All predefined help comes with preassigned help locations, including at least one based on the hierarchy of type Business Processes. Many also have predefined page or section values that indicate where the help can be accessed from help windows in the application.

To change where predefined help appears, either in the help site navigators or in the application, create a duplicate in the Manage Custom Help page. Change or add help locations to your custom copy, and inactivate the original.

Even though glossary terms do not appear in the help site navigators, you still need to enter at least one help location to categorize the glossary term.

Considerations Specific to Glossary Terms

When you edit a predefined glossary term, the original term becomes inactive. Existing links to the glossary term, from other predefined and custom help files, will automatically point to your custom version. If you later inactivate the custom glossary term, make sure to activate the original term so that the links still work.

Customizing PDF Guides: Worked Example

This example demonstrates how to customize a PDF guide that came with Oracle Fusion Applications Help. This guide is currently not available from any help window in the application.

The following table summarizes key decisions for this scenario.

Decisions to Consider	In This Example
What changes do you need to make to the guide?	Change the title of a chapter and remove a section in that chapter, to hide content about a particular subject
Which help window should the customized guide appear in?	The help window for the entire Welcome dashboard of Oracle Fusion Applications
Which help navigators should the customized guide appear in, and on which node?	Same as the original guide, plus the path associated with the help window
Do you want to limit access to the customized guide?	No, same as the original guide

Edit a copy of the original PDF guide, and use the Manage Custom Help page to replace the original PDF guide with your new file.

Copying and Editing the PDF Guide

1. Open the original PDF guide from the help site and save a copy to your desktop. Leave open the help file for the guide.
2. Using a PDF editor application, change the title of the chapter wherever the chapter title appears. Delete the content you want to hide from users.
3. Make sure that your new PDF guide is less than 6 MB.

Replacing the Original PDF Guide

1. In the help file that you still have open for the original PDF guide, click the **Edit** link.
2. On the Create Help page, use the default values except where indicated.
3. Update the title to the name that you want to display to users.
4. In the **File Name** field, browse for and select your customized guide.
5. Delete any keywords or parts of the description relevant to the content you removed from the PDF guide.
6. Add a help location with the Business Processes hierarchy type and select **Information Technology Management** as the level 1 node, **Manage Enterprise Application Software** as the level 2 node, and **Use Applications** as the level 3 node.
7. Select **Welcome page** in the **Page or Section** column.
8. Click **Save and Close**. The help file for the original PDF guide is automatically set to inactive.

Adding Custom UPK Content to Help: Worked Example

This example demonstrates how to add custom Oracle User Productivity Kit (UPK) topics as demo help files. These help files function like any predefined help file for demos. You can search and include these files in help windows and navigators as you would other help.

In this scenario, you are adding two demos about social networking, to appear in help windows on the Welcome dashboard.

Note

Your demo must be made with UPK 3.6.1 or later to be added as help.

The following table summarizes key decisions for this scenario.

Decisions to Consider	In This Example
What UPK content do you want to add to help?	From a UPK module containing five topics, add two as custom demos on the help site
Which help navigators should each demo appear in, and on which node?	Because the two demos are about social networking: <ul style="list-style-type: none">• Search by Common Tasks navigator, under the Collaboration node• Search by Business Process navigator, under Information Technology Management - Manage Networking and Communications - Manage Social Networking Capabilities
Which help window should each demo appear in?	On the Welcome dashboard of Oracle Fusion Applications, one demo goes in the help window in the Activity Stream region, and the other in the People Connection region
Do you want to limit access to the help files for the demos?	No
Do you want the help files to appear in the New and Updated pane?	Yes

Generate a report of UPK document IDs, which you will use when creating custom help, to identify the UPK topics that you want to add. Publish the UPK module as a player package, then create custom help for the UPK topics that you want to use as help demos.

Generating a UPK Document ID Report

1. In the UPK Developer, select **Details View**.
2. Right-click any column header, for example Name, and select **Column Chooser**.
3. In the Column Chooser dialog box, click and drag the Document ID column header and drop it after the Name column. Close the Column Chooser dialog box.
4. From the File menu, select to print, and save the output as a Microsoft Excel file to your desktop.

Creating the Player Package

1. From the UPK Developer, make sure that the topics that you want to add as demos have the See It play mode. The topics can also have other modes, but only the See It mode is included in the custom help file.
2. Publish the module, specifying any location for the output and selecting to publish the selection only.
3. In the Formats section of the Publish Content window, select the **Player** check box under the **Deployment** check box group.
4. In the Player section, select the **Include HTML Web Site** check box, to ensure that the custom help file includes a text-only version of the UPK topic.
5. Finish the publishing process, after optionally setting other options.
6. Navigate to the location where you specified the output to be generated.
7. In the Publishing Content folder, copy the PlayerPackage folder and add it to the web server where you store UPK content.

Creating Custom Help for Demos

1. Open the help window in the Activity Stream region on the Welcome dashboard of Oracle Fusion Applications, and click **Manage Custom Help**.
2. On the Manage Custom Help page, the page or section and hierarchy values are populated with the values for the Activity Stream region.
3. Click **Create**.
4. On the Create Help page, complete the fields in the General Information section, as shown in this table. Use the default values except where indicated.

Field	Value
Title	The name of the UPK topic.
Source Type	Oracle User Productivity Kit
File Location	The full URL of the player package folder on the Web server, for example, <code>http://<your domain>.com/UPKcontent/PlayerPackage.</code>
Document ID	The document ID of the UPK topic to add to the help window in the Activity Stream region. You can copy and paste this ID from the Microsoft Excel file that you generated earlier.
Help Type	Demo
Help Security Group	Unsecured
Keywords	Terms relevant to the demo.
Description	Summary of the demo.
Include in New and Updated pane	Selected

The Help Location section contains values for the help window in the Activity Stream region. This help file will also appear in the Search by Business Process navigator under this predefined hierarchy.

5. Click **Save and Close**.
6. On the Manage Custom Help page, open the help locations for the help file that you just created.
7. Add a help location with the Welcome hierarchy type and select **Collaboration Features** as the level 1 node.
8. Add another help location with the Business Processes hierarchy type and select **Information Technology Management** as the level 1 node, **Manage Networking and Communications** as the level 2 node, and **Manage Social Networking Capabilities** as the level 3 node.
9. Click **Save and Close**.
10. Starting at the Connections region, repeat steps 1 to 9 for the other UPK topic that you want to add.

FAQs for Help File Customization

How can I restrict help content to specific user roles?

When you create or edit help, select a help security group that represents the set of roles that you want to have access to the help. If you do not see the Security Group field, then your administrator has not selected the Custom Help Security feature choice. The Unsecured group has no associated roles, so anyone can view the help. The predefined Secured group includes all internal employees and contingent workers, unless this group has been edited. You can create security groups and associate roles using the Manage Help Security Groups page, which you can access by starting in the Setup and Maintenance Overview page and searching for the Manage Help Security Groups task. Your new security groups are immediately available for use to secure new or edited help files.

Why can't I select and add help to a location?

You must specify a page or section to add the existing help to. To ensure that help is added to the correct help window, go to the page or section in the application, click the **Help** icon, and click the **Manage Custom Help** link in the help window. Alternatively, in the Manage Custom Help page, search for at least a page or section and a level 1 value for the Business Processes hierarchy type before selecting the **Select and Add** option.

You cannot select and add help to a particular hierarchy, on the Manage Custom Help page, without a page or section. To add just a hierarchy, search for the help file, add a new help location, and specify only the hierarchy information.

What happens to custom help when a help patch is applied?

Oracle Fusion Applications Help patches update all help files, both active and inactive, except custom help. Custom help files are not affected by patches.

Consider reviewing inactive files to see if you want to activate the updated version, or to make similar edits to the custom versions of those files, if any.

Embedded Help Customization

Customizing Embedded Help: Highlights

You can customize help that is embedded in the application, for example hints and help windows, for all users of Oracle Fusion Applications.

Embedded help customization is fully described in the Oracle Fusion Applications Extensibility Guide.

- Edit, create, or delete hint text that appears on hover over buttons, links, icons, or tab titles.

See: Customizing or Adding Bubble Embedded Help

- Edit, create, or delete other types of embedded help.

See: Customizing or Adding Static Instructions, In-field Notes, Terminology Definitions, and Help Windows

Define Application Toolkit Configuration

Define Application Toolkit Configuration: Overview

Oracle Fusion Application Toolkit (ATK) is an application that provides various core components of Oracle Fusion Applications, including the Welcome dashboard, Oracle Fusion Applications Help, the Reports and Analytics pane, and the Watchlist feature. Use the Define Application Toolkit Configuration task list to set up and maintain some of these components for all users, and the Define Help Configuration task list for Oracle Fusion Applications Help.

Note

The Define Application Toolkit Configuration task list is available in implementation projects only if the Application Toolkit Component Maintenance feature choice is selected.

Use the Setup and Maintenance work area to access the tasks in the Define Application Toolkit Configuration task list.

FAQs for Map Reports to Work Areas

How can I set up the Reports and Analytics pane for all users?

You can remove any currently mapped report from the Reports and Analytics pane, or add mappings to reports from the Oracle Business Intelligence (BI) Presentation catalog. To access the setup, click **Edit Settings** in the Reports and Analytics pane, or use the Map Reports to Work Areas task in the Setup and Maintenance work area. If you do the former, then you can set up only the Reports and Analytics pane on the work area that you are in.

If you do the latter, then you can select a work area to set up. If you do not see the desired work area, most likely you do not have access to it due to security. You can request to be granted a role that has access to the work area, or another administrator or business user with access to the work area can be granted the Reports and Analytics Region Administration Duty to be able to map reports to the work area.

Tip

On the Map Reports to Work Areas page only, you can also use the Synchronize button to remove mappings to reports that are no longer in the catalog, for all work areas at once.

Any changes you make in either UI apply to all users with access to the mapped work area.

Why can't I see reports when mapping reports to work areas for the Reports and Analytics pane?

It is possible that there are no reports currently mapped to the work area that you select in the Map Reports to Work Areas page. Alternatively, reports are mapped, but you do not see them due to security.

Similarly, in the list of all available reports from the catalog, you can see only the reports that you have access to. You can request to be granted a role that has access to the reports that you want to map, or another administrator or business user with access to those reports can be granted the Reports and Analytics Region Administration Duty to be able to map reports to work areas.

Set Watchlist Options

Watchlist Setup: Points to Consider

For all users across the site, you can disable or enable predefined Watchlist categories and items, edit their names, and determine how often item counts refresh. You cannot delete predefined Watchlist categories and items, nor create any for the site. Users can create their own Watchlist items through saved searches.

Access the Set Watchlist Options page by starting in the Setup and Maintenance Overview page and searching for the Set Watchlist Options task.

Disabling Predefined Categories and Items

Use the Set Watchlist Options page to enable or disable predefined Watchlist categories and items. Disabling any category or item also disables associated processes involved in calculating the Watchlist item counts for all users. These processes include creating data caches, performing security checks, invoking services across domains, running queries, and so on.

An item with the **Predefined** type represents the actual predefined Watchlist item that appears in the Watchlist. If you disable this type of Watchlist item, then:

- The item is not available for users to display in their watchlist
- The item is removed from any watchlist where it is currently displayed

A Watchlist item with the **User-created saved search** type does not appear in the Watchlist; it controls the display of the **Manage Watchlist** button or menu item in pages with saved searches. If you disable this type of Watchlist item, then:

- The **Manage Watchlist** option is not available to users in the corresponding work area, so users cannot use their own saved searches as Watchlist items. A message is displayed to users when they try to use this option.
- Any user-defined saved searches from that work area already used as Watchlist items are no longer available in the users' watchlist. The user-defined saved searches are still available to be used for searching, but not for the Watchlist.

If you disable a Watchlist category, then the category is not available for users to include in their watchlist, and all Watchlist items within the category are also disabled.

Ultimately, the Watchlist for any user contains the subset of categories and items that are enabled in the Set Watchlist Options page:

- Plus any items based on user-defined saved searches
- Minus any categories or items that the user chooses to hide using Watchlist preferences
- Minus any items with no results found, if the user chooses to hide such items using Watchlist preferences

Specifying Refresh Intervals

All Watchlist items have a predefined refresh interval, which controls how often the query that calculates the count for a Watchlist item can be run. Use the Set Watchlist Options page to edit the interval values. What you specify as the refresh interval for a Watchlist item of type User-created Saved Search applies to all Watchlist items based on saved searches created by users on the corresponding search page.

When the user is in the Welcome dashboard with the Watchlist open for at least two and a half minutes, the query automatically runs for all Watchlist items if no refresh already ran in this user session. To subsequently run the query again, users can manually refresh the Watchlist region. The **Refresh** icon is enabled after five minutes since the last refresh.

Note

During a refresh, the query runs for an individual Watchlist item only if the time since the last query for this item is equal to or greater than the specified refresh interval. Since the manual refresh of the entire Watchlist is not available until five minutes after the last refresh, you should not set a Watchlist item refresh interval that is less than five minutes.

When users open Watchlist from the global area, a refresh automatically runs if five minutes have passed since the last refresh. During this refresh, the query runs for an individual Watchlist item only if the time since the last query for this item is equal to or greater than the specified refresh interval.

For example, you set the interval to eight minutes for a particular Watchlist item. When the user signs in and goes to the Welcome dashboard, with the Watchlist

open, the query automatically runs for this Watchlist item after two and a half minutes. Every two and a half minutes after, a check is performed for stale counts and new cached counts are displayed.

Five minutes after the query ran, the **Refresh** icon is enabled and the user performs a manual refresh. However, the query does not run for this Watchlist item, because the refresh interval is eight minutes. The user navigates away from the Welcome dashboard and opens the Watchlist from the global area six minutes later. A refresh automatically runs because more than five minutes have passed since the last refresh. This time, the query runs for this Watchlist item because it has been more than eight minutes since the query last ran for this item.

Editing Predefined Category and Item Names

Predefined Watchlist category and item names are stored as meanings of standard lookups. Lookup types for predefined categories end with WATCHLIST, for example EXM_EXPENSES_WATCHLIST. Edit the lookup type meaning to change the category name. To change item names, edit lookup code meanings for that lookup type.

Importing and Exporting Setup Data

Configuration Packages: Explained

Almost all Oracle Fusion application implementations require moving functional setup data from one instance into another at various points in the lifecycle of the applications. For example, one of the typical cases in any enterprise application implementation is to first implement in a development or test application instance and then deploy to a production application instance after thorough testing. You can move functional setup configurations of applications from one application instance into another by exporting and importing Configuration packages from the Manage Configuration Packages page.

A Configuration Package contains the setup import and export definition. The setup import and export definition is the list of setup tasks and their associated business objects that identifies the setup data for export as well as the data itself. When you create a configuration package only the setup export and import definition exists. Once you export the configuration package appropriate setup data is added to the configuration package using the definition. Once a configuration package is exported, the setup export and import definition is locked and cannot be changed.

You generate the setup export and import definition by selecting an implementation project and creating a configuration package. The tasks and their associated business objects in the selected implementation project define the setup export and import definition for the configuration package. In addition, the sequence of the tasks in the implementation project determine the export and import sequence.

Exporting and Importing Setup Data: Explained

A configuration package is required to export setup data. You can export a configuration package once you create it, or at any time in the future. During export, appropriate setup data will be identified based on the setup export definition and added to the configuration package. The setup data in the configuration package is a snapshot of the data in the source application instance at the time of export. After the export completes, you can download the configuration package as a zipped archive of multiple XML files, move it to the target application instance, and upload and import it.

Export

You can export a configuration package multiple times by creating multiple versions. While the export definition remains the same in each version, the setup data can be different if you modified the data in the time period between the different runs of the export process. Since each version of the configuration package has a snapshot of the data in the source instance, you can compare and

analyze various versions of the configuration package to see how the setup data changed.

Import

In the target application instance, the setup import process will insert all new data from the source configuration package that does not already exist and update any existing data with changes from the source. Setup data that exists in the target instance but not in source will remain unchanged.

Export and Import Reports

You can review the results of the export and import processes using reports. The results appear ordered by business objects and include information on any errors encountered during the export or import process. If a setup export or import process paused due to errors encountered or for a manual task to be performed outside of the application, then you can resume the paused process.

These reports show what setup data was exported or imported and by which specific process. You can change the reports to validate the setup data as well as to compare or analyze it. A report is generated for each business object. These reports show the same information as the export and import results seen directly in the application.

Process status details are available as text files showing the status of an export or import process including the errors encountered during the process.

Moving Common Reference Objects

Moving Common Reference Objects: Overview

The common reference objects in Oracle Fusion Middleware Extensions for Applications are used by several setup tasks in the Setup and Maintenance work area. The common reference objects become a part of the configuration package that is created for an implementation project. While moving the application content, for example, from the test phase to the production phase of an implementation, you must pay special attention to the nuances of these common reference objects.

Parameters

The common reference objects are represented as business objects. A single object can be referenced in multiple setup tasks with different parameters. In the configuration package that is created for the implementation project, parameters passed to a setup task are also passed to the business objects being moved. As a result, the scope of the setup tasks is maintained intact during the movement.

Dependencies

Common reference objects may have internal references or dependencies among other common reference objects. Therefore, it is necessary that all the dependencies are noted before the movement of objects so that there are no broken references among the objects.

Business Objects for Moving Common Reference Objects: Points to Consider

Common reference objects in Oracle Fusion Functional Setup Manager are represented by business objects. These business objects are the agents that contain the application content and carry them across whenever the application setup is moved from one environment to another, for example, test environment to production environment.

Choice of Parameters

The following table lists the business objects, the corresponding movement details, and the effect of the setup task parameter on the scope of the movement.

Note

Only the translation in the current user language is moved.

Business Object Name	Moved Functional Item	Effect on the Scope of Movement
Application Menu Customization	Customizations to the navigator menu	Movement of navigator menu customizations requires manual effort. For details regarding the manual command, refer to the Oracle Fusion Applications Administrators Guide.
Application Message	Messages and associated tokens	No parameters: all messages are moved. moduleType/moduleKey: only messages belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved. messageName/applicationId: only the specified message is moved.
Application Taxonomy	Application taxonomy modules and components	No parameters: all taxonomy modules and components are moved.
Application Attachment Entity	Attachment entities	No parameters: all attachment entities are moved. moduleType/moduleKey: only attachment entities belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.
Application Attachment Category	Attachment categories and category-to-entity mappings	No parameters: all attachment categories and category-to-entity mappings are moved. moduleType/moduleKey: only attachment categories belonging to the specified module and its descendant modules in the taxonomy hierarchy along with the respective category-to-entity mappings are moved.
Application Document Sequence Category	Document sequence categories	No parameters: all categories are moved. moduleType/moduleKey: only categories belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved. code/applicationId: only the specified document sequence category code is moved.

Application Document Sequence	Document sequences and their assignments	<p>No parameters: all sequences are moved.</p> <p><code>moduleType/moduleKey</code>: only document sequences belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved</p> <p><code>name</code>: only the specified document sequence is moved.</p>
Application Descriptive Flexfield	Descriptive flexfield registration data and setup data	<p>No parameters: all descriptive flexfields are moved.</p> <p><code>moduleType/moduleKey</code>: only descriptive flexfields belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>descriptiveFlexfieldCode/applicationId</code>: only the specified descriptive flexfield is moved.</p> <hr/> <p>Note</p> <p>Importing a flexfield's metadata can change its deployment status and therefore, the affected flexfields must be redeployed. The import process automatically submits affected flexfields for redeployment.</p> <hr/> <p>Note</p> <p>Only flexfields with a deployment status of Deployed or Deployed to Sandbox are eligible to be moved.</p>

Application Extensible Flexfield	Extensible flexfield registration data and setup data, including categories	<p>No parameters: all extensible flexfields are moved</p> <p><code>moduleType/moduleKey</code>: only extensible flexfields belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>extensibleFlexfieldCode/applicationId</code>: only the specified extensible flexfield is moved.</p> <hr/> <p>Note</p> <p>Importing a flexfield's metadata can change its deployment status and therefore, the affected flexfields must be redeployed. The import process automatically submits affected flexfields for redeployment.</p> <hr/> <p>Note</p> <p>Only flexfields with a deployment status of Deployed or Deployed to Sandbox are eligible to be moved.</p>
Application Key Flexfield	Key flexfield registration data and setup data	<p>No parameters: all key flexfields are moved.</p> <p><code>moduleType/moduleKey</code>: only key flexfields belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>keyFlexfieldCode/applicationId</code>: only the specified key flexfield is moved.</p> <hr/> <p>Note</p> <p>Importing a flexfield's metadata can change its deployment status and therefore, the affected flexfields must be redeployed. The import process automatically submits affected flexfields for redeployment.</p> <hr/> <p>Note</p> <p>Only flexfields with a deployment status of Deployed or Deployed to Sandbox are eligible to be moved.</p>

Application Flexfield Value Set	Value set setup data	<p>No parameters: all value sets are moved.</p> <p><code>moduleType/moduleKey</code>: only value sets belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>valueSetCode</code>: only the specified value set is moved.</p> <hr/> <p>Note</p> <p>Importing a value set's metadata can change the deployment status of flexfields that use the value set, and therefore the affected flexfields must be redeployed. The import process automatically submits affected flexfields for redeployment.</p>
Application Reference Currency	Currency data	No parameters: all currencies are moved.
Application Reference ISO Language	ISO language data	No parameters: all ISO languages are moved.
Application Reference Industry	Industry data including industries in territories data	No parameters: all industries are moved.
Application Reference Language	Language data	No parameters: all languages are moved.
Application Reference Natural Language	Natural language data	No parameters: all natural languages are moved.
Application Reference Territory	Territory data	No parameters: all territories are moved.
Application Reference Time zone	Time zone data	No parameters: all time zones are moved.
Application Standard Lookup	Standard lookup types and their lookup codes	<p>No parameters: all standard lookups are moved.</p> <p><code>moduleType/moduleKey</code>: only standard lookups belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>lookupType</code>: only the specified common lookup is moved.</p>

Application Common Lookup	Common lookup types and their lookup codes	<p>No parameters: all common lookups are moved.</p> <p><code>moduleType/moduleKey</code> - only common lookups belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>lookupType</code>: only the specified common lookup is moved.</p>
Application Set-Enabled Lookup	Set-enabled lookup types and their lookup codes	<p>No parameters: all set-enabled lookups are moved.</p> <p><code>moduleType/moduleKey</code>: only set-enabled lookups belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>lookupType</code>: only the specified set-enabled lookup is moved.</p>
Application Profile Category	Profile categories	<p>No parameters: all profile categories are moved.</p> <p><code>moduleType/moduleKey</code>: only categories belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>name/applicationId</code>: only the specified category is moved.</p>
Application Profile Option	Profile options and their values	<p>No parameters: all profile options and their values are moved.</p> <p><code>moduleType/moduleKey</code>: only profile options and their values belonging to the specified module are moved.</p> <p><code>profileOptionName</code>: only the specified profile option and its values are moved.</p>

Application Profile Value	Profile options and their values	<p>No parameters: all profiles and their values are moved.</p> <p><code>moduleType/moduleKey</code>: only profiles and their values belonging to the specified module are moved.</p> <p><code>categoryName/</code> <code>categoryApplicationId</code>: only profiles and their values belonging to the specified category are moved.</p> <p><code>profileOptionName</code>: only the specified profile and its values are moved.</p>
Application Reference Data Set	Reference data sets	No parameters: all sets are moved.
Application Reference Data Set Assignment	Reference data set assignments	<p><code>determinantType</code>: only assignments for the specified determinant type are moved.</p> <p><code>determinantType/</code> <code>referenceGroupName</code>: only assignments for the specified determinant type and reference group are moved.</p>
Application Tree Structure	Tree structures and any labels assigned to the tree structure	<p>No parameters: all tree structures (and their labels) are moved.</p> <p><code>moduleType/moduleKey</code>: only tree structures (and their labels) belonging to the specified module are moved.</p> <p><code>treeStructureCode</code>: only the specified tree structure (with its labels) is moved.</p>
Application Tree	Tree codes and versions	<p>No parameters: all trees are moved.</p> <p><code>moduleType/moduleKey</code>: only trees belonging to the specified module are moved.</p> <p><code>treeStructureCode</code>: only trees belonging to the specified tree structure are moved.</p> <p><code>TreeStructureCode/TreeCode</code>: only trees belonging to the specified tree structure and tree code are moved.</p>

Application Tree Label	Tree structures and any labels assigned to the tree structure	<p>No parameters: all tree structures (and their labels) are moved.</p> <p><code>moduleType/moduleKey</code>: only tree structures (and their labels) belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>treeStructureCode</code>: only the specified tree structure (with its labels) is moved.</p>
Application Data Security Policy	Database resources, actions, conditions, and data security policies	<p>No parameters: all database resources/actions/conditions/policies are moved.</p> <p><code>moduleType/moduleKey</code>: only database resources/actions/conditions/policies belonging to the specified module and its descendant modules in the taxonomy hierarchy are moved.</p> <p><code>objName</code>: only the specified database resource along with its actions/conditions/policies is moved.</p> <hr/> <p>Note</p> <ul style="list-style-type: none"> • If the policies being moved contain reference to newly created roles, move the roles before moving the policies. • If the source and target systems use different LDAPs, manually perform the GUID reconciliation after moving the data security policies.
Application Activity Stream Configuration	Activity stream options	No parameters: all activity stream options are moved.

Moving Related Common Reference Objects: Points to Consider

Certain common reference objects may use other common reference objects creating dependencies among the objects. During the movement of common reference objects, these dependencies or references need to be taken care of.

Dependencies

The dependencies among the common reference objects may be caused by any of the following conditions.

- Flexfield segments use value sets

- Value sets may make use of standard, common, or set-enabled lookups
- Key flexfields may have an associated tree structure and key flexfield segments may have an associated tree code
- Tree codes and versions may be defined over values of a value set
- Data security policies may be defined for value sets that have been enabled for data security

You may choose to move one, some, or all of the business objects by including the ones you want to move in your configuration package. For example, you may choose to move only value sets and not lookups, or you may choose to move both value sets and their lookups as part of the same package. Whatever be the combination, it is recommended that during the movement of objects, you follow an order that maintains the dependencies among the objects.

While moving the business objects, adhere to the guidelines and exactly follow the order as listed below.

1. Move created taxonomy modules before moving any objects that reference them, such as flexfields, lookups, profiles, attachments, reference data sets, document sequences, messages, and data security.
2. Move created currencies before moving any objects that reference them, such as territories.
3. Move created territories before moving any objects that reference them, such as languages and natural languages.
4. Move created ISO languages before moving any objects that reference them, such as languages, natural languages, and industries.
5. Move created tree structures before moving any objects that reference them, such as trees or tree labels.
6. Move created profile options before moving any objects that reference them, such as profile categories or profile values.
7. Move created attachment entities before moving any objects that reference them, such as attachment categories that reference them.

Note

In scenarios where there may be dependencies on other objects, you must move the dependencies before moving the referencing object. For example, if data security policies being moved have dependencies on newly created security roles, you must move the security roles before moving the security policies.

Using Seed Data Framework to Move Common Reference Objects: Points to Consider

To move the common reference objects, you can use the Seed Data Framework (SDF). You can also use the command line interface of SDF to move the object setup data. For more information about seed data loaders including common reference object loaders, see Oracle Fusion Applications Developer's Guide.

Movement Dependencies

The seed data interface moves only the setup metadata. For example, if you use SDF to import flexfield metadata, the flexfield setup metadata is imported into your database. However, you must invoke the flexfield deployment process separately after seed data import to regenerate the runtime flexfield artifacts in the target environment. Similarly, if you use SDF to import data security metadata, you must first move any new referenced roles and then manually run the GUID reconciliation where required.

To ensure that the reference data is not lost during the movement, certain guidelines are prescribed. It is recommended that you perform the movement of object data exactly in the order given below.

Note

Only the translation in the current user language is moved.

1. Move created taxonomy modules before moving any objects that reference them, such as flexfields, lookups, profiles, attachments, reference data sets, document sequences, messages, and data security.
2. Move created currencies before moving any objects that reference them, such as territories.
3. Move created territories before moving any objects that reference them, such as languages and natural languages.
4. Move created ISO languages before moving any objects that reference them, such as languages, natural languages, and industries.
5. Move created tree structures before moving any objects that reference them, such as trees or tree labels.
6. Move created profile options before moving any objects that reference them, such as profile categories or profile values.
7. Move created attachment entities before moving any objects that reference them, such as attachment categories that reference them.
8. Move created reference data sets before moving any objects that reference them, such as reference data set assignments and set-enabled lookups.
9. Move created document sequence categories before moving any objects that reference them, such as document sequences.
10. Move created tree labels before moving any objects that reference them, such as trees.
11. Move created data security objects and policies before moving any objects that reference them, such as value sets.
12. Move created value sets before moving any objects that reference them, such as flexfields.
13. Move created trees before moving any objects that reference them, such as key flexfields.

Define Transaction Taxes

Define Transaction Taxes: Overview

Oracle Fusion Tax provides a single-point solution for managing your transaction-based tax requirements. In the Define Transaction Taxes activity, set up your entire tax configuration.

Oracle Fusion Tax:

- Uniformly delivers tax services to all Oracle Fusion application business flows through one application interface
- Provides a single integration point for third-party tax products and services
- Is configurable and scalable for adding and maintaining country-specific tax content

With Oracle Fusion Tax, you can model your taxes according to the needs of the following local and international tax requirements:

- Both simple and complex country-specific tax legislation
- Cross-border transactions, including exports and Intra-European Community transactions
- Intercompany transactions
- Local compliance requirements for recording and reporting
- Continual changes to tax legislation, such as new taxes, local law changes, special tax rates, and special exceptions for products and customers

You can manage the entire configuration and maintenance of tax content from the one Oracle Fusion Tax application. Using one application ensures a uniform tax setup across applications, with a centrally managed system of automated tax services and control over manual intervention and update.

Task Lists

The Define Transaction Taxes activity is logically defined with prerequisite tasks, core tax configuration tasks, optional setup tasks, and validate configuration tasks. The activity categories include:

- **Define Tax Geographies:** Configure tax geographies to define geographical regions that share the same tax requirement. These prerequisite tasks are required for core tax configuration but they might not have been defined in the previous steps of the Financials offering.
- **Define Tax Regimes:** Configure tax regimes for the taxes in each country and geographic region where a separate tax applies. These tasks are

most commonly used by all the implementations. You should be able to calculate taxes on the transactions based on this configuration.

- **Define First Party Tax Profiles:** Configure tax profile details that control the transaction tax activities for your first party legal entities, legal reporting units, and business units.
- **Define Third Party Tax Profiles:** Configure tax profile details that control the transaction tax activities for your third party customer, customer sites, supplier, and supplier sites.
- **Define Occasional Implementation Setups:** Configure initial tax setup that impacts tax calculation and reporting. These tasks either are predefined and you do not have to configure them unless the predefined data needs to be extended or these are tasks required only for certain implementations.
- **Verify Tax Configuration:** Verify the transaction tax configuration by simulating transaction data and reviewing tax calculation results.

Defining Transaction Taxes: Critical Choices

With Oracle Fusion Tax, you can model your tax requirements according to the needs of local and international tax requirements. These requirements include:

- Both simple and complex country-specific tax legislation
- Cross-border transactions
- Local compliance requirements for recording and reporting
- Continual changes to tax legislation, such as new taxes, local law changes, special tax rates, and special exceptions for products and customers

In order to determine how to set up your tax configuration, you must first analyze your tax requirements.

Analyzing Your Tax Requirements

The following table represents key decisions that you must make when you analyze your tax requirements and use Oracle Fusion Tax and other Oracle Fusion applications to implement a solution

Question	Consideration	Impact to Tax Configuration
Who am I?	You must first answer questions about yourself and your relationship to the legal and regulatory agencies that enable you to operate in one or more counties.	
Where do I have operations and businesses?	Identify the countries in which you operate. You will need to identify the country where you are legally registered and the countries where you have subsidiary companies that are legally registered or have a legal presence.	Use Oracle Fusion Legal Entity Configurator to capture information about your legal entities and legal registration.
What taxes am I subject to?	Analyze your tax environment for each of the countries in which you operate.	Set up your tax regimes, taxes, and tax jurisdictions according to the tax requirements for each country.

<p>What are the operations and businesses that I have?</p>	<p>Consider the types of operations and businesses in which you are engaged and the countries where you have legal entities or reporting units. The type of industries that you work under (for example, mining, telecommunications, and pharmaceuticals), the kind of operations in which you engage (for example, trading, manufacturing, and services), and the scale of your operations (for example, your turnover, company size, and growth) may all impact your taxability.</p>	<p>Use the classifications feature to categorize or classify your first parties under various classification schemes.</p> <p>In analyzing your operations, you can associate the three main classifications of a transaction to:</p> <ul style="list-style-type: none"> • What you do: Use transaction fiscal classifications. • What products you buy or sell: Use product fiscal classifications. • Who your customers and suppliers are: Use party fiscal classifications.
<p>What do I do?</p>	<p>Identify and classify the transactions that you enter into. For example, do you primarily sell physical goods? If you do, do you manufacture them, or do you buy and sell them without additional manufacturing? Do you sell these goods in another state or province? Do you export these goods? Do you provide or use services?</p>	<p>Use Oracle Fusion Tax to create fiscal classifications to classify and categorize your transactions in a common manner across your organization. Use these fiscal classifications in tax rules to obtain the appropriate tax result.</p>
<p>What products do I buy or sell?</p>	<p>Determine the products that you buy and sell as they impact the taxes to which you are subject. For example, you must register for, and therefore collect and remit, service taxes only if you provide taxable services. If you manufacture goods for export, you may not be subject to taxes on the purchases that go into the manufacture of such goods.</p>	<p>Where Oracle Fusion Inventory is installed use the Inventory Catalog feature with Oracle Fusion Tax product fiscal classifications and intended use functionality to classify the taxable nature and intended use of the items. You can then define tax rules using these classifications to obtain the appropriate tax result.</p> <p>Define product category and noninventory-based intended use fiscal classifications to address classification needs for transactions that do not use inventory items.</p>

<p>Who are my customers and suppliers?</p>	<p>Determine the types of customers and suppliers with whom you do business, as they can impact the taxes to which you are subject or the tax status or tax rate that applies. For example, let's say that you are a company in the UK that supplies physical goods to another country that is also a member of the European Union. The transaction rate for UK VAT is dependant on whether the customer is registered for VAT in the country to which the supply is made.</p>	<p>Use the party classifications feature to categorize or classify your customers and suppliers. You can use these classifications in your tax rules to derive the appropriate tax result.</p> <p>You create a party fiscal classification by assigning an Oracle Fusion Trading Community Model class category to a party fiscal classification type code that you define. The Trading Community Model class codes defined under the class category become fiscal classification codes belonging to the party fiscal classification type. You can create a hierarchy of party fiscal classification types to reflect the levels of codes and subcodes within the Trading Community Model classification.</p>
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Scope Values for Define Transaction Taxes Task List: Explained

The purpose of scope is to define the parameters of your implementation project by setting the context of a task list during initial configuration. The foundation tax setup is an incremental setup where each step of the foundation configuration builds on the previous step. The task list is organized sequentially to ensure that you perform setup tasks in the order required. You can define scope values at incremental steps in the implementation project to pass to subsequent tasks to ensure continuity and ease of setup. Additionally, when exporting setup data based on setup migration services, the scope values serve as parameters to control the data selected for export to the respective configuration package. It is important to note that while scope is a valuable tool when implementing, tax scope values are not a required element of the implementation and you do not need to define them.

When implementing tax the foundation setup task of Define Tax Regimes prompts you to **Select and Add** or **Create New** the scope value for the implementation project. You can select an existing tax regime value or define a new tax regime value to set the scope. You can also **Select and Add** multiple scope values to the implementation. When you select the tax regime value to define the scope of an implementation project the feature selection is available to further define the constructs of the implementation.

As you continue the incremental setup, the next task is to define a tax. You are prompted to **Select and Add** or **Create New** the tax value. The tax regime scope value already associated to the implementation project filters existing taxes and assigns the tax regime value to any newly defined taxes. This controls the parameters of the implementation to be within the context of the tax regime. When there are multiple scope values passed, it is referred to as a composite scope.

The same logic applies to the next step in the foundation setup when you define a tax status. The tax status, either new or existing, is in the context of the tax regime and tax scope values. Tax regime, tax, tax status, and tax rate are all scope values defined within the implementation project.

Scope Values

The following table identifies where you define the scope value in the implementation project and what tasks the scope value is passed to:

Scope	Where Scope Is Defined	Tasks Impacted by Scope
Tax Regime	Define Tax Regimes	<ul style="list-style-type: none">• Manage Tax Regimes• Manage Taxes• Manage Tax Jurisdictions• Manage Tax Statuses• Manage Tax Rates• Manage Tax Recovery Rates• Manage Tax Rule Type tasks
Tax	Define Taxes	<ul style="list-style-type: none">• Manage Taxes• Manage Tax Jurisdictions• Manage Tax Statuses• Manage Tax Rates• Manage Tax Recovery Rates• Manage Tax Rule Type tasks
Tax Status	Define Tax Statuses	<ul style="list-style-type: none">• Manage Tax Statuses• Manage Tax Rates
Tax Rate	Define Tax Rates	Manage Tax Rates

Foundation Tax Configuration: Points to Consider

Use Oracle Fusion Tax to set up and maintain your transaction tax requirements in all geographic locations where you do business. Foundation tax configuration refers to a set of tax setup components that you will use to satisfy your tax requirements. At transaction time, Oracle Fusion Tax uses your tax configuration to determine the taxes that apply to each transaction and to calculate the tax amounts.

Foundation tax configuration components consist of:

- Tax regimes
- Taxes
- Tax jurisdictions
- Tax statuses
- Tax rates

Foundation Tax Configuration

Complete the setup tasks to create a basic tax configuration for each of your tax regimes. A foundation tax configuration contains the data applicable to the taxes belonging to a tax regime. The following table describes the appropriate levels of specifying setup options for foundation tax components and provides a Canada Goods and Services Tax (GST) and Harmonized Sales Tax (HST) example for each component.

Component	Appropriate Level to:	Typically, Not Appropriate Level to:	Canada GST and HST Example
Tax Regime	<ul style="list-style-type: none"> • Share tax content among legal entities and business units. • Enable partner integration. • Associate fiscal classifications. • Define tax reporting types and codes. • Define features to influence setup task list. 	<ul style="list-style-type: none"> • Define configuration owner tax options. • Define application tax options. • Define party tax profiles. 	CA GST & HST
Tax	<ul style="list-style-type: none"> • Enable controls to influence tax behavior. • Specify defaults that are commonly applicable. • Define applicability tax rules. • Define customer exemptions. • Specify party registrations. 	<ul style="list-style-type: none"> • Share tax content. • Define integration with partners. 	<ul style="list-style-type: none"> • CA GST • CA HST
Tax Jurisdictions	<ul style="list-style-type: none"> • Define location-based tax rates. • Define customer exemptions and rate exceptions. 	Specify tax rule defaults.	<ul style="list-style-type: none"> • CA Alberta GST • CA BC HST
Tax Status	<ul style="list-style-type: none"> • Define common rules for tax rates. • Drive reporting needs. • Allow manual override to tax rates. 	<ul style="list-style-type: none"> • Specify tax rule defaults. • Define customer exemptions. • Specify party registrations. 	<ul style="list-style-type: none"> • GST Standard • HST Standard • HST Reduced

Tax Rates	<ul style="list-style-type: none"> • Define tax rates by effective periods. • Specify tax account variations. • Define tax rate exceptions. • Define tax recovery rates. 	<ul style="list-style-type: none"> • Define customer exemptions. • Define applicability tax rules. • Define taxable calculation formulas. • Share tax content. 	<ul style="list-style-type: none"> • CA GST Standard • CA GST Reduced • CA GST Exempt • CA HST Standard
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Advanced Tax Configuration: Points to Consider

Create a simple tax model using tax rule defaults that you define in setting up your foundation tax configuration. You can also create tax rules for your complex tax requirements that consider each tax requirement related to a transaction before making the final tax calculation. When running the tax determination process, Oracle Fusion Tax evaluates, in order of priority, the tax rules that you have defined against the foundation tax configuration setup and the details on the transactions. If the first rule is successfully evaluated, the result associated with the rule is used. If that tax rule is not successful, the next rule is evaluated until either a successful evaluation or a default value is found.

Advanced tax configuration consists of tax rules to define exceptions to the default results.

Advanced Tax Configuration

The complexity of tax rule setup falls into three general categories: no tax rules required, simple tax rule regimes, and complex tax regimes. This table presents the scenarios and actions associated with each of these categories.

Category	Scenario	Action
No tax rules required	The tax authority levies tax on all sales and purchase transactions at the same rate. Neither tax applicability nor the tax rates and recovery rates vary by the parties to the transaction, the products or services in the transaction, or the business processes involved in the transaction.	For the tax, define tax rule defaults for the tax status, tax rate, and tax recovery rate. The tax determination process uses the tax rule defaults to determine the tax.
Simple tax rule regimes	The tax authority levies tax on your transactions at the same rate, with a simple set of identifiable exceptions. The exceptions either apply to one part of the transaction only, such as to certain parties, or to a combination of parties, products, and transaction processes that you can summarize in a simple way.	Create a simple set of rules, for example, to identify place of supply and tax registration, and use the tax rule default values for the other processes. The tax determination process uses the tax rules and the tax rule defaults to determine the tax.

Complex tax regimes	Tax regimes in certain countries require a complex logic to determine the applicable taxes and rates on a transaction. Both tax applicability and tax rates can vary, for example, by place of origin and place of destination, party registration, tax status, service, or a combination of factors. In some cases, the taxable amount of one tax may depend upon the amount of another tax on the same transaction. And in rare cases, the tax amount itself may depend on the tax amount of another tax.	Set up tax rule to define the logic necessary to identify each step of the tax determination process. The tax determination process uses the tax rules to determine the tax.
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Define Exception to Default Results

Set a tax rule default value to the most commonly used value for tax determination. In the case of tax registration the default or most commonly used value for registration party is ship-from party. However, you can set up a rule to provide additional logic to use the registration of the bill-to party if the registration status is **Not Registered** for the ship-from party for purchase transactions. Create a determining factor set with the registration status and transaction business category determining factors along with condition sets to provide values for the respective determining factors.

For this example, the following setup exists for the Determine Tax Registration tax rule:

- Tax rule default: The default for tax registration is ship-from party.
- Tax rule: If the supplier is not registered, then you should consider the tax registration of the bill-to party.

When the following conditions are true, then the tax registration is the same as that defined for the bill-to party:

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor	Operator	Value
Registration	Ship-from party	Registration status	Equal to	Not registered
Transaction Generic Classification	Level 1	Transaction business category	Equal to	Purchase transaction

The tax determination process determines the tax registration by first considering the Determine Tax Registration tax rule and then the default party registration. As a result of this rule, the tax determination process determines that for a purchase transaction, if the supplier is not registered, the tax registration of the bill-to party is considered.

Define Tax Geographies

Place Information: Explained

All tax regimes need information about place or geography.

Information is required to determine:

- Where the tax is applicable
- The tax rules that can identify when a transaction is an export, or delivered to another country, or deliveries inside or outside an economic region such as, the European Community (EC).
- Specific regions such as, city, country, and states for US Sales and Use Tax or provinces in Canada.

To support these requirements, Oracle Fusion Tax allows you to define and use geography regions and tax zones. Geography regions and tax zones provide a conceptual model to use place information on transactions and information related to the transaction.

The following types of places are supported for tax purposes in Oracle Fusion Tax:

- Country information: Use country as a specific geography element in tax rules to define tax regimes, taxes, and tax jurisdictions.
- Geography elements: Use geography elements or levels defined in the Oracle Fusion Trading Community Model geography functionality in tax rules to define tax regimes, taxes, and tax jurisdictions.
- Tax zones: Use geography elements or levels defined in Trading Community Model geography in tax rules to define tax regimes, taxes, and tax jurisdictions.

Use place information for determining factors within tax rules in the tax determination process. Also, use place information while defining tax regimes, tax geography, and tax jurisdictions.

Country Information

Country is a required field in all of the tax-related address locations. The country fields are supported by a predefined ISO 3166 country name and two-character country code. For more information on country names and codes, see http://www.iso.org/iso/english_country_names_and_code_elements.

You do not set up a country as a specific geography level in Trading Community Model geography because country is an inherent part of all tax-related address locations.

Tip

Use the highest level of geography, typically country, wherever possible.

Geography Elements

Define geography elements as part of Trading Community Model geography. They control the use of geography and addresses throughout Oracle Fusion. Oracle Fusion Tax commonly uses the following features: geography or tax zones, geography levels, address controls, and geography name referencing.

Use geography levels to define the levels of geography that are used within a country. For example, addresses in the US comprise of state, county, city, street, and postal code. Addresses in the UK comprise of county, city or town,

street, and postal code. There may be other geography elements as well, such as building. From a tax perspective it is only those elements of the address that are referenced for tax purposes. For example, state, county, and city are important for US Sales and Use Tax while county in UK is not relevant from a tax perspective and therefore, you do not need to set it up.

Tip

When address elements are needed for tax purposes, such as country and city for US Sales and Use Tax, set these address levels as mandatory within Trading Community Model geography. This ensures that these elements are always present on all applicable addresses.

Setting address levels as mandatory ensures that amended or newly applicable addresses are validated and that the level is either derived or entered. When you are setting up migrated addresses ensure that they are also compliant with the mandatory levels being present. This should be validated and any address levels added as part of the migration process.

The geography name referencing process within Trading Community Model geography links specific addresses to the levels defined in the geography setup. This process is typically automatic. However, when you encounter issues, you may need to trigger this process to ensure that all addresses are correctly linked to their applicable levels.

Tax Zones

Use the tax zone functionality when you need to identify a group of geography elements while calculating tax. Tax zones are defined as part of Trading Community Model geography.

For example, in the EC it is important to know whether goods and services are being delivered within the EC. Use the tax zone functionality to create a tax zone, which defines the membership to the EC as well as, the dates on which a country became the member.

Tip

Create a generic tax zone so that you create a tax zone type that can be used in multiple situations. For example, for a tax zone type needed to identify EC, create a generic tax zone type for all economic communities, which can later be used in other situations where economic communities or trade agreements affect tax determination.

You can also use the tax zone functionality to group postal codes to provide useful groupings that can identify some higher-level tax regions such as, cities or counties.

Country Information: How It Works in Tax Rules and on Transactions

Geography determination factors allow you to use country information in the tax rules. A combination of determination factor class, class qualifier, and determining factor represent these determination factors. Specify the taxation

country at transaction time which is used, along with the tax rules, during the tax determination process.

Country Information in Tax Rules

Use geography as the determining factor class, location type on the transaction as the class qualifier, and country as the determining factor. You can also use country as a tax rule qualifier.

The tax determining factors for locations are given generic names such as ship-to and bill-from, depending on the transaction types. The transaction types are **Order-to-cash**, for example, Oracle Fusion Order Management and Oracle Fusion Receivables, and **Procure-to-pay**, for example Oracle Fusion Purchasing and Oracle Fusion Payables.

Oracle Fusion Tax translates these generic locations into specific locations based on the transaction as shown in the following table:

Generic Party	Order-to-Cash Party	Procure-to-Pay Party
Bill-from party	Location assigned to the business unit for the transactions	Supplier
Bill-to party	Customer	Location assigned to the business unit for the transactions
Ship-to party	Customer (ship-to) party site	Ship-to location on the line
Ship-from party	Warehouse on the line. If there is no warehouse on the line, such as with services, the default location assigned in the Receivables system parameters is used.	Supplier (ship-from) party site
Point of acceptance party	Customer point of acceptance party	Not applicable
Point of origin party	Customer point of origin party	Not applicable

Country Information at Transaction Time

Specify the taxation country on the transaction to identify the country in which the transaction is deemed to have taken place for taxation purposes. The default value is the country of the legal entity. Use the country name to search for country defaults, which control the fiscal classification defaults, party tax profile defaults, and tax regime and tax defaults. Use the country name to select the following fiscal classifications associated with that specific country:

- User-defined fiscal classifications
- Product categories
- Intended use fiscal classifications
- Transaction business categories

Using Country Information in Tax Rules: Example

For many regimes, it is important to know if the supply of goods is exported. The easiest way of doing this is to ensure that the ship-from location is from the country in question and the ship-to location is a different country.

The following scenario illustrates setting up tax rule components to identify if the goods are exported from the United States.

Scenario

Use geography as the determining factor class, country as the class qualifier for ship-from and ship-to locations, and country as the determining factor as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name
Geography	Ship-from	Country
Geography	Ship-to	Country

Create a condition set that refers to this geography determining factor as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Geography	Ship-from	Country	Equal to	United States
Geography	Ship-to	Country	Not equal to	United States

Use this combination of determining factors in any situation where you need to identify exports from the United States.

Geography Elements: How They Work in Tax Rules

Geography determination factors allow you to use geography elements in tax rules. A combination of determination factor class, class qualifier, and determining factor represent these determination factors.

Geography Elements in Tax Rules

Use geography as the determining factor class, location type on the transaction as the class qualifier, and geography level such as county, province, or city, as the tax determining factor.

The tax determining factors for locations are given generic names such as ship-to and bill-from, depending on the transaction types. The transaction types are **Order-to-cash**, for example, Oracle Fusion Order Management and Oracle Fusion Receivables, and **Procure-to-pay**, for example Oracle Fusion Purchasing and Oracle Fusion Payables.

These generic locations are mapped to the specific location, based on the transaction as shown in the following table:

Generic Party	Order-to-Cash Party	Procure-to-Pay Party
Bill-from party	First party legal entity	Supplier
Bill-to party	Customer	First party legal entity
Ship-to party	Customer (ship-to) party site	First party legal entity
Ship-from party	First party legal reporting unit	Supplier (ship-from) party site

Point of acceptance party	Customer point of acceptance party	Not applicable
Point of origin party	Customer point of origin party	Not applicable

You can also use the geography level as a tax rule qualifier.

Using Geography Levels in Tax Rules: Example

Use the geography element in tax rules to identify a specific geography region when taxes in a specific country need to identify specific geography elements below the country level. For example, in US Sales and Use Tax for county taxes, there may be specific rules for a specific state.

The following scenario describes how you can set up tax rule components to identify when goods are being delivered to a specific state, such as Ohio.

Scenario

Use geography as the determining factor class, ship-to as the class qualifier, and state as the determining factor as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name
Geography	Ship-to	State

Create a condition set that refers to a specific state value as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Geography	Ship-to	State	Equal to	Ohio

You can use this combination of determining factors in any situation where you need to identify specific deliveries to a specific state.

Tax Zones: How They Work in Tax Rules

Geography determination factors allow you to use geography elements in the tax rules. A combination of determination factor class, class qualifier, and determining factor represent these determination factors.

Tax Zones in Tax Rules

Use geography as the determining factor class, location type on the transaction as the class qualifier, and tax zone type such as county, as the determining factor.

The tax determining factors for locations are given generic names such as ship-to and bill-from, depending on the transaction types. The transaction types are **Order-to-cash**, for example, Oracle Fusion Order Management and Oracle Fusion Receivables, and **Procure-to-pay**, for example Oracle Fusion Purchasing and Oracle Fusion Payables.

These generic locations are mapped to the specific location based on the transaction as shown in the following table:

Generic Party	Order-to-Cash Party	Procure-to-Pay Party
Bill-from party	First party legal entity	Supplier
Bill-to party	Customer	First party legal entity
Ship-to party	Customer (ship-to) party site	First party legal entity
Ship-from party	First party legal reporting unit	Supplier (ship-from) party site
Point of acceptance party	Customer point of acceptance party	Not applicable
Point of origin party	Customer point of origin party	Not applicable

You can also use tax zones as tax rule qualifiers.

Using Tax Zones in Tax Rules: Example

For the European Community (EC) or the Economic Union (EU) it is important to know whether goods and services are being delivered within the EC. Use the tax zone functionality to create a tax zone that defines the membership of the EC as well as the dates on which a country became a member.

The following scenario describes the use of a partial condition set that you can use within tax rules to define when a delivery is being made to an EC from the United Kingdom.

Scenario

Use geography as the determining factor class, ship-to as the class qualifier, and all economic communities and country as the determining factors of the tax zone type as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name
Geography	Ship-to	All Economic Communities
Geography	Ship-to	Country
Geography	Ship-from	Country

Create the condition set as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Geography	Ship-to	All Economic Communities	Equal to	European Community
Geography	Ship-to	Country	Not equal to	United Kingdom
Geography	Ship-from	Country	Equal to	United Kingdom

You can use this combination of determining factors in any situation where you need to identify the deliveries that are made from the UK to other EU countries.

Define Tax Regimes

Features at the Tax Regime Level: Critical Choices

Streamline your implementation by selecting the features that are applicable to the tax regime in scope. Features are used in rendering the task lists and tasks in the context of the features applicable to the tax regime in scope.

Features

The following table displays each feature and the impact of not selecting that feature.

Warning

Once you select a feature for a tax regime, you cannot disable it. You can enable the feature later if you do not enable it initially for a tax regime.

Feature	Description	Impact of Not Selecting Feature
Multiple Tax Jurisdictions	Create tax jurisdictions for a particular tax in more than one geographic region.	The Allow multiple jurisdictions option is not available to taxes within this tax regime.
Offset Taxes	Create offset taxes for tax calculation and recording of third party payables tax liabilities for reverse charges, self-assessments, and in the United States, Consumer's Use tax.	The Set as offset tax option is not available to taxes within this tax regime.
Tax Exemptions	Create tax exemptions to apply to a specific customer or to a combination of customer and specific product.	The Allow tax exemptions option is not available to taxes within this tax regime.
Tax Rate Exceptions	Create tax exceptions to apply a special tax rate to products.	The Allow tax exceptions option is not available to taxes within this tax regime.
Tax Recovery	Create tax recovery rates for full or partial recovery of taxes paid on purchases.	The Allow tax recovery option is not available to taxes within this tax regime.
Tax Registration Statuses	Manage tax registration statuses to be used as determining factors in tax rules.	The Tax Registration Status field is not available for party tax profiles. You cannot use the tax registration status of Agent, Registered, or Not Registered in tax rules.
Party Fiscal Classifications	Manage tax classifications used by a tax authority to categorize a party and which are applicable in the tax determination process.	The Classifications tab is not available for party tax profiles. You cannot use party fiscal classifications in tax rules.

Legal Fiscal Classifications	Manage classifications associated with a legal entity that represents its legal status within a country and which also guide the tax determination process.	The Legal Classification pages and Associated Legal Classifications region are not available for party tax profiles. You cannot use legal classifications in tax rules.
Product Category Classifications	Manage tax classifications for a noninventory-based product category that is used for tax determination or tax reporting purposes.	The Manage Product Category Fiscal Classification Codes page is not available. You cannot use product category classification codes in tax rules.
Product Fiscal Classifications	Manage tax classifications used by a tax authority to categorize a product for a tax and which are applicable in the tax determination process.	The Product Fiscal Classification pages are not available. You cannot use product fiscal classifications in tax rules.
Transaction Business Categories	Manage tax classifications to identify and categorize an external transaction into an Oracle Fusion Tax transaction and which are applicable in the tax determination process.	The Manage Transaction Business Category Codes page is not available. You cannot use transaction business category codes in tax rules.
Transaction Fiscal Classifications	Manage tax classifications used by a tax authority to categorize a transaction for a tax and which are applicable in the tax determination and tax reporting processes.	The Transaction Fiscal Classification pages are not available. You cannot use transaction fiscal classifications in tax rules.
Document Fiscal Classifications	Manage tax classifications used by a tax authority to categorize a document associated with a transaction for a tax and which are applicable in the tax determination and tax reporting processes.	The Manage Document Fiscal Classification Codes page is not available. You cannot use document fiscal classification codes in tax rules.
Intended Use Fiscal Classifications	Manage tax classifications based on the purpose for which a product is used and which are applicable in the tax determination process.	The Intended Use Fiscal Classification pages are not available. You cannot use intended use fiscal classifications in tax rules.
User-Defined Fiscal Classifications	Manage tax classifications for any tax requirement that you cannot define using the existing fiscal classification types.	The User-Defined Fiscal Classification pages are not available. You cannot use user-defined fiscal classifications in tax rules.

Regimes to Rates: Explained

Regime to rate setup contains the details of a tax regime, including all taxes, tax jurisdictions, tax statuses, and tax rates. You can update existing records or create new records at any point in the tax regime hierarchy.

Regime to rate setup tasks include:

- Tax regimes

- Taxes
- Tax jurisdictions
- Tax statuses
- Tax rates

Tax Regimes

Set up tax regimes in each country and geographical region where you do business and where a separate tax applies. A tax regime associates a common set of default information, regulations, fiscal classifications, and optionally, registrations, to one or more taxes. For example, in the United States create a Sales and Use Tax tax regime to group taxes levied at the state, county, and district levels.

The tax regime provides these functions:

- Groups similar taxes together
- Designates the geography within which taxes apply
- Applies as defaults the settings and values that you define for each tax in the tax regime
- Defines for which taxes the configuration options apply and a specific subscription option applies
- Provides a single registration for all taxes associated with the tax regime
- Defines the use of fiscal classifications as follows:
 - Transaction fiscal classifications
 - Product fiscal classifications
 - Party fiscal classifications

The common tax regime setup is one tax regime per country per tax type, with the tax requirements administered by a government tax authority for the entire country. There are also cases where tax regimes are defined for standard geographical types or subdivisions within a country, such as a state, province, country, or city. In these cases, you base the tax regime on the Oracle Fusion Trading Community Model standard geography.

There are more rare cases where a tax regime is based on disparate parts of a country or more than one country. In these cases, you can create one or more tax zones and set up tax regimes for these tax zones. You can also set up a tax regime as a parent tax regime to group related tax regimes together for reporting purposes.

You must set up a tax regime before you set up the taxes in the tax regime. Some tax regime values appear as defaults on the taxes that belong to the tax regime in order to help minimize tax setup.

You must associate a tax regime with all of the first party legal entities and business units that are subject to the tax regulations of the tax regime. You can set up tax configuration options when you create or edit a tax regime or when you

create or edit a first party legal entity tax profile. Both setup flows appear and maintain the same party and tax regime configuration options.

Taxes

Set up details for the taxes of a tax regime. Each separate tax in a tax regimes includes records for the tax statuses, tax rates, and tax rules that are used to calculate and report on the tax. Oracle Fusion Tax applies as defaults tax information from the tax regime to each tax that you create under a tax regime. You can modify this information at the tax level according to your needs, as well as add additional defaults and overrides. For tax rule defaults, specify values that apply to the majority of your transactions. Use tax rules to configure exceptions to the tax rule defaults.

Identify what taxes you must define. Each tax appears as a single tax line on a transaction. If you need to show or report more than one tax line per transaction line on a transaction, then you should set up more than one tax. For example, for US Sales and Use Tax you would define a tax for each state, county, and city.

You can create a new tax, or create a tax that is based on an existing tax within the tax regime. You do this to minimize setup by sharing tax jurisdictions and tax registrations. When you create a new tax based on an existing tax, the attributes that remain constant for all taxes derived from the source tax are not available for update. Attributes that are copied and are display only include:

- Tax regime
- Tax
- Geography information
- Tax jurisdiction settings

Note

The enable tax settings are not selected, in the same way that they are not selected when you access the Create Tax page.

You can enable a tax for simulation or for transactions only after you have completed all of the required setup.

Tax Jurisdictions

Set up tax jurisdictions for geographic regions or tax zones where a specific tax authority levies a tax. A tax jurisdiction specifies the association between a tax and a geographic location. At transaction time, Oracle Fusion Tax derives the jurisdiction or jurisdictions that apply to a transaction line based on the place of supply. You must set up at least one tax jurisdiction for a tax before you can make the tax available on transactions.

You also use tax jurisdictions to define jurisdiction-based tax rates. A tax jurisdiction tax rate is a rate that is distinct to a specific geographic region or tax zone for a specific tax. You can also create multiple jurisdictions at once using the mass create functionality for taxes that relate to specific Trading Community Model geographic hierarchies. For example, create a county jurisdiction for every county in the parent geography type of State and in the parent geography name of California.

The tax within a tax jurisdiction can have different rates for the parent and child geographies. For example, a city sales tax rate can override a county rate for the same tax. In this case, you can set up an override geography type for the city and apply a precedence level to the city and county tax jurisdictions to indicate which tax jurisdiction takes precedence.

In addition, in some cities a different city rate applies to the incorporated area of the city, called the inner city. In these cases, you can set up an inner city tax jurisdiction with its own tax rate for the applicable customers and receivables tax. Inner city tax jurisdictions are often based on postal code groupings.

Tax Statuses

Set up the tax statuses that you need for each tax that you create for a combination of tax regime, tax, and configuration owner. A tax status is the taxable nature of a product in the context of a transaction and specific tax on the transaction. You define a tax status to group one or more tax rates that are the same or similar in nature.

For example, one tax can have separate tax statuses for standard, zero, exemptions, and reduced rates. A zero rate tax status may have multiple zero rates associated with it, such as Intra-EU, zero-rated products, or zero-rated exports.

You define a tax status under a tax and a configuration owner, and define all applicable tax rates and their effective periods under the tax status. The tax status controls the defaulting of values to its tax rates.

Tax Rates

Set up tax rates for your tax statuses and tax jurisdictions. For tax statuses, set up a tax rate record for each applicable tax rate that a tax status identifies. For tax jurisdictions, set up tax rate records to identify the tax rate variations for a specific tax within different tax jurisdictions. For example, a city sales tax for a state or province may contain separate city tax jurisdictions, each with a specific tax rate for the same tax.

You can also define tax recovery rates to claim full or partial recovery of taxes paid.

You can define tax jurisdiction and tax status rates as a percentage or as a value per unit of measure. For example, a city may charge sales tax at a rate of 8 percent on most goods, but may levy a duty tax with a special rate of 0.55 USD per US gallon on fuel. Values per unit of measure are in the tax currency defined for the tax.

You define tax rate codes and rate detail information per rate period. Rate periods account for changes in tax rates over time. A tax rate code can also identify a corresponding General Ledger taxable journal entry.

Tax Recovery Rates

Set up tax recovery rate codes for the recovery types identified on the taxes within a tax regime. A tax recovery rate code identifies the percentage of recovery designated by the tax authority for a specific transaction. In Canada, where more than one type of recovery is possible for a given tax, you must set up the applicable tax recovery rate codes for both the primary and secondary recovery types that can apply to a transaction.

If you set the **Allow tax recovery** option for a tax within a tax regime, then you must set up at least one recovery rate for the tax in order to make the tax available on transactions. If the recovery rate can vary based on one or more factors, including the parties, locations, product or product purpose, then set up tax rules to determine the appropriate recovery rate to use on specific transactions. At transaction time, Oracle Fusion Tax uses the recovery rate derived from the recovery tax rules, or uses instead the default recovery rate that you define, if no recovery rate rules are defined or if no existing recovery rate rule applies to the transaction.

Minimum Tax Configuration: Explained

Oracle Fusion Tax provides you with a single interface for defining and maintaining the taxes that are applicable in each country where you do business.

The minimum tax configuration path to meet the basic tax requirements of transactions in a given regime is a 2-step configuration process:

1. Define tax regime: This step includes the tax regime definition as well as the subscription by the appropriate legal entity or business unit.
2. Define transaction taxes: This step includes the basic tax definition, controls and defaults, direct and indirect tax rule defaults, and tax accounts.

The following prerequisite setups must be completed for minimum tax configuration:

- First parties, such as legal entities and business units
- Tax geographies and zones
- Ledger and accounts
- Currency codes and exchange rates

A legal entity tax profile is automatically created when a legal entity is defined in the implementation. Similarly, a business unit tax profile is automatically created when a business unit is defined. For the business unit, you need to indicate whether it will use the subscription of the legal entity instead of creating its own.

In addition, there are seeded event class mappings that describe the mapping between an application event class and the corresponding tax event class. For example, the tax determination process for a sales debit memo and sales invoice are essentially the same. These two application event classes correspond to the same tax event class namely, a sales transaction. Although you cannot update the event class mappings, you can set up configuration specific event class mappings.

Define Tax Regime

The first step includes the tax regime definition and subscription by an appropriate legal entity or business unit. While creating your tax regime, you can minimize configuration and maintenance costs by creating content that can be shared by more than one entity. For example, legal entities can subscribe to the shared reference data instead of creating separate and repetitive data. If the subscribing legal entities have some variations in their setup, you can

create override data to meet the specific exceptions that are applicable to these organizations.

Use Oracle Fusion Tax features to enable only those features that are relevant to taxes in the tax regime. Based on the features you select, the subsequent setup pages and task lists for the tax regime are rendered or hidden.

Define Transaction Taxes

The second step includes basic tax definition, such as geographic information, controls and defaults, direct and indirect tax rule defaults, and tax accounts.

The basic tax definition includes controls that you can set to provide the override capability at transaction time. For example, if you want to allow users to make manual updates on transaction tax lines, select the **Allow override for calculated tax lines** and the **Allow entry of manual tax lines** options. However, if you want to enforce automatic tax calculation on transaction tax lines, do not enable these options.

Use the direct and indirect tax rule defaults to specify the values that apply to the majority of your transactions. Create tax rules to address the exceptions or variations to the defaults. For example, for the Goods and Services Tax (GST) that applies to the supply of most goods and services in Canada, set the Tax Applicability direct tax rule default to **Applicable**. A luxury tax, on the other hand, is a tax on luxury goods or products not considered essential. As it would not apply to most goods and services, set the Tax Applicability direct tax rule default to **Not Applicable**, and create a tax rule to make the tax applicable when the product in the transaction satisfies the luxury requirement.

Assign your default tax accounts for the taxes in a tax regime to post the tax amounts derived from your transactions. The tax accounts you associate serve as default accounting information for taxes, tax rates, tax jurisdictions, and tax recovery rates. The tax accounts you define at the tax level, default to either the tax rate accounts or tax jurisdiction accounts for the same tax and operating unit, depending upon the tax accounts precedence level of the tax regime. You can update these default tax accounts in the tax rate or tax jurisdiction setup.

Minimum Tax Configuration: Points to Consider

The minimum tax configuration setup must be designed to handle the majority of tax requirements. As part of defining transaction taxes, decide the direct and indirect tax rule defaults for the tax and set up the associated tax accounts.

For complex tax requirements, create tax rules that consider each tax requirement related to a transaction before making the final tax calculation. During the execution of the tax determination process, Oracle Fusion Tax evaluates, in order of priority, the tax rules that are defined against the foundation tax configuration setup and the details on the transactions. If the first rule is successfully evaluated, the result associated with the rule is used. If not, the next rule is evaluated until either a successful evaluation or default value is found.

Setting Up Direct Tax Rule Defaults

The direct tax rule defaults are the default values for the direct tax rule types, which include:

- Place of supply
- Tax applicability
- Tax registration
- Tax calculation formula
- Taxable basis formula

Place of Supply

Use the Place of Supply direct tax rule default to indicate the specific tax jurisdiction where the supply of goods or services is deemed to have taken place. For example, in Canada, the place of supply for GST is typically the ship-to location. To handle the majority of Goods and Services Tax (GST) transactions, select **Ship to** as your default place of supply.

Note

The corresponding place of supply differs based on the type of transaction. For example, a place of supply of **Ship to** corresponds to the location of your first party legal entity for Payables transactions. For Receivables transactions, **Ship to** corresponds to the location of your customer site. For exceptions to this default, create Determine Place of Supply rules.

Tax Applicability

Use the Tax Applicability direct tax rule default to indicate whether the tax is typically applicable or not applicable on transactions. For example, the GST in Canada is a tax that applies to the supply of most property and services in Canada. When you create the GST tax, select **Applicable** as your default tax applicability. For exceptions to this default, create Determine Tax Applicability rules.

Tax Registration

Use the Tax Registration direct tax rule default to determine the party whose tax registration status is considered for an applicable tax on the transaction. For example, with a direct default of bill-to party, Oracle Fusion Tax considers the tax registration of the bill-to party and stamps their tax registration number onto the transaction, along with the tax registration number of the first party legal reporting unit. For exceptions to this default, create Determine Tax Registration rules.

Tax Calculation Formula

Use the Tax Calculation Formula direct tax rule default to select the formula that represents the typical calculation of tax for a transaction line. A common formula, **STANDARD_TC**, is predefined, where the tax amount is equal to the tax rate multiplied by the taxable basis. For exceptions to this default, create Calculate Tax Amounts rules.

Taxable Basis Formula

Use the Taxable Basis Formula direct tax rule default to select the formula that represents the amount on which the tax rate is applied. The following common formulas are predefined:

- **STANDARD_TB**: The taxable basis is equal to the line amount of the transaction line.
- **STANDARD_QUANTITY**: The taxable basis is equal to the quantity of the transaction line.
- **STANDARD_TB_DISCOUNT**: The taxable basis is the line amount of the transaction line less the cash discount.

For exceptions to this default, create Determine Taxable Basis rules.

Setting Up Indirect Tax Rule Defaults

The indirect tax rule defaults for a tax include:

- Tax jurisdiction
- Tax status
- Tax recovery rate
- Tax rate

Tax Jurisdiction

Use the Tax Jurisdiction indirect tax rule default to indicate the most common geographic area where a tax is levied by a specific tax authority. For example, value-added tax (VAT) is applicable to the supply of most goods and services in Portugal. For the tax PT VAT, create the default tax jurisdiction as the country of Portugal. To address specific tax regions such as Azores and Madeira, which have lower VAT rates than Portugal, define jurisdiction rates with different VAT rates.

Tax Status

Use the Tax Status indirect tax rule default to indicate the taxable nature of the majority of your transactions. For example, if your operations primarily include zero-rated transactions, select the default tax status as **Zero** instead of **Standard**. This setting facilitates tax determination when multiple zero rates are defined to handle different reporting requirements for zero rate usage, such as intra-EU, zero-rated products, or zero-rated exports. For exceptions to this default, create Determine Tax Status rules.

Tax Recovery

Use the Tax Recovery rate indirect tax rule default to indicate the recovery rate to apply to each recovery type for each applicable tax on a purchase transaction. For example, in Canada, both federal and provincial components of Harmonized Sales Tax (HST) are 100% recoverable on goods bought for resale. In this case, with two recovery types, you can set up two recovery rate defaults for the HST tax. For exceptions to this default, such as when the recovery rate determination is based on one or more transaction factors, create Determine Recovery Rate rules.

Tax Rate

Use the Tax Rate indirect tax rule default to specify the default tax rate that is applicable to the majority of your transactions associated with this tax. You can

create additional tax setup, such as jurisdiction rates, or create tax rules to set alternate values as required. For example, HST in Canada is applied at a 13% rate in most provinces that have adopted HST, except for British Columbia where the rate is 12% and Nova Scotia where the rate is 15%. To satisfy this requirement a single rate of 13% can be defined with no jurisdiction and then a 12% rate can be defined and associated with the British Columbia jurisdiction (15% rate assigned to Nova Scotia). This minimizes the setup required by creating an exception based setup. For exceptions to this default, create Determine Tax Rate rules.

Setting Up Tax Accounts

Set up tax accounts at the tax level. The application automatically copies the tax account combination to the tax rates that you subsequently create for the tax for the same ledger and optionally, the same business unit.

Define tax accounts at any of the following levels. The defaulting option is only available at the tax level.

- Tax
- Tax jurisdiction
- Tax rate
- Tax recovery rate

Note

This is a one-time defaulting opportunity. Any subsequent changes at the account level are not copied to the tax rate level nor are they used during the AutoAccounting process. Changes at the tax level do impact tax account defaulting when you create new tax rates.

Setting up tax accounts comprise of specifying the following:

- **Ledger and Business Unit:** The ledger and business unit for which you are creating the tax accounts.
- **Interim Tax:** An account that records tax recovery or liability until the event prescribed by the statute is complete. Generally, the payment of the invoice is the event that triggers the generation of the tax recovery or liability. You must set up an interim tax account for taxes and tax rates that have a deferred recovery settlement. Once you set up an interim tax account for this tax rate, you cannot change the recovery settlement to **Immediate**.
- **Tax Recoverable or Liability Account:** An account that records tax recovery amounts or relieves tax liability amounts. If you set up recovery rates for a tax that you also intend to self-assess, then define a tax recovery account for the associated recovery rates and a tax liability account for the associated tax rates.
- **Finance Charge Tax Liability:** An account that records the tax liability associated with finance charges that is used as a deduction against overall tax liability.

- **Nonrecoverable Tax Accounts:** Accounts that record tax amounts on earned and unearned discounts and adjustments that you cannot claim as a deduction against tax liability.
- **Expense and Revenue Accounts.** Accounts that record net changes generated by adjustments, earned and unearned discounts, and finance charges. Receivables activities such as discounts and adjustments reduce the receivable amount, and are therefore considered an expense.

Minimum Tax Configuration: Worked Example

The following example illustrates the minimum tax configuration setup to meet the basic requirements in Canada for the Goods and Services Tax (GST). You set up a tax regime for both GST and Harmonized Sales Tax (HST). One recovery type is created for the fully recoverable status of the transaction.

In Canada, GST is a tax that applies to the supply of most property and services in Canada. The provinces of British Columbia, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador, referred to as the participating provinces, combine their provincial sales tax with GST to create HST. Generally, HST applies to the same base of property and services as the GST. Every province in Canada except Alberta has implemented either provincial sales tax or the HST. In countries like Canada, some or all taxes on business transactions for registered companies are recoverable taxes.

ABC Corporation is a business with a chain of bookstores across Canada. It intends to implement the Oracle Fusion Tax solution at its store in the province of Alberta. The GST rate of 5% is applicable for sales in Alberta. Input Tax Credit is available for GST included in purchases. ABC Corporation's primary ledger is CA Ledger, and the business unit is CA Operations. The tax account 0001-1500-1100-1000 is reserved for the **Tax Recoverable or Liability** account.

The tax implications in this scenario are:

- Five percent (5%) GST is applicable on the sale of goods in Alberta
- Neither the HST nor provincial sales tax applies in Alberta
- Place of supply for GST tax is generally based on the place of delivery or ship-to location.

To determine the GST tax in Alberta, perform the following steps:

1. Define tax regime
2. Define transaction taxes
3. Create the direct tax rule defaults
4. Create the indirect tax rule defaults
5. Enable tax

Define Tax Regime

1. On the Create Tax Regime page, enter the tax regime code for GST and HST in Canada.

Note

Use a coding convention to indicate both the country and the type of tax that belongs to this regime. For example, CA GST and HST.

2. Select the regime level to define the geographic area of the tax treatment. The option selected must depict the need for the tax regime. It should be set to **Country** for all federal taxes.
 3. Specify **Canada** as the country for which this tax regime is being defined.
 4. Enter a start date that will appear as a default to all related tax setup within the tax regime.
-

Note

Consider your tax planning carefully before entering the start date. This date must accommodate the oldest transaction that you want to process within this tax regime. After you create the tax regime, you can only update this date with an earlier date. If you enter an end date, you cannot update this date after you save the record.

5. Enter tax currency. Enter **CAD**, which is the three-letter ISO code for the Canadian dollar.

Tax currency is the currency required by the tax authority. Use the tax currency to pay the tax authority and to report on all tax transactions.
6. Select the **Allow cross regime compounding** option to set taxes within the tax regime to be based on the calculation of, or compounded on, taxes in another tax regime.

For example, in Quebec, the provincial sales tax is applied to both the selling price and GST. Enter a value as the compounding precedence to indicate the order of cross regime compounding. A lower number indicates that the tax regime will be processed first. Allowing gaps between numbers provide flexibility in the event that another higher priority tax regime is introduced in the future.
7. On the Configuration Options tab, select the party name that identifies either the legal entity or the business unit or both for which you will define the configuration options.
8. For the Configuration of Taxes and Rules, select the subscription that defines the configuration owner setup that will be used for transactions of the specific legal entity and business unit for this tax regime.

This selection also defines whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.
9. Enter the effective start date for this configuration option. Enter a date range that is within the date range of both the party tax profile and the tax regime.

Define Transaction Taxes

1. On the Create Tax page, enter the name of the tax regime that you created in the Define Tax Regime step, such as CA GST and HST.

2. Select the configuration owner for this tax. To minimize configuration and maintenance costs, select **Global Configuration Owner** as the configuration owner.
3. Enter the name of the tax you are defining, such as CA GST.
4. Select **Province** as the geography type.
5. To minimize setup and maintenance costs, specify the highest-level parent geography type (Country), unless the tax is only applicable to a specific geography. Select **Country** from the list of values. For the parent geography name, enter **Canada**.
6. Enter a value as the compounding precedence to reflect the order of tax compounding. A lower number indicates that a tax is processed first. Allowing gaps between numbers provide flexibility in the event that another higher priority tax is introduced in the future.
7. Enable the **Allow override of calculated tax lines** option to allow users to override the automatic tax calculation on invoice tax lines.
8. Enable the **Allow multiple jurisdictions** option to define tax jurisdictions for this tax in more than one geographic region.
9. Enable the **Allow mass create of jurisdictions** option to enable mass creation of tax jurisdictions for this tax, which allows you to create multiple jurisdictions at the same time.
10. Enable the **Allow tax recovery** option.
11. Enable the **Allow tax recovery rate override** option if you want to allow user override of the calculated tax recovery rate on transaction lines.
12. Select **Standard** as the primary recovery type.

Assign Tax Accounts

1. Navigate to the Tax Accounts tab.
2. Select CA Ledger as the primary ledger to use for tax accounts and CA Operations as the business unit.
3. Enter 0001-1500-1100-1000 as the Tax Recoverable or Liability account.

Create Direct Tax Rule Defaults

1. Navigate to the Tax Rule Defaults tab.
2. Select **Ship to** from the Place of Supply list of values, to specify the default.
3. Select **Applicable** from the **Tax Applicability** list of values to specify the Tax Applicability default.
4. Select **Ship-from party** to specify the Tax Registration default.
5. Select **STANDARD_TC** as the Tax Calculation Formula default.
6. Select **STANDARD_TB** as the Taxable Basis Formula default.

Create Indirect Tax Rule Defaults

1. Select **Tax Jurisdiction** as your rule type and create the rule type default. In the **Tax Jurisdiction Code** field, enter a tax jurisdiction code for

the province of Alberta, such as CA Alberta. Select **Province** as the geography type. For the geography name, enter AB for Alberta. Set this tax jurisdiction as your default, and specify your default start and end dates.

2. Select **Tax Status** as your rule type and create the rule type default. Enter a tax status code for GST, such as CA GST STD. Set this tax status as your default, and specify your default start and end dates.
3. Select **Tax Recovery Rate** as your rule type and create the rule type default. Enter a tax recovery rate code for GST, such as CA GST STD REC RATE. For the recovery type, select **Standard**. Enter a rate percentage of 100 for a fully recoverable tax. Set this tax recovery rate as your default, and specify your default start and end dates.
4. Select **Tax Rate** as your rule type and create the rule type default. In the **Tax Status Code** field, enter the name of the tax status that you just created, CA GST STD. Enter a tax rate code for GST, such as CA GST STD RATE. Enter a rate percentage of 5 for the current GST rate as of January 1, 2008, and specify your default start and end dates.

Enable Tax

1. Click the **Enable tax for simulation** option. This allows you to verify the tax configuration using the Tax Simulator.
2. Once you have verified your tax configuration with simulated transactions, click the **Enable tax for transactions** option. This allows you to use this tax in transaction processing.
3. Click **Save and Close**.

For ABC's transactions in the province of Alberta, the following is determined by default:

- GST tax is applicable and will be calculated at a percentage rate of 5%.
- 100% of the GST can be recovered.

Associated Taxes Setup for a Tax Regime: Explained

When you create a tax regime, you specify the options and defaults available to the taxes associated with the tax regime. You also enable the features that are applicable to the tax regime and its taxes.

The options appearing in the Associated Taxes Setup Information region on the Edit Tax Regime page are a result of the features enabled and the options you selected at the tax level. These options include:

- **Allow multiple jurisdictions**
- **Allow tax recovery**
- **Allow tax exceptions**
- **Allow tax exemptions**

The preceding options always appear as read-only check boxes in the Associated Taxes Setup Information region. The option appears as selected if you selected

the option in one of the taxes within this tax regime. If you did not select the option in one of the taxes, then the option appears as not selected.

For example, suppose you have a California county sales tax that applies to all counties, so you need a tax with multiple jurisdictions. In this case, you must enable the **Multiple Jurisdictions** feature at the tax regime level and then select the **Allow multiple jurisdictions** option at the tax level. When you access the Edit Tax Regime page, Associated Taxes Setup Information region for this tax regime, the **Allow multiple jurisdictions** option appears as selected.

Manage Controls and Defaults

Tax Regime Controls and Defaults: Points to Consider

A tax regime associates a common set of default information, regulations, fiscal classifications, and optionally, registrations, to one or more taxes. Set up tax regimes in each country and geographical region where you do business and where a separate tax applies.

The tax regime setup details include:

- Designating the geography to which taxes within a tax regime apply
- Defining the controls and defaults that apply to taxes and associated lower level information
- Specifying configuration options and service subscriptions

Designating the Geography

The common tax regime setup is one tax regime per country per tax type, but you can also have tax regimes based on parts of a country or more than one country. Select the regime level as:

- **Country:** The tax regime is applicable to a specific country.
- **Tax zone:** The tax regime is applicable to parts of a country or more than one country. Enter the tax geography type and tax geography name associate with the group of countries or the tax zone that you want. The tax geography type and tax geography name correspond to the tax zone type and tax zone respectively.

If applicable, designate the tax regime as a parent regime or indicate the parent regime name if the tax regime belongs to a parent regime. Use a tax regime defined as a parent tax regime to group other nonparent tax regimes for reporting purposes.

Defining Controls and Defaults

Set tax-level controls to enable the options that you want to make available to the taxes in this tax regime. If necessary, you can disable the options that you enable here for individual taxes within the tax regime. Enter default values for the taxes in this tax regime. You can update the default values at the tax level.

If you disable a controlled option at the tax regime level it is not available as an option at the tax level.

The following table describes the defaults and controls available at the tax regime level.

Defaults Region

Field	Description	Default Derived from	Default Appears on	Controls
Tax Currency	The default currency of the taxes within this tax regime	None	Tax	None
Minimal Accountable Unit	The minimal unit of currency that is reported to the tax authority, for example, 0.05 GBP indicates that 5 pence is the minimal unit	None	Tax	None
Tax Precision	A one digit whole number to indicate the decimal place for tax rounding	None	Tax	None
Tax Inclusion Method	A method that describes whether the line amount includes tax or excludes tax	None	Tax	None
Conversion Rate Type	The specific exchange rate table that is used to convert one currency into another, for example, the Association of British Travel Agents exchange rate used in the travel industry	None	Tax	None
Rounding Rule	The rule that defines how rounding is performed on a value, for example, up to the next highest value, down to the next lower value, or to the nearest value	None	Tax	None
Allow tax rounding override	Allow the override of the rounding defined on the tax registration records	None	Tax	None

Reporting Tax Authority	The default tax authority to whom the tax reports are sent	None	<ul style="list-style-type: none"> • Tax • Tax registration 	None
Collecting Tax Authority	The default tax authority to whom the tax is remitted	None	<ul style="list-style-type: none"> • Tax • Tax registration 	None
Default Settlement Option	A lookup code to indicate whether an input tax is recovered when an invoice is recorded or only when the invoice is paid and whether an output tax is due for settlement when the invoice is issued or only when the payment is received against it	None	Tax	None
Use legal registration number	Option that controls whether the tax registration number is the same as the legal registration number of the party	None	Tax	None

General Controls Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow override and entry of inclusive tax lines	Option that controls whether you can override and enter inclusive or exclusive line amounts	None	Tax	None
Use tax reporting configuration	Option that controls whether the tax reporting details are available on the first party tax registration record for this tax regime	None	None	Controls whether you can enter tax reporting configuration details on the tax registration for this tax regime for your first parties

Compounding Level Controls Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow cross regime compounding	Option that controls whether cross regime compounding is needed for this tax regime	None	None	Controls whether this tax regime is compounded based on the tax calculated from another tax regime
Compounding Precedence	Defines the order in which taxes within the compound tax regimes need to be calculated. A tax within a tax regime with a lower value is calculated first.	None	None	Controls the order in which taxes within tax regimes are calculated

Important

Oracle Fusion Tax provides features at the tax regime level to streamline your implementation by selecting the features that are applicable to the tax regime in scope. You must enable the features to use that functionality for the tax regime and related taxes.

Specifying Configuration Options and Service Subscriptions

Set up configuration options to associate tax regimes with the parties in your company that have a tax requirement under these tax regimes. You can set up tax configuration options when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit. Both tax regime and party tax profile setup flows appear and maintain the same party and tax regime association. Configuration options only apply to tax regimes directly linked to taxes and not to tax regimes that are used to group other tax regimes.

Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on receivables transactions. The setup for provider services is called a service subscription. A service subscription applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit.

Note

The level of detail of tax rounding definitions for the taxes in the tax regime must equal or exceed the level of detail of the service provider tax rounding definitions.

Inclusive Taxes: Explained

Calculating tax on a transaction as inclusive of the line amount is generally a business decision. This decision is based on the relationship between the transacting parties and the items or taxes involved.

Taxes applicable on a transaction are made inclusive of the item line amount either:

- Manually

- Automatically

Manual Approach

In the manual approach, you access the calculated tax lines on a transaction and select the **Inclusive** option. This action includes the calculated tax amount with the item value.

However, this option is controlled through two factors:

- Privileges are assigned to the users for accessing and editing the calculated tax lines.
- Setup restrictions are applied to edit the **Inclusive** option on the calculated tax lines.

Automatic Approach

In the automatic approach, you can configure the tax setup and calculate the tax on a transaction as inclusive of the item line amount. Since this requirement is primarily driven by the tax legislation and the business relationship between the transacting parties, the option for configuring the inclusiveness is made available on the tax and tax rate definition and the third party and legal reporting unit tax profiles on the tax registration and general data tabs. The tax determination process uses a hierarchy approach to evaluate the defined setup and applies the inclusiveness option on the transaction.

In tax setup there are options to choose for applying the inclusiveness on a transaction. They are:

- **Standard noninclusive handling:** This option calculates the taxes as exclusive of the given transaction line amount.
- **Standard inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount.
- **Special inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process.

The following table illustrates the calculation methodology used with each of these options when a transaction line amount is 1000 USD and the applicable tax rate is 10% of the taxable basis amount, for example, line amount:

Method	Calculation	Taxable Basis Amount	Tax Amount	Transaction Line Amount
Standard Noninclusive	1000 USD * 10/100	1000 USD	100 USD	1100 USD
Standard Inclusive	1000 USD * 10/110	909.09 USD	90.91 USD	1000 USD
Special Inclusive	1000 USD * 10/100	900 USD	100 USD	1000 USD

Tax Amount Rounding: Explained

Taxes applicable on a transaction are generally calculated as the taxable basis multiplied by the tax rate equals the tax amount. This calculated amount can result in an odd value or with a large number of decimal place. You can configure the tax setup to adjust or round the tax calculation according to the

specific requirements of the transacting parties and tax authority or to the accepted currency denominations.

Key parameters that influence the rounding of calculated tax amount are:

- Tax precision: The number of decimal places to which to calculate the tax amount.
- Minimum accountable unit: The smallest currency unit that a tax amount can have.
- Rounding level: The transaction level at which the rounding is to be performed. The available options are **Header** and **Line**.
- Rounding rule: The method that is used to round off the calculated taxes to the minimum accountable unit. The available options are **Up**, **Down**, and **Nearest**.

Define the key parameters at various places within Oracle Fusion Tax. The rounding process derives the tax precision and minimum accountable unit details from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Note

If you plan to use a third party service provider then you must define tax rounding information that is at least as detailed as the rounding information of the service provider.

Manage Configuration Options and Service Subscriptions

Configuration Options: Explained

Set up configuration options to associate tax regimes with the parties in your company that have a tax requirement under these tax regimes.

There are two fundamentally different approaches to tax configuration options namely:

- Using tax configuration setup defined within Oracle Fusion Tax.
- Using an external tax service provider.

Using Tax Configuration Setup Defined Within Oracle Fusion Tax

Use the tax configuration setup in Oracle Fusion Tax to calculate, record, and account for transaction taxes on transaction taxable transactions.

The following concepts control how this setup is managed, used, and shared:

- Tax configuration owner
- Tax content subscription
- Existing tax option

Tax Configuration Owner

The tax configuration owner is a business unit, legal entity, or the global configuration owner that owns the data. The global configuration owner is an abstract owner which is used to define the owner of content that can be shared by any business units and first party legal entities.

Identify a specific first party legal entity as a parent first party organization to allow the configuration to be owned by a specific first party and shared by other parties. You can then share this setup with another first party legal entity or business unit for their transactions. Use a parent first party organization tax configuration to share among a group of first party organizations but you still have the tax setup managed by a single first party organization.

In the case of global configuration owner, if you are assigned the Create Tax Regime privilege, you have update rights to all tax configuration data maintained by the global configuration owner.

Tax Content Subscription

Use tax content subscriptions to define which configuration owner's setup is used for transactions for a specific first party legal entity or business unit for a specific tax regime. Also, use tax content subscriptions to specify whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.

Party override is permitted for the following setup:

- Tax
- Tax status
- Tax rate
- Tax recovery rate
- Tax rules

Do this indirectly by adding higher priority rules specific to the subscribing first party legal entity or business unit.

The content subscription options are:

Tax Content Subscription	Description
Common configuration	For tax processing, the tax determination process uses the shared tax content defined and maintained by the global configuration owner.
Party-specific configuration	The specified first party organization defines and maintains its own tax content. For tax processing, the tax determination process uses only the tax content owned by the specific first party legal entity or business unit.
Common configuration with party overrides	This option is similar to the common configuration in that it allows you to use tax content owned by the global configuration owner. However, you can also maintain party-specific content which is used in preference to the common configuration content. In the absence of tax content owned by the specific first party organization, the tax determination process uses the tax content owned by the global configuration owner.

Parent first party organization with party overrides	This option is similar to the common configuration with party override subscription except instead of the tax content being owned by the global configuration owner it is owned by a specific first party legal entity. You can override the specific first party setup.
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A similar concept is used to define where you use tax exceptions for a specific tax configuration. The tax subscription option available for product exceptions is dictated to some extent by the main tax content subscription as follows:

Options Defined for Tax Content Subscription	Content Subscription Options Available for Product Exceptions	Description
Common configuration	Common configuration	For tax processing, the tax determination process uses tax exceptions defined and maintained by the global configuration owner.
Party-specific configuration	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.
Common configuration with party overrides	Common configuration	For tax processing, the tax determination process uses tax exceptions defined and maintained by the global configuration owner.
Common configuration with party overrides	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.
Parent first party organization with party overrides	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.

Set up tax configuration options when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit. Both setup flows display and maintain the same party or regime definitions. Specify effective start and end dates to identify which configuration should be used based on the transaction date. You can enable the business unit so that Oracle Fusion Tax automatically uses the configuration of the legal entity. Once you set this option the application records the date it occurred as the start date. This date is used and compared to the transaction dates to identify if the application uses the legal entity subscription in preference to the subscription of the business

unit. The specific first party legal entity that is used is defined by the legal entity associated with the transaction.

Existing Tax Option

Copy a tax from an existing tax in the Manage Taxes page to share tax registrations and tax jurisdictions while maintaining two versions of the same tax, owned by two different tax configuration owners each with their own tax statuses, tax rates, and tax rules. For example, this is useful when you set up US sales and use tax that requires a significant number of tax registrations and tax jurisdictions.

Using External Tax Service Provider

Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Receivables transactions. Oracle Fusion Tax provides transparent integration between the external provide tax service and Oracle Fusion Receivables.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company
- Vertex, Inc.

The setup for provider services is called a service subscription. A service subscription applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit. Set up service subscriptions when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit. Specify effective start and end dates to identify which configuration should be used based on the transaction date.

Content Subscriptions: Critical Choices

Choose which of the following tax content subscription options to use to optimize your tax setup:

- Whether to use service subscriptions versus Oracle Fusion tax content.
- What type of tax configuration options to use.
- When to change from business unit to using tax configuration at the first party legal entity.
- When to use create from an existing tax option.

Using a Service Subscription Versus Oracle Fusion Tax Content

Use the tax services of external service providers where tax content is required for Receivables transactions for a significant number of tax jurisdictions. You should not use a service provider if their use is not needed to support US Sales and Use Tax regimes or you need to create and maintain tax regimes outside of the Unites States.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company

- Vertex, Inc.

Using Tax Configuration Options

If you decide not to use an external service provider or you need to create tax content for tax regimes outside the US then create and maintain your tax content in Oracle Fusion Tax.

Once the decision is made to use Oracle Fusion Tax you need to choose the level of tax configuration options. Sharing tax content prevents the need for duplicate maintenance with its inefficiencies and potential inconsistencies. Consider these scenarios and options:

Scenario	Option
You have a single central corporate tax center responsible for maintenance of tax setup for all legal entities and business units.	Use the common configuration with party override option. This allows a single tax setup to be created and maintained by the corporate tax center.
You need to have strict control of who can maintain the tax content.	Use the common configuration option. By not allowing party override you restrict the access to the global configuration owner to an authorized user who can maintain all of the tax content.
You have regional centers responsible for tax content.	Use the parent first party configuration with party override option. This permits a regional setup with an actual or logical parent legal entity to be created and maintained by each regional center.

Even if there is no obvious need to share tax configuration, for example, there is only a single first party legal entity operating in each tax regime, significant business events such as takeovers or mergers may mean that there could be a future need to share content. In this case the original first party legal entity can act as the configuration owner and then any subsequent first party can subscribe to the first party's content using the parent first party configuration with party override. Alternatively, set up the original tax content using global configuration owner in preparation for any future business event that requires tax content to be shared.

Changing from Business Unit to Using Tax Configuration at the First Party Legal Entity

If you can standardize your tax setup across all business units for a given legal entity then consider moving to configuring and using tax setup at the legal entity level. Set the **Use subscription of the legal entity** option on the business unit tax profile. Oracle Fusion Tax records the date this occurs and compares it to the transaction date to identify if the legal entity subscription should be used in preference to the subscription to the business unit.

Using Create from an Existing Tax Option

Create a tax from an existing tax when you have a need to share tax jurisdictions and tax registrations. You maintain the tax jurisdictions and tax registrations once for taxes with the same name within the same tax regime owned by different configuration owners.

Tax Configuration Options in the Tax Determination Process: How They Are Used

At transaction time the owner of the transaction derives the configuration options that are used. When you enter a transaction for a given first party organization, the tax data applied to that transaction is determined by the configurations defined for the combination of that first party organization (business unit or first party legal entity) and the tax regime derived from the addresses or from the tax classification codes used on the transaction.

Settings That Affect the Application of Tax Data on Transactions

Use tax content subscriptions to define which configuration owner's setup is used for transactions for a specific first party legal entity or business unit for a specific tax regime. Also, use tax content subscriptions to specify whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.

Tax content subscription options are:

- Common configuration
- Party-specific configuration
- Common configuration with party overrides
- Parent first party organization with party overrides

How Tax Data Is Determined

Based on the defaults and tax rules you have defined, tax data is applied to transactions as follows:

Configuration for Taxes and Rules Option	Tax Content Available
Common configuration	<ul style="list-style-type: none"> • The tax determination process uses only the tax content owned by the global configuration owner. • If you manually override tax information on the transaction only tax content owned by the global configuration owner is displayed in the list of valid values available.
Party-specific configuration	<ul style="list-style-type: none"> • The tax determination process uses only the tax content owned by the first party organization, business unit or first party legal entity, for whom the transaction is being entered. • If you manually override tax information on the transaction only tax content owned by the first party organization is displayed in the list of valid values available. <hr/> <p>Note</p> <p>For the first party organization it can be the business unit owning the tax content or the first party legal entity-owned setup depending on the specific subscription being used.</p>

Common configuration with party overrides	<ul style="list-style-type: none"> • The tax determination process uses any tax content owned by the first party for whom the transaction is being entered. In the absence of tax content owned by that first party organization, the tax determination process uses tax content owned by the global configuration owner. • If you manually override tax information on the transaction both the override tax content owned by the specific first party and the tax content owned by the global configuration owner that you have not overridden are displayed in the list of valid values available.
Parent first party organization with party overrides	<ul style="list-style-type: none"> • The tax determination process uses any tax content owned by the first party for whom the transaction is being entered. In the absence of tax content owned by the first party organization, the tax determination process uses tax content owned by the parent first party organization. • If you manually override tax information on the transaction both the override tax content owned by the specific first party and the tax content owned by the designated parent first party organization that you have not overridden are displayed in the list of valid values available.

If you are using product exceptions, those exceptions are applied to the transactions as shown in the following table:

Configuration for Product Exceptions	Tax Exceptions Available
Common configuration	The tax determination process uses only the tax exceptions defined and maintained by the global configuration owner.
Party-specific configuration	The tax determination process uses only the tax exceptions owned by the specific first party organization

Setting Up Tax Configuration Options: Worked Example

This example demonstrates how you set up the appropriate tax configuration options for your company that has three regional centers. These centers are responsible for tax setup and maintenance among other corporate activities. Each of these regional corporate centers is associated with a first party legal entity and business unit.

Your company has their regional centers in:

- North America (NAM), based in Redwood City, California, US
- Asian and Pacific (APAC), based in Melbourne, Australia
- Europe, Middle East, and Africa (EMEA), based in London, UK

Each country has a single first party legal entity with a single business unit, except for:

- Countries which have the regional corporate centers have a first party legal entity and business unit for each corporate center.

- Sales, marketing, and manufacturing organization has a first party legal entity and business unit.

Create tax regimes for each country and the appropriate tax configuration options.

Prerequisites

To create the appropriate tax configurations, you must set up the following:

1. The legal entities for:

First Party Legal Entity	Country
EMEA LE	UK
GB LE	UK
FR LE	FR
DE LE	DE
APAC LE	AU
AU LE	AU
SI LE	SI
NZ LE	NZ
NAM LE	US
US LE	US
CA LE	CA

2. The sales, marketing, and manufacturing organization's business unit uses the tax configuration of the legal entity.
3. The relevant tax regimes for each country's tax include:

Region	Country	Tax Regime	Tax
EMEA	United Kingdom	GB VAT	GB VAT
EMEA	France	FR VAT	FR VAT
EMEA	Germany	DE VAT	DE VAT
APAC	Australia	AU GST	AU GST
APAC	Singapore	SI VAT	SI VAT
APAC	New Zealand	NZ VAT	NZ VAT
NAM	United States	US SALES TAX	<ul style="list-style-type: none"> • US STATE SALES TAX • US COUNTY SALES TAX • US CITY SALES TAX
NAM	Canada	CA HST & GST	<ul style="list-style-type: none"> • CA HST • CA GST

Setting Up Tax Configuration Options

1. On the **Create Legal Entity Tax Profile** page select EMEA LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	GB VAT
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

2. Select GB LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	GB VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

3. Select FR LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	FR VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

4. Select DE LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	DE VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization

Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

5. Select APAC LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	AU GST
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

6. Select AU LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	AU GST
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

7. Select SI LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	SI VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

8. Select NZ LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	NZ VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

9. Select NAM LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	US SALES TAX
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

10. Select US LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	US SALES TAX
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	NAM LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

11. Select CA LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	CA GST & PST
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	NAM LE
Effective Start Date	01-Jan-01

Click **Save and Close**.

FAQs for Define Tax Regimes

What's a service subscription?

A service subscription is the setup for provider services. It applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit. Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Oracle Fusion Receivables transactions.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company
- Vertex, Inc.

If you integrate with a tax service provider, these actions are not required for Receivables transactions:

- Entering tax classification codes on transaction lines.
- Entering transaction line attributes in the Additional Tax Determining Factors region.

Tax service provider integration returns the calculated tax lines to Oracle Fusion Tax. The tax lines for Receivables transactions returned by tax service providers are stored in Oracle Fusion Tax similar to the way tax lines calculated by the application itself are stored.

Why are controls and defaults important?

Throughout Oracle Fusion Tax care is taken to minimize your effort in creating setup. One way of doing this is the extensive use of defaulting so that you can enter your data once and use the defaults that appear on the subordinate or child records where applicable. For example, many values you enter on the tax regime appear as defaults on each tax that is associated to that tax regime. Generally, you can override the data where necessary if the defaulted value is not correct.

Also, to ensure maximum flexibility, as well as to ensure that the accuracy and integrity of the data and transactions are maintained, Oracle Fusion Use Tax makes extensive use of data-driven controls that enable and control how tax functionality works. For example, you have the requirement to set up tax recovery for value-added tax (VAT) processing. Enable the **Allow tax recovery** option on the tax record so you can set up tax recovery rates for this type of tax.

Define Product Tax Classifications

Define Product Tax Classifications: Overview

Many tax regimes define rules for specific products or types of products. This is often done to stimulate or enhance trade in these specific products or to ensure that certain products or product types are excluded from taxes where they are considered staples of life. To support these requirements Oracle Fusion Tax has extensive and powerful features to allow items to be classified. They make extensive use of the Oracle Fusion Inventory catalog functionality. If you do not implement Inventory you can use product category fiscal classifications as an alternative classification in Oracle Fusion Tax. Set up your product classifications in the Define Product Tax Classifications activity.

For example, value-added tax (VAT) in the UK exempts children clothing and normal foods from Great Britain's (GB) VAT. It is also common that tax

authorities vary the tax status of product types depending on how they are planned to be used. For example, a company purchases products that are subject to VAT. The use of these items is not related to the company's sale of taxable supplies. Therefore, the company cannot recover any VAT or can only partially recover VAT on those purchases.

There has also been a recent trend to introduce antifraud tax legislation for specific products so that they can be treated in a different way to prevent fraud. For example, the GB Missing Trader Intra Community antifraud legislation specifies that certain types of business-to-business domestic supplies of certain, typically high value, electronic products, such as mobile phones, computer equipment and accessories are reversed charged even when there is a domestic supply. For more information on GB Missing Trader Intra Community legislation, see Her Majesty's Revenue and Customs (HMRC) - Business Brief 10/06.

The following product classifications for tax purposes can be used within Oracle Fusion Tax and are summarized in the following table:

Product Classification	Description
Product fiscal classification types and codes	Use this classification to group items for tax determination and reporting purposes. This functionality uses the Oracle Fusion Inventory catalog and item functionality and therefore, you can only use it when this functionality is installed.
Product category fiscal classification codes	Use this classification where Inventory is not installed. It is used to classify transaction lines for tax determination and reporting purposes.
Intended use fiscal classifications	Use this functionality for tax determination and reporting purposes. Use this classification where transaction lines need to be classified based on the intended use of the product defined on that item.

Tip

When available use the product fiscal classifications in preference to product categories, because the application automatically derives product fiscal classifications at transaction time based on the items defined on the transaction line and their relationship to the applicable catalog classification.

You can use product category fiscal classifications in conjunction with product fiscal classifications. This combination allows you to define two different determining factors at transaction time.

Product Fiscal Classifications: Explained

Use product fiscal classifications to classify items for tax determination and reporting. Define a product group to use in tax product exemptions.

Define product fiscal classifications by associating them with an Oracle Fusion Inventory catalog, which in turn is used to group items using the standard Inventory functionality.

Set up the following options in the Inventory catalog:

- Do not select the **Enable hierarchies for categories** option.
- Select **Items at leaf level** in the **Catalog Content** field.

- Select the **Allow multiple item category assignments** option.
- Select the **Enable automatic assignment of categories** option.
- Select **None** in the **Source Catalog** field.
- Do not select a value in the **Sharing Control** field.

During transaction time, when the association with the catalog exists, the application automatically derives the default product fiscal classification code based on the items used on the transaction line. When no item is defined on the transaction line, you can manually enter the product fiscal classification on the transaction line during transaction time. Even the default product fiscal classification code is derived during the transaction time, it can be overridden if necessary. The overridden product fiscal classification code is used in the tax determination process.

While creating the product fiscal classification, use the number of levels to define the number of hierarchical levels to link the items to. Also, specify the number of the level of classification that is to be used in the tax rule setup. When creating the levels within the product fiscal classification, define the start position and number of characters for each level. During transaction time, this ensures that all items with the same values in the start position and the same number of characters are grouped into the same classification.

For example, set up the following code structure using the Inventory catalog for the country, Luxembourg:

Code	Name
LUG01	Goods
LUG0100	Normal Rated Goods
LUG0101	Zero Rated Goods
LUG0102	Exempt Goods
LUG0103	Reduced Rate Goods
LUG0103-01	Reduced Rate 1 Goods
LUG0103-02	Reduced Rate 2 Goods
LUG0103-03	Reduced Rate 3 Goods
LUS01	Services
LUS0100	Normal Rated Services
LUS0101	Zero Rated Services
LUS0102	Exempt Services
LUS0103	Reduced Rate Services
LUS0103-01	Reduced Rate 1 Services
LUS0103-02	Reduced Rate 2 Services
LUS0103-03	Reduced Rate 3 Services

The previous code structure is represented by three levels:

Level	Type Code	Type Name	Start Position	Number of Characters
1	LU Goods or Services	Luxemburg Goods or Service Level	1	5

2	LU Type of Goods or Services	Luxemburg Type of Goods or Service Level	1	7
3	LU Type of Reduced Rate	Luxemburg Type of Reduced Rate Goods or Service	1	10

Use the level two codes to link the items that need to be classified using Inventory catalog.

Use the product fiscal classification pages to define the tax regimes for which specific product fiscal classification are to be used. Also, define if the product fiscal classification is available to be used in the setup of tax product exceptions. To set up tax product exceptions, enable the **Use in Item Exceptions** option. You can only set up one product fiscal classification for a specific tax regime with the **Use in Item Exceptions** option enabled.

Adjust the number of levels by increasing the number of levels. It is not possible to decrease the number of levels once the record is stored. In addition, you need to attach tax regimes to every level that is used in the tax rules.

Tip

While setting up the product fiscal classification, use different levels so that all of the necessary tax rules can be defined at the highest level possible, thus minimizing the needed number of tax rules.

In the previous example, the tax rule can use the level 1 product fiscal classification to differentiate between goods and services.

Product Fiscal Classifications in Tax Rules

The product fiscal classification tax determination factors allow you to use product fiscal classification in tax rules. A combination of determination factor class and determining factor represents these determination factors.

Use **Product inventory linked** as the determining factor class and the product fiscal classification type code or name as the determining factor. When creating the tax rule, the value is the name or description associated with the relevant level.

Product Fiscal Classifications at Transaction Time

When an item is defined on the transaction line, the application automatically derives the default product fiscal classification on the transaction line using the default primary Inventory category set, that is, the Inventory catalog. The primary Inventory category set is defined in the country defaults of the taxation country. You can override this default during transaction time. The overridden default is used in the tax determination process.

The product fiscal classification is stored in the tax reporting ledger and is available for reporting.

Product Fiscal Classifications: Example

Many tax regimes use product classification to control tax applicability as well as the tax rate to be applied. In value-added tax (VAT) regimes, the type of product being purchased can drive recoverability.

This scenario illustrates how tax is determined and reported for newspapers, books, and periodicals in Luxemburg.

Scenario

In Luxemburg, transactions involving newspapers, books, and periodicals are invoiced with VAT at a reduced rating (currently 3%).

To determine tax:

1. Configure the Oracle Inventory catalog functionality
2. Create a catalogue specifically for Luxemburg VAT with the name LU VAT PRODUCT CLASSIFICATION. To create the catalogue, create class categories including Reduced Rate 1 Goods.

This catalog is used for other classifications such as Reduced Rate, Exempt Rate, and Standard Rate. Link all of the items that are rated as Reduced Rate 1 Goods in Luxemburg to this class category. In this case, link any relevant newspapers, books, and periodicals to this class category.

Introduce a coding structure. An example is shown in the following table:

Code	Name
LUG01	Goods
LUG0100	Normal Rated Goods
LUG0101	Zero Rated Goods
LUG0102	Exempt Goods
LUG0103	Reduced Rate Goods
LUG0103-01	Reduced Rate 1 Goods
LUG0103-02	Reduced Rate 2 Goods
LUG0103-03	Reduced Rate 3 Goods
LUS01	Services
LUS0100	Normal Rated Services
LUS0101	Zero Rated Services
LUS0102	Exempt Services
LUS0103	Reduced Rate Services
LUS0103-01	Reduced Rate 1 Services
LUS0103-02	Reduced Rate 2 Services
LUS0103-03	Reduced Rate 3 Services

Tip

While using the product fiscal classification, classify the nonstandard items of your business as standard items. This can be modeled as a default tax rule and therefore, does not require an explicit classification or an explicit rule. Classify only exception items and define specific tax rules for them. For a standard item, none of the explicit rules are applicable and the default rate applies.

Tip

Do not add the explicit percentage to the naming or coding convention used for product fiscal classifications. When the rate changes, you change the rate period on the specific rate and you do not have to change classification or associated tax rules.

3. Create a product fiscal classification and link it with the catalog using the code LU VAT PRODUCT FISCAL CLASSIFICATION. In this scenario, only a single level is needed, although other levels may be needed to model nonstandard services or subclassifications of product types for reporting purposes. The following table represents this multiple level requirement:

Level	Type Code	Type Name	Start Position	Number of Characters
1	LU Goods or Services	Luxemburg Goods or Service Level	1	5
2	LU Type of Goods or Services	Luxemburg Type of Goods or Service Level	1	7
3	LU Type of Reduced Rate	Luxemburg Type of Reduced Rate Goods or Service	1	10

4. Create or amend the Luxemburg country default record and set the primary inventory category set to LU VAT PRODUCT FISCAL CLASSIFICATION.
5. Create the determining factor set and condition set which refer to the product fiscal classification.

Use **Product inventory linked** as the determining factor class, the level to be defined in the rule as the class qualifier, and the specific LU product fiscal classification level as the determining factor as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name
Product inventory linked		LU Type of Reduced Rate

6. Create the condition set that refers to the product category fiscal classification as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name	Value
Product inventory linked		LU Type of Reduced Rate	Reduced Rate 1 Goods

7. Create the tax status rule based on the determining factor set and condition set with zero tax rate status as the result as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name	Value	Result
Product inventory linked		LU Type of Reduced Rate	Reduced Rate 1 Goods	LU Reduced Rate 1 Status

Product Category Fiscal Classifications: Explained

Use product category fiscal classifications to classify items for tax determination and reporting purposes. Use product category fiscal classifications when Oracle Fusion Inventory is not available. However, you can use product category fiscal classifications in conjunction with product fiscal classifications when Inventory is installed.

Product category fiscal classifications use the classification functionality within Oracle Fusion Tax setup to directly define the classification to use. This functionality allows a hierarchy of up to five levels and uses the standard hierarchical features. It also allows you to associate the classification codes with specific countries.

Note

Leave the country blank on the classification codes if that code is applicable to multiple countries.

Product Category Fiscal Classifications in Tax Rules

The product category fiscal classification tax determination factors allow you to use product category fiscal classification in the tax rules. A combination of determination factor class, class qualifier, and determining factor represents these determination factors.

Use **Product noninventory linked** as the determining factor class, the level to be defined in the tax rule as the class qualifier, and product category as the determining factor.

For each of the fiscal classification codes created, you can associate a tax reporting code, which is associated with the fiscal classification code. This enables you to report on any transaction line that uses the product category fiscal classification code to which the reporting codes is associated. You can associate multiple reporting codes with a single product category fiscal classification code, which allows multiple reporting requirements to be modeled.

Tip

Use reporting codes related to the key elements of the transaction in preference to reporting against the key elements. This indirect reporting allows grouping of results when the same reporting code is associated with multiple product category fiscal classification codes. It also helps in minimizing ongoing maintenance.

Product Category Fiscal Classifications at Transaction Time

The product category fiscal classification has a single default that is set up in the relevant country defaults and appears as the default on the transaction lines. However, during transaction time, you can enter any applicable alternative product category fiscal classification code on the transaction line.

This product category is stored in the tax reporting ledger and is available for reporting.

Product Category Fiscal Classifications: Example

Many tax regimes use product classification to control tax applicability as well as the rate that is to be applied.

This scenario illustrates how tax is determined and reported for newspapers, books, and periodicals in Luxemburg without configuring Oracle Fusion Inventory.

Scenario

In Luxemburg, transactions involving newspapers, books, and periodicals are invoiced with VAT at a reduced rating, currently 3 percent.

To model this specific requirement, use the product category fiscal classification and follow these steps:

1. Configure product category fiscal classification based on the following table:

Level	Code	Name	Country	Start Date
1	LUG01	Goods	Luxemburg	1-Jan-1970
2	LUG0100	Normal Rated Goods	Luxemburg	1-Jan-1970
2	LUG0101	Zero Rated Goods	Luxemburg	1-Jan-1970
2	LUG0102	Exempt Goods	Luxemburg	1-Jan-1970
2	LUG0103	Reduced Rate Goods	Luxemburg	1-Jan-1970
3	LUG0103-01	Reduced Rate 1 Goods	Luxemburg	1-Jan-1970
3	LUG0103-02	Reduced Rate 2 Goods	Luxemburg	1-Jan-1970
3	LUG0103-03	Reduced Rate 3 Goods	Luxemburg	1-Jan-1970
1	LUS01	Services	Luxemburg	1-Jan-1970
2	LUS0100	Normal Rated Services	Luxemburg	1-Jan-1970
2	LUS0101	Zero Rated Services	Luxemburg	1-Jan-1970
2	LUS0102	Exempt Services	Luxemburg	1-Jan-1970
2	LUS0103	Reduced Rate Services	Luxemburg	1-Jan-1970

3	LUS0103-01	Reduced Rate 1 Services	Luxemburg	1-Jan-1970
3	LUS0103-02	Reduced Rate 2 Services	Luxemburg	1-Jan-1970
3	LUS0103-03	Reduced Rate 3 Services	Luxemburg	1-Jan-1970

Tip

While using the product category fiscal classification, only classify the nonstandard items of your business. Handle standard items by using default tax rules. Thus, for a standard item, none of the explicit tax rules are applicable and the default rate applies.

The standard items are included in the table for completeness only. Modeling these standard items using default tax rules may be sufficient.

Tip

Do not add the explicit percentage to the naming or coding convention used for product category fiscal classification. When the rate changes, you change the rate period on the specific rate and you do not have to change classifications or associated tax rules.

-
2. Create the determining factor set which refers to this product category fiscal classification.

Use **Product noninventory linked** as the determining factor class, the level to be defined in the rule as the class qualifier, and the product category as the determining factor as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name
Product noninventory linked	Level 3	Product Category

3. Create the condition set that refers to this product category fiscal classification as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name	Value
Product noninventory linked	Level 3	Product Category	Reduced Rate 1 Goods

4. Create the tax status rule based on the determining factor set and condition set with zero tax rate status as the result as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor Name	Value	Result
Product noninventory linked	Level 3	Product Category	Reduced Rate 1 Goods	LU Reduced Rate 1 Status

Intended Use Fiscal Classifications: Explained

Use intended use fiscal classifications to classify items for tax determination and reporting.

Intended use fiscal classifications can be defined in two ways. When you use the intended use fiscal classification interface for the first time, you are presented with an option to choose whether the classification is defined by:

- Linking it to an Oracle Fusion Inventory catalog, which in turn can be used to group items. Items can be grouped using the standard Inventory functionality. To do this, select the **Inventory Based** option.
- Using the hierarchical classification functionality in Oracle Fusion Tax to define the classification to be used. To do this, select **Noninventory based** in the **Intended Use Classification** field.

During transaction time, the application derives the default intended use fiscal classification. Override the default value if necessary. The overridden intended use fiscal classification code is used to determine tax.

Inventory-Based Intended Use Fiscal Classifications

Use inventory-based intended use fiscal classifications to define a classification that uses the Inventory catalog functionality.

During transaction time, when an item is used on the transaction line, the application looks for a default intended use fiscal classification and uses that on the transaction line. At transaction time you can override the default intended use fiscal classification. The overridden value is used for tax determination and reporting. However, unlike product fiscal classification, you define only one level for the intended use fiscal classification.

Set up the following options in the Inventory catalog:

- Do not select the **Enable hierarchies for categories** option.
- Select **Items at leaf level** in the **Catalog Content** field.
- Select the **Allow multiple item category assignments** option.
- Select the **Enable automatic assignment of categories** option.
- Select **None** in the **Source Catalog** field.
- Do not select a value in the **Sharing Control** field.

Tip

Care should be taken when defining intended use fiscal classifications based on catalogs as the application may automatically create a default. This default is not easily visible on the transaction user interface and therefore, you may not be aware that a default has been derived and that you may need to change it.

Noninventory-Based Intended Use Fiscal Classifications

Use noninventory-based intended use fiscal classifications to define classifications that use the functionality within Oracle Fusion Tax. It allows you to define single level classification codes.

Optionally, link each classification code to a country code. This country code is used to restrict the list of noninventory-based intended use fiscal classifications when you enter them in tax rules and during transaction time.

By matching this country code to the tax regime country the list of noninventory-based intended use fiscal classification codes is restricted. Similarly, the taxation country is used to restrict the list of intended use fiscal classification codes displayed at transaction time. In both cases, the list contains the fiscal classification codes with the matching country or where the country field is blank.

Note

If the code is applicable to multiple countries, leave the country field blank.

Intended Use Fiscal Classifications in Tax Rules

The intended use fiscal classification tax determination factors allow you to use the intended use fiscal classification in tax rules. A combination of determination factor class and determining factor represents these determination factors.

Use the **Transaction input factor** as the determining factor class and **Intended use** as the determining factor.

Inventory-Based Intended Use Fiscal Classifications at Transaction Time

During transaction time, when an item is defined on the transaction line, the application automatically derives the default intended use fiscal classification. Override this default intended use fiscal classification at the time of transaction, if necessary.

The intended use fiscal classification is stored in the tax reporting ledger and is available for reporting.

Inventory-Based Intended Use Fiscal Classifications: Example

In value-added tax (VAT) regimes, most recoverability is driven by the usage of the purchased product.

This scenario illustrates how the usage of the purchased product can be modeled using intended use fiscal classifications. Consider that the Oracle Fusion

Inventory functionality is available and therefore, use it to define the intended use fiscal classification codes.

Scenario

In the United Kingdom the VAT received from purchase of goods associated with VAT exempt sales cannot be recovered that is, the recovery rate is zero percent (0%).

To calculate recoverability:

1. Configure Oracle Fusion Inventory catalog.
2. Create a catalog with a name of INTENDED USE for the intended use fiscal classification.
3. Create class categories such as, Linked to Exempt Sales. The catalog is used for other classifications such as business entertainment and company cars. Link all items that are associated with exempt sales to the class category as follows:

Code	Name
EXEMPT SALES	Linked to Exempt Sales
BUS ENTERTAINMENT	Business Entertainment
COMPANY CARS	Company Cars

Tip

While using the intended use fiscal classification, classify the nonstandard items of your business as standard items. This can be modeled as a default tax rule and therefore, does not require an explicit classification or an explicit rule. Classify only exception items and define specific tax rules for them. For a standard item, none of the explicit rules are applicable and the default rate applies.

-
4. Create an Inventory-based intended use fiscal classification and link it to the catalog using the code INTENDED USE.
 5. Create the determining factor set and condition set that refer to the intended use fiscal classification.
 6. Create a tax recovery rule based on the determining factor set and the condition set with zero recovery rate as the result.

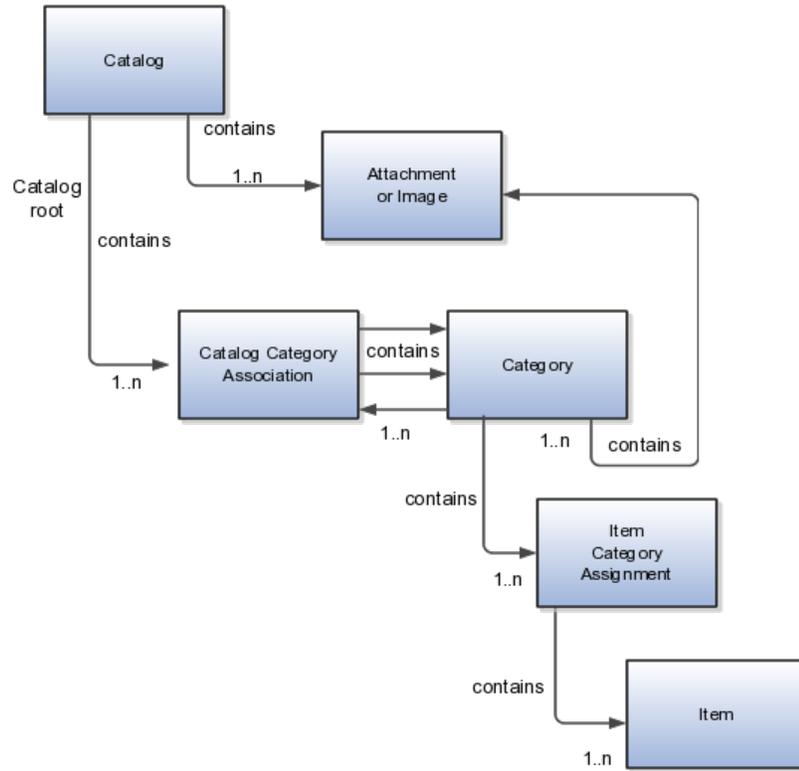
Define Basic Catalogs

Catalogs: How They Work Together

A catalog is a collection of categories that you use to classify items. You can organize the categories into a hierarchy that represents a taxonomy. You create new categories only in the context of a catalog. You can add existing categories to one or more catalogs, either from another catalog or as shared categories from a source catalog.

You can set the **Catalog Content** value to **Items at all levels** which allows items to be assigned to any level within the category hierarchy, not only to the leaf levels.

The following diagram shows the relationships of the catalog components.



Catalog

A catalog is a collection of categories that are organized to define a classification of items. The top most level of a catalog is the catalog root. All categories for the first level in the category hierarchy are associated with the catalog root through the catalog category association component.

Category

A category is a component of a catalog that represents a portion of the classification defined by the categories and category hierarchy in the catalog. You can associate a category to a catalog through the catalog category association. Both the shared category and the native category are associated through the catalog category association.

Catalog Category Association

Catalog category association represents the relationship between a catalog and a category, or a parent category and a child category. Each catalog category

association represents one relationship between the catalog and a category or one relationship between a parent category and a child category.

Item Category Assignment

Item category assignment represents the assignment of the item to a category in a catalog. Each item category assignment represents the relationship between a category and an item.

Item

An item represents objects such as a product, service or template. An item is assigned through the item category assignment component.

Attachment or Image

Information is associated to the catalog and/or category, or both, through the attachment framework. Multiple attachments are supported but you can associate only a single attachment or attachment type image with a catalog or category.

Formatting Catalogs: Explained

The format of a catalog is defined at the time the catalog is created and controls the behavior of the catalog at runtime.

When you format a catalog the layout controls three main areas and includes the following tasks, some fields are required, and others are optional.

- Catalog configuration
- Date enablement
- Category sharing

Catalog Configuration

You can configure the catalog, and this affects how the content behaves. The catalog configuration contains a set of attributes that define the catalog configuration. These attributes interact to define the runtime behavior of the catalog.

The configuration functions are:

- **Catalog code:** A unique identifier that is used.
- **Catalog structure:** The key flexfield structure used to define the catalog.
- **Controlled at:** Controls how items are assigned to categories and has two values. The first value is master level, which enables the automatic assignment of items to all child organizations associated with the master organization, if the current context is a master organization. The second value is organization level, which assigns the item only to the organization in the current context.
- **Default category:** Applies any time a new item is created. The newly created item is assigned to this category within the catalog automatically. The automatic assigned is controlled by the functional area.

- **Catalog content:** Controls what content can be added to the catalog and where the content can be added. This attribute has three values:
 - The Item at leaf levels allows items to be added only to the bottom level categories in the hierarchy.
 - The Items at all levels allows items to be assigned to any category in the hierarchy regardless of level.
 - Categories only allows categories to be added only to the catalog.
- **Allow multiple item category assignment:** When this option is selected, you can assign an item to one or more categories in the catalog. The default is deselected, which means that each item can be assigned to only one category in the catalog.
- **Enable hierarchies for categories:** When this option is selected, you can create a hierarchy for the catalog. The default is deselected, which means that the catalog cannot have a hierarchy and categories are associated with the catalog root.
- **Enable automatic assignment of categories:** When this option is selected, the catalog is built by automatically associating all categories, based on matching the catalog structure value to the category structure value.

Catalog Date Enablement

The date enablement function controls when the catalog is in an active state or inactive state by using the start date and end date attributes.

Category Sharing

The category sharing function enables sharing by reference to categories from a designated source catalog.

The sharing function has these attributes:

- **Source catalog:** A catalog that does not have sharing enabled from which categories, category hierarchies, and assigned items can be added to the catalog.
- **Sharing content:** Controls what content can be added from the source catalog. This attribute has three values:
 - **Categories only:** Only categories without assigned items can be shared.
 - **Items only:** Only categories with assigned items can be shared.
 - **Items and categories:** All categories can be shared.

Catalog Details: Explained

You can change a default category so that you can use it for item creation, or modify the inactive date so that the category is no longer used as you update a catalog. You can correct mistakes or reclassify the category due to shifting relationships within the category hierarchy.

You can view and edit a catalog on the Edit Catalog page when you have editing rights. For users that do not have rights to edit, the page is in read only mode.

The following aspects are important regarding managing and editing catalog details:

- Catalog header region
- Catalog detail tab
- Category hierarchy tab

Catalog Header Region

This region contains the catalog name and description, the selection of the default category and the start and end date for the catalog.

Catalog Detail Tab

The Detail tab contains:

- The configuration attributes for the catalog that controls the runtime behavior for the catalog.
- The sharing attributes for the catalog which controls the source catalog that will be used for sharing from and what content can be shared.
- The additional information which contains the descriptive flexfields defined for the catalog.

Category Hierarchy Tab

This contains the category hierarchy region in which the category hierarchy can be created and maintained. In addition, items can be assigned, and the usage of the category in other catalog can be viewed, and the attributes for the category and catalog category association can be edited.

Automatic Assignment Catalogs: Explained

The automatic assignment catalog feature enables you to reduce the cost of creating and maintaining a catalog. It is a simple way to create a nonhierarchical catalog because you do not have to add categories manually to the catalog.

All categories that have the same category structure value as the catalog are automatically assigned and associated to the catalog when you create a catalog category association for each category. Note that if you create a category in another catalog with the same structure value as the automatic assignment catalog, the category is added to your catalog. The categories displayed for automatic assignment catalogs are refreshed only at startup and after you save.

Automatic Assignments

The automatic assignment feature is enabled during catalog creation when you select the **Enable automatic assignment of category** check box. When you open a new catalog, any categories that have the same category structure value as the catalog structure value for the catalog are automatically assigned to the catalog.

For example, Purchasing may maintain a master catalog containing all categories that represent commodities. Each commodity team can create categories for their commodity in their own catalog.

- The master catalog for Purchasing is named Purchasing and is configured during creation to support the automatic assignment of categories.

- The Electronic commodity team creates a catalog named Electronics and proceeds to create categories that represent the classification of their commodity. The Electronic commodity team creates the categories televisions, computers, and home theaters.
- The other commodity teams create and maintain separate catalogs.
- Because you enabled automatic assignments for the Purchasing catalog, any categories created by the commodity teams are added to the catalog automatically. The Purchasing managers can view the collection of all commodities represented as categories in the Purchasing catalog.

Manage Catalogs

Editing Catalogs: Explained

The Edit Catalog dialog is a shared page that has two modes, view and update. The view mode displays the selected catalog in a read-only file. The update mode displays the selected catalog in an editable file. You must have edit catalog privileges to access the catalog in update mode. You can edit only an active or future-dated catalog.

The following fields are editable in the catalog:

- **Catalog Name**
- **Description**
- **Start Date**
- **End Date**
- **Default Category**
- **Allow multiple item category assignment**
- **Addition Information**
- **Category Hierarchy**
- **Category Details**
- **Items assigned to category**

Default Category

You can edit this field to select another category as the default category for item creation. You cannot remove the default category if the catalog is assigned to a functional area that requires a default category to be specified.

Allow Multiple Item Category Assignment

This check box is editable only until you assign an item to a category in the catalog.

Addition Information

You can edit the values of the descriptive flexfields attributes.

After you make changes, clicking the **Save** button saves the changes to the database but will not close the Edit Catalog page. Clicking the **Save and Close** button saves the changes to the database and closes the Edit Catalog page.

Categories and Catalog Relationships: Explained

Catalogs are used to organize and classify collections of items by associating categories to the catalog. The categories are organized to form a taxonomy and items are assigned to the categories. When a category is associated with the catalog a catalog category association is created which specifies the relationship of the association. The catalog category association may also represent the relationship between two categories, for example a relationship between a parent category and a child category.

The following aspect is important regarding catalog category association:

- Date enablement attribute value

Catalog Category Association

The catalog category association is date enabled providing the control of when the catalog category association is active in the catalog and when the catalog category association is inactive. The catalog category association has two attributes to support date enablement; the start date and the end date. The start date is value is the first day that the catalog category association is available or active for use and the end date is the last day the catalog category association can be used, after this date the catalog category association is inactive. The date enablement attribute values are also used to control the visibility of content and the behavior of the category in the catalog. If a category association is inactive or end dated, having the value of the end date attribute past the current date, then the items cannot be assigned to the category.

A catalog category association will be set to inactive state when the category referenced by the catalog category association is set to an inactive state automatically, but the display will not be refreshed automatically.

Date Enablement for Catalogs and Categories: Explained

The catalog, categories, and catalog category association use date enablement to determine if the object specified is active or inactive based on the start date and end date. The following are date enablement definitions:

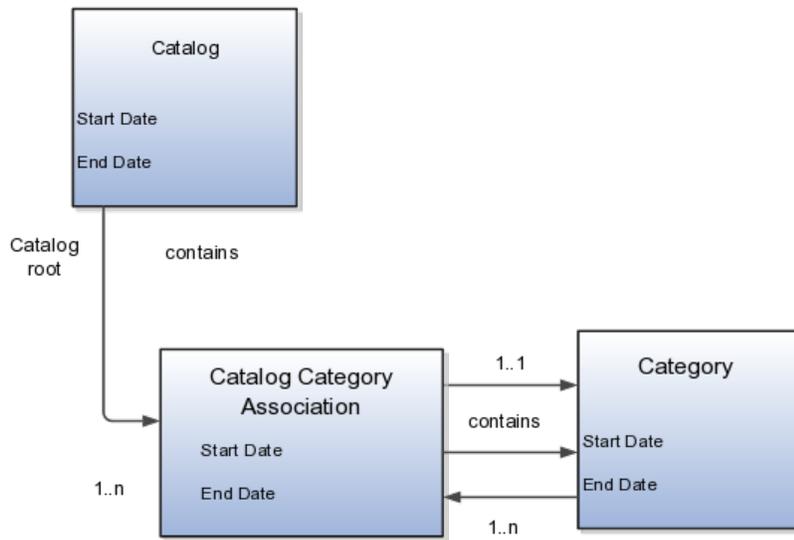
- **Active** An object is active when the current date is later than or equal to the value of the start date, but earlier than or equal to value of the end date.
- **Inactive** An object is inactive when the current date is later than the value of the end date.
- **Future dated** An object is future dated when the current date is earlier than the value of the start date.

You set the date enablement attributes are used to determine when a catalog, category, or catalog category association is used or visible.

- On the Manage Catalog page, a table filter determines which catalogs appear. The default value for the choice list is **Active**, indicating that only active catalogs will be displayed. You can select the value **All** to view both active and inactive catalogs.

- On the Edit Catalog page, on the category hierarchy tab, two table filters determine what categories and catalog category associations appear. The default values for the two choice lists are **Active**, indicating that only active categories and active catalog category associations will be displayed. You can select the value **All** to view both active and inactive categories and catalog categories associations.
- Other applications also use the date enablement attributes to filter information retrieved through application programming interfaces or services for catalogs.

The following illustration provides the date enablement attributes for these objects. The catalog, category, or the catalog category association has an internal state that is active or inactive.



The following aspects are important regarding date enablement for catalogs and categories:

- Start date
- End date
- Catalog and category objects
- Catalog category association
- Catalog and category rules

Start Date

The start date is defined as the first date that the object can be active. The start date can be future dated by setting the value to a date later than the current date. The start date value defaults to the system date if no date is entered during catalog or category creation.

End Date

The end date is defined as the last date that the object can be active. The object is end dated one second after the date specified by the value of **End Date**, that is the next day at 12:00:01 a.m. You cannot set the end date in the past. Also, you can change the end date from a condition when the object is ended to a new end date greater than or equal to the system date, causing the object to go from inactive to active. The end date value is optional during catalog or category creation.

Catalog and Category Objects

The start and end dates have been added for the catalog and catalog category association. The inactive date for categories has been renamed as the end date and the start date has been added.

Catalog Category Association

The catalog category association is used to specify the parent and child relationships between catalogs and categories and for category to category relationships. The catalog category association date enablement is independent of the category data enablement, except for the case where the category is end dated; the association is ended automatically as well. The catalog category association dates represents the state of the category for the catalog in which the category is associated.

Catalog and Category Rules

When a catalog is inactive the following rules apply:

- All operations for the catalog are disabled; the catalog is not editable.
- The catalog cannot be used in other processes.
- The catalog can be viewed only if you set filters on the Manage Catalog page to a value of **All**, enabling you to view active and inactive catalogs.

When a category is inactive the following rules apply:

- All operations for the category are disabled; the category is not editable.
- The category cannot be added to other catalogs.
- The category can be viewed only if you set the filters on the Edit Catalog page to a value of **All**, enabling you to view active and inactive catalogs.
- The system sets the catalog category association for the inactive category to inactive.

When a catalog category association is inactive the following rules apply:

- The category may be inactive or active; if the category is active it can be edited.
- The catalog category associations and related category can be viewed only if you set the association filter on the Edit Catalog page to a value of **All**, enabling you to view active and inactive catalogs.

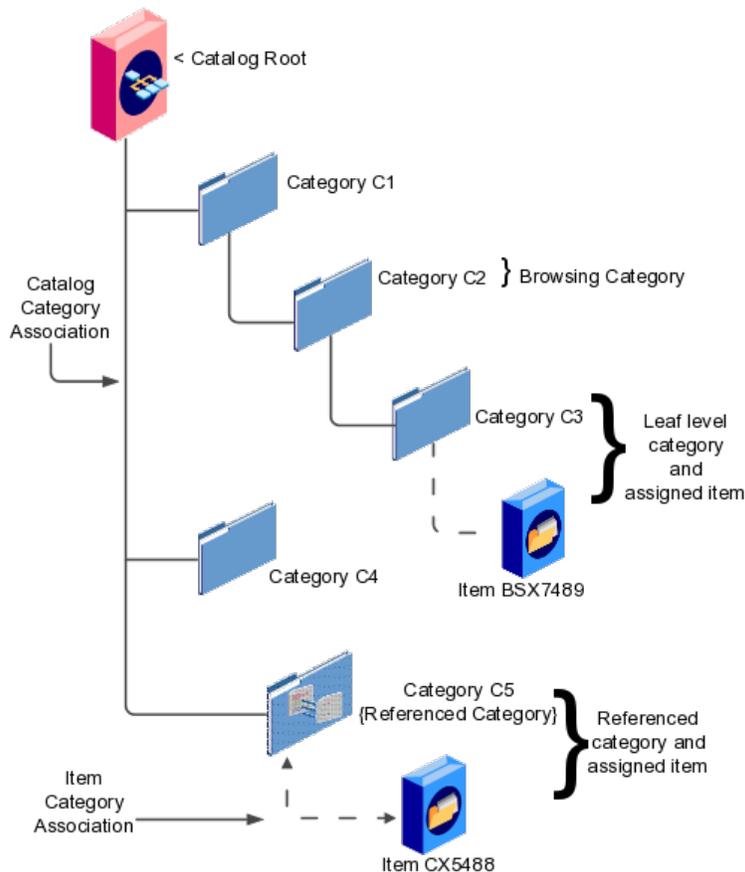
When a catalog is future dated the following rules apply:

- All the operations of the catalog are enabled and the catalog is editable.
- The catalog can be used in other processes, if allowed.
- The catalog can be viewed only if the you set the filters on the Manage Catalog page to value of **All**.

Catalog Hierarchies: How They Fit Together

You use catalogs to organize and classify collections of items by associating categories with the catalog. You organize the categories to form a taxonomy and assign items to the categories. When you associate a category with the catalog, a catalog category association is created which specifies the relationship of the association. The catalog category association may also represent the relationship between two categories, for example, a relationship between a parent category and a child category.

The following diagram shows the relationships of the category hierarchy components:



Components

The components of a category hierarchy are:

- **Catalog root:** The topmost node in category hierarchy that represents the object called catalog.
- **Category:** The catalog component that is used to represent the classification structure.
- **Catalog category association:** The line in the diagram represents the relationship between a catalog and category or between a parent category and child category.
- **Item category assignment:** The dotted line in the dialog represents the relationship between a category and an item.
- **Reference category:** The category C5 in this diagram is shared as a reference category from a source catalog.
- **Leaf level category:** The lowest or bottom-level category in a category hierarchy. You can assign items to all levels in a category hierarchy if you configure the catalog to support this.
- **Browsing category:** The category C2 in this diagram is a browsing category. Browsing categories are categories that you add to the category hierarchy for the purpose of classification and do not have items assigned to them.

The category hierarchy does not have a limit on how many levels can be represented. The category hierarchy can have multiple hierarchies within a single category hierarchy.

Editing Categories: Explained

Categories can be edited only from within an Edit Catalog page, the category hierarchy tab. The category can be edited by selecting row for the category in the category hierarchy table and editing the category information in the category detail panel. The category can only be edited if the category is active and the catalog is active or future dated.

The category information can be edited in both the details and items tabs.

Details and Items Tabs

The following fields are editable in the category:

- **Category name**
- **Description**
- **Attachments**
- **Category start date**
- **Category end date**
- **Items assigned to category**

After changes are made the **Save** button will save the changes to the database but will not close the Edit Catalog page. The **Save and Close** button will save the changes to the database and close the Edit Catalog page.

Editing Catalog Category Associations: Explained

The catalog category association can be edited only within the Edit Catalog page, in the category hierarchy tab. The catalog category association start date and end date attributes can be edited in the details region.

Category Catalog Associations

You select the category in the category hierarchy table for the catalog category association that is being edited, the category details are displayed in the right hand panel. The association start date and association end date are the only editable fields.

After completing the edits, click on the **Save** button to save your changes to the database, the Edit Catalog page will not close. The **Save and Close** button will save the changes to the database and close the Edit Catalog page.

Editing Category Details: Explained

You can update category details when you select the row with the category in the category hierarchy table, the category details are displayed in the right hand panel in the user interface in an edit mode for all native categories. The category detail region contains information about the category that is associated to the catalog. It also contains the association start and end dates.

You can view and edit a catalog on the category details tab when you have editing rights. For users that do not have rights to edit, the page is in read only mode.

The following aspects are important regarding managing and editing category details:

- Category details tab
- Items tab
- Where used tab

Category Details Tab

The details tab contains information about the category that has been associated to the catalog. This information appears in all catalogs, since a category can be associated to one or more catalogs. The details tab contains the category configuration, category date enablement, association date enablement, and the additional attributes for the category.

The details tab contains attributes that define a category. Unstructured information is added through attachments. Images are added to a category and are displayed in the category details tab.

Items Tab

The item assignments are specific to the catalog where the category is associated.

Where Used Tab

The Where used tab contains a list of catalogs that the category is associated with.

Creating Categories: Explained

You can create categories only in the context of a catalog, on the Edit Catalog page, Category hierarchy tab. When you select the **Create** icon in the category hierarchy table, it launches the Create Category dialog.

Consider the following important aspects when creating categories for catalogs:

- Create category region
- Configuration region
- Date enablement region
- Additional information region

Create Category Region

Enter a name and a meaningful description of the category in the create category region. Optionally, you can add an image and an attachment to this category.

Configuration Region

The key flexfield is determined during creation based on the catalog structure of the catalog. Enter the key flexfield segment values for the category. The number of key flexfield segment values depends on how you define the key flexfield at setup time. The category structure is the key flexfield structure instance that you create as part of the setup. When you define the key flexfield structure instance, you define the segments for the structure instance. For example, the family group and class group are segments. The segments appear in the Create Category dialog based on the key flexfield structure instance that you select.

The default value of the category content selection value is **Items and Categories**, but you can change the value. The values in the category content choice list vary based on the catalog content value.

The category content attribute value controls the content that you can add to this category.

- **Items Only**: Select to add only items to the category
- **Categories Only**: Select to add only categories to the category
- **Items and Categories**: Select to add both items and categories to the category

Date Enablement Region

Date enablement determines if an object is active or inactive based on the start date and end date. When categories are created, the default start date value is the

current date. You can move the category start date beyond the current date to a future date within the category. The end date value is optional.

Additional Information Region

The additional information region contains all descriptive flexfield attributes that you set up for categories. You can edit the values of the descriptive flexfield attributes at the time of category creation.

After you complete the required fields for the catalog, clicking **OK** creates the category in the database, adds the category to the point of selection in the category hierarchy, and closes the dialog.

Moving Categories: Explained

You use the move category function in the category tree table region of the Edit Catalog page. This is a table row action. The dialog is launched when you select an active or future dated category within the catalog and select this action. The move category function is disabled when the **Enable hierarchies for categories** check box is not checked or left unchecked.

Consider the following important aspects when moving categories within catalogs:

- Identifying the new parent

Identifying the New Parent

The dialog provides the current category parent and allows you to pick a new category parent. Only the legal category parents are displayed in the choice list.

The category list within the **New Parent** choice list is filtered by based on a set of rules:

- The new parent category must be an active or future dated category; the end date value of the category must be later than the current system date.
- The value of the category content for the new parent category must allow the selected category to be added; the legal values are items and categories and categories only.
- A selected category associated with the catalog at a level below the categories at the root categories can be moved to the root of the catalog.
- The new parent category catalog category association must be active; the end date value of the catalog category association must be later than the current system date.

Importing Category Hierarchies: Explained

Category hierarchy can be created and maintained through a spreadsheet interface reducing the amount of time to create and maintain catalogs. Existing catalog content can be exported and the content used in other catalogs for catalog category hierarchies.

The following aspects are important regarding category hierarchy import used in catalogs:

- Spreadsheet interface
- Export category hierarchy

Spreadsheet Interface

You can manage the catalog category hierarchy to use the spreadsheet interface that is available in the Edit Catalog page by using the **Export Hierarchy** button to download existing catalog content, modify this content in a spreadsheet, and upload the content back into the Product Information Management application.

Export Category Hierarchy

You use export category hierarchy for example, when you need to provide the category hierarchy to a partner. Your partner has the capability to import the catalog file using an Excel spreadsheet.

You can export the category hierarchy from our catalog and it can be used by partners. If your partner has the Oracle Product Information Management solution, they can directly import the category hierarchy into their catalog.

Managing Attachments to a Catalog or Category: Explained

Catalogs and categories support attachments and use a common component for managing attachment content. You can add attachments on both the Create Catalog and Edit Catalog pages.

The attachment component displays a green plus sign icon indicating that no attachments are available for the object. The Attachment dialog appears when you click the green plus sign icon. You define the attachment by selecting the attachment type, file name or Uniform Resource Locator (URL), title, description, and by indicating whether the attachment can be shared with other objects. Once you define the attachments and click the **OK** button, that attachment title appears in the attachment component region of the page along with a red X icon that you can click to delete the attachment.

The attachment file types are:

- File
- Repository File/Folder
- Text
- URL

File

You must provide a title for the file and create a description for the attachment. You select a file to upload from your desktop.

Repository File/Folder

You click the **Browse** button to attach a repository file/folder from the document repository to a catalog. The attachment repository contains existing attachments

and is organized as a set of folders. The **Browse** button launches the Attachment Repository dialog to enable you to select an attachment. You must provide a title for the repository file/folder and create a description for the attachment.

Text

Enter the text string in the field that you want to appear as an attachment. You must provide a title for the text and create a description for the text attachment.

URL

Enter the URL address to a web page that you want to attach to the catalog. You must provide a title for the URL attachment and create a description for it.

The **Share** check box alerts users that you added an attachment and the date that you performed the task.

Assigning Items to Categories: Explained

You can assign items to categories on the Edit Catalog page, category hierarchy tab, on the category detail item tab. You can assign items only to active categories and categories where the **Category Content** field value is **Items and Categories** or **Items Only**. In addition, you can configure catalogs to control item assignment to categories within the catalog by selecting the **Allow multiple item category assignment** check box, which allows items to be added to all levels of the category hierarchy.

You select items from a choice list and add them to the category. The choice list is filtered based on a set of rules:

- **Item data level security:** Displays only the items that the user has permission to view and assign.
- **Organization context:** Based on the organization context that is controlled by a choice list in the item table header, only the items assigned to organizations are displayed.

Controlling Item Assignment

You also control item assignment by selecting the value of the **Controlled at** check box. If you select the **Master Level** value and the organization context is a master organization, the items are automatically assigned to all child organizations that are associated with the master organization.

Publishing Catalogs: Explained

Other applications can use catalog data if you export the catalog content. For example, you may want to export catalog content to use as a monthly report of all items assigned to a specific catalog. You can use the default publish template provided in hyper text markup language (HTML). You can specify the content and layout of the catalog information. When the catalog is published, you select the format and initiate the creation of the content in the file.

The following aspects are important regarding catalog data to be published:

- Publish a catalog

- Type of catalog content that can be published

Publish a Catalog

You initiate a search for a catalog from the Manage Catalogs page, select the row corresponding to the catalog that you want to publish and select the **Publish** action. The application generates the report based on the default template in HTML format, and the locale prior to creation of the file. You can select a new template or format from the report window. The content displayed for items, categories, catalog categories, and catalog is based on the publish template.

Type of Catalog Content That Can Be Published

The default catalog publish template allows the publication of the catalog header details, category hierarchy, category details, and category item assignments. The order of a published report begins with the catalog header and the catalog category details. If the category has a child relationship then the catalog category association details for the child category follows. If the child category has a hierarchy, then the complete hierarchy under the category is published with the catalog category association details and categories details.

FAQs for Define Basic Catalogs

How can I share catalog content?

Categories can be shared across multiple catalogs allowing catalog content to be reused and saving the work needed to maintain multiple copies of the categories. In the case of category sharing, the category structure in the source catalog can be different than the native catalog.

Categories can be shared using two methods; the first method is directly associating the category to the catalog. The category is added to the catalog and can be edited in the catalog or any catalog the category is associated to. The items assigned to the category are not shared, but are assigned to the category in context with the catalog the category is associated. For example if the category name or description is changed in one catalog, the change will be reflected in all catalogs where the category is associated, but if items are assigned to a category, the assignment will be for that single catalog.

The second method of sharing categories is adding a category by reference into the catalog. During the creation of the catalog, sharing can be enabled by specifying a single source catalog that will be used for sharing by reference and setting the value of the sharing content to control what content will be shared from the source catalog. The advantage of using sharing by reference is source catalog content can be shared to multiple catalogs and maintained in a single place, the source catalog. In addition, the referenced content can be more than one category, for example a complete category hierarchy and any assigned items to categories in shared content can also be reference within the catalog.

How can I define category hierarchies?

Categories can be organized to represent classification taxonomies. The hierarchy organizations for categories have parent and child relationships that form a

tree structure. The category hierarchy is created and maintained within the Edit Catalog page, category hierarchy tab. The category hierarchy is shown in true relationship to the way it is defined.

The category hierarchy can be created using two methods: the first is manually creating the hierarchy by adding referenced categories, duplicating categories or creating category for the catalog.

The second method for creating the hierarchy is by importing the category hierarchy through the spreadsheet interface. The category hierarchy can be exported from other catalog or other sources, edited and imported into a new catalog, additionally it can be added manually to the spreadsheet.

The category hierarchy can be edited using **Move Category**. The catalog category association cannot be deleted, but can be end dated to make the catalog category association inactive. The category hierarchy table provides a choice list filter that controls what catalog category associations and categories area displayed based on the date enablement. The category hierarchy can also be edited by exporting the complete hierarchy, editing it and importing the category hierarchy back into the catalog.

How can I duplicate categories?

You can select and duplicate a category as a quick way to create a similar category configuration. Selecting the **Duplicate** icon action launches a Create Category dialog that has attribute fields populated based on the selected category attribute values. The category name is prefixed with **Copy_** followed by the name of the selected category. You fill in the required field information in the key flexfield segment values which are blank. Once the category attributes are updated and the key flexfield segments values are entered, the **OK** button adds the newly created category into the category hierarchy of the selected category you have configured.

How can I add categories?

Categories are catalog components that are associated to a catalog for purpose of classification of items. You can add existing categories to the point of selection which can be a category in the hierarchy or the root of the catalog. If no category is selected, the default is the root of the catalog.

You can add categories by selecting the **Add Category** field and selecting the value **Add Category**. You can then search for existing categories based on the value of the catalog structure for the catalog. You can narrow the search for existing categories by using the **Advance Search** region in the dialog. You can add each selected category by selecting the **Apply** button and the add category region remains open. The **OK** button adds a category if a category is selected and then closes the dialog.

How can I add shared categories?

Adding a shared category is similar to adding an existing category except the category is selected from the catalog that has been designated as a source catalog. The sharing content attribute value determines what content is shared from the source catalog. A category within a source catalog that has been added to a

native catalog is also known as a referenced category. You use the drop list menu from the Add Categories menu, and the Shared Category option will be disabled if the catalog has not been configured for category sharing.

How can I add images to a catalog or category?

You can attach an image from your desktop or from a configured repository to a catalog or a category, or both. The image is displayed in the catalog detail and the category detail section of the catalog page. Only one image can be associated with a catalog or category. To attach an image, select the green plus icon to launch the Manage Attachment dialog. The image attachment type can have values of **File** or **Repository File/Folder** and is selected in this dialog. The title you provide for the image attachment will appear under the image that is displayed in the catalog. The description you provide is not displayed. **Browse** will allow you to select the file to be used as the image for the catalog or category. After the information is entered in to the dialog, you click the **OK** button to load the image and the image attachment title will be displayed under the image. The image will not initially be displayed until the catalog is saved. The image can be replaced with another image by selecting the red X to delete the existing image and entering a new image.

What is catalog mapping?

You use **Catalog Category** mapping to map categories of different catalogs to the reporting categories in other catalogs. This feature allows one or more categories within a catalog to be mapped to category in a second catalog. For example, suppose that you want to roll up the costs associated with allow items assigned to a set of categories in catalog. Catalog mapping allows you to select a category in a catalog, and map all the categories in the set to that category. When you use this feature you are required to write code to do the roll up as identified in the example.

FAQs for Manage Default Catalogs

How can I map default catalogs?

You can map a catalog to be assigned to a functional area such as Purchasing. When a catalog is assigned to a functional area, the catalog will behave based on the rules you defined for that functional area. Only one catalog can be assigned to a functional area.

Define Transaction Tax Classifications

Define Transaction Tax Classifications: Overview

Many tax regimes define rules for specific transactions or information related to the transaction. To support these requirements Oracle Fusion Tax has extensive and powerful features to allow the transaction process to be classified. These classifications provide a conceptual model to classify the type of transactions and documents related to the transaction. Set up your transaction process classifications in the Define Transaction Tax Classifications activity.

The following process classifications for tax purposes can be used within Oracle Fusion Tax and are summarized in the following table:

Process Classification	Description
Transaction business category	Use this classification to classify a transaction line to define the type of transaction.
Transaction fiscal classification	Use this classification to group transaction business categories so that tax rules setup and maintenance can be minimized.
Document fiscal classification	Use this classification where there is a need to relate documents to a transaction that affect the tax applicability or determination of transaction taxes on the transaction.
User-defined fiscal classification	Use this classification for classifying transaction lines where none of other classification are appropriate.

Tip

If possible, use other fiscal classifications that are automatically derived at transaction time in preference to the process classification which requires manual intervention at transaction time.

Use these classifications as determining factors within tax rules in the tax determination process, although you can also use them for tax reporting.

Transaction Business Categories: Explained

Use transaction business categories to classify transaction lines to drive tax determination and reporting.

Transaction business categories provide a hierarchy of up to five levels. The first level is predefined with standard events that are supported by Oracle Fusion Tax. The predefined levels are:

- EXPENSE_REPORT
- INTERCOMPANY_TRANSACTION
- PAYMENT_REQUEST
- PURCHASE_PREPAYMENTTRANSACTION
- PURCHASE_TRANSACTION
- SALES_TRANSACTION
- SALES_TXN_ADJUSTMENT

Use the transaction business category functionality to add additional levels and transaction business categories to these levels. However, you cannot add additional level one transaction business categories, you can only add additional transaction business categories that are children, or lower levels, of the predefined level one records.

When defining additional transaction business categories, use the **Country** field to specify the taxation countries where the transaction business category is used. During transaction time, the taxation country is used to restrict the list of transaction business categories that are available on the transaction line to those that have been set up with the same country or where the country is blank.

When setting up transaction business categories, leave the **Country** field blank or use the country name as defined on any parent level of the record that is being added.

Use the Associated Transaction Fiscal Classifications region to link a specific transaction business category to the transaction fiscal classification. You can use this association to allow different transaction business categories to be linked to the same transaction fiscal classification. This facilitates in setting up tax rules using a specific transaction fiscal classification instead of creating multiple tax rules for different transaction business categories.

Tip

While setting up the transaction business categories, use different levels so that you can define all of the necessary tax rules at the highest level possible. This facilitates in minimizing the needed number of tax rules.

Transaction Business Categories in Tax Rules

The transaction business category tax determination factors allow you to use the transaction business category in tax rules. A combination of determination factor class, class qualifier, and determining factor represent these determination factors.

Use the transaction generic classification as the determining factor class, the level of the transaction business category being used, level 1, level 2, level 3, level 4, or level 5 as the class qualifier, and transaction business category as the determining factor.

When a country name is specified on the condition set, the application selects only those transaction business categories that match the country name or where the country name is blank on the transaction business category.

Transaction Business Categories at Transaction Time

During transaction time, enter the transaction business category on the transaction line to classify the transaction line for tax determining and reporting purposes.

The transaction business category is stored in the tax reporting ledger and is available for reporting.

Transaction Business Categories: Example

Transaction business categories classify transaction lines for tax determination and reporting.

The following scenario illustrates how transaction business categories can be used for tax determination and reporting in Brazil.

Scenario

In Brazil, you need to identify a transaction correctly to be able to report and determine the correct applicable taxes. Create specific transaction business categories as children of the sales transaction. The transaction business categories include:

Level	Fiscal Classification Code	Fiscal Classification Name	Country	Start Date
1	SALES_TRANSACTION	Sales Transaction		1-Jan-1951
2	INTERSTATE MNFTRD FOR SALE	Interstate Manufactured for Sale	Brazil	The earliest transaction date or start date of tax.
2	INTERSTATE MNFTRD FOR MANUFACTURE	Interstate Manufactured for Manufacture	Brazil	The earliest transaction date or start date of tax.

To create these transaction business categories:

1. On the Manage Transaction Business Codes page select the **SALES_TRANSACTION** record.
2. Click **Create Child Node**. The Create Fiscal Classification Code page appears.
3. Enter the values as shown in the above table. By default, the start date is the start date of the sales transaction parent record, that is, 1-Jan-1951.
4. Specify the latest of:
 - a. Earliest applicable transaction to be used in the implementation.
 - b. Start date of the applicable Brazilian tax.

Tip

Specify the country name while creating transaction business categories. This ensures that a limited applicable list is presented while entering the transaction business category during transaction or tax rule creation.

Tip

While using the transaction business categories classification, classify the nonstandard items of your business as standard items. This can be modeled as a default tax rule and therefore, does not require an explicit classification or an explicit tax rule. Classify only exception items and define specific tax rules for them. For a standard item, none of the explicit tax rules are applicable and the default rate applies.

Transaction Fiscal Classifications: Explained

Use transaction fiscal classifications to categorize transaction business categories so that multiple transaction business categories can be classified and a single

transaction fiscal classification can be used within the tax rules. This facilitates all of the applicable transaction business categories to trigger the relevant tax rule.

Transaction fiscal classifications provide a hierarchy of up to five levels. Each grouping of 1 to 5 levels is given a fiscal classification type group, which is used to retrieve all of the associated levels of one transaction fiscal classification type.

You assign each level a fiscal classification type code and name with associated start and end dates. Use the fiscal classification type code as the determining factor when you create tax rules. The start date must be equal to or before the earliest transaction date that triggers a tax rule that uses the applicable transaction fiscal classification.

Associate each fiscal classification type record with a tax regime that is used when the tax rules are created. This ensures that the list of values of the transaction fiscal classification is restricted by the tax regime for which the tax rule is being created.

Tip

Set the transaction fiscal classification start date to the earliest tax regime start date of any tax that uses the given transaction fiscal classification.

To create these transaction fiscal classifications:

1. On the Create Transaction Fiscal Classification Types page save the current transaction fiscal classification type values before proceeding to the next step of creating transaction fiscal classification codes, associating business categories, and specifying tax reporting codes.
2. Use the Edit Transaction Fiscal Classification Codes page to create the level 1 fiscal classification code nodes.
 - a. Select the level 1 node.
 - b. Click the **Create Child Node** to create the subordinate levels. Create the subordinate levels up to the maximum levels defined for the transaction fiscal classification type group.
3. Associate the fiscal classification type record with one or more transaction fiscal classification codes. These codes are used to group the transaction business category, which is used in the tax rule as the condition set value.

Tip

While setting up the transaction fiscal classification, use different levels so that all of the necessary tax rules are defined at the highest level possible. This facilitates in minimizing the needed number of tax rules.

Associate and form a relationship between the transaction fiscal classification codes and the transaction fiscal classification. This relationship is used during transaction time to derive the transaction fiscal classification that validates the tax rules that use the transaction fiscal classification.

Use the Associated Codes Details region to define the relationship between transaction fiscal classification codes, the transaction business category codes,

and the tax reporting codes. Use the Transaction Business Category Codes and the Tax Reporting Codes tab to define the relationship.

Transaction Fiscal Classifications in Tax Rules

The transaction fiscal classification tax determination factors allow you to use the transaction fiscal classifications in tax rules. A combination of determination factor class and determining factor represent these determination factors.

Use the transaction fiscal classification as the determining factor class and the specific transaction fiscal classification type as the determining factor.

Transaction Fiscal Classifications at Transaction Time

During transaction time, use the transaction business category entered on the transaction line to classify the transaction line. The application derives the transaction fiscal classification using the defined relationship between the transaction business category and the transaction fiscal classification.

The tax determination process uses the derived transaction fiscal classification and any associated parent records for the higher levels to compare against the relevant tax rules.

Transaction Fiscal Classifications: Example

A transaction fiscal classification is the grouping multiple transaction business categories into a single transaction fiscal classification that is used with tax rules. This facilitates in triggering all of the applicable transaction business categories with relevant tax rules.

The following scenario illustrates how transaction fiscal classifications can be used for tax determination and reporting in Brazil.

Scenario

In Brazil, you need to identify a transaction correctly to be able to report and determine the correct applicable taxes. Create specific transaction business categories as children of the sales transaction. The transaction business categories include:

Level	Fiscal Classification Code	Fiscal Classification Name	Country	Start Date
1	SALES_TRANSACTION	Sales Transaction		1-Jan-1951
2	INTERSTATE MNFTRD FOR SALE	Interstate Manufactured for Sale	Brazil	The earliest transaction date or start date of tax.
2	INTERSTATE MNFTRD FOR MANUFACTURE	Interstate Manufactured for Manufacture	Brazil	The earliest transaction date or start date of tax.

Tip

Specify the country name while creating transaction business categories. This ensures that a limited applicable list is presented while entering the transaction fiscal classification during transaction or tax rule creation.

Tip

In this classification and many other tax classifications, classify the nonstandard items of your business as standard items. This can be modeled as a default tax rule and therefore, does not require an explicit classification or an explicit rule. Classify only exception items and define specific tax rules for them. For a standard item, none of the explicit tax rules are applicable, only the default rate applies.

The tax rules that apply to sales transactions are also applicable to purchase transactions. In this case, equivalent set rules are needed to represent the purchase side of the same transaction type. Therefore, create the following additional transaction business categories:

Level	Fiscal Classification Code	Fiscal Classification Name	Country	Start Date
1	PURCHASE_TRANS	Purchase Transaction		1-Jan-1951
2	INTERSTATE MNFTRD FOR SALE	Interstate Manufactured for Sale	Brazil	The earliest transaction date or start date of tax.
2	INTERSTATE MNFTRD FOR MANUFACTURE	Interstate Manufactured for Manufacture	Brazil	The earliest transaction date or start date of tax.

In the above scenario, instead of creating tax rules based on the type of transaction business category, that is, separate tax rules for sales and purchase transactions, create a single transaction fiscal classification and both the applicable sales and purchase transactions can be linked to it.

Create the following specific transaction fiscal classification with the relevant tax regime and transaction business category associations. In addition, create appropriate tax rules against this transaction fiscal classification.

Level	Transaction Fiscal Classification Code	Fiscal Classification Name	Start Date
1	BRAZIL MNFTRD (O2C and P2P) FOR SALE	Brazil Manufacture	1-Jan-1951

At transaction time, the tax determination process derives this transaction fiscal classification whenever the related transaction business categories are used on the transaction.

Document Fiscal Classifications: Explained

Use the document fiscal classification in situations where the documentation associated with the transaction is needed for tax determination and reporting.

Unlike other process classifications, document classifications are associated with the header of the transaction and therefore, apply to all the transaction lines on a transaction.

Document fiscal classifications provide a hierarchy of up to five levels. When defining the document fiscal classification codes, use the **Country** field to specify the taxation countries where the document fiscal classification is used.

During transaction time, the taxation country is used to restrict the list of document fiscal classification on the transaction line to those that have been set up with the same country or where the country is blank. When setting up the document fiscal classification, leave the **Country** field blank or use the same country that is defined on any parent level of the record that is being added.

Tip

While setting up the document fiscal classification, use different levels so that all the necessary rules are defined at the highest level possible. This facilitates in minimizing the needed number of tax rules.

Document Fiscal Classifications in Tax Rules

The document fiscal classification tax determination factors allow you to use the document fiscal classification in tax rules. A combination of the determination factor class, class qualifier, and determining factor represents these determination factors.

Use document as the determining factor class, the level of the transaction business category being used, level 1, level 2, level 3, level 4, or level 5 as the class qualifier, and the document fiscal classification as the determining factor.

The value you enter against the condition set is the document fiscal classification code or name set up for the specific level defined in the class qualifier, as well as for the same country or where the country is blank on the document fiscal classification.

Document Fiscal Classifications at Transaction Time

During transaction time, enter the document fiscal classification on the transaction to classify the transaction for tax determining and reporting purposes.

The document fiscal classification is stored in the tax reporting ledger and is available for reporting.

Document Fiscal Classifications: Example

The document fiscal classifications classify transactions for tax determination and reporting. Use this classification when the documentation associated with the transaction is needed to support the tax determination and reporting processes.

The following scenario illustrates how Intra-EU supplies are controlled through zero-rating of transactions. A zero-rating is given to a transaction only when the export documentation related to the transaction is received.

Scenario

When the export documentation is not received in time, the customer is invoiced with the VAT that is applicable in the country of the supplier. The transaction is not zero-rated, which is the normal case for Intra-EU business-to-business supplies.

To model this scenario, create a document fiscal classification and attach it to a transaction only when the documentation is received. If the document fiscal classification is not attached to a transaction, the Intra-EU goods business-to-business supply rules are not triggered and the applicable VAT is charged.

When the documentation is received after the invoice is generated, the invoice that is sent is credited and a new invoice is produced.

Create the following document fiscal classification:

Level	Fiscal Classification Code	Fiscal Classification Name	Country	Start Date
1	INTRA-EU DOCUMENTS	Sales Transaction		The earliest transaction date or start date of tax.
2	INTRA-EU EXPORT DOCUMENTATION	Intra-EU Export Documentation Received.		The earliest transaction date or start date of tax.

The tax rule that defines the conditions under which the Intra-EU supply of business-to-business goods are zero-rated includes a determining factor as shown in the following table:

Determining Factor Class	Class Qualifier	Determining Factor	Operator	Value
Document	Level 2	Document Fiscal Classification	Equal to	INTRA-EU EXPORT DOCUMENTATION

Tip

Specify the country name while creating transaction business categories. This ensures that a limited applicable list is presented while entering the document fiscal classification during transaction or tax rule creation.

Tip

In this classification and many other tax classifications, classify the nonstandard items of your business as standard items. This can be modeled as a default tax rule and therefore, does not require an explicit classification or an explicit

rule. Classify only exception items and define specific tax rules for them. For a standard item none of the explicit tax rules are applicable, only the default rate applies.

User-Defined Fiscal Classifications: Explained

Use user-defined fiscal classification to classify transactions to drive tax determination and reporting. Use user-defined fiscal classifications when other classifications are not appropriate or an additional classification is required. Enter user-defined classifications on a transaction line at the time of transaction.

User-defined fiscal classifications provide only one level. When defining the user-defined fiscal classification codes, use the **Country** field to specify the taxation countries where that user-defined fiscal classification is used. Leave the country blank if the user-defined fiscal classification code is used for multiple countries. When setting up user-defined fiscal classification, leave the country field blank or use the same country as defined on any parent level of the record that is being added. During transaction time, the taxation country is used to restrict the list of user-defined fiscal classifications on the transaction line to those that are set up with the same country or where the country is blank on the user-defined fiscal classification.

User-Defined Fiscal Classifications in Tax Rules

The user-defined fiscal classification tax determination factors allow you to use user-defined fiscal classification in tax rules. A combination of determination factor class and determining factor represent these determination factors.

Use the transaction input factor as the determining factor class and user-defined fiscal classification as the determining factor.

The value entered against the condition set is the specific user-defined fiscal classification code or name and the same country or where the country on the user-defined fiscal classification is blank.

User-Defined Fiscal Classifications at Transaction Time

During transaction time, enter the user-defined fiscal classification on the transaction line to classify the transaction for tax determination and reporting purposes.

The user-defined fiscal classification is stored in the tax reporting ledger and is available for reporting.

User-Defined Fiscal Classifications: Example

Use the user-defined fiscal classification to classify transactions for tax determination and reporting. This classification is used when other classifications are not appropriate or an additional classification is required in tax determination and reporting.

This scenario illustrates how a user-defined fiscal classification is used to identify if a customer is a foreign diplomat and therefore, exempt from value-added tax (VAT).

Scenario

To model this scenario, create a user-defined fiscal classification that is added to a transaction line only when the customer is a foreign diplomat and VAT is exempted.

In practice, it is likely that most businesses monitor such transactions and therefore, specifically create a zero (0%) rate within the exempt tax status to allow monitoring of such situations. By reporting this specific 0% rate, all applicable transaction can be identified.

Create the following user-defined fiscal classification:

Fiscal Classification Code	Fiscal Classification Name	Country	Start Date
FOREIGN DIPLOMAT EXEMPTION	Foreign Diplomat Exemption	United Kingdom	The earliest transaction date or start date of tax.

Set up the following determining factor for the tax rule that defines the condition where the sales transaction is zero percent (0%) rated using the special exempt rate, tax status and tax rate rule:

Determining Factor Class	Class Qualifier	Determining Factor	Operator	Value
Transaction Input Factor		User-Defined Fiscal Classification	Equal to	FOREIGN DIPLOMAT EXEMPTION

This tax rule, to apply a zero tax rate to a transaction, is applicable only when the user-defined fiscal classification is associated with the transaction line.

Tip

Specify the country name while creating the user-defined fiscal classification. This ensures that a limited applicable list is presented while entering the user-defined fiscal classification during transaction or tax rule creation.

Define Party Classifications

Party Information: Explained

Party classification defines the different types of party. Use party classifications to define party types for tax determination and tax reporting purposes.

Oracle Fusion Tax uses two types of tax party classifications:

- Party fiscal classifications

- Legal party classifications

Both are used to classify parties to provide determining factors or building blocks on which tax rules are defined. They are also used to classify parties so that they can be reported.

Party Fiscal Classifications

Use party classifications to classify your customers, suppliers, first party legal entities, and first party legal reporting units for tax determination and tax reporting.

Define the party classification categories and associated classification codes within the Oracle Fusion Trading Community Model party classification setup. Create the party fiscal classifications and associate the specific Trading Community Model party classification category to these party fiscal classifications, one for each level of the specific Trading Community Model party classification category. Associate tax regimes to these party classifications to ensure that these relationships are only visible and usable where needed. Oracle Fusion Tax uses this relationship to indicate which Trading Community Model party classification categories are used for tax purposes. By reusing the Trading Community Model party classification category functionality Oracle Fusion Tax can leverage the common classification setup and where applicable, use that for tax purposes.

Within the party fiscal classifications functionality, define the Trading Community Model classification level to use within Oracle Fusion Tax. For example, if you have a three level Trading Community Model party fiscal classification category, define three levels, giving each a specific party fiscal classification code and name. By naming each level, you can use the specific level as a determining factor when defining tax rules. Use the same party fiscal classification flow to define the tax regimes with which the party fiscal classifications are associated.

Note

You can only amend the number of levels by increasing the number of levels. It is not possible to decrease the number of levels once the record has been stored.

Once you have defined your Trading Community Model party classification and associated it with a party fiscal classification and tax regime, you can use it to classify your parties and party sites. These parties and party sites are:

- Customers
- Customer sites
- Suppliers
- Supplier sites
- Legal entities
- Legal reporting units

In the case of supplier and customer parties and party sites, you can associate the specific party classification codes used for tax purposes using either:

- Party tax profile flows within Customer Maintenance and Supplier Maintenance.
- Dedicated flows in Oracle Fusion Tax.

Legal Party Classifications

Legal party classifications are similar to party fiscal classifications. Both use the Trading Community Model party classification setup and allows you to classify the party for tax determination and tax reporting purposes. However, the legal party classifications are predefined and are available when you implement the application.

The following legal classification codes are predefined:

Legal Party Type Code	Legal Party Type Name
LEGAL_ACTIVITY_CODE_CL	Legal activity code for Chile
LEGAL_ACTIVITY_CODE_PE	Legal activity code for Peru
LEGAL_ACTIVITY_CODE_VE	Legal activity code for Venezuela
LEGAL_ACTIVITY_CODE_CO	Legal activity code for Columbia
2003 SIC	Legal activity code for United Kingdom

Use legal party classifications to classify first party legal entities within the Legal Entity setup functionality. Use these classifications as determining factors within tax rules. Association between the legal party classification and specific legal parties is done within the Legal Entity Maintenance flow.

No specific setup is required as the legal party classifications are predefined and can be directly used in tax rule setup.

Party Fiscal Classifications: How They Work in Tax Rules and Tax Reporting

Party fiscal classification tax determination factors allow you to use party fiscal classifications in tax rules. A combination of determination factor class, class qualifier, and determining factor represent these determination factors. In the tax rules setup, define the actual party to be used to determine the relevant party fiscal classification by using a generic definition for class qualifier. You can also use party fiscal classifications for tax reporting.

Party Fiscal Classifications in Tax Rules

Depending on the type of transaction, the following generic class qualifiers are defined as class qualifiers when using the party fiscal classification as a tax determining factor:

- Supplier bill-from party
- Bill-to party
- Ship-to party

- Ship-from party
- Point-of-acceptance party
- Point-of-origin party

Oracle Fusion Tax translates the generic parties into specific transaction parties as defined in the following table:

Generic Party	Order-to-Cash Party	Procure-to-Pay Party
Bill-from party	First party legal entity	Supplier
Bill-to party	Customer	First party legal entity
Ship-to party	Customer (ship-to) party site	First party legal entity
Ship-from party	First party legal reporting unit	Supplier (ship-from) party site
Point-of-acceptance party	Customer point of acceptance party	Not applicable
Point-of-origin party	Customer point of origin party	Not applicable

Tip

Always use the highest applicable level to define the party classification. For example, if appropriate, define the party fiscal classification at the customer or supplier level instead of defining the same classification on all the party sites for the customer and suppliers.

Tip

Because party fiscal classifications are automatically derived during transaction time, use them as determining factors instead of process-based determining factors, which require manual entry for every transaction.

Party Fiscal Classifications in Tax Reporting

Use party classifications to classify parties for tax reporting purposes if specific party classifications need to be reported. However, you should use tax reporting codes for tax reporting instead of party fiscal classifications as it offers a more flexible and less intrusive mechanism to support reporting without creating unnecessary complexity in setup and maintenance.

Classifying Parties: Example

The following example illustrates using party fiscal classifications in tax rules. It is based on the following scenario:

- A company Widget Inc., UK Ltd. produces widgets that are used by military forces who are part of the North Atlantic Treaty Organization (NATO).
- The widgets are sold to the Belgium Troops stationed in UK under a joint NATO exercise.

- The supply of widgets by Widget Inc., UK Ltd. is within the terms and conditions of supplies to NATO forces which allows a supplier to zero rate supplies to visiting NATO forces. See Visiting Forces - HMRC Reference: Notice 431 (November 2003).

This dispensation is given when deliveries are made to:

- NATO visiting forces in the UK, specifically those from: Belgium, Canada, Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Turkey, and United States of America.
- The NATO International Military Headquarters at Northwood and High Wycombe.
- The American Battle Monuments Commission in respect of supplies of goods and services for the maintenance of the US military cemeteries at Brookwood and Madingley.

Creating Party Classifications and Tax Rules

To model this requirement, the company site that represents the Belgium troops working at the joint NATO exercise is associated with GB Special Tax Parties, a special party classification type and NATO Troops, a party fiscal classification code.

To do this:

1. Create an Oracle Fusion Trading Community Model party classification of GB Special Tax Parties with a level one code of Zero Rated Parties.
2. Create a level 2 code for this level 1 code of NATO.
3. Create party fiscal classifications of GB Special Tax Parties Level 1 and GB Special Tax Parties Level 2, which are linked to the Trading Community Model party classification.
4. Associate the party fiscal classifications with the GB VAT tax regime using a start date of the earliest transaction date of supplies to this or similar customer sites.
5. Associate the company site that represents the Belgium troops working at the joint NATO exercise to the GB Special Tax Parties Level 2 party fiscal classification using code of NATO.
6. Create the determining factor set and condition set that uses this classification code Zero Rated Parties of the level 1 party fiscal classification type. No specific Determine Tax Rate tax rule is needed as you can set up the zero tax rate as the default tax rate for this tax status.
7. Create a Determine Tax Status tax rule linked to a zero tax status by using the determining factor and condition set created above.

At transaction time the tax determination process considers this tax status rule and derives a zero tax status when the customer ship-to party is associated with the level 1 party fiscal classification of GB Special Tax Parties Level 1 and code of Zero Rated Parties.

Tip

Use the levels in the Trading Community Model party classification categories model and the party fiscal classification setup to group party classification categories together.

Tip

Define tax rules at the highest level possible thus minimizing the number of tax rules needed. In this example, the tax rule uses the level 1 party fiscal classification to determine the zero tax status.

FAQs for Define Party Classifications

What's the difference between legal classifications and fiscal classifications?

Legal classifications are a unique classification associated with a legal entity that represents its legal status within a country and that also guides the tax determination process. They should be defined by the Trading Community Architecture legal entity. In some countries these legal classifications are defined by:

- Business activity type
- Business activity code
- Business activity description

Party fiscal classifications also are defined using the Trading Community Architecture application. They determine, for example, when taxes apply to a party, how much tax applies, and what percentage of the tax is recoverable.

You can use legal classifications for fiscal classification purposes. In effect, a legal classification just becomes another party fiscal classification for tax purposes.

Define Taxes

Regimes to Rates: Explained

Regime to rate setup contains the details of a tax regime, including all taxes, tax jurisdictions, tax statuses, and tax rates. You can update existing records or create new records at any point in the tax regime hierarchy.

Regime to rate setup tasks include:

- Tax regimes
- Taxes
- Tax jurisdictions
- Tax statuses
- Tax rates

Tax Regimes

Set up tax regimes in each country and geographical region where you do business and where a separate tax applies. A tax regime associates a common set of default information, regulations, fiscal classifications, and optionally, registrations, to one or more taxes. For example, in the United States create a Sales and Use Tax tax regime to group taxes levied at the state, county, and district levels.

The tax regime provides these functions:

- Groups similar taxes together
- Designates the geography within which taxes apply
- Applies as defaults the settings and values that you define for each tax in the tax regime
- Defines for which taxes the configuration options apply and a specific subscription option applies
- Provides a single registration for all taxes associated with the tax regime
- Defines the use of fiscal classifications as follows:
 - Transaction fiscal classifications
 - Product fiscal classifications
 - Party fiscal classifications

The common tax regime setup is one tax regime per country per tax type, with the tax requirements administered by a government tax authority for the entire country. There are also cases where tax regimes are defined for standard geographical types or subdivisions within a country, such as a state, province, country, or city. In these cases, you base the tax regime on the Oracle Fusion Trading Community Model standard geography.

There are more rare cases where a tax regime is based on disparate parts of a country or more than one country. In these cases, you can create one or more tax zones and set up tax regimes for these tax zones. You can also set up a tax regime as a parent tax regime to group related tax regimes together for reporting purposes.

You must set up a tax regime before you set up the taxes in the tax regime. Some tax regime values appear as defaults on the taxes that belong to the tax regime in order to help minimize tax setup.

You must associate a tax regime with all of the first party legal entities and business units that are subject to the tax regulations of the tax regime. You can set up tax configuration options when you create or edit a tax regime or when you create or edit a first party legal entity tax profile. Both setup flows appear and maintain the same party and tax regime configuration options.

Taxes

Set up details for the taxes of a tax regime. Each separate tax in a tax regimes includes records for the tax statuses, tax rates, and tax rules that are used

to calculate and report on the tax. Oracle Fusion Tax applies as defaults tax information from the tax regime to each tax that you create under a tax regime. You can modify this information at the tax level according to your needs, as well as add additional defaults and overrides. For tax rule defaults, specify values that apply to the majority of your transactions. Use tax rules to configure exceptions to the tax rule defaults.

Identify what taxes you must define. Each tax appears as a single tax line on a transaction. If you need to show or report more than one tax line per transaction line on a transaction, then you should set up more than one tax. For example, for US Sales and Use Tax you would define a tax for each state, county, and city.

You can create a new tax, or create a tax that is based on an existing tax within the tax regime. You do this to minimize setup by sharing tax jurisdictions and tax registrations. When you create a new tax based on an existing tax, the attributes that remain constant for all taxes derived from the source tax are not available for update. Attributes that are copied and are display only include:

- Tax regime
- Tax
- Geography information
- Tax jurisdiction settings

Note

The enable tax settings are not selected, in the same way that they are not selected when you access the Create Tax page.

You can enable a tax for simulation or for transactions only after you have completed all of the required setup.

Tax Jurisdictions

Set up tax jurisdictions for geographic regions or tax zones where a specific tax authority levies a tax. A tax jurisdiction specifies the association between a tax and a geographic location. At transaction time, Oracle Fusion Tax derives the jurisdiction or jurisdictions that apply to a transaction line based on the place of supply. You must set up at least one tax jurisdiction for a tax before you can make the tax available on transactions.

You also use tax jurisdictions to define jurisdiction-based tax rates. A tax jurisdiction tax rate is a rate that is distinct to a specific geographic region or tax zone for a specific tax. You can also create multiple jurisdictions at once using the mass create functionality for taxes that relate to specific Trading Community Model geographic hierarchies. For example, create a county jurisdiction for every county in the parent geography type of State and in the parent geography name of California.

The tax within a tax jurisdiction can have different rates for the parent and child geographies. For example, a city sales tax rate can override a county rate for the same tax. In this case, you can set up an override geography type for the city and apply a precedence level to the city and county tax jurisdictions to indicate which tax jurisdiction takes precedence.

In addition, in some cities a different city rate applies to the incorporated area of the city, called the inner city. In these cases, you can set up an inner city tax jurisdiction with its own tax rate for the applicable customers and receivables tax. Inner city tax jurisdictions are often based on postal code groupings.

Tax Statuses

Set up the tax statuses that you need for each tax that you create for a combination of tax regime, tax, and configuration owner. A tax status is the taxable nature of a product in the context of a transaction and specific tax on the transaction. You define a tax status to group one or more tax rates that are the same or similar in nature.

For example, one tax can have separate tax statuses for standard, zero, exemptions, and reduced rates. A zero rate tax status may have multiple zero rates associated with it, such as Intra-EU, zero-rated products, or zero-rated exports.

You define a tax status under a tax and a configuration owner, and define all applicable tax rates and their effective periods under the tax status. The tax status controls the defaulting of values to its tax rates.

Tax Rates

Set up tax rates for your tax statuses and tax jurisdictions. For tax statuses, set up a tax rate record for each applicable tax rate that a tax status identifies. For tax jurisdictions, set up tax rate records to identify the tax rate variations for a specific tax within different tax jurisdictions. For example, a city sales tax for a state or province may contain separate city tax jurisdictions, each with a specific tax rate for the same tax.

You can also define tax recovery rates to claim full or partial recovery of taxes paid.

You can define tax jurisdiction and tax status rates as a percentage or as a value per unit of measure. For example, a city may charge sales tax at a rate of 8 percent on most goods, but may levy a duty tax with a special rate of 0.55 USD per US gallon on fuel. Values per unit of measure are in the tax currency defined for the tax.

You define tax rate codes and rate detail information per rate period. Rate periods account for changes in tax rates over time. A tax rate code can also identify a corresponding General Ledger taxable journal entry.

Tax Recovery Rates

Set up tax recovery rate codes for the recovery types identified on the taxes within a tax regime. A tax recovery rate code identifies the percentage of recovery designated by the tax authority for a specific transaction. In Canada, where more than one type of recovery is possible for a given tax, you must set up the applicable tax recovery rate codes for both the primary and secondary recovery types that can apply to a transaction.

If you set the **Allow tax recovery** option for a tax within a tax regime, then you must set up at least one recovery rate for the tax in order to make the tax available on transactions. If the recovery rate can vary based on one or more factors, including the parties, locations, product or product purpose, then

set up tax rules to determine the appropriate recovery rate to use on specific transactions. At transaction time, Oracle Fusion Tax uses the recovery rate derived from the recovery tax rules, or uses instead the default recovery rate that you define, if no recovery rate rules are defined or if no existing recovery rate rule applies to the transaction.

Minimum Tax Configuration: Explained

Oracle Fusion Tax provides you with a single interface for defining and maintaining the taxes that are applicable in each country where you do business.

The minimum tax configuration path to meet the basic tax requirements of transactions in a given regime is a 2-step configuration process:

1. Define tax regime: This step includes the tax regime definition as well as the subscription by the appropriate legal entity or business unit.
2. Define transaction taxes: This step includes the basic tax definition, controls and defaults, direct and indirect tax rule defaults, and tax accounts.

The following prerequisite setups must be completed for minimum tax configuration:

- First parties, such as legal entities and business units
- Tax geographies and zones
- Ledger and accounts
- Currency codes and exchange rates

A legal entity tax profile is automatically created when a legal entity is defined in the implementation. Similarly, a business unit tax profile is automatically created when a business unit is defined. For the business unit, you need to indicate whether it will use the subscription of the legal entity instead of creating its own.

In addition, there are seeded event class mappings that describe the mapping between an application event class and the corresponding tax event class. For example, the tax determination process for a sales debit memo and sales invoice are essentially the same. These two application event classes correspond to the same tax event class namely, a sales transaction. Although you cannot update the event class mappings, you can set up configuration specific event class mappings.

Define Tax Regime

The first step includes the tax regime definition and subscription by an appropriate legal entity or business unit. While creating your tax regime, you can minimize configuration and maintenance costs by creating content that can be shared by more than one entity. For example, legal entities can subscribe to the shared reference data instead of creating separate and repetitive data. If the subscribing legal entities have some variations in their setup, you can create override data to meet the specific exceptions that are applicable to these organizations.

Use Oracle Fusion Tax features to enable only those features that are relevant to taxes in the tax regime. Based on the features you select, the subsequent setup pages and task lists for the tax regime are rendered or hidden.

Define Transaction Taxes

The second step includes basic tax definition, such as geographic information, controls and defaults, direct and indirect tax rule defaults, and tax accounts.

The basic tax definition includes controls that you can set to provide the override capability at transaction time. For example, if you want to allow users to make manual updates on transaction tax lines, select the **Allow override for calculated tax lines** and the **Allow entry of manual tax lines** options. However, if you want to enforce automatic tax calculation on transaction tax lines, do not enable these options.

Use the direct and indirect tax rule defaults to specify the values that apply to the majority of your transactions. Create tax rules to address the exceptions or variations to the defaults. For example, for the Goods and Services Tax (GST) that applies to the supply of most goods and services in Canada, set the Tax Applicability direct tax rule default to **Applicable**. A luxury tax, on the other hand, is a tax on luxury goods or products not considered essential. As it would not apply to most goods and services, set the Tax Applicability direct tax rule default to **Not Applicable**, and create a tax rule to make the tax applicable when the product in the transaction satisfies the luxury requirement.

Assign your default tax accounts for the taxes in a tax regime to post the tax amounts derived from your transactions. The tax accounts you associate serve as default accounting information for taxes, tax rates, tax jurisdictions, and tax recovery rates. The tax accounts you define at the tax level, default to either the tax rate accounts or tax jurisdiction accounts for the same tax and operating unit, depending upon the tax accounts precedence level of the tax regime. You can update these default tax accounts in the tax rate or tax jurisdiction setup.

Minimum Tax Configuration: Points to Consider

The minimum tax configuration setup must be designed to handle the majority of tax requirements. As part of defining transaction taxes, decide the direct and indirect tax rule defaults for the tax and set up the associated tax accounts.

For complex tax requirements, create tax rules that consider each tax requirement related to a transaction before making the final tax calculation. During the execution of the tax determination process, Oracle Fusion Tax evaluates, in order of priority, the tax rules that are defined against the foundation tax configuration setup and the details on the transactions. If the first rule is successfully evaluated, the result associated with the rule is used. If not, the next rule is evaluated until either a successful evaluation or default value is found.

Setting Up Direct Tax Rule Defaults

The direct tax rule defaults are the default values for the direct tax rule types, which include:

- Place of supply

- Tax applicability
- Tax registration
- Tax calculation formula
- Taxable basis formula

Place of Supply

Use the Place of Supply direct tax rule default to indicate the specific tax jurisdiction where the supply of goods or services is deemed to have taken place. For example, in Canada, the place of supply for GST is typically the ship-to location. To handle the majority of Goods and Services Tax (GST) transactions, select **Ship to** as your default place of supply.

Note

The corresponding place of supply differs based on the type of transaction. For example, a place of supply of **Ship to** corresponds to the location of your first party legal entity for Payables transactions. For Receivables transactions, **Ship to** corresponds to the location of your customer site. For exceptions to this default, create Determine Place of Supply rules.

Tax Applicability

Use the Tax Applicability direct tax rule default to indicate whether the tax is typically applicable or not applicable on transactions. For example, the GST in Canada is a tax that applies to the supply of most property and services in Canada. When you create the GST tax, select **Applicable** as your default tax applicability. For exceptions to this default, create Determine Tax Applicability rules.

Tax Registration

Use the Tax Registration direct tax rule default to determine the party whose tax registration status is considered for an applicable tax on the transaction. For example, with a direct default of bill-to party, Oracle Fusion Tax considers the tax registration of the bill-to party and stamps their tax registration number onto the transaction, along with the tax registration number of the first party legal reporting unit. For exceptions to this default, create Determine Tax Registration rules.

Tax Calculation Formula

Use the Tax Calculation Formula direct tax rule default to select the formula that represents the typical calculation of tax for a transaction line. A common formula, **STANDARD_TC**, is predefined, where the tax amount is equal to the tax rate multiplied by the taxable basis. For exceptions to this default, create Calculate Tax Amounts rules.

Taxable Basis Formula

Use the Taxable Basis Formula direct tax rule default to select the formula that represents the amount on which the tax rate is applied. The following common formulas are predefined:

- **STANDARD_TB**: The taxable basis is equal to the line amount of the transaction line.
- **STANDARD_QUANTITY**: The taxable basis is equal to the quantity of the transaction line.
- **STANDARD_TB_DISCOUNT**: The taxable basis is the line amount of the transaction line less the cash discount.

For exceptions to this default, create Determine Taxable Basis rules.

Setting Up Indirect Tax Rule Defaults

The indirect tax rule defaults for a tax include:

- Tax jurisdiction
- Tax status
- Tax recovery rate
- Tax rate

Tax Jurisdiction

Use the Tax Jurisdiction indirect tax rule default to indicate the most common geographic area where a tax is levied by a specific tax authority. For example, value-added tax (VAT) is applicable to the supply of most goods and services in Portugal. For the tax PT VAT, create the default tax jurisdiction as the country of Portugal. To address specific tax regions such as Azores and Madeira, which have lower VAT rates than Portugal, define jurisdiction rates with different VAT rates.

Tax Status

Use the Tax Status indirect tax rule default to indicate the taxable nature of the majority of your transactions. For example, if your operations primarily include zero-rated transactions, select the default tax status as **Zero** instead of **Standard**. This setting facilitates tax determination when multiple zero rates are defined to handle different reporting requirements for zero rate usage, such as intra-EU, zero-rated products, or zero-rated exports. For exceptions to this default, create Determine Tax Status rules.

Tax Recovery

Use the Tax Recovery rate indirect tax rule default to indicate the recovery rate to apply to each recovery type for each applicable tax on a purchase transaction. For example, in Canada, both federal and provincial components of Harmonized Sales Tax (HST) are 100% recoverable on goods bought for resale. In this case, with two recovery types, you can set up two recovery rate defaults for the HST tax. For exceptions to this default, such as when the recovery rate determination is based on one or more transaction factors, create Determine Recovery Rate rules.

Tax Rate

Use the Tax Rate indirect tax rule default to specify the default tax rate that is applicable to the majority of your transactions associated with this tax. You can

create additional tax setup, such as jurisdiction rates, or create tax rules to set alternate values as required. For example, HST in Canada is applied at a 13% rate in most provinces that have adopted HST, except for British Columbia where the rate is 12% and Nova Scotia where the rate is 15%. To satisfy this requirement a single rate of 13% can be defined with no jurisdiction and then a 12% rate can be defined and associated with the British Columbia jurisdiction (15% rate assigned to Nova Scotia). This minimizes the setup required by creating an exception based setup. For exceptions to this default, create Determine Tax Rate rules.

Setting Up Tax Accounts

Set up tax accounts at the tax level. The application automatically copies the tax account combination to the tax rates that you subsequently create for the tax for the same ledger and optionally, the same business unit.

Define tax accounts at any of the following levels. The defaulting option is only available at the tax level.

- Tax
- Tax jurisdiction
- Tax rate
- Tax recovery rate

Note

This is a one-time defaulting opportunity. Any subsequent changes at the account level are not copied to the tax rate level nor are they used during the AutoAccounting process. Changes at the tax level do impact tax account defaulting when you create new tax rates.

Setting up tax accounts comprise of specifying the following:

- **Ledger and Business Unit:** The ledger and business unit for which you are creating the tax accounts.
- **Interim Tax:** An account that records tax recovery or liability until the event prescribed by the statute is complete. Generally, the payment of the invoice is the event that triggers the generation of the tax recovery or liability. You must set up an interim tax account for taxes and tax rates that have a deferred recovery settlement. Once you set up an interim tax account for this tax rate, you cannot change the recovery settlement to **Immediate**.
- **Tax Recoverable or Liability Account:** An account that records tax recovery amounts or relieves tax liability amounts. If you set up recovery rates for a tax that you also intend to self-assess, then define a tax recovery account for the associated recovery rates and a tax liability account for the associated tax rates.
- **Finance Charge Tax Liability:** An account that records the tax liability associated with finance charges that is used as a deduction against overall tax liability.

- **Nonrecoverable Tax Accounts:** Accounts that record tax amounts on earned and unearned discounts and adjustments that you cannot claim as a deduction against tax liability.
- **Expense and Revenue Accounts.** Accounts that record net changes generated by adjustments, earned and unearned discounts, and finance charges. Receivables activities such as discounts and adjustments reduce the receivable amount, and are therefore considered an expense.

Minimum Tax Configuration: Worked Example

The following example illustrates the minimum tax configuration setup to meet the basic requirements in Canada for the Goods and Services Tax (GST). You set up a tax regime for both GST and Harmonized Sales Tax (HST). One recovery type is created for the fully recoverable status of the transaction.

In Canada, GST is a tax that applies to the supply of most property and services in Canada. The provinces of British Columbia, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador, referred to as the participating provinces, combine their provincial sales tax with GST to create HST. Generally, HST applies to the same base of property and services as the GST. Every province in Canada except Alberta has implemented either provincial sales tax or the HST. In countries like Canada, some or all taxes on business transactions for registered companies are recoverable taxes.

ABC Corporation is a business with a chain of bookstores across Canada. It intends to implement the Oracle Fusion Tax solution at its store in the province of Alberta. The GST rate of 5% is applicable for sales in Alberta. Input Tax Credit is available for GST included in purchases. ABC Corporation's primary ledger is CA Ledger, and the business unit is CA Operations. The tax account 0001-1500-1100-1000 is reserved for the **Tax Recoverable or Liability** account.

The tax implications in this scenario are:

- Five percent (5%) GST is applicable on the sale of goods in Alberta
- Neither the HST nor provincial sales tax applies in Alberta
- Place of supply for GST tax is generally based on the place of delivery or ship-to location.

To determine the GST tax in Alberta, perform the following steps:

1. Define tax regime
2. Define transaction taxes
3. Create the direct tax rule defaults
4. Create the indirect tax rule defaults
5. Enable tax

Define Tax Regime

1. On the Create Tax Regime page, enter the tax regime code for GST and HST in Canada.

Note

Use a coding convention to indicate both the country and the type of tax that belongs to this regime. For example, CA GST and HST.

2. Select the regime level to define the geographic area of the tax treatment. The option selected must depict the need for the tax regime. It should be set to **Country** for all federal taxes.
 3. Specify **Canada** as the country for which this tax regime is being defined.
 4. Enter a start date that will appear as a default to all related tax setup within the tax regime.
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Note

Consider your tax planning carefully before entering the start date. This date must accommodate the oldest transaction that you want to process within this tax regime. After you create the tax regime, you can only update this date with an earlier date. If you enter an end date, you cannot update this date after you save the record.

5. Enter tax currency. Enter **CAD**, which is the three-letter ISO code for the Canadian dollar.

Tax currency is the currency required by the tax authority. Use the tax currency to pay the tax authority and to report on all tax transactions.
6. Select the **Allow cross regime compounding** option to set taxes within the tax regime to be based on the calculation of, or compounded on, taxes in another tax regime.

For example, in Quebec, the provincial sales tax is applied to both the selling price and GST. Enter a value as the compounding precedence to indicate the order of cross regime compounding. A lower number indicates that the tax regime will be processed first. Allowing gaps between numbers provide flexibility in the event that another higher priority tax regime is introduced in the future.
7. On the Configuration Options tab, select the party name that identifies either the legal entity or the business unit or both for which you will define the configuration options.
8. For the Configuration of Taxes and Rules, select the subscription that defines the configuration owner setup that will be used for transactions of the specific legal entity and business unit for this tax regime.

This selection also defines whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.
9. Enter the effective start date for this configuration option. Enter a date range that is within the date range of both the party tax profile and the tax regime.

Define Transaction Taxes

1. On the Create Tax page, enter the name of the tax regime that you created in the Define Tax Regime step, such as CA GST and HST.

2. Select the configuration owner for this tax. To minimize configuration and maintenance costs, select **Global Configuration Owner** as the configuration owner.
3. Enter the name of the tax you are defining, such as CA GST.
4. Select **Province** as the geography type.
5. To minimize setup and maintenance costs, specify the highest-level parent geography type (Country), unless the tax is only applicable to a specific geography. Select **Country** from the list of values. For the parent geography name, enter **Canada**.
6. Enter a value as the compounding precedence to reflect the order of tax compounding. A lower number indicates that a tax is processed first. Allowing gaps between numbers provide flexibility in the event that another higher priority tax is introduced in the future.
7. Enable the **Allow override of calculated tax lines** option to allow users to override the automatic tax calculation on invoice tax lines.
8. Enable the **Allow multiple jurisdictions** option to define tax jurisdictions for this tax in more than one geographic region.
9. Enable the **Allow mass create of jurisdictions** option to enable mass creation of tax jurisdictions for this tax, which allows you to create multiple jurisdictions at the same time.
10. Enable the **Allow tax recovery** option.
11. Enable the **Allow tax recovery rate override** option if you want to allow user override of the calculated tax recovery rate on transaction lines.
12. Select **Standard** as the primary recovery type.

Assign Tax Accounts

1. Navigate to the Tax Accounts tab.
2. Select CA Ledger as the primary ledger to use for tax accounts and CA Operations as the business unit.
3. Enter 0001-1500-1100-1000 as the Tax Recoverable or Liability account.

Create Direct Tax Rule Defaults

1. Navigate to the Tax Rule Defaults tab.
2. Select **Ship to** from the Place of Supply list of values, to specify the default.
3. Select **Applicable** from the **Tax Applicability** list of values to specify the Tax Applicability default.
4. Select **Ship-from party** to specify the Tax Registration default.
5. Select **STANDARD_TC** as the Tax Calculation Formula default.
6. Select **STANDARD_TB** as the Taxable Basis Formula default.

Create Indirect Tax Rule Defaults

1. Select **Tax Jurisdiction** as your rule type and create the rule type default. In the **Tax Jurisdiction Code** field, enter a tax jurisdiction code for

the province of Alberta, such as CA Alberta. Select **Province** as the geography type. For the geography name, enter AB for Alberta. Set this tax jurisdiction as your default, and specify your default start and end dates.

2. Select **Tax Status** as your rule type and create the rule type default. Enter a tax status code for GST, such as CA GST STD. Set this tax status as your default, and specify your default start and end dates.
3. Select **Tax Recovery Rate** as your rule type and create the rule type default. Enter a tax recovery rate code for GST, such as CA GST STD REC RATE. For the recovery type, select **Standard**. Enter a rate percentage of 100 for a fully recoverable tax. Set this tax recovery rate as your default, and specify your default start and end dates.
4. Select **Tax Rate** as your rule type and create the rule type default. In the **Tax Status Code** field, enter the name of the tax status that you just created, CA GST STD. Enter a tax rate code for GST, such as CA GST STD RATE. Enter a rate percentage of 5 for the current GST rate as of January 1, 2008, and specify your default start and end dates.

Enable Tax

1. Click the **Enable tax for simulation** option. This allows you to verify the tax configuration using the Tax Simulator.
2. Once you have verified your tax configuration with simulated transactions, click the **Enable tax for transactions** option. This allows you to use this tax in transaction processing.
3. Click **Save and Close**.

For ABC's transactions in the province of Alberta, the following is determined by default:

- GST tax is applicable and will be calculated at a percentage rate of 5%.
- 100% of the GST can be recovered.

Tax Account Configuration: Explained

Set up default tax accounts for the taxes in a tax regime to post the tax amounts derived from your transactions. The tax accounts you define for tax serve as default accounting information for tax rates and tax jurisdictions. You can override the defaulted accounts. Configure the tax recoverable or liability account for the tax recovery rate. Accounts assigned to the tax rate and recovery rate are used when the taxes are applicable to the transaction.

Set up tax accounts for a primary ledger or in combination with a business unit. The calculated tax amounts are posted to the accounts specified for a business unit. If those accounts are not available, tax accounts defined for the primary ledger are used. These are default accounts and the actual accounts that are used for accounting depend on the subledger accounting configuration.

For a tax, either assign new tax accounts or use accounts from an existing tax. This depends on the option selected in the **Tax Accounts Creation Method** attribute for the tax. If you choose to use accounts from an existing tax, specify another tax as the source tax. All the tax account details that you set up at the

source tax level are copied into the Tax Accounts region as read only values. You cannot edit the details or create new records.

Tax Accounts

Define tax accounts for a tax, tax rate, and tax jurisdiction. Tax accounts are:

- **Tax Expense:** A Payables tax account that records tax amounts from invoice distributions; or a Receivables tax account that record net changes generated by adjustments, earned and unearned discounts, and finance charges. Receivables activities such as discounts and adjustments reduce the receivable amount, and are therefore considered an expense. This occurs only if the adjustment type has tax handling.
- **Tax Recoverable or Liability:** An account that records tax recovery amounts or relieves tax liability amounts. If you set up recovery rates for a tax that you also intend to self-assess, then define a tax recovery account for the associated recovery rates and a tax liability account for the associated tax rates.

Note

If you intend to use different accounts for tax recovery and liability then set up the recovery account for the tax recovery rate. This account is used to debit the recoverable tax amount while the account on the tax rate is used to account for tax liability.

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- **Interim Tax:** An account that records interim tax recovery or liability before the actual recovery or liability arises on a payment of an invoice. You must set up an interim tax account for taxes and tax rates that have a deferred recovery settlement.
 - Accounts for Receivables activities:
 - **Finance Charge Tax Liability:** An account that records tax amounts on finance charges that are used as a deduction against overall tax liability.
 - **Nonrecoverable Tax Accounts:** Accounts that record tax amounts on earned and unearned discounts and adjustments that you cannot claim as a deduction against tax liability.
 - **Expense and Revenue Accounts:** Accounts that record net changes generated by adjustments, earned and unearned discounts, and finance charges. Receivables activities such as discounts and adjustments reduce the receivable amount, and are therefore considered an expense.

Manage Controls and Defaults

Tax Controls and Defaults: Points to Consider

Set up details for the taxes of a tax regime. Each separate tax in a tax regime includes records for the statuses, rate, and rules that are used to calculate and report on the tax. Oracle Fusion Tax derives default tax information from the tax regime to each tax that you create under a regime. You can modify this information at the tax level according to your needs, as well as add additional defaults and overrides.

Defining Controls and Defaults

The following table describes the defaults and controls available at the tax level.
Header Region

Field	Description	Default Derived from	Default Appears on	Controls
Enable tax for simulation	Controls whether this tax is available for computation within the Tax Simulator functionality	None	None	If selected then this tax is available for calculation in the Tax Simulator if the evaluate taxes is enabled for simulation.
Enable tax for transactions	Controls whether this tax is available for transactions and selecting this option triggers integrity checks to validate that the setup for this tax is accurate and complete	None	None	If selected then this tax is used by transactions if applicable. If not selected then this tax is not processed as an applicable tax at transaction time.

Tax Information Region

Field	Description	Default Derived from	Default Appears on	Controls
Tax Currency	The default currency of the taxes within a tax regime	Tax regime	None	Defines the tax currency for calculation and reporting purposes
Minimal Accountable Unit	The minimal unit of currency that is reported to the tax authority, for example, 0.05 GBP indicates that 5 pence is the minimal unit	Tax regime	None	Defines the minimal accountable unit at transaction time
Tax Precision	A one digit whole number to indicate the decimal place for tax rounding	Tax regime	None	Defines the tax precision during tax calculation
Conversion Rate Type	The specific exchange rate table that is used to convert one currency into another, for example, the Association of British Travel Agents exchange rate used in the travel industry	Tax regime	None	Defines the exchange rate that is used as necessary at transaction time

Rounding Rule	The rule that defines how rounding is performed on a value, for example, up to the next highest value, down to the next lower value, or to the nearest value	Tax regime	None	Can control rounding at transaction time
Compounding Precedence	Defines the order in which this tax is calculated compared to other taxes that are compounded on or compounded by this tax. The tax with the lowest precedence value is calculated first.	None	None	Controls the order in which applicable taxes are calculated at transaction time
Reporting Tax Authority	The default tax authority to whom the tax reports are sent	Tax regime	Tax registration	None
Collecting Tax Authority	The default tax authority to whom the tax is remitted	Tax regime	Tax registration	None
Applied Amount Handling	Controls whether tax is recalculated or prorated on prepayment, with the default being Recalculated	None	None	Controls Oracle Fusion Payables functionality and how payments trigger recalculation or prorating of tax amounts
Set as offset tax	Defines this tax as an offset tax	None	None	Selecting this option disables the Controls region and Tax Exceptions and Exemptions Controls region and clears any values that were entered in these regions
Set tax for reporting purposes only	Defines whether this tax is set up for reporting purposes only	None	None	Controls whether this tax is used for reporting only and does not create any tax account entries

Controls and Defaults Tab, Controls Region

Field	Description	Default Derived from	Default Appears on	Controls
Default Settlement Option	Lookup code to indicate whether an input tax is recovered when an invoice is recorded or only when the invoice is paid and whether an output tax is due for settlement when the invoice is issued or only when the payment is received against it	Tax regime	Tax status	None
Tax Inclusion Method	<p>Defines whether the tax is:</p> <ul style="list-style-type: none"> • Standard noninclusive handling: This option calculates the taxes as exclusive of the given transaction line amount • Standard inclusive handling: This option calculates the taxes as inclusive of the given transaction line amount • Special inclusive handling: This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process 	None	None	Use this option in conjunction with other setup on tax, party tax profile, tax registration, and transaction details to control the inclusiveness of a line amount at transaction time

Allow override and entry of inclusive tax lines	Controls whether you can override and enter inclusive or exclusive line amounts	Tax regime	Tax rate	None
Allow tax rounding override	Allows the override of the rounding defined on the tax registration records	Tax regime	None	When selected allows you to override tax rounding setup on the tax registration records for registrations for this tax
Allow override of calculated tax lines	Allows you to override the calculated tax lines at transaction time when the Transaction Tax Line Override profile option is also set	None	None	Use this option in conjunction with the Transaction Tax Line Override profile option and the Allow override of calculated tax lines option for the configuration owner tax options to allow you to update calculated tax lines at transaction time. If any of these options are not set then update of calculated tax lines is not allowed at transaction time.
Allow entry of manual tax lines	Allows you to enter manual tax lines at transaction time	None	None	Use this option in conjunction with Allow entry of manual tax lines option for the configuration owner tax options. When both fields are set you can enter manual tax lines at transaction time.
Use legal registration number	Controls whether the tax registration number is the same as the legal registration number of the party	None	None	If this option is selected you can choose an existing legal entity registration number as the transaction tax registration number

Allow duplicate registration numbers	Controls whether you can enter duplicate tax registration numbers for different parties	None	None	If this option is selected you can enter duplicate tax registrations for different parties
Allow multiple jurisdictions	Controls whether you can enter multiple concurrent tax jurisdictions for this tax	None	None	If this option is selected you can create multiple concurrent tax jurisdictions for this tax
Allow mass creation of jurisdictions	Controls whether mass creation of jurisdictions functionality is allowed using the parent geography and geography setup for this tax	None	None	If this option is selected you can use the mass creation jurisdictions functionality for this tax

Tax Account Controls Region

Field	Description	Default Derived from	Default Appears on	Controls
Tax Accounts Creation Method	Controls whether the tax accounts used for this tax are derived from setup associated with this tax or copied from another tax defined by the Tax Accounts Source field	None	None	When the value is: <ul style="list-style-type: none"> • Create tax accounts: Create tax accounts for this tax • Use tax accounts from an existing tax: Enter the tax account source to be used at transaction time
Tax Accounts Source	Defines the tax to use to derive the tax accounts to use at transaction time	None	None	Use when the value in the Tax Accounts Creation Method field is Use tax accounts from an existing tax

Tax Exceptions and Exemptions Controls and Defaults Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow tax exceptions	Controls whether tax exceptions are allowed for this tax	None	Tax status	None
Allow tax exemptions	Controls whether tax exemptions are allowed for this tax	None	Tax status	None
Use tax exemptions from an existing tax	Controls whether tax exemptions are derived from this tax or derived from another tax as specified by the value in the Tax Exemptions Source field for the same transaction	None	None	Controls whether you can define tax exemptions for this tax or if they are derived from those defined against another tax related to the same tax line at transaction time
Tax Exemptions Source	Defines the tax to use as the source when the Use Tax Exemption from an existing tax option is selected	None	None	Used in conjunction with the Use tax exemptions from an existing tax option and uses tax exemptions already created for customers for this tax

Tax Recovery Controls and Defaults Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow tax recovery	Controls whether this tax handles tax recovery	None	None	If this option is selected you can set up tax recovery for this tax

Tax Settings and Rules: How They Apply to Tax Line Operations

Enter and update detail and summary tax lines according to the requirements of your transactions. Depending on your security settings and options specified during tax setup, you can:

- Enter manual tax lines
- Enter tax only tax lines
- Change existing tax line information
- Cancel tax lines

Note

The Summary Tax Lines component is applicable only to Oracle Fusion Payables.

Entering Manual Tax Lines

These requirements apply to entering a manual detail or summary tax line:

1. Enable the **Allow entry of manual tax lines** option for the:
 - Configuration owner and application event class

- Tax
2. Ensure that the **Manual Tax Line Entry** profile option is enabled. It is enabled by default.
 3. Enter a unique combination for a tax regime and tax. You cannot enter a manual tax line for a tax that already exists for the transaction line.
 4. Enter a tax status to enter a tax rate.
 5. Enter a tax regime, tax, tax status, and tax rate to enter a tax amount.

The tax calculation on a manual tax line is a standard formula of Tax Amount = Taxable Basis * Tax Rate. The tax determination process does not evaluate tax rules defined for the tax of any tax rule type.

Entering Tax Only Tax Lines

You can enter a tax-only invoice in Payables to record tax lines that are not linked to a transaction. A tax-only invoice is used, for example, to record tax lines on purchases that are assessed and invoiced separately or to enter tax-only invoices from tax authorities or import agents that record import taxes.

These requirements apply to entering a tax only tax line:

1. Enable the **Allow manual tax only lines** option for the configuration owner and application event class.
2. Select a tax regime from the tax regimes belonging to the configuration option of the applicable legal entity or business unit.
3. Select a tax, tax status, and tax rate and enter a tax amount.

Note

When you select or deselect the Tax Only Line option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Tax Only Line option.

Editing Tax Line Information

These requirements apply to changing an existing detail or summary tax line:

1. Enable the **Allow override for calculated tax lines** option for the:
 - Configuration owner and application event class
 - Tax
2. Ensure that the **Manual Tax Line Entry** profile option is enabled. It is enabled by default.
3. Optionally, enable the following options for the configuration owner and application event class:
 - **Allow recalculation for manual tax lines** option. The tax determination process recalculates the manual tax lines when there is an update to automatically calculated tax lines.
 - **Tax line override impacts other tax lines** option. The tax determination process recalculates the taxes on all other tax lines on the same transaction when there is an override of automatically calculated tax lines on transactions.
4. Save any changes to summary tax lines before you enter or change Payables summary tax lines.

5. Change the tax status if necessary. These requirements apply to changing tax statuses:
 - You cannot update the tax status if the tax on the detail tax line is enforced from the natural account.
 - If you edit a tax only tax line and change the tax status, you must re-enter the tax rate code.
6. Change the tax rate if necessary. These requirements apply to changing tax rates:
 - The **Allow tax rate override** option is enabled for the applicable tax status.
 - The **Allow ad hoc rate** option is enabled for the applicable tax rate.
 - You may need to change the tax status to change to the appropriate tax rate.
 - You can change the calculated tax rate derived from the tax status by selecting another tax rate defined for the same tax regime, tax, and tax status.
7. Change the tax rate percentage or quantity rate if necessary. These requirements apply to changing tax rate percentages or quantity rates:
 - You cannot update the tax rate code and rate fields if the tax on the detail tax line is enforced from the natural account.
 - You can only update the tax rate percentage if the tax rate code has the **Allow ad hoc rate** option enabled.
8. Change the tax amount if necessary. These requirements apply to changing tax amounts:
 - When you change the tax amount the setting for the **Adjustment for ad hoc amounts** option of the tax rate determines which value is adjusted, the taxable amount or the tax rate.
 - You can only edit the tax amount if a detail tax line belongs to an historic transaction.
 - You can change the tax amount independent of the tax inclusive and compound tax settings.
 - If you defined tax tolerances for Payables transactions, then if you edit the tax amount and it exceeds the specified tolerance, Oracle Fusion Tax places the invoice on hold.
 - You can only enter 0 as the tax amount if the tax rate is 0.
9. Update the **Inclusive** option setting if necessary. The tax determination process recalculates the taxable amount and transaction amount.

For tax calculation, a limited evaluation of tax rules on certain updates to a tax line is performed.

Canceling Tax Lines

These requirements apply to canceling an existing detail or summary tax line:

1. Cancel tax lines on Payables transactions only.
2. Enter a new manual tax line to reverse a canceled tax line if necessary.

Note

On canceling the invoice or invoice lines, tax lines are automatically canceled.

When you cancel a tax line both the associated tax line and any distributions that were previously accounted are reversed. If the distributions were not accounted, then the amounts are set to zero.

Note

When you select or deselect the Cancel option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Cancel option.

Tax Amount Rounding: Explained

Taxes applicable on a transaction are generally calculated as the taxable basis multiplied by the tax rate equals the tax amount. This calculated amount can result in an odd value or with a large number of decimal place. You can configure the tax setup to adjust or round the tax calculation according to the specific requirements of the transacting parties and tax authority or to the accepted currency denominations.

Key parameters that influence the rounding of calculated tax amount are:

- Tax precision: The number of decimal places to which to calculate the tax amount.
- Minimum accountable unit: The smallest currency unit that a tax amount can have.
- Rounding level: The transaction level at which the rounding is to be performed. The available options are **Header** and **Line**.
- Rounding rule: The method that is used to round off the calculated taxes to the minimum accountable unit. The available options are **Up**, **Down**, and **Nearest**.

Define the key parameters at various places within Oracle Fusion Tax. The rounding process derives the tax precision and minimum accountable unit details from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Note

If you plan to use a third party service provider then you must define tax rounding information that is at least as detailed as the rounding information of the service provider.

Setting Up Rounding Rules: Choices to Consider

Criteria for rounding the calculated tax amounts comes from various parties involved in a transaction. For example, for a purchase transaction, the rounding methodology is generally specified by the supplier. Specify rounding details in your tax setup to ensure that your entered invoice amount, including the calculated tax, is the same as the actual invoice amount. For a Receivables invoice, you can specify rounding details based on your organization's policy, but for most countries the rounding criterion is directed by tax legislation.

Rounding requirements can originate from:

- Third parties
- First parties
- Tax legislation

Rounding Requirements from Third Parties

If rounding is based on third party requirements, particularly for purchase transactions, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the third party or third party. For purchase transactions it is either the ship-from party or the bill-from party.
- Define the party tax profile for the third party and specify the rounding level and rounding rule on the General tab as preferred by the third party.
- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the third party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party account site details and party tax profile details for deriving the rounding rule.

Rounding Requirements from First Parties

If rounding is based on business unit or legal entity requirements, particularly for sale transactions, and configuration owner tax options are defined, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the first party. For sale transactions it is either the ship-from party or the bill-from party.

- Ensure that the party tax profile details are available for the corresponding legal reporting unit. Specify the rounding level and rounding rule on the General tab per the first party requirement or your business policy.
- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the first party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party tax profile details for deriving the rounding rule.

The rounding criteria applied if configuration owner tax options are not defined and the criteria in the predefined event class options are considered include:

- For a purchase transaction, the predefined event class options use the ship-from party site and ship-from party within the rounding precedence with the default rounding level as the header level. The supplier's rounding preferences are considered first on the transaction. If there are no specific supplier preferences, for example, the party tax profile record does not exist, then the default rounding level of **Header** is considered and the corresponding rounding rule from each tax setup detail is used.
- For a sale transaction, the predefined event class options do not include any rounding precedence details. However, the default rounding level is set to **Line** so the rounding level is always taken as **Line** and the corresponding registration record for the tax registration party is considered for the rounding rule. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults. If a registration record does not exist for the tax registration party, the rounding rule defined within each tax is considered.

Rounding Requirements from Tax Legislation

If rounding is based on tax legislation, the following occurs:

- If the configuration owner tax options are defined for the combination of business unit and legal entity for which the transaction is registered and for the event class, the default rounding level is used from the configuration owner tax options. Select **Blank** as the rounding precedence for the event class.
- If the rounding level is at the line level for the configuration tax options, ensure that the registration record defined for the tax registration party has the rounding rule based on the tax requirements. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults.

Rounding Precedence Hierarchy: How It Is Determined

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Settings That Affect Tax Rounding

Key parameters that influence the rounding of calculated tax amount are:

- **Tax precision:** The number of decimal places to which to calculate the tax amount.
- **Minimum accountable unit:** The smallest currency unit that a tax amount can have.
- **Rounding level:** The transaction level at which the rounding is to be performed.
- **Rounding rule:** The method that is used to round off the calculated taxes to the minimum accountable unit.

Options available for the rounding level are:

- **Header:** Applies rounding to calculated tax amounts once for each tax rate per invoice.
- **Line:** Applies rounding to the calculated tax amount on each invoice line.

Options available for the rounding rule are:

- **Up:** the amount is rounded to the next highest minimum accountable unit.
- **Down:** The amount is rounded to the next lowest minimum accountable unit.
- **Nearest:** The amount is rounded to the nearest minimum accountable unit.

How Tax Rounding Is Determined

If you did not define configuration owner tax option settings for the combination of configuration owner and event class, the rounding process uses the default rounding level of the event class and the default rounding rule of the tax.

If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, the rounding process looks for a rounding level and rounding rule in this way:

1. Looks for rounding details in the party tax profiles of the parties and party sites involved in the transaction, according to the rounding precedence hierarchy.
2. If an applicable tax profile is found then uses the rounding level and rounding rule of the tax profile.

3. If the rounding level is at the header level then uses these values to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
4. If an applicable tax profile is not found then uses the rounding level setting of the configuration owner tax option.
5. If the configuration owner tax option rounding level is at the header level then uses the rounding rule that is set at the tax level for each tax of the transaction to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
6. If the rounding level is at the line level then:
 - a. For each tax line, uses the rounding rule belonging to the tax registration of the party type derived from the Determine Tax Registration rule.
 - b. If a registration record does not exist for the registration party type and if you did not define configuration owner tax option settings for the combination of configuration owner and event class, then the rounding process uses the rounding rule that is set at the tax level to perform the rounding. The process ends.
 - c. If a registration record does not exist for the registration party type and if you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, then the rounding process looks for a rounding rule in this way:
 1. Refers to the party or party site of the first party type defined in the rounding precedence hierarchy.
 2. Uses the rounding rule of the party or party site tax registration, if defined.
 3. If a tax registration is not defined, uses the rounding rule of the party or party site account site details, if defined.
 4. If a rounding rule is not defined, uses the rounding rule of the party or party site tax profile, if defined.
 5. If a tax profile is not defined, repeats the previous substeps for each rounding party in the rounding precedence hierarchy.
 6. If a rounding rule is found, uses this rounding rule to perform the rounding. The process ends.
 7. If a rounding rule is not found, then uses the rounding rule that is set at the tax level to perform the rounding. The process ends.

Tax Rounding: Examples

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving configuration owner tax options, event classes, party tax profiles, and taxes. These examples illustrate how the rounding process works.

Scenario

The following examples represent how the rounding process determines the tax rounded amount based on transaction, tax setup, and rounding details.

The transaction and tax setup details for the two examples are:

- Invoice header amount: 5579 USD
- Invoice line 1 amount: 1333 USD
- Invoice line 2 amount: 1679 USD
- Invoice line 3 amount: 2567 USD
- Applicable taxes:
 - State tax, rate percentages of 12.5%, 6.75%, and 3.33%
 - City tax, rate percentages of 7.5%

The rounding details for the two examples are:

- Rounding level: Header
- Rounding Rule:
 - State tax: Up
 - City tax: Nearest
- Tax precision: 2
- Minimum accountable unit: 0.01

Example 1 represents the rounding details applied at the header level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Line amounts truncated per tax precision and rounding criteria applied at the header level	Step 2: Difference between the header amount and the sum of the line amounts	Step 3: Apply the difference amount to the maximum tax line amount	Tax Amount Rounded
Header	5579	<ul style="list-style-type: none"> • State tax • City tax 	<ul style="list-style-type: none"> • 395.80 • 418.42 	<ul style="list-style-type: none"> • 395.81 • 418.43 	<ul style="list-style-type: none"> • 0.01 • 0.02 		<ul style="list-style-type: none"> • 395.81 • 418.43
Line 1	1333	<ul style="list-style-type: none"> • State tax: 12.5% • City tax: 7.5% 	<ul style="list-style-type: none"> • 166.62 • 99.975 	<ul style="list-style-type: none"> • 166.62 • 99.97 			<ul style="list-style-type: none"> • 166.62 • 99.97

Line 2	1679	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 55.910 • 125.92 	<ul style="list-style-type: none"> • 55.91 • 125.92 			<ul style="list-style-type: none"> • 55.91 • 125.92
Line 3	2567	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 173.27 • 192.52 	<ul style="list-style-type: none"> • 173.27 • 192.52 		<ul style="list-style-type: none"> • 0.01 • 0.02 	<ul style="list-style-type: none"> • 173.28 • 192.54

Example 2 represents the rounding details applied at the line level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Rounding criteria is applied at the line level	Step 2: Line amounts are added to obtain revised header amounts	Tax Amount Rounded
Header	5579	<ul style="list-style-type: none"> • State tax • City tax 	<ul style="list-style-type: none"> • 395.8082 • 418.425 		<ul style="list-style-type: none"> • 395.82 • 418.44 	<ul style="list-style-type: none"> • 395.82 • 418.44
Line 1	1333	<ul style="list-style-type: none"> • State tax: 12.5% • City tax: 7.5% 	<ul style="list-style-type: none"> • 166.625 • 99.975 	<ul style="list-style-type: none"> • 166.63 • 99.98 		<ul style="list-style-type: none"> • 166.63 • 99.98
Line 2	1679	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 55.9107 • 125.925 	<ul style="list-style-type: none"> • 55.92 • 125.93 		<ul style="list-style-type: none"> • 55.92 • 125.93
Line 3	2567	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 173.2725 • 192.525 	<ul style="list-style-type: none"> • 173.27 • 192.53 		<ul style="list-style-type: none"> • 173.27 • 192.53

Self-Assessment of Taxes: Explained

Taxes for purchase transactions are usually calculated by the supplier and included in the invoice. The responsibility of collecting and remitting these taxes to the authority lies with the supplier. However, in certain cases the supplier does not have presence (nexus) or is not registered in the customer location.

Taxes applicable in such cases, in the customer location, are self assessed by the purchasing organization. Unlike supplier assessed taxes that are paid to the supplier, self-assessed taxes are remitted by the purchasing organization directly to the tax authority.

The key here is that these taxes are to be calculated on the same invoice, but these should not impact the amount payable to the supplier, instead it should be accounted for as a tax liability.

The core requirements remain the same, however, the terminology used for self-assessed taxes vary by tax regime, such as reverse charges, use taxes, and offset taxes. Reverse charge is the terminology primarily used in the European Union, use taxes is the terminology used in the United States, and offset taxes is a alternate solution to handle self-assessment of taxes and is not used by any regime.

Oracle Fusion Tax provides the following options to configure and automate calculation of self-assessed taxes:

- Self-assessment
- Offset taxes
- Reporting-only taxes
- Use taxes

Self-Assessment

Taxes need to be self-assessed by the purchasing organization when the supplier is not registered in the ship-to or bill-to location of the transaction. This is the recommended approach for defining and calculating self-assessed taxes. This is driven based on the registration party used for the transaction.

Registration Party

In the context of a tax applicable to the transaction it is the party whose registration needs to be considered. The tax registration party type default is specified for the tax. As most of the taxes are assessed by the supplier, the default is set to the ship-from or the bill-from location.

Supplier Tax Registration

You can define tax registration for the supplier, the supplier site, and for a particular tax regime. If the tax registration varies by tax or tax jurisdiction, define the registration at a granular level. If the supplier does not have presence in a specific jurisdiction, there are two options for configuration. The first is to create a tax registration record with the registration status as not registered. The second option is not to define a registration record. If you follow the second option, when you define the condition set, set the operator for the Registration determining factor class to **Is blank**.

Registration Party of the First Party

Similar to the supplier registration, you can define the tax registration records for a legal reporting unit tax profile. For the tax registration of the first party select the **Set as self-assessment (reverse charge)** option. This option triggers self-

assessment of taxes when the registration party selected for the tax line is that of the first party. Self-assessment is only applicable for Payables transactions. The option on the first party registration does not impact Receivables transactions. Create a tax registration rule to conditionally use the first party registration when the supplier is not registered. The condition to use for this tax rule is as follows:

Tax Determining Factor Class	Class Qualifier	Tax Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Equal to	Not Registered

If the registration records are not created for the suppliers without registration, create the condition set as follows:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Is blank	

Offset Taxes

Offset taxes is a backward compatible approach that is configured to self-assess taxes. Configure offset taxes in addition to your regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, the application creates two tax lines with one positive and one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Reporting-Only Taxes

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities. However, invoice distributions are not created for these taxes. Therefore, there is no impact to the payable amount, payment amount, and invoice accounting.

Use Taxes

Assigning use taxes to invoices, you create a record of the taxes you owe to tax authorities. Oracle Fusion Payables does not create invoice distributions for these taxes. Therefore, there is not any accounting impact due to these taxes. Payables provides a Use Tax Liability Report to review and report use taxes.

Use the Use Tax Liability Report to review, report, and remit use taxes. The report determines the use tax liability by each use tax code by taking the tax rate you defined for each tax code and applying it to the sum of each invoice line to which the tax applies. The report lists in summary or detail the total amount of tax you owe for each tax code on invoices you enter between two dates you specify when you submit the report. Oracle Fusion Payables displays the amount of use tax you owe in the currency in which you entered an invoice.

Note

Use taxes are defined with the tax type of **Use tax**. The rest of the configuration is the same as the other taxes. This feature is only supported for migrated taxes. You cannot define a new tax with this tax type.

Offset Taxes: How They Are Processed

Offset taxes are a backward compatible approach that you can configure to self-assess taxes. Configure offset taxes in addition to the regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, two tax lines are created with one positive and one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Settings That Affect Offset Taxes

For the offset tax calculation to take effect, do the following:

- Set up offset taxes
- Enable offset tax calculation

You must perform these tasks for setting up offset taxes:

- Set up the offset tax, tax status, and tax rate. Define at least one recovery type lookup to use with offset taxes.
- Create the offset tax and perform the following:
 - a. Use the tax currency of the original tax.
 - b. Select the **Set as offset tax** option.
 - c. Enter a primary recovery type that you defined for offset taxes.
- Set up the tax status for the offset tax. Do not select the **Allow tax rate override** option.
- Set up a 100% tax recovery rate for the offset tax using the recovery type that is defined for the offset tax.

You cannot update the recovery rate on an offset tax line. The recovery rate is always 100% in order to create credit entries that match the original tax amounts. When you create an offset tax, you enter a primary recovery type with a recoverable rate of 100% and a 100% recovery rate.

- Set up the offset tax rate and perform the following:
 - a. Enter a negative rate amount.
 - b. Assign the tax recovery rate that is defined for offset tax.
 - c. Do not select the **Allow ad hoc tax rate** option.
- Set up the original tax with the required configuration to enable the tax. For the tax rate of the original tax (nonoffset tax), assign the offset tax rate code in the **Offset Rate Code** field.

Complete the following configuration steps to enable calculation of offset taxes for a transaction:

- For the configuration owner tax options for the Payables event classes, enable offset tax calculation by selecting the **Allow offset tax calculation** option. Also, specify the offset tax basis.
- Select the **Allow offset taxes** option on the party tax profile if offset taxes are to be calculated for the transactions created for the party. Select this option for the party type chosen in the **Offset Tax Basis** field for the configuration owner tax options.

How Offset Taxes Are Processed

Offset taxes applicable to an invoice are created with two tax lines entries, one for the tax and one for the offset tax. The line for the offset tax has the offset option enabled. This line carries the reference to the original tax line. Two Invoice lines are created for these taxes, one for each tax.

The amount for the regular tax line is always debited to the tax expense or recovery account or both, depending on the recoverability of the tax. The credit is posted to a payables account which is offset by the negative amount credited to the payables account due to the offset tax line. The debit of the offset tax line is posted to the tax liability account and this indicates the liability that the first party organization has towards the tax authority for the self-assessed tax.

Tax Line Override

You cannot override offset tax lines. However, you can update the tax line calculated for the original tax. When you update the tax rate percentage or amount or when you cancel the tax line, the corresponding tax line for the offset taxes is updated.

Reporting-Only Taxes: How They Are Processed

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities. However, invoice distributions are not created for these taxes. Therefore, this does not impact the payable amount, payment amount, and invoice accounting.

Settings That Affect Reporting-Only Taxes

You set up reporting-only taxes by selecting the **Set tax for reporting purposes only** option for the tax.

How Reporting-Only Taxes Are Processed

Tax lines for reporting-only taxes have the **Reporting Only** option enabled. Tax distributions are not created for these tax lines.

For Oracle Fusion Payables invoices, these lines are not displayed on the invoice lines. The total of the reporting-only taxes are displayed in the tax totals region of the invoice.

For Oracle Fusion Receivables transactions, reporting-only taxes are handled as any other tax. These taxes are considered as a part of the invoice and are accounted for accordingly.

Tax Line Override

You cannot update the **Reporting Only** option on the detail tax lines.

FAQs for Define Taxes

What's the minimum setup to enable a tax for transactions or simulation?

You can enable a tax for simulation or for transactions only after you have completed all of the minimum setup.

Minimum setup for a country-level standard tax with no recovery and always applicable includes:

- Entering the required fields in the Create Tax or Edit Tax pages.
- Entering direct tax rule defaults for Place of Supply, Tax Registration, Tax Calculation Formula, and Taxable Basis Formula. Also, setting Tax Applicability to **Applicable**.
- Entering indirect tax rule defaults for Tax Jurisdiction, Tax Status, and Tax Rate.
- Entering tax accounts for **Tax Expense** and **Tax Recoverable or Liability Account**. Accounts you specify at the tax level appear as defaults at the tax rate and tax recovery rate level.

If you have tax recovery, minimum setup also includes:

- Defining a tax recovery rate.
- Entering an indirect tax rule default for Tax Recovery Rate.

If the direct tax rule default for Tax Applicability is set to **Not Applicable**, you must define a determining factor set, condition set, and tax applicability rule.

Manage Tax Determining Factor Sets and Tax Condition Sets

Tax Determining Factor Sets and Condition Sets: Explained

A tax determining factor is an attribute that contributes to the outcome of a tax determination process, such as a geographical location, tax registration status, or a fiscal classification. Determining factors are represented in tax rules as the following concepts:

- **Determining factor class:** Tax determining factors are categorized into logical groupings called determining factor classes, such as Accounting or Geography.
- **Tax class qualifier:** Use a class qualifier with a determining factor class when it is possible to associate a determining factor class with more than one value on the transaction. For example, you need to specify which location type, such as ship-to party, a specific geography level, such as country, is associated with.

- Determining factor name: Each determining factor class contains one or more determining factor names that constitute the contents of the class.

The result of a determining factor class, and its class qualifiers and determining factor names, is a list of available factors for use with tax conditions. Each tax condition within a tax condition set must result in a valid value or range of values for tax determination.

Conceptually, determining factors fall into four groups: party, product, process, and place. The following figure expands upon the determining factors within each grouping.



* These determining factors are entered at transaction time.

The relationship between the determining factor and condition sets and the party, product, process, and place is shown in the following table. The relationship value is a concept to group tax drivers and not an element in the tax rule definition. The determining factor, determining factor class, tax class qualifier, determining factor name, condition set operator, and condition set value are all components of tax rule setup.

Relationship	Determining Factor	Determining Factor Class	Tax Class Qualifier	Determining Factor Name	Condition Set - Operator	Condition Set - Value
Process	Accounting	Accounting		Line Account	Equal to	Flexible with range of qualifiers and segment or account values

Process	Document	Document	Document fiscal classification level (1-5) or blank	Document Fiscal Classification	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Document fiscal classification codes of the class qualifier level or all document fiscal classification codes if there is not class qualifier
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Place	Geography	Geography	Location type which can be one of the following: <ul style="list-style-type: none"> • Bill from • Bill to • Point of acceptance • Point of origin • Ship from • Ship to 	Geography type from Oracle Fusion Trading Community Model	<ul style="list-style-type: none"> • Equal to • Equal to determining factor • Not equal to • Not equal to determining factor • Range • Is blank • Is not blank 	<p>Trading Community Model geography names of the geography type belonging to the location identified by the class qualifier, for example, country or state.</p> <p>If the operator is Equal to determining factor or Not equal to determining factor then the values are:</p> <ul style="list-style-type: none"> • Bill from • Bill to • Point of acceptance • Point of origin • Ship from • Ship to <p>The available values do not include the tax class qualifier value.</p>
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Party	Legal Party Classification	Legal party fiscal classification	First party	Legal activity codes for: <ul style="list-style-type: none"> • Chile • Colombia • Peru • United Kingdom • Venezuela 	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Legal classification codes of the legal classification activity
Party	Party Fiscal Classification	Party fiscal classification	Location type which can be one of the following: <ul style="list-style-type: none"> • Bill-from party • Bill-to party • Point of acceptance party • Point of origin party • Ship-from party • Ship-to party 	Party fiscal classification type	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Fiscal classification codes of the party fiscal classification type assigned to the party identified by the class qualifier
Product	Product Inventory Linked	Product inventory linked		Name of a specific level of a product fiscal classification	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Fiscal classification codes of the applicable product fiscal classification type

Product	Product Noninventory Linked	Product noninventory linked	Product fiscal classification level (1-5) or blank	Product category product fiscal classification type	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Product classification codes of the class qualifier level or all product fiscal classification codes if there is no class qualifier
Party	Registration Status	Registration	Location type which can be one of the following: <ul style="list-style-type: none"> • Bill-from party • Bill-to party • Ship-from party • Ship-to party 	Registration Status	<ul style="list-style-type: none"> • Equal to • Equal to determining factor • Not equal to • Not equal to determining factor • Is blank • Is not blank 	The registration status defined in the registration status lookup. If the operator is Equal to determining factor or Not equal to determining factor then the values are: <ul style="list-style-type: none"> • Bill-from party • Bill-to party • Ship-from party • Ship-to party
Process	Transaction Fiscal Classification	Transaction fiscal classification		Transaction fiscal classification type	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Specific transaction fiscal classification code

Process	Transaction Business Category	Transaction generic classification	Classification level (1-5) or blank	Transaction Business Category	<ul style="list-style-type: none"> • Equal to • Not equal to 	Transaction business category fiscal classification codes of the class qualifier level or all fiscal classification codes if there is no class qualifier
Process	Transaction Type	Transaction generic classification	Classification level (1-5) or blank	Transaction Business Category	<ul style="list-style-type: none"> • Equal to • Not equal to 	Transaction business category fiscal classification codes of the class qualifier level or all fiscal classification codes if there is no class qualifier
Process	Intended Use	Transaction input factor		Intended Use	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Product intended use fiscal classification codes
Product	Line Class	Transaction input factor		Line Class	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	<p>Transaction event classes and activities</p> <p>Code list of line transaction types such as:</p> <ul style="list-style-type: none"> • Procure-to-pay • Credit memo order-to-cash • Miscellaneous cash

Process	Product Type	Transaction input factor		Product Type	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Predefined goods or services
Process	Tax Classification Code	Transaction input factor		Tax Classification Code	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	Tax classification codes
Process	User-Defined Fiscal Classification	Transaction input factor		User-Defined Fiscal Classification	<ul style="list-style-type: none"> • Equal to • Not equal to • Is blank • Is not blank 	User-defined fiscal classification codes
Place	User-Defined Geography	User-defined geography	Location type which can be one of the following: <ul style="list-style-type: none"> • Bill from • Bill to • Point of acceptance • Point of origin • Ship from • Ship to 	Tax zone types	<ul style="list-style-type: none"> • Equal to • Equal to determination factor • Not equal to • Not equal to determination factor • Is blank • Is not blank 	Tax zones of the tax zone type belonging to the location identified by the class qualifier

Tip

Do not mix the interpretation of the party, product, process, and place and the associated determining factors if possible. For example, if the information you need to model concerns the geography associated with the locations on the transaction do not use party classifications to model this type of requirement.

Tip

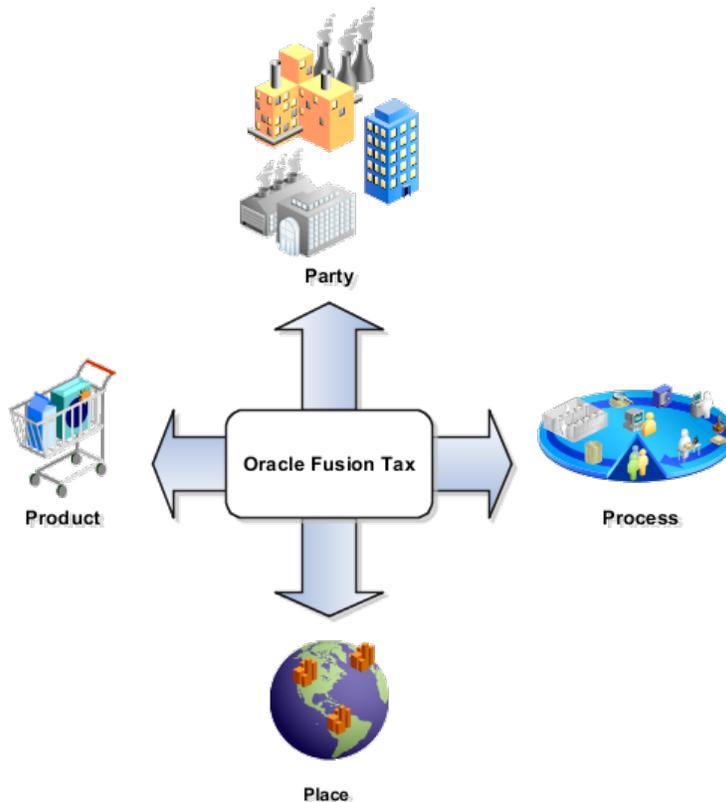
Whenever possible, use automatically determined or derived determining factors, such as party classifications, product fiscal classifications, or geography instead of using those that are reliant on information entered at transaction time, such as product category, intended use, or user-defined fiscal classifications. Those entering information at transaction time may not be familiar with the impact this information has on tax determination.

You can use multiple party and product fiscal classifications at the same time. However, only the primary product fiscal classification, as defined in the country defaults is displayed on the transaction line. When you override the product fiscal classification at transaction time that value is used in preference to the default product fiscal classification.

Party, Product, Place, and Process as Determining Factors: Explained

Determining factors are the key building blocks of the tax rules. They are the variables that are passed at transaction time derived from information on the transaction or associated with the transaction. They are used within tax rules logic to determine the conditions under which specific tax rules are applicable to a specific transaction.

Conceptually they fall into four groups as shown in the following figure:



The four groups are described as:

- **Party:** Information about the parties on or associated with a transaction such as party fiscal classification, tax registration, and tax exemptions.
- **Product:** Information of the types and classifications of the goods and services on or associated to items on a transaction.
- **Place:** Information on the addresses of the locations associated to the party and party locations on the transaction.
- **Process:** Information on the type of tax services that are being requested such as purchase invoice and debit memo.

How Tax Is Determined Using Party, Product, Place, and Process Transaction Attributes

The following table describes how the party, product, place, and process transaction attributes contribute to the outcome of the tax determination process:

Group	Transaction Attributes	Process
Place	<ul style="list-style-type: none"> • Ship from • Ship to • Bill from • Bill to • Point of acceptance • Point of origin 	<p>Restrict your tax rules based on the location where the transaction took place. For example, you may only want to apply this tax rule to goods that are delivered from an EC country into the UK.</p> <p>The tax determination process uses the countries associated with the transaction to select the tax regimes associated with the first parties defined for those countries.</p> <p>The tax determination process also uses the location on the transaction that corresponds to the location type derived from the tax rule for the candidate tax or the rule default location type. It then identifies the tax jurisdiction of the candidate tax to which the location identified belongs. If the location does not belong to any tax jurisdiction of this tax, then the tax does not apply to the transaction.</p>

Party	<ul style="list-style-type: none"> • First party legal entities • Ship from or ship to parties and bill from or bill to parties • Tax registration and registration statuses of each party • Type or classification of a party 	<p>Restrict your tax rules based on the party of the transactions. For example, the supplier must be registered in another EC country for this tax rule to be applied.</p> <p>The tax determination process determines the first party of the transaction which is either the legal entity or business unit. It uses the first party legal entity or business unit to identify the tax regimes to consider for the transaction. It also identifies other configuration options, if defined, to use in processing taxes for the transaction.</p> <p>The tax determination process also determines the party whose tax registration is used for each tax on the transaction, and, if available, derives the tax registration number. If the tax registration or registrations are identified, the process stamps the transaction with the tax registration numbers.</p>
Product	<ul style="list-style-type: none"> • Designation of physical goods or services • Type or classification of a product 	<p>Restrict your tax rules to apply to a specific product in the transaction. The tax determination process then applies these rules to transactions with those specific attributes. For example, the product type must be goods for this tax rule to apply.</p> <p>For each tax, the tax determination process determines if a product tax exception applies to the transaction. It looks for an exception rate specific to the inventory item or fiscal classification of the item and adjusts the rate appropriately.</p>
Process	<ul style="list-style-type: none"> • Procure-to-pay transactions, such as purchases, prepayments, and requisitions • Order-to-cash transactions, such as sales, credit memos, and debit memos. • Type of sale or purchase, such as retail goods, manufactured goods, intellectual property, and resales. 	<p>Restrict your tax rules to apply to a specific type of transaction. The tax determination process then applies these rules to transactions with those specific attributes. For example, the tax rule is limited to purchases.</p> <p>For each tax, the tax determination process determines if a customer tax exemption applies to an order-to-cash transaction and updates the tax rate accordingly.</p>

Setting Up Determining Factor and Condition Sets: Examples

The following scenarios illustrate when you set up tax determining factor sets and condition sets to meet your tax requirements.

Scenario

There is a tax requirement for a state tax, Intrastate A, to apply to any intrastate transactions for a specific product category of items. When defining this tax the typical transaction scenario is that this tax is not applicable. So when defining this tax the tax applicability default value is **Not Applicable**. Create a tax rule for the exception scenario when this particular product is sold in an intrastate transaction.

Create the determining factor set as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name
Geography	Ship from	State
Product noninventory linked	Level 2	Product Category

Create the condition set as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Geography	Ship from	State	Equal to determining factor	Ship to
Product noninventory linked	Level 2	Product Category	Equal to	Product A

Define the set with the result of **Applicable**. If the conditions defined match the respective transaction values the tax rule evaluates to true and the tax is considered applicable. When the conditions are not met and if there are no other condition sets or tax rules to evaluate the determination process looks to the default value of **Not Applicable** as the result and the tax is not calculated.

Scenario

Determining factors represent the **and** part of the evaluation process. The determination process evaluates every element of the determining factor class unless it is set to ignore in the condition set definition. This feature allows for reusability of determining factor sets with some flexibility not requiring the use of all determining factors in each tax rule definition. The condition set is the **or** condition of a tax rule when there are multiple condition sets defined.

For example, a tax law may indicate that a specific state tax is applicable to certain products or specific services from specific vendor types that are considered to have environmental impacts. Analysis determines there are two separate supplier party classifications and one product category defined that meet the requirement for applicability.

Create the determining factor set as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name
Party fiscal classification	Ship from	Party Fiscal Classification Type Code
Product noninventory linked	Level 2	Product Category

Create the condition set 1 as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Party fiscal classification	Ship from	Party Fiscal Classification Type Code	Equal to	Category A
Product noninventory linked	Level 2	Product Category	Equal to	Product A

Create the condition set 2 as follows:

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value
Party fiscal classification	Ship from	Party Fiscal Classification Type Code	Equal to	Category B
Product noninventory linked	Level 2	Product Category	Equal to	Product A

The tax determination process evaluates all of the determining factors in the determining factor set: party fiscal classification and product noninventory linked. However, using multiple condition sets offer an or evaluation to the tax rule. The tax determination process evaluates either of the following:

- Party fiscal classification type code is equal to category A and product category is equal to product A
- Party fiscal classification type code is equal to category B and product category is equal to product A

You define a result for each condition set that is applied if the condition evaluates to true. Condition sets are numerically ordered to specify the sequence in which they would need to be evaluated during rule processing. Optionally, you can disable them for processing depending on a change in tax law.

Important

It is important to carefully evaluate condition set order as a change in order can impact the result of a tax rule.

Also, numerically order tax rules defined for a rule type to specify the sequence in which they are to be evaluated during the rule processing. The rule order, along with the specific applicability criteria like event class, defines the rule evaluation sequence for a rule type.

FAQs for Manage Tax Determining Factor Sets and Tax Condition Sets

Why are party, product, place, and process important?

Party, product, place, and process are important because they are a way of analyzing and identifying the determining factors used within tax rules for a specific business transaction tax situation. The tax determination process uses tax rules for handling tax treatment for specific business situations. By viewing the requirements of how the tax should be determined the party, product, place, and process can provide to you a way of abstracting often complex business requirements so that you can identify the setup to support those requirements.

Define Tax Recovery

Tax Recovery: Explained

Tax recovery is the full or partial recovery of tax paid on purchases by a registered establishment to offset the tax collected from sales transactions. There are usually many regulations surrounding the details of tax recovery. For example, in most European countries, tax is fully recoverable on all purchases except for businesses that only sell nontaxable supplies, such as financial institutions. In cases in which businesses only sell nontaxable supplies, value-added tax (VAT) on their purchases is not recoverable. In certain countries like Canada, more than one type of recovery is possible. Tax authorities designate the tax recovery rates that indicate the extent of recovery for a specific tax.

Tax recovery information on a transaction may be viewed on the invoice distributions level, including any pertinent information for nonrecoverable and recoverable taxes where applicable.

If the recovery rate on a tax varies based on one or more transaction factors, set up recovery rate rules to determine the appropriate recovery rate on the transaction. For example, most VAT-type taxes allow full recovery of taxes paid on goods and services that relate to taxable business supplies. In cases where an organization makes purchases relating to both taxable and exempt supplies, the tax authority can designate a partial recovery rate to reflect the proportion that relates to the taxable supplies. For instance, in the UK, Her Majesty's Revenue and Customs (HMRC) have two methods to work out the tax recovery rate percentage:

- Standard method: Taxable supplies divided by the value of all supplies added together (both taxable and exempt). This formula is based on a previous period with an adjustment when the actual proportions are known.
- Special method: A custom formula approved by HMRC that reflect a business's unique circumstances that must produce a fair and reasonable result. Approval to use this special method is based on the business type, the types of supplies, and the business's cost structure.

The Determine Recovery Rate process evaluates tax recovery for applicable taxes. The Determine Recovery Rate process determines the recovery rate to apply to each recovery type for each applicable tax on the transaction.

Determine Recovery Rate

Tax rules use the tax configuration setup defined within Oracle Fusion Tax and the details on the transaction to determine which taxes apply to the transaction and how to calculate the tax amount for each tax that applies to the transaction.

Tax rules let you create a tax determination model to reflect the tax regulations of different tax regimes and the tax requirements of your business. You can create a simple tax model or a complex tax model. A simple tax model makes use of the default values without extensive processing while a complex tax model considers each tax requirement related to a transaction before making the final calculation.

The tax determination process evaluates, in order of priority, the tax rules that are defined and the details on the transaction. If the first rule is successfully evaluated, the result associated with the rule is used. If not, the next rule is evaluated until either a successful evaluation or default value is found.

The tax determination process is organized into rule types. Each rule type identifies a particular step in the determination and calculation of taxes on transactions. The rule type and related process used for tax recovery determination is Determine Recovery Rate. This is an optional setup that is applicable to taxes that have tax recovery enabled.

This process determines the recovery rate to apply to each recovery type for each applicable tax on the transaction that allows for full, partial, or no recovery of the tax amount. In many cases, the tax determination process uses either the recovery rate associated with the tax rate or the default recovery rate defined for the tax. However, if the tax recovery rate varies according to determining factors, such as intended use, then create a Determine Recovery Rate tax rule to derive the recovery rate.

You can only set up a Determine Recovery Rate tax rule for taxes that have the tax recovery option enabled. For countries with more than one type of recovery, use primary and secondary recovery types to address this requirement. After the recovery rate is determined for each recovery type, the tax determination process determines the recoverable amounts against each recovery type for each tax line. The remaining tax amount becomes the nonrecoverable tax amount for the tax line.

The following outlines the process that results in a recoverable tax amount for each recoverable tax distribution:

1. Allocate tax amount per item distributions. While taxes are determined at the transaction line level, tax recovery is determined at the transaction line distribution, or item distribution, level.
2. Determine recovery types. The tax determination process determines for each tax and item distribution, whether the primary and, if defined, secondary recovery types apply. The result of this process is a tax distribution for each recovery type for each tax and item distribution. If recovery types are not defined, go to step 5.
3. Determine recovery rates. For each tax distribution, the tax determination process determines the recovery rate based on the following:
 - a. Consider the Determine Recovery Rate tax rule for the first recoverable tax distribution.

- b. Use the tax recovery rate derived from the tax rule.
 - c. If the tax determination process cannot derive a tax rule based on the transaction values, use the tax recovery rate associated with the tax rate for the tax line.
 - d. If there is no tax recovery rate associated with the tax rate, use the default tax recovery rate for the recovery type and tax. If there is no default tax recovery rate for the recovery type and tax, use the default tax recovery rate defined for the tax.
 - e. Repeat the above steps for each recoverable tax distribution, if applicable.
4. Determine the recoverable amounts. The tax determination process applies the recovery rates to the apportioned tax amounts to determine the recoverable tax amounts. The result of this process is a recoverable tax amount for each recoverable tax distribution.
 5. Determine the nonrecoverable amount. Oracle Fusion Tax calculates the difference between the apportioned tax amount of every tax line per item distribution and the sum of the recoverable tax distribution to arrive at the nonrecoverable tax amount, and then creates a nonrecoverable tax distribution for this amount. If a primary recovery type was not defined for a tax, the entire apportioned amount for the item distribution is designated as the nonrecoverable tax amount.

Tax Recovery: Points to Consider

The tax determination process uses your tax configuration setup and the details on the transaction to determine which taxes are recoverable.

You need to decide when to:

- Create Determine Recovery Rate rules
- Specify separate ledger accounts
- Manage tax distributions
- Specify settlement options

When to Create Determine Recovery Rate Rules

Use recovery rate rules to determine the applicable recovery rates when this determination is based on one or more transaction factors, including the parties, locations, product or product purpose.

At transaction time, the tax determination process uses the recovery rate derived from the recovery tax rules. If no recovery rate rules are defined or if no existing recovery rate rule applies to the transaction, the tax determination process uses the default recovery rate that you define.

Commonly used factors that are used in tax recovery rules include:

- Intended use, such as resale or manufacturing
- Party fiscal classification, such as reseller or charitable organization

- Location, such as British Columbia or New Brunswick

When to Specify Separate Ledger Accounts

Recovery details are primarily captured and tracked through invoice distributions. If there is a requirement to capture the recovery details into separate general ledger accounts for each tax, define the recovery account at the recovery rate level. If the recovery and liability can be combined at the account level, the common account for liability or recovery defined at the tax rate level can be used.

While generating the invoice distributions, the application first considers the recovery account defined at the recovery rate level. If it is null, the liability or recovery account defined at the tax rate level is used.

The nonrecoverable component of a tax gets registered into the expense account defined at the tax rate level. If no specific expense account is given, the item charge account available on the transaction is used. There may be a need to apportion the nonrecoverable component of the tax amount on the item cost. As such, you should consider all of the costing requirements while setting up an expense account.

When to Manage Tax Distributions

Use the Tax Distributions window to review and update the tax recovery rate on tax distributions. Oracle Fusion Tax creates recoverable distributions and calculates tax recovery rates when you save the line distribution, according to the Determine Recovery Rate tax rule process or the default recovery rate.

You can update the recovery rate code if the **Allow tax recovery rate override** option is enabled for the tax.

You can update the recovery rate if the **Allow ad hoc tax rate** option is enabled for the recovery rate. The update method differs according to the transaction application:

- Oracle Fusion Purchasing: You can either enter a new recovery rate or select another recovery rate that you previously defined from the list of values.
- Oracle Fusion Payables: You can only select another rate that you previously defined. If you update the recovery rate on a tax distribution, Oracle Fusion Tax also updates the related nonrecoverable rate and amount, and the distribution for the tax line.

If there are tax rules defined based on the Accounting determining factor class, then changing or creating a distribution may affect tax calculation.

When to Specify Settlement Options

Tax authorities allow tax recovery at different stages of a transaction life cycle. You can specify the settlement options to indicate when tax recovery is possible:

Settlement Option	Purpose
Immediate	Tax recovery is settled after invoice validation.

Deferred	Tax recovery is settled only after the invoice is paid.
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If the recovery settlement is **Deferred**, you must set up an interim tax account for this tax to record the tax recoveries or liabilities that accrue prior to the payment. Though this is an interim account the balance in this account represents a contingent asset. As such, management and other reporting requirements need to be duly considered while setting up or changing this account.

Tax Recovery Rates Controls and Defaults: Points to Consider

Define tax recovery rates to claim full or partial recovery of taxes paid. Set up tax recovery rate codes for the recovery types identified on the taxes within a tax regime. A tax recovery rate code identifies the percentage of recovery designated by the tax authority for a specific transaction.

Defining Controls and Defaults for Tax Recovery Rates

The following table describes the defaults and controls available at the tax recovery rate level.

Recovery Rate Periods Region

Field	Description	Default Derived from	Default Appears on	Controls
Set as Default Rate	Controls whether this tax recovery rate is the default recovery rate for this tax at transaction time	None	None	If selected then this recovery tax rate is the default rate for the period specified. Where there are no tax recovery rate rules applicable at transaction time then the tax determination process selects this tax recovery rate.

Recoverable Taxes: Worked Example

The following example illustrates the tax setup and associated tax conditions that drive tax recovery. Set up tax rules to assign specific recovery rates instead of using the default recovery rates defined for the tax. Two recovery types are used to show the primary and secondary recovery type options for a tax.

In Canada, the Goods and Services Tax (GST) is a tax that applies to the supply of most property and services in Canada. The provinces of British Columbia, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador, referred to as the participating provinces, combined their provincial sales tax with the GST to create the Harmonized Sales Tax (HST). Generally, HST applies

to the same base of property and services as GST. In countries like Canada, some or all of the taxes on business transactions for registered companies are recoverable taxes.

ABC Corporation is a business located in the province of British Columbia. The sales invoice indicates that ABC purchases books for the purposes of resale. ABC has already created the following setup:

- CA GST and HST, a GST and HST based tax regime
- CA HST, an HST based tax
- CA HST STANDARD, the default HST based tax status for the CA HST tax
- CA HST ZERO FED REC RATE and CA HST ZERO PROV REC RATE, 0% recovery rates for HST, which are set as the default recovery rates for the CA HST tax
- CA HST STANDARD RATE, the default HST based tax rate for the CA HST tax

The percentage rate is 13% for most provinces, and 12% for British Columbia.

The following tax implications are applicable in this scenario:

- Both federal and provincial components of HST are 100% recoverable on books bought for resale.
 - Zero recovery rates for federal and provincial components of HST are required, and are set as the default recovery rates for the HST tax.
 - Recovery rates for most of the participating provinces are required to address the full recovery of the 13% HST rate.
 - Recovery rates for British Columbia are required to address the 12% HST rate.
 - Recovery rate rules are required to assign nondefault recovery rates for resale purchases.
- HST is not recoverable on consumable items, such as computers for use in ABC's store. Default zero recovery rates apply in this case.

Perform the following steps:

- Create tax recovery rates
- Create an intended use fiscal classification
- Create recovery rate rules

Create Tax Recovery Rates

For most participating provinces in Canada, the HST is 13%, out of which 5% is the federal component and 8% is the provincial component.

Create the tax recovery rates of 38.46% for the federal component of HST, and 61.54% for the provincial component of HST for these provinces.

1. On the Create Tax Recovery Rate page, enter the name of the tax regime, CA GST and HST.
2. Select the configuration owner for this tax recovery rate. To minimize configuration and maintenance costs, select Global Configuration Owner as the configuration owner.
3. Select the HST tax, CA HST.
4. Enter the name of the tax recovery rate you are defining, such as CA HST STD FED REC RATE.
5. Select PREC as the recovery type.
6. In the recovery rate periods table, enter 38.46 as the percentage recovery rate, and an effective start date.
7. Click **Save and Close**.
8. Repeat steps 1 to 7 to create the tax recovery rate CA HST STD PROV REC RATE, with a recovery type of SREC, and a percentage recovery rate of 61.54%.

For British Columbia, where the HST rate is 12%, you need one federal recovery rate to address the 5% federal component and one provincial recovery rate to address the 7% provincial component. Create a tax recovery rate of 41.67% for the federal component of HST, and a tax recovery rate of 58.33% for the provincial component of HST for British Columbia.

1. On the Create Tax Recovery Rate page, enter the name of the tax regime, CA GST and HST.
2. Select the configuration owner for this tax recovery rate. To minimize configuration and maintenance costs, select Global Configuration Owner as the configuration owner.
3. Select the HST tax, CA HST.
4. Enter the name of the tax recovery rate you are creating, such as CA HST BC FED REC RATE.
5. Select PREC as the recovery type.
6. In the recovery rate periods table, enter 41.67 as the percentage recovery rate, and an effective start date.
7. Click **Save and Close**.
8. Repeat steps 1 to 7 to create the tax recovery rate CA HST BC PROV REC RATE, with a recovery type of SREC, and a percentage recovery rate of 58.33%.

Create Intended Use Fiscal Classification

Create an intended use fiscal classification for Resale. An intended use fiscal classification is a tax classification based on the purpose for which the product is used.

1. In the Create Fiscal Classification Code window of the Manage Intended Use Classification page, enter a code for the classification, such as CA INTENDED USE RESALE.
2. Enter a name for this classification, such as CA Intended Use Resale.

3. Optionally, select Canada as the country and enter a start date, such as 1/01/2001.
4. Click **Save and Close**.

Create Recovery Rate Rules

Create the recovery rate rules that apply for most participating provinces when the conditions for HST recovery are met. Recall that by default, tax recovery on HST is 0% at the federal and provincial levels.

1. In the Create Determine Recovery Rate Rule page, select Global Configuration Owner as the configuration owner, CA GST and HST as the tax regime, and CA HST as the tax.
2. Enter the code and name of the tax recovery rate rule you are creating, such as CA HST FED RECOVERY RULE, the start date, and a recovery type code of PREC.
3. Create or select a tax determining factor set and an associated tax condition set whereby the intended use of the acquired product is the intended use fiscal classification you defined earlier, namely CA INTENDED USE RESALE.

When this condition is met, 100% recovery rate for the federal component is applicable.

4. For the tax condition set, assign the result of CA HST STD FED REC RATE.
5. Assign a rule order, such as 100.
6. Click **Save and Close**.
7. Repeat steps 1 to 6 to create CA HST PROV RECOVERY RULE for the standard provincial recovery rule, with a recovery type code of SREC, a result of CA HST STD PROV REC RATE, and a rule order of 110.

Create the recovery rate rules that apply for British Columbia when the conditions for HST recovery are met.

1. In the Create Determine Recovery Rate Rule page, select Global Configuration Owner as the configuration owner, CA GST and HST as the tax regime, and CA HST as the tax.
2. Enter the code and name of the tax recovery rate rule you are creating, such as CA HST BC FED RECOVERY RULE, the start date, and a recovery type code of PREC.
3. Create or select a tax determining factor set and an associated tax condition set whereby the ship-to location is British Columbia and the intended use of the acquired product is the intended use fiscal classification you defined earlier, CA INTENDED USE RESALE.

When this condition is met, 100% recovery rate for the federal component is applicable.

4. For the tax condition set, assign the result of CA HST BC FED REC RATE.
5. Assign a rule order, such as 50, that gives a higher priority to this rule than the 2 rules you created previously.

6. Click **Save and Close**.
7. Repeat steps 1 to 6 to create CA HST BC PROV RECOVERY RULE for British Columbia's provincial recovery rule, with a recovery type code of SREC, a result of CA HST BC PROV REC RATE, and a rule order of 55.

For ABC's transactions in Canada, the following is determined by the previous setup:

- HST tax is applicable and is calculated at a percentage rate of 13% for most participating provinces, and a percentage rate of 12% in British Columbia.
- The intended resale of these books makes these transactions eligible for 100% tax recovery.
- For most participating provinces, tax recovery is calculated at a federal percentage rate of 38.46% and a provincial rate of 61.54%.
- For British Columbia, tax recovery is calculated at a federal percentage rate of 41.67% and a provincial rate of 58.33%.

Tax Recovery Distributions: Explained

A recoverable tax is a tax that allows full or partial recovery of taxes paid on purchases, either as a recoverable payment or as a balance against taxes owed. A tax recovery rate identifies the percentage of recovery for a tax designated by the tax authority for a specific transaction line. You can review Oracle Fusion Payables tax distributions and, if applicable, update the tax recovery rate on a tax distribution depending on your tax setup and security access. The component in Oracle Fusion Purchasing is view-only.

Managing Tax Recovery Distributions

Oracle Fusion Tax creates recoverable distributions and calculates tax recovery rates when you save the line distribution, according to the Determine Recovery Rate tax rule process or the default recovery rate. If self-assessment is enabled for the applicable party, two distributions for each tax are created, one with a positive amount and the other with a negative amount.

One recoverable distribution for the primary recovery type and, if applicable, the secondary recovery type is created, for each tax line for each of the item distributions into which the item line or expense line is distributed. The tax distributions are displayed in this way:

- If the tax is nonrecoverable, one nonrecoverable tax distribution line for the tax is created, with the nonrecoverable amount equal to the tax amount. You cannot update a nonrecoverable tax distribution nor create a manual recoverable distribution.
- If the tax is recoverable, two or three distribution lines are displayed, one for the primary recoverable amount, one for the secondary recoverable amount, if applicable, and another for the nonrecoverable amount.

If the tax is fully recoverable, then the recoverable distribution amount is equal to the tax amount and the nonrecoverable distribution amount is equal to zero.

If the tax is recoverable and the recovery rate is zero, then the nonrecoverable distribution amount is equal to the tax amount and the recoverable distribution amount is equal to zero.

- If self-assessment is enabled for the applicable party, the application creates two distributions for each tax, one with a positive amount and the other with a negative amount.

If the tax applied on the transaction is self-assessed, then the corresponding recoverable and nonrecoverable tax distributions are not visible in the distributions window, but the application does generate them at the time of accounting for the invoice

- If the tax applied on the transaction is of the offset type, then the application creates two distributions for the recovery and nonrecovery portions of the tax. Since they are intended to offset each other, they are created for the same amount, but one with a positive value and the other with a negative value.

In a Payables transaction you can update the recovery rate code if the **Allow tax recovery rate override** option is enabled for the tax. You can update the recovery rate if the **Allow ad hoc tax rate** option is enabled for the recovery rate.

If you update the recovery rate on a tax distribution, Oracle Fusion Tax also updates the related nonrecoverable rate and amount, and the distribution for the tax line. If the distribution status is frozen, you cannot update the tax distribution. In order to change the distribution, you must reverse the tax distribution and enter a new distribution.

If applicable, accounting-related setups may affect tax calculation:

- If there are tax rules defined based on the Accounting determining factor class, then changing or creating a distribution may affect tax calculation.
- If the **Enforce tax from account** option is enabled for the configuration owner and event class, this may affect the tax calculation based on the distribution.

Tax Recovery Distributions: Example

Recoverable distributions are created and tax recovery rates are calculated when you save the line distribution, according to the Determine Recovery Rate tax rule process or the default recovery rate. You can review tax distributions and, if applicable, update the tax recovery rate on a tax distribution.

Note

The authorized user can update the tax recovery rate on the distribution in Oracle Fusion Payables. The component in Oracle Fusion Purchasing is view-only.

Scenario

Your company is located in a Canadian province that has combined the provincial sales tax with the federal goods and services tax (GST) into a harmonized sales tax (HST). They recently purchased books to sell in their stores. They also purchased some computers to use in kiosks within the stores for customers to use to locate books.

Transaction Details

The transaction details are as follows:

- Total cost of books is 10,000 CAD
The invoice indicates the intended use as Resale.
- Total cost of computers is 5,000 CAD
The computers will be expensed as they do not meet the capitalization threshold.
- Tax rate applicable to each item is 13%

Analysis

In most tax regimes, a tax that is paid by a registered establishment can claim back 100% of taxes due from the tax authority, except for specific designated purchases. Depending upon the details of a company's business purchases and tax authority regulations, a number of exception regulations may accompany the details of tax recovery. Tax implications are:

- The HST associated with the cost of books to be sold in stores is 100% recoverable. Therefore, 1,300 CAD is recoverable (10,000 CAD * 13%).
- The HST associated with the cost of the computers to be used in kiosks within the stores is not recoverable. Therefore, 650 CAD is nonrecoverable (5,000 CAD * 13%).

The HST tax configuration specifies that the recovery tax rate for zero 0% recoverable is used as a default. A tax rule is defined to apply a 100% recoverable rate for products with an intended use of Resale.

Tax Recovery Distributions

Based on the analysis, the following distributions are created for the transaction:

Accounting Class	Debit	Credit
Item Expense	10,000	
Item Expense	5,000	
Recoverable Tax	1,300	
Nonrecoverable Tax	650	
Liability		10,000
Liability		5,000
Liability		1,300
Liability		650

Define Tax Statuses

Tax Status Controls and Defaults: Points to Consider

Set up tax statuses that you need for each tax that you create for a combination of tax regime, tax, and configuration owner. You define a tax status under a tax

and a configuration owner, and define all applicable tax rates and their effective periods under the tax status. The tax status controls the defaulting of values to its tax rates.

Defining Controls and Defaults

The following table describes the defaults and controls available at the tax status level.

Header Region

Field	Description	Default Derived from	Default Appears on	Controls
Set as default tax status	Controls whether this tax status is defined as the default tax status for this tax	None	None	If selected then this tax status is defined as the default tax status for this tax. Where no tax status rules are applicable then the tax determination process selects this tax status as the applicable tax status for transactions in the date range defined.

Tax Information Region

Field	Description	Default Derived from	Default Appears on	Controls
Default Settlement Option	Lookup code to indicate whether an input tax is recovered when an invoice is recorded or only when the invoice is paid and whether an output tax is due for settlement when the invoice is issued or only when the payment is received against it	Tax	Tax rate	None
Allow tax exceptions	Controls whether tax exceptions are allowed for this tax	Tax	Tax rate	None
Allow tax exemptions	Controls whether tax exemptions are allowed for this tax	Tax	Tax rate	None
Allow tax rate override	Controls whether you can override the tax rate at transaction time	None	Tax rate	None

Define Tax Rates

Define Tax Rates: Overview

The tax determination process identifies the applicable tax rate when taxes are considered applicable to a transaction. Tax rates can apply to a specific location or jurisdiction, for example, you define state, county, and city jurisdiction-based rates for a US Sales and Use Tax regime. Tax rates can change over time, for example when a tax rate increase occurs, you end date one rate period definition and create a new rate period with an effective start date. There can be tax exceptions or exemptions to tax rates based on specific items, third parties, general ledger accounts, or other factors. You must set up tax rates for tax statuses and optionally for tax jurisdictions. For tax statuses, set up tax rate records for each applicable tax rate that a tax status identifies. For tax jurisdictions, set up tax rate records to identify the tax rate variations for a specified tax and tax status within different tax jurisdictions. Set up your tax rates in the Define Tax Rates activity.

The tax rate determination process can be viewed as a two step process:

- Tax rate determination, which includes:
 - A default tax rate associated to the tax
 - An effective rate period
 - Jurisdiction-based rates
 - Tax rules; direct rate rules, tax rate rules, and account-based direct rate rules
 - Migrated tax classification codes and tax classification-based direct rate rules
- Tax rate modification, which includes:
 - Item or product fiscal classification exceptions using special rates, discounts, or surcharges
 - Third party and third party site tax exemptions using special rates and full or partial exemptions

Tax Rate Setup: Explained

Consider the applicable tax statuses and optionally tax jurisdictions when defining the tax rate setup to determine applicable tax rates on a transaction.

Tax Statuses

A tax status is the taxable nature of a product in the context of a transaction and a specific tax on the transaction. You define a tax status to group one or more tax rates that are of the same or similar nature. Each tax must have at least one status defined and one status assigned as a default. Create tax rules to set alternate values as required.

For example, one tax can have separate tax statuses for standard and manually entered tax rates.

Tax Jurisdictions

A Tax jurisdiction is an incidence of a tax on a specific geographical area. A tax jurisdiction is limited by a geographical boundary that encloses a contiguous political or administrative area, most commonly the borders of a country. Often this is represented by a state, province, city, county, or even a tax zone. In Oracle Fusion Tax, a tax jurisdiction can use the geography setup from your Trading Community Architecture geography hierarchy to identify a tax rate. Taxes such as Canada's Harmonize Sales Tax (HST) and Provincial Sales Tax may require tax rates at the jurisdiction level.

For example, US Sales and Use Tax are applicable based upon the jurisdictions you generally define for state, county, and city geographies.

Tax Rates

You must set up at least one tax rate for each tax status. You may need to set up additional tax rates at the tax jurisdiction level if the tax rate applicable for the tax is unique for a particular tax jurisdiction.

For example, in Canada, HST is applied at a 13% rate in most provinces that have adopted HST except for British Columbia where the tax rate is 12% and Nova Scotia where the tax rate is 15%. To satisfy this requirement define a single tax rate of 13% with no tax jurisdiction associated and define 12% and 15% tax rates and associate them with the British Columbia and Nova Scotia jurisdictions respectively. This minimizes setup by creating an exception-based setup and a default option for the most commonly utilized tax rate percentage.

Tax Rate Types

You can express tax rates in terms of percentage or quantity. A quantity-based tax rate is based upon the number of items purchased or events that occur. For example, a taxing jurisdiction passes a law that each package of cigarettes sold is subject to a tax of 0.87 USD. This tax is considered a quantity-based tax as it is assessed based upon the number of packages purchased not the price of the product.

Tax Classification Code Set Assignments

When defining a tax rate select the tax classification code set assignments of **Order to cash**, **Procure to pay**, and **Expenses**. These assignments determine if the tax rate code you define is applicable within a specific product and set assignment at transaction time. In addition the set assignment of tax classification codes is derived based on the configuration owner that is part of the tax rate code definition.

When you create a tax rate code where the:

- Configuration owner is the global configuration owner: The tax classification code is assigned to all sets that have the determinant type of business unit and contain the determinant value of the business units that have the subscription of the legal entity. The tax classification code is also assigned to the business units that do not have the subscription of the legal entity but subscribe to the global configuration owner data for this tax regime.
- Configuration owner is the legal entity: The tax classification code is assigned to all sets that have the determinant type of business unit

and contain the determinant value of the business units that use the subscription of legal entity. The tax classification code is also assigned to business units that subscribe to this specific legal entity as party first party organization.

- Configuration owner is the business unit: The tax classification code is assigned to all sets that have the determinant type of business unit and contain the determinant value of the business unit for which the content is created.

Note

The application does not assign the tax classification codes to the global set of COMMON for any of these scenarios.

You can use the tax classification codes created as determining factors when defining tax rules. When you use the regime determination method of standard tax classification code, the tax classification based direct rate rules can be defined with these codes as factors for direct rate determination. Maintain the tax classification codes using the associated lookup types of **Party Tax Profile Input Tax Classification**, **Party Tax Profile Output Tax Classification**, and **Party Tax Profile Web Expense Tax Classifications**.

Rate Periods

You can define one or more rate periods for a tax rate as long as the date ranges do not overlap. This allows for a change in tax rates over time without requiring a new tax rate code definition. You can define default effective periods for tax rate periods. This effectivity must be unique across tax regime, configuration owner, tax, and tax status. This allows flexibility if there is a requirement to define a new tax rate code and identify the new rate period as a default when existing rate periods exist on another tax rate code. Define tax rules as exceptions to default tax rates.

Tax Recovery

When the associated tax allows tax recovery you can define tax recovery or offset tax rates. Associate the offset tax or the default tax recovery rate and tax rule defined for tax recovery to the tax rate code. If the tax rule does not evaluate to true at transaction time then the default tax recovery rate is applicable. Ensure that the tax recovery rate and tax rate periods overlap or the application does not calculate tax recovery.

Tax Accounts

Define tax accounting for the tax rate code either as a default from the tax setup or an override of values at the tax rate level. Tax accounts are defined for the legal entity and optionally for the business unit. The accounts you define are tax expense accounts, tax revenue accounts, tax finance charge accounts, and accounts specific to tax recovery.

Setting Up Tax Rates: Choices to Consider

Set up tax rates for your tax statuses and tax jurisdictions. For tax statuses, set up a tax rate record for each applicable tax rate that a tax status identifies. For tax jurisdictions, set up tax rate records to identify the tax rate variations for a specific tax within different tax jurisdictions. For example, a city sales tax for a state or province may contain separate city tax jurisdictions, each with a specific rate for the same tax.

At transaction time, you can override tax rates on calculated tax lines depending on your setup.

Quantity-Based Tax Rates

You can define tax rates as a percentage or as a value per unit of measure. The **UOM** field is optional in the tax setup. However, if you do enter the UOM there is validation that must be passed in order for the tax rate to be applied. This includes:

- If the UOM exists on the tax rate, the transaction must have a matching UOM or a blank UOM.
- Only one active tax rate can exist for any given tax rate period. You cannot create one tax rate for each UOM that might be used within a single tax rate code.

You can define the quantity rate type for a tax rate code with the **UOM** field left as blank. At transaction time, the application multiplies the quantity by the tax rate and the UOM is not taken into account.

Override of Tax Rates on Tax Lines

Part of the configuration options is to allow you to override the calculated tax rate on a tax line. The following controls should be considered during setup:

- **Allow override of calculated tax lines:** This option exists on the Create Configuration Owner Tax Options page for the configuration owner and event class. In order for you to manually override tax lines this option must be selected for the combination of configuration owner and event class. If a configuration owner tax option does not exist the value on the predefined event class setting is used.
- **Allow override of calculated tax lines:** You must select this option on the associated tax record to be able to override values on a calculated tax line.
- **Allow tax rate override:** You must select this option on the associated tax status record to be able to override tax rates on a calculated tax line.
- **Allow ad hoc tax rate:** You must select this option on the tax rate record if you want to allow the flexibility of not being restricted to predefined tax rates and allow user entered rates on calculated tax lines.

If you allow ad hoc tax rates you must indicate if the adjustment to a tax amount updates the taxable basis or the tax rate.

Note

You can set the **Transaction Tax Line Override** profile option to control which users can make changes to the transaction line such as selecting a different tax status or tax rate.

Tax Rates Controls and Defaults: Points to Consider

Set up tax rates for your tax statuses and optionally for tax jurisdictions. For tax statuses, set up a tax rate record for each applicable tax rate that a tax status identifies. For tax jurisdictions, optionally set up tax rate records to identify the tax rate variations for a specific tax within different tax jurisdictions.

Defining Controls and Defaults for Tax Rates

The following table describes the defaults and controls available at the tax rate level.

Header Region

Field	Description	Default Derived from	Default Appears on	Controls
Tax Rate Type	<p>Lookup code that controls the type of tax rate. Values are:</p> <ul style="list-style-type: none"> • Percentage: The tax rate is a percentage based on the line value • Quantity: The tax rate is based on the currency per UOM such as USD per kilo 	None	None	Defines whether the tax rate is either percentage or quantity based
Tax Classification Code Set Assignments <ul style="list-style-type: none"> • Order to cash • Procure to pay • Expenses 	Controls where tax classification codes that are created in parallel to the creation of the tax rate are available for use	None	None	If selected then the tax classification code associated with this tax rate is available for use in order to cash, procure to pay, and expenses transactions

Rate Periods Region

Field	Description	Default Derived from	Default Appears on	Controls
Set as Default Rate	Controls whether this tax rate is the default rate for the defined tax status for the period specified	None	None	If selected then this tax rate is the default tax rate for the defined tax status for the period specified. Where there are no tax rate rules applicable at transaction time then the tax determination process selects this tax rate where the associated tax status is derived during the period specified.

Main Details Tab, Other Details Region

Field	Description	Default Derived from	Default Appears on	Controls
Tax Inclusion Method	<p>Defines whether the tax is:</p> <ul style="list-style-type: none"> • Standard noninclusive handling: This option calculates the taxes as exclusive of the given transaction line amount • Standard inclusive handling: This option calculates the taxes as inclusive of the given transaction line amount • Special inclusive handling: This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process 	None	None	Use this option in conjunction with other setup on tax, party tax profile, tax registration, and transaction details to control the inclusiveness of a line amount at transaction time

Allow override and entry of inclusive tax lines	Controls whether you can override and enter inclusive or exclusive line amounts	Tax	None	Use this option in conjunction with the Transaction Tax Line Override profile option as well as Allow override of calculated tax lines and Allow override and entry of inclusive tax lines options for the configuration owner tax options to allow you to update the Inclusive option on tax line at transaction time
Allow tax exceptions	Controls whether tax exceptions are allowed for this tax	Tax status	None	If this option is selected tax exceptions can be processed at transaction time
Allow tax exemptions	Controls whether tax exemptions are allowed for this tax	Tax status	None	Use this option in conjunction with the Allow exemptions option on the configuration owner tax options and when both are selected allows tax exemptions to be processed at transaction time
Allow ad hoc tax rate	Controls whether you can enter ad hoc tax rates at transaction time	None	None	Use this option in conjunction with Transaction Tax Line Override profile option and the Allow override of calculated tax lines option for the configuration owner tax options. If all are selected allows you to enter tax rates.

Adjustment for Ad Hoc Tax Amounts	Lookup code that is used when you select the Allow ad hoc tax rate option	None	None	When the Allow ad hoc tax rate option is selected the lookup value in this field controls how the application controls the change in tax value, either as a change to the taxable basis or to the tax rate value used
Default Settlement Option	Lookup code to indicate whether an input tax is recovered when an invoice is recorded or only when the invoice is paid and whether an output tax is due for settlement when the invoice is issued or only when the payment is received against it	Tax status	None	Defines whether the settlement is immediate, for example, at invoice time, or deferred, for example, at payment time

Tax Rates for a Canadian Tax Regime: Examples

The following scenarios illustrate when you might want to use exceptions or tax rules to meet your Canadian tax requirements.

Scenario

The first scenario includes tax calculation for a Canadian tax regime. Purchases made in Ontario are generally taxed for Provincial Sales Tax (PST) at a tax rate of 8%. Accommodation purchases are generally taxed at 5% and food is generally exempt from tax.

EDC Corporation's Ontario store has been invoiced for employee accommodations, including hotel facilities and food for a conference they attended. The invoice is for a hotel room, use of hotel office facilities, and food.

Set up tax rates to meet PST requirements for the store in Ontario as follows:

- Define a jurisdiction-based tax rate of 8% which is applicable to the hotel facilities usage. This is the standard tax calculation for the jurisdiction of Ontario.
- Define a rate exception with a special rate of 5% for the hotel room. This exception can be driven by a product fiscal classification.
- Define a Determine Tax Status rule which points to the exempt status of 0% rate for food based on a product fiscal classification. Use the tax rule over an exception since you can use a specific tax status and the default rate of 0% for that tax status.

Scenario

Another example of tax calculation for a Canadian tax regime is purchases of some items made on First Nation reserves have a First Nations Tax that is applicable at a tax rate of 5%. Since the requirements drive the applicability of the tax as well as the tax status and tax rate you can define a direct rate rule to handle both the applicability and the tax rate.

Manage Tax Exceptions

Tax Exception on a Transaction Line: How Tax Is Calculated

Set up tax exceptions to apply special tax rates to products. At transaction time, Oracle Fusion Tax determines whether the tax exception applies to the transaction line for the product, and if so, uses the applicable exception rate.

Settings That Affect Tax Exceptions

A tax exception must belong to a combination of tax regime, configuration owner, and tax. You can also assign tax exceptions to a tax status or tax rate belonging to the tax or to a tax jurisdiction.

You can define Oracle Fusion Inventory organization tax exceptions for items, or you can define tax exceptions for Inventory-based product fiscal classifications or noninventory-based product categories. If you are using Inventory-based product fiscal classifications then generally, the application classifies the transaction line based on the item. If you are using noninventory-based product category fiscal classifications you enter the appropriate product category on all applicable lines to influence the tax result.

Product categories and product fiscal classifications are defined in a hierarchical structure. It is important that you select the appropriate level where the tax exception is applicable. For product fiscal classifications to be used in item exceptions, you must indicate that it is used in item exceptions at the tax regime association to the product fiscal classification. You can set up only one product fiscal classification for any specific tax regime with the **Used in Item Exceptions** option selected.

When you set up configuration options for first party legal entities and business units, you can set a separate configuration option for the owning and sharing of product tax exceptions for a combination of party and tax regime.

The **Allow tax exceptions** option is set at the tax regime level and you can override it at the tax and tax status levels. However, the setup you define for the tax rate is what is evaluated during tax rate determination.

At transaction time, the tax exception is used if the details of the transaction and the tax match all of the entities assigned to the tax exception. Only one tax exception can apply to a transaction line for a specific tax.

Note

Tax exemptions are specific to the order-to-cash event class while tax exceptions are applicable across event classes.

How Tax Exceptions Are Calculated

The tax determination process determines tax applicability, tax status, and the tax rate for the transaction line. If tax exceptions are allowed, the application

looks at the item entered on the transaction line to determine if an exception is defined at the tax, tax status, tax rate, tax jurisdiction, Inventory organization, or Inventory level and uses the exception at the most specific level.

If the application does not find any tax exception for the item, it looks for a product fiscal classification associated with the transaction line. If one exists, the application determines if an exception is defined at the tax, tax status, tax rate, tax jurisdiction, and product fiscal classification level and uses the exception at the most specific level with the highest precedence.

The tax rate is then based on the exception type and calculated as follows:

- **Discount:** A reduction of the base tax rate. For example, if the discount is 15% off the standard rate and the standard rate is 10%, then the discount rate is 85% of the original 10%, or 8.5%.
- **Surcharge:** An increase to the base tax rate. For example, if the surcharge is 10% and the standard rate is 10%, then the surcharge rate is 110% of the original 10%, or 11%.
- **Special Rate:** A rate that replaces the base tax rate. For example, if the special rate is 5% and the standard rate is 10%, the tax rate is the special rate of 5%.

Finally, the new tax rate is applied to the taxable basis and the tax amount is calculated.

For manual tax lines, no additional processing is performed and exceptions are not considered. A manual tax line suggests that you have specific business requirements for a particular transaction to apply a manual tax. No additional processing is performed for manual tax lines to avoid any applying conflicting or inconsistent values to the user-entered tax line. The tax calculation on a manual tax line is the standard formula of: tax amount is equal to the taxable basis multiplied by the tax rate.

Define Tax Rules

Tax Determination: Explained

Taxes are levied on transactions as per the legislations in a country or region. They are seldom uniformly applied on all transactions and tax legislation may seek differential levy, treatment, and administration of taxes based on various transaction attributes. Configure Oracle Fusion Tax to evaluate transactions based on transaction attributes to determine which taxes apply to a transaction and how to calculate tax amount for each tax that applies to the transaction.

The tax determination process evaluates transaction header and line information to derive tax lines for taxes applicable to the transactions. The evaluation process is subdivided into the following processes:

- Determine Applicable Tax Regimes and Candidate Taxes
- Determine Place of Supply and Tax Jurisdiction
- Determine Tax Applicability
- Determine Tax Registration
- Determine Tax Status
- Determine Tax Rate

- Determine Taxable Basis
- Determine Tax Calculation
- Determine Tax Recovery

The tax determination process utilizes the tax foundation configuration in conjunction with configuration options and tax rules to process transactions for tax applicability and calculation. Tax configuration ranges from simple models that make use of default values without extensive processing to complex models that consider each tax requirement related to a transaction before making the final calculation.

When setting up a tax examine the regulations that govern the determination of the tax amount, from identifying applicability drivers to how the tax is calculated. Organize the regulations into one or more rule types for each tax. When the regulations indicate that more than one result is possible for a given rule type, then you need to define rules within that rule type. Otherwise you can defer to a default value for that rule type associated to the tax.

The complexity of setup can be classified as follows:

- No tax rules required: Oracle Fusion Tax uses the default tax status, tax rate, and tax recovery rate defined for the tax. Tax rules are not required but tax rates can vary by class of products set up using tax exceptions, location set up using tax jurisdictions, and party set up using exemption definitions. In addition, applicability can still be controlled without the use of tax rules such as through the party tax profile that you define for a supplier.
- Simple tax rule regimes: The tax authority levies tax on your transactions at the same rate, with a simple set of identifiable exceptions. The exceptions either apply to one part of the transaction only, such as to certain parties, or to a combination of parties, products, and transaction processes that you can summarize in a simple way. In such cases, use a simple set of tax rules, for example, to identify place of supply and tax registration, and use default values for other processes.
- Complex tax regimes: Tax regimes in certain countries require a complex logic to determine the applicable taxes and rates on a transaction. Both tax applicability and tax rates can vary, for example, by place of origin and place of destination, party registration, status, service, or a combination of factors. In some cases, the taxable amount of one tax may depend upon the amount of another tax on the same transaction. And in rare cases, the tax amount itself may depend on the tax amount of another tax. For all of these and similar situations, you set up tax rules to define the logic necessary to identify each step of the tax determination process.

Tax Determination Steps

The first step of the determination process is to identify the first party of the transaction. The tax determination process looks to the business unit on the transaction and identifies whether it is pointing to the configuration owner of the business unit or legal entity depending on the **Use subscription of the legal entity** option on the party tax profile definition of the business unit. The tax determination process checks to determine if there are configuration owner tax options associated to this party or if the predefined event class option should be used.

The Determine Applicable Tax Regimes process can be the predefined TAXREGIME, STCC (standard tax classification code), or another regime determination set that is user-defined. TAXREGIME or user-defined regime determination sets derive the applicable tax regimes or tax regime through country or zone of the location identified in the processing of the regime determination determining factor set location values. STCC determination is typically used for purposes of migrated data and has a different processing logic driven by tax classification code. A third option of determination is third party integration.

Determine Applicable Tax Regimes and Candidate Taxes

Tax regimes are considered based on geography and subscription. Either a country or zone associated to the tax regime definition must be the same as the country or zone identified via the location that evaluates to true on the regime determination set of the first party of the transaction. In addition, the tax regime must have a subscription to the applicable configuration owner. Once the tax determination process identifies the tax regimes the list of candidate taxes can be evaluated based on the configuration option setting of the first party in the tax regime subscription definition:

- **Common Configuration:** Consider all taxes with the configuration owner of global configuration owner.
- **Party Specific Configuration:** Consider all taxes with the first party as configuration owner.
- **Common Configuration with Party Overrides:** Consider all taxes with the first party and the global configuration owner as configuration owner. If a tax is defined by both the first party and the global configuration owner, then the application only uses the tax defined by the first party.
- **Parent First Party Configuration with Party Overrides:** Consider all taxes with the first party and the parent first party as configuration owner. If a tax is defined by the first party and the parent first party then the application only uses the tax defined by the first party.

Determine Tax Applicability and Place of Supply and Tax Jurisdiction

This process determines the tax applicability of each candidate tax based on direct rate determination, place of supply, tax applicability, and tax jurisdiction. The first step in tax applicability is to process any direct rate rules defined for a tax regime, configuration owner, and candidate taxes. If a direct rate rule evaluates to true then place of supply is processed for this transaction tax. If successful the tax is applicable and the tax status and tax rate defined for the direct rate rule are used in the tax calculation. If a direct rate rule does not evaluate to true for this tax regime, configuration owner, and tax the tax applicability rules are processed next. After a tax is found applicable based on an applicability rule or a default value the process verifies the place of supply and associated tax jurisdiction. This is required except in the cases of migrated taxes.

The place of supply process identifies the applicable location type and associated tax jurisdiction where the supply of goods or services is deemed to have taken place for a specific tax. If the tax determination process cannot find a tax jurisdiction for the location that corresponds to the place of supply location type, then the tax does not apply and it is removed as a candidate tax for the transaction.

For example, the place of supply for UK value-added tax (VAT) on goods is generally the ship-from country. Thus, the place of supply of a sale or purchase

within the UK is the UK itself. However, if a UK legal entity supplies goods from its French warehouse to a German customer, then the place of supply will not find a jurisdiction for UK VAT in France, and therefore UK VAT does not apply.

Determine Tax Registration

This process determines the party whose tax registration is used for each tax on the transaction, and, if available, derives the tax registration number.

Determine Tax Status

This process determines the tax status of each applicable tax on the transaction. If the process cannot find a tax status for an applicable tax, then Tax raises an error.

Determine Tax Rate

This process determines the tax rate code for each tax and tax status derived from the previous process. First the application looks for a rate based on rate code and tax jurisdiction. If this is not found then the application looks for a rate with no tax jurisdiction. If applicable, the tax rate is then modified by any exception rate or tax exemption that applies. The result of this process is a tax rate code and tax rate for each applicable tax.

Determine Taxable Basis

This process determines the taxable base for each tax rate code. Depending on the tax rate type the taxable basis is amount based or quantity based. The tax determination process typically determines the tax by applying the tax rate to the taxable base amount. In some cases, the taxable basis either can include another tax or is based on the tax amount of another tax. Define taxable basis formulas to manage these requirements.

Determine Tax Calculation

This process calculates the tax amount on the transaction. In most cases, the tax amount is computed by applying the derived tax rate to the derived taxable basis. In some exceptional cases, the tax amount is altered by adding or subtracting another tax. Define tax calculation formulas to manage these requirements.

Determine Tax Recovery

This process determines the recovery rate to use on procure-to-pay transactions when the tax allows for full or partial recovery of the tax amount. For example, for UK manufacturing companies VAT on normal purchases used for company business is 100% recoverable. However, if you are a financial institution which only makes VAT exempt on sales then you are not allowed to recover any taxes and your recovery rate is zero percent on all purchases. The recovery process impacts the distribution level, tax amounts, and inclusiveness of taxes. The resulting distribution amounts are adjusted as a result of the recovery process. The recovery type is defined on the tax and identifies whether there are one or two recovery types; primary and secondary. For each tax and recovery type the application determines the recovery rate based on a tax rule or default value defined on the tax.

Tax Rules: Explained

Tax determination can be configured as a simple process with all default values for the determination points and it can be enhanced with the definition of tax rules to identify and process any exceptions to the common treatment scenario.

The tax rules that are part of the tax determination process are organized into rule types. Each rule type identifies a particular step in the determination and calculation of taxes on transactions. The tax determination process evaluates, in order of priority, the tax rules that are defined against the tax configuration setup and the details on the transaction. The application processes tax rules in order of evaluation until one evaluates successfully, then the process stops. If none of the rules defined evaluate successfully the associated default value is used.

The tax line determination process uses the information of the transaction header and the transaction line and any information derived by the transaction attributes such as party fiscal classification to determine the tax lines. The rule types and related processes are used for tax line determination and tax calculation.

Tax rules have the following elements as part of the definition:

- Rule type and rule attributes:
 - Tax regime, configuration owner, tax and optionally, tax status and tax recovery type
 - Event class association
 - Geography association
 - Effective dates
- Determining factors and condition sets
- Rule order and status

A rule type associates a tax rule to a particular point in the determination process. The following are the possible tax rules you can define:

- Place of Supply Rules
- Tax Applicability Rules
- Tax Registration Determination Rules
- Tax Status Determination Rules
- Tax Rate Determination Rules
- Taxable Basis Rules
- Tax Calculation Rules
- Tax Recovery Rate Determination Rules
- Manage Direct Tax Rate Determination Rules
- Account Based Direct Tax Rate Determination Rules
- Tax Classification Based Direct Tax Rate Determination Rules

Define a tax rule in the context of a tax regime, configuration owner, tax. Define Tax Rate Determination Rules within the context of a tax regime, configuration owner, tax, and tax status. Define Tax Recovery Rate Determination Rules within the context of a tax regime, configuration owner, tax, and recovery type. When processing a transaction the transaction date must be within the effective date of the rule.

Associate a tax rule with an event class or tax event class on the tax rule header to identify the tax rule as only being applicable to a specific event class. The tax

determination process evaluates event-specific rules and tax event-specific rules before nonevent-specific rules for the same rule type, tax regime, configuration owner, and tax. Set up more specific event classes to less specific tax event classes to generic tax rules applicable to all event classes. Include geography information on the tax rule header as well as within the determining factor or condition set detail. Including geography detail does not change evaluation order but improves the performance of tax rule processing. Include reference information, such as tax law or other text, in the definition of the tax rule.

Tip

Always try to minimize tax rules and setup for tax regimes and taxes. Tax rules are specific to a tax regime and tax, thus by minimizing the number of tax regimes and taxes, the number and complexity of the tax rules can be minimized.

Tip

Move any complexity from the beginning to the end of the rule types and supporting setup. For example, it is better to use tax recovery rate rules in preference to setting up specific tax rates with individual defaults associated with tax recovery rates.

Tax reporting requirements adds some level of complexity to the pure tax setup needed to support the tax determination and calculation processes, make every effort to minimize this additional level of complexity. Write tax reports wherever possible to use tax reporting codes or use the determination factors that identify your reporting requirements. These reporting determination factors should replace the need to create specific taxes, tax statuses, and tax rates purely defined to allow tax reporting.

For extreme cases you may need to create a more complex tax setup to meet your tax reporting needs. For example, currently there are no determining factors that can easily identify asset purchases. In many countries it is a requirement to report the tax associated with asset purchases separately. In this case, create tax status and tax rate rules based on asset account segments to uniquely allocate a specific tax status and tax rate to these asset purchases. These asset purchases can then be reported by searching for the specific tax status and tax rate or specific tax reporting codes associated with the specific tax status or tax rate.

Direct Tax Rate Rules: Explained

Define tax rules on an exception basis to handle requirements that cannot be addressed by foundation tax setup. You can define tax status rules, tax rate rules, direct tax rate rules, account-based direct tax rate rules, or tax classification-based direct tax rate rules to derive the applicable tax rate.

The tax determination process uses direct tax rate rules to determine tax applicability, tax status, and tax rate. The tax determination process uses a tax rate rule to determine the tax rate once the tax status is determined. A direct tax rate determination rule is a good choice if there are specific requirements to drive a specific tax, tax status, and tax rate and no variation in tax status or tax rate is required.

Tip

If tax applicability is not impacted by a tax law but the tax rate is you can set up a tax status rule to point to a different tax status and utilize a default tax rate

associated to that tax status. If the tax status does not need to be unique a tax rate rule can drive a specific tax rate but keep the tax applicability and tax status based on existing rules.

Direct Tax Rate Determination

Use the Direct Tax Rate Determination rule type for situations where you do not need to create separate tax rules for tax applicability, tax status, and tax rate. The following must occur for a Direct Tax Rate Determination rule to be applicable:

- The Direct Tax Rate Determination rule must evaluate to true
- The tax rate code must be defined for the product family
- The place of supply must evaluate successfully except in the case of migrated taxes when **Allow multiple jurisdictions** is selected

If a Direct Tax Rate Determination rule is not evaluated successfully, then Determine Tax Applicability rules are processed to determine if tax is applicable. If the tax is not applicable then the determination process ends for tax.

Account-Based Direct Tax Rate Determination

Account-based rules are direct rate rules that are driven by the line account of the transaction. A matching account drives the applicability, tax status, and tax rate defined on the tax rule. These tax rules are only applicable when the regime determination method is **Determine applicable regimes** and the configuration owner tax option for the event class has the **Enforce from account** option selected. These tax rules are evaluated after standard applicability rules. If a standard applicability rule evaluated the tax to **Not applicable** then it cannot be applicable through an Account-Based Direct Tax Rate Determination rule.

Tax Classification-Based Direct Tax Rate Determination

Use the Tax Classification-Based Direct Tax Rate Determination rule when the regime determination for the configuration owner tax option is defined as **STCC** (standard tax classification code). This setup is primarily intended for migrated tax classification codes, specifically tax classification groups. The tax classification code populated on the transaction line drives the tax determination and tax rate directly. A default tax rate associated to a tax rate code is not applicable in this case. Tax classification codes are created automatically as user-extensible lookup codes when you save a tax rate definition. The Tax Classification-Based Direct Tax Rate Determination rule is an extension to an existing migrated configuration where the tax calculation was based on tax classification codes.

Tax Setup Components in the Tax Determination Process: How They Are Used

The tax determination process uses your tax configuration setup and the details on the transactions to determine which taxes apply to the transaction and how to calculate the tax amount.

How Tax Is Calculated Using Tax Setup Components

Each step of the tax determination and tax calculation processes requires the completion of a certain number of setup tasks. The number and complexity of

your setups depends upon the requirements of the tax authorities where you do business.

This table describes the order of tax determination processes that Oracle Fusion Tax uses to calculate taxes on transactions. Use this table to review the details of each process and to identify the setups that you need to complete for each step in the tax determination and tax calculation process.

Order	Process Name	Activities	Components Used and Rule Type (if Applicable)
1	Determine Applicable Tax Regimes and Candidate Taxes (preliminary step)	<ul style="list-style-type: none"> • Determine the first party of the transaction. • Identify location types to derive candidate tax regimes. • Identify tax regimes. • Identify taxes using subscriber configuration option. 	<ul style="list-style-type: none"> • Party tax profile • Regime determination set • Configuration options
2	Determine Place of Supply and Tax Jurisdiction	<ul style="list-style-type: none"> • Identify location type. • Identify tax jurisdiction. 	<ul style="list-style-type: none"> • Tax rule: Determine Place of Supply, or the default value for Place of Supply for the tax. • Tax jurisdictions
3	Determine Tax Applicability	<ul style="list-style-type: none"> • Consider candidate taxes from the previous process. • Eliminate taxes based on tax applicability rule for each tax. 	Tax rule: Determine Tax Applicability and the default value for applicability for the tax.
4	Determine Tax Registration	Determine the party type to use to derive the tax registration for each applicable tax.	<ul style="list-style-type: none"> • Tax rule: Determine Tax Registration, or the default value for the tax. • Party tax profile • Tax registration
5	Determine Tax Status	<ul style="list-style-type: none"> • Consider tax statuses of applicable taxes. • Consider tax status rules or use default tax status. 	Tax rule: Determine Tax Status, or the default value defined for the tax.

6	Determine Tax Rate	<ul style="list-style-type: none"> • Consider tax rates of each applicable tax status of each applicable tax. • Determine the tax rate code to use for the tax status, for each applicable tax. • Determine the tax rate percentage or per-unit tax amount for a quantity based tax. • If a tax exception applies, update the tax rate for each applicable tax. • If a tax exemption applies, update the tax rate. 	<ul style="list-style-type: none"> • Tax rule: Determine Tax Rate, or the default value defined for the tax status derived in the previous process. • Tax rates • Product tax exceptions • Customer tax exemptions
7	Determine Taxable Basis	<ul style="list-style-type: none"> • Identify the taxable basis formula for each applicable tax. • Determine the taxable basis and compounding details based on the taxable basis formula. • Consider the tax inclusive settings of the applicable taxes. 	<ul style="list-style-type: none"> • Tax rule: Determine Taxable Basis, or the default value for the tax. • Taxable basis formula • Tax inclusive settings at the tax rate level
8	Calculate Taxes	<ul style="list-style-type: none"> • Identify the tax calculation formula. • Calculate taxes using the tax calculation formula. • Perform applicable tax rounding. 	<ul style="list-style-type: none"> • Tax rule: Calculate Tax Amounts • Calculate tax formula, if applicable • Tax rounding rule from tax registration, party tax profile, or tax • Configuration owner tax options

If tax recovery is applicable	Determine Recovery Rate	<ul style="list-style-type: none"> • Allocate tax amount per item distributions. • Determine tax recovery types. • Determine tax recovery rates. • Determine the tax recoverable amounts. • Determine the nonrecoverable amount. 	<ul style="list-style-type: none"> • Tax rule: Determine Recovery Rate, or the default value defined for the tax. • Tax recovery rates
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Tax Rule Qualifiers: Explained

Tax rules that have a rule qualifier are used only when the qualifier matches with the transaction line. Use the tax rule qualifiers to restrict or apply specific tax rules to an event or geography.

Event Qualifiers

The event qualifier is of two types: normal event and tax event.

Normal events comprise of the following events:

Event Name	Oracle Fusion Application Name
Credit Card Expenses	Expenses
Employee Expense Report	Expenses
Expense Report	Payables
Standard Invoices	Payables
Prepayment Invoices	Payables
Purchase Order and Agreement	Purchasing
Change Orders	Purchasing
Debit Memo	Receivables
Invoice	Receivables
Credit Memo	Receivables

The event class qualifiers have a direct affect on the evaluation order of tax rules. The following list summarizes the affect:

1. When a normal event-based qualifier is used then it is used in preference to tax rules qualified by tax event qualifiers or other nonevent-based qualified tax rules regardless of the rule priority.
2. When multiple normal event-based qualified tax rules are applicable, the application uses rule priority to define the rule processing order.

3. When a tax event based qualifier is used then it is used in preference to other nonevent-based qualified rules regardless of rule priority.
4. When multiple tax events-based qualified tax rules are applicable, the application uses rule priority to define the rule processing order.
5. When no event-based qualifier, normal event or tax event-based, is used, tax rule evaluation is used for rule priority order.
6. When a geography qualifier is used, it does not affect the tax rule evaluation order. That is, tax rules are evaluated based on the above points regardless of whether a geography qualifier is used or not.

The following table considers five tax rules, namely, A, B, C, D, and E with or without event qualifiers and rule order and the resulting evaluation sequence:

Tax Rule	Normal Event Qualified	Tax Event Qualified	Rule Order	Evaluation Sequence
A	Yes	No	100	2
B	Yes	No	50	1
C	No	No	10	5
D	No	Yes	20	3
E	No	Yes	30	4

Rule B is evaluated first because it is the highest priority rule with a normal event rule qualifier. Rule A is identified as second in evaluation sequence it is the only other tax rule with a normal event rule qualifier. Rule D is third in evaluation sequence as it is the highest priority rule with a tax event rule qualifier followed by rule E as the only other tax rule with a tax event rule qualifier. Finally, the application evaluates rule C as it does not have any event rule qualifiers.

The use of normal event or tax event rule qualifiers alters the way in which the tax determination process processes the tax rules. For an event class qualified tax rule, normal event or tax event-based, the tax rule is evaluated first in preference to tax rules qualified by tax event qualifiers or a nonevent class qualified tax rule of higher priority.

Consider that you have two rules: rule A and rule C with rule priority 100 and 10 respectively. The rules are associated with condition sets that match against the transaction line details. Rule A has a normal event class qualifier which is satisfied while rule C does not have an event class qualifier, rule A is processed and used first regardless of the rule priority order, even though rule A has a lower priority than rule C.

Tax rules qualified by tax event qualifiers are processed after normal event qualified tax rules but before tax rules with no event or tax event qualifiers. When there are two or more rules with normal event class qualifiers that match the transaction line details, the application uses rule priority to determine the order in which the tax rules are processed.

Note

Geography qualifiers do not function in this way. When a tax rule has a geography qualifier and no event class qualifier, the tax determination process

processes the tax rules based on the rule priority against other tax rules that do not have any tax event rule qualifiers.

Geography Qualifiers

Enable the **Set as geography specific rule** option to use the geography qualifier. Once you enable this option you can enter either a normal geography or a tax zone geography.

When you use a normal geography, select the parent geography type and parent geography to help restrict the list of geography type and subsequently, the geography name fields. For example, when you want to select counties for a specific state such as California, define the:

- Parent geography type as State
- Parent geography name as CA (California)
- Geography type as County

This limits the list of values for the geography name field to the counties that are in the state of California instead of listing all of the counties.

Tip

When selecting the normal geography qualifiers, use the parent geography to ensure that the correct geography element is selected, as there are many multiple geography elements with the same name across the world. For example, Richmond is a city in Canada's provinces of British Columbia, Ontario, and Quebec. Richmond is also a city in the state of Virginia in the United States.

Order of Processing Within a Rule Type: How Tax Rules Are Evaluated

During tax determination processing, Oracle Fusion Tax considers the tax rules belonging to each rule type in the order that you defined them.

How Tax Rules Are Evaluated

The sequence of tax rules evaluation is:

- Generally, you define tax rules for a configuration owner, tax regime, tax, and rule type. If a tax regime is subscribed to an entity as **Common configuration**, all the tax rules you defined for the **Global configuration owner** are considered for rule evaluation. If it is subscribed as **Party-specific configuration** or **Parent first party organization**, then only the tax rules you defined for that entity or the reference entity are considered. If it is **Common configuration with party overrides** then all the tax rules you defined for the entity as well as for the **Global configuration owner** are combined and evaluated in the order specified. If the effective dates of a tax rule does not cover the transaction date or if it is disabled, then the tax rule is ignored during rule evaluation.
- From the previous listed rules, if one or more tax rules belonging to a tax regime, tax, and rule type are defined for a normal event class or tax event class, then such rules are evaluated first by normal event class and then by tax event class regardless of the overall rule order. If more than one

event class rule is listed for a rule type, then such set of rules are further sequenced according to their corresponding rule orders

- Further to the previous sequencing, if one or more tax rules belonging to a tax regime, tax, and rule type are defined for a tax event class, then such rules are next sequenced for evaluation, regardless of the overall rule order. If more than one tax event class rule is listed for a rule type, then the set of rules are further sequenced according to their given rule order.
- Finally, the tax rules belonging to a tax regime, tax, and rule type are listed according to their defined rule order for evaluation.

While processing each tax rule in the evaluation sequence, the tax determination process evaluates the condition sets defined within a tax rule according to the defined condition set order sequence. If a condition set criteria does not match with the transaction details, the tax determination process evaluates the next condition set. If none of them match with the transaction details, the next rule within the ordered rule set is considered. If a condition set criteria matches with the transaction details, then the tax determination process considers the rule result defined against that condition set and the tax rule is marked as successfully evaluated. If none of the defined rule conditions match the transaction details, then the tax determination process considers the default result defined for that tax.

Example

The following is an example of a tax regime that is subscribed to by a business unit with common configuration treatment. To meet the tax law requirements to determine the tax rates, the following tax rate rules are defined against the global configuration owner. The details shown below are a summary of the rate rules including rule order, geography specific details, associated conditions sets, and the rate results associated to these condition sets:

Rule Order	Normal Event Class	Geography-Specific Rule	Condition Set	Condition Set Order	Result
10	Blank	Blank	<ul style="list-style-type: none"> • CS-1 • CS-2 • CS-3 	<ul style="list-style-type: none"> • 10 • 20 • 30 	<ul style="list-style-type: none"> • VAT10% • VAT12% • VAT15%
20	Purchase invoice	<ul style="list-style-type: none"> • Location type: Bill from • Geography name: California 	CS-4	10	VAT12.5%
30	Purchase invoice	Blank	CS-5	10	VAT13%

Scenario 1

If a Payables invoice is involved and Texas is the bill-from party state, the tax rule processing sequence is as follows:

1. The tax rules are listed according to the sequencing logic. For example, the tax determination process evaluates tax rules involving normal event class qualifiers first regardless of having a lower rule order.

- The tax determination process further evaluates condition sets listed within each tax rule.

The tax determination process is represented as follows:

Rule Order	Normal Event Class	Geography-Specific Rule	Condition Set	Condition Set Order	Result	Evaluation Status	Result
20	Purchase invoice	<ul style="list-style-type: none"> Location type: Bill from Geography name: California 	CS-4	10	VAT12.5%	<ul style="list-style-type: none"> Condition set: Not evaluated Tax rule: Fail, because the bill-from party state is Texas 	Move to next tax rule
30	Purchase invoice	Blank	CS-5	10	VAT13%	<ul style="list-style-type: none"> Condition set: Evaluated and passed Tax rule: Passed because the condition set values match with the transaction details 	Condition set result considered and exit rule evaluation
10	Blank	Blank	<ul style="list-style-type: none"> CS-1 CS-2 CS-3 	<ul style="list-style-type: none"> 10 20 30 	<ul style="list-style-type: none"> VAT10% VAT12% VAT15% 		

Scenario 2

If a Receivables invoice is involved, the tax rule processing sequence is as follows:

- The tax rules are listed according to the sequencing logic. For example, the tax determination process evaluates tax rules involving normal event class qualifiers first regardless of having a lower rule order.
- The tax determination process further evaluates condition sets listed within each tax rule.

Rule Order	Normal Event Class	Geography-Specific Rule	Condition Set	Condition Set Order	Result	Evaluation Status	Result
20	Purchase invoice	<ul style="list-style-type: none"> • Location type: Bill from • Geography name: California 	CS-4	10	VAT12.5%	<ul style="list-style-type: none"> • Condition set: Not evaluated • Tax rule: Fail, because the event class criteria does not match 	Move to next tax rule
30	Purchase invoice	Blank	CS-5	10	VAT13%	<ul style="list-style-type: none"> • Condition set: Not evaluated • Tax rule: Fail, Passed because the event class criteria does not match 	Move to next tax rule

10	Blank	Blank	<ul style="list-style-type: none"> • CS-1 • CS-2 • CS-3 	<ul style="list-style-type: none"> • 10 • 20 • 30 	<ul style="list-style-type: none"> • VAT10 • VAT12 • VAT15 	<p>For CS-1:</p> <ul style="list-style-type: none"> • Condition set: Fail • Tax rule: In process because the condition set values do not match with transaction details <p>For CS-2:</p> <ul style="list-style-type: none"> • Condition set: Pass • Tax rule: Pass, because the condition set values match with transaction details 	<p>For CS-1: Move to next condition set</p> <p>For CS-2: Condition set result considered and exit rule evaluation</p>
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Setting Up Tax Rules: Points to Consider

The performance of the tax determination process is in inverse proportion to the number of tax rules and conditions that the process needs to evaluate in order to arrive at a specific result.

Creating Tax Rules

Use these guidelines and examples to help plan your tax rules implementation:

- If the tax condition results and rule results always equal the default values, then you do not need a tax rule. You only need to define a tax rule for a result that is different from the default value. For example, if more than one tax rate is possible for a given tax and tax status, then you need to create at least one tax rule.

These qualifications apply to tax rules and default values:

- If you require many different results other than the default value for a given tax and rule type, it probably means that the default value itself sometimes applies. In these cases, you should also define a tax rule for the default value. Otherwise the tax determination process must always process and eliminate the tax rules defined for all other values before arriving at the default.
- As an alternative to defining a tax rule for the default value, you can assign the least frequent result as the default value. The tax determination process processes the maximum number of tax rules on the minimum number of occasions. In this kind of an implementation, you must ensure that your tax rules and conditions cover all of the more common results in order to prevent the tax determination process from using an incorrect result as a default.
- If more than one tax rate is possible for a given tax this may be a consideration for a tax rule.
- If you define multiple tax rules to derive distinct results for a process, assign the least frequent result as the default value for the process. The most frequent value should be the first tax rule. There are occasions for the default to be the most frequent value so you may want to define tax rules for exceptions, such as by item. In general, define tax rules for exceptions, but if there are a lot of tax rules that you need to define, then you may want to define a tax rule for the most common scenario to avoid processing all of the exceptions.
- When you define tax rules consider the need to repeat tax conditions in multiple rule types if the condition is part of the applicability evaluation. For example, if you define a Determine Tax Applicability rule for UK VAT that only applies when ship to is equal to United Kingdom, then you do not need to repeat this condition in a tax rule for a subsequent tax determination process, such as a Determine Tax Status rule.
- Where possible, use the tax rule header information instead of creating tax conditions that arrive at the same result. For example, if tax rules apply to the Purchase business process, set the tax event class to **Purchase transaction** rather than defining a tax condition within the tax rule, such as tax event class is equal to Purchase transaction.
- When you order the tax condition sets within a tax rule, assign the higher priority to the set of conditions that occurs more frequently. Similarly, when you order the tax rules within a rule type and tax, assign the higher priority to the tax rule that gives the most frequently arrived at process result.
- Use product tax exceptions for special rates based on product fiscal classifications rather than defining a Determine Tax Rate rule based on product fiscal classifications. For example, if three out of five product fiscal classifications use a special rate, define three product tax exceptions based on the three product fiscal classifications that need a special rate, and set the standard rate as the default rate.
- Define the minimum number of tax conditions necessary for a tax rule. For example, if a special rate applies to goods shipped outside a state as opposed to within a state, define one tax condition as ship from state is not equal to ship to state, rather than defining two separate tax conditions for each ship from and ship to location, such as ship from state is equal to Nevada and ship to state is not equal to Nevada.

- Consider the reusability of determining factor sets during the creation process. Any determining factor not set as required in the determining factor set definition can be set to ignore in the condition set so you do not have to define the condition and it is not evaluated. This allows flexibility in the condition set definition not requiring a unique determining factor set for every variation in condition set logic.
- For tax rules that involve the shipping to and from a tax zone, for example the European Union, define a tax condition for all ship to countries within the tax zone rather than separate tax conditions for each country, such as ship to is equal to Great Britain, ship to is equal to France, and so on.
- For tax rules that apply to a specific geographic area, define tax rules with the additional context of the geographic area rather than adding location-based equal to tax conditions. For example, if you have a tax rule that only applies if the ship to state is California, then define the tax rule such that it is only evaluated when the ship to state is California. You can do this by associating geography during the first step of the tax rule definition at the tax rule header level.
- Define tax rules that are common across all legal entities or business units under the global configuration owner, instead of creating the same tax rules for each legal entity or business unit. If all tax rules are not commonly applicable to all legal entities or business units, then:
 - Set the configuration option of the legal entities or business units that require additional rules to **Common configuration with party overrides**
 - Define supplementary party-specific rules under the applicable legal entities or business units. You can set priority values for party-specific rules that complement the tax rules of the global configuration owner, in accordance with the tax requirements.

Turning Tax Regulations into Tax Rules: Example

This example illustrates how to set up tax rules based on tax regulation in the Her Majesty's Revenue and Customs (HMRC) VAT guide. It provides the detailed business conditions under which goods can be reverse charge (self-assessment) as part of the Intra-EU Supply legislation.

Scenario

You are a UK business registered for VAT in the UK. You purchase goods from other European Union (EU) countries and therefore fall under the HMRC Tax Regulation Intra-EU Purchase of Goods legislation.

HMRC Tax Regulation

According to the HMRC VAT guide, if you purchase goods from a VAT-registered business in another EU country, and the goods are moved to the UK, then you may be required to account for VAT in the UK on the acquisition of goods. This VAT can be recovered as input tax on the same VAT return, subject to the normal rules for reclaiming input tax.

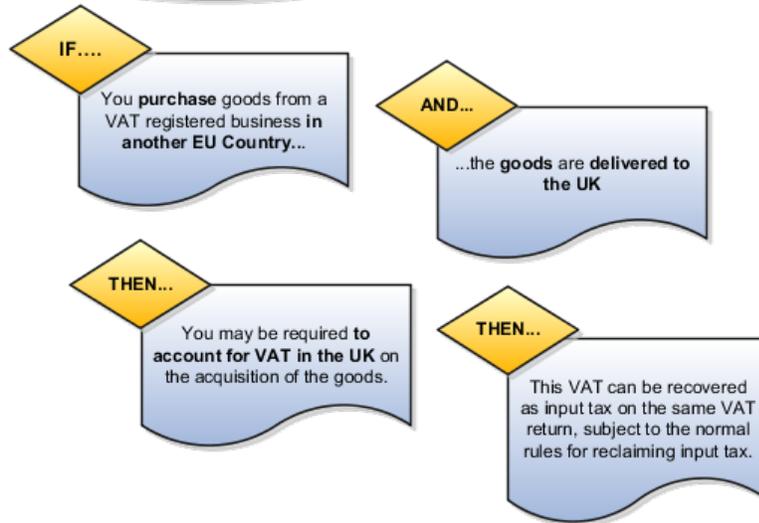
Analysis

Analyze the text of the legislation and identify the key phrases in the legislation. The following figure shows an extract of the UK HMRC VAT guide regarding the Intra-EU Supply legislation.

Extract of the UK Her Majesty Revenue and Customer VAT Guide web site information.

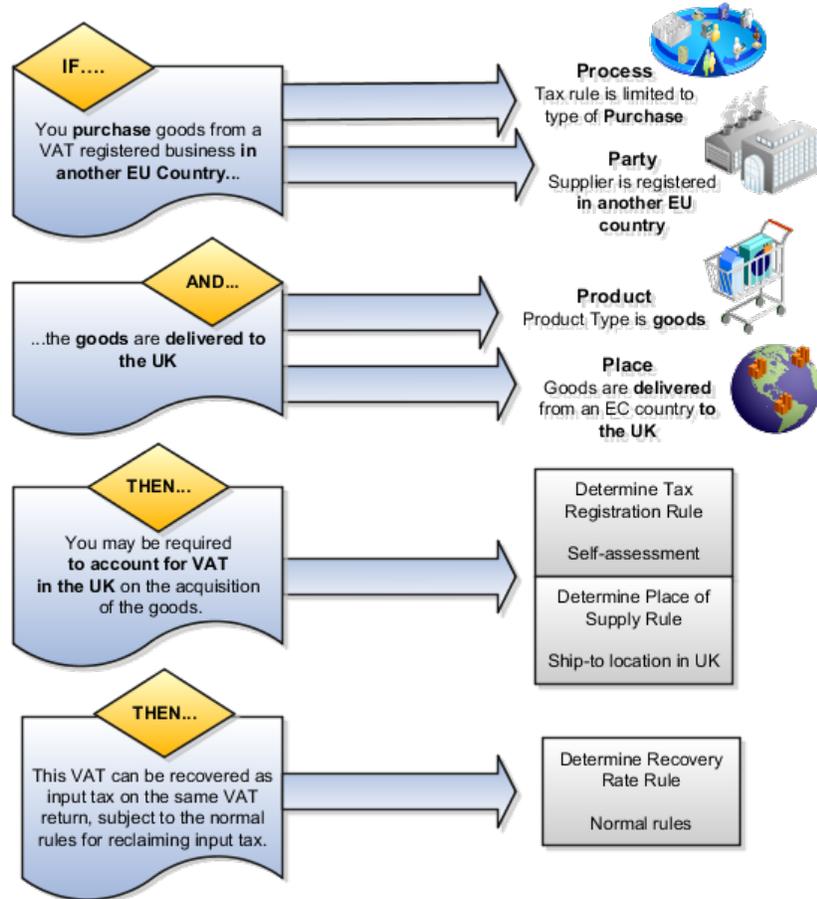
You purchase goods from a VAT registered business in another EU Country and the goods are removed to the UK then you may be required to account for VAT in the UK on the acquisition of the goods. This VAT can be recovered as input tax on the same VAT return, subject to the normal rules for reclaiming input tax.

Breaks down into the following phrases



Break these phrases down into product, party, process, and place determining factors that describe under what conditions the legislation is applicable. Look at the legislation and identify what is the outcome when the legislation is applicable and determine which rule types are appropriate.

The following figure shows these determining factors and rule types in detail and how you can turn them into expressions that can be modeled in Oracle Fusion Tax.



This table describes the phrases identified in this tax legislation as represented in the previous figure:

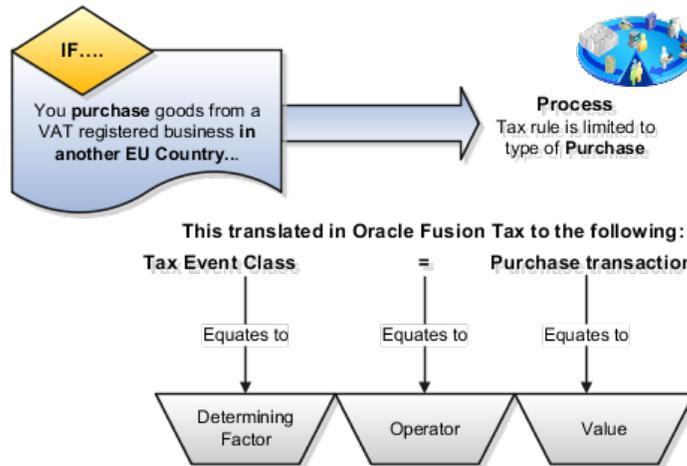
Legislation Phrase	Text	Requirement
1	If you purchase goods...	The tax rule is limited to purchase transactions.
2	...from a VAT-registered business in another European Community country ...	The tax rule requires that the supplier be registered in another EU country.
3	...and the goods are removed...	The tax rule is limited to the Goods product type.
4	...are removed to the United Kingdom ...	The tax rule refers to goods delivered to the United Kingdom from another country in the EU country.
5	...you may be required to account for ...	The party must reverse charge (self-assess) the tax.
6	...for VAT in the United Kingdom ...	The tax is UK VAT.

Legislation Phrase 1

Tax legislation phrase 1 indicates that the determining factor that defines this specific tax rule is only applicable to purchase transactions. This equates to a

tax event class equal to purchase transactions. Use a tax event class rather than an event class as the tax event class covers other products in the procure-to-pay flow. This covers Oracle Fusion Payables and Oracle Fusion Purchasing processing with a single approach.

The following figure shows that the determining factor that defines this specific tax rule is only applicable to purchase transactions.



This table describes the contents of the tax condition set as represented in the previous figure:

Legislation Phrase	Determining Factor Name	Operator	Value
1	Tax Event Class	Equal to	Purchase transaction

Tip

Always look for the most generic approaches that cover more of the business requirements in a single tax rule. For example, here the tax event class is used instead of a specific event class for Payables transactions and another similar rule for Purchasing transactions.

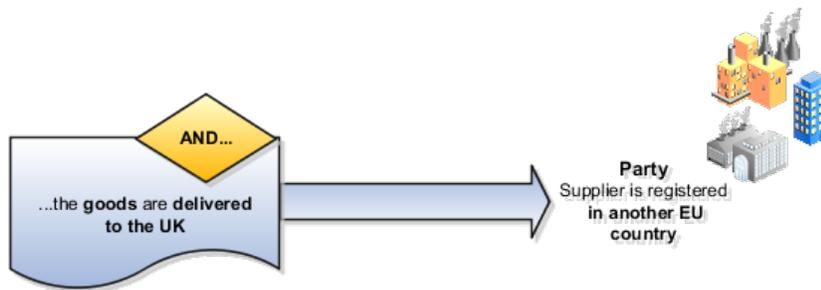
It is determining factors like this that allows you to define tax rules that are only applicable to specific types of transactions. The previous approach allows you a convenient way of splitting order-to-cash and procure-to-pay transactions. By using event class you can make a more detailed refinement so that tax rules are only applicable to specific product transactions. This flexibility drives the simplification of combining procure-to-pay tax setup with order-to-cash tax setup into a single model. In the majority of cases you do not need to distinguish between procure-to-pay or order-to-cash transactions within the tax rules, however, where there is a need create specific procure-to-pay or order-to-cash tax rules using this key design concept.

Legislation Phrase 2

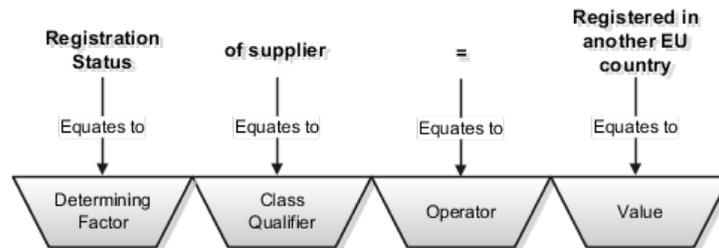
Tax legislation phrase 2 indicates that the determining factor that defines the supplier is registered in another EU. There are several ways of modeling this but the approach that is recommended for you to take is to use a registration

status on the tax registration record set up for the GB tax regime. It is also recommended that a business process is in place and documentary evidence retained to show that the supplier is validated as a true supplier registered in another EU country. Until you complete this manual business process the supplier should not be marked with the registration status of registered in another EU country.

The following figure shows the determining factor that defines that the supplier is registered in another EU country.



This translated in Oracle Fusion Tax to the following:



This table describes the contents of the tax condition set as represented in the previous figure:

Legislation Phrase	Determining Factor Name	Class Qualifier	Operator	Value
2	Registration Status	of supplier	Equal to	Registered in another EU country

Tip

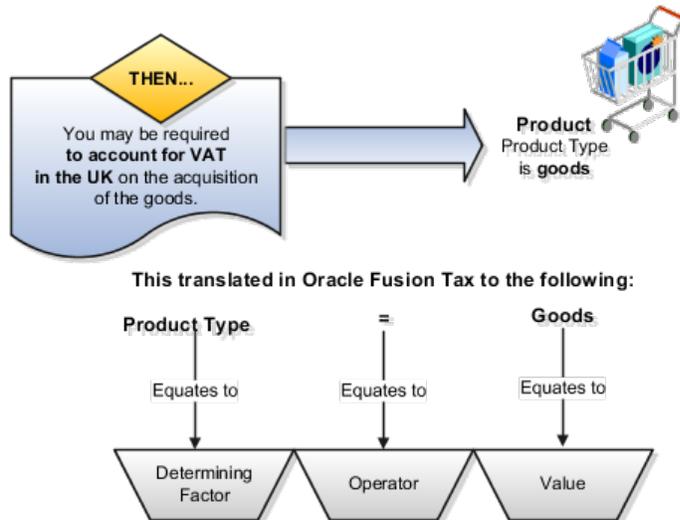
Always look for approaches which coupled with business procedures provide the necessary controls. In this case it is recommended that you devise and implement a business procedure to ensure that sufficient level of checking is done before the supplier or supplier site tax registration record is created and that the correct registration status entered. This business procedure ensures that the supplier is a valid supplier and that their tax registration number is a valid tax registration number.

Legislation Phrase 3

Tax legislation phrase 3 indicates that the determining factor that defines the product type is goods. Another way of modeling this is to use a product fiscal classification which can automatically be derived from the item defined on the transaction. However, in this case if an item is not specified on the transaction,

for example in an unmatched purchase invoice being processed, then there is no product fiscal classification derived. You need to create additional tax rules and setup to address this situation.

The following figure shows the determining factor that defines that the product type is goods.



This table describes the contents of the tax condition set as represented in the previous figure:

Legislation Phrase	Determining Factor Name	Operator	Value
3	Product Type	Equal to	Goods

Tip

Always look for an approach which provides an automated process that covers as many transactions as possible. For example, by using product type of **Goods** rather than a product fiscal classification then unmatched Purchase invoice tax processing can also be covered by this one tax rule.

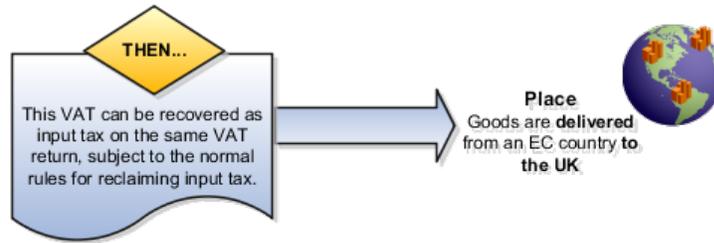
Legislation Phrase 4

Tax legislation phrase 4 indicates that the determining factors that define the supply is from another EU country. This is modeled by:

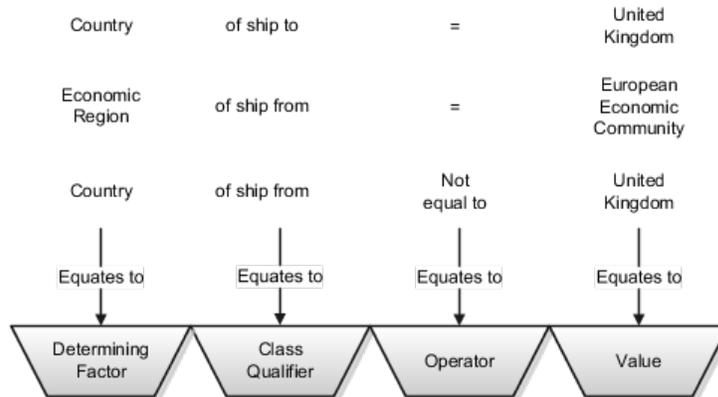
1. Goods are being shipped to UK
2. Goods are being shipped from an EU country
3. The shipped from country is not UK

You can take items 2 and 3 to ensure that the goods are being sent from another EU country outside the UK.

The following figure shows the determining factor that defines the supply is from another EU country.



This translated in Oracle Fusion Tax to the following:



This table describes the contents of the tax condition set as represented in the previous figure:

Legislation Phrase	Determining Factor Name	Class Qualifier	Operator	Value
4	Country	of ship to	Equal to	United Kingdom
4	Economic Region	of ship from	Equal to	European Economic Community
4	Country	of ship from	Not equal to	United Kingdom

Tip

Geography and tax zones are powerful features of Oracle Fusion Tax and you should use them wherever possible to identify tax jurisdictions and geography requirements in general. Use the geography or tax zone information for tax reporting instead of trying to build geography information into concepts such as tax rates. For example, use tax jurisdictions, such as over sea tax territories based on tax zone, to identify specific territories needed for tax reporting rather than creating specific tax regimes, taxes, tax statuses, and tax rates.

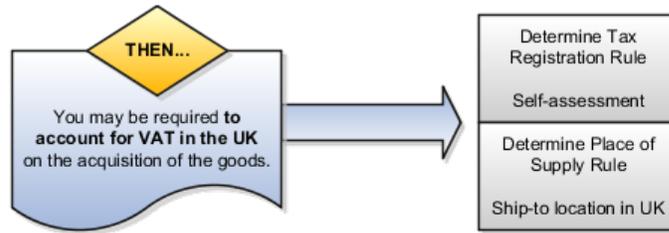
Legislation Phrases 5 and 6

Tax legislation phrase 5 indicates how the determining factors discussed previously are brought together as the basis for the Tax Registration tax rule which identified that the bill-to party registration be used in preference to the normal default bill-from party registration. It is this bill-from party registration that triggers the reverse charge (self-assessment) for the type of transaction.

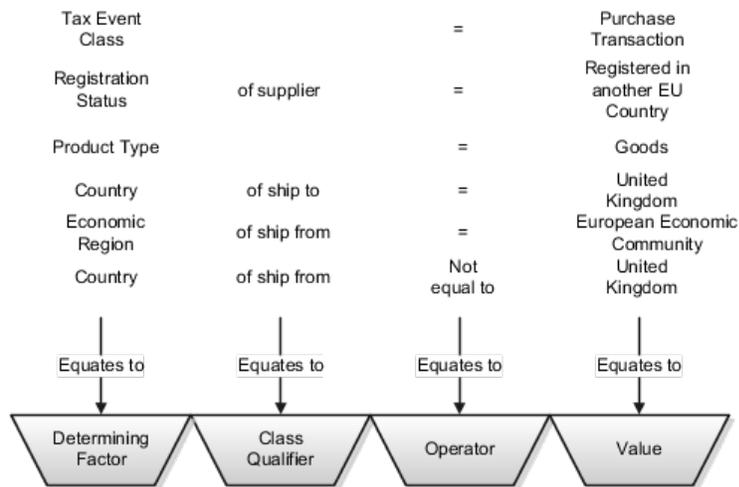
Tax legislation phrase 6 indicates how the determining factors discussed previously are brought together as the basis for the Place of Supply tax rule. This tax rule changes the normal place of supply to be the ship-to location,

which in the context of this setup means that at least for the reverse charge (self-assessment) side of this transaction it is deemed to have occurred in the UK.

The following figure shows how you can bring together the determining factors discussed previously as the basis for the Tax Registration and Place of Supply tax rules.



This translated in Oracle Fusion Tax to the following:



This table describes the contents of the tax condition set for the Tax Registration and Place of Supply tax rules as represented in the previous figure:

Legislation Phrase	Determining Factor Name	Class Qualifier	Operator	Value
5 and 6	Tax Event Class		Equal to	Purchase transaction
5 and 6	Registration Status	of supplier	Equal to	Registered in another EU country
5 and 6	Product Type		Equal to	Goods
5 and 6	Country	of ship to	Equal to	United Kingdom
5 and 6	Economic Region	of ship from	Equal to	European Economic Community
5 and 6	Country	of ship from	Not equal to	United Kingdom

Tip

From this example you can see that a simple Tax Registration tax rule and Place of Supply tax rule is all that is needed to define what is a complex scenario for

the purchasing of goods from a another EU country, not the UK, from an EU registered supplier by a UK registered business. The other tax rules that are used if these goods are purchased in the UK, are the normal tax rules such as Tax Status, Tax Rate, and Tax Recovery tax rules.

FAQs for Define Tax Rules

What's the difference between using tax exemptions or tax rules to modify the taxable nature of a transaction?

You can modify the taxable nature of a transaction using tax exemptions, but you can also accomplish this through the use of tax rules. Use tax rules, such as the Determine Tax Applicability rule, to exclude certain categories of transactions from taxation. If you choose to implement tax rules to achieve your tax exemption requirements, the impacted transactions do not appear on many tax reports as they do not have any tax lines.

If you must report on a transaction then set up a tax exemption on the customer's party tax profile which results in a tax line being created with the modified tax rate. Use tax exemptions where certificates of exemption are issued for specific customers, which is typical in tax regimes for US Sales and Use Tax.

You can create an exempt tax rate with a zero percentage rate as a method of applying exemptions. This achieves many of the intended reporting objectives as the application generates a tax line. Reports that specifically refer to an item as exempt may exclude items with a zero percentage rate from that portion of the report because the exempt indicator is blank.

If you define an exempt tax with a zero tax rate, the transaction shows as fully taxable on all reports. If you want reports to show the full line amount as taxable you cannot add any exemption details, such as exempt reason codes, as this results in an exemption being created on the customer record and a zero taxable amount on the reports.

Manage Tax Applicability and Place of Supply Rules

Tax Applicability: Explained

The tax determination process uses your tax configuration setup and the details on the transaction to determine which taxes apply to the transaction and how to calculate the tax amount for each tax that applies to the transaction. Tax is applicable to a transaction when nexus, or presence in the geographical scope of the tax, exists. The criterion for nexus or presence differs by governing tax authorities.

Examples for establishing nexus include:

- A physical establishment in the location
- Resident employees working in the location

- Property, including intangible property, in the location

In addition to location, there are other factors that can contribute to the applicability of a tax. Some examples are:

- Telecommunications specific taxes
- Sales tax holidays
- Tax on sale of luxury items

The tax determination process is organized into rule types. Each rule type identifies a particular step in the determination and calculation of taxes on transactions. The rule types and related processes used for tax applicability determination are:

- **Determine Place of Supply:** Determines the location where a transaction is considered to have taken place for a specific tax.
- **Determine Tax Applicability:** Determines the taxes that apply to a given transaction.

A third rule type, **Direct Tax Rate Determination**, is a special tax rule type that lets you specify the results of tax applicability, tax status, and tax rate for a given tax. You use this rule type for specific tax determination requirements. If available, the **Direct Tax Rate Determination** rules are processed first. If it is found to be applicable, then the **Determine Tax Applicability** rules are processed, followed by the **Determine Place of Supply** rules. If it is not found to be applicable, the **Determine Place of Supply** rules are processed, followed by the **Determine Tax Applicability** rules.

Determine Place of Supply

The **Determine Place of Supply** step identifies the applicable place of supply, which is the location type where the supply of goods or services is deemed to have taken place for a specific tax. If Oracle Fusion Tax cannot find a tax jurisdiction for the location that corresponds to the place of supply location type, then the tax does not apply and it is removed as a candidate tax for the transaction. No jurisdiction is required if it is a migrated tax which has the other jurisdictions indicator equal to **No**.

For example, the place of supply for UK VAT on goods is generally the ship-from country. Thus, the place of supply of a sale or purchase within the UK is the UK itself. However, if a UK legal entity supplies goods from its French warehouse to a German customer, then the place of supply will not find a jurisdiction for UK VAT in France, and therefore UK VAT does not apply.

The following outlines the process that results in a list of applicable taxes per transaction line:

1. Consider the **Determine Place of Supply** tax rule of the first candidate tax in order of rule priority.
2. Use the location type derived from the tax rule for the tax. The possible location types are:
 - Bill from
 - Bill to

- Point of acceptance (Receivables transactions only)
 - Point of origin (Receivables transactions only)
 - Ship from
 - Ship to
 - Ship to, use bill to if ship to is not found
3. Identify the location on the transaction that corresponds to the location type derived from step 2. If no location applies, then the default location type for the rule is used.
 4. Identify the tax jurisdiction of the candidate tax to which the location identified in step 3 belongs. If the location does not belong to any tax jurisdiction of this tax, then the tax does not apply to the transaction.
 5. Repeat steps 1 to 4 for each candidate tax.
 6. Create refined list of candidate taxes.

Determine Tax Applicability

The Determine Tax Applicability step determines the tax applicability of each candidate tax derived from the Determine Place of Supply step, and eliminates taxes that are found to be not applicable.

The tax determination process first attempts to derive the applicability of each candidate tax based on the rule conditions of the Determine Tax Applicability rules for the tax. If no rule applies, the process uses the default value of **Applicable** or **Not Applicable** that was assigned to the rule type for the tax. If the tax does not apply, it is removed from the list of candidate taxes.

The following outlines the process that results in a final tax of list of taxes that apply to the transaction:

1. Consider the Determine Tax Applicability tax rules of the first candidate tax in order of rule priority.
2. Use the **Applicable** or **Not Applicable** value derived from the tax rule for the tax.
3. Use the default value for the rule if no applicability rule evaluates successfully.
4. Repeat steps 1 to 3 for each candidate tax.
5. Identify the final tax or list of taxes by eliminating the taxes that have an applicability value of **Not Applicable**.

Tax Applicability Options: Points to Consider

The tax determination process uses your tax configuration setup and the details on the transaction to determine which taxes are applicable to the transaction.

You need to decide when to:

- Create tax rules
- Set up tax zones
- Use **Allow tax applicability** option
- Use **Perform additional applicability for imported documents** option

Create Tax Rules

If the tax authority levies tax on all sales and purchase transactions at the same rate, and neither tax applicability nor the tax rates and recovery rates vary by any factors, you do not have to set up tax rules. Oracle Fusion Tax can simply use the default tax status, tax rate, and tax recovery rate defined for the tax. If, however, the applicability of tax is dependent upon certain criteria, you may need to use default values in combination with one or many tax rules to define the logic necessary to derive the values in the tax determination process.

The tax rules used for tax applicability determination are:

- Place of supply rules
- Tax applicability rules

Place of Supply Rules

Use place of supply rules to determine the place where the transaction is deemed to have taken place when this determination is based on certain criteria.

For example, consider a German company supplying physical services, such as work on goods, at a customer's site in the UK, where the customer is registered for UK VAT. With a default value of **Ship to** for place of supply, the customer's tax registration number is used on the transaction.

Next, consider the same German company supplying physical services at a customer's site in the UK, where the customer is not registered for UK VAT. The default value of **Ship to** for place of supply yields no tax registration number since the customer is not registered for UK VAT. In this case, you create a place of supply rule to deem the **Ship from** as the place of supply when the customer is not registered.

At transaction time the application derives the place of supply from the transaction as shown in the table below. It is important to consider how place of supply translates for the event classes being considered for tax calculation in a regime since this can include and exclude candidate taxes.

Place of Supply	Order-to-Cash Transactions	Procure-to-Pay Transactions
Bill from	Legal entity address	Supplier site header level address
Ship from	Warehouse address	Supplier site header level address
Bill to	Customer site bill-to address	Business unit address on the associated party tax profile
Ship to	Customer site ship-to address	Ship-to location at line level
Ship to, use bill to if ship to not found	Customer site bill-to or ship-to address	Ship-to location at line level

Tax Applicability Rules

Use tax applicability rules to apply a specific tax to certain transaction lines, or conversely, exempt certain transaction lines from a specific tax. For example, a given tax may not apply to a domestic supply of goods to an exempt customer.

An important consideration in creating your tax applicability rules is that when a tax is deemed not applicable, a tax line is not created. However when a tax is deemed exempt based on an exemption or special rate, the tax line is still created for reporting purposes.

Note

For migrated data using the Standard Tax Classification Code approach, which uses a tax code to derive tax, tax status, and tax rate, you can set the tax to be applicable or not applicable by default or by using a tax applicability rule.

Direct Tax Rate Determination Rules

If you need to create tax rules but do not require separate rules for tax applicability, tax status, and tax rate, you can create a Direct Tax Rate Determination rule type. Direct rate rules and account based direct rate rules determine tax applicability, tax status, and tax rate without evaluating applicability rules and defaults.

If a direct tax rate determination rule is evaluated successfully, then the tax is applicable and the tax status and tax rate defined for the rule are used in tax determination. If a direct tax rate determination rule is not evaluated successfully, then the tax determination process resumes with the tax applicability rules.

Create Tax Zones

Use tax zones to group existing geographical regions that share the same tax requirement. You can use tax zones with tax regimes, to identify tax requirements for a special geographic area, and to create parent tax regimes that represent a related grouping of geographic regions for tax reporting purposes. You can also use tax zones with tax rules, to create tax rules that refer to a specific geographic location. The use of tax zones is optional and depends on your overall tax setup planning.

For example, if a separate economic community exists in part of a country only, you can either set up a tax zone and corresponding tax regime for the applicable geographic area, or set up a country tax regime and use applicability rules to exclude the parts of the country where the tax requirement does not apply.

Use Allow Tax Applicability Option

Use the **Allow tax applicability** option to determine if Oracle Fusion Tax calculates tax on transactions for a specific event class. This option is available on the Configuration Owner Tax Options page, which enables you to review the default tax settings for each application event class. Oracle Fusion Tax uses these settings as the basis for determining and calculating taxes on transactions belonging to each event class.

If the **Allow tax applicability** option is set for the Payables event class, you must also set this option on the party tax profile of third parties and third party sites acting as suppliers or supplier sites that are involved in transactions belonging to this event class. You can set this option, for example, for customers that also act as suppliers on transactions.

Use Perform Additional Applicability for Imported Documents Options

Use the **Perform additional applicability for imported documents** option to indicate whether Oracle Fusion Tax runs the tax applicability process to identify missing taxes on an imported document. This option is also available on the Configuration Owner Tax Options page, and applicable to Payables event classes only. Taxes not included in the imported document are marked as Self-Assessed, if self-assessment applies to the transaction.

Setting Up Tax Applicability Influencers: Example

This example illustrates the tax setup for two taxes: one that is generally applicable, the other that is only applicable by exception. The taxes are set to apply their general applicability by default, however tax rules are used to switch applicability for both taxes when certain criteria is met.

Scenario

In Canada, the First Nations Goods and Services Tax (FNGST) is a tax that is applied by participating Aboriginal governments on the consumption of goods and services within their reserves or settlement lands. The 5% FNGST is administered in exactly the same way as the federal Goods and Services Tax (GST), however, where it applies, GST does not apply.

The tax implications are:

- FNGST is generally not applicable and would only apply on an exception basis
- Place of supply for FNGST tax is based on the place of delivery or ship-to location
- If FNGST applies then GST would not be applicable

Transaction Details

A customer who resides on lands where FNGST applies buys supplies from ABC Corporation located in the province of Ontario. This store is not located on lands where FNGST applies. The sales invoice indicates that ABC Corporation delivers the furniture to the customer's residence. The FNGST applies to the sale, and GST does not apply.

As part of the setup, create a tax that is applicable to any party that qualifies as First Nation. Due to the specificity of the tax, set the default applicability to **Not Applicable**. In this example, you do not need to configure a place of supply rule as a standard default of ship to would suffice.

There is more than one way to configure this rule and applicability. They include:

- Define an applicability rule and use a default status and rate associated with the tax.
- Define a direct rate rule to apply the tax, tax status, and tax rate directly.

Analysis

For this scenario, the following setup is needed:

1. Create a tax regime for the tax that is applicable to any First Nation party. The regime level is **Country** and the country of applicability is **Canada**.
2. Create a tax with a default applicability of **Not Applicable** since this tax is only applicable in exception cases. Set the default Place of Supply as Ship To. To make this tax applicable, you will need to create a tax rule.
3. Create a standard tax status and a standard tax rate. Create the default tax rate with a rate percentage of 5%. You do not need to define a jurisdiction rate since the rate is standard across Canada.
4. For FNGST, identify a driver to determine applicability, such as a party fiscal classification. Create a party fiscal classification for First Nation, and associate the tax regimes affected by this tax. Note that CA FNGST is associated to trigger applicability, but CA GST AND HST is also associated to avoid applicability when CA FNGST applies.
5. Once you create a party fiscal classification and associated the tax regimes, associate the classification to the specific party. To do so, create or edit an existing third party tax profile and associate it to the First Nation party fiscal classification.
6. For FNGST, create a tax applicability rule that is **Applicable** when the conditions for FNGST are met. Recall that by default, FNGST is **Not Applicable** since in most cases it only applies as an exception. For this tax rule, you need a tax determining factor set and associated tax condition set whereby the party fiscal classification of the ship-to party corresponds to the First Nation party fiscal classification you created.
7. For GST, create a tax applicability rule that is **Not Applicable** when the conditions for FNGST are met. By default, GST is **Applicable** since in most cases it applies and FNGST is the exception.

FNGST, a tax that is not applicable by default, becomes applicable on transactions to First Nation parties. The first Determine Tax Applicability rule makes FNGST applicable when the ship-to party on the transaction corresponds to the party fiscal classification that identifies a First Nation party. Since GST does not apply when FNGST is applicable, the second Determine Tax Applicability rule has the opposite result, whereby GST becomes not applicable when the ship-to party on the transaction is a First Nation party.

Manage Tax Formulas

Tax Formulas: Explained

Tax formulas are used in the tax calculation process to determine the taxable basis of a transaction line and the calculation methodology that must be applied to obtain the tax amount.

When the parameters available on a transaction do not satisfy the rule conditions, the default tax formulas defined for the tax are applicable.

There are two types of tax formulas:

- Taxable basis tax formula
- Tax calculation tax formula

Taxable Basis Tax Formula

The taxable basis tax formula is used in the tax calculation process to determine the amount or quantity that should be considered as the taxable basis of a transaction line. The tax rate is applied on the taxable basis amount to derive the basic tax amount on a transaction line.

The key factor that decides the characteristics of the taxable basis amount is the taxable basis type that is defined in the taxable basis formula. The various taxable basis types are:

- **Assessable value**
- **Line amount**
- **Prior tax**
- **Quantity**

The following standard predefined taxable basis tax formulas are available:

- STANDARD_QUANTITY
- STANDARD_TB
- STANDARD_TB_DISCOUNT

Assessable Value

Use **Assessable value** when the transaction line amount does not reflect the correct taxable basis, from the tax calculation perspective. The assessable value given on the transaction line is considered as the taxable basis amount for the purpose of tax calculation.

Line Amount

Use **Line amount** when the transaction line amount is to be treated as the taxable basis for tax calculation purposes.

The transaction line amount is considered as the taxable basis. This is done after deducting the associated discounts, or after proportionately enhancing or reducing it by a certain percentage, or after adding other applicable taxes available on the transaction line. These adjustments on the line amount are controlled through the following parameters that are defined on the tax formula:

- **Subtract cash discount:** The cash discount applicable on the transaction, derived through the attached payment terms, is deducted from the transaction line amount. This option is considered only for Receivable transactions.

- **Base rate modifier:** The transaction line amount is increased or decreased based on the percentage value given.
- **Tax formula compounding:** The tax details specified in the tax formula compounding region are added to the transaction line amount to determine the taxable basis amount. These tax details are also enforced by selecting the **Enforce Compounding** option. If a compounded tax is enforced and if it is not calculated on the transaction, the tax to which this tax formula is associated with also does not become applicable.

Prior Tax

Use **Prior tax** if the taxable basis is one or more than the other taxes calculated on the transaction line. The option to compound the prior taxes that are calculated on the transaction line are also available.

Quantity

Use **Quantity** if a tax on the transaction is to be calculated based on the number of units or items that are involved in the transaction.

Tax Calculation Tax Formula

The tax calculation tax formula is used to determine the calculation methodology that is applied to derive the basic tax amount on a transaction line. The tax amount on a transaction is generally calculated by multiplying the derived tax rate by the taxable basis. However, in some cases the tax amount is required to be altered by adding other taxes that are applicable on the same transaction line. Use a tax calculation formula defined with compounding criteria to address this requirement.

The tax details specified in the tax formula compounding region are added to the calculated tax that is associated with the tax formula. These compounded tax details can also be enforced when you select the **Enforce Compounding** option. When the compounded tax is enforced and when it is not calculated on the transaction, the tax to which this tax formula is associated with also does not become applicable.

Taxable Basis Tax Formula: Examples

The tax calculation process uses the taxable basis tax formula to determine the amount or quantity that should be considered as the taxable basis of a transaction line. The tax rate is applied on the taxable basis amount to derive the basic tax amount on a transaction line.

Taxable basis type that is defined in the taxable basis formula is a key factor that decides the characteristics of the taxable basis amount. The taxable basis types are:

- **Assessable value**
- **Line amount**
- **Prior tax**

- **Quantity**

Taxable Basis Formula Based on Assessable Value

The tax formula that is based on assessable value is used as the taxable basis for calculating tax when the tax authority does not consider the transaction amount to reflect the true sale consideration, from the tax perspective.

Consider a sales transaction between two companies, A and B. The item value on the invoice is 1000 USD. However, if they are related companies, that is, within the same group, the tax authority has the discretion to mark the item value as 5000 USD for the purpose of tax based on the average market price. The tax authority can choose to collect the tax based on that value instead of the actual sales value of 1000 USD.

The tax amount is calculated from the transaction details and tax setup as follows:

- Invoice line amount: 1000 USD
- Assessable value: 5000 USD
- State tax rate: 10%
- Taxable basis type: Assessable value
- Taxable Basis: 5000 USD

The state tax is equal to the taxable basis multiplied by the state tax rate (5000 USD * 10% = 500 USD).

Taxable Basis Formula Based on Line Amount

In this case, the amount given on the transaction line is considered for deriving the taxable basis.

Consider a situation when two taxes, state tax and county tax, are applicable on a transaction. In such a situation, the transaction details and tax setup is as follows:

- Invoice line amount: 1000 USD
- Payment terms: 2/10, Net 30
- State tax rate: 20%
- County tax rate 10%
- Taxable basis type: Line amount
- Subtract cash discount: Yes
- Base rate modifier: 50%
- Compounding tax regime: Sale and use tax
- Compounding tax: State tax

The tax calculation is as follows:

- The state tax is equal to the invoice line amount multiplied by the state tax rate (1000 USD * 20% = 200 USD).

- The taxable basis for the county tax is equal to the line amount plus the base rate modifier less the cash discount at 2% plus the state tax (1000 USD + 500 USD - 20 USD + 200 USD = 1680 USD).

The country tax is equal to the taxable basis multiplied by the county tax rate (1680 USD * 10% = 168 USD).

Taxable Basis Formula Based on Prior Tax

In this case, the previous tax that is calculated on a transaction is considered as the taxable basis.

Consider a situation when two taxes, state tax and county tax, are applicable on a transaction. In such a situation, the transaction details and tax setup is as follows:

- Invoice line amount: 1000 USD
- State tax rate: 20%
- Country tax rate: 10%
- Taxable basis type: Prior tax
- Compounding regime: Sale and use tax
- Compounding tax: State tax

The tax calculation is as follows:

- The state tax is equal to the invoice line amount multiplied by the state tax rate (1000 USD * 20% = 200 USD).
- The taxable basis for the county tax is the tax calculated for the state tax (200 USD).

The country tax is equal to the taxable basis multiplied by the county tax rate (200 USD * 10% = 20 USD).

Taxable Basis Formula Based on Quantity

In this case, the quantity of the goods or serviceable units is considered as the taxable basis.

Consider a scenario in which liquor is transacted between two organizations in Canada. In such situation, when excise tax is levied on it, the transaction details and tax setup is as follows:

- Line amount: 1000 CAD
- Quantity: 50 liters
- Price per liter: 20 CAD
- Excise tax: 11.69 CAD per liter
- Taxable basis type: Quantity

The tax calculation is as follows:

- The taxable basis for the excise tax is the quantity given on the invoice (50).
- The excise tax is equal to the taxable basis multiplied by the excise tax (50 * 11.69 CAD = 584.5 CAD).

Tax Calculation Tax Formula: Example

The tax calculation tax formula is used to determine the calculation methodology that is applied to derive the basic tax amount on a transaction line.

Scenario

Consider a situation when two taxes, state tax and county tax, are applicable on a transaction. In such a situation, the transaction details and tax setup is as follows:

- Line amount: 1000 USD
- State tax rate: 20%
- County tax rate: 10%
- Compounding regime: Sale and use tax
- Compounding tax: State tax

The tax calculation is as follows:

- The state tax is equal to the invoice line amount multiplied by the state tax rate (1000 USD * 20% = 200 USD).
- The county tax is equal to the invoice line amount multiplied by the county tax rate plus the state tax ((1000 USD * 10%) + 200 USD = 300 USD).

Manage Tax Calculation Rules

Tax Calculation Influencers: Explained

Transactions using Oracle Fusion Tax services pass key tax determinants relating to parties, products, places, and processes captured on a transaction to the tax determination process. Using these details, along with the other derived determinants, the tax determination process performs a series of process steps and determines various components of the applicable taxes. The basic tax amount applicable on a transaction is calculated using the derived tax components and applying the generic calculation logic of Taxable Basis * Tax Rate = Tax Amount.

The key processes within the tax determination process and the resulting tax components that influence tax calculation logic, other than the determination of the tax rate, are:

- Taxable basis formula: Influences taxable basis.
- Tax inclusiveness requirements: Influences the taxable basis and the tax amount. It is part of the Determine Taxable Basis process.
- Tax calculation formula: Influences the tax amount.
- Tax rounding requirements: Influences the tax amount. It is part of the Calculate Tax Amounts process.

The taxable basis formula determines the taxable basis amount or quantity for each tax that is processed on the invoice line.

The tax calculation formula determines the calculation process to be applied on the transaction line for arriving at the tax amount.

The inclusiveness and rounding aspects determine the need to calculate the tax amount as inclusive of the transaction line amount and the rounding criteria to be used on the calculated tax amount.

Define First Party Tax Profiles

Party Tax Profiles: Explained

A tax profile is the body of information that relates to a party's transaction tax activities. A tax profile can include main and default information, tax registration, tax exemptions, party fiscal classifications, tax reporting codes, configuration options, and service subscriptions.

Set up tax profiles for the following parties involved in your transactions:

- **First parties:** All legal entities, legal reporting units, and business units in your organization that have a transaction tax requirement.
- **Third parties:** Your customers and suppliers and their locations and banks.
- **Tax authorities:** Parties that administer tax rules and regulations.

First Parties

Set up tax profiles for your first party legal entities, legal reporting units, and business units.

First party legal entities identify your organization to the relevant legal authorities, for example, a national or international headquarters. Legal entities let you more accurately model your external relationships to legal authorities. The relationships between first party legal entities and the relevant tax authorities normally control the setup of the transaction taxes required by your business. Under most circumstances the tax setup is used and maintained based on the configuration of the legal entity. Enter the default information, party fiscal classifications, tax reporting codes, and configuration options for your legal entities. You can also specify if you are using the tax services of an external service provider for tax calculation.

First party legal reporting units identify each office, service center, warehouse and any other location within the organization that has a tax requirement. A legal reporting unit tax profile is automatically created for the headquarter legal entity. Set up additional legal reporting unit tax profiles for those needed for tax purposes. For legal reporting units, enter the default information, tax registrations, party fiscal classifications, and tax reporting codes. Also, define tax reporting details for your VAT and global tax reporting needs for tax registrations of tax regimes that allow this setup.

Business units organize your company data according to your internal accounting, financial monitoring, and reporting requirements. To help you manage the tax needs of your business units, you can use the business unit tax profile in either of two ways:

- Indicate that business unit tax setup is used and maintained based on the configuration of the associated legal entity at transaction time. The tax setup of the associated legal entity setup is either specific to the legal entity or shared across legal entities using the Global Configuration Owner setup.
- Indicate that tax setup is used and maintained by a specific business unit. Create configuration options for the business unit to indicate that the subscribed tax content is used for the transactions created for the business unit.

For business units that maintain their own setup, enter the default information, tax reporting codes, configuration options, and service providers as required.

Third Parties

Set up third party tax profiles for parties with the usage of customer, supplier, and their sites. Enter the default information, tax registrations, party fiscal classifications, and reporting codes required for your third parties or third party sites. You can set up tax exemptions for your customers and customer sites.

Banks are also considered third parties. When a bank is created, the tax registration number specified on the bank record is added to the party tax profile record in Oracle Fusion Tax. You can not modify the party tax profile for a bank as it is view only. You can only modify the bank record itself.

Note

Setting up party tax profiles for third parties is not required. Taxes are still calculated on transactions for third parties that do not have tax profiles

Tax Authorities

Set up a tax authority party tax profile using the Legal Authorities set up task. The tax authority party tax profile identifies a tax authority party as a collecting authority or a reporting authority or both. A collecting tax authority manages the administration of tax remittances. A reporting tax authority receives and processes all company transaction tax reports.

The collecting and reporting tax authorities appear in the corresponding list of values on all applicable Oracle Fusion Tax pages. All tax authorities are available in the list of values as an issuing tax authority.

Specifying First Party Tax Profile Options: Points to Consider

Set up first party tax profiles for all legal entities, legal reporting units, and business units in your organization that have a transaction tax requirements. How you set up your first parties can impact the tax calculation on your transactions.

The first party tax profile consists of:

- Defaults and controls: Applicable to legal entities and legal reporting units. Business units that use their own tax setup do not have defaults and controls.

- Tax registrations: Applicable to legal reporting units.
- Party fiscal classifications: Applicable to legal entities and legal reporting units.
- Tax reporting codes: Applicable to legal entities, legal reporting units, and business units who do not use the tax setup of the legal entity.
- Configuration options: Applicable to legal entities and business units who do not use the tax setup of the legal entity.
- Service subscriptions: Applicable to legal entities and business units who do not use the tax setup of the legal entity.

Defaults and Controls

The following table describes the defaults and controls available at the first party tax profile level:

Option	Description
Set as self-assessment (reverse charge)	Automatically self-assess taxes on purchases.
Rounding Level	Perform rounding operations on the: <ul style="list-style-type: none"> • Header: Applies rounding to calculated tax amounts once for each tax rate per invoice. • Line: Applies rounding to the calculated tax amount on each invoice line.
Rounding Rule	The rule that defines how the rounding should be performed on a value involved in a taxable transaction. For example, up to the next highest value, down to the next lowest value, or nearest. <p>Note</p> <p>If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, Oracle Fusion Tax considers the rounding details in the applicable tax profile.</p>
Set Invoice Values as Tax Inclusive	This first party intends to send or receive invoices with invoice line amount inclusive of the tax amount. <p>Note</p> <p>This option overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.</p>

Tax Registrations

You must set up a separate tax registration to represent each distinct registration requirement for a first party legal reporting unit. Oracle Fusion Tax uses tax

registrations in tax determination and tax reporting. If your first party has more than one tax registration under the same tax regime, then the application considers the tax registration in the order: tax jurisdiction; tax; tax regime.

You must enable the **Use tax reporting configuration** option on the first party tax regime to allow entry of global tax reporting configuration details during tax registration setup for legal reporting units for these tax regimes.

Party Fiscal Classifications

If applicable, associate first party fiscal classification codes with this party. The party fiscal classification codes you enter become part of tax determination for invoices associated with this party. Specify start and end dates to control when these fiscal classifications are applicable for this party and transaction.

For legal entities, you can view the associated legal classifications that were assigned to the tax regime defined for this first party. The legal classifications are used in the tax determination process, similarly to the party fiscal classifications.

Tax Reporting Codes

Set up tax reporting types to capture additional tax information on transactions for your tax reports for your first parties. Depending on the tax reporting type code, you either enter or select a tax reporting code for this party. Specify start and end dates to control when these tax reporting codes are applicable.

Configuration Options

The legal entities and business units in your organization are each subject to specific sets of tax regulations as designated by the tax authorities where you do business. Use configuration options to associate legal entities and business units with their applicable tax regimes. You can set up tax configuration options when you create a tax regime or when you create a party tax profile. Both setup flows display and maintain the same party and tax regime definitions.

Service Subscriptions

Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Receivables transactions. The setup for provider services is called a service subscription. A service subscription applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit. Set up service subscriptions when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit.

Manage Controls and Defaults

Inclusive Taxes: Explained

Calculating tax on a transaction as inclusive of the line amount is generally a business decision. This decision is based on the relationship between the transacting parties and the items or taxes involved.

Taxes applicable on a transaction are made inclusive of the item line amount either:

- Manually
- Automatically

Manual Approach

In the manual approach, you access the calculated tax lines on a transaction and select the **Inclusive** option. This action includes the calculated tax amount with the item value.

However, this option is controlled through two factors:

- Privileges are assigned to the users for accessing and editing the calculated tax lines.
- Setup restrictions are applied to edit the **Inclusive** option on the calculated tax lines.

Automatic Approach

In the automatic approach, you can configure the tax setup and calculate the tax on a transaction as inclusive of the item line amount. Since this requirement is primarily driven by the tax legislation and the business relationship between the transacting parties, the option for configuring the inclusiveness is made available on the tax and tax rate definition and the third party and legal reporting unit tax profiles on the tax registration and general data tabs. The tax determination process uses a hierarchy approach to evaluate the defined setup and applies the inclusiveness option on the transaction.

In tax setup there are options to choose for applying the inclusiveness on a transaction. They are:

- **Standard noninclusive handling:** This option calculates the taxes as exclusive of the given transaction line amount.
- **Standard inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount.
- **Special inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process.

The following table illustrates the calculation methodology used with each of these options when a transaction line amount is 1000 USD and the applicable tax rate is 10% of the taxable basis amount, for example, line amount:

Method	Calculation	Taxable Basis Amount	Tax Amount	Transaction Line Amount
Standard Noninclusive	$1000 \text{ USD} * 10/100$	1000 USD	100 USD	1100 USD
Standard Inclusive	$1000 \text{ USD} * 10/110$	909.09 USD	90.91 USD	1000 USD

Special Inclusive	1000 USD * 10/100	900 USD	100 USD	1000 USD
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Configuring Inclusive Taxes: Points to Consider

The requirement for calculating the taxes as inclusive of the item line amount is primarily driven by the tax legislation and the business relationship between the transacting parties. Configure your tax setup accordingly to capture the inclusiveness as per the taxes and the parties involved within a transaction.

The following table provides some of the key inclusiveness requirements and the corresponding setup that can honor them:

Inclusiveness Requirement	Setup Based on the Tax Inclusiveness Processing Hierarchy
Always apply to specific tax rates regardless of the party setup	<ul style="list-style-type: none"> • Tax rate: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method <p>Process complete</p> <ul style="list-style-type: none"> • Tax registration party: Not applicable • Party site registration: Not applicable • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Legal reporting unit registration: Not applicable • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
Apply to specific taxes and all associated tax rates originating from certain tax jurisdictions for certain transacting third party sites	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to specific taxes and all associated tax rates regardless of the tax jurisdiction for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes defined for a tax regime for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes and all tax regimes for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Set the inclusiveness option to Blank or no record • Party site tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to specific taxes and all associated tax rates originating from certain tax jurisdictions for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to specific taxes and all associated tax rates regardless of the tax jurisdiction for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes defined for a tax regime for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to all taxes and all tax regimes for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: No record • Party site tax profile: Set the inclusive option to Blank • Party tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Tax: Not applicable
<p>Apply to certain taxes originating from certain tax jurisdictions for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
<p>Apply to certain taxes regardless of the tax jurisdiction for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable

<p>Apply to all taxes defined for a tax regime for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes and all tax regimes for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: No record • Legal reporting unit tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Tax: Not applicable
<p>Apply to certain taxes for all transacting third parties originating from any business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method • Tax registration party: Third party or first party • Party site registration: No record • Party registration: No record • Party site tax profile: Set the inclusiveness option to Blank • Party tax profile: Set the inclusiveness option to Blank • Legal reporting unit registration: No record • Legal reporting unit tax profile: Set the inclusiveness option to Blank • Tax: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method <p>Process complete</p>

Tax Inclusiveness Hierarchy: How It Is Determined

Configure your tax setup to include the calculated tax amount with the item line amount. The option for configuring the inclusiveness is available on the tax and tax rate definition and the third party and legal reporting unit tax profiles on the tax registration and general data tabs.

Settings That Affect Tax Inclusiveness

Set up the inclusive options in the following pages:

- Create or Edit Tax page: Specify the tax inclusion method on the Default and Controls tab. The handling of this field is dependent on the value of the **Allow override and entry of inclusive tax lines** option at the tax regime level. If the option is not selected at the tax regime level, the **Tax Inclusion Method** field is display-only. The value displayed is set at the tax regime level.
- Create or Edit Tax Rate page: Specify the tax inclusion method on the Main Details tab. The handling of this field is dependent on the value of the **Allow override and entry of inclusive tax lines** option at the tax level. If the option is not selected at the tax level, the **Tax Inclusion Method** field is display-only. The value displayed is set at the tax level.
- Create or Edit Tax Registration page: Select **Set Invoice Values as Tax Inclusive** option for the third party, third party site, and legal reporting unit tax profiles.
- Create or Edit Third Party Tax Profile and Create or Edit Third Party Site Tax Profile pages: Select **Set Invoice Values as Tax Inclusive** option on the General tab for the third party or third party site.
- Create or Edit Legal Reporting Unit page: Select **Set Invoice Values as Tax Inclusive** option on the General tab for the legal reporting unit.

How Tax Inclusiveness Hierarchy Is Determined

The tax determination process uses a hierarchy approach to evaluate the options selected in your tax configuration and applies it on the taxes calculated on a transaction.

The hierarchy sequence for processing the inclusiveness for a tax is:

1. If the transaction involved is a Receivable transaction then check for the value in the **Tax Amount Included** field within the invoice line details. The available values are:
 - **No**: All the taxes calculated on the invoice line are treated as exclusive of the item line amount.
 - **Yes**: All the taxes calculated on the invoice line are treated as inclusive of the item line amount.
 - **Use tax rate code**: The tax setup defined is considered for analyzing the inclusiveness.
2. If the transaction involved is not a Receivable transaction or if the Receivable transaction uses the **Use tax rate code** option then check for the value specified in the **Tax Inclusion Method** field for the processed tax rate code. The available values are:
 - **Standard noninclusive handling**: The referred tax gets calculated as exclusive of the transaction line amount.
 - **Standard inclusive handling**: The referred tax gets calculated as inclusive of the transaction line amount.
 - **Special inclusive handling**: The referred tax gets calculated as inclusive of the transaction line amount. However, the line amount is considered the taxable basis rather than the adjusted line amount, which is considered for the **Standard inclusive handling** value.

- Blank: Process next step.
3. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the tax registration record of the third party site tax profile for the processed registration party. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.

If the processed registration party is the first party, the registration record for the tax available within the legal reporting unit tax profile is considered. If the value is set to blank then step 7 is processed.

4. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the tax registration record of the third party tax profile for the processed registration party. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
5. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the General tab of the third party site tax profile. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
6. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the General tab of the third party tax profile. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
7. Check for the value specified in the **Tax Inclusion Method** field of the tax. The available values are:
 - **Standard noninclusive handling:** The referred tax gets calculated as exclusive of the transaction line amount.

- **Standard inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount.
- **Special inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount. However, the line amount is considered the taxable basis rather than the adjusted line amount, which is considered for the **Standard inclusive handling** value.

Tax Amount Rounding: Explained

Taxes applicable on a transaction are generally calculated as the taxable basis multiplied by the tax rate equals the tax amount. This calculated amount can result in an odd value or with a large number of decimal place. You can configure the tax setup to adjust or round the tax calculation according to the specific requirements of the transacting parties and tax authority or to the accepted currency denominations.

Key parameters that influence the rounding of calculated tax amount are:

- **Tax precision:** The number of decimal places to which to calculate the tax amount.
- **Minimum accountable unit:** The smallest currency unit that a tax amount can have.
- **Rounding level:** The transaction level at which the rounding is to be performed. The available options are **Header** and **Line**.
- **Rounding rule:** The method that is used to round off the calculated taxes to the minimum accountable unit. The available options are **Up**, **Down**, and **Nearest**.

Define the key parameters at various places within Oracle Fusion Tax. The rounding process derives the tax precision and minimum accountable unit details from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Note

If you plan to use a third party service provider then you must define tax rounding information that is at least as detailed as the rounding information of the service provider.

Setting Up Rounding Rules: Choices to Consider

Criteria for rounding the calculated tax amounts comes from various parties involved in a transaction. For example, for a purchase transaction, the rounding methodology is generally specified by the supplier. Specify rounding details in your tax setup to ensure that your entered invoice amount, including the calculated tax, is the same as the actual invoice amount. For a Receivables invoice, you can specify rounding details based on your organization's policy, but for most countries the rounding criterion is directed by tax legislation.

Rounding requirements can originate from:

- Third parties
- First parties
- Tax legislation

Rounding Requirements from Third Parties

If rounding is based on third party requirements, particularly for purchase transactions, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the third party or third party. For purchase transactions it is either the ship-from party or the bill-from party.
- Define the party tax profile for the third party and specify the rounding level and rounding rule on the General tab as preferred by the third party.
- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the third party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party account site details and party tax profile details for deriving the rounding rule.

Rounding Requirements from First Parties

If rounding is based on business unit or legal entity requirements, particularly for sale transactions, and configuration owner tax options are defined, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the first party. For sale transactions it is either the ship-from party or the bill-from party.
- Ensure that the party tax profile details are available for the corresponding legal reporting unit. Specify the rounding level and

rounding rule on the General tab per the first party requirement or your business policy.

- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the first party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party tax profile details for deriving the rounding rule.

The rounding criteria applied if configuration owner tax options are not defined and the criteria in the predefined event class options are considered include:

- For a purchase transaction, the predefined event class options use the ship-from party site and ship-from party within the rounding precedence with the default rounding level as the header level. The supplier's rounding preferences are considered first on the transaction. If there are no specific supplier preferences, for example, the party tax profile record does not exist, then the default rounding level of **Header** is considered and the corresponding rounding rule from each tax setup detail is used.
- For a sale transaction, the predefined event class options do not include any rounding precedence details. However, the default rounding level is set to **Line** so the rounding level is always taken as **Line** and the corresponding registration record for the tax registration party is considered for the rounding rule. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults. If a registration record does not exist for the tax registration party, the rounding rule defined within each tax is considered.

Rounding Requirements from Tax Legislation

If rounding is based on tax legislation, the following occurs:

- If the configuration owner tax options are defined for the combination of business unit and legal entity for which the transaction is registered and for the event class, the default rounding level is used from the configuration owner tax options. Select **Blank** as the rounding precedence for the event class.
- If the rounding level is at the line level for the configuration tax options, ensure that the registration record defined for the tax registration party has the rounding rule based on the tax requirements. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults.

Rounding Precedence Hierarchy: How It Is Determined

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Settings That Affect Tax Rounding

Key parameters that influence the rounding of calculated tax amount are:

- **Tax precision:** The number of decimal places to which to calculate the tax amount.
- **Minimum accountable unit:** The smallest currency unit that a tax amount can have.
- **Rounding level:** The transaction level at which the rounding is to be performed.
- **Rounding rule:** The method that is used to round off the calculated taxes to the minimum accountable unit.

Options available for the rounding level are:

- **Header:** Applies rounding to calculated tax amounts once for each tax rate per invoice.
- **Line:** Applies rounding to the calculated tax amount on each invoice line.

Options available for the rounding rule are:

- **Up:** the amount is rounded to the next highest minimum accountable unit.
- **Down:** The amount is rounded to the next lowest minimum accountable unit.
- **Nearest:** The amount is rounded to the nearest minimum accountable unit.

How Tax Rounding Is Determined

If you did not define configuration owner tax option settings for the combination of configuration owner and event class, the rounding process uses the default rounding level of the event class and the default rounding rule of the tax.

If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, the rounding process looks for a rounding level and rounding rule in this way:

1. Looks for rounding details in the party tax profiles of the parties and party sites involved in the transaction, according to the rounding precedence hierarchy.
2. If an applicable tax profile is found then uses the rounding level and rounding rule of the tax profile.

3. If the rounding level is at the header level then uses these values to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
4. If an applicable tax profile is not found then uses the rounding level setting of the configuration owner tax option.
5. If the configuration owner tax option rounding level is at the header level then uses the rounding rule that is set at the tax level for each tax of the transaction to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
6. If the rounding level is at the line level then:
 - a. For each tax line, uses the rounding rule belonging to the tax registration of the party type derived from the Determine Tax Registration rule.
 - b. If a registration record does not exist for the registration party type and if you did not define configuration owner tax option settings for the combination of configuration owner and event class, then the rounding process uses the rounding rule that is set at the tax level to perform the rounding. The process ends.
 - c. If a registration record does not exist for the registration party type and if you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, then the rounding process looks for a rounding rule in this way:
 1. Refers to the party or party site of the first party type defined in the rounding precedence hierarchy.
 2. Uses the rounding rule of the party or party site tax registration, if defined.
 3. If a tax registration is not defined, uses the rounding rule of the party or party site account site details, if defined.
 4. If a rounding rule is not defined, uses the rounding rule of the party or party site tax profile, if defined.
 5. If a tax profile is not defined, repeats the previous substeps for each rounding party in the rounding precedence hierarchy.
 6. If a rounding rule is found, uses this rounding rule to perform the rounding. The process ends.
 7. If a rounding rule is not found, then uses the rounding rule that is set at the tax level to perform the rounding. The process ends.

Tax Rounding: Examples

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving configuration owner tax options, event classes, party tax profiles, and taxes. These examples illustrate how the rounding process works.

Scenario

The following examples represent how the rounding process determines the tax rounded amount based on transaction, tax setup, and rounding details.

The transaction and tax setup details for the two examples are:

- Invoice header amount: 5579 USD
- Invoice line 1 amount: 1333 USD
- Invoice line 2 amount: 1679 USD
- Invoice line 3 amount: 2567 USD
- Applicable taxes:
 - State tax, rate percentages of 12.5%, 6.75%, and 3.33%
 - City tax, rate percentages of 7.5%

The rounding details for the two examples are:

- Rounding level: Header
- Rounding Rule:
 - State tax: Up
 - City tax: Nearest
- Tax precision: 2
- Minimum accountable unit: 0.01

Example 1 represents the rounding details applied at the header level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Line amounts truncated per tax precision and rounding criteria applied at the header level	Step 2: Difference between the header amount and the sum of the line amounts	Step 3: Apply the difference amount to the maximum tax line amount	Tax Amount Rounded
Header	5579	<ul style="list-style-type: none"> • State tax • City tax 	<ul style="list-style-type: none"> • 395.80 • 418.42 	<ul style="list-style-type: none"> • 395.81 • 418.43 	<ul style="list-style-type: none"> • 0.01 • 0.02 		<ul style="list-style-type: none"> • 395.81 • 418.43
Line 1	1333	<ul style="list-style-type: none"> • State tax: 12.5% • City tax: 7.5% 	<ul style="list-style-type: none"> • 166.62 • 99.975 	<ul style="list-style-type: none"> • 166.62 • 99.97 			<ul style="list-style-type: none"> • 166.62 • 99.97

Line 2	1679	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 55.910 • 125.92 	<ul style="list-style-type: none"> • 55.91 • 125.92 			<ul style="list-style-type: none"> • 55.91 • 125.92
Line 3	2567	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 173.27 • 192.52 	<ul style="list-style-type: none"> • 173.27 • 192.52 		<ul style="list-style-type: none"> • 0.01 • 0.02 	<ul style="list-style-type: none"> • 173.28 • 192.54

Example 2 represents the rounding details applied at the line level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Rounding criteria is applied at the line level	Step 2: Line amounts are added to obtain revised header amounts	Tax Amount Rounded
Header	5579	<ul style="list-style-type: none"> • State tax • City tax 	<ul style="list-style-type: none"> • 395.8082 • 418.425 		<ul style="list-style-type: none"> • 395.82 • 418.44 	<ul style="list-style-type: none"> • 395.82 • 418.44
Line 1	1333	<ul style="list-style-type: none"> • State tax: 12.5% • City tax: 7.5% 	<ul style="list-style-type: none"> • 166.625 • 99.975 	<ul style="list-style-type: none"> • 166.63 • 99.98 		<ul style="list-style-type: none"> • 166.63 • 99.98
Line 2	1679	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 55.9107 • 125.925 	<ul style="list-style-type: none"> • 55.92 • 125.93 		<ul style="list-style-type: none"> • 55.92 • 125.93
Line 3	2567	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 173.2725 • 192.525 	<ul style="list-style-type: none"> • 173.27 • 192.53 		<ul style="list-style-type: none"> • 173.27 • 192.53

Self-Assessment of Taxes: Explained

Taxes for purchase transactions are usually calculated by the supplier and included in the invoice. The responsibility of collecting and remitting these taxes to the authority lies with the supplier. However, in certain cases the supplier

does not have presence (nexus) or is not registered in the customer location. Taxes applicable in such cases, in the customer location, are self assessed by the purchasing organization. Unlike supplier assessed taxes that are paid to the supplier, self-assessed taxes are remitted by the purchasing organization directly to the tax authority.

The key here is that these taxes are to be calculated on the same invoice, but these should not impact the amount payable to the supplier, instead it should be accounted for as a tax liability.

The core requirements remain the same, however, the terminology used for self-assessed taxes vary by tax regime, such as reverse charges, use taxes, and offset taxes. Reverse charge is the terminology primarily used in the European Union, use taxes is the terminology used in the United States, and offset taxes is an alternate solution to handle self-assessment of taxes and is not used by any regime.

Oracle Fusion Tax provides the following options to configure and automate calculation of self-assessed taxes:

- Self-assessment
- Offset taxes
- Reporting-only taxes
- Use taxes

Self-Assessment

Taxes need to be self-assessed by the purchasing organization when the supplier is not registered in the ship-to or bill-to location of the transaction. This is the recommended approach for defining and calculating self-assessed taxes. This is driven based on the registration party used for the transaction.

Registration Party

In the context of a tax applicable to the transaction it is the party whose registration needs to be considered. The tax registration party type default is specified for the tax. As most of the taxes are assessed by the supplier, the default is set to the ship-from or the bill-from location.

Supplier Tax Registration

You can define tax registration for the supplier, the supplier site, and for a particular tax regime. If the tax registration varies by tax or tax jurisdiction, define the registration at a granular level. If the supplier does not have presence in a specific jurisdiction, there are two options for configuration. The first is to create a tax registration record with the registration status as not registered. The second option is not to define a registration record. If you follow the second option, when you define the condition set, set the operator for the Registration determining factor class to **Is blank**.

Registration Party of the First Party

Similar to the supplier registration, you can define the tax registration records for a legal reporting unit tax profile. For the tax registration of the first party select the **Set as self-assessment (reverse charge)** option. This option triggers self-

assessment of taxes when the registration party selected for the tax line is that of the first party. Self-assessment is only applicable for Payables transactions. The option on the first party registration does not impact Receivables transactions. Create a tax registration rule to conditionally use the first party registration when the supplier is not registered. The condition to use for this tax rule is as follows:

Tax Determining Factor Class	Class Qualifier	Tax Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Equal to	Not Registered

If the registration records are not created for the suppliers without registration, create the condition set as follows:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Is blank	

Offset Taxes

Offset taxes is a backward compatible approach that is configured to self-assess taxes. Configure offset taxes in addition to your regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, the application creates two tax lines with one positive and one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Reporting-Only Taxes

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities. However, invoice distributions are not created for these taxes. Therefore, there is no impact to the payable amount, payment amount, and invoice accounting.

Use Taxes

Assigning use taxes to invoices, you create a record of the taxes you owe to tax authorities. Oracle Fusion Payables does not create invoice distributions for these taxes. Therefore, there is not any accounting impact due to these taxes. Payables provides a Use Tax Liability Report to review and report use taxes.

Use the Use Tax Liability Report to review, report, and remit use taxes. The report determines the use tax liability by each use tax code by taking the tax rate you defined for each tax code and applying it to the sum of each invoice line to which the tax applies. The report lists in summary or detail the total amount of tax you owe for each tax code on invoices you enter between two dates you specify when you submit the report. Oracle Fusion Payables displays the amount of use tax you owe in the currency in which you entered an invoice.

Note

Use taxes are defined with the tax type of **Use tax**. The rest of the configuration is the same as the other taxes. This feature is only supported for migrated taxes. You cannot define a new tax with this tax type.

Self-Assessment of Taxes: How It Is Processed

You can let a first party self-assess the taxes calculated on the Payables invoices it receives. A self-assessed tax is a tax calculated and remitted for a transaction, where tax was not levied by the supplier but is deemed as due (and therefore needs to be paid by the purchaser). Taxes need to be self-assessed by the purchasing organization when the supplier is not registered in the ship-to or bill-to location of the transaction.

Settings That Affect Self-Assessment of Taxes

Configure your tax setup to automate self-assessment of regular taxes. The following is an overview of the configuration:

- **Default registration party:** Set the default values for the direct rule type of **Tax Registration**. For self-assessed taxes set the value to **Ship from** or **Bill from**.
- **Supplier registration:** The supplier can be registered or not registered. Configure your set up as follows:
 - If the supplier is registered the application creates a record with the registration status of registered. The registration of the supplier is considered and the taxes are assessed by supplier and included as a part of the invoice total.
 - If the supplier is not registered then either you can create a registration record for the tax regime, tax, or tax jurisdiction, with the registration status of not registered. Or skip the step of defining tax registration and define the tax condition set with the operator of **Is blank**.
- **Selecting first party registration conditionally:** Create a registration record for the first party legal reporting unit. For this registration record select the **Set as self-assessment (reverse charge)** option.

If the supplier is not registered then the registration of the first party legal reporting unit needs to be considered. To trigger this, you need to define a tax registration rule with the following conditions:

- If the ship-from or bill-from party registration status is not registered or is blank then the registration party is either the ship-to party or bill-to party. The following is the condition set for the Determine Tax Registration rule:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Equal to	Not Registered

Transaction Input Factor		Line Class	Equal to	Standard Invoice
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- If you choose the option of not defining a supplier registration then the condition set is as follows:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Is blank	
Transaction Input Factor		Line Class	Equal to	Standard Invoice

Set the rule result to bill-to party so that the registration of the legal reporting unit is considered.

Tip

Instead of including the condition for the transaction input factor, you can specify the event class constraint at the tax rule header.

- Self-assessing tax: For the first party registration record you create for the tax regime, tax, and tax jurisdiction, check the **Set as self-assessment (reverse charge)** option. Once the application selects this registration record for the tax, the tax line is stamped as self-assessed.

How Self-Assessed Taxes Are Processed

Taxes created by the first party organization need to be calculated in the context of the transaction. The application creates both summary and detail tax lines for these taxes and the self-assessed option is enabled for these lines. Invoice lines are not created for taxes, therefore the payable to the supplier does not include these taxes. Invoice distributions are created to account for the tax expense or recovery and liability.

Self-assessed taxes are not included in the invoice totals. Instead, the total of self-assessed taxes for the invoice is displayed as a separate line in the tax charges region of the invoice.

Self-assessed taxes are created for imported payables invoices. This happens when imported transactions have tax lines along with transaction lines and if you enable the **Perform additional applicability for imported documents** option for the event class. For these transactions, additional taxes that are found applicable are treated as self-assessed taxes.

These taxes are accounted along with the rest of the invoice. The accounting treatment for expense and recovery remain the same as any supplier-assessed taxes. The only variation is be the liability account. The tax amount is credited to the tax liability account instead of the payables account.

Self-assessed taxes are a part of the standard tax reports. Apart from this, Oracle Fusion Subledger Accounting provides reports for accounting activity that can

be used to track self-assessed tax liability. Use the Account Analysis Report and the Open Account Balance Listing report to track this liability.

Tax Line Override

You can override the self-assessed flag for the tax line. This impacts the invoice lines and distributions. If you update the summary tax line, all corresponding detail tax lines are updated to reflect this change. If the self-assessed option on some of the detail tax lines is updated then a new summary tax line is created to group the detail tax lines that are being self-assessed.

Note

When you select or deselect the Self-Assessed option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Self-Assessed option.

Offset Taxes: How They Are Processed

Offset taxes are a backward compatible approach that you can configure to self-assess taxes. Configure offset taxes in addition to the regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, two tax lines are created with one positive and one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Settings That Affect Offset Taxes

For the offset tax calculation to take effect, do the following:

- Set up offset taxes
- Enable offset tax calculation

You must perform these tasks for setting up offset taxes:

- Set up the offset tax, tax status, and tax rate. Define at least one recovery type lookup to use with offset taxes.
- Create the offset tax and perform the following:
 - a. Use the tax currency of the original tax.
 - b. Select the **Set as offset tax** option.
 - c. Enter a primary recovery type that you defined for offset taxes.
- Set up the tax status for the offset tax. Do not select the **Allow tax rate override** option.
- Set up a 100% tax recovery rate for the offset tax using the recovery type that is defined for the offset tax.

You cannot update the recovery rate on an offset tax line. The recovery rate is always 100% in order to create credit entries that match the original tax amounts. When you create an offset tax, you enter a primary recovery type with a recoverable rate of 100% and a 100% recovery rate.

- Set up the offset tax rate and perform the following:
 - a. Enter a negative rate amount.
 - b. Assign the tax recovery rate that is defined for offset tax.
 - c. Do not select the **Allow ad hoc tax rate** option.
- Set up the original tax with the required configuration to enable the tax. For the tax rate of the original tax (nonoffset tax), assign the offset tax rate code in the **Offset Rate Code** field.

Complete the following configuration steps to enable calculation of offset taxes for a transaction:

- For the configuration owner tax options for the Payables event classes, enable offset tax calculation by selecting the **Allow offset tax calculation** option. Also, specify the offset tax basis.
- Select the **Allow offset taxes** option on the party tax profile if offset taxes are to be calculated for the transactions created for the party. Select this option for the party type chosen in the **Offset Tax Basis** field for the configuration owner tax options.

How Offset Taxes Are Processed

Offset taxes applicable to an invoice are created with two tax lines entries, one for the tax and one for the offset tax. The line for the offset tax has the offset option enabled. This line carries the reference to the original tax line. Two Invoice lines are created for these taxes, one for each tax.

The amount for the regular tax line is always debited to the tax expense or recovery account or both, depending on the recoverability of the tax. The credit is posted to a payables account which is offset by the negative amount credited to the payables account due to the offset tax line. The debit of the offset tax line is posted to the tax liability account and this indicates the liability that the first party organization has towards the tax authority for the self-assessed tax.

Tax Line Override

You cannot override offset tax lines. However, you can update the tax line calculated for the original tax. When you update the tax rate percentage or amount or when you cancel the tax line, the corresponding tax line for the offset taxes is updated.

Reporting-Only Taxes: How They Are Processed

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities.

However, invoice distributions are not created for these taxes. Therefore, this does not impact the payable amount, payment amount, and invoice accounting.

Settings That Affect Reporting-Only Taxes

You set up reporting-only taxes by selecting the **Set tax for reporting purposes only** option for the tax.

How Reporting-Only Taxes Are Processed

Tax lines for reporting-only taxes have the **Reporting Only** option enabled. Tax distributions are not created for these tax lines.

For Oracle Fusion Payables invoices, these lines are not displayed on the invoice lines. The total of the reporting-only taxes are displayed in the tax totals region of the invoice.

For Oracle Fusion Receivables transactions, reporting-only taxes are handled as any other tax. These taxes are considered as a part of the invoice and are accounted for accordingly.

Tax Line Override

You cannot update the **Reporting Only** option on the detail tax lines.

Manage Configuration Options and Service Subscriptions

Configuration Options: Explained

Set up configuration options to associate tax regimes with the parties in your company that have a tax requirement under these tax regimes.

There are two fundamentally different approaches to tax configuration options namely:

- Using tax configuration setup defined within Oracle Fusion Tax.
- Using an external tax service provider.

Using Tax Configuration Setup Defined Within Oracle Fusion Tax

Use the tax configuration setup in Oracle Fusion Tax to calculate, record, and account for transaction taxes on transaction taxable transactions.

The following concepts control how this setup is managed, used, and shared:

- Tax configuration owner
- Tax content subscription
- Existing tax option

Tax Configuration Owner

The tax configuration owner is a business unit, legal entity, or the global configuration owner that owns the data. The global configuration owner is an

abstract owner which is used to define the owner of content that can be shared by any business units and first party legal entities.

Identify a specific first party legal entity as a parent first party organization to allow the configuration to be owned by a specific first party and shared by other parties. You can then share this setup with another first party legal entity or business unit for their transactions. Use a parent first party organization tax configuration to share among a group of first party organizations but you still have the tax setup managed by a single first party organization.

In the case of global configuration owner, if you are assigned the Create Tax Regime privilege, you have update rights to all tax configuration data maintained by the global configuration owner.

Tax Content Subscription

Use tax content subscriptions to define which configuration owner's setup is used for transactions for a specific first party legal entity or business unit for a specific tax regime. Also, use tax content subscriptions to specify whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.

Party override is permitted for the following setup:

- Tax
- Tax status
- Tax rate
- Tax recovery rate
- Tax rules

Do this indirectly by adding higher priority rules specific to the subscribing first party legal entity or business unit.

The content subscription options are:

Tax Content Subscription	Description
Common configuration	For tax processing, the tax determination process uses the shared tax content defined and maintained by the global configuration owner.
Party-specific configuration	The specified first party organization defines and maintains its own tax content. For tax processing, the tax determination process uses only the tax content owned by the specific first party legal entity or business unit.
Common configuration with party overrides	This option is similar to the common configuration in that it allows you to use tax content owned by the global configuration owner. However, you can also maintain party-specific content which is used in preference to the common configuration content. In the absence of tax content owned by the specific first party organization, the tax determination process uses the tax content owned by the global configuration owner.

Parent first party organization with party overrides	This option is similar to the common configuration with party override subscription except instead of the tax content being owned by the global configuration owner it is owned by a specific first party legal entity. You can override the specific first party setup.
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A similar concept is used to define where you use tax exceptions for a specific tax configuration. The tax subscription option available for product exceptions is dictated to some extent by the main tax content subscription as follows:

Options Defined for Tax Content Subscription	Content Subscription Options Available for Product Exceptions	Description
Common configuration	Common configuration	For tax processing, the tax determination process uses tax exceptions defined and maintained by the global configuration owner.
Party-specific configuration	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.
Common configuration with party overrides	Common configuration	For tax processing, the tax determination process uses tax exceptions defined and maintained by the global configuration owner.
Common configuration with party overrides	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.
Parent first party organization with party overrides	Party-specific configuration	The specified first party organization defines and maintains its own tax exceptions. For tax processing, the tax determination process uses only the tax exceptions owned by the specific first party organization.

Set up tax configuration options when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit. Both setup flows display and maintain the same party or regime definitions. Specify effective start and end dates to identify which configuration should be used based on the transaction date. You can enable the business unit so that Oracle Fusion Tax automatically uses the configuration of the legal entity. Once you set this option the application records the date it occurred as the start date. This date is used and compared to the transaction dates to identify if the application uses the legal entity subscription in preference to the subscription of the business

unit. The specific first party legal entity that is used is defined by the legal entity associated with the transaction.

Existing Tax Option

Copy a tax from an existing tax in the Manage Taxes page to share tax registrations and tax jurisdictions while maintaining two versions of the same tax, owned by two different tax configuration owners each with their own tax statuses, tax rates, and tax rules. For example, this is useful when you set up US sales and use tax that requires a significant number of tax registrations and tax jurisdictions.

Using External Tax Service Provider

Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Receivables transactions. Oracle Fusion Tax provides transparent integration between the external provide tax service and Oracle Fusion Receivables.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company
- Vertex, Inc.

The setup for provider services is called a service subscription. A service subscription applies to the transactions of one configuration option setup for a combination of tax regime and legal entity or business unit. Set up service subscriptions when you create a tax regime or when you create a party tax profile for a first party legal entity or business unit. Specify effective start and end dates to identify which configuration should be used based on the transaction date.

Content Subscriptions: Critical Choices

Choose which of the following tax content subscription options to use to optimize your tax setup:

- Whether to use service subscriptions versus Oracle Fusion tax content.
- What type of tax configuration options to use.
- When to change from business unit to using tax configuration at the first party legal entity.
- When to use create from an existing tax option.

Using a Service Subscription Versus Oracle Fusion Tax Content

Use the tax services of external service providers where tax content is required for Receivables transactions for a significant number of tax jurisdictions. You should not use a service provider if their use is not needed to support US Sales and Use Tax regimes or you need to create and maintain tax regimes outside of the Unites States.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company

- Vertex, Inc.

Using Tax Configuration Options

If you decide not to use an external service provider or you need to create tax content for tax regimes outside the US then create and maintain your tax content in Oracle Fusion Tax.

Once the decision is made to use Oracle Fusion Tax you need to choose the level of tax configuration options. Sharing tax content prevents the need for duplicate maintenance with its inefficiencies and potential inconsistencies. Consider these scenarios and options:

Scenario	Option
You have a single central corporate tax center responsible for maintenance of tax setup for all legal entities and business units.	Use the common configuration with party override option. This allows a single tax setup to be created and maintained by the corporate tax center.
You need to have strict control of who can maintain the tax content.	Use the common configuration option. By not allowing party override you restrict the access to the global configuration owner to an authorized user who can maintain all of the tax content.
You have regional centers responsible for tax content.	Use the parent first party configuration with party override option. This permits a regional setup with an actual or logical parent legal entity to be created and maintained by each regional center.

Even if there is no obvious need to share tax configuration, for example, there is only a single first party legal entity operating in each tax regime, significant business events such as takeovers or mergers may mean that there could be a future need to share content. In this case the original first party legal entity can act as the configuration owner and then any subsequent first party can subscribe to the first party's content using the parent first party configuration with party override. Alternatively, set up the original tax content using global configuration owner in preparation for any future business event that requires tax content to be shared.

Changing from Business Unit to Using Tax Configuration at the First Party Legal Entity

If you can standardize your tax setup across all business units for a given legal entity then consider moving to configuring and using tax setup at the legal entity level. Set the **Use subscription of the legal entity** option on the business unit tax profile. Oracle Fusion Tax records the date this occurs and compares it to the transaction date to identify if the legal entity subscription should be used in preference to the subscription to the business unit.

Using Create from an Existing Tax Option

Create a tax from an existing tax when you have a need to share tax jurisdictions and tax registrations. You maintain the tax jurisdictions and tax registrations once for taxes with the same name within the same tax regime owned by different configuration owners.

Tax Configuration Options in the Tax Determination Process: How They Are Used

At transaction time the owner of the transaction derives the configuration options that are used. When you enter a transaction for a given first party organization, the tax data applied to that transaction is determined by the configurations defined for the combination of that first party organization (business unit or first party legal entity) and the tax regime derived from the addresses or from the tax classification codes used on the transaction.

Settings That Affect the Application of Tax Data on Transactions

Use tax content subscriptions to define which configuration owner's setup is used for transactions for a specific first party legal entity or business unit for a specific tax regime. Also, use tax content subscriptions to specify whether any shared content can be overridden by the subscribing party to allow unique, separate setup for certain tax content.

Tax content subscription options are:

- Common configuration
- Party-specific configuration
- Common configuration with party overrides
- Parent first party organization with party overrides

How Tax Data Is Determined

Based on the defaults and tax rules you have defined, tax data is applied to transactions as follows:

Configuration for Taxes and Rules Option	Tax Content Available
Common configuration	<ul style="list-style-type: none"> • The tax determination process uses only the tax content owned by the global configuration owner. • If you manually override tax information on the transaction only tax content owned by the global configuration owner is displayed in the list of valid values available.
Party-specific configuration	<ul style="list-style-type: none"> • The tax determination process uses only the tax content owned by the first party organization, business unit or first party legal entity, for whom the transaction is being entered. • If you manually override tax information on the transaction only tax content owned by the first party organization is displayed in the list of valid values available. <hr/> <p>Note</p> <p>For the first party organization it can be the business unit owning the tax content or the first party legal entity-owned setup depending on the specific subscription being used.</p>

Common configuration with party overrides	<ul style="list-style-type: none"> • The tax determination process uses any tax content owned by the first party for whom the transaction is being entered. In the absence of tax content owned by that first party organization, the tax determination process uses tax content owned by the global configuration owner. • If you manually override tax information on the transaction both the override tax content owned by the specific first party and the tax content owned by the global configuration owner that you have not overridden are displayed in the list of valid values available.
Parent first party organization with party overrides	<ul style="list-style-type: none"> • The tax determination process uses any tax content owned by the first party for whom the transaction is being entered. In the absence of tax content owned by the first party organization, the tax determination process uses tax content owned by the parent first party organization. • If you manually override tax information on the transaction both the override tax content owned by the specific first party and the tax content owned by the designated parent first party organization that you have not overridden are displayed in the list of valid values available.

If you are using product exceptions, those exceptions are applied to the transactions as shown in the following table:

Configuration for Product Exceptions	Tax Exceptions Available
Common configuration	The tax determination process uses only the tax exceptions defined and maintained by the global configuration owner.
Party-specific configuration	The tax determination process uses only the tax exceptions owned by the specific first party organization

Setting Up Tax Configuration Options: Worked Example

This example demonstrates how you set up the appropriate tax configuration options for your company that has three regional centers. These centers are responsible for tax setup and maintenance among other corporate activities. Each of these regional corporate centers is associated with a first party legal entity and business unit.

Your company has their regional centers in:

- North America (NAM), based in Redwood City, California, US
- Asian and Pacific (APAC), based in Melbourne, Australia
- Europe, Middle East, and Africa (EMEA), based in London, UK

Each country has a single first party legal entity with a single business unit, except for:

- Countries which have the regional corporate centers have a first party legal entity and business unit for each corporate center.

- Sales, marketing, and manufacturing organization has a first party legal entity and business unit.

Create tax regimes for each country and the appropriate tax configuration options.

Prerequisites

To create the appropriate tax configurations, you must set up the following:

1. The legal entities for:

First Party Legal Entity	Country
EMEA LE	UK
GB LE	UK
FR LE	FR
DE LE	DE
APAC LE	AU
AU LE	AU
SI LE	SI
NZ LE	NZ
NAM LE	US
US LE	US
CA LE	CA

2. The sales, marketing, and manufacturing organization's business unit uses the tax configuration of the legal entity.
3. The relevant tax regimes for each country's tax include:

Region	Country	Tax Regime	Tax
EMEA	United Kingdom	GB VAT	GB VAT
EMEA	France	FR VAT	FR VAT
EMEA	Germany	DE VAT	DE VAT
APAC	Australia	AU GST	AU GST
APAC	Singapore	SI VAT	SI VAT
APAC	New Zealand	NZ VAT	NZ VAT
NAM	United States	US SALES TAX	<ul style="list-style-type: none"> • US STATE SALES TAX • US COUNTY SALES TAX • US CITY SALES TAX
NAM	Canada	CA HST & GST	<ul style="list-style-type: none"> • CA HST • CA GST

Setting Up Tax Configuration Options

1. On the **Create Legal Entity Tax Profile** page select EMEA LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	GB VAT
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

2. Select GB LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	GB VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

3. Select FR LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	FR VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

4. Select DE LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	DE VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization

Parent First Party Organization	EMEA LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

5. Select APAC LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	AU GST
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

6. Select AU LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	AU GST
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

7. Select SI LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	SI VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

8. Select NZ LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	NZ VAT
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	APAC LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

9. Select NAM LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	US SALES TAX
Configuration for Taxes and Rules	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
Parent First Party Organization	Blank
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

10. Select US LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	US SALES TAX
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	NAM LE
Effective Start Date	01-Jan-01

Click **Save and Create Another**.

11. Select CA LE in the **Legal Entity** field. In the **Configuration Options** tab enter:

Field	Value
Tax Regime Code	CA GST & PST
Configuration for Taxes and Rules	Parent first party with party overrides
Configuration for Product Exceptions	Parent first party organization
Parent First Party Organization	NAM LE
Effective Start Date	01-Jan-01

Click **Save and Close**.

Manage Tax Registrations

Tax Registrations: Explained

A tax registration contains information related to a party's transaction tax obligation with a tax authority for a tax jurisdiction where it conducts business. In some cases a single location may need to file multiple registrations. Set up tax registrations for your first party legal reporting units and your third party customers and customer sites and suppliers and supplier sites.

Registering the details of a business with the relevant tax authorities is a key legal requirement in many countries. A unique tax registration number is generally assigned to the parties registering with the tax authorities and is used as a basis for referencing and tracking the tax implications on that party. To enable this process, the registration numbers of the parties involved in a transaction are generally referred to in tax documents like invoices and tax returns. In some cases, the tax determination and its administration is also dependent on the nature of the registration of the parties involved in a transaction, such as the requirements associated with intra-European Union (EU) reverse charge.

Setting Up a Tax Registration

You must set up a separate tax registration to represent each distinct registration requirement for a first party. You optionally set up tax registrations for your third parties, as necessary, to support specific tax regulations or reporting requirements.

You can define tax registrations at three different levels of detail. At the:

- **Tax regime level:** The tax registration is used for all taxes and tax jurisdictions within the tax regime.
- **Tax level:** The tax registration is used for all tax jurisdictions where the tax regime and tax are applicable.
- **Tax jurisdiction level:** The tax registration is applicable for the locations covered under the tax jurisdictions defined for the tax regime, tax, and tax jurisdiction.

For each tax that you create, you must define either a default tax registration or a tax rule for the rule type Determine Tax Registration. If a party has more than one tax registration under the same tax regime, then the tax determination process considers the tax registrations in the order: tax jurisdiction; tax; and tax regime.

For some countries, the application performs a validation of the registration number you enter per the country algorithm.

You can define tax registrations as implicit. For example, the party is not formally registered with the tax authority, but the party is considered to meet

one or more requirements for reporting taxes because of the level of business conducted, typically a minimum presence in the country and a minimum revenue threshold. Also, you can define the tax registration with a status of not registered if the party is not registered for the applicable tax, but you want to use it as a tax condition to process the tax rules. Similarly, you can use user-defined values and statuses, such as registered in EU but not UK, to facilitate certain tax conditions. Apart from the core tax registration information, you define additional details to facilitate tax processing. The invoice control attributes such as self-assessment and tax inclusiveness play a key role in tax processing. At transaction time, the values set at the tax registration level override the values set at the party tax profile level.

Using Tax Registrations in the Tax Determination Process

The Determine Tax Registration process determines the party whose tax registration is used for each tax on the transaction, and, if available, derives the tax registration number. Once the process identifies the tax registration or registrations, it stamps the transaction with the tax registration numbers.

You can use the registration status to define various tax rules. For example, if the tax is applicable only if the supplier is registered, define the tax applicability rule as follows:

- Determining factor class = **Registration**
- Tax class qualifier = **Ship-from party**
- Determining factor name = **Registration Status**
- Operator = **Not equal to**
- Value = **Registered**
- Result = **Not applicable**

On the detail tax lines, the tax determination process stamps two registration numbers. One is for the headquarters, the main legal reporting unit of the legal entity of the document. The other is for the party or party site identified by the tax registration rule. For example, if the registration rule has identified ship to as a party, then the tax determination process stamps the registration number of the ship-to party on the transaction.

The tax determination process also considers these details of the derived tax registration for each tax:

- Tax inclusive handling: The inclusive option set at the tax registration level for the party identified by the tax registration rule overrides the inclusive option set at the tax or party tax profile level for the tax line.
- Self-assessment (reverse charge) setting: The tax determination process considers the tax line as self-assessed if the **Set as self-assessment (reverse charge)** option is selected at the tax registration level for the party identified by the tax registration rule.
- Rounding rule: The rounding rule set at the tax registration level for the party identified by the tax registration rule overrides the rounding rule set at the tax or party tax profile level for the tax line.

Setting Up Tax Registrations: Points to Consider

You must set up a separate tax registration to represent each distinct registration requirement for a first party. Optionally, set up tax registrations for your customers and suppliers, as necessary, to support specific tax regulations or reporting requirements. Oracle Fusion Tax uses tax registrations in tax determination and tax reporting.

Tax Registration Options

Setting options at the tax registration level can override options set at different levels. The following table describes selective options available and the impact of selecting these options:

Option	Description	Impact
Tax Regime	Enter the tax regime for this registration. Optionally, enter the tax and tax jurisdiction for this registration.	The tax regime and optionally, tax and tax jurisdiction are used to determine the correct tax registration at transaction and reporting time.
Registration Type	If applicable, select a classification of the tax registration.	The predefined tax registration types are specified by the tax authority. The tax registration types are for reporting purposes only.
Registration Number	<p>Enter the company tax registration number assigned by the tax authority.</p> <p>If you set the tax regime option to use the legal registration number as the tax registration number, then select the registration number from the legal registration numbers in the list of values.</p> <p>If you set the Allow duplicate tax registration numbers option for the tax, then multiple parties and party sites can use the same tax registration number for this tax.</p>	Where applicable, Oracle Fusion Tax validates the number according to tax authority validation rules.
Registration Status	<p>Enter the party's tax registration status. Oracle Fusion Tax provides these predefined registration statuses:</p> <ul style="list-style-type: none"> • Agent: The party acts as a withholding agent for the tax authority for the applicable tax. • Registered: The party is registered for the applicable tax. • Not registered: The party is not registered for the applicable tax. 	Use the tax registration status as a determining factor in tax rules.

Source	Identify if this party is: <ul style="list-style-type: none"> • Explicit: The party is registered with the local tax authority and has a tax registration number. In this case, you know that the party is registered and the details including the tax registration number. • Implicit: The party is not formally registered with the tax authority, but the party is considered to meet one or more requirements for reporting taxes because of the level of business conducted. In this case, you determine that the party is registered but you do not know the tax registration number. 	If the source is Explicit the tax registration number is required. If the source is Implicit the tax registration number is not required.
Rounding Rule	The rule that defines how the rounding should be performed on a value involved in a taxable transaction. For example, up to the next highest value, down to the next lowest value, or nearest.	At transaction time, the values set at the tax registration level override the values set at the party tax profile level.
Set as self-assessment (reverse charge)	Set to automatically self-assess taxes on procure-to-pay transactions. A self-assessed tax is a tax calculated and remitted for a transaction, where tax was not levied by the supplier but is deemed as due and therefore, needs to be paid by the purchaser.	You can set the self-assessment option at the tax profile level to default to the tax registrations that you create for this party. You can also set it at the tax registration level or on an individual tax line. Oracle Fusion Tax applies self-assessment to Payable invoices received by the first party according to the tax registration setting. The specific tax registration record is derived either from the Determine Tax Registration rules or from the default tax registration.
Set Invoice Values as Tax Inclusive	Select if this party intends to send or receive invoices with invoice line amount inclusive of the tax amount.	At transaction time, the values set at the tax registration level override the values set at the party tax profile level. In addition, this option at the tax registration level overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.

Collecting Tax Authority and Reporting Tax Authority	Enter the name of the tax authorities for: <ul style="list-style-type: none"> • Collecting Tax Authority: The tax authority responsible for managing the administration of tax remittances. • Reporting Tax Authority: The tax authority responsible for receiving and processing all company transaction tax reports. 	If defined, the reporting and collecting tax authorities appear as defaults from the tax jurisdiction associated with this registration. If necessary, enter or update these fields with tax authorities specific to this tax registration.
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Manage Tax Reporting Configuration

Global Tax Reporting: Explained

The global tax report processing feature provides a reporting solution for all countries to manage their tax reporting requirements. For some Europe, Middle East, and Africa (EMEA) countries, Oracle Fusion Financials for EMEA provides predefined reports, such as Italian VAT registers and Spanish VAT journals. For other countries, you can use the tax data models to create your required reports.

Use the global tax report processing feature to organize tax report data according to the requirements of your company and the tax authority. The EMEA reports make use of the Oracle Fusion tax data models to retrieve tax transaction information based on your tax configuration setup.

Global tax reporting includes:

- Addressing your tax reporting requirements
- Processing your tax reports

Addressing Your Tax Reporting Requirements

Oracle Fusion Financials for EMEA enables you to streamline your tax reporting.

Using the global tax report processing feature, you can meet the following business needs of your EMEA countries:

- Report tax, such as VAT, based on the tax registration number associated with the legal reporting unit.
- Report tax, such as VAT, based on tax periods with tax calendars that are the same as or different from the accounting calendars.
- Select transactions for reporting based on a user-defined tax reporting date.
- Generate preliminary versions of tax reports in open tax periods to verify and correct data before finalizing the reports.
- Close the tax period by running the final reports to prevent updating or double reporting of transactions to the tax authorities.

- Provide separate sequential document numbering control for tax transactions using the tax registers.
- Report correction transactions to previously closed tax periods and issued tax declarations as newly entered transactions in the open tax period.
- Mark each transaction reported to the authorities with information identifying the submission period end date.
- Retain tax transaction history without affecting the performance of the current tax reporting purposes.

Processing Your Tax Reports

The global tax report processing functionality involves several broad user procedures.

Financial administrators and personnel must complete the following:

- Set up prerequisite information for tax reporting. This includes setting up the appropriate tax reporting codes for the EMEA VAT tax reporting type and associating the tax reporting type and tax reporting codes to the tax setup.
- Set up tax configuration details such as tax reporting entity and tax register.
- Enter report processing details for a transaction such as tax reporting date.
- Run the Tax Selection Process that selects all the transactions that are accounted, unaccounted, or both to report within a tax period. You can run tax reports, general and country-specific, for unaccounted, accounted, and both unaccounted and accounted transactions. This helps you to run trial reports and make any corrections before submitting the final report to tax authorities. The selection is based on the tax registration number and tax reporting date, if you have completed the tax setup in Oracle Fusion Tax.

Note

You must set up the tax reporting configuration prior to running the Tax Selection Process.

- Run the preliminary versions of the tax reports.
- Run the Final Tax Reporting Process.
- Run the final or reprint versions of the tax reports.

Setting Tax Reporting Configuration Controls for VAT: Critical Choices

To process value-added tax (VAT) reports, you must set up the tax reporting entities for the tax registration number associated with a legal entity and tax regime. When you run the selection process, each selected transaction is

stamped with the legal reporting entity ID. You run VAT reports based on the tax reporting entity.

Note

Ensure that you define tax registrations for all legal reporting units that have the applicable VAT tax requirement.

You can customize your VAT reporting process by specifying the tax calendar for a tax reporting entity, threshold amounts, and VAT registers. The setup includes:

- **Common Configuration:** Associate the calendar defined for tax reporting to the combination of tax registration number, tax regime, and legal entity. Choose the tax registration numbers that you defined in Oracle Fusion Tax against legal entities and VAT tax regimes.
- **Tax Registers:** Record register information and associate it with a tax reporting entity to determine document sequences. Assign one or more document sequence names for each VAT register. The Italian VAT register reports use the VAT register information.

Common Configuration for VAT Reporting

Common configuration for VAT reporting helps you to configure attributes which are common for all tax reporting entities like tax calendar, tax reporting date, reporting threshold amount, and reporting sequence. The tax calendar makes use of accounting period types and calendars, and is maintained independently of the accounting calendar to control tax periods for reporting transactions based on a tax reporting date. Apply a single tax calendar to one, more than one, or all tax reporting entities within your organization. Set up a unified tax reporting period across a legal entity or single legal reporting unit for the correct application of transactions against their tax reporting dates. This provides a clear operational procedure for identifying those transactions that should be declared in the next tax return for the current open period as regular entries or whether the transaction should be entered in the next tax return as corrections.

The following table describes the common configuration options for VAT reporting:

Name	Description
Tax Calendar	Select the calendar to be associated to the tax reporting entity.
Threshold Amount	Enter the threshold amount specified for the legal entity or tax regime that have tax transactions. If you leave this field blank, then the application reports all tax transactions. Some countries like Spain report transactions or make declarations to the authorities if the amount is over a certain threshold value.
Enable Reporting Sequence	Select to enable report level sequence number while running the reports. For numbering transactions, you can print the document sequence number for the transaction, or you can print the report-specific sequence number.

Tax Reporting Date	Select the country's tax reporting date based on the tax registration number. You can select one or more options depending on your reporting requirements. For example, you could select the accounting date and transaction date options to meet Spanish-specific VAT reporting requirements.
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Tax Registers for VAT Reporting

Define tax registers for a tax reporting entity and assign a document sequence name to a combination of tax register and tax reporting entity. The application selects transactions to be reported on a tax register based on the document sequence name assignment once you define a tax register and assign a document sequence name. Use this setup for Italy only.

Setting Up VAT Reporting: Worked Example

This example demonstrates how you set up the appropriate tax registers for your organization located in Italy so you can meet your tax reporting requirements.

Create a tax reporting entity for every unique combination of legal entity, tax regime, and tax registration number.

Prerequisites

To process VAT reports, implementers and financials personnel perform the following prerequisites:

1. Set up legal entities and legal reporting units using the **Legal Entity Configurator** to represent your company and its offices. For example, set up Vision Italy as a legal entity.
2. Set up and maintain the first party tax profiles and tax registrations in the context of tax regime for the legal reporting units in your company using Oracle Fusion Tax.
3. Set up the tax regimes for the taxes in each country and geographic region where you do business and where a separate tax applies using Oracle Fusion Tax. For example, set up IT VAT as a tax regime. Enable the **Use tax reporting configuration** option on the first party tax regime to allow entry of tax reporting configuration details during tax registration setup for legal reporting units for these tax regimes.
4. Set up the tax and tax rates in Oracle Fusion Tax. You must define the tax with the reporting code enabled. EMEA lookup tax reporting codes, such as **VAT** and **Exempt**, are available as predefined tax reporting codes under the EMEA VAT Reporting Type.
5. Define tax reporting periods as accounting periods in Oracle Fusion General Ledger. For example, set up Accounting as an accounting period. The final reporting process maintains the tax reporting periods. If you use the same calendar for accounting and tax reporting, the application still maintains accounting periods independently from tax periods.

- Specify document sequencing for tax transactions if you need to use different transaction sequencing than reporting sequencing. Define document categories in General Ledger, Payables, and Receivables. Define document sequence names in General Ledger and assign them to document categories. For example, set up IT AX Payables as a document sequence name.

Setting Up VAT Reporting

- On the Manage Legal Reporting Unit Tax Profiles page enter Vision Italy in the **Legal Entity** field and click **Search**.
- From results table, select the row for the currently active Vision Italy and click **Edit**.
- On the Edit Legal Reporting Unit Tax Profile: Vision Italy page click the Tax Registrations tab.
- Click **Create** to access the Create Tax Registration page.
- On the Create Tax Registration page, complete the fields, as shown in this table:

Field	Value
Tax Regime Code	IT VAT
Registration Number	123456789

- Click the Tax Reporting Configuration tab.
- In the Common Configuration tab, complete the fields, as shown in this table:

Field	Value
Tax Calendar	Accounting
Tax Reporting Date	Select Accounting Date
Enable Tax Registers	Select
Enable Reporting Sequence	Select

- Click the Tax Registers tab and click **New** to add a new row in the table.
- In the Tax Registers table, complete the fields, as shown in this table:

Field	Value
Register Type	Purchase VAT
Name	Purchase VAT
Start Date	Current Date
End Date	Blank

Predefined tax register types are provided for Italy. These include deferred VAT, purchase VAT, sales (self invoice and EU VAT), and sales VAT.

10. Click **New** in the Document Sequence table.
11. Select IT AX Payables in the **Document Sequence Name** field.
12. Click **OK**.
13. Click **Save and Close**.

FAQs for Define First Party Tax Profiles

When does a party tax profile get created for a business unit?

The business unit party tax profile is automatically created when a business unit record is created. If a business unit party tax profile record is not created, for example, when a business unit is created through a back-end process, a business unit party tax profile is created upon saving a tax regime when a business unit is subscribed to or upon saving the configuration owner tax options when they are defined for the business unit. Otherwise, create a party tax profile using the Create Business Unit Tax Profile page. You can edit the tax profile that was automatically generated with the relevant tax information, but it is not required.

What happens if I use the subscription from the legal entity?

Under most circumstances your business unit uses the tax setup based on the configuration of the legal entity. When you first access the Create Business Unit Party Tax Profile page you can select the **Use legal entity tax subscription** option. If you select this option, you cannot update the business unit tax profile or maintain separate tax content for this business unit. If you do not select this option you enter the relevant tax information for the business unit. This is an irreversible setting.

When does a party tax profile get created for a legal entity?

The legal entity party tax profile is automatically created when a legal entity record is created. If a legal entity party tax profile record is not created, for example, when a legal entity is created through a back-end process, a legal entity party tax profile is created upon saving the tax regime when a legal entity is subscribed to or upon saving the configuration owner tax options when they are defined for the legal entity. Otherwise, create a party tax profile using the Create Legal Entity Tax Profile page. You can edit the tax profile that was automatically generated with the relevant tax information, but it is not required.

When does a party tax profile get created for a legal reporting unit?

The legal reporting unit party tax profile is automatically created when a legal reporting unit is created. Otherwise, create a party tax profile using the Create Legal Reporting Unit Tax Profile page. You can edit the tax profile that was automatically generated with the relevant tax information, but it is not required.

What's a service subscription?

A service subscription is the setup for provider services. It applies to the transactions of one configuration option setup for a combination of tax regime

and legal entity or business unit. Oracle Fusion Tax lets you use the tax services of external service providers for tax calculation of US Sales and Use Tax on Oracle Fusion Receivables transactions.

You can use the tax services of these external service providers:

- Taxware, LP: a First Data Company
- Vertex, Inc.

If you integrate with a tax service provider, these actions are not required for Receivables transactions:

- Entering tax classification codes on transaction lines.
- Entering transaction line attributes in the Additional Tax Determining Factors region.

Tax service provider integration returns the calculated tax lines to Oracle Fusion Tax. The tax lines for Receivables transactions returned by tax service providers are stored in Oracle Fusion Tax similar to the way tax lines calculated by the application itself are stored.

Manage Intrastat Country Characteristics

Using Triangulation Method: Examples

You can specify how triangular trade transactions will be analyzed for the generation of Intrastat report of an individual country.

You can report triangular trade transactions by:

- Invoice- A triangular trade transaction is reported in the Intrastat report based on the issue of an invoice. A record is created based on the invoice and not the physical movement of goods.
- Shipment- A triangular trade transaction is reported in the Intrastat report based on the physical movement of goods. A record is created based on the physical movement of goods and not the invoice.

You can also specify who declares the transaction when the seller is the same country as the shipper and the customer to avoid duplication of records in the Intrastat report.

Examples of the how triangular trade transactions are reported are discussed for the following scenarios:

Shipment based triangular trade transactions

Your company based in Italy receives an order from a German company. To fulfill the order, you order goods from your supplier in the France. The goods are delivered from the French company to the German company.

The following transactions are created as a result of this triangular trade:

- You send a sales order to your customer in Germany

- You invoice your customer in Germany
- You create a purchase order to your supplier in France
- Your supplier in France sends you an invoice
- France creates a shipment to Germany, fulfilling the sales order

If you have selected Shipment as your triangulation method, then no record is generated for inclusion in the Intrastat report since no physical movement of goods occurred in Italy. However, Germany is required to declare the arrival of goods from France.

Invoice based triangular trade transactions

Considering the example of the triangular trade transaction scenario given above, if you have selected Invoice as your triangulation method, then:

- A sales order or dispatch record is generated from Italy to Germany with the following information:
 - Movement Amount: zero (no movement of goods took place between these countries)
 - Movement Quantity: zero (no movement of goods took place between these countries)
 - Extended Value: calculated as the invoice quantity multiplied by invoice price
 - Dispatch Country: Italy
 - Destination Country: Germany
 - Triangulation Country: France

Note

Germany is required to declare the arrival of goods from France.

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- A purchase order or arrival record is generated in Italy for France with the following information:
 - Movement Amount: calculated as the receipt quantity multiplied by unit price
 - Movement Quantity: zero (no movement of goods took place between these countries)
 - Extended Value: is calculated as the receipt quantity multiplied by unit price
 - Dispatch Country: France
 - Destination Country: Germany

Note

Germany is required to declare the arrival of goods from France.

Required Attributes: Points to Consider

You can define the required set of attributes that need to be reported in the Intrastat report for an individual country. These attributes can be defined for both the Arrival and Dispatch flow types.

Before selecting the required attributes, consider:

- What is the required set of attributes for the individual country for the Arrival flow?
- What is the required set of attributes for the individual country for the Dispatch flow?

Arrival

The Intrastat authority of an individual country requires that a specific set of attributes should be included in the Intrastat report for an Arrival flow. Before selecting the required attributes for the Arrival flow type, you must consider:

- Commodity description
Consider if a description of the commodities arriving in the country should be provided in the Intrastat report.
- Freight terms
Consider if the freight terms or Incoterms applicable for the arrival transaction should be provided in the Intrastat report.
- Mode of transport
Consider if the mode of transport for every arrival transaction is provided in the Intrastat report.
- Region of destination
Consider if the details of the region within the destination or receiving country where the good will be finally consumed should be provided in the Intrastat report.
- Country of origin
Consider if the details of the dispatch country from where the goods originated should be provided in the Intrastat report.
- Nature of transaction code
Consider if the Nature of transaction code details of the arrival transaction should be provided in the Intrastat report. Nature of transaction codes is published by an individual country's Intrastat authority and hence may vary based on country.

- Fiscal regime

Consider if the Fiscal regime details for the arrival transaction should be provided in addition to the Nature of transaction code details in the Intrastat report.

- Statistical procedure

Consider if the Statistical procedure code details for the arrival transaction should be provided in addition to the Nature of transaction code details in the Intrastat report.

Note

You can provide either the Fiscal regime attribute or the Statistical procedure attribute.

- Net Mass

Consider if the net mass of the transaction, which is the quantity of items multiplied by the unit weight of the item, should be provided in the Intrastat report.

- Invoice amount

Consider if the actual invoice amount that is already created for the transaction should be provided in the Intrastat report.

Dispatch

The Intrastat authority of an individual country requires that a specific set of attributes should be included in the Intrastat report for a Dispatch flow. Before selecting the required attributes for the Dispatch flow type, you must consider:

- Freight terms

Consider if the freight terms or Incoterms applicable for the dispatch transaction should be provided in the Intrastat report.

- Mode of transport

Consider if the mode of transport for every dispatch transaction is provided in the Intrastat report.

- Region of origin

Consider if the details of the region within the dispatching country from where the goods are dispatched should be provided in the Intrastat report.

- Country of origin

Consider if the details of the dispatch country from where the goods originated should be provided in the Intrastat report.

- Nature of transaction code

Consider if the Nature of transaction code details of the dispatch transaction should be provided in the Intrastat report. Nature of transaction codes is published by an individual country's Intrastat authority and hence may vary based on country.

- Fiscal regime

Consider if the Fiscal regime details for the dispatch transaction should be provided in addition to the Nature of transaction code details in the Intrastat report.

- Statistical procedure

Consider if the Statistical procedure code details for the dispatch transaction should be provided in addition to the Nature of transaction code details in the Intrastat report.

Note

You can provide either the Fiscal regime attribute or the Statistical procedure attribute.

- Net Mass

Consider if the net mass of the transaction, which is the quantity of items multiplied by the unit weight of the item, should be provided in the Intrastat report.

- Invoice amount

Consider if the actual invoice amount that is already created for the transaction should be provided in the Intrastat report.

Intrastat Rule Types: Explained

Intrastat rules are used to configure Intrastat reporting as per the requirement of an individual country. Intrastat rules enable you to define the guidelines and validations that are applicable for creating the Intrastat Declaration. These rules can be shared across Legal Reporting Units or can be specific to one Legal Reporting Unit.

The 7 Intrastat rule types that can be used to define the reporting criteria for Intrastat transactions are:

- Validation
- Supplementary UOM
- Nature of Transaction Code
- Fiscal Regime
- Statistical Procedure Code
- Statistical Value Calculation

- Exclusion

Validation Rules

Validation rules enable you to define the criteria for validating the collected and manually entered Intrastat transactions. Only those transactions that are validated successfully as per the specified criteria can be reported in the Intrastat declaration. Validation rules are defined for a combination of source transaction and Intrastat reporting attribute.

Validation rules enable you to specify the following:

- the required attribute to be reported for a particular source transaction
- the value set that should be used for validating the values of the specific attributes

Note

If an attribute is defined as required for a source transaction, then an exception is logged if the collected transaction does not have that attribute.

Supplementary UOM

Supplementary UOM rules enable you to define the requirement for reporting Intrastat transactions in a supplementary UOM other than the weight UOM. The movement of goods or specific items is reported in an UOM other than the weight UOM. For example, it specifies that movement of commodity, Oil, should be reported in Barrels.

Supplementary UOM rules are defined for a category code under the Intrastat catalog. And that category code in turn defines the UOM in which the Intrastat transaction is reported. Whenever there is an item in an Intrastat transaction that belongs to the specific category code, then the supplementary UOM rule is applied. The quantity of the item is thereby derived in supplementary UOM based on the UOM conversion factor.

Nature of Transaction Code

Nature of Transaction Code is used to define the category of the Intrastat transaction. The Nature of Transaction Codes are published by the Intrastat authority of an individual country and hence differ based on country. The codes can be either in single digit or double digits.

The Nature of Transaction Code rules enable you to define the Nature of Transaction Code applicable based on source transaction, inventory organization, item, and trading partner attributes of the base transaction. The rules defined at a specific or granular level are given priority over rules defined at a higher level. For example, there are two rules; one for a Source Transaction and other for a Source Transaction and Item. In this case, the rule for Source Transaction and Item is given higher priority wherever applicable.

Fiscal Regime Code

Fiscal Regime Code is used in some countries in addition to Nature of Transaction Code in to categorize transactions. Fiscal Regime rules define

the Fiscal Regime Code applicable based on source transaction, inventory organization, item, and trading partner attributes of the base transaction. Similar to the Nature of Transaction Code rules, the Fiscal Regime Code rules defined at a specific or granular level are given priority over rules defined at a higher level.

Note

You can only define either a Fiscal Regime Code or a Statistical Procedure Code for a particular transaction.

Statistical Procedure Code

Statistical Procedure Code is used in some countries of the European Union in addition to Nature of Transaction Code in to categorize transactions. Statistical Procedure Code enables you to define the Statistical Code applicable for deriving the statistical procedure of the collected transaction. This is based on source transaction, inventory organization, item, and trading partner attributes of the base transaction.

Note

You can only define either a Statistical Procedure Code or a Fiscal Regime Code for a particular transaction.

Statistical Value Calculation

Statistical value calculation rules enable you to specify the freight factor that is included in the statistical value. Freight factor is defined in percentage and indicates the component of freight charge that should be included in the statistical value.

You can define this rule based on country, organization, item, freight terms, and mode of transport of the base transaction. You can then specify the freight factor, which is a percentage of the freight charge. This freight factor is included while calculating the statistical value. For example, you need to only include the freight charge up to the country's border for a dispatch transaction. You can specify this by defining a freight factor that accounts for the freight charge up to the country's border only.

Note

In cases where freight charges are applicable for shipments across two countries within the European Union, you are required to only include the freight charge for moving the goods from the establishment to the border of the country.

Exclusion

Exclusion rules enable you to define the criteria to exclude specific goods movement transactions from collections. You can exclude a specific item that you do not want to be reported in the Intrastat collections by defining the exclusion criteria in the rule. For example, you don't require service items to be included in the collection. You can define this rule based on source transaction, organization, category code, item, and trading partner of the base transaction. You can specify

the exclusion criterion that includes the source transaction, category code, and item details of the transaction containing the service items. This ensures that the specified items are not included in the collections.

FAQs for Manage Intrastat Country Characteristics

Can I define Intrastat parameters for any legal reporting unit?

No, Intrastat parameters cannot be defined for every legal reporting unit. They can be defined only for the legal reporting units where the country characteristics are defined for the country of the legal reporting unit. If the Intrastat parameters are to be defined for a secondary legal reporting unit, then the secondary legal reporting unit must be associated with an inventory organization.

Can I configure Intrastat according to individual country guidelines?

Yes. Intrastat rules can be used to configure Intrastat reporting as per the guidelines of an individual country of the European Union. You can specify the validations that are applicable for creating the Intrastat Declaration.

Can I identify exceptions in the collected transactions?

Yes. Use an **Exception Validation** rule to identify exceptions in the collected transactions. The exception validation process uses validation rules to identify if there are any exceptions in the transactions that might cause noncompliance issues during submission of declarations.

Can I use the supplementary UOM reporting requirement for specific item categories?

Yes. Supplementary UOM rules are used to define reporting requirements for certain commodity codes or item categories in alternate UOMs other than the weight UOM. For example, it may be required to report liquids in Liters.

Can I use the statistical value calculation for including freight values in the statistical value?

Yes. Statistical value calculation can be used to represent an approximate freight factor for a set of qualifiers like mode of transport, item category, etc. For example, some countries require including the freight cost incurred within the country of reporting in the statistical value. In this case, you can use the statistical value calculation to specify the freight values.

Manage Configuration Owner Tax Options

Tax Settings and Rules: How They Apply to Tax Line Operations

Enter and update detail and summary tax lines according to the requirements of your transactions. Depending on your security settings and options specified during tax setup, you can:

- Enter manual tax lines
- Enter tax only tax lines
- Change existing tax line information
- Cancel tax lines

Note

The Summary Tax Lines component is applicable only to Oracle Fusion Payables.

Entering Manual Tax Lines

These requirements apply to entering a manual detail or summary tax line:

1. Enable the **Allow entry of manual tax lines** option for the:
 - Configuration owner and application event class
 - Tax
2. Ensure that the **Manual Tax Line Entry** profile option is enabled. It is enabled by default.
3. Enter a unique combination for a tax regime and tax. You cannot enter a manual tax line for a tax that already exists for the transaction line.
4. Enter a tax status to enter a tax rate.
5. Enter a tax regime, tax, tax status, and tax rate to enter a tax amount.

The tax calculation on a manual tax line is a standard formula of Tax Amount = Taxable Basis * Tax Rate. The tax determination process does not evaluate tax rules defined for the tax of any tax rule type.

Entering Tax Only Tax Lines

You can enter a tax-only invoice in Payables to record tax lines that are not linked to a transaction. A tax-only invoice is used, for example, to record tax lines on purchases that are assessed and invoiced separately or to enter tax-only invoices from tax authorities or import agents that record import taxes.

These requirements apply to entering a tax only tax line:

1. Enable the **Allow manual tax only lines** option for the configuration owner and application event class.
2. Select a tax regime from the tax regimes belonging to the configuration option of the applicable legal entity or business unit.
3. Select a tax, tax status, and tax rate and enter a tax amount.

Note

When you select or deselect the Tax Only Line option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Tax Only Line option.

Editing Tax Line Information

These requirements apply to changing an existing detail or summary tax line:

1. Enable the **Allow override for calculated tax lines** option for the:
 - Configuration owner and application event class
 - Tax
2. Ensure that the **Manual Tax Line Entry** profile option is enabled. It is enabled by default.
3. Optionally, enable the following options for the configuration owner and application event class:
 - **Allow recalculation for manual tax lines** option. The tax determination process recalculates the manual tax lines when there is an update to automatically calculated tax lines.
 - **Tax line override impacts other tax lines** option. The tax determination process recalculates the taxes on all other tax lines on the same transaction when there is an override of automatically calculated tax lines on transactions.
4. Save any changes to summary tax lines before you enter or change Payables summary tax lines.
5. Change the tax status if necessary. These requirements apply to changing tax statuses:
 - You cannot update the tax status if the tax on the detail tax line is enforced from the natural account.
 - If you edit a tax only tax line and change the tax status, you must re-enter the tax rate code.
6. Change the tax rate if necessary. These requirements apply to changing tax rates:
 - The **Allow tax rate override** option is enabled for the applicable tax status.
 - The **Allow ad hoc rate** option is enabled for the applicable tax rate.
 - You may need to change the tax status to change to the appropriate tax rate.
 - You can change the calculated tax rate derived from the tax status by selecting another tax rate defined for the same tax regime, tax, and tax status.
7. Change the tax rate percentage or quantity rate if necessary. These requirements apply to changing tax rate percentages or quantity rates:
 - You cannot update the tax rate code and rate fields if the tax on the detail tax line is enforced from the natural account.
 - You can only update the tax rate percentage if the tax rate code has the **Allow ad hoc rate** option enabled.

8. Change the tax amount if necessary. These requirements apply to changing tax amounts:
 - When you change the tax amount the setting for the **Adjustment for ad hoc amounts** option of the tax rate determines which value is adjusted, the taxable amount or the tax rate.
 - You can only edit the tax amount if a detail tax line belongs to an historic transaction.
 - You can change the tax amount independent of the tax inclusive and compound tax settings.
 - If you defined tax tolerances for Payables transactions, then if you edit the tax amount and it exceeds the specified tolerance, Oracle Fusion Tax places the invoice on hold.
 - You can only enter 0 as the tax amount if the tax rate is 0.
9. Update the **Inclusive** option setting if necessary. The tax determination process recalculates the taxable amount and transaction amount.

For tax calculation, a limited evaluation of tax rules on certain updates to a tax line is performed.

Canceling Tax Lines

These requirements apply to canceling an existing detail or summary tax line:

1. Cancel tax lines on Payables transactions only.
2. Enter a new manual tax line to reverse a canceled tax line if necessary.

Note

On canceling the invoice or invoice lines, tax lines are automatically canceled.

When you cancel a tax line both the associated tax line and any distributions that were previously accounted are reversed. If the distributions were not accounted, then the amounts are set to zero.

Note

When you select or deselect the Cancel option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Cancel option.

Configuration Owner Tax Options Controls and Defaults: Points to Consider

Set up configuration owner tax options for a combination of configuration owner and application event class. Configuration owner tax options let a configuration owner update default tax options on transactions that belong to a specific application event class. At transaction time, Oracle Fusion Tax uses the tax option settings of the configuration owner and application event class instead of the default settings.

Defining Controls and Defaults

The following table describes the defaults and controls available at the configuration owner tax options level for the following applications and event classes:

- Payables: Expense Reports
- Payables: Prepayment Invoices
- Payables: Standard Invoices
- Purchasing: Purchase Order and Agreement

- Purchasing: Purchase Requisition
- Purchasing: Change Orders

Default Tax Options Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow exemptions	Not applicable	None	None	Not applicable to these applications
Regime Determination Set	Controls which determination method is used	None	None	Controls whether the tax determination process uses the migrated 11i approach using standard tax classification codes where the value is STCC or full regime determination using the predefined rule of TAXREGIME to determine applicable tax regimes or user-created regime determination rules
Perform additional applicability for imported documents	Controls whether additional taxes are calculated on imported documents	None	None	If selected then it triggers tax calculation to determine additional taxes on imported documents
Enforce tax from reference document	Controls whether tax calculated on another related document is used as the basis of tax on a new document	None	None	If selected then it enforces that tax calculation is based on the tax previously calculated on the reference document
Enforce tax from account	Controls whether tax rates are determined from account information associated with the transaction line	None	None	If selected it enforces that tax calculation is based on the tax account information associated with the transaction tax line
Allow offset tax calculation	Controls whether offset tax calculation is used at transaction time	None	None	If not selected it prevents offset tax calculation at transaction time for this configuration owner, application, and event class

Allow tax applicability	Controls whether tax is automatically calculated at transaction time	None	None	If not selected it prevents automatic tax calculation at transaction time for this configuration owner, application, and event class
Allow entry of manual tax lines	Controls whether you can enter manual tax lines at transaction time	None	None	Use this option in conjunction with Allow entry of manual tax lines option for the tax. When both fields are set you can enter manual tax lines at transaction time.
Allow recalculation of manual tax lines	Controls whether tax is recalculated when you enter manual tax lines	None	None	If selected then tax is recalculated for manual tax lines when you update transaction lines
Allow override of calculated tax lines	Controls whether you can override calculated tax lines at transaction time	None	None	Use this option in conjunction with the Transaction Tax Line Override profile option and the Allow override of calculated tax lines option for the tax. When all options are selected you can update the calculated tax line, excluding the update of the Inclusive option and the tax rate. To update the Inclusive option and tax rate at transaction time you need to select additional options for the tax rate.
Tax line override impacts other tax lines	Controls whether other taxes are calculated if you update the tax line at transaction time	None	None	Where transaction line tax can be changed this option controls whether other related taxes may be impacted and therefore, need to be recalculated

Allow override and entry of inclusive tax lines	Controls whether you can override and enter inclusive or exclusive line amounts	None	None	Use this option in conjunction with the Transaction Tax Line Override profile option, the Allow override of calculated tax lines option for the configuration owner tax options, and the Allow override and entry of inclusive tax lines option for the tax rate to allow you to update the Inclusive option on the tax line at transaction time
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The following table describes the defaults and controls available at the configuration owner tax options level for the following applications and event classes:

- Receivables: Credit Memo
- Receivables: Debit Memo
- Receivables: Invoice

Default Tax Options Region

Field	Description	Default Derived from	Default Appears on	Controls
Allow exemptions	Controls where tax exemptions are allowed	None	None	If not selected it prevents tax exemptions for this application, event class, and configuration owner
Regime Determination Set	Controls which determination method is used	None	None	Controls whether the tax determination process uses the migrated 11i approach using standard tax classification codes where the value is STCC or full regime determination using the predefined rule of TAXREGIME to determine applicable tax regimes or user-created regime determination rules

Enforce tax from account	Controls whether tax rates are determined from account information associated with the transaction line	None	None	If selected it enforces that tax calculation is based on the tax account information associated with the transaction tax line
Allow tax applicability	Controls whether tax is automatically calculated at transaction time	None	None	If not selected it prevents automatic tax calculation at transaction time for this configuration owner, application, and event class
Allow entry of manual tax lines	Controls whether you can enter manual tax lines at transaction time	None	None	Use this option in conjunction with Allow entry of manual tax lines option for the tax. When both fields are set you can enter manual tax lines at transaction time.
Allow recalculation of manual tax lines	Controls whether tax is recalculated when you enter manual tax lines	None	None	If selected then tax is recalculated for manual tax lines when you update transaction lines
Allow override of calculated tax lines	Controls whether you can override calculated tax lines at transaction time	None	None	Use this option in conjunction with the Transaction Tax Line Override profile option and the Allow override of calculated tax lines option for the tax. When all options are selected you can update the calculated tax line, excluding the update of the Inclusive option and the tax rate. To update the Inclusive option and tax rate at transaction time you need to select additional options for the tax rate.

Tax line override impacts other tax lines	Controls whether other taxes are calculated if you update the tax line at transaction time	None	None	Where transaction line tax can be changed this option controls whether other related taxes may be impacted and therefore, need to be recalculated
Allow override and entry of inclusive tax lines	Controls whether you can override and enter inclusive or exclusive line amounts	None	None	Use this option in conjunction with the Transaction Tax Line Override profile option, the Allow override of calculated tax lines option for the configuration owner tax options, and the Allow override and entry of inclusive tax lines option for the tax rate to allow you to update the Inclusive option on the tax line at transaction time

Define Italian Exemptions

Italian Exemptions: Explained

In Italy, export transactions are exempted from value-added tax (VAT), but companies that are classified as regular exporters have more input VAT than output VAT. Italian law lets you claim an exemption if you meet certain legal requirements.

These legal requirements are:

- You have a regular exporter ratio that is higher than 10 percent.
- The value of goods and services that you purchased without VAT charges last year is lower than your exemption limit.
- You declare all export activities to your tax authorities.

The exemption limit is the total VAT exemption amount that a regular exporter can claim to its suppliers. For each year, the initial exemption limit is the sum of all reported export invoices of the previous year. You can allocate your yearly exemption limit among different suppliers. To each supplier, you send exemption letters that indicate the exemption amounts and request that they do not charge you tax when they send you the according invoices.

At the end of the year, if your total exempt purchases of goods and services is higher than your exemption limit, you incur administrative sanctions and

penalties. Use the Italian Supplier Exemption Limit Consumption report to help you keep track of your exemption limit consumption. Use the Italian Exemption Limit Declaration report to report exemption details to the tax authority.

To set up for the exemption process:

- Manually calculate the initial exemption limit for the current year by summing all reported invoices of the previous year. The tax authority must agree upon the exemption limit.
- Use the Create Exemption Limit page from the Manage Italian Exemption Limits page to set up a new exemption limit year for your legal entities. Optionally, use the Adjust Exemption Limit page from the Manage Italian Exemption Limits page to adjust the yearly exemption limit.
- Use the Create Exemption Letters page from the Manage Italian Exemption Letters page to allocate exemption limits to your suppliers and set up the exemption letters to send to your suppliers.
- Use Oracle Fusion Tax to create tax reporting types for each of your exemption limit groups. You can also define tax reporting codes within these tax reporting types for further tax reporting granularity.

FAQs for Define Italian Exemptions

How do I apply exemption limits to invoices?

Create a tax reporting type and codes for exemption letters and assign them to the **Exemption Limit Tax Tag for Italian Exemption Letters** profile option. At the distribution level of the invoice you associate appropriate invoice lines with an exemption limit group. Enter a tax rate code of a tax reporting type according to the value defined in your profile option. When you run the Italian exemption reports, the report logic determines the value of the profile option, and selects all invoices with the related tax reporting codes.

Can I adjust the monthly limits once they are created?

Use the Exemption Limit window to modify (add or subtract) either the current month amount or adjust the current month and future periods. For example, you want to reduce the current month and future periods limit by 25,000 EUR. Enter -25,000 in the **Monthly Adjustment** field and select the **Adjust selected and subsequent months** radio button. The application subtracts 25,000 from the current month amount and from each of the remaining month amounts in the calendar year.

What are the letter types for Italian exemptions?

If you want to assign exemption limits to the supplier, enter a letter type in the **Letter Type** field.

Options include:

- **Exempted Amount:** Exemption letter with exemption limit printed.
- **Exempted Period:** Exemption letter with a date range.

- **Specific Operation:** Customs letter for a single transaction.

Note

The default is **Exempted Amount**, which is the only type that prints an exemption limit amount on the letter.

Define Third Party Tax Profiles

Party Tax Profiles: Explained

A tax profile is the body of information that relates to a party's transaction tax activities. A tax profile can include main and default information, tax registration, tax exemptions, party fiscal classifications, tax reporting codes, configuration options, and service subscriptions.

Set up tax profiles for the following parties involved in your transactions:

- **First parties:** All legal entities, legal reporting units, and business units in your organization that have a transaction tax requirement.
- **Third parties:** Your customers and suppliers and their locations and banks.
- **Tax authorities:** Parties that administer tax rules and regulations.

First Parties

Set up tax profiles for your first party legal entities, legal reporting units, and business units.

First party legal entities identify your organization to the relevant legal authorities, for example, a national or international headquarters. Legal entities let you more accurately model your external relationships to legal authorities. The relationships between first party legal entities and the relevant tax authorities normally control the setup of the transaction taxes required by your business. Under most circumstances the tax setup is used and maintained based on the configuration of the legal entity. Enter the default information, party fiscal classifications, tax reporting codes, and configuration options for your legal entities. You can also specify if you are using the tax services of an external service provider for tax calculation.

First party legal reporting units identify each office, service center, warehouse and any other location within the organization that has a tax requirement. A legal reporting unit tax profile is automatically created for the headquarter legal entity. Set up additional legal reporting unit tax profiles for those needed for tax purposes. For legal reporting units, enter the default information, tax registrations, party fiscal classifications, and tax reporting codes. Also, define tax reporting details for your VAT and global tax reporting needs for tax registrations of tax regimes that allow this setup.

Business units organize your company data according to your internal accounting, financial monitoring, and reporting requirements. To help you manage the tax needs of your business units, you can use the business unit tax profile in either of two ways:

- Indicate that business unit tax setup is used and maintained based on the configuration of the associated legal entity at transaction time. The tax setup of the associated legal entity setup is either specific to the legal entity or shared across legal entities using the Global Configuration Owner setup.
- Indicate that tax setup is used and maintained by a specific business unit. Create configuration options for the business unit to indicate that the subscribed tax content is used for the transactions created for the business unit.

For business units that maintain their own setup, enter the default information, tax reporting codes, configuration options, and service providers as required.

Third Parties

Set up third party tax profiles for parties with the usage of customer, supplier, and their sites. Enter the default information, tax registrations, party fiscal classifications, and reporting codes required for your third parties or third party sites. You can set up tax exemptions for your customers and customer sites.

Banks are also considered third parties. When a bank is created, the tax registration number specified on the bank record is added to the party tax profile record in Oracle Fusion Tax. You can not modify the party tax profile for a bank as it is view only. You can only modify the bank record itself.

Note

Setting up party tax profiles for third parties is not required. Taxes are still calculated on transactions for third parties that do not have tax profiles

Tax Authorities

Set up a tax authority party tax profile using the Legal Authorities set up task. The tax authority party tax profile identifies a tax authority party as a collecting authority or a reporting authority or both. A collecting tax authority manages the administration of tax remittances. A reporting tax authority receives and processes all company transaction tax reports.

The collecting and reporting tax authorities appear in the corresponding list of values on all applicable Oracle Fusion Tax pages. All tax authorities are available in the list of values as an issuing tax authority.

Specifying Third Party Tax Profile Options: Points to Consider

Set up third party tax profiles for your customers and customer sites and suppliers and supplier sites. How you set up your third parties can impact the tax calculation on your transactions.

The third party tax profile consists of:

- Defaults and controls
- Tax registrations
- Tax exemptions (for customers and customer sites only)

- Party fiscal classifications
- Tax reporting codes

Banks are also considered third parties. When a bank is created, the tax registration number specified on the bank record is added to the party tax profile record in Oracle Fusion Tax. You can not modify the party tax profile for a bank as it is view only. You can only modify the bank record itself.

Defaults and Controls

The following table describes the defaults and controls available at the third party tax profile level:

Option	Description
Allow tax applicability	Automatically calculate taxes for this party whenever the party acts as a supplier. You can set this option, for example, for customers that also act as suppliers on transactions.
Allow offset taxes	<p>Calculate and record third party Payables tax liabilities for reverse charges, self-assessments, and Consumer's Use tax (US).</p> <p>You must also perform the related tasks for setting up offset taxes for the taxes involved in transactions for this third party or third party site. This includes enabling the Set as offset tax option at the tax level and selecting the offset tax basis in the configuration owner tax options.</p>
Rounding Level	<p>Perform rounding operations on the:</p> <ul style="list-style-type: none"> • Header: Applies rounding to calculated tax amounts once for each tax rate per invoice. • Line: Applies rounding to the calculated tax amount on each invoice line.
Rounding Rule	<p>The rule that defines how the rounding should be performed on a value involved in a taxable transaction. For example, up to the next highest value, down to the next lowest value, or nearest.</p> <hr/> <p>Note</p> <p>If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, Oracle Fusion Tax considers the rounding details in the applicable tax profile.</p>
Set Invoice Values as Tax Inclusive	<p>This third party or third party site intends to send or receive invoices with invoice line amount inclusive of the tax amount.</p> <hr/> <p>Note</p> <p>This option overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.</p>

Country, Registration Number, and Tax Registration Type	Set defaults for all tax reporting for tax registrations of this third party or third party site. You must complete the tax registration setup.
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Tax Registrations

Optionally, set up tax registrations for your customers and suppliers, as necessary to support specific tax regulations or reporting requirements. You must set up a separate tax registration to represent each distinct registration requirement for a first party. Oracle Fusion Tax uses tax registrations in tax determination and tax reporting.

Tax Exemptions

Set up tax exemptions for your third party customers and customer sites. To set up tax exemptions for a third party, you must complete the appropriate tax exemption setup for the tax regimes and taxes concerned. You can have more than one tax exemption for the same customer and tax regime combination. You may need to do this, for example, if one tax exemption applies to a specific tax, while other tax exemptions apply to specific products for specific tax rates and tax jurisdictions. At transaction time, Oracle Fusion Tax applies the most specific tax exemption to the transaction.

Party Fiscal Classifications

If applicable, associate third party fiscal classification codes with this party. The party fiscal classification codes you enter become part of tax determination for invoices associated with this party. Specify start and end dates to control when these fiscal classifications are applicable for this party and transaction.

Tax Reporting Codes

Set up tax reporting types to capture additional tax information on transactions for your tax reports for your third parties. Depending on the tax reporting type code, you either enter or select a tax reporting code for this party. Specify start and end dates to control when these tax reporting codes are applicable.

Tax Exemptions: Explained

A tax exemption is a full or partial exclusion from taxes or a surcharge, based on certain criteria given by the tax legislation. Many countries allow tax exemptions when certain parties deal with certain categories of goods and services. For example, most states and localities imposing sales and use taxes in the United States provide tax exemptions to resellers on goods held for sale and ultimately sold. In addition, states and localities also provide tax exemptions on goods used directly in the production of other goods, such as raw materials.

Tax exemptions:

- Reflect a specific tax rate levy.

- Are taken as a percentage reduction or an increase to the generally applied tax rate. Tax exemptions can also be a specific tax rate in place of the generally applied tax rate on a Receivables transaction.
- Are registered against a customer or customer site for a business relationship with a legal entity or a business unit. Since tax exemptions are applicable to specific legal entities or business units, you do not use the global configuration owner option.
- Are used for specific products or available for all transactions for a legal entity or business unit.

In Oracle Fusion Tax, you define tax exemptions for the combination of customer and customer site and items for a period of time. Use rate modifiers, such as discount or surcharge percentage or special rate percentage to map the preferential or special tax rate applicability.

The tax exemption status influences the applicability of the tax exemption on transactions. The possible values are: **Primary**, **Manual**, **Rejected**, **Unapproved**, and **Discontinued**. The tax exemptions with the status of **Primary** are applicable to all transactions. The tax determination process considers **Manual** or **Unapproved** statuses only when the certificate number and the exempt reason given on the transaction match with the registered tax exemption values. The **Discontinued** or **Rejected** statuses are not considered for tax exemption processing.

The tax handling option on a Receivable transaction also influences the tax exemption processing. If you use the tax handling option of **Standard**, the tax determination process considers only tax exemptions with a status of **Primary**. If you use the tax handling option of **Exempt**, the tax determination process considers all **Primary**, **Manual**, and **Unapproved** tax exemptions with reference to the certificate number and exempt reason given on the transaction. If you use the tax handling option of **Exempt, manual**, the tax determination process creates a new tax exemption along with the given certificate number and exempt reason, with 100% discount and with a status of **Unapproved** if the matching condition does not result in filtering any existing tax exemptions.

Tax Exemptions: Choices to Consider

A tax exemption applies to a specific customer or to a combination of customer and specific product. For example, in the United States the Federal Government acting as a customer is exempt from tax on direct sales; and many states provide exemptions on sales of necessities such as food and clothing.

To set up tax exemptions for a third party, you must complete the appropriate tax exemption setup for the tax regimes and taxes concerned. Create a separate record for each tax exemption that applies to the third party customer or customer site. The tax determination process applies the tax exemption to the transaction line based on the tax exemption setup and tax handling specified on the transaction line.

Tax Exemption Setup

Before you can create a tax exemption record, you must enable the tax exemption options at the appropriate levels:

- Set the **Tax Exemption Override Control** profile option to control the display of tax handling on the transaction line to apply and update customer tax exemptions to transactions.
- Set the **Allow tax exemptions** option at the levels that correspond to the tax exemption. For example, if the tax exemption refers to the tax status of a particular tax, then you must set this option at the tax regime, tax, and tax status levels.
- Set the **Allow exemptions** option in the configuration owner tax option for each event class for which calculation based on tax exemption is to be enabled. For the exemptions party basis select whether the bill-to party tax exemption records are to be considered or the sold-to party tax exemption records. In some cases the sold-to party could be different from the bill to party.

Tax Exemption Record

A tax exemption record identifies the nature of the tax exemption, the configuration owner, and tax regime, and, where applicable, the related tax, tax status, tax rate, and tax jurisdictions to which the tax exemption belongs.

During the life of a tax exemption, the tax exemption status can often change. The possible statuses are: **Primary**, **Manual**, **Unapproved**, **Discontinued**, and **Rejected**. Because the status of the tax exemption affects its applicability on the transaction line, you must update the tax exemption record each time the status changes. These rules apply to the status of the tax exemption:

- Tax exemptions with a status of **Primary** apply to all transactions of the customer or customer site.
- Tax exemptions with a status of **Manual** or **Unapproved** apply to specific transactions of the customer or customer site.
- Tax exemptions with a status of **Discontinued** or **Rejected** are not considered during tax calculation.

You also specify the method of calculating the tax exemption percentage on the tax exemption record:

- The **Discount or surcharge** type decreases or increases the original rate by the percentage you enter.

If the discount is 15% off the standard rate and the standard rate is 10%, enter 85 as the tax exemption percentage. This defines a discount rate that is 85% of the original 10%, or 8.5%.

If the surcharge is 10%, enter 110 as the tax exemption percentage. This defines a surcharge rate that is 110% of the original 10%, or 11%.

- The **Special rate** type replaces the original rate with the percentage you enter.

Enter the special rate percentage that replaces the standard rate. If the original rate is 10%, and the special rate is 5%, enter 5 as the tax exemption percentage.

Tax Exemption Applied to the Transaction Line

You use the **Tax Handling** field on the transaction line to select the applicable tax exemption value. Tax exemptions are processed in different ways depending upon the value you choose:

- **Require:** The customer is required to pay the tax. Tax exemptions do not apply to the transaction line, even if defined.
- **Exempt:** Enter the tax exemption certificate number and the customer tax exemption reason. Tax exemptions are processed in this way:
 - a. Consider tax exemptions with a status of **Primary, Manual, or Unapproved**.
 - b. Verify that the transaction date is within the tax exemption effective date range.
 - c. Verify that the transaction tax exemption reason and tax exemption certificate number match the tax exemption reason and certificate number. If you do not enter a certificate number, the tax determination process still looks for a matching tax exemption.
 - d. If the tax determination process does not find a tax exemption matching these conditions, it creates a tax exemption with the status **Unapproved** and 100% discount.
- **Standard:** This tax handling is for exemptions of the Primary status only. You do not have to enter the tax exemption certificate number or customer tax exemption reason.

The tax determination process looks for a tax exemption with the Primary status and an effective date range that includes the transaction date. If more than one tax exemption applies, the most specific tax exemption is used, in this order:

- a. Customer and product tax exemption for tax rate and tax jurisdiction.
 - b. Customer and product tax exemption for tax rate.
 - c. Customer and product tax exemption for tax status and tax jurisdiction.
 - d. Customer and product tax exemption for tax status.
 - e. Customer and product tax exemption for tax.
 - f. Customer only tax exemption for tax rate and tax jurisdiction.
 - g. Customer only tax exemption for tax rate.
 - h. Customer only tax exemption for tax status and tax jurisdiction.
 - i. Customer only tax exemption for tax status.
 - j. Customer only tax exemption for tax.
- **Exempt, manual:** You manually enter a certificate number and exemption reason. The application process creates a tax exemption with a status of **Unapproved** and a 100% discount is applied.

Note

The application first checks the customer site party tax profile for the exemption records. If there is no exemption record defined within the site, then it checks the customer party tax profile

After applying the tax exemption to the transaction line, the tax determination process calculates the tax rate using the tax exemption type defined in the tax exemption record. The sequence of the tax rate value determination is:

1. Determine the basic tax rate through the Determine Tax Rate rule type or by the default specified for the tax.
2. Apply exception which is based on the product.
3. Apply tax exemption which is based on the party (customer) and its relationship with the transacting organization (legal entity or business unit). Optionally, it can be based on a specific product.

For example, the tax rate determined is 6%, the special rate for a tax exception is 5%, and the tax exemption defined is a 2% discount. The tax exemption discount is applicable to the tax rate after the tax exception, so the 5% tax rate is modified by a 2% discount ($5\% * (100\% - 2\%) = 4.9\%$). If the tax exemption defined is of the rate type of **Special rate** then the special rate is substituted and the applicable tax exception has no impact.

For manual tax lines, no additional processing is performed and tax exemptions are not considered. A manual tax lines suggests that you have specific business requirements for a particular transaction to apply a manual tax. No additional processing is performed for manual tax lines to avoid any applying conflicting or inconsistent values to the user-entered tax line. The tax calculation on a manual tax line is the standard formula of tax amount is equal to the taxable basis multiplied by the tax rate.

Exemption Types and Percentages: Examples

The following scenarios illustrate how the exemption rate type and exemption percentage apply to the tax rate.

Applying a Discount

Your company receives a discount of 20% because it sells educational materials. You set the **Exemption Rate Type** option as **Discount or surcharge** and enter 20 in the **Exemption Percentage** field. As an example, the tax rate for your transaction is 10%, but the application applies 8% due to the 20% discount ($10\% - (10\% * 20\%)$).

Applying a Surcharge

Your company is required to apply a surcharge to the tax rate of 10% to a specific item it sells to a customer. For this customer and item, you set the **Exemption Rate Type** option as **Discount or surcharge** and enter 110 in the **Exemption Percentage** field. As an example, the tax rate for your transaction is 10%, but the application applies 11% due to the 10% surcharge ($10\% + (10\% * 10\%)$).

Applying a Special Rate

Your company is required to apply a special tax rate of 5% for a specific customer. For this customer, you set the **Exemption Rate Type** option as **Special rate** and enter 5 in the **Exemption Percentage** field. As an example, the tax rate for your transaction is 10%, but the application applies 5% due to the 5% special rate (it replaces the tax rate).

Manage Controls and Defaults

Inclusive Taxes: Explained

Calculating tax on a transaction as inclusive of the line amount is generally a business decision. This decision is based on the relationship between the transacting parties and the items or taxes involved.

Taxes applicable on a transaction are made inclusive of the item line amount either:

- Manually
- Automatically

Manual Approach

In the manual approach, you access the calculated tax lines on a transaction and select the **Inclusive** option. This action includes the calculated tax amount with the item value.

However, this option is controlled through two factors:

- Privileges are assigned to the users for accessing and editing the calculated tax lines.
- Setup restrictions are applied to edit the **Inclusive** option on the calculated tax lines.

Automatic Approach

In the automatic approach, you can configure the tax setup and calculate the tax on a transaction as inclusive of the item line amount. Since this requirement is primarily driven by the tax legislation and the business relationship between the transacting parties, the option for configuring the inclusiveness is made available on the tax and tax rate definition and the third party and legal reporting unit tax profiles on the tax registration and general data tabs. The tax determination process uses a hierarchy approach to evaluate the defined setup and applies the inclusiveness option on the transaction.

In tax setup there are options to choose for applying the inclusiveness on a transaction. They are:

- **Standard noninclusive handling:** This option calculates the taxes as exclusive of the given transaction line amount.
- **Standard inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount.
- **Special inclusive handling:** This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process.

The following table illustrates the calculation methodology used with each of these options when a transaction line amount is 1000 USD and the applicable tax rate is 10% of the taxable basis amount, for example, line amount:

Method	Calculation	Taxable Basis Amount	Tax Amount	Transaction Line Amount
Standard Noninclusive	1000 USD * 10/100	1000 USD	100 USD	1100 USD

Standard Inclusive	1000 USD * 10/110	909.09 USD	90.91 USD	1000 USD
Special Inclusive	1000 USD * 10/100	900 USD	100 USD	1000 USD

Configuring Inclusive Taxes: Points to Consider

The requirement for calculating the taxes as inclusive of the item line amount is primarily driven by the tax legislation and the business relationship between the transacting parties. Configure your tax setup accordingly to capture the inclusiveness as per the taxes and the parties involved within a transaction.

The following table provides some of the key inclusiveness requirements and the corresponding setup that can honor them:

Inclusiveness Requirement	Setup Based on the Tax Inclusiveness Processing Hierarchy
Always apply to specific tax rates regardless of the party setup	<ul style="list-style-type: none"> • Tax rate: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method <p>Process complete</p> <ul style="list-style-type: none"> • Tax registration party: Not applicable • Party site registration: Not applicable • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Legal reporting unit registration: Not applicable • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
Apply to specific taxes and all associated tax rates originating from certain tax jurisdictions for certain transacting third party sites	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to specific taxes and all associated tax rates regardless of the tax jurisdiction for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes defined for a tax regime for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party registration: Not applicable • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes and all tax regimes for certain transacting third party sites</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Set the inclusiveness option to Blank or no record • Party site tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to specific taxes and all associated tax rates originating from certain tax jurisdictions for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to specific taxes and all associated tax rates regardless of the tax jurisdiction for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes defined for a tax regime for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Party site tax profile: Not applicable • Party tax profile: Not applicable • Tax: Not applicable

<p>Apply to all taxes and all tax regimes for all transacting third party sites defined for a party</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: Third party • Party site registration: Set the inclusiveness option to Blank or no record • Party registration: No record • Party site tax profile: Set the inclusive option to Blank • Party tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Tax: Not applicable
<p>Apply to certain taxes originating from certain tax jurisdictions for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
<p>Apply to certain taxes regardless of the tax jurisdiction for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable

<p>Apply to all taxes defined for a tax regime for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: Registration record at tax regime level with the option for inclusiveness set to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Legal reporting unit tax profile: Not applicable • Tax: Not applicable
<p>Apply to all taxes and all tax regimes for all transacting third parties originating from a specific business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Blank for the tax inclusion method • Tax registration party: First party • Legal reporting unit registration: No record • Legal reporting unit tax profile: Set the inclusiveness option to Yes <p>Process complete</p> <ul style="list-style-type: none"> • Tax: Not applicable
<p>Apply to certain taxes for all transacting third parties originating from any business unit or legal entity</p>	<ul style="list-style-type: none"> • Tax rate: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method • Tax registration party: Third party or first party • Party site registration: No record • Party registration: No record • Party site tax profile: Set the inclusiveness option to Blank • Party tax profile: Set the inclusiveness option to Blank • Legal reporting unit registration: No record • Legal reporting unit tax profile: Set the inclusiveness option to Blank • Tax: Select Standard inclusive handling or Special inclusive handling for the tax inclusion method <p>Process complete</p>

Tax Inclusiveness Hierarchy: How It Is Determined

Configure your tax setup to include the calculated tax amount with the item line amount. The option for configuring the inclusiveness is available on the tax and tax rate definition and the third party and legal reporting unit tax profiles on the tax registration and general data tabs.

Settings That Affect Tax Inclusiveness

Set up the inclusive options in the following pages:

- **Create or Edit Tax page:** Specify the tax inclusion method on the Default and Controls tab. The handling of this field is dependent on the value of the **Allow override and entry of inclusive tax lines** option at the tax regime level. If the option is not selected at the tax regime level, the **Tax Inclusion Method** field is display-only. The value displayed is set at the tax regime level.
- **Create or Edit Tax Rate page:** Specify the tax inclusion method on the Main Details tab. The handling of this field is dependent on the value of the **Allow override and entry of inclusive tax lines** option at the tax level. If the option is not selected at the tax level, the **Tax Inclusion Method** field is display-only. The value displayed is set at the tax level.
- **Create or Edit Tax Registration page:** Select **Set Invoice Values as Tax Inclusive** option for the third party, third party site, and legal reporting unit tax profiles.
- **Create or Edit Third Party Tax Profile and Create or Edit Third Party Site Tax Profile pages:** Select **Set Invoice Values as Tax Inclusive** option on the General tab for the third party or third party site.
- **Create or Edit Legal Reporting Unit page:** Select **Set Invoice Values as Tax Inclusive** option on the General tab for the legal reporting unit.

How Tax Inclusiveness Hierarchy Is Determined

The tax determination process uses a hierarchy approach to evaluate the options selected in your tax configuration and applies it on the taxes calculated on a transaction.

The hierarchy sequence for processing the inclusiveness for a tax is:

1. If the transaction involved is a Receivable transaction then check for the value in the **Tax Amount Included** field within the invoice line details. The available values are:
 - **No:** All the taxes calculated on the invoice line are treated as exclusive of the item line amount.
 - **Yes:** All the taxes calculated on the invoice line are treated as inclusive of the item line amount.
 - **Use tax rate code:** The tax setup defined is considered for analyzing the inclusiveness.
2. If the transaction involved is not a Receivable transaction or if the Receivable transaction uses the **Use tax rate code** option then check for the value specified in the **Tax Inclusion Method** field for the processed tax rate code. The available values are:
 - **Standard noninclusive handling:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Standard inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount.
 - **Special inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount. However, the line amount is considered the taxable basis rather than the adjusted line amount, which is considered for the **Standard inclusive handling** value.

- Blank: Process next step.
3. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the tax registration record of the third party site tax profile for the processed registration party. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.

If the processed registration party is the first party, the registration record for the tax available within the legal reporting unit tax profile is considered. If the value is set to blank then step 7 is processed.

4. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the tax registration record of the third party tax profile for the processed registration party. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
5. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the General tab of the third party site tax profile. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
6. Check the value specified in the **Set Invoice Values as Tax Inclusive** field on the General tab of the third party tax profile. The available values are:
 - **No:** The referred tax gets calculated as exclusive of the transaction line amount.
 - **Yes:** The referred tax gets calculated as inclusive of the transaction line amount.
 - Blank: Process next step.
7. Check for the value specified in the **Tax Inclusion Method** field of the tax. The available values are:
 - **Standard noninclusive handling:** The referred tax gets calculated as exclusive of the transaction line amount.

- **Standard inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount.
- **Special inclusive handling:** The referred tax gets calculated as inclusive of the transaction line amount. However, the line amount is considered the taxable basis rather than the adjusted line amount, which is considered for the **Standard inclusive handling** value.

Tax Amount Rounding: Explained

Taxes applicable on a transaction are generally calculated as the taxable basis multiplied by the tax rate equals the tax amount. This calculated amount can result in an odd value or with a large number of decimal place. You can configure the tax setup to adjust or round the tax calculation according to the specific requirements of the transacting parties and tax authority or to the accepted currency denominations.

Key parameters that influence the rounding of calculated tax amount are:

- **Tax precision:** The number of decimal places to which to calculate the tax amount.
- **Minimum accountable unit:** The smallest currency unit that a tax amount can have.
- **Rounding level:** The transaction level at which the rounding is to be performed. The available options are **Header** and **Line**.
- **Rounding rule:** The method that is used to round off the calculated taxes to the minimum accountable unit. The available options are **Up**, **Down**, and **Nearest**.

Define the key parameters at various places within Oracle Fusion Tax. The rounding process derives the tax precision and minimum accountable unit details from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Note

If you plan to use a third party service provider then you must define tax rounding information that is at least as detailed as the rounding information of the service provider.

Setting Up Rounding Rules: Choices to Consider

Criteria for rounding the calculated tax amounts comes from various parties involved in a transaction. For example, for a purchase transaction, the rounding methodology is generally specified by the supplier. Specify rounding details in your tax setup to ensure that your entered invoice amount, including the

calculated tax, is the same as the actual invoice amount. For a Receivables invoice, you can specify rounding details based on your organization's policy, but for most countries the rounding criterion is directed by tax legislation.

Rounding requirements can originate from:

- Third parties
- First parties
- Tax legislation

Rounding Requirements from Third Parties

If rounding is based on third party requirements, particularly for purchase transactions, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the third party or third party. For purchase transactions it is either the ship-from party or the bill-from party.
- Define the party tax profile for the third party and specify the rounding level and rounding rule on the General tab as preferred by the third party.
- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the third party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party account site details and party tax profile details for deriving the rounding rule.

Rounding Requirements from First Parties

If rounding is based on business unit or legal entity requirements, particularly for sale transactions, and configuration owner tax options are defined, you:

- Define the configuration owner tax options for the combination of business unit or legal entity for which the transaction is registered and the event class. In the **Rounding Precedence** field enter the reference of the first party. For sale transactions it is either the ship-from party or the bill-from party.
- Ensure that the party tax profile details are available for the corresponding legal reporting unit. Specify the rounding level and rounding rule on the General tab per the first party requirement or your business policy.
- If the rounding level is at the line level in the party tax profile, create registration details for each tax and specify the rounding rule. Also, define tax registration rules for each tax so that the tax determination process uses the first party registration.
- If a registration record is not defined for the tax registration party, select the **Allow tax rounding override** option on the Create or Edit Tax page. The application then looks at the party tax profile details for deriving the rounding rule.

The rounding criteria applied if configuration owner tax options are not defined and the criteria in the predefined event class options are considered include:

- For a purchase transaction, the predefined event class options use the ship-from party site and ship-from party within the rounding precedence with the default rounding level as the header level. The supplier's rounding preferences are considered first on the transaction. If there are no specific supplier preferences, for example, the party tax profile record does not exist, then the default rounding level of **Header** is considered and the corresponding rounding rule from each tax setup detail is used.
- For a sale transaction, the predefined event class options do not include any rounding precedence details. However, the default rounding level is set to **Line** so the rounding level is always taken as **Line** and the corresponding registration record for the tax registration party is considered for the rounding rule. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults. If a registration record does not exist for the tax registration party, the rounding rule defined within each tax is considered.

Rounding Requirements from Tax Legislation

If rounding is based on tax legislation, the following occurs:

- If the configuration owner tax options are defined for the combination of business unit and legal entity for which the transaction is registered and for the event class, the default rounding level is used from the configuration owner tax options. Select **Blank** as the rounding precedence for the event class.
- If the rounding level is at the line level for the configuration tax options, ensure that the registration record defined for the tax registration party has the rounding rule based on the tax requirements. The tax registration party is identified through the Determine Tax Registration tax rule or tax rule defaults.

Rounding Precedence Hierarchy: How It Is Determined

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving:

- Configuration owner tax options defined for the configuration owner and event class
- Event class options for the event class
- Party tax profiles of the parties or party sites as given in the rounding precedence of the configuration owner tax options or in the derived registration party
- Tax

Settings That Affect Tax Rounding

Key parameters that influence the rounding of calculated tax amount are:

- Tax precision: The number of decimal places to which to calculate the tax amount.

- **Minimum accountable unit:** The smallest currency unit that a tax amount can have.
- **Rounding level:** The transaction level at which the rounding is to be performed.
- **Rounding rule:** The method that is used to round off the calculated taxes to the minimum accountable unit.

Options available for the rounding level are:

- **Header:** Applies rounding to calculated tax amounts once for each tax rate per invoice.
- **Line:** Applies rounding to the calculated tax amount on each invoice line.

Options available for the rounding rule are:

- **Up:** the amount is rounded to the next highest minimum accountable unit.
- **Down:** The amount is rounded to the next lowest minimum accountable unit.
- **Nearest:** The amount is rounded to the nearest minimum accountable unit.

How Tax Rounding Is Determined

If you did not define configuration owner tax option settings for the combination of configuration owner and event class, the rounding process uses the default rounding level of the event class and the default rounding rule of the tax.

If you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, the rounding process looks for a rounding level and rounding rule in this way:

1. Looks for rounding details in the party tax profiles of the parties and party sites involved in the transaction, according to the rounding precedence hierarchy.
2. If an applicable tax profile is found then uses the rounding level and rounding rule of the tax profile.
3. If the rounding level is at the header level then uses these values to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
4. If an applicable tax profile is not found then uses the rounding level setting of the configuration owner tax option.
5. If the configuration owner tax option rounding level is at the header level then uses the rounding rule that is set at the tax level for each tax of the transaction to perform the rounding. The process ends.
If the rounding level is at the line level then goes to step 6.
6. If the rounding level is at the line level then:
 - a. For each tax line, uses the rounding rule belonging to the tax registration of the party type derived from the Determine Tax Registration rule.
 - b. If a registration record does not exist for the registration party type and if you did not define configuration owner tax option settings for the

combination of configuration owner and event class, then the rounding process uses the rounding rule that is set at the tax level to perform the rounding. The process ends.

- c. If a registration record does not exist for the registration party type and if you defined a rounding precedence hierarchy in the configuration owner tax option settings for the combination of configuration owner and event class, then the rounding process looks for a rounding rule in this way:
 1. Refers to the party or party site of the first party type defined in the rounding precedence hierarchy.
 2. Uses the rounding rule of the party or party site tax registration, if defined.
 3. If a tax registration is not defined, uses the rounding rule of the party or party site account site details, if defined.
 4. If a rounding rule is not defined, uses the rounding rule of the party or party site tax profile, if defined.
 5. If a tax profile is not defined, repeats the previous substeps for each rounding party in the rounding precedence hierarchy.
 6. If a rounding rule is found, uses this rounding rule to perform the rounding. The process ends.
 7. If a rounding rule is not found, then uses the rounding rule that is set at the tax level to perform the rounding. The process ends.

Tax Rounding: Examples

During the rounding process, the tax precision and minimum accountable unit details are derived from the tax setup. The rounding process derives the rounding rule and rounding level details through the predefined processing hierarchy involving configuration owner tax options, event classes, party tax profiles, and taxes. These examples illustrate how the rounding process works.

Scenario

The following examples represent how the rounding process determines the tax rounded amount based on transaction, tax setup, and rounding details.

The transaction and tax setup details for the two examples are:

- Invoice header amount: 5579 USD
- Invoice line 1 amount: 1333 USD
- Invoice line 2 amount: 1679 USD
- Invoice line 3 amount: 2567 USD
- Applicable taxes:
 - State tax, rate percentages of 12.5%, 6.75%, and 3.33%
 - City tax, rate percentages of 7.5%

The rounding details for the two examples are:

- Rounding level: Header

- Rounding Rule:
 - State tax: Up
 - City tax: Nearest
- Tax precision: 2
- Minimum accountable unit: 0.01

Example 1 represents the rounding details applied at the header level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Line amounts truncated per tax precision and rounding criteria applied at the header level	Step 2: Difference between the header amount and the sum of the line amounts	Step 3: Apply the difference amount to the maximum tax line amount	Tax Amount Rounded
Header	5579	<ul style="list-style-type: none"> • State tax • City tax 	<ul style="list-style-type: none"> • 395.80 • 418.42 	<ul style="list-style-type: none"> • 395.81 • 418.43 	<ul style="list-style-type: none"> • 0.01 • 0.02 		<ul style="list-style-type: none"> • 395.81 • 418.43
Line 1	1333	<ul style="list-style-type: none"> • State tax: 12.5% • City tax: 7.5% 	<ul style="list-style-type: none"> • 166.62 • 99.975 	<ul style="list-style-type: none"> • 166.62 • 99.97 			<ul style="list-style-type: none"> • 166.62 • 99.97
Line 2	1679	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 55.910 • 125.92 	<ul style="list-style-type: none"> • 55.91 • 125.92 			<ul style="list-style-type: none"> • 55.91 • 125.92
Line 3	2567	<ul style="list-style-type: none"> • State tax • City tax: 7.5% 	<ul style="list-style-type: none"> • 173.27 • 192.52 	<ul style="list-style-type: none"> • 173.27 • 192.52 		<ul style="list-style-type: none"> • 0.01 • 0.02 	<ul style="list-style-type: none"> • 173.28 • 192.54

Example 2 represents the rounding details applied at the line level. Applying these factors, the rounding process calculates the invoice amounts, all in USD currency, as follows:

Document Level	Amount	Tax and Tax Rate	Tax Amount Not Rounded	Step 1: Rounding criteria is	Step 2: Line amounts are added	Tax Amount Rounded
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				applied at the line level	to obtain revised header amounts	
Header	5579	<ul style="list-style-type: none"> State tax City tax 	<ul style="list-style-type: none"> 395.8082 418.425 		<ul style="list-style-type: none"> 395.82 418.44 	<ul style="list-style-type: none"> 395.82 418.44
Line 1	1333	<ul style="list-style-type: none"> State tax: 12.5% City tax: 7.5% 	<ul style="list-style-type: none"> 166.625 99.975 	<ul style="list-style-type: none"> 166.63 99.98 		<ul style="list-style-type: none"> 166.63 99.98
Line 2	1679	<ul style="list-style-type: none"> State tax City tax: 7.5% 	<ul style="list-style-type: none"> 55.9107 125.925 	<ul style="list-style-type: none"> 55.92 125.93 		<ul style="list-style-type: none"> 55.92 125.93
Line 3	2567	<ul style="list-style-type: none"> State tax City tax: 7.5% 	<ul style="list-style-type: none"> 173.2725 192.525 	<ul style="list-style-type: none"> 173.27 192.53 		<ul style="list-style-type: none"> 173.27 192.53

Self-Assessment of Taxes: Explained

Taxes for purchase transactions are usually calculated by the supplier and included in the invoice. The responsibility of collecting and remitting these taxes to the authority lies with the supplier. However, in certain cases the supplier does not have presence (nexus) or is not registered in the customer location. Taxes applicable in such cases, in the customer location, are self assessed by the purchasing organization. Unlike supplier assessed taxes that are paid to the supplier, self-assessed taxes are remitted by the purchasing organization directly to the tax authority.

The key here is that these taxes are to be calculated on the same invoice, but these should not impact the amount payable to the supplier, instead it should be accounted for as a tax liability.

The core requirements remain the same, however, the terminology used for self-assessed taxes vary by tax regime, such as reverse charges, use taxes, and offset taxes. Reverse charge is the terminology primarily used in the European Union, use taxes is the terminology used in the United States, and offset taxes is an alternate solution to handle self-assessment of taxes and is not used by any regime.

Oracle Fusion Tax provides the following options to configure and automate calculation of self-assessed taxes:

- Self-assessment
- Offset taxes
- Reporting-only taxes

- Use taxes

Self-Assessment

Taxes need to be self-assessed by the purchasing organization when the supplier is not registered in the ship-to or bill-to location of the transaction. This is the recommended approach for defining and calculating self-assessed taxes. This is driven based on the registration party used for the transaction.

Registration Party

In the context of a tax applicable to the transaction it is the party whose registration needs to be considered. The tax registration party type default is specified for the tax. As most of the taxes are assessed by the supplier, the default is set to the ship-from or the bill-from location.

Supplier Tax Registration

You can define tax registration for the supplier, the supplier site, and for a particular tax regime. If the tax registration varies by tax or tax jurisdiction, define the registration at a granular level. If the supplier does not have presence in a specific jurisdiction, there are two options for configuration. The first is to create a tax registration record with the registration status as not registered. The second option is not to define a registration record. If you follow the second option, when you define the condition set, set the operator for the Registration determining factor class to **Is blank**.

Registration Party of the First Party

Similar to the supplier registration, you can define the tax registration records for a legal reporting unit tax profile. For the tax registration of the first party select the **Set as self-assessment (reverse charge)** option. This option triggers self-assessment of taxes when the registration party selected for the tax line is that of the first party. Self-assessment is only applicable for Payables transactions. The option on the first party registration does not impact Receivables transactions. Create a tax registration rule to conditionally use the first party registration when the supplier is not registered. The condition to use for this tax rule is as follows:

Tax Determining Factor Class	Class Qualifier	Tax Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Equal to	Not Registered

If the registration records are not created for the suppliers without registration, create the condition set as follows:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Is blank	

Offset Taxes

Offset taxes is a backward compatible approach that is configured to self-assess taxes. Configure offset taxes in addition to your regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, the application creates two tax lines with one positive and

one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Reporting-Only Taxes

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities. However, invoice distributions are not created for these taxes. Therefore, there is no impact to the payable amount, payment amount, and invoice accounting.

Use Taxes

Assigning use taxes to invoices, you create a record of the taxes you owe to tax authorities. Oracle Fusion Payables does not create invoice distributions for these taxes. Therefore, there is not any accounting impact due to these taxes. Payables provides a Use Tax Liability Report to review and report use taxes.

Use the Use Tax Liability Report to review, report, and remit use taxes. The report determines the use tax liability by each use tax code by taking the tax rate you defined for each tax code and applying it to the sum of each invoice line to which the tax applies. The report lists in summary or detail the total amount of tax you owe for each tax code on invoices you enter between two dates you specify when you submit the report. Oracle Fusion Payables displays the amount of use tax you owe in the currency in which you entered an invoice.

Note

Use taxes are defined with the tax type of **Use tax**. The rest of the configuration is the same as the other taxes. This feature is only supported for migrated taxes. You cannot define a new tax with this tax type.

Self-Assessment of Taxes: How It Is Processed

You can let a first party self-assess the taxes calculated on the Payables invoices it receives. A self-assessed tax is a tax calculated and remitted for a transaction, where tax was not levied by the supplier but is deemed as due (and therefore needs to be paid by the purchaser). Taxes need to be self-assessed by the purchasing organization when the supplier is not registered in the ship-to or bill-to location of the transaction.

Settings That Affect Self-Assessment of Taxes

Configure your tax setup to automate self-assessment of regular taxes. The following is an overview of the configuration:

- **Default registration party:** Set the default values for the direct rule type of **Tax Registration**. For self-assessed taxes set the value to **Ship from** or **Bill from**.
- **Supplier registration:** The supplier can be registered or not registered. Configure your set up as follows:
 - If the supplier is registered the application creates a record with the registration status of registered. The registration of the supplier is considered and the taxes are assessed by supplier and included as a part of the invoice total.

- If the supplier is not registered then either you can create a registration record for the tax regime, tax, or tax jurisdiction, with the registration status of not registered. Or skip the step of defining tax registration and define the tax condition set with the operator of **Is blank**.
- Selecting first party registration conditionally: Create a registration record for the first party legal reporting unit. For this registration record select the **Set as self-assessment (reverse charge)** option.

If the supplier is not registered then the registration of the first party legal reporting unit needs to be considered. To trigger this, you need to define a tax registration rule with the following conditions:

- If the ship-from or bill-from party registration status is not registered or is blank then the registration party is either the ship-to party or bill-to party. The following is the condition set for the Determine Tax Registration rule:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Equal to	Not Registered
Transaction Input Factor		Line Class	Equal to	Standard Invoice

- If you choose the option of not defining a supplier registration then the condition set is as follows:

Determining Factor Type	Class Qualifier	Determining Factor Name	Operator	Condition Value
Registration	Bill-from party	Registration Status	Is blank	
Transaction Input Factor		Line Class	Equal to	Standard Invoice

Set the rule result to bill-to party so that the registration of the legal reporting unit is considered.

Tip

Instead of including the condition for the transaction input factor, you can specify the event class constraint at the tax rule header.

- Self-assessing tax: For the first party registration record you create for the tax regime, tax, and tax jurisdiction, check the **Set as self-assessment (reverse charge)** option. Once the application selects this registration record for the tax, the tax line is stamped as self-assessed.

How Self-Assessed Taxes Are Processed

Taxes created by the first party organization need to be calculated in the context of the transaction. The application creates both summary and detail tax lines for

these taxes and the self-assessed option is enabled for these lines. Invoice lines are not created for taxes, therefore the payable to the supplier does not include these taxes. Invoice distributions are created to account for the tax expense or recovery and liability.

Self-assessed taxes are not included in the invoice totals. Instead, the total of self-assessed taxes for the invoice is displayed as a separate line in the tax charges region of the invoice.

Self-assessed taxes are created for imported payables invoices. This happens when imported transactions have tax lines along with transaction lines and if you enable the **Perform additional applicability for imported documents** option for the event class. For these transactions, additional taxes that are found applicable are treated as self-assessed taxes.

These taxes are accounted along with the rest of the invoice. The accounting treatment for expense and recovery remain the same as any supplier-assessed taxes. The only variation is be the liability account. The tax amount is credited to the tax liability account instead of the payables account.

Self-assessed taxes are a part of the standard tax reports. Apart from this, Oracle Fusion Subledger Accounting provides reports for accounting activity that can be used to track self-assessed tax liability. Use the Account Analysis Report and the Open Account Balance Listing report to track this liability.

Tax Line Override

You can override the self-assessed flag for the tax line. This impacts the invoice lines and distributions. If you update the summary tax line, all corresponding detail tax lines are updated to reflect this change. If the self-assessed option on some of the detail tax lines is updated then a new summary tax line is created to group the detail tax lines that are being self-assessed.

Note

When you select or deselect the Self-Assessed option on a tax line for the first time, the update does not take effect. You must select the specific tax line, click the row header or a noneditable area, and then select the Self-Assessed option.

Offset Taxes: How They Are Processed

Offset taxes are a backward compatible approach that you can configure to self-assess taxes. Configure offset taxes in addition to the regular taxes. Offset taxes carry a negative rate and are calculated in the context of the regular tax. Where offset taxes are applicable, two tax lines are created with one positive and one negative amount. An offset tax record is a matching, duplicate record with negative amounts that reduces or completely offsets the tax liability recorded in the tax transaction. Use offset taxes when the tax requirement includes creating an offset general ledger posting.

Settings That Affect Offset Taxes

For the offset tax calculation to take effect, do the following:

- Set up offset taxes

- Enable offset tax calculation

You must perform these tasks for setting up offset taxes:

- Set up the offset tax, tax status, and tax rate. Define at least one recovery type lookup to use with offset taxes.
- Create the offset tax and perform the following:
 - a. Use the tax currency of the original tax.
 - b. Select the **Set as offset tax** option.
 - c. Enter a primary recovery type that you defined for offset taxes.
- Set up the tax status for the offset tax. Do not select the **Allow tax rate override** option.
- Set up a 100% tax recovery rate for the offset tax using the recovery type that is defined for the offset tax.

You cannot update the recovery rate on an offset tax line. The recovery rate is always 100% in order to create credit entries that match the original tax amounts. When you create an offset tax, you enter a primary recovery type with a recoverable rate of 100% and a 100% recovery rate.

- Set up the offset tax rate and perform the following:
 - a. Enter a negative rate amount.
 - b. Assign the tax recovery rate that is defined for offset tax.
 - c. Do not select the **Allow ad hoc tax rate** option.
- Set up the original tax with the required configuration to enable the tax. For the tax rate of the original tax (nonoffset tax), assign the offset tax rate code in the **Offset Rate Code** field.

Complete the following configuration steps to enable calculation of offset taxes for a transaction:

- For the configuration owner tax options for the Payables event classes, enable offset tax calculation by selecting the **Allow offset tax calculation** option. Also, specify the offset tax basis.
- Select the **Allow offset taxes** option on the party tax profile if offset taxes are to be calculated for the transactions created for the party. Select this option for the party type chosen in the **Offset Tax Basis** field for the configuration owner tax options.

How Offset Taxes Are Processed

Offset taxes applicable to an invoice are created with two tax lines entries, one for the tax and one for the offset tax. The line for the offset tax has the offset option enabled. This line carries the reference to the original tax line. Two Invoice lines are created for these taxes, one for each tax.

The amount for the regular tax line is always debited to the tax expense or recovery account or both, depending on the recoverability of the tax. The credit is posted to a payables account which is offset by the negative amount credited to the payables account due to the offset tax line. The debit of the offset tax line

is posted to the tax liability account and this indicates the liability that the first party organization has towards the tax authority for the self-assessed tax.

Tax Line Override

You cannot override offset tax lines. However, you can update the tax line calculated for the original tax. When you update the tax rate percentage or amount or when you cancel the tax line, the corresponding tax line for the offset taxes is updated.

Reporting-Only Taxes: How They Are Processed

You can identify taxes for reporting purposes only. When these taxes are applicable to the transactions, records are created in the tax repository entities. However, invoice distributions are not created for these taxes. Therefore, this does not impact the payable amount, payment amount, and invoice accounting.

Settings That Affect Reporting-Only Taxes

You set up reporting-only taxes by selecting the **Set tax for reporting purposes only** option for the tax.

How Reporting-Only Taxes Are Processed

Tax lines for reporting-only taxes have the **Reporting Only** option enabled. Tax distributions are not created for these tax lines.

For Oracle Fusion Payables invoices, these lines are not displayed on the invoice lines. The total of the reporting-only taxes are displayed in the tax totals region of the invoice.

For Oracle Fusion Receivables transactions, reporting-only taxes are handled as any other tax. These taxes are considered as a part of the invoice and are accounted for accordingly.

Tax Line Override

You cannot update the **Reporting Only** option on the detail tax lines.

FAQs for Define Third Party Tax Profiles

When does a party tax profile get created for a third party?

The third party tax profile is automatically created when a third party (customer or supplier) with tax configuration is created. Edit the tax profile that was automatically generated with the relevant tax information, but it is not required for tax calculation. Otherwise, create a party tax profile using the Create Third Party Tax Profile or Create Third Party Site Tax Profile pages.

What's the difference between using tax exemptions or tax rules to modify the taxable nature of a transaction?

You can modify the taxable nature of a transaction using tax exemptions, but you can also accomplish this through the use of tax rules. Use tax rules,

such as the Determine Tax Applicability rule, to exclude certain categories of transactions from taxation. If you choose to implement tax rules to achieve your tax exemption requirements, the impacted transactions do not appear on many tax reports as they do not have any tax lines.

If you must report on a transaction then set up a tax exemption on the customer's party tax profile which results in a tax line being created with the modified tax rate. Use tax exemptions where certificates of exemption are issued for specific customers, which is typical in tax regimes for US Sales and Use Tax.

You can create an exempt tax rate with a zero percentage rate as a method of applying exemptions. This achieves many of the intended reporting objectives as the application generates a tax line. Reports that specifically refer to an item as exempt may exclude items with a zero percentage rate from that portion of the report because the exempt indicator is blank.

If you define an exempt tax with a zero tax rate, the transaction shows as fully taxable on all reports. If you want reports to show the full line amount as taxable you cannot add any exemption details, such as exempt reason codes, as this results in an exemption being created on the customer record and a zero taxable amount on the reports.

Manage Tax Reporting Types

Tax Reporting Types and Codes: Explained

Use tax reporting types to capture additional tax information on transactions for your tax reports. You can use tax reporting types for your internal reporting needs and to fulfill country-specific reporting requirements. Create tax reporting codes for a tax reporting type to provide additional granularity for tax reporting.

A tax reporting type identifies a specific unit of information, such as a date or a text comment, to associate with a specific tax usage, such as a fiscal classification or tax jurisdiction. You can:

- Define tax reporting types at a generic level, tax regime level, or tax level.
- Define the validation for the tax reporting type for tax reporting codes to be added in terms of data type and a minimum and maximum length. Data types include **Date**, **Numeric value**, **Text**, and **Yes or no indicator**.
- Use tax reporting codes you create under one tax reporting type across various entities, such as tax, tax status, tax rate, party tax profiles, and fiscal classifications. To use a tax reporting type for a particular entity, associate that entity to the tax reporting type in the Reporting Type Uses region on the Create Tax Reporting Type page.

There is no impact of the tax reporting type on tax calculation. The tax reporting codes are used in the tax reports.

Tax configuration facilitates the association between various entities and tax reporting codes. The entity details are stored as part of the tax repository. During tax report generation necessary tax reporting codes are derived based on the entities associated with the tax line. The functionality to include the reporting type code is handled by the Tax Reporting Ledger.

Tax Reporting Type Uses

Some reporting type uses have a one to one relationship of tax reporting type use to an entity, such as tax, tax jurisdiction, tax rate, and tax status. For example, the tax reporting type use of Tax defines tax reporting type codes for association to taxes you define and the Tax Jurisdiction tax reporting type use defines tax reporting type codes for association to the tax jurisdictions you define.

The Fiscal Classification tax reporting type use defines tax reporting type codes for association to the following classifications:

- User-defined fiscal classifications
- Product category fiscal classifications
- Document fiscal classifications
- Transaction fiscal classifications

The Party Tax Profile tax reporting type use defines reporting type codes for association to the following party tax profiles:

- Legal entity tax profiles
- Legal reporting unit tax profiles
- Business unit party tax profiles
- Third party tax profiles
- Third party site tax profiles

The Process Result tax reporting type use defines reporting type codes for association to the following rule types:

- Direct tax rate determination rules
- Place of supply rules
- Tax applicability rules
- Tax registration rules
- Tax status rules
- Tax rate rules
- Taxable basis rules
- Tax calculation rules

Tax Reporting Types and Codes and Their Use in Tax Reporting

The following table describes key predefined tax reporting types and codes and their association and use in tax reporting:

Country	Reporting Type and Code	Associated to	Use
Italy and Spain	<ul style="list-style-type: none">• REPORTING_STAT• Y	Tax	Used to track tax lines that are not yet finally reported

Italy and Spain	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • VAT 	Tax	Used in the EMEA VAT selection process
Italy	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • Custom bill 	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize customs invoices
Italy	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • Self invoice 	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize self invoices
Italy	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • Nontaxable 	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize nontaxable invoices
Italy	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • Exempt 	Tax rate code	Used to identify invoice lines with exemption limit groups
Spain	<ul style="list-style-type: none"> • EMEA_VAT_REPOB • Services 	Tax rate code	Used for VAT reporting

Legal Justification Tax Reporting Types: Explained

Legal justification tax reporting types are introduced as a feature to support European Union (EU) value-added tax (VAT) changes for the year 2010. The changes are introduced to modernize and simplify rules relating to cross-border supply of services and recovery of input tax. These are the most far-reaching changes to VAT law since the introduction of the Single European Market in 1993. This impacts all businesses, which supply and purchase services across EU countries. Companies must rethink their service flow, as well as, their compliance and reporting obligations.

The new rule for place of supply of services, for tax determination in a business-to-business transaction, is where the customer is established and not where the supplier is established, as is the case before January 1, 2010. Therefore, if services are supplied in another EU member state, they are taxable in the recipient's country. For business-to-customer supply of services, the general rule for place of supply continues to be the place where the supplier is established. There are exceptions to the new rule for certain types of services. Examples include: services provided for immovable property, passenger transport services, cultural, and educational events. It also includes ancillary services, short term hiring of means of transport, and restaurant and catering services carried out on board a ship, aircraft, or train within the EU.

Legal Messages

A legal message specifying that the customer of such services must self-assess the relevant tax, should be printed on Receivables (intra-EU services) invoices. Create a Bill Presentment Architecture template to print the legal justification

message on the Receivables invoice. The exact text of the message is defined by the country-specific legislation. The reporting code is also a selection parameter to display the intra-EU services invoice lines on the European Union Sales Listing report.

Configure these messages using the Create Tax Reporting Types page. Associate these messages to invoices through the association to a tax rate definition and a tax rule result. When defining these tax reporting codes the tax reporting purpose is the **Legal justification message type** and the applicable reporting type uses are **Process Result** and **Tax Rate**. Enter the legal justification text which should be as defined by legislation.

Define Tax Override Controls

Profile Options Controls and Defaults: Points to Consider

Set values for Oracle Fusion Tax profile options to control the availability of certain tax options.

Defining Controls and Defaults

The following table describes the defaults and controls available at the tax profile options level.

Field	Description	Default Derived from	Default Appears on	Controls
Transaction Tax Line Override	Controls whether you can update automatically calculated tax lines at transaction time	None	None	Use this option in conjunction with the <code>ALLOW_TAX_OVERRIDE_FLAG</code> for the tax to allow you to override tax lines at transaction time. This excludes you from updating the Inclusive option and tax rate on the tax line. Use this option in conjunction with the Allow override and entry of inclusive tax lines option on the tax record to allow you to override the Inclusive option on the tax line.
Tax Classification Code Override	Controls whether you can override the tax classification on the tax line at transaction time	None	None	If this option is selected you can override the tax classification code at transaction time

Tax Exemption Override Control	Controls whether you can override tax exemptions at transaction time	None	None	If this option is selected you can override tax exemptions at transaction time where tax exemptions are allowed
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Verify Tax Configuration

Tax Simulator: Explained

The Tax Simulator is a tool for simulating the tax determination process in your tax setup. The Tax Simulator lets you preview the workings of your tax configuration before you perform tax calculations on live transactions in a subledger application. The Tax Simulator also allows you to test new tax configuration in conjunction with existing tax configuration to preview the resulting tax calculation. The Tax Simulator is a useful tool to identify the root cause when tax calculation is not what is expected on live data.

Run taxes from all applicable tax regimes against a sample transaction to verify that your tax configuration and tax rules were created and applied according to your requirements. You can either create a sample transaction within Tax Simulator or copy an existing transaction. The simulated tax calculations do not affect live data.

Principle aspects of the Tax Simulator include:

- Functions and verifications
- Analysis tools
- Restrictions

Tax Simulator Functions and Verifications

The Tax Simulator lets you simulate the tax determination process on transactions without creating live data.

The Tax Simulator enables you to complete these functions:

- Enter transactions to simulate tax calculation based on various scenarios.
- Simulate the characteristics of the Payables, Purchasing, and Receivables transactions and create the tax line for each type of operation.
- View the detail tax lines generated for each transaction line.
- View the tax rules that were applied to a tax calculation and the processed result for each rule type.

The Tax Simulator provides these verifications:

- How the tax rules that you have defined for one or more taxes work in conjunction with the defaults that you have set for them.

- Whether a tax rule that you expected to have a successful evaluation for a given set of transaction conditions achieved the desired result.
- How the options that you have set at various levels are reflected in the results of tax determination processing. If a certain transaction does not process taxes as you predicted, then you can use the simulated result to troubleshoot the cause. For example:
 - You thought that there were product tax exceptions, but they were not used on a transaction as expected. You then discover that the **Allow tax exceptions** option was not enabled on the applicable tax rate record.
 - Your supplier record has the option enabled to use offset taxes, but the offset taxes do not appear. You then discover that the tax rate record does not have an offset tax rate associated with it.

Tax Simulator Analysis Tools

The Tax Simulator provides these pages to analyze the tax calculations on simulated transactions:

- Simulator Transaction page: View the details of the simulated transaction.
- Tax Line Details page: View the calculated tax lines for the simulated transaction. The page displays, for each transaction line, the applicable tax and tax configuration details, as well as if the result was determined by a tax rule or the default value. If a tax rule was applied, the page also displays the associated tax condition set.
- Rule Type page: View details of all enabled rules for a rule type. The page displays the processed result for each rule. The page also displays the associated tax condition sets and their processing details and results.

Tax Simulator Restrictions

The following restrictions apply when using the Tax Simulator:

- Payables tax recovery processing cannot be simulated.
- Application-specific actions on transactions or transaction lines, such as canceling, deleting, and reversing, are not tested.
- User control settings are not tested or verified.

Simulating Subledger Transactions: What Is Copied

Copy transactions from Oracle Fusion Payables, Oracle Fusion Purchasing, and Oracle Fusion Receivables and use them to test the entire tax and related configuration. Once the Tax Simulator copies data into the simulated transaction, you can update and delete lines as needed.

Settings That Affect Subledger Transactions

Oracle Fusion Tax uses your search criteria defined for the application, legal entity, and business unit to provide a listing of subledger transactions. The Tax

Simulator copies the attributes of the selected transaction and populates them on the Create Simulator Transaction page.

What Subledger Data Is Copied

The Tax Simulator copies the following data from the subledger transaction:

- Transaction header information, including supplier and customer information
- Tax lines with a line type of line or freight
- Calculated tax amount if you use an external service provider for tax calculation
- Line-level tax attributes
- Discounts and exceptions for Receivables transactions
- Ship-to information for Receivables transactions

The system does not copy:

- Any referencing, applied, or adjusted documents
- Tax-only lines
- Canceled lines

Changing Transaction Attributes

Update and delete lines and attributes as needed. The only fields that you cannot update are the document event class and source document number.

Simulating Tax on Transaction Data: Explained

The Tax Simulator allows you to validate new and existing tax setup for procure-to-pay and order-to-cash transactions. The format of the Tax Simulator interface is a lightweight version of the procure-to-pay and order-to-cash respective work areas allowing ease of data entry and flow of item lines to tax calculation and tax lines. In addition to the required transaction attributes the additional tax attributes that drive tax calculation are highly visible and available for your entry and update. Simulated transactions do not impact live data and you can purge them from the application using a process request.

Use the Tax Simulator to create, duplicate, and simulate transactions. The interface also supports associating adjusting, referencing, and applied documents on applicable event classes. In addition to simulating tax output for live transactions you can test the tax calculation of taxes that are not yet active and see the standalone tax calculation or the impact of this tax with taxes that are active. The Tax Simulator provides comprehensive information and a view into the tax processing logic to help you implement and troubleshoot tax setup. One of the critical uses of the Tax Simulator is for you to be able to safely trigger transactions without having a detailed knowledge of the core transaction systems or having to create transactions in these applications that impact the core applications.

Using the Tax Simulator

The Tax Simulator allows ease of data entry. The flow of transaction entry is similar to the respective work area so you are familiar with the flow. There is partial page rendering for procure-to-pay and order-to-cash event classes to expose the appropriate attributes. For example, when you enter a purchase order you are prompted for a supplier. When you populate the supplier information, the Tax Simulator populates the default ship to and bill to information. When you enter a Receivables sales invoice event class you are able to enter customer bill to and customer ship to details in a format similar to the Receivables Invoice work area. Other attributes include warehouse, discounts, and exemptions for Receivables event classes and line classes for Payables event classes.

The data you enter in the Tax Simulator is not live data, it is not accounted, reported, or visible from other product interfaces. In addition to manual entry of transaction data, you can copy live data to view or modify in the Tax Simulator. The Manage Tax Simulator Transactions page allows you to choose a source of Payables, Purchasing, Receivables, or Tax Simulator. Search on the source of Tax Simulator for transactions entered or copied into the Tax Simulator. The other product sources allow you to query and copy transactions from the respective subledgers.

For example, you have a Payables invoice where the tax calculation is not what you expect. Use the Tax Simulator to:

1. Search in the Manage Simulator Transactions page for a source of Payables, an event class of Purchase invoice, and respective business unit, document number, and date information.
2. View the applicable transaction in the Search Results table. If needed there is **Query by Example** available in the table for you to further identify the desired transaction.
3. Select the Purchase invoice and click **Simulate Transaction** to copy this transaction into the Tax Simulator.
4. Review the information on the Create Simulator Transaction page. The application populates the transaction details.
5. Populate the document number with the new number. The source document number is populated with the original document number. You can update all attributes except the document event class and source document number.
6. Save the document and click **View Tax Lines** to view the tax output.

If you want to test multiple variations of the same transaction you can query the transaction with a source of Tax Simulator in the Manage Tax Simulator Transactions page. Select the transaction in the search results and click the **Duplicate** action to duplicate the transaction details into a new document leaving the previous transaction details intact.

Using Additional Tax Attributes

In addition to the required fields for transaction entry and tax calculation, such as **Document Event Class, Document Date, Legal Entity, Business Unit, Currency, Supplier, Customer, and Line Amount**, the Tax Simulator gives you visibility into additional tax attributes that are commonly used to drive tax calculation based on tax rules. The Tax Simulator removes many of the attributes

that do not impact tax calculation to simplify the page and let you focus on the needed elements.

At the header level the **Taxation Country** is visible for entry and update. At the line level you can enter and update attributes such as **Line Class, Line Type, Item, and Product Type**. Additional tax attributes, such as **Tax Inclusive, Transaction Business Category, Assessable Value, Tax Classification, Product Category, Intended Use, Product Fiscal Classification, User-Defined Fiscal Classification, and Account**, are organized in a tabbed region. All of these attributes can drive tax determination or tax calculation directly based on tax rules and tax formulas. Almost every additional tax attribute on the Tax Simulator interface directly impacts tax determination and tax calculation in a format that resembles the work areas so it is easy for you to understand and navigate.

Using Reference, Adjusted, and Applied Documents

Reference, adjusted, and applied documents can have tax calculation impacted by the documents they are associated with. The Tax Simulator presents information on some of the impacts. Others, such as variances in distributions, are not presented since accounting is not part of the Tax Simulator functionality. Also, when a document is simulated or copied in the Tax Simulator, the application does not copy referencing, adjusted, and applied documents. You must copy each document separately and associate them in the Tax Simulator.

The following is a list of the available event classes and associations that can be made in the Tax Simulator:

Application	Header Level Document Event Class	Item Line Attribute Line Class	Reference, Adjusted, and Applied Tab: Document Event Class	Reference, Adjusted, and Applied Tab: Document Number	Reference, Adjusted, and Applied Tab: Document Date	Reference, Adjusted, and Applied Tab: Document Line Number
Payables	Standard Invoice	Invoice	Purchase Order (not required)	Select the purchase order document number.	Populated when the document number is selected and it is read-only.	When you enter the document number of the purchase order this list is available with the respective invoice lines.
Payables	Standard Invoice	Prepayment	Prepayment Invoice	Select the prepayment invoice number.	Populated when the document number is selected and it is read-only.	When you enter the document number of the prepayment invoice this list is available with the respective prepay invoice lines.

Payables	Standard Invoice	Credit Memo	Standard Invoice	Select the credit memo document number.	Populated when the document number is selected and it is read-only.	When you enter the document number of the invoice this list is available with the respective invoice lines.
Payables	Prepayment Invoice	Column not displayed	Tab not displayed	Tab not displayed	Tab not displayed	Tab not displayed
Purchasing	Purchase Order	Column not displayed	Tab not displayed	Tab not displayed	Tab not displayed	Tab not displayed
Receivables	Invoice	Column not displayed	Tab not displayed	Tab not displayed	Tab not displayed	Tab not displayed
Receivables	Credit Memo	Column not displayed	Invoice	Required	Populated when the document number is selected and it is read-only	When you enter the document number of the invoice this list is available with the respective invoice lines.

An example of an applied document that impacts tax calculation is that of a Receivables credit memo that references an invoice. In Receivables there can be standalone credit memos that drive tax calculation based on the tax attributes entered on the credit memo and there are applied credit memos that drive tax calculation based on the referenced document; the invoice. If there is a credit memo that is not calculating what you expected in Receivables, you can:

1. Copy the transaction into the Tax Simulator.
2. Simulate each document independently and associate them in the user interface. The Tax Simulator does not copy associated documents
3. Review the credit memo tax lines independently before the transaction association and see that the tax calculation is based on the attributes entered on the credit memo.
4. Associate the invoice in the Reference, Adjusted, and Applied tab with the appropriate document number and line and drill to the tax lines. See that the result type value for the rule results is derived from the reference document. This is indicating that the tax is not based on the credit memo attributes but those of the invoice.

Enabling Taxes for Transactions and Simulation: Explained

A feature of the Tax Simulator is the option for you to choose the status of the taxes to consider for evaluation. The transaction header region in the Tax Simulator includes an **Evaluate Taxes** attribute. The options are: **Enabled for simulation**, **Enabled for transactions**, and **Enabled for transactions and simulation**.

When you define a tax there are two different statuses the tax can have when the setup is complete. When you select **Enable tax for simulation** the tax is available only for processing on Tax Simulator transactions and is not calculated on live transactions. When you select **Enable tax for simulation** and **Enable tax for transactions** then the tax is considered active and is available for processing on both live transactions and Tax Simulator transactions.

When you create a Tax simulator transaction and the evaluate taxes status is set to:

- **Enabled for simulation:** Only taxes with the status **Enable tax for simulation** are selected for processing.
- **Enabled for transactions:** Only taxes that are live or have both **Enable tax for simulation** and **Enable tax for transactions** selected on the tax record are considered for processing.

This mimics the behavior of the processing for active taxes in the subledgers and is the default value when simulating or copying subledger transactions in the Tax Simulator.

- **Enabled for transactions and simulation:** Both taxes that have a status of **Enable tax for simulation** and taxes that have a status of **Enable tax for simulation** and **Enable tax for transactions** selected are processed.

This allows you to see behavior of both active and not active taxes on the same transaction. This is a useful tool when the calculation of one tax can impact another such as in the case of compounding tax formulas for tax calculation.

Example

You have two taxes defined that both evaluate to true for a particular Purchase invoice.

The first tax, FUS_CA, is defined for the sales tax for the state of California. The tax status is set to **Enable tax for simulation** and **Enable tax for transactions**. The second tax, FUS_ENV, is defined for an environmental tax. The tax status is set to **Enable tax for simulation**.

Simulate a live transaction in the Tax Simulator with the **Evaluate Taxes** option set to **Enabled for transactions**. In this case only taxes enabled for transactions are processed so the FUS_CA is the only tax calculated.

Next, update the **Evaluate Taxes** option set to **Enabled for simulation**. In this scenario only taxes that are enabled for simulation are processed so FUS_ENV is the only tax calculated.

Finally, update the **Evaluate Taxes** option set to **Enabled for transactions and simulation**. In this scenario both taxes enabled for simulation and enabled for both simulation and transactions are selected so both FUS_CA and FUS_ENV are calculated.

Tax Rules Evaluation in the Tax Simulator: Explained

Transactions pass key tax drivers relating to parties, products, places, and processes captured on the transaction to Oracle Fusion Tax for tax determination. Using these tax driver values as input, the tax determination process performs a

series of process steps utilizing the defined tax configuration, including various tax rules defined for each rule type and calculates the taxes that are applicable on the transaction. Use the Tax Simulator to preview the workings of your tax configuration before you perform tax calculations on live transactions in a subledger application.

From the transaction tax details it might not be clearly evident as to which tax rule from your defined tax setup got processed or if the calculated tax is the result of the relevant rule condition. Using the Tax Simulator you can verify the tax determination process breakdown, the details of the tax rules that are evaluated for each rule type, and other key factors that are analyzed and applied during the tax determination process. The Tax Simulator is a tool that allows you to replicate the transaction details directly or as a copy from the source transaction. The Tax Simulator provides a detailed analysis of the decision criteria applied in the tax determination process, with reference to the defined tax configuration and displays the corresponding results for each rule type.

The Tax Line Details page within the Tax Simulator captures and lists out the following key process results that the tax determination process considers for each tax applied on the transaction:

- The tax determination methodology applied, such as regime determination or standard tax classification codes
- The rounding criteria applied, including rounding rule, rounding level, minimum accountable unit, and tax precision
- The types of taxes evaluated, for example, those enabled for transactions or enabled for simulation
- The rule evaluation details for each rule type, such as:
 - Result type, default or rule-based
 - Rule result
 - Sequence of the rule evaluation, the successful, unsuccessful and not evaluated tax rules and their corresponding determining factor sets, condition sets, and detailed condition elements

This abstract gives you a snapshot of the key results returned from each tax determination process step and provides pointers to validate it against the available tax setup. You can modify the tax setup if the key result areas are not as per the requirements.

Details for Simulated Transaction Lines: Explained

Use the Tax Line Details page to review the transaction level details that influence all tax lines and view the calculated tax lines for your simulated transaction. Each tax line for each transaction line number is listed in the Tax Line Details table with the corresponding tax configuration details.

Attributes in tax line details include:

- Configuration owner, document event class, and source
- Allow tax applicability
- Regime determination set

- Default rounding level

Configuration Owner, Document Event Class, and Source

The configuration owner identifies the business unit or legal entity on the transaction that owns the tax configuration. For example, if the business unit is subscribing to the legal entity's data, the legal entity is identified, rather than the business unit. In order for a tax regime to be applicable on the transaction the configuration owner identified has to subscribe to the applicable tax regime.

The source attribute can have a value of **Event class** or **Configuration owner tax options**. This indicates if the application derives the event class-specific tax options from a configuration owner tax option that is defined for the combination of configuration owner, event class, and date range or if the application derives the options from the default predefined values for the event class. These tax options include the option to calculate tax, the regime determination set, options to allow manual entry and override, rounding defaults, and details regarding tax calculation on referencing documents. If the value is **Event class** then there are no configuration owner tax options defined for this combination of configuration owner, event class, and date and the predefined values are used including the predefined value of **TAXREGIME** for the regime determination set.

Allow Tax Applicability

The two allow tax applicability attributes identify whether the tax configuration setup provides for the calculation of taxes on this transaction. Both attributes must be set to **Yes** to calculate tax.

The two occurrences indicate the following:

- The first occurrence indicates if **Allow Tax Applicability** is selected on the predefined event class or applicable configuration owner tax options setup. If you do not set up configuration owner tax options, then the default value is set to **Yes** based on the event class mapping. A value of **No** appears if configuration owner tax options are set up and the **Allow Tax Applicability** option is not selected.
- The second occurrence of **Allow Tax Applicability** validates the hierarchy of tax applicability from the supplier and supplier site definitions for procure-to-pay transactions, to the party tax profile, and finally to the default option for the predefined event class. If the **Allow Tax Applicability** option is not selected at any of the applicable levels then tax is not calculated. If the **Allow Tax Applicability** option is selected at a lower level and not selected at a higher level then tax is not applicable. If the **Allow Tax Applicability** option is set to **No** then you can drill down on the link to see where this option is not selected.

Regime Determination Set

The regime determination set indicates how the application determines the tax regimes to use for this transaction.

There are two values for this attribute:

- When the regime determination set is a value other than **STCC** (standard tax classification code) it is a determining factor set of type regime determination that includes transaction input factors of location types

to derive the owning country on the transaction for tax purposes. Tax regimes that you defined for the derived country have taxes evaluated for calculation. The predefined regime determination set is **TAXREGIME** and this value always populates if the source is **Event class**. Use the drill down to the regime determination set details to identify the precedence of locations to determine the tax regime country.

- When the regime determination set is set to **STCC**, the additional tax attribute of **Tax Classification** set at the Line Level Tax Attributes tab drives tax calculation either directly or based on the Tax Classification Based Direct Rate Rules.

For example, if your simulated transaction does not have any tax lines, check the regime determination set value. If it is set to **STCC** and the **Tax Classification** field on the Line Level Tax Attributes tab is blank, tax is not calculated. Review your application tax options to verify that the defaulting hierarchy that specifies both the sources to use for tax classification codes and the order in which the application searches these sources to find a valid tax classification code at transaction time.

Default Rounding Level

The default rounding level shows in order of precedence, the party type, source, and rounding level value. At a minimum, a default value is set. The options are header level or line level rounding. Header level rounding applies rounding to calculated tax amounts once for each tax rate per invoice. Line level applies rounding to the calculated tax amount on each invoice line. The rounding rule is the method used to round off taxes to the minimum accountable unit. If there is any concern as to how rounding is determined or if setup needs to be modified you can use the dialog details in conjunction with party information to determine where the setup needs to be modified.

For example, on the Rounding Level dialog box for a purchase invoice you see the following:

Rounding Precedence	Party Type	Source	Rounding Level
1	Bill-from party	Supplier site	
1	Bill-from party	Party tax profile	Header
2	Bill-to party	Supplier site	
2	Bill-to party	Party tax profile	Line
3	Ship-from party	Supplier site	
3	Ship-from party	Party tax profile	Line
4	Ship-to party	Supplier site	
4	Ship-to party	Party tax profile	Header
Default			Header

The lowest level of 1 takes precedence over all other levels. The application uses, the default precedence only if none of the other levels are populated. If the value is blank then there is no attribute set at this level. If the you determine that in this example the bill-from party tax profile rounding level of **Header** is incorrect you can identify the bill-from party from the Tax Line Details header information and query the appropriate party tax profile to modify the setup. This example

is simple in that the header level is the level used for rounding. If the value was **Line** there is more derivation logic starting with the party type derived for the Determine Tax Registration rule.

Line Level Details for Simulated Transaction Lines: Explained

Use the Tax Line Details page to review the calculated tax lines with the corresponding tax configuration details for each transaction line.

Details include:

- Tax regime, tax, tax jurisdiction, tax status, tax rate code, and tax rate
- Tax amount and taxable amount
- Tax enabled status
- Indicators such as: inclusive, self-assessed, manually entered, and tax only line
- Calculated tax amount and tax base modifier rate
- Legal justification text
- Place of supply

For the tax lines associated with each transaction line, you can review the attributes that are specific to each tax line, such as:

- Rounding rule
- Inclusive
- Minimum accountable unit and tax precision
- Tax rate modification

Rounding Rule

The Rounding Rule dialog box shows the rounding details for the transaction line. The rounding rule is the method used to round off taxes to the minimum accountable unit. The rounding rule is derived based on the rounding level specified in the hierarchy visible in the dialog box with level one taking precedence over level 2 and so on. If the rounding level is at the header level then rounding is applied to calculated tax amounts once for each tax rate per invoice. If the rounding level is at the line level then rounding is applied to calculated tax amounts on each invoice line.

Inclusive

The Inclusive dialog box shows the setup related to enforcing inclusiveness or exclusiveness of tax on a transaction line by order of precedence. The level 0 precedence is the highest overriding all other values with the level 5 precedence being the lowest or the default if none others are populated. The values are **Yes** or blank with blank meaning an option was not selected for inclusive handling.

In the scenario represented in the following table, tax is calculated as inclusive based on the setting for the tax rate. If you needed to modify this you can update the inclusive handling on the appropriate tax rate. If the transaction input value tax inclusive is set to **Yes** this means this option was overridden directly on the transaction.

Precedence	Source	Inclusive
0	Transaction input value tax inclusive	
1	Tax rate	Yes
2	Tax registration	
3	Site party tax profile	
4	Party tax profile	Yes
5	Tax	

Minimum Accountable Unit and Tax Precision

The Minimum Accountable Unit and Tax Precision dialog box shows the derivation of these values by precedence. The minimum accountable unit is the smallest unit a tax amount can have. Tax precision is a one-digit number that indicates the number of decimal places to which to calculate a tax.

For example, a precision of 0 rounds to a whole currency. To round off a calculated tax amount of 1.366 to 1.37, define a tax precision of **2**, a rounding rule of **Up** or **Nearest** and a minimum accountable unit of **.01**. If the results are not what you expected the dialog window gives you more information as to the source of the definitions. The precedence of 1 is the highest with the definition at the currency level superseding the definition at the tax level.

The following table illustrates this example:

Precedence	Source	Minimum Accountable Unit	Precision
1	Currency		2
2	Tax	.01	2

Tax Rate Modification

The Tax Rate Modification dialog box identifies if any applicable rate exceptions have been applied, and, in the case of Receivables, if any exemptions are applicable. The rates before and after any modifications are also shown. The tax rate modification value is **Yes** or **No** with a link for you to drill down to detail information. If the tax rate modification value is **Yes** then there is a modification to the tax rate either from an exception or an exemption. The dialog box detail shows the tax rate name, the tax rate before modification, attributes to identify if exemptions or exceptions or both are applied, and the tax rate after each of these modifications.

In the following table the original tax rate was 5 percent with an exemption applied that reduced the tax rate to 2 percent.

Attribute	Value
Tax Rate Name	VAT 5%
Tax Rate Before Modification	5%
Exception Applied	No
Tax Rate after Exception	5%

Exemption Applied	Yes
Tax Rate after Exemption	2%

Tax Rule Details for Simulated Transaction Lines: Explained

For the tax lines associated with each transaction line, you can review the tax rule details that are specific to each tax line, such as:

- Rule results
- Rule conditions
- Tax rules process results

Rule Results

Use the Rule Results table to view the tax rules that are applied to each tax line for each tax calculation process. For each rule type, you can view the processed result and verify whether the result was determined by a tax rule or the default value.

For example, the following table shows the attributes displayed in the Rule Results table:

Rule Type	Result Type	Result	Rule Code	Rule Order
Determine Place of Supply	Default	Ship to		
Determine Tax Applicability	Default	Applicable		
Determine Tax Registration	Rule based	Ship-to party	REGRULE2	20

Where a tax rule is applied, you can determine the associated tax rule from the Rule Results table. In the previous example, the tax determination process uses defaults to determine the place of supply and tax applicability. However, the tax determination process determines the tax registration based on a tax rule. The applicable tax rule code is REGRULE2.

Rule Conditions

By selecting the Determine Tax Registration row, you can review the rule conditions that are successfully evaluated in the Determine Tax Registration: Rule Conditions table. The following table shows the attributes displayed:

Determining Factor Class	Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range	To Range
Registration	Ship-from party	Registration Status	Equal to	Not Registered	

For example, if your transaction is calculating tax lines for a tax that should not be applicable, review the Determine Tax Applicability rule values in the

Rule Results table for that tax line. If the Result Type is **Default** with a result of **Applicable**, verify that you have a Determine Tax Applicability tax rule that evaluates your transaction as not applicable.

Tax Rules Process Results

Use the Tax Rules Process Results table to view the processing and evaluation of the rules associated with a rule type. For each associated rule, the process result consists of one of the following:

- **Failed**
- **Successful**
- **Not evaluated**

For example, the Determine Tax Registration rule type may have 3 associated tax rules as represented in the following table:

Rule Code	Process Result	Evaluation Order	Rule Order
REGRULE1	Failed	1	10
REGRULE2	Successful	2	20
REGRULE3	Not evaluated	3	30

In this example, the tax rule with the highest rule order priority failed, while the rule with the next highest rule order priority is successful. In this case of 3 associated tax rules, the tax determination process does not evaluate the remaining tax rule.

For each rule in the Tax Rules Process Results table, you can also review the following:

- **Rule information:** Provides a summary of details associated with the tax rule, such as configuration owner, tax regime, tax, effectivity, rule order, and tax determining set code.
- **Event information:** Provides additional information for the event class if this rule was defined as applicable to a specific event class.
- **Geography information:** Provides additional parent geography and geography details defined for a specific tax rule if the rule is geography specific.

For each tax rule listed in the Tax Rules Process Results table, you can drill down to the associated rule conditions to review the condition details.

For example, if your transaction is correctly using tax rules to calculate taxes but is applying an incorrect tax rule, use the Tax Rules Process Results table to review the rule order and the associated rule conditions for each tax rule.

Using the Tax Simulator to Analyze Tax Not Calculating as Expected: Example

Use the Tax Simulator to create a simulated transaction and analyze the tax calculations of your transaction before you enable your setup for live data or to

troubleshoot existing tax setup. Use the header level details in the Tax Simulator to troubleshoot issues where tax is not calculated as expected.

The following scenario illustrates when you might want to use the Tax Simulator to evaluate a Payables invoice where you expect tax to be calculated and it is not.

Scenario

If there is a transaction in the subledger work area that is not calculating tax you can simulate this transaction in the Tax Simulator.

Note

The transaction date in the Tax Simulator is updated to the system date so modify the transaction date to the expected date of tax calculation.

The following represents each of the attributes in order to assist you in determining what information they can provide to identify the issue:

- **Document Date:** Ensure that the document date is correct and that the regime to rate setup and applicable tax rules are effective as of this date?
- **Configuration Owner:** Determine if the configuration owner is the legal entity or the business unit. Does the respective configuration owner have a subscription definition to the tax regime where you are expecting tax to calculate? Is the subscription effective on the document date?
- **Document Event Class and Source:** Determine if the source is accurately reflected. The source identifies if the tax options are derived from the predefined event class or if they are derived from the configuration owner tax options that are defined. If they are derived from the configuration owner tax options you can query the configuration owner tax option definition by the configuration owner and document event class and view options based on transaction date effectivity. Other attributes and options, such as **Allow Tax Applicability**, **Tax Regime Determination**, and **Enforce tax from reference document** are included in configuration owner tax options. Issues with tax calculation may stem from the regime determination definition not being what is expected either the standard tax classification code and not the TAXREGIME determination or the reverse. If these are intercountry transactions ensure that the precedence of regime determination points to the expected country of taxation.
- **Allow Tax Applicability:** Ensure that this option is set to **Yes** for tax to calculate. This is the value defined on the source value in the previous attribute. There is another **Allow Tax Applicability** attribute in this region that checks the value from the applicable party.
- **Regime Determination Set:** Ensure that the regime determination set is accurately specified. This attribute indicates if tax calculation is determined by the standard tax classification code or if country of regime is evaluated as in the case of the predefined TAXREGIME regime determination set.
- **Default Rounding Level:** This does not impact tax calculation but identifies the rounding derivation.
- **Third party location:** Determine if the third party locations are accurately reflected. These attributes help identify locations on this transaction

that may influence regime determination and tax calculation based on location. There may be other locations set at a line level that may impact tax calculation as well.

- **Allow Tax Applicability:** Ensure that this option is set to **Yes** for tax to calculate. This option is derived from the supplier, supplier site, third party, and third party site tax profile depending on the event class. Tax applicability must be set to **Yes** for all relevant party tax profiles in order for tax to calculate. If tax applicability is set to **No** for either attribute then tax is not processed.
- **Evaluate Taxes:** Ensure the status of the tax you are expecting to calculate. Is it **Enabled for transactions**, **Enabled for simulation**, or **Enabled for transactions and simulation**? This identifies what status of taxes is evaluated for calculating tax.

FAQs for Verify Tax Configuration

When do I create a simulated transaction and when do I copy a subledger transaction in the Tax Simulator?

Create a simulated transaction when you want to control the testing of specific transaction attributes or when you do not have transaction data available, such as for a new tax regime.

Copy a subledger transaction to examine either the transaction itself or your tax configuration. For example, the tax calculation on a transaction may have yielded correct but unexpected results. Or you may want to evaluate variations of a transaction to see the tax impact, or you may want to evaluate major changes to your tax configuration.

What's the difference between taxes enabled for transactions and taxes enabled for simulation?

On a tax record, you specify whether the tax is enabled for transactions, simulation, or both. During testing, enable a tax for simulation to ensure the setup is correct. When setup is complete and tested, enable the tax for actual transaction tax processing.

When you create a simulator transaction, you can select which types of taxes to evaluate for applicability: taxes enabled for simulation only, taxes enabled for transactions only, or both.

Set Up Tax Calculation Service Provider Integration

Tax Calculation Services Provider Integration: Overview

Oracle Fusion Tax enables the integration with third party order-to-cash transaction tax calculation applications.

Note

Tax calculation integration with third party service providers is currently not available in Oracle Cloud implementations. However, Oracle Cloud

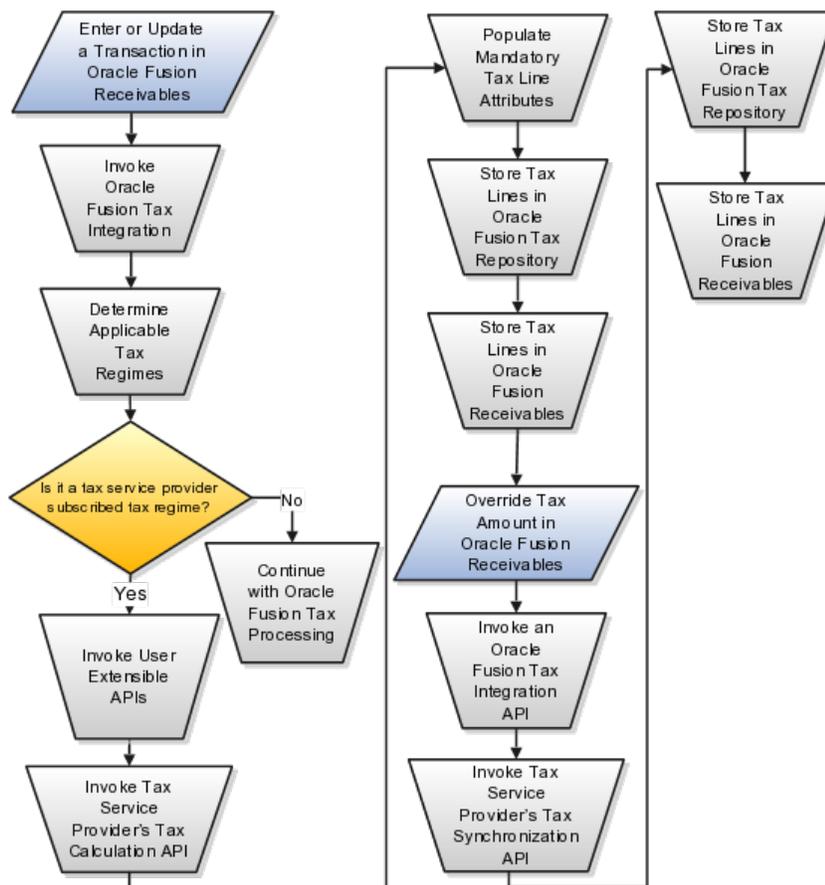
implementations can still use Oracle Fusion Tax functionality to meet transaction tax calculation needs.

Oracle Fusion Tax provides a set of tax interfaces to enable tax service provider agnostic integration. Tax service providers' application programming interfaces (APIs) must conform to Oracle Fusion Tax interfaces.

Oracle Fusion Tax captures all transaction events into three API calls to the tax service providers:

- Tax calculation: This API is used to calculate and recalculate transaction taxes for manually entered and imported transactions.
- Tax synchronization: This API is used to update information in the tax service provider repository for the transaction line attributes that do not influence tax calculation, but are used in tax reports. Another use of this API is to synchronize the tax service provider repository with the tax amount overrides made in Oracle Fusion applications.
- Global document update: This API is used to handle certain transaction level actions such as **Delete**, physically delete transaction lines and tax lines, and **Freeze for Tax**, mark the transaction as ready to report.

The following graphic describes a typical tax calculation and recalculation and the tax amount update flow for an Oracle Fusion Receivables transaction. This graphic explains the interaction between Oracle Fusion Receivables, Oracle Fusion Tax, and a tax service provider.



Oracle Fusion Tax Configuration for Tax Service Provider Integration: Points to Consider

Integration with tax service providers requires a minimal configuration of Oracle Fusion Tax to maintain referential integrity of required attributes of a tax line.

Tax Configuration for Tax Service Provider Integration

Complete the following configuration in Oracle Fusion Tax if you are using a tax service provider to calculate taxes on order-to-cash transactions:

Component	Action
Tax regime	<p>Create a tax regime for tax service provider services to use for tax calculation.</p> <p>Specify the regime level as Country or Tax Zone. When you use the tax regime at the tax zone level, use only a tax zone with the boundary of world.</p> <p>The tax service provider application programming interface (API) is called once for a tax regime. For example, if a single tax service provider API can calculate taxes of the United States, Canada, and Mexico, define a tax regime for a tax zone comprising of the three countries. If a transaction involves any one or more of these countries, the tax service provider API is invoked once to calculate applicable taxes for all of the countries in the tax zone.</p>
Tax	<p>Create the taxes of the tax regime. You can create more than one tax for a tax regime.</p> <p>Define tax accounts for each tax for general ledger accounting. Oracle Fusion Tax copies these tax accounts from the tax to the tax jurisdictions and tax rates.</p>
Tax status	Create at least one tax status for each tax. Each tax must have one default tax status.
Tax service provider party	Create a tax service provider as a party using the Partner Tax Profile web service. This should be done as an automatic installation step in the tax service provider installation process.
Tax jurisdiction	<p>Create at least one tax jurisdiction for each tax. Alternatively, for US sales and use taxes, tax service providers can provide a tax jurisdiction and tax rate content file for loading into Oracle Fusion Tax.</p> <p>The application copies tax accounts from the tax that you are allowed to change, if necessary.</p>
Tax rates	Define at least one tax rate code for the default tax status. Each tax status is required to have a default tax rate code. For the default tax rate code, leave the tax jurisdiction blank and select the Allow ad hoc tax rate option.

Tax regime configuration options and service subscriptions	Create configuration options and service subscriptions for the business units and legal entities that are using tax service provider services for tax calculation for a specific tax regime.
Tax content	<p>For US sales and use tax, you can upload geography, tax zones, tax jurisdictions, and tax rates from your tax service provider content file. The enables tax service provider calculated tax lines to have the same tax jurisdiction codes and tax rate codes as returned by the tax service provider application. This step can only be done after the tax service provider has been created as a party.</p> <p>If you do not create state, county, or city taxes for the tax regime, the content upload program creates these taxes. The content upload program creates default tax status codes of Standard for each of these three taxes. It also creates tax rate codes for each default tax status for storing sales, use, lease, and rental tax rates.</p>
Oracle Fusion Setup Manager	<p>To minimize the setup tasks associated with setting up a tax regime clear the features that do not need to be configured for that tax regime:</p> <ul style="list-style-type: none"> • Party fiscal classifications • Legal fiscal classifications • Product fiscal classifications • Product category classifications • Transaction business categories • Transaction fiscal classifications • Document fiscal classifications • Intended use fiscal classifications • User-defined fiscal classifications • Multiple tax jurisdictions • Tax exemptions • Tax rate exceptions • Tax recovery • Tax registration statuses • Offset taxes

Important

Do not configure offset taxes, tax rate exceptions, and tax recovery when using a tax service provider. You can optionally configure tax exemptions if using Vertex Inc. Q-Series or ADP-Taxware SUT applications.

If your tax service provider leverages any other feature refer to your tax service provider's documentation for explanation on its usage.

Order-to-Cash Transaction and Service Provider Processes: How They Work Together

There are impacts to your business processes if you integrate with a tax service provider. These impacts include:

- Transaction options in Oracle Fusion Receivables
- Tax jurisdiction codes
- Monthly procedures
- US Sales and Use Tax import
- Tax exemption handling
- Reconciliation and audit procedures
- Support procedures

Transaction Options in Oracle Fusion Receivables

If you integrate with a tax service provider, these actions are not required for Receivables transactions:

- Entering tax classification codes on transaction lines
- Entering transaction line attributes in the Additional Tax Determining Factors region

Tax Jurisdiction Codes

Tax service providers may use their own tax jurisdiction code to identify a taxing jurisdiction. A tax service provider jurisdiction code is typically needed when the postal code of an address does not uniquely identify the exact taxing jurisdiction. For example, the same city and postal code may have two or more different taxing jurisdictions in different geographical areas within the same postal code. For such postal codes, you should enter the tax service provider tax jurisdiction codes when you enter your customer address.

Monthly Procedures

Each month tax service providers send an updated version of their data file. You need to upload the data file into both the tax service provider system and Oracle Fusion Tax. This ensures that Oracle Fusion Tax has the latest information for address validation and tax jurisdiction code retrieval during tax calculation.

US Sales and Use Tax Import

Use the Upload Tax Configuration Content processes to upload US sales and use tax updates from your tax service provider. The Upload Tax Configuration Content processes import tax content for US sales tax rates at various jurisdiction levels. For example, at the state, county, city, and postal code or postal code range levels. The processes also support the import of incremental tax content.

The application loads the data into Oracle Fusion Trading Community Model geography and into all related Oracle Fusion Tax entities, including taxes, tax

statuses, tax rates, tax jurisdictions, and tax accounts. The data the application loads into the Trading Community Model geography includes master geography data, such as state, county, city, postal code, and their relationships and hierarchy. The application also creates the geography identifiers for alternate city names apart from the geography types and geography nodes.

Exemption Handling

You can define your customer and product exemptions using a tax service provider, Oracle Fusion Tax, or both. For exemptions set up in Oracle Fusion Tax you can only use the exemption rate type of **Discount or surcharge**. The exemption rate type of **Special rate** is not considered. At transaction time, if an applicable Oracle Fusion Tax exemption or nonjurisdiction-based tax exception is found, it is passed to the tax service provider application programming interface and applied to the tax calculation. The tax service provider tax repository includes the exempt tax line for complete audit and reconciliation. You can also build your own logic to pass exemptions to the tax service provider.

If the **Tax Handling** field is enabled on an Oracle Fusion Receivables transaction line, you can override the tax service provider setup and identify a transaction as exempt, according to your tax exemption setup in Oracle Fusion Tax. Select the Tax Exemption Override Control profile option to control the display of the **Tax Handling** field.

Reconciliation and Audit Procedures

Tax service providers return the calculated tax lines to Oracle Fusion Tax. The tax lines for Receivables transactions returned by tax service providers are stored in Oracle Fusion Tax similar to the way tax lines calculated by Oracle Fusion Tax itself are stored.

Before completing your tax returns using the tax service provider reports, you should reconcile the total tax amounts held in Oracle Fusion Tax, Oracle Fusion General Ledger, and a tax service provider repository. All Receivables transactions are stored in the tax service provider repository at the time of tax calculation. Thus, the tax details in Oracle Fusion Tax and in a tax service provider repository are always the same. The Receivables transactions are posted to General Ledger only when they are completed and posted to General Ledger from Oracle Fusion Subledger Accounting. Therefore, before reconciliation with General Ledger, all transactions must be completed and posted to the General Ledger.

You can reconcile the total tax amounts of Receivables transactions by state to General Ledger. The total tax amounts by state reported by the Tax Reconciliation Report should reconcile to each state tax liability account held in General Ledger.

Support Procedures

Begin with Oracle Fusion Tax error messages to review issues that arise with tax calculation by tax service providers. The debug file contains details of the transaction in error together with the error message.

Note

Refer to the tax service provider's manuals and documents and contact tax service provider support for details on the process of the installation required by

tax service providers, reports provided by tax service providers, or upgrades to newer releases.

FAQs for Set Up Tax Calculation Service Provider Integration

What happens if a value of a required attribute of a tax line is invalid for tax service provider calculated tax lines?

Tax service provider calculated tax lines are validated before storing them in the Oracle Fusion Tax repository. If the value of a required attribute of a tax line is invalid but can be replaced by a default value, Oracle Fusion Tax inserts a message in the debug log file. If a default value cannot be determined, Oracle Fusion Tax raises an error along with inserting the cause of the error in the debug log file.

Following attribute values are used as defaults by Oracle Fusion Tax:

- **TAX_STATUS_CODE:** The application populates the record with the tax status code specified as the default tax status code.
- **JURISDICTION_CODE:** The application populates the record with the tax jurisdiction derived based on the tax regime, tax, and situs. If the application does not find a jurisdiction code, the value is blank.
- **TAX_RATE_CODE:** The application populates the record with the tax rate code for the tax status code with no associated tax jurisdiction code.

Oracle Fusion Tax takes the default accounting code combinations for the tax liability account in the following order:

1. From the tax configuration
2. From the tax jurisdiction configuration
3. From the tax rate configuration

You can ignore default accounting code combination values by defining the subledger accounting rules to derive the accounting code combinations.

Define Transaction Taxes for Rapid Implementation

Define Transaction Taxes for Rapid Implementation: Overview

The Define Transaction Taxes for Rapid Implementation task list provides you the required and most frequently used setup tasks for implementation scenarios observed in practice. The primary mechanism for rapid implementation is for you to create tax setup using a spreadsheet upload.

Use the standard Define Transaction Taxes task list for the ongoing maintenance of your tax setup and those tax configurations that cannot be set up using the rapid implementation approach.

Tasks

The following tasks are the required minimum tasks to enable taxes for transactions:

Task	Spreadsheet Download and Upload
Manage Tax Regimes	Use the Manage Tax Regimes and Manage Tax Regime Subscriptions spreadsheets to create tax regimes and tax regime subscriptions.
Manage Taxes	Use the Manage Taxes spreadsheet to create taxes and tax jurisdictions for a tax regime.
Manage Tax Rates and Tax Recovery Rates	Use the Manage Tax Rates, Manage Tax Rate Tax Accounts, Manage Tax Recovery Rates, and Manage Tax Recovery Rate Accounts spreadsheets to create tax rates, tax recovery rates, and tax accounts needed for tax statuses and tax jurisdictions.
Manage First Party Tax Profiles	<p>Use the Manage First Party Tax Profiles and Manage Party Tax Profile Tax Registrations spreadsheets to create first party tax profiles, such as legal entities, business units, and legal reporting units, and tax registrations for legal reporting units.</p> <hr/> <p>Note</p> <p>While the Manage First Party Tax Profiles is not a required task to enable taxes, the information associated with the first party tax profiles has an important role in tax determination. As such, the basic foundation is created automatically when the first party legal entity, legal reporting unit, or business unit is initially created. Use this task to verify the setup created and create associated tax registrations for legal reporting units.</p>

The following tasks also appear in the Define Transaction Taxes for Rapid Implementation task list, but are not required to enable taxes for transactions:

- **Manage Tax Exceptions:** Use the user interfaces to configure tax exceptions as this task does not use spreadsheet integration.
- **Manage Tax Rules:** Use the Manage Tax Rules spreadsheet to create tax rules details.

When preparing the spreadsheets offline for subsequent upload into Oracle Fusion Tax, first focus on populating the necessary spreadsheet columns for these tax entities based on known transaction tax business requirements. Use the detailed instructions and column descriptions in the Transaction Tax Configuration Workbook available in Oracle Enterprise Repository for Oracle Fusion Applications as a guide.

Creating Tax Regime Setup Data Using the Tax Spreadsheet: Worked Example

This example shows how to create setup data for a tax regime in Oracle Fusion Tax using a spreadsheet.

Spreadsheet entry and upload of tax configuration data into Oracle Fusion Tax facilitates implementation expediency. Use this spreadsheet functionality for

quick systematic population of new transaction tax configuration as well as for the export of existing transaction tax configuration.

The following table summarizes key decisions for this scenario:

Decision to Consider	In This Example
What tax setup data are you creating?	Tax regime
Is the data an update to your existing tax configuration or is it new setup data?	New
Is there only one tax regime per country per tax type with the tax requirements administered by a government tax authority for the entire country?	Yes
Is this a parent tax regime?	No
Do you have an existing legal entity or business unit you want to subscribe to this tax regime?	Yes, a business unit

To create tax data in a spreadsheet, you must:

- Use the Desktop Integration Installer to install the Oracle Application Development Framework Desktop Integration client.
- Ensure the appropriate underlying master geography data in Oracle Fusion Trading Community Model geographies already exists.

Creating Tax Regime Setup Data in a Spreadsheet

Access the spreadsheets used to create tax configuration in the Actions menu located in the Search Results table on the respective Manage page.

Each rapid implementation task's Actions menu includes:

- Downloading the spreadsheet template for new setup data creation.
- Downloading existing setup data to a spreadsheet for adding new setup data.
- Uploading new setup data from a spreadsheet.

For the purposes of this example, you will download the spreadsheet template for new setup data creation from the Manage Tax Regimes page.

Note

You can also download existing setup data using the Download Tax Regimes to a Spreadsheet action and update that spreadsheet with the new tax regime details.

1. On the Setup and Maintenance work area, click the **Manage Implementation Projects** link.
2. Search for and select your rapid implementation project in the Manage Implementation Projects page.
3. Expand the Define Financials and Fusion Accounting Hub Configuration for Rapid Implementation task list.
4. Expand the Define Common Financials Configuration for Rapid Implementation task list.

5. Expand the Define Transaction Taxes for Rapid Implementation task list.
6. Click the **Go to Task** icon on the Manage Tax Regimes task.
7. On the Manage Tax Regimes page, click **Download Tax Regimes Spreadsheet Template** in the Actions menu in the Search Results table.
8. Prepare your tax configuration data using the Manage Tax Regimes spreadsheet. Complete the fields, as shown in this table.

Column	Value
Tax Regime Code	US_SALES_TAX
Country	United States
Start Date	2001/01/01
End Date	Blank

9. Save the spreadsheet data file as a CSV file.
10. On the Manage Tax Regimes page, click **Upload Tax Regimes from a Spreadsheet** in the Actions menu in the Search Results table.
11. In the **Upload Tax Regimes from a Spreadsheet** dialog box, select your file and click **Upload**.
12. In the Manage Tax Regimes page, select the Monitor Upload and Download Processes tab.
13. Note the status of your process.
 - If the status of the upload process is Succeeded and there are no validation errors in the log file, you can view your tax regime using the search criteria in this page.
 - If the upload failed, check the details in your upload file, correct any errors, and upload the file again.

Creating Tax Regime Subscription Setup Data in a Spreadsheet

Since you set up your legal entities and business units previously, you can subscribe them to the tax regime.

For the purposes of this example, you will subscribe business unit, Business Unit 001, to the tax regime you created.

Note

You can also download existing setup data using the Download Regime Subscriptions to a Spreadsheet action and update that spreadsheet with the new regime subscription record details.

Important

You must first ensure that the tax regime exists in Oracle Fusion Tax before uploading the Regime Subscriptions Spreadsheet Template.

1. On the Manage Tax Regimes page, click **Download Regime Subscriptions Spreadsheet Template** in the Actions menu in the Search Results table.
2. Prepare your tax configuration data using the Manage Tax Regime Subscriptions spreadsheet. Complete the fields, as shown in this table.

Column	Value
Tax Regime Code	US_SALES_TAX
Party Name	Business Unit 001
Party Type	Business unit owning tax content
Legal Entity Party Number	Blank
Enabled	Y
Effective Start Date	2001/01/01
Effective End Date	Blank

3. Save the spreadsheet data file as a CSV file.
4. On the Manage Tax Regimes page, click **Upload Regime Subscriptions from a Spreadsheet** in the Actions menu in the Search Results table.
5. In the **Upload Regime Subscriptions from a Spreadsheet** dialog box, select your file and click **Upload**.
6. In the Manage Tax Regimes page, click the Monitor Upload and Download Processes tab.
7. Note the status of your process.
 - If the status of the upload process is Succeeded and there are no validation errors in the log file, you can view your tax regime subscription details by searching for and selecting the tax regime for view or edit.
 - If the upload failed, check the details in your upload file, correct any errors, and upload the file again.

Tax Data Content Upload: How It Is Processed

The tax data content upload process populates data for the United States (US) in Oracle Fusion Tax and Oracle Fusion Trading Community Model geography hierarchy simultaneously using data files provided by tax partners. The data includes US sales and use tax rate information for all states, counties, and cities which impose sales and use taxes, as well as US state, county, city, and postal code geography combinations.

Settings That Affect Tax Data Content Uploads

The execution of the tax data content upload process differs depending upon the type of Oracle Fusion Applications implementation involved.

- For On-Premise and Oracle On Demand implementations, use the Run Tax Configuration Content Upload Program task in the Financials offering

or the rapid implementation task list to initiate the tax data content upload of a particular tax partner data file. The Run Tax Configuration Content Upload Program task provides access to the Upload Tax Configuration Content job set. The Upload Tax Configuration Content job set is comprised of two individual jobs:

- a. Upload Tax Content File
 - b. Process Tax Content Data
- For Oracle Cloud implementations, schedule the Import Tax Configuration Content process using the Scheduled Processes page. Access the Scheduled Processes page from the Tools group in the Navigator menu.

You must populate all parameters displayed for the individual process. Failure to populate all parameters will result in processing errors. Specific parameters are as follows:

Parameter	Description
File Location and Name	<p>The full application server directory path and file name related to the specific tax partner data file that is saved on the application server.</p> <hr/> <p>Note</p> <p>Used in the Upload Tax Content File job only for On-Premise and Oracle On Demand implementations.</p>
Tax Content Source	The name of the specific tax partner provider that was created in Oracle Fusion.
Tax Regime Code	The specific US tax regime code that already exists in Oracle Fusion Tax against which the data content upload is executed.

How Tax Data Content Is Processed

The tax data content upload process:

- Initially uploads the entire collection of US sales and use tax rates available from a tax partner provider in to Oracle Fusion Tax.
- Subsequently uploads new or updated incremental US sales and use tax rates available in monthly data files from a tax partner provider in to Oracle Fusion Tax.
- Creates Oracle Fusion Tax entities including:
 - Taxes
 - Tax statuses
 - Tax jurisdictions
 - Tax rates

- Uploads US state, county, city, and postal code combinations into the Oracle Fusion Trading Community Model geography hierarchy.

You have the option of electing to configure taxes, such as state, county, and city, in Oracle Fusion Tax prior to initiating the tax data content upload for a particular tax regime. This approach is used if you want to control configuration settings more closely at the tax level initially. In this case, you should not enable the taxes you configure in Oracle Fusion Tax for simulation or transaction purposes until you are certain that there will not be changes to tax-level configuration.

If you elect to configure taxes in Oracle Fusion Tax prior to initiating the tax data content upload for a particular tax regime, then you also have the option to configure tax liability accounts at the tax level up front. The tax liability accounting configuration you create initially at the tax level is associated with tax rates created during the tax data content upload process.

Define Payables

Define Automated Invoice Processing Configuration

Integrated Invoice Imaging Solution: Overview

Paper invoices are still prevalent in today's business world prompting most organizations to implement some form of imaging capability for their payables department to help reduce receipt-to-payment cycle and meet audit requirements. This involves implementing multiple point solutions with the following challenges:

- Components from different vendors specializing in scanning, data extraction, storage, and workflow based on proprietary technology require dedicated IT staff to set up, integrate, and maintain, resulting in higher maintenance costs.
- Disparate platforms, operating systems, and release and certification cycles increase the risk of incompatibility and maintenance overhead. When an enterprise resource planning (ERP) system is upgraded or patched, reimplementation may even be required.

Given this a la carte selection process, the result is a disjointed bolt-on solution footprint unique to each implementation that cannot leverage native ERP capabilities and efficiencies. Such implementations often rely on custom user interfaces or push raw data directly through open interfaces, and completely bypass native ERP transaction entry and validation.

Oracle is the only vendor in the market today offering a fully integrated invoice imaging solution that provides a seamless user experience, supporting the entire invoice life cycle from scanning, recognition, and routing, to invoice entry, approval, and payment - all based on a unified security model. This end-to-end solution is certified and supported by Oracle on a common provisioning framework, with minimal setup and configuration required, thereby reducing the total cost of ownership.

Note

Imaging is currently not available in Oracle Cloud implementations.

Integrated Invoice Imaging Components: How They Work Together

The Oracle Fusion Payables invoice imaging process begins with invoices arriving in the mail room or by e-mail.

For invoices that arrive in the mail room:

- Imaging specialists prepare and sort the invoices based on parameters, such as geography, invoice amount, and due date. The imaging specialist then scans the invoices and reviews the images in the batch.
- The imaging specialist can use the indexing feature in Oracle Document Capture to enter additional attributes, which can be used to route the invoice images to accounts payables specialists for invoice entry. The attributes are based on business requirements and might not be part of the invoice. Once this done, the imaging specialist commits the batch.

For invoices that are received by e-mail:

- Imaging specialists review the invoices received in e-mail attachments. Additional attributes can be included in the e-mail subject to route the invoice images to accounts payables specialists for invoice entry.
- The imaging specialist then sends the e-mail, with the invoice image as an attachment, to an e-mail server for import by the Oracle Document Capture Import Server.

Images are then sent over a network file share to a central Oracle Forms Recognition server for intelligent data recognition and extraction. Any invoices that fail data extraction or validation are sent to Oracle Forms Recognition Verifier for manual resolution.

Once data recognition is completed, the invoice images, header attributes, and additional attributes are sent to Oracle Imaging and Process Management for storage and routing to accounts payable specialists using Oracle BPEL Process Manager workflows.

Accounts payable specialists can view the list of scanned images for invoice entry, along with the additional routing attributes, in the Scanned Invoices region of the Invoices work area. Accounts payables specialists proceed with invoice entry using dual monitors, where the invoice entry page is displayed on one monitor, and the image is displayed on the other. During invoice entry, key invoice header attributes are already prepopulated with the data extracted by Forms Recognition, thus reducing entry time and data entry errors.

Document Capture

Document Capture plays the first crucial role in digitizing paper invoices to images to support the automation necessary for streamlining invoice processing. It is designed for high volume, centralized image capture, where batches of invoices can be scanned at a time. The architecture supports implementation scenarios where companies can centrally scan all invoices by having suppliers send invoices to one location, or they can scan documents in field offices using multiple Document Capture instances.

Document Capture runs on desktop personal computers connected to scanners, and converts paper invoices to industry-standard image formats. It supports most enterprise class scanners and the leading high-volume document scanning interfaces: Image and Scanner Interface Specification (ISIS), Kofax Adrenaline, and Kofax VirtualReScan. Document Capture includes instant image processing with built-in features, such as deskew, despeckle, and black border removal to improve scan quality.

Document Capture also provides image thumbnail support during batch review so imaging specialists can quickly review the quality of all images within a batch.

Imaging specialists can also append, insert, replace, and delete pages within a batch using drag-and-drop functionality.

Document Capture Import Server imports images, such as documents sent as e-mail attachments.

Once invoices are scanned, and additional attributes entered using the indexing feature, or invoices are imported by Document Capture Import Server, the images are automatically sent to Forms Recognition for intelligent recognition, the next step in invoice processing.

Forms Recognition

Forms Recognition offers cutting-edge intelligent recognition capabilities for extracting the key invoice header data from scanned images. Forms Recognition also transfers the additional routing attributes that may have been captured in Document Capture to Oracle Imaging and Process Management. This extracted data is later prepopulated directly into the invoice entry user interface.

Unlike other solutions that use supplier-specific templates to extract information, Forms Recognition can intelligently locate data within the invoice, regardless of its location on the image and whether or not it has processed invoices from that supplier before. As new suppliers are added, or an existing supplier changes its invoice layout, Forms Recognition can extract data from these new invoice layouts without additional configuration.

Forms Recognition has self-learning intelligence to improve scan accuracy for suppliers over time, and provides flexibility to define specific rules for attributes, such as format masks on invoice number and PO number, to further boost recognition results. You can also configure validations for the extracted data against the Oracle Fusion Applications database. This results in highly accurate data recognition that dramatically decreases the need for human intervention to correct and resolve exceptions.

For Payables invoice processing, PO number, supplier, invoice number, invoice amount, invoice date, customer taxpayer ID, and business unit are extracted as part of the predefined configurations.

Upon successful data recognition, the invoice images and extracted information are automatically sent to the Imaging and Process Management repository. Imaging and Process Management then stores the invoice images in the content repository and routes them to individual accounts payable specialists. Once the Forms Recognition application is set up, all these steps are executed without human intervention.

Forms Recognition consists of the following components:

- Oracle Forms Recognition Designer
- Oracle Forms Recognition Runtime Service
- Oracle Forms Recognition Verifier

Forms Recognition Designer

Forms Recognition Designer enables you to customize the invoice recognition process, such as information to be extracted, and verification of the processing results. Such configurations are stored in the Forms Recognition project file and its associated initialization (.ini) file.

The project file contains the definition of the attributes to be recognized, database queries to import list of values for validation, and so on. Payables delivers a preconfigured initialization (.ini) file to be used for your implementation project.

The Forms Recognition Designer is used only during implementation time and is not part of daily processing.

Forms Recognition Runtime Service

Forms Recognition Runtime Service runs in the background as a server process. Each Forms Recognition Runtime Service instance can be configured to perform specific steps within the overall process, and multiple Forms Recognition Runtime Service instances can be run on a single master server. For scalability purposes, you can set up multiple servers, each running multiple instances of the Forms Recognition Runtime Services that can be centrally managed through the Forms Recognition Runtime Service Management Console.

Each Forms Recognition Runtime Service instance can be configured to either run the Import, Export, and Clean Up service, or the Recognition, Classification, and Extract service. Batches that cannot be completely processed by Forms Recognition Runtime Service are forwarded to the quality assurance application called Forms Recognition Verifier to be corrected manually.

Forms Recognition Verifier

Forms Recognition Verifier is the quality assurance application of the Forms Recognition suite. The application detects all documents with data recognition problems and presents them to the operator for verification.

If Forms Recognition Runtime Service fails to extract and validate an invoice in a batch, the entire batch is marked as failed and will not be exported to the image repository. Recognition failure is most likely due to one of the following:

- Extracted values for one or more attributes failed validation. The Payables imaging solution includes a number of attribute-level validations.
- Forms Recognition could not find a value with a sufficient confidence level for one or more attributes.
- Stamps or notes on the documents make sections illegible for Forms Recognition.
- Information is missing from the scanned image.

An accounts payable specialist reviews incomplete batches using Forms Recognition Verifier and resubmits them after correcting the exceptions.

The Forms Recognition Verifier, like Document Capture, is another client application providing multiple deployment options. Forms Recognition Verifier can either be set up on each designated user's workstation, or users can access Forms Recognition Verifier instances using remote desktop technologies.

Imaging and Process Management

Imaging and Process Management is part of the Oracle Enterprise Content Management suite. This is where invoice images are stored and routed to accounts payable specialists. For the rest of the invoice life cycle, any reference to the invoice image points to the Imaging and Process Management repository so documents are never replicated.

Images sent by Forms Recognition are imported by the Imaging and Process Management Input Agent, which is a scheduled process. Images must be associated with a data file containing information on the image location, as well as the extracted data. For the invoice imaging solution, the data file is generated by Forms Recognition Runtime Service after successfully completing the data recognition.

Imaging and Process Management and the content server, part of Enterprise Content Management, give you the flexibility to attach configurable storage and security policies to content. For example, for invoices you can set metadata to determine how long the documents will be stored, on what storage device, and who will be able to access and view them. The ability to move images over storage devices as needed maximizes the use of your infrastructure.

After images are stored, Imaging and Process Management creates a BPEL Process Manager task for each invoice, which then routes the images to appropriate accounts payables specialists for data entry using key invoice header and additional attributes. Imaging and Process Management also provides an image viewer embedded within the Payables application, allowing accounts payable specialists to review and annotate the images.

Invoice Image Routing Process and Payables Invoices Work Area

Imaging and Process Management utilizes business process management technologies for image routing. Image routing is done through a BPEL process containing the payload information as well as business rules. A new instance of the BPEL process is generated when an invoice image is saved successfully in Imaging and Process Management, which is then routed based on the configured rules.

Once routing rules are set up, the whole process is automated so accounts payable personnel do not have to worry about keeping track of invoices that need to be assigned to various accounts payable specialists for data entry.

Payables provides a sample approval rule for image routing based on the invoice amount. This rule must be modified for the implementing company's application users. Additional routing rules can also be configured using key invoice header attributes, as well as additional attributes.

The Invoices work area optimizes the operational efficiency by leveraging information driven architecture to push scanned invoices automatically to accounts payable specialists so that they can proceed with invoice entry without searching for the information.

The main user interfaces pertinent to the invoice imaging flow are as follows:

- Invoices work area, where invoice images assigned to the accounts payables specialist are shown in the Scanned Invoices region. The Scanned Invoices region also enables the accounts payables specialist to view the additional routing attributes that were captured and may have been used for routing.
- Create Invoice and Edit Invoice pages, where the accounts payable specialists reviews the invoice image and completes invoice entry.

During transaction entry, accounts payable specialists can view and annotate the invoice image using the embedded Imaging and Process Management image viewer. Upon saving the invoice, the invoice image is automatically linked to the document as an attachment and will be available throughout the invoice life cycle.

Integrated Invoice Imaging Implementation: Critical Choices

The typical topology for implementing the Oracle Fusion Payables invoice imaging solution usually involves setting up one or more locations for invoice

scanning and data recognition depending on throughput, geography, and audit requirements.

Note

There is only one instance of Oracle Imaging and Process Management, image routing Oracle BPEL Process Manager server, and Payables application in any Oracle Fusion Applications implementation.

A critical component in this topology is the network file share, or file system, where invoice images are transferred from scanning locations to the Imaging and Process Management image repository. You must set up a file share for the following folders:

- Oracle Forms Recognition Import folder: Location storing images scanned using Oracle Document Capture that Forms Recognition processes.
- Forms Recognition Batch folder: Location storing images processed by Forms Recognition including those pending exception resolution.
- Forms Recognition Export folder, which is the same as the Imaging and Process Management Input Directory: Location where Imaging and Process Management retrieves images for storage.

Key points to consider for the topology:

- Number of scanning locations
 - Can suppliers send invoices to a central location for scanning? Are there any legal requirements for having invoices processed and stored in the same country that received the invoices?
 - One instance of Document Capture is required for each scanner, and each instance must be installed and configured individually, so minimizing the number of scanning locations is recommended.
- While it is possible to have Forms Recognition servers running in different locations, to minimize network load while transferring images, it is recommended to have one central cluster of Forms Recognition servers collocating with the document folders.
- The Forms Recognition Import and Batch folders should be a Windows file system, while the Forms Recognition Export folder, also known as the Imaging and Process Management Input Directory, should be a Linux file system with Common Internet File System (CIFS) enabled. The file system used as the Forms Recognition Export folder must support the Uniform Naming Convention (UNC) so Forms Recognition can recognize it as an export folder.
- The Forms Recognition Export folder can be set up so only IT staff has access to it. However, the Forms Recognition Import and Batch folder must be accessed from multiple locations and by different users for saving images and processing recognition exceptions. In a Software as a Service (SaaS) model, this means that the Forms Recognition Import and Batch folders must be in the (DMZ) and clients must be granted privilege to access them.

Document Capture

Hardware Requirement

Install Document Capture on a machine with minimum duo-core processor and 4 GB RAM.

Scanning Recommendations

Each scanner requires a dedicated Document Capture instance to support the scanning process. Following are key implementation recommendations:

- Enable Adaptive Thresholding on scanners to remove background colors and gradients for pure black-and-white images.
- When evaluating hardware scanning throughput, plan for 60 percent efficiency of maximum throughput to account for image quality review.

Other Image Processing Recommendations

Use TIFF image format with International Telegraph and Telephone Consultative Committee (CCIT) Group IV compression at 300 dpi for optimal balance between scan quality and image size. JPEG format is not recommended as the lossy compression logic results in loss of image details affecting recognition accuracy. This configuration should already be set up in the predefined Document Capture scan profiles.

For the image batch size, less than 25 images per batch is recommended to avoid delay caused by recognition exception, as Forms Recognition only pushes a batch to Imaging and Process Management when all images in the batch are processed successfully.

To optimize for high volume scanning, set up the Document Capture Commit Server to schedule image export to the Forms Recognition Import folder every ten to fifteen minutes.

Forms Recognition

Forms Recognition consists of Oracle Forms Recognition Runtime Service, Oracle Forms Recognition Designer, and Oracle Forms Recognition Verifier, each with different implementation considerations.

Forms Recognition Runtime Service

Forms Recognition Runtime Service is the data recognition component, and each Forms Recognition Runtime Service instance can perform one of the following tasks:

- Import, Export, and Clean Up of image batches
- Optical character recognition (OCR), Classification, and Extraction

Hardware Requirement

Forms Recognition Runtime Service should be installed on a machine with minimum duo-core processor at 2 GHz and 2 GB RAM per core. In most cases, a server with quad-core processor and minimum 8 GB RAM is recommended so more Forms Recognition Runtime Service instances can be dedicated to the resource intensive recognition task.

Note

The number of Forms Recognition Runtime Service instances running on a server must not exceed the number of processor cores. For example, you should

run up to four Forms Recognition Runtime Service instances on the typical quad-core server.

Scalability Considerations

If one server is not sufficient for your processing throughput requirement, you can set up multiple servers running Forms Recognition Runtime Service to be managed by the same Form Recognition Runtime Service Manager.

Consider the following points when determining the number of Forms Recognition Runtime Service instances needed for your implementation:

- Each Forms Recognition Runtime Service instance should either be dedicated to the Import, Export, and Clean Up task, or the OCR, Classification, and Extraction task. It is not recommended for a Forms Recognition Runtime Service instance to perform both tasks.
- For Forms Recognition Runtime Service instance dedicated to data recognition can process up to 250 invoices per hour. Each additional instance can achieve near linear scalability depending on scan volume, document complexity, and the number of attributes validated.
- For processing volume up to 300,000 invoices per day, it is sufficient to set up only one Forms Recognition Runtime Service instance for the Import, Export, and Clean Up task.

In a typical quad-core server, this means that you will have a total of three Forms Recognition Runtime Service instances - one running Import, Export, Clean Up, and three running data recognition.

Other best practices include:

- Enabling autorestart every four hours on Forms Recognition Runtime Service instances for optimal stability.
- Setting the logging level to **Info** for all instances.
- Setting up the Import, Batch, and Export folders on dedicated file servers.
- Colocating Forms Recognition servers with the Import, Batch, and Export folders to minimize network traffic.

Forms Recognition Designer

The Forms Recognition Designer is a client tool for configuring implementation details, known as a project, and its initialization (.ini) file. A preconfigured initialization (.ini) file is installed as part of Oracle Fusion Applications to be used for your customized project. You must modify the project and the .ini file on site to update the Oracle Fusion Applications database connection information, the Forms Recognition Import, Batch, and Export folder locations, and any additional data validation to be performed.

Since the number of users performing this task is limited, it is recommended that remote desktops or Citrix accounts be provided for Forms Recognition Designer access to centralize installation and maintenance effort.

Forms Recognition Verifier

The Forms Recognition Verifier is a client tool for resolving recognition exceptions, which in most cases are handled by the payables department. Each Forms Recognition Verifier instance must access the Forms Recognition Batch

folder and should be colocated with the Forms Recognition Batch folder to minimize image loading time.

Since the number of users performing this task is limited, it is recommended that remote desktops or Citrix accounts be provided for Forms Recognition Verifier access to centralize installation and maintenance effort.

Imaging and Process Management and Routing

The common provisioning framework installs and preconfigures the Imaging and Process Management image repository, but prior to running the provisioning process, the file system for the Imaging and Process Management Input Directory, which is the same as the Forms Recognition Export folder, must be set up. It is recommended that the Imaging and Process Management image repository be colocated with the Imaging and Process Management Input Directory to minimize network traffic when transferring images.

The average size of a black-and-white invoice image saved in TIFF format with CCIT Group IV compression at 300 dpi is 40 KB per page. It is critical that invoices are digitized using the Adaptive Thresholding technology to remove gray scaling, otherwise the image size can go up to 300 KB per page. You can use this sizing information, together with the estimated invoice volume, to determine the amount of storage needed for Imaging and Process Management.

A default image routing rule, based on the invoice amount assigned to individual users, is delivered as part of the provisioning process. You must modify these routing rules using the BPM Worklist application to achieve the desired specialization within the payables department. For example, routing can be based on supplier, PO prefix, or invoice number prefix, to ensure the right group of payables specialists process invoices based on their specific assignments. Moreover, to achieve optimal load balancing among specialists, and to avoid task reassignment, routing rules should be set up to assign invoices to a user group instead of an individual accounts payable specialist.

Receiving and Routing Invoice Images from E-Mail: Points to Consider

As an alternative to receiving invoices through conventional mail, you can automate the invoice imaging process further by receiving invoice images through e-mail. The process begins when an imaging specialist reviews the invoice received in an e-mail attachment. Additional attributes can be included in the e-mail subject to route the invoice images to accounts payables specialists for invoice entry.

Consider the following when receiving and routing invoice images that are received through e-mail.

Invoice Images as E-Mail Attachments

Invoice images can be included in e-mail attachments in the following ways:

- Single page invoice in one attachment.
- Multipage invoice in one attachment.
- Multiple invoices in one attachment, each invoice is separated by blank page.

- Single and multipage invoices in multiple attachments.

Note

A single invoice cannot be represented by multiple attachments.

Use the Oracle Document Capture Email Provider setup to specify the types of attachment that can be processed. For example, if JPEG is the attachment type specified in the setup, and an e-mail has both a JPEG and a PNG attachment, only the JPEG attachment is processed.

Attribute Information in an E-Mail Subject

You can specify up to five attributes in an e-mail subject, which can be used to route the invoice image to an accounts payable specialist for entry. Use the number sign (#) followed by a tilde (~) as separators to indicate the start of routing attribute information.

For example, you may want the predefined attributes to represent invoice priority, supplier category, manufacturing plant number, storage bin number, and processing queue.

This table lists the categories and their possible values.

Category	Valid Values
Invoice priority	Regular, Urgent
Supplier category	Regular, Supply chain related
Manufacturing plant number	Plant-1, Plant-2, Plant-3
Storage bin number	Bin#1, Bin#2, Bin#3
Processing queue	Section1, Section2, Section3

The supplier sends an invoice with the e-mail subject: **Invoice-1234 attached**. The imaging specialist reviews the e-mail and provides additional routing information in the e-mail subject. The revised e-mail subject is: **Invoice-1234 attached#~Urgent#~Supply chain related#~Plant-1#~Bin#1#~Section1**.

This table shows how the content in the e-mail subject is mapped to the routing attributes.

E-Mail Subject Content	Routing Attribute Mapping
Invoice-1234 attached	Not applicable. General text is not used for routing.
Urgent	Routing attribute 1.
Supply chain related	Routing attribute 2.
Plant-1	Routing attribute 3.
Bin#1	Routing attribute 4.
Section1	Routing attribute 5.

Each of the five predefined routing attributes has a maximum length of 40 characters and supports alphanumeric data. You can modify the maximum length of each attribute to meet your requirements however, the sum of the attribute values should not exceed the limit.

This limit is calculated as follows, assuming that all five attributes are used:

- Total number of characters in an e-mail subject: 255
- Number of characters reserved for internal use as a unique reference number: 40
- Number of separator characters multiplied by the number of attributes used (2*5): 10
- Total characters minus reserved characters minus separator characters (255-40-10): 205

Note

The limit changes if you use fewer than five attributes, because fewer separators are needed.

If the value of an attribute in an e-mail subject exceeds the maximum length specified for that attribute, Oracle Document Capture's scan and commit will error.

Installing and Configuring the Integrated Invoice Imaging Solution: Explained

The Oracle Fusion Payables integrated invoice imaging solution provides predefined configurations for Oracle Document Capture, Oracle Forms Recognition, Oracle Imaging and Process Management, and routing rules.

Setting Up Document Capture

Document Capture is a Windows based application that must be installed on every Windows machine that is connected to the scanner.

Payables provides a predefined configuration (a File Cabinet) for invoice processing. You can modify the configuration according to your requirements.

A Document Capture file cabinet defines how documents are scanned, processed, and saved. It encapsulates the following information:

- Attribute definitions: To be captured as part of the scanning process either through manual entry or by zonal recognition
- Commit profile: Specifies how the image is saved
- Scan profile: Specifies how invoices should be scanned and other processing options, such as deskewing and noise removal
- Index profile: Specifies how attributes are captured and indexed

The following table provides details on the Payables predefined file cabinet, called Payables Invoice with OFR, with the artifact name of

`ApInvoiceOfrCabinet.zip`.

File Cabinet Component	Details
Attribute Definitions	Unique Reference Number (URN) generated automatically by Document Capture Other attributes are recognized by Forms Recognition so there is no need to have other attributes

Commit Profiles	AP_INV_OFR <ul style="list-style-type: none"> • Commit Driver - Commit Text File • Document Output Format - TIFF Multiple Page
Scan Profile Name	Payables Invoice with OFR
Index Profile Name	Fusion Payables Invoice With OFR, Fusion Payables Invoice Without OFR

For more information on configuring Document Capture for Oracle Fusion Payables, see the Oracle Fusion Applications Post-Installation Guide. For more information on administering Oracle Document Capture, see the Oracle Document Capture Administrator's Guide.

Setting Up Forms Recognition

The predefined Payables initialization (.ini) file supports optical character recognition (OCR) and extraction of the following invoice header attributes:

- Purchase order number
- Supplier
- Invoice number
- Invoice amount
- Invoice date
- Customer taxpayer ID
- Business unit

For invoice line attributes, accounts payable specialists must provide line information manually during invoice entry.

Caution

Do not update the export section of the .ini file as it is critical for proper integration with Imaging and Process Management.

For more information on the additional attributes that are supported, see the Oracle Forms Recognition AP Solution Guide. For more information on installing the Payables .ini file, see the Oracle Fusion Applications Post-Installation Guide.

Setting Up Imaging and Process Management

Imaging and Process Management is installed as part of Oracle Fusion Applications and the Payables Invoice Application, Input, and Search definitions are predefined. As part of the provisioning process, you must specify the location of the input directory from where Imaging and Process Management imports images.

Sign in to Imaging and Process Management with a user having the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB role to access the predefined configuration details.

Imaging and Process Management configurations that are pertinent for Payables include:

- Payables Invoice Application
- Payables Invoice Input

- Payables Invoice Search

Payables Invoice Application

The Payables Invoice Application definition captures details on how invoice images are stored, such as application security, document security, and workflow configuration, as described in the following table.

Property	Property Component	Details
Application Security	Not applicable	Application security captures the roles, also called security groups, that can access the application definition and modify the details. By default, the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB role is given access to the Payables Invoice Application definition.
Document Security	Roles	The following roles are given access to view, write, and delete invoice images: <ul style="list-style-type: none"> • AP_ACCOUNTS_PAYABLE_MANAGER_JOB • AP_ACCOUNTS_PAYABLE_SPECIALIST_JOB • AP_ACCOUNTS_PAYABLE_SUPERVISOR_JOB • FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB
Document Security	Document Access	In addition to view, write, and delete, Imaging and Process Management lets you annotate the image. To annotate, you must have access to either Annotate Standard or Annotate Restricted. If you have the Annotate Restricted access, you can create annotations that can be hidden from users without Annotate Restricted access. Users with the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB role can only view document and grant document access to other job roles or users.
BPEL Configuration	NA	BPEL configuration stores the details of the services initiated by Imaging and Process Management that publishes the invoice data and images to the scanned invoices table. Caution Do not modify this configuration since it is critical for routing invoices to the invoice entry user interface.

Payables Invoice Input

The Payables Invoice Input definition captures details of the data files associated with scanned images, such as order of fields and file format masks, as described in the following table.

Property	Property Component	Details
Field Mapping	Input Mapping	<p>The order and type of data in the input data file. The predefined input mapping fields are supplier, purchase order, invoice number, invoice amount, invoice date, tax registration number, and business unit.</p> <p>The input data file is created by Document Capture and Forms Recognition and the mapping defined here is in sync with the mapping defined in the Document Capture and Forms Recognition configurations, so this should not be modified unless all three configurations are modified together.</p>
Field Mapping	Input Mask	<p>The file naming pattern consisting of a file name prefix and an extension. The predefined input mask is APINV*.001. The asterisk is a wild card representing one or more characters.</p> <p>The predefined Document Capture and Forms Recognition configurations already follow this naming format so this should not be modified unless all three configurations are modified together.</p>
Field Mapping	Delimiter	<p>The character used as a field delimiter within the input data file. The predefined delimiter is the vertical bar (|).</p> <p>The predefined Document Capture and Forms Recognition configurations already follow this delimiter format so this should not be modified unless all three configurations are modified together.</p>
Input Security	Not applicable	<p>The roles that can modify the input definition. By default, the FUN_FINANCIAL_APPLICATIONS_ADMINISTRATOR role is given access to the input definition.</p>

Payables Invoice Search

The Payables Search definition captures details on how to search invoices, such as fields to search, and which roles can search, as described in the following table.

Property	Description
General	The search name, description, instructions, and the maximum number of search results. The predefined search name is Payables Invoice Search with a maximum of 200 search result rows.
Results Formatting	Labels assigned to each column in the result table. The predefined column labels are Invoice Number, Invoice Date, Invoice Amount, Supplier, Purchase Order, Tax Registration Number, Document ID, and Document Creation Date.
Conditions	Filtering expression used to limit search results.
Parameters	Attributes that users can search on. The predefined search columns are Supplier, Purchase Order, Invoice Number, and Document Creation Date.
Security	The predefined roles and permissions are as follows: <ul style="list-style-type: none"> • AP_ACCOUNTS_PAYABLE_MANAGER_JOB can view, modify, and delete. • AP_ACCOUNTS_PAYABLE_SUPERVISOR_JOB can view and modify. • AP_ACCOUNTS_PAYABLE_SPECIALIST_JOB can view. • FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB can view, modify, delete, and grant access.

Setting Up Routing Rules

When an invoice is stored in Imaging and Process Management, it is sent to accounts payable specialists for invoice entry completion, based on defined routing rules. In addition to routing invoice images using key invoice header attributes, routing rules can be defined for five additional attributes, based on your business requirements. When you access Payables, the Invoices work area displays the list of assigned images.

Payables provides a predefined approval rule called `FinApImageTransferRequestForAction`. The approval rule assigns the image to a user if the amount is greater than 1000, otherwise the image is assigned to a different user. Since the rule definition includes sample users, you must reconfigure the rule before using it.

For more information on configuring routing rules, see the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

Manage Common Options for Payables and Procurement

Common Options for Payables and Procurement: Critical Choices

Common Options for Payables and Procurement are setup options that are used by features throughout the procure-to-pay business flow, such as default

accounts, additional legal entity information, accounting options, and self-billed invoices.

Set options for the following:

- Default distributions
- Offset segments
- Currency conversion
- Expense accruals
- Self-billed invoices
- Legal entity information

Default Distributions

Default distributions are used to define the various accounts applicable for accounting for payables transactions. Invoices may get some distributions from supplier site assignments and others from the common options setup.

Offset Segments

If you enter invoices for expenses or asset purchases for more than one primary balancing segment value, you might want to use automatic offsets to keep your Oracle Fusion Payables transaction accounting entries balanced. If you do not use automatic offsets, Payables creates a single liability accounting entry for invoice transactions and a single cash type accounting entry for payment transactions.

Currency Conversion

This table lists the options you can set for currency conversion.

Option	Description
Require conversion rate entry	<p>Require a conversion rate whenever you enter an invoice or a payment in a currency other than your ledger currency. If you maintain daily rates, Payables populates the rate automatically based on the date and the rate type you enter. If daily rates do not exist for the date and rate type, and if this option is enabled, you cannot enter or save the transaction. If the conversion rate type is User, then Payables always requires that you enter the conversion rate. You cannot create accounting entries for, or pay foreign currency invoices without conversion rates.</p> <p>If you do not enable this option, after you have entered invoices or created payments, you can enter conversion rates manually or by using the Apply Missing Conversion Rates program. When you create a bills payable, you are required to enter a maturity rate, rate type, and date.</p>
Conversion rate type	<p>Default conversion rate type when you enter invoices or create payments. You can change it at invoice entry or payment creation time.</p>

Realized Gain or Loss Distributions	Default realized gain and loss accounts for payments from each of your bank accounts. If the conversion rate changes between invoice entry and payment, the application automatically calculates the realized gain or loss and records it in these accounts.
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Expense Accruals

Determine when to accrue for expense items.

Self-Billed Invoices

This tables lists the options you can set for self-billed invoices.

Option	Description
Gapless invoice numbering	Enable gapless, that is, no breaks in numbering, invoice number generation for your buying organization during pay on receipt processing. You can enable gapless numbering for the entire business unit with this setting or limit it to a supplier site.
Buying Company Identifier	A unique identifier for the business unit that is included in the invoice number created by the pay on receipt process and in the debit memo number resulting from return receipts.

Legal Entity Information

This tables lists the options you can set for legal entity information.

Option	Description
VAT Registration Member State	If your company operates in a member state of the European Union, select the name of the country.
VAT Registration Number	If your company operates in a member state of the European Union, enter the value-added tax (VAT) registration number for your organization. Your organization is assigned a VAT Registration Number if you register to pay VAT. The first two characters of a VAT registration number are the country code for the country or state where the registered company or organization is located.
Bill-to Location	Enter the bill-to location to provide default values. The application uses the Bill-to Location to derive legal entity information.

Default Distributions: Explained

Default distributions are used to define the various accounts applicable for accounting for payables transactions. Invoices may get some distributions from supplier site assignments and others from the common options setup.

Default Distributions

The following default distributions are defined on the Manage Common Options for Payables and Procurement page.

- **Liability:** The default liability distribution for new invoices, unless you enter a different liability distribution for the supplier site assignment. Only distributions with an account type of **Liability** are available for use.
- **Prepayment:** The default distribution for prepayments, unless you enter a different prepayment distribution for the supplier site assignment.
- **Bill Payable:** The default distribution for a bill payable, unless you enter a different bill payable distribution for the supplier site assignment.
- **Conversion Rate Variance Gain and Conversion Rate Variance Loss:** These distributions record conversion rate variance gains or losses for inventory items or expense items that were accrued on receipt. The variance is calculated between the invoice and either the purchase order or the receipt, depending on how you matched the invoice. These distributions do not record variances for expense items that were not accrued on receipt.
- **Discount Taken:** If you allocate discounts to a single distribution, this account records the discounts you take on payments. Use the Manage Invoice Options page to select the method for distributing discounts for your invoices.
- **Miscellaneous:** This default distribution is used for invoices lines with a type of **Miscellaneous**. If you do not enter a value, Oracle Fusion Payables prorates miscellaneous charges across the invoice item lines.
- **Freight:** The default freight distribution for an invoice. You can override this distribution during invoice entry. If you do not enter a freight distribution, Payables prorates freight charges across the invoice item lines.
- **Prepayment Tax Difference:** This distribution records any tax amount difference between a prepayment and the invoices that it is applied to. These differences are usually due to changes in tax rates between prepayment and invoice creation times. This distribution is used only if the **Applied Amount Handling** option in the tax record is set to **Recalculate**.

Automatic Offsets: Explained

If you enter invoices for expenses or asset purchases for more than one primary balancing segment value, you might want to use automatic offsets to keep your Oracle Fusion Payables transaction accounting entries balanced. If you do not use automatic offsets, Payables creates a single liability accounting entry for invoice transactions and a single cash type accounting entry for payment transactions.

When you use automatic offsets, Payables automatically creates balancing accounting entries for your transactions. The general ledger account that each offsetting accounting entry is charged to depends on which offset segment method you use, **Primary balancing segment** or **All segments, except natural account**.

Invoice Accounting Entries

Although Payables builds the general ledger accounts to which amounts are charged differently, depending on the method you use, in either case Payables automatically allocates amounts for the following invoice accounting entries:

- Conversion rate variance gain or loss
- Liability
- Nonrecoverable tax for invoices matched to a PO
- Nonrecoverable tax for invoices not matched to a PO and no tax expense account is defined for the tax rate
- Withholding tax if you apply the withheld amount at invoice validation time

Payment Accounting Entries

Payables allocates amounts for the following payment accounting entries:

- Cash if you use a pooled bank account
- Cash clearing if you use a pooled bank account and if you account for payments at clearing time
- Discount
- Realized gain or loss
- Bills payable
- Withholding tax if you apply the withheld amount at payment time

Offset Segments: Critical Choices

If you want Oracle Fusion Payables to create balanced accounting entries for your invoice and payment transactions without having to define intercompany or intracompany rules, select the segments you want to override on the offset entry lines. Consider this option carefully before setting it. Changing automatic offsets after creating accounting entries can result in accounting inconsistencies or slow performance. This option is also used by Oracle Fusion Receiving to derive the receiving inspection account based either on the accrual distribution at the time of receipt, or on the charge distribution at time of delivery.

More complex offsetting requirements can be met by disabling automatic offsets and setting up intracompany or intercompany rules at the ledger level in Oracle Fusion General Ledger.

Note

If you enable additional balancing segments for your chart of accounts, you must define intracompany or intercompany rules if you want the intercompany engine to balance the journal entry by these additional balancing segments.

Select how to offset segments from the following options:

- None
- Primary balancing segment

- All segments, except natural account

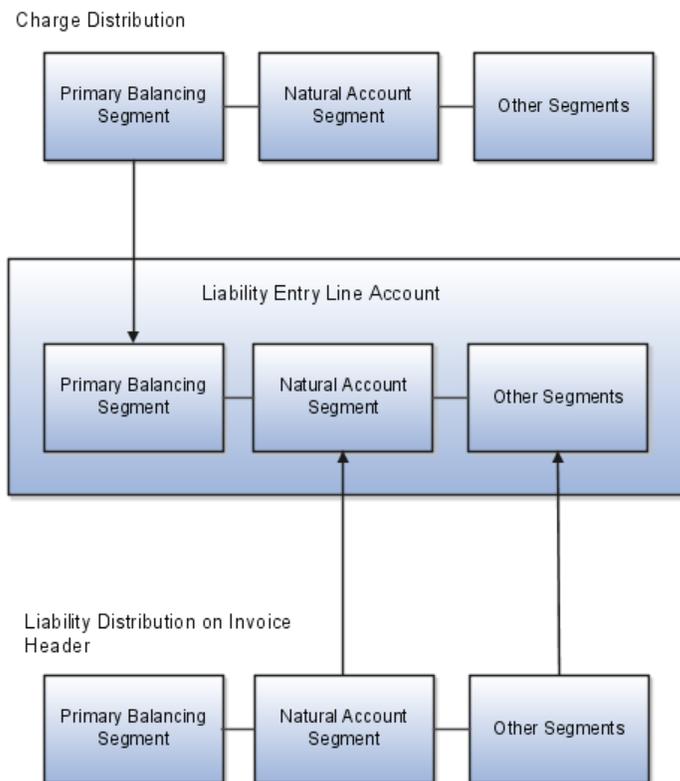
None

Payables uses the invoice liability distribution as the liability entry line account without overriding any segments. Receiving uses the receiving inspection distribution defined for the destination organization. If you anticipate creating invoices that cross balancing segment values, then either set up automatic offsets in Oracle Fusion Payables or intracompany or intercompany rules in Oracle Fusion General Ledger.

Primary Balancing Segment

Payables uses the invoice liability distribution and overrides the primary balancing segment with the one from the charge distribution to build the liability entry line account. The resulting journal entry is balanced by the primary balancing segment. Receiving uses the receiving inspection distribution for the destination organization, and overrides the primary balancing segment with the one from the PO charge distribution to build the receiving inspection entry line account.

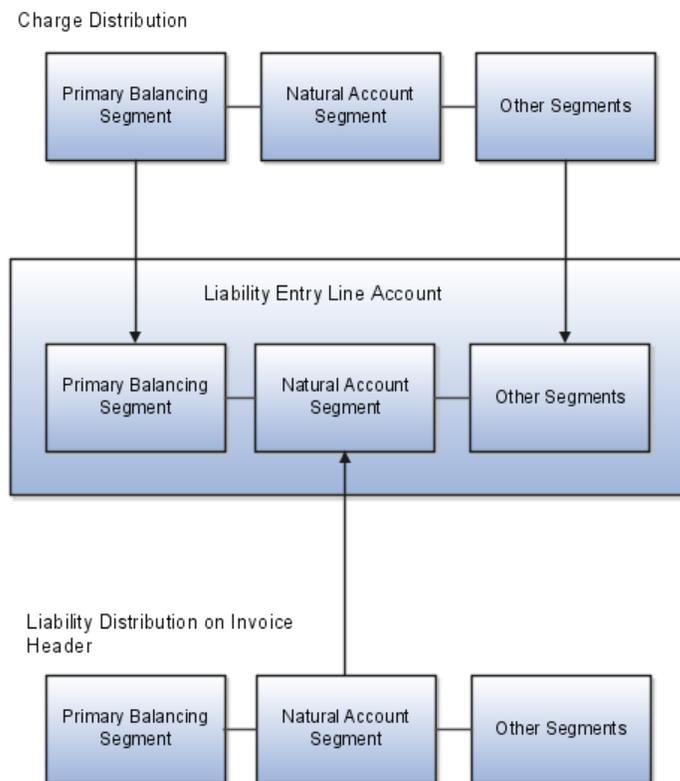
This figure shows how an invoice liability entry line account is built when the offset segment method is set to **Primary balancing segment**. The invoice distribution combination provides the primary balancing segment value and the liability distribution on the invoice header provide the remaining segment values.



All Segments, Except Natural Account

Payables uses the charge distribution combination from the invoice distribution and overrides the natural account segment with the one from the invoice liability distribution to build the liability entry line account. The resulting journal entry is balanced by all segments, except the natural account segment. Receiving uses the charge distribution and overrides the natural account segment with the one from the receiving inspection distribution for the destination organization to build the receiving inspection entry line account.

This figure shows how the liability entry line account is built when the offset segment method is set to **All segments, except natural account**.



Creating Balanced Liability Account Entries by Primary Balancing Segment: Example

This example uses a single invoice with two items to illustrate how to build liability accounts against different companies.

Scenario

A supplier sends you an invoice for two items. Each item should be charged to a different company.

Transaction Details

The invoice details are as follows:

- Invoice total of 100 USD
- Item 1 for 60 USD
- Item 2 for 40 USD

Analysis

The accounting flexfield structure consists of the following segments:

- Primary balancing segment
- Account
- Cost center

Each primary balancing segment value represents a company. The default liability account for the supplier site in this example is 00-LIAB-000. The offset segments method on the Manage Common Options for Payables and Procurement page is set to **Primary balancing segment**.

This table lists the distribution combination information that you enter for each item line on the invoice.

Invoice Distribution Combination	Debit	Credit
01-EXP1-111	60	
02-EXP2-222	40	

This table lists the liability accounts and amounts that are automatically created when you account for the invoice.

Liability Account	Debit	Credit
01-LIAB-000		60
02-LIAB-000		40

Creating Balanced Liability Account Entries by All Segments Except Natural Account: Example

This example uses a single invoice with two lines to illustrate how to build the liability accounts using the **All segments, except natural account** offset segments method.

Scenario

A supplier sends you an invoice for two items. The offsetting account must retain all segments but the distribution's account segment.

Transaction Details

The invoice details are as follows:

- Invoice total of 100 USD
- Item 1 for 60 USD
- Item 2 for 40 USD

Analysis

The accounting flexfield structure consists of the following segments:

- Primary balancing segment
- Account
- Cost center

Each primary balancing segment value represents a company. The default liability account for the supplier site in this example is 00-LIAB-000. The offset segments method on the Manage Common Options for Payables and Procurement page is set to **All segments, except natural account**.

This table lists the distribution combination information that you enter for each item line on the invoice.

Invoice Distribution Combination	Debit	Credit
01-EXP1-111	60	
02-EXP2-222	40	

This table lists the liability accounts and amounts that are automatically created when you account for the invoice.

Account	Debit	Credit
01-LIAB-111		60
02-LIAB-222		40

Accruing Expense Items: Critical Choices

The **Accrue Expense Items** option on the Manage Common Options for Payables and Procurement page determines when to accrue for expense items. Select from one of the following:

- At receipt
- Period end

Note

Inventory items are always accrued at receipt.

At Receipt

Accrue for expense items when receipts are created. You can override this setting on the PO schedule for expense destination types.

Period End

Accrue for expense items at period end. Select this method if the expenses must be booked at the end of the period. While closing the period, expense accruals will be created for all receipts that do not have invoices. These accrual entries will be reversed when the next period is opened.

FAQs for Manage Common Options for Payables and Procurement

What's the difference between conversion rate gain or loss distributions and realized gain or loss distributions?

Conversion rate gain or loss distributions represent rate variances for inventory items or expense items that accrue on receipt. The invoice validation process calculates the variance between the invoice and either the purchase order or the receipt, depending on the match option.

Realized gain or loss distributions represent rate variances between invoice entry and payment. The gain or loss is calculated at payment issue, maturity, or clearing depending on the **Account for Payment** option setting, as well as at prepayment application.

- **At payment issue.** Realized gain or loss is calculated at payment creation and, for bills payable, at payment maturity.
- **At payment clearing.** Realized gain or loss is calculated only at payment clearing, for both regular payments and bills payable.
- **At payment issue and clearing.** Realized gain or loss is calculated at all points mentioned under the previous options.

Realized gain or loss is always calculated at foreign currency prepayment application time, regardless of the **Account for Payment** setting.

Manage Invoice Options

Invoice Options: Critical Choices

Invoice options are settings and default values that control how Oracle Fusion Payables processes invoices for a business unit. You can specify options for the following invoice areas on the Manage Invoice Options page:

- Invoice entry and matching

- Discounts
- Prepayments
- Approvals
- Interest
- Payment requests
- Self-service invoices

Invoice Entry and Matching

This table lists the options you can set for invoice entry and matching.

Option	Description
Require invoice grouping	Requires that you enter the name of a group when creating an invoice.
Allow document category override	Allows override of the document category that is automatically assigned to an invoice if the Sequential Numbering Enforced profile is set to Partially Used or Always Used . If the profile is set to Not Used , the application does not assign a document category to an invoice, and you cannot set this option or enter a document category for an invoice.
Allow adjustments to paid invoices	Lets you cancel or add lines to paid invoices. In addition, you can unmatch an invoice from a purchase order that is not finally matched, and match the invoice to a different purchase order. You cannot modify distributions because it would affect the accounting.
Recalculate invoice installments	Recalculates installments during the invoice validation process.
Hold unmatched invoices	Applies a Matching required hold during invoice validation on invoices that are not matched to a purchase order or receipt. This option can be set on a supplier to one of the following values: Yes , No , or Default from Payables Options . The invoice option is used only when the setting on a supplier site is Default from Payables Options .
Receipt acceptance days	Specifies the number of days added to the Goods Received date when recalculating installments.
Accounting date basis	Provides the basis for the default accounting date. If you select Goods received or invoice date , and the invoice does not have a date for goods received, then the application uses the invoice date as the default accounting date. If you select Goods received or system date , and the invoice does not have a date for goods received, then the application uses the system date as the default accounting date.
Allow final matching	Lets you perform a final match when you match an invoice to a purchase order, or when you adjust a matched invoice distribution. You cannot perform a final match when matching invoices to receipts.

Allow matching distribution override	Allows override of the invoice distribution created from matching an invoice to a purchase order. You cannot override the distribution for a matched invoice if you accrue at receipt. In addition, you cannot override the distribution if the purchase order is projects-related, and the item destination for the purchase order distribution is inventory.
Transfer PO distribution additional information	Transfers descriptive flexfield information from the purchase order distribution to the invoice distribution when you match an invoice to a purchase order. If you enable this option, make sure that the flexfield structure is the same for the purchase order distributions and the invoice distributions.

In addition to the options previously listed, you can specify default values for the following attributes on both the Manage Invoice Options page and on the supplier setup. Payables uses the default values from the Manage Invoice Options page, unless you specify a different value for the supplier.

- Currency
- Pay group
- Payment priority
- Payment terms
- Terms date basis
- Pay date basis
- Quantity tolerances
- Amount tolerances

Discounts

This table lists the options you can set for discounts. You can also set these options on the supplier setup, except for **Discount Allocation Method**. The values for these options on the supplier setup are: **Yes, No, Default from Payables Options**.

Option	Description
Exclude tax from calculation	Subtracts the tax amount from the invoice amount during invoice entry, when calculating the discountable amount for an installment. If you enable this option, you cannot select a Discount Allocation Method of Tax lines and single distribution .
Exclude freight from calculation	Subtracts the freight amount from the invoice amount during invoice entry, when calculating the discountable amount for an installment.
Discount allocation method	Allocates discounts across distributions.

Always take discount	Takes the available discount for a supplier, regardless of when you pay the invoice.
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Prepayments

This table lists the options you can set for prepayments.

Option	Description
Payment terms	Represents default payment terms. For example, you may want to have immediate payment terms for all prepayment type invoices.
Settlement days	Specifies the number of days to add to the system date to calculate the default settlement date for a prepayment. You cannot apply a prepayment to an invoice until on or after the settlement date. You can also set this option on the supplier setup. The value for the supplier setup determines if this option is used.
Use distribution from purchase order	Builds the distribution combination for the matched invoice distribution by taking the purchase order distribution combination and overriding the natural account segment with the one from the supplier site prepayment distribution or, if not defined, from the common options prepayment distribution.
Show available prepayments during invoice entry	Displays the number and amount of available prepayments during invoice entry.

Approvals

You can use the invoice approval workflow to automate your invoice approval process. The workflow determines if an invoice requires approval, and if so, automatically routes the invoice to the applicable approvers who then approve or reject the invoice.

This table lists the options you can set for the invoice approval process.

Option	Description
Enable invoice approval	Processes invoices through the approval workflow. The approval workflow is automatically initiated for payment requests and self-service invoices that are created in Oracle Fusion Supplier Portal and not matched to a purchase order.
Require validation before approval	Processes only invoices that are validated. Enable this option if you need the invoice validation process to create tax distributions for an invoice before approvers review it. Payment requests and self-service invoices created in Supplier Portal that are not matched to a purchase order always require approval before validation, regardless of the option selected.
Require accounting before approval	Processes invoices that are accounted.

Allow force approval	Allows managers to override the workflow and manually approve invoices. For example, you might want to force approval of an invoice if the invoice approval workflow does not complete, or if you have authority to pay an invoice without using the workflow process.
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Interest

This table lists the options you can set for interest on overdue invoices.

Option	Description
Create interest invoices	Calculates interest on overdue invoices and creates interest invoices. You can also set this option on the supplier setup. The values for this option on the supplier setup are: Yes, No, Default from Payables Options.
Minimum interest amount	Minimum amount of calculated interest below which an interest invoice is not created.
Interest allocation method	Allocates interest across distributions.
Interest expense distribution	Distribution combination used if allocating interest expense to a single distribution.

Payment Requests

You can specify the following default values for a payment request:

- Payment terms
- Pay group
- Payment priority

Self-Service Invoices

This table lists the options you can set for invoices created in Supplier Portal.

Option	Description
Limit invoice to single purchase order	Limits an invoice to the schedules belonging to a single purchase order.
Allow invoice backdating	Allows a supplier to enter an invoice for a date in the past.
Allow unit price change for quantity-based matches	Allows a supplier to enter a unit price on the invoice that is different from the unit price on the purchase order.

Invoice Installments: How They Are Recalculated

During invoice entry, Oracle Fusion Payables creates installments automatically using the payment terms and terms date. You can optionally have Payables recalculate invoice installments during the invoice validation process.

Settings That Affect Installment Recalculation

Payables recalculates installments during invoice validation when you set the **Recalculate invoice installments** option on the Manage Invoice Options page.

Restriction

Installments are recalculated unless you have manually updated any of the invoice installments or split the installment.

Installments are also recalculated if you set the **Exclude tax from discount calculation** option on the Manage Common Options for Payables and Procurement page and you manually change the tax amount. This re-creation of invoice installments is not based on the **Recalculate invoice installments** setting.

How Invoice Installments Are Recalculated

Payables uses the most recent of the available start date options and the most favorable of the available payment terms. Payables determines which payment terms are more favorable by comparing the ranks assigned to the terms.

This table shows the start dates and payment terms that installment recalculation uses for matched and unmatched invoices.

Matched to a PO	Start Date	Payment Terms
No	Most recent of the following: <ul style="list-style-type: none"> • Invoice date • Terms date • Goods received date plus receipt acceptance days 	Invoice payment terms
Yes	Most recent of the following: <ul style="list-style-type: none"> • Invoice date • Terms date • Goods received date plus receipt acceptance days 	More favorable of the following: <ul style="list-style-type: none"> • Invoice payment terms • PO payment terms

Discount Allocation Methods: Critical Choices

Determine the method to use for distributing the discounts you take when making payments. Select one of the following options:

- All invoice lines
- Tax lines and single distribution
- Single distribution

All Invoice Lines

Oracle Fusion Payables automatically prorates any discounts across all invoice lines. Payables assigns the discount to the charge account unless the invoice is matched to a purchase order with **Accrue at receipt** enabled, in which case the discount is assigned to the price variance account.

Note

If you exclude tax from the discount calculation and select this method , Payables allocates discounts only to expense lines and not to the tax lines.

Tax Lines and Single Distribution

Payables automatically prorates a percentage of the discount across the tax lines. The percentage of discount prorated is equal to the percentage of the tax lines. Payables credits the remaining discount amount to the **Discount Taken** distribution on the Manage Common Options for Payables and Procurement page. For example, if your tax distributions are 10 percent of the total invoice amount, Payables prorates 10 percent of the discount amount across the tax distributions and credits the remaining 90 percent of the discount amount to the **Discount Taken** distribution.

You cannot select this method if you exclude tax from discount calculation.

Single Distribution

Payables credits all discounts to the **Discount Taken** distribution on the Manage Common Options for Payables and Procurement page. If you enable automatic offsets, and want to distribute discount taken amounts across balancing segments, select the **Single distribution** method.

Interest Invoices: Explained

Oracle Fusion Payables automatically creates invoices to pay interest for overdue invoices if you enable automatic interest calculation for a supplier, and if you pay an overdue invoice in a payment process request or with a Quick payment. The interest invoice is automatically paid along with the overdue invoice.

To use automatic interest rate calculation, define the interest rates and enable the **Allow interest invoices** option on the Manage Invoice Options page and the **Allow interest invoices** option for the supplier. You can add, change, or delete a rate at any time. If a rate is not defined, a zero rate is used.

Note

Payables does not create interest invoices when you pay overdue invoices with a Manual payment.

Interest invoices have the following components:

- Number
- Terms

- Amount
- Currency

Number

The interest invoice number is the same as the overdue invoice number, but with the suffix -INTx, where x is the count of interest invoices that were created for the overdue invoice. For example, the third interest invoice created for an overdue invoice has the suffix -INT3.

Terms

The payment terms on an interest invoice are **Immediate**. If you do not have **Immediate** terms defined, the interest invoice payment terms are the same as the overdue invoice.

Amount

The amount of the interest invoice is the interest amount owed. Payables calculates interest based on the rate you enter on the Manage Interest Rates page in accordance with the United States Prompt Payment Act. The formula used compounds monthly, up to a maximum of 365 days interest.

Currency

Interest invoices have the same invoice currency and payment currency as the overdue invoice.

Interest Allocation Methods: Critical Choices

Oracle Fusion Payables creates and accounts for interest invoices based on one of the following options:

- Single distribution
- All invoice lines

Single Distribution

Payables creates interest invoices with a single distribution using the **Interest Expense** distribution on the Manage Invoice Options page.

All Invoice Lines

Payables uses the natural account segment from the **Interest Expense** distribution on the Manage Invoice Options page when it builds expense distributions for an interest invoice.

Payment Requests: Explained

Oracle Fusion Receivables and Oracle Fusion Expenses can submit requests to Oracle Fusion Payables to disburse funds to a payee who is not defined as a

supplier. Payables records these requests as payment requests. You can disburse the funds and manage the payment process using the payment management functionality that is available in Payables.

Create a payment request from Receivables for a customer refund or from Expenses for an expense report. Expenses submits payment requests to request reimbursement of employee expenses to the employee or directly to the corporate credit card provider. Once the Expense Report Auditor has completed their review and determined the expense report is ready for reimbursement, they will submit the Process Expense Reimbursement program to create the payment request real time in Payables. Any exceptions to this process are managed in Expenses.

Note

You can only submit a payment request from other applications; you cannot enter a payment request for a payee directly in Payables.

Setting Up Payment Requests

There are no specific setup steps required to use payment requests however, the following setups do affect the payment request process. Review these setups if you plan to use payment requests.

- Invoice options. Set the default options to be considered for payment requests such as payment terms, pay group, and payment priority.
- Payment request document category. Comply with document sequencing policies using the predefined payment request category or override the document category, if allowed. If the **Sequence Numbering Enforced** profile is set to **Partially Used** or **Always Used**, ensure that you have assigned a sequence to the payment request document category.

You can use the following Oracle Fusion Payments setups to manage payment requests separately from other payments:

- Payment method controls
- Payment method defaulting rules
- Payment file and report formats
- Payment attribute validations

Reporting on Payment Requests

Track progress of the payment request in the originating application. Once the payment request is approved, you can report on and audit the payment request in Payables using the following reports:

- Payables Invoice Aging
- Payables Invoice Audit by Voucher Number Listing
- Payables Open Items Revaluation
- Payables Cash Requirement

Manage Payment Options

Payment Accounting Options: Critical Choices

Determine when Oracle Fusion Payables creates payment accounting entries.

Important

Carefully consider this setting at implementation time. After you set this option, the only change you can make is from accounting **At payment issue** to accounting **At payment issue and clearing**.

Select from the following options:

- At payment issue and clearing
- At payment issue
- At payment clearing

At Payment Issue and Clearing

Payables accounts for each payment twice as follows:

- Issue time. Debit the liability account and credit the cash clearing account. For bills payable, debit the liability account and credit the bills payable account. Then, at payment maturity, debit the bills payable account and credit the cash clearing account.
- Clearing time. Debit the cash clearing account and credit the cash account.

Realized gain or loss is calculated at all points mentioned.

At Payment Issue

Debit the liability account and credit the cash account. For bills payable, debit the liability account and credit the bills payable account. Then, at payment maturity, debit the bills payable account and credit the cash account. Realized gain or loss is calculated at payment creation and, for bills payable, at payment maturity.

At Payment Clearing

Debit the liability account and credit the cash account when the payment clears. Realized gain or loss is calculated only at payment clearing for both regular payments and bills payables.

Manage Tax Reporting and Withholding Tax Options

Withholding Tax Options: Critical Choices

Withholding tax options are settings and default values that control how Oracle Fusion Payables process withholding for a business unit.

You can set the following withholding tax options:

- Use withholding tax
- Allow manual withholding
- Include withholding distributions in income tax reports
- Tax group
- Apply withholding tax
- Create withholding tax
- Withholding amount basis

Use Withholding Tax

Use withholding tax if the tax authority requires your company to withhold taxes from suppliers.

Allow Manual Withholding

Create and adjust manual withholding tax lines for your invoices.

Include Withholding Distributions in Income Tax Reports

Report on federal income tax withheld, for 1099 suppliers.

When Payables automatically creates withholding tax distributions for 1099 reportable suppliers, Payables provides the following values:

- Income tax type value of **MISC4** for reporting in box 4 on the 1099-MISC form.
- Income tax region value, if the **Use combined filing program tax** reporting option is enabled.

Note

Payables provides these values only for distributions it creates automatically. If you create manual withholding tax lines, then you must enter the income tax type and income tax region manually.

When you enable this option, Payables initiates the Update 1099 Withholding Tax Distributions program, which updates these values on existing withholding tax distributions. The program selects distributions to update as follows:

- If the current date is before March 1 of the current calendar year, then the program updates distributions with a payment date of January 1 of the previous calendar year or later.
- If the current date is March 1 of the current calendar year or later, then the program updates distributions that have a payment date of January 1 of the current year or later.

Tax Group

The name of the default withholding tax group for the invoices you enter if there is no withholding tax group at the supplier site assignment level and the **Use withholding tax** option is enabled.

Apply Withholding Tax

The time when Payables applies withholding taxes to supplier invoices.

Create Withholding Tax

The time when Payables automatically creates withholding tax invoices to remit withheld taxes to tax authorities.

Withholding Amount Basis

This setting indicates whether discount and tax amounts are included in the calculation of withholding tax.

Applying Withholding Taxes: Critical Choices

Determine the time to apply withholding taxes to supplier invoices.

Important

Carefully consider these settings. Changing this option after it is set may impact withholding calculation and you may need to make manual adjustments.

- Never
- At invoice validation
- At payment

Never

Oracle Fusion Payables will not automatically withhold taxes. You must create withholding tax lines manually.

At Invoice Validation

Taxes are automatically withheld at invoice validation. If you select this option, Oracle Fusion Payables calculates withholding only once. If you adjust an invoice after it was validated, you must adjust the withholding tax manually and the **Allow manual withholding** option must be enabled.

Taxes are also withheld from prepayments. If you select this option, you might want to time the entry of the prepayment application before the invoice is validated. If you apply the prepayment before the invoice is validated, Payables creates a withholding tax distribution net of the prepayment amount. If you validate the invoice first, Payables creates a withholding tax distribution based on the taxable invoice amount. When the prepayment is applied, then you will have to manually adjust the withholding tax amount and the withholding invoice if the **Create Withholding Invoice** option is at validation or payment time.

At Payment

Taxes are automatically withheld when you create payments in a payment process request or with a Quick payment.

Creating Withholding Invoices: Critical Choices

Determine when to automatically create withholding tax invoices to remit withheld taxes to tax authorities. Set the **Create Withholding Invoice** option on the Manage Tax Reporting and Withholding Tax Options page to one of the following:

- Never
- At invoice validation
- At payment

If you change this option from **Never** to **At payment** or **At invoice validation**, you must ensure that each withholding tax code has an associated tax authority.

Never

Oracle Fusion Payables will not automatically create withholding tax invoices. You must create withholding tax lines manually, run the withholding tax reports to determine the amounts to remit to your tax authorities, and create the withholding tax invoices.

You can create withholding type tax codes without entering a tax authority.

At Invoice Validation

A withholding invoice is automatically created when an invoice subject to withholding tax is validated. You can enable this option only if withholding is applied at invoice validation time.

At Payment

A withholding invoice is automatically created when an invoice subject to withholding tax is paid. You can enable this option if withholding is applied either at invoice validation or at payment.

Withholding Amount Basis: Critical Choices

Use the **Withholding Amount Basis** option on the Manage Tax Reporting and Withholding Options page to specify whether to include discount and transaction tax amounts in the calculation of withholding tax. Select from the following options:

- Include discount amount
- Include tax amount

Include Discount Amount

Include the invoice discount amount when calculating withholding tax amounts for an invoice.

For example, assume you have an invoice for 100 USD. The discount amount taken is 5 USD and the automatic withholding tax rate is 10 percent. If the discount amount is included, the automatic withholding tax amount is 10 percent of 100 USD or 10 USD. If the discount amount is not included, the automatic withholding tax amount is 10 percent of 95 USD or 9.50 USD.

Note

This setting applies only to payment time withholding. You cannot disable this setting if the option **Apply Withholding Tax** is set **At invoice validation**. At the time of invoice validation the discount amount that will be taken is unknown, so withholding tax is calculated on the entire invoice amount.

Include Tax Amount

Include the transaction tax amount when calculating withholding tax amounts for the invoice.

For example, assume you have an invoice for 105 USD. The transaction tax amount is 5 USD and the automatic withholding tax rate is 10 percent. If the tax amount is included, the automatic withholding tax amount is 10 percent of 105 USD or 10.50 USD. If the tax amount is not included, the automatic withholding tax amount is 10 percent of 100 USD or 10 USD.

Income Tax Reporting Options: Critical Choices

Set the following income tax reporting options for a business unit:

- Use combined filing program
- Use supplier tax region
- Income tax region

Use Combined Filing Program

Enable this option if you are using 1099 Combined Filing Program reporting. When you submit the US 1099 Electronic Media report, Oracle Fusion Payables will produce K records for all tax regions participating in the Combined Filing Program that have qualifying payments.

Note

If you use electronic filing to file your tax information with the Internal Revenue Service and you are not participating in the Combined Filing Program, do not enable this option.

Use Supplier Tax Region

Enable this option if you want to use a US 1099 supplier tax region as the default tax region for the invoice distributions. You can override this default region for

each invoice distribution on the Manage Distributions page. You can enable this option only if you enable the **Use combined filing program** option.

Do not enable this option if you do not want to use a supplier site tax region as the default tax region. You must then enter the default tax region you want to use for all invoices in the **Income Tax Region** field.

The default region you select here determines how many K records the application will produce on your 1099 Electronic Media. The application produces one K record for each tax region. If you are participating in the Combined Filing Program, the application forwards your 1099 qualifying payment information to all the tax regions that participate in the Combined Filing Program. If you enable this option, you may have as many K records as you have different supplier tax regions.

If you enter a default value for the **Income Tax Region**, you may have only one K record. This would be a K record for that one default tax region. You can override the default tax region for each invoice distribution. In this case, the application will then produce additional K records on your 1099 Electronic Media, one K record for each tax region. The application only produces K records for tax regions that participate in the Combined Filing Program and that you have entered, either as a default value or manually, on a paid distribution for a US 1099 supplier. You can also select to have your US 1099 payment information forwarded to only one tax region regardless of which region your US 1099 suppliers do business from. You do this by entering a value in the **Income Tax Region** field.

Income Tax Region

Enter the tax region you want to use as the default region for the invoice distributions of your US 1099 suppliers. You can enter an income tax region only if you enable the **Use combined filing program** option and did not enable the **Use supplier tax region** option. You can override the default region for each invoice distribution.

US 1099 Reporting: Explained

In the United States, you must report to the Internal Revenue Service certain types of payments you make to 1099 reportable suppliers. In the supplier setup, you can designate suppliers as federally reportable. When you enter invoices for the supplier, you classify invoice distributions by 1099 miscellaneous type using the **Income Tax Type** field. At year end, you can then report, in standard formats, your accumulated 1099 payment information to the Internal Revenue Service, other tax agencies, and your suppliers.

For each reporting entity, you assign one or more balancing segment values. When you submit 1099 reports for a tax entity, Oracle Fusion Payables sums up the paid invoice distributions that have these company balancing segment values in their accounts.

When you enable the combined filing option, the electronic format of your US 1099 information includes K records for all tax regions or states participating in combined filing that have qualifying payments. The output also includes B

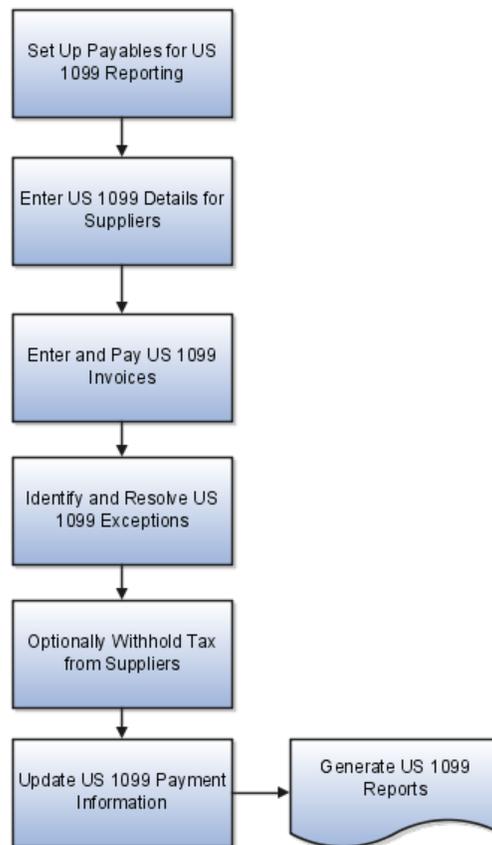
records for suppliers with US 1099 payment amounts that equal or exceed the tax region's reporting limit in qualifying states.

Note

If you use electronic filing to file your tax information with the Internal Revenue Service, and you are not participating in the Combined Filing Program, do not enable this option.

US 1099 Reporting Overview

This figure shows the steps for US 1099 tax reporting from setup to output.



1. Set up Payables for 1099 reporting.
2. Enter 1099 details for suppliers.
3. Enter and pay 1099 invoices. When you enter invoices for 1099 suppliers, enter an income tax type and income tax region for appropriate invoice distributions, or accept the default values from the supplier.
 - Enter distributions automatically by entering a distribution set or by matching to a purchase order, or enter distributions manually. If you are entering distributions by using a distribution set that does not include an **Income Tax Type** for any distribution, Payables automatically enters the supplier's default **Income Tax Type**. If the

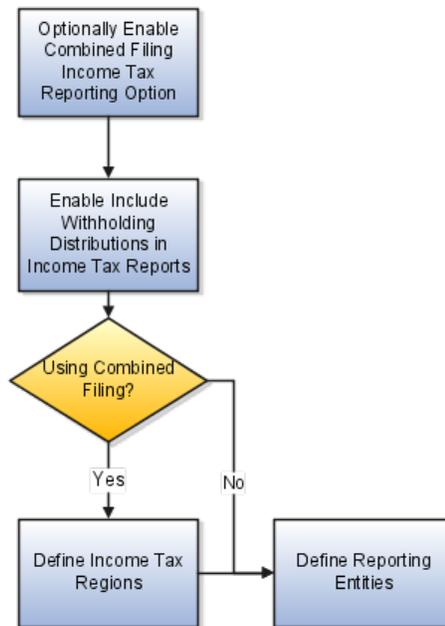
distribution set has an **Income Tax Type** other than the supplier's default type, the distribution set overrides the supplier default type.

- Optionally adjust or review the **Income Tax Type** and **Income Tax Region** for each distribution. Clear the **Income Tax Type** field of any distribution that is not federally reportable. Enter a region to identify a distribution as applicable to US 1099 reporting requirements. If you enabled the **Use supplier tax region** option, the default region is the state in the address for the supplier site for the invoice. Alternatively, you can also enter a default **Income Tax Region** on the Manage Tax Reporting and Withholding Tax Options page. Payables uses this information to group distributions by type and region on the 1099 reports. If you enable the **Use combined filing program** option, when you run your 1099 reports, Payables groups all reportable distributions by state.
4. Identify and resolve 1099 exceptions. Submit the US 1099 Invoice Exceptions Report and the US 1099 Supplier Exceptions Report. Generate a Tax Information Verification Letter for each supplier who has not yet furnished or confirmed its tax identification number or tax reporting region.
 5. Optionally withhold tax from suppliers if they have a missing or invalid Tax Identification Number (TIN) and if you have not met the legal requirements of requesting a valid TIN from them.
 6. Update 1099 payment information. Adjust invoice distributions manually on the Manage Distributions page or use the Update and Report Income Tax Details utility.
 7. Generate 1099 reports.

Report	Description
US 1099 Forms	Reports the total 1099 miscellaneous payments for a particular 1099 supplier, and generates 1099 forms for each tax reporting entity in an organization.
US 1096 Form	Summarizes each 1099 form type that is transmitted on paper, as required by the United States Internal Revenue Service. The report is generated on a preformatted Internal Revenue Service form.
US 1099 Electronic Media	Generates summarized 1099 information in electronic format as required by the United States Internal Revenue Service.
US 1099 Payments Report	Lists payments made to US 1099 reportable suppliers.

Set Up Payables for US 1099 Reporting

This figure shows the steps for setting up Payables US 1099 Reporting.



1. If you want to use the combined federal and state 1099 filing and produce K records and B records, set the **Use combined filing program** option on the Manage Tax Reporting and Withholding Tax Options page.
2. Set the **Include withholding distributions in income tax reports** on the Manage Tax Reporting and Withholding Tax Options page. If this option is enabled, then when Payables automatically creates withholding tax distributions it enters MISC4 as the income tax type, and enters the income tax region value if you use combined filing.
3. If you use combined federal and state filing, define your tax regions.
4. Define your tax reporting entities.

Define Payables Configuration

Distribution Sets: Explained

Distribution sets automatically create distributions for invoices not matched to purchase orders. For example, you can create a distribution set for an advertising supplier that allocates the advertising expense on an invoice to four advertising departments. Specify a default distribution set at the supplier site assignment level to use for every invoice you enter for that supplier site. If you do not assign a distribution set to a supplier site, you can assign a set to an invoice when you enter it.

If you are creating a distribution set for a federally reportable supplier, you can enter an income tax type.

If you have Oracle Fusion Project Costing installed, you can associate a project with a distribution by entering project information on invoice distributions. If you use a project-related distribution set, the project information on the set is automatically entered on the invoice distribution. You can override project fields on the distribution.

If you enable and use a descriptive flexfield with your distribution set lines, the information is copied to the invoice distributions created by the set.

Define distribution sets either with or without percentages. Percentage distribution sets can include both positive and negative percentages.

Distribution Sets with Percentages

Use a 100 percent distribution set when the percentage of expenses to allocate is already known. For example, define a fully allocated distribution set for a rent invoice by assigning 70 percent of the invoice amount to the sales facility expense account and 30 percent to the administration facility expense account.

Distribution Sets Without Percentages

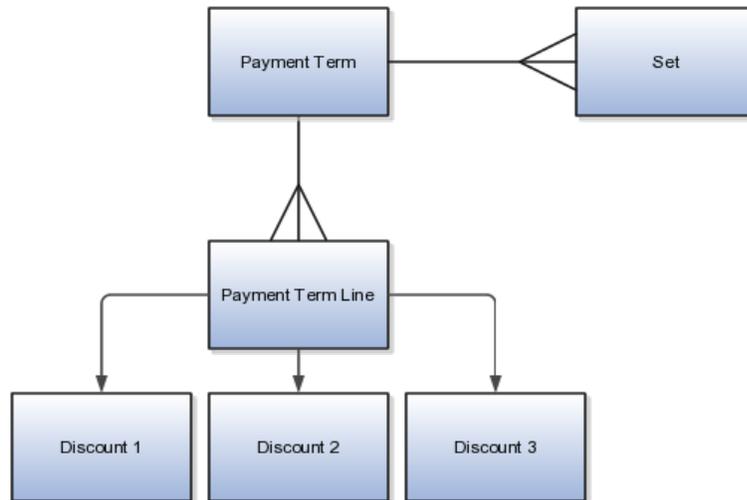
Use a 0 percent distribution set when the percentage of expenses to allocate is not known. For example, define a distribution set with no amounts allocated to the sales facility expense account and the administration facility expense account. You can then enter amounts for the distributions during invoice entry depending on variables such as the monthly head count for each department.

Payment Terms: Explained

Payment terms are used to automatically create installments on an invoice with up to three levels of discount. You can define payment terms to create multiple installments and multiple levels of discounts. Share payment terms across business units through set assignment.

Payment terms consist of one or more lines, each of which creates one invoice installment. Each payment term line and corresponding installment have a due date and up to three discount dates. Each payment term line and corresponding installment also have due or discount amounts. When you define payment terms, you specify either percentages or fixed amounts.

This figure shows the components of a payment term. Each payment term consists of one or more lines, and each line can have up to three discounts. Assign payment terms to one or more sets to share them across business units.



Important

If you update the payment terms on an invoice, Oracle Fusion Payables immediately recalculates the installments for the invoice. You must re-enter any manual adjustments you made to the previous installment.

Payment Terms Due Dates and Discount Dates

Payment terms due dates and discount dates are based on one of the following:

- **Fixed Date:** A specific day, month, and year when an installment is due for payment.
- **Days:** A number of days added to the invoice terms date.
- **Calendar:** A Payables calendar that is divided into periods. Assign a due date to the period that includes the invoice terms date. You can assign due dates to avoid weekends, holidays, and so on. You cannot assign calendar-based terms to an invoice if a period is not defined for the terms date.
- **Day of Month:** A type of payment term with the following attributes:
 - **Day of Month:** A specific day of the month when an installment is due for payment. For example, enter 15 to schedule payment on the fifteenth day of the month. Enter 31 to schedule payment for the last day of the month, including months with less than 31 days.
 - **Cutoff Day:** The day of the month after which the installment due dates and discount dates advance to a future month. If you do not

specify a cutoff day, the current accounting month is used to determine due dates and discount dates.

- **Months Ahead:** If you enter 0 and the invoice terms date is the same as, or later than, the cutoff day, Payables uses the day of the month in the next month to set the installment due date.

For example, if the **Cutoff Day** is 11, **Day of Month** is 15, and **Months Ahead** is 0, and you enter an invoice with a terms date of January 12, the installment due date is February 15. If **Months Ahead** is 1, the installment due date is March 15. If the **Cutoff Day** is 11, **Day of Month** is 15, and **Months Ahead** is 0, and you enter an invoice with a terms date of January 10, the installment due date is January 15.

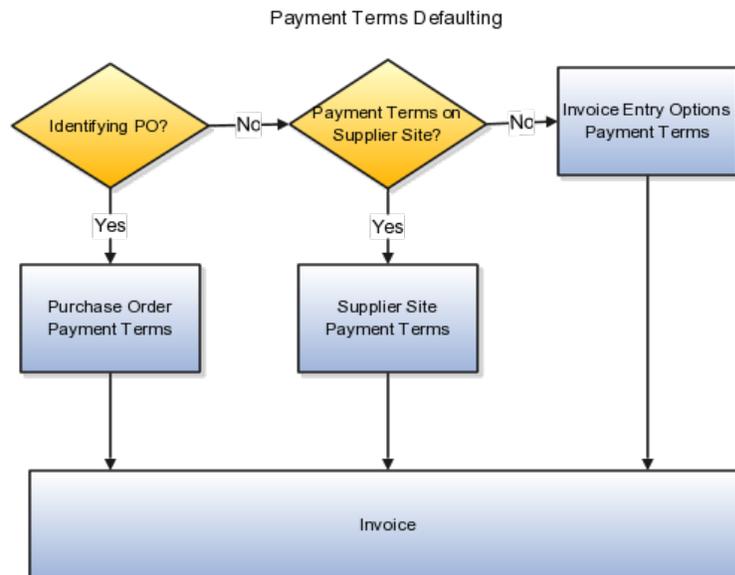
Note

Only due dates, not discount dates, can be based on a calendar.

Default Payment Terms

If you enter an **Identifying PO** on an invoice, the purchase order provides the default payment terms. If you do not enter an **Identifying PO**, the supplier site provides the default payment terms. If there are no payment terms for the supplier site, the payment terms from the Manage Invoice Options page are used. You can override the default payment terms on any invoice.

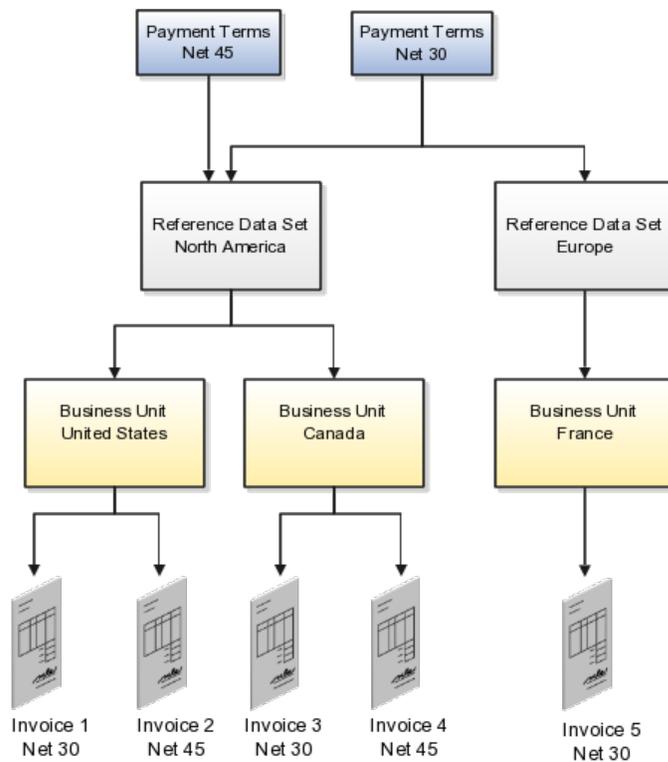
This figure shows the payment term defaulting flow during invoice entry.



Payment Terms and Reference Data Sharing: Explained

Payment terms are enabled for reference data sharing using the method of assignment to multiple sets, no common values allowed. The predefined reference group is called **Payables Payment Terms** and the determinant type for the reference group is business unit. A payment term must be assigned a reference data set before you can use the payment term.

This figure shows how payment terms Net 45 and Net 30 are shared across different business units.



The payment term Net 45 is assigned to the reference data set North America. The reference data set North America is assigned to business units United States and Canada. Invoices for these business units can use the payment term Net 45. The payment term Net 30 is assigned to reference data sets North America and Europe. The reference data set Europe is assigned to business unit France. Invoices for business units United States, Canada, and France can use the payment term Net 30.

Setting up Payment Terms for Reference Data Sharing

Setup for payment term reference data sharing includes:

- Assigning a reference data set to a business unit: When you define a business unit, you assign the business unit a reference data set for the reference group **Payables Payment Terms**.
- Generating a data role for a reference data set: To assign a reference data set to a payment term, you must first generate a data role for that reference data set. Generate the data role using the predefined data role template called **Financials Common Module Template for SetID**.
- Provisioning a data role to the implementor: Assign the reference data set data role to the implementor who creates payment terms.
- Creating a payment term: When you create a payment term, assign one or more reference data sets to the payment term in the Set Assignment region on the Manage Payment Terms page.

Important

You must assign the predefined payment term Immediate to the reference data set that is assigned to the business unit before you can define common options for Payables and Procurement.

Note

You can assign payment terms to the predefined common set, which works like any other set. However, these payment terms will only be available to business units using the common set as the reference data set, unless you assign the payment terms to other reference data sets as well.

Payment Terms and Reference Data Sharing: Explained

Creating Payment Terms Based on Days: Worked Example

This example demonstrates how to create payment terms that are based on a certain number of days from the invoice terms date.

This table summarizes key decisions for the scenario.

Decisions to Consider	In This Example
Are terms based on amounts or percentages?	Percentages
How many installments and discounts does this payment term have?	<p>The installments and discounts are as follows:</p> <ul style="list-style-type: none"> • First installment: 40 percent due in 10 days with a discount of 5 percent if paid in 7 days • Second installment: 35 percent due in 20 days with a discount of 3 percent if paid in 15 days • Third installment: 25 percent due in 30 days with a discount of 2 percent if paid in 25 days

Creating Payment Terms Based on Days

1. On the task list, click **Payment Terms** to open the Manage Payment Terms page.
2. Click **Create** to open the Create Payment Terms page.
3. In the **Name** field, enter the payment term name.
4. Click **Add Row** in the Payment Term Installments region.
5. In the Payment Term Installments region, complete the fields, as shown in this table.

Field	Value
Due Percent	40
Days	10
First Discount Percent	5
First Discount Days	7

6. Click **Add Row** in the Payment Term Installments region.
7. In the Payment Term Installments region, complete the fields, as shown in this table.

Field	Value
Due Percent	35
Days	20
First Discount Percent	3
First Discount Days	15

8. Click **Add Row** in the Payment Term Installments region.
9. In the Payment Term Installments region, complete the fields, as shown in this table.

Field	Value
Due Percent	25
Days	30
First Discount Percent	2
First Discount Days	25

10. Click **Save**.

Invoice Tolerances: Explained

Invoice tolerances determine whether matching holds are placed on an invoice for variances between invoice, purchase order, and receipt information. When

you run the invoice validation process for an invoice matched to a purchase order or receipt, validation checks that the invoice matches the purchase order or receipt within the matching tolerances you define.

For example, if the billed amount for an item exceeds the amount or quantity tolerances, then invoice validation applies holds to the invoice and prevents payment until the holds are released.

There are two types of tolerances. You can define tolerances based on quantity or amount. For each type of tolerance, specify percentages or amounts. Once you define your tolerances, assign them to a supplier site.

Note

If you specify a percentage tolerance of zero, no variance is allowed. If you want a low tolerance, specify a small percentage. If an active tolerance does not have a value, then infinite variance is allowed.

Quantity Based

Quantity-based tolerances apply to invoices that you match to a purchase order where the match basis on the invoice is quantity. You can define the following quantity-based tolerances:

- **Ordered Percentage:** The percentage difference above the purchase order schedule line ordered quantity that you allow suppliers to invoice. The invoice validation process checks the billed quantity against the ordered quantity without taking price into consideration.
- **Maximum Ordered:** The quantity difference above the purchase order schedule line ordered quantity that you allow suppliers to invoice. The invoice validation process checks the billed quantity against the ordered quantity without taking price into consideration. Enter a maximum ordered quantity tolerance only if most of your purchase orders are for the same relative value.
- **Received Percentage:** The percentage difference above the purchase order schedule line received quantity that you allow suppliers to invoice. The invoice validation process checks the billed quantity against the received quantity without taking price into consideration.
- **Maximum Received:** The quantity difference above the purchase order schedule line received quantity that you allow suppliers to invoice. The invoice validation process checks the billed quantity against the received quantity without taking price into consideration. Enter a maximum quantity tolerance only if most of your purchase orders are for the same relative value.
- **Price Percentage:** The percentage difference above the purchase order schedule line unit price that you allow suppliers to invoice.
- **Conversion Rate Amount:** The amount of variance you allow between an invoice amount and the amount of the purchase order schedule that it is matched to. Invoice validation compares the ledger currency of each, based on the invoice and purchase order conversion rates respectively.

Enter a conversion rate amount tolerance only if you enter foreign currency invoices in Oracle Fusion Payables.

- **Schedule Amount:** The amount of variance you allow between all invoice amounts in the transaction currency matched to a schedule, and the amount of the purchase order schedule.
- **Total Amount:** The total amount of variance you allow for both the **Conversion Rate Amount** variance and the **Schedule Amount** combined. If you do not use foreign currency, do not enter a value for this tolerance.

Amount Based

Amount-based tolerances apply to invoices that you match to a purchase order where the match basis on the invoice is amount. You can define the following amount-based tolerances:

- **Ordered Percentage:** The percentage difference above the purchase order schedule line ordered amount that you allow suppliers to invoice. The invoice validation process checks the billed amount against the ordered amount.
- **Maximum Ordered:** The amount difference above the purchase order schedule line ordered amount that you allow suppliers to invoice. The invoice validation process checks the billed amount against the ordered amount.
- **Received Percentage:** The percentage difference above the purchase order schedule line received amount that you allow suppliers to invoice. The invoice validation process checks the billed amount against the received amount.
- **Conversion Rate Amount:** The amount of variance you allow between an invoice amount and the amount of the purchase order schedule that it is matched to. Invoice validation compares the ledger currency of each, based on the invoice and purchase order conversion rates, respectively. Enter a conversion rate amount tolerance only if you enter foreign currency invoices in Payables.
- **Total Amount:** The total amount of variance you allow for both the **Conversion Rate Amount** variance and the **Schedule Amount** combined. If you do not use foreign currency, do not enter a value for this tolerance.

Invoice Holds and Releases: Explained

Use the Manage Invoice Holds and Releases page to define the names that you use to manually place and release holds on invoices. Associate names of holds with an invoice hold type and names of releases with an invoice release type. Assign the hold name you define to an invoice to place the invoice on hold. You cannot pay an invoice that has a hold applied to it. Use release names to remove the holds you applied.

Determine whether to allow accounting entry creation for the hold names you define. For example, if you assign a hold name that does not allow accounting to an invoice, you cannot create accounting entries for the invoice until you

remove the hold. If you want to use the holds and releases you define in the Holds Resolution workflow process, specify additional hold and release name attributes.

Oracle Fusion Payables predefines hold and release types along with hold and release names that it uses during the invoice validation process. You can query the predefined types and names on the Manage Invoice Holds and Release page, but you cannot modify them.

Invoice Hold Types

This table lists the predefined hold types and whether you can define hold names for them.

Hold Type	Allow User-Defined Hold Name
Account Hold Reason	No
Future Period Hold Type	No
Insufficient Information	No
Invoice Hold Reason	Yes
Invoice Line Reason	Yes
Matching Hold Reason	No
Variance Hold Reason	No

Invoice Release Types

This table lists the predefined release types and whether you can define release names for them.

Release Type	Allow User-Defined Release Name
Account Release Reason	No
Future Period Release	No
Hold Quick Release Reason	Yes
Invoice Quick Release Reason	Yes
Invoice Release Reason	Yes
Matching Release Reason	Yes
Sufficient Information	No
Variance Release Reason	Yes

Payables Calendar Period Frequencies: Points to Consider

When you create a calendar, you must select a period frequency. Period frequencies determine the number of periods per year and the period name format.

Period Frequency

Select from among the following frequencies:

- **4-4-5:** Twelve periods where all periods have four weeks except the third, sixth, ninth, and twelfth periods that have five weeks
- **4-5-4:** Twelve periods where all periods have four weeks except the second, fifth, eighth, and eleventh periods that have five weeks
- **5-4-4:** Twelve periods where all periods have four weeks except the first, fourth, seventh and tenth periods that have five weeks
- **Monthly:** Twelve periods where each month is a period
- **Other:** Manually-defined calendar
- **Quarterly:** Quarterly calendar where each quarter consists of three months
- **Weekly:** Weekly calendar with fifty-two weeks where each week is a period comprised of seven days

Payables Calendar Periods: How They Are Generated

Oracle Fusion Payables can generate periods automatically when you define a Payables calendar.

Settings That Affect Period Generation

When you create a calendar or add years to an existing calendar, the following attributes control how periods are generated:

- Period frequency
- Periods per year
- Start date
- Period name format

Note

If you select a **Period Frequency** of **Other**, you must define calendar periods manually.

How Periods Are Generated

This table lists and describes the calendar attributes that are used to generate periods.

Calendar Attribute	Description
Period frequency	Determines the number of periods per year and period name format options.
Periods per year	Identifies the number of periods per year based on the period frequency selected.
Start date	Represents the first date for the calendar and will be the Start Date for the first period.

Period name format	<p>Used along with the period frequency and year to determine the period name.</p> <ul style="list-style-type: none"> • For a monthly period frequency, select MM for a two digit numeric representation of the month such as 01 and 02, or select MMM for a month name abbreviation such as, Jan and Feb. • For a quarterly or weekly period frequency, the generated period name will consist of a sequence number appended to the selected frequency for example, Quarter1 or Week1.
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Example Calendar Using 4-4-5 Period Frequency

This example shows the periods generated for a calendar with a period frequency of **4-4-5**, a start date of **1/1/2011**, and a period name format of **MMM**.

Period Name Prefix	Year	Sequence	Start Date	End Date	Period Name
Jan	2011	1	1/1/11	1/28/11	Jan-11
Feb	2011	2	1/29/11	2/25/11	Feb-11
Mar	2011	3	2/26/11	4/1/11	Mar-11
Apr	2011	4	4/2/11	4/29/11	Apr-11
May	2011	5	4/30/11	5/27/11	May-11
Jun	2011	6	5/28/11	7/1/11	Jun-11
Jul	2011	7	7/2/11	7/29/11	Jul-11
Aug	2011	8	7/30/11	8/26/11	Aug-11
Sep	2011	9	8/27/11	9/30/11	Sep-11
Oct	2011	10	10/1/11	10/28/11	Oct-11
Nov	2011	11	10/29/11	11/25/11	Nov-11
Dec	2011	12	11/26/11	12/30/11	Dec-11

FAQs for Payables Configuration

What's a Payables calendar?

A Payables calendar is a calendar that you define in Oracle Fusion Payables for automatic withholding taxes, payment terms, and key indicator reporting. Payables calendar periods are completely separate from the accounting periods you define on the Create Accounting Calendar page.

Define Payables Tax and Withholding

Income Tax Region Reporting Limit Methods: Critical Choices

The reporting limit amount is the minimum amount used to determine whether to report on payments to a supplier. If you do not enter a reporting limit amount,

the limit is assumed to be zero. If you are doing business within the United States, refer to federal or state tax publications to obtain information regarding the US 1099 reporting requirements for each participating tax region.

Select from one the following methods to compare payments to the reporting limit amount:

- Same as federal
- Compare individually
- Compare sum

Same as Federal

Use the federal reporting limit instead of the region reporting limit amount, which Oracle Fusion Payables has predefined as 600 USD.

Compare Individually

Compare the reporting limit amount to the sum of payments for each 1099 miscellaneous income tax type. For example, the reporting limit for region X is 600 USD. If you make a total of two 400 USD payments to a supplier in region X and classify each payment as a different 1099 miscellaneous type, Payables will not report this supplier to region X because neither individual payment type exceeded the region X reporting limit. In this case, Payables only reports the supplier to the federal tax authorities.

Compare Sum

Compare the reporting limit amount to the sum of payments for all 1099 miscellaneous income tax types. For example, the reporting limit for region X is 600 USD. If you make a total of two 400 USD payments to a supplier and classify each payment as a different 1099 miscellaneous income tax type, Payables will report this supplier to the region X tax authority because the sum of the payments exceeds the region X reporting limit. In this case, Payables reports the supplier to both federal and state tax authorities.

Reporting Entities: Explained

A reporting entity is any person or organization that has a unique tax identification number. Oracle Fusion Payables uses reporting entities for US 1099 reporting. US 1099 reports accumulate the totals for all primary balancing segment values assigned to a reporting entity to derive the total amount paid.

Primary Balancing Segment Values

For each reporting entity, assign one or more primary balancing segment values. Typically, primary balancing segment values represent different legal entities. For example, an enterprise defines a reporting entity called Headquarters which is comprised of Company 1, Company 2, and Company 3. Each company is represented by a primary balancing segment value. When submitting a US 1099 report, Headquarters is entered as the reporting entity for the report. Payables prints the accumulated payments for Companies 1, 2, and 3 on the US 1099 report. Payables sums up the paid invoice distributions that have these company balancing segment values in their accounts.

Note

Primary balancing segment values must be unique across reporting entities.

Reports

You can submit the following US 1099 reports for a specific reporting entity:

- US 1096 Report
- US 1099 Report
- US 1099 Invoice Exceptions Report
- US 1099 Supplier Exceptions Report
- US 1099 Payments Report
- US 1099 Electronic Media Report

Withholding Tax: Explained

You may be required to withhold tax from your supplier invoices and employee expense reports, and pay it to a tax authority on behalf of the supplier. Set withholding tax options on the Manage Tax Reporting and Withholding Tax Options page and on the supplier setup.

The withheld amount is calculated according to how you set the **Apply Withholding Tax** option. If you apply withholding tax at invoice validation, then the withheld amount is based on the invoice amount. On the other hand, if you apply withholding tax at payment, then the withheld amount is based on the payment amount.

Review withheld amounts online or run the standard reports.

Setting Up Automatic Withholding Tax

To automatically withhold tax, perform the following steps:

1. Enable the **Use withholding tax** option and set the other withholding tax options in the Withholding Tax region on the Manage Tax Reporting and Withholding Tax Options page.
2. Create each tax authority as a supplier with a supplier type of **Tax Authority**.
3. Create withholding tax codes.
4. Create withholding tax groups.
5. Specify withholding tax details for suppliers.
6. Define withholding tax certificates to handle rate exceptions.

Withholding Tax Automatically

To perform automatic withholding, you assign a withholding tax group to an invoice line. You can accept the default withholding tax group or select

another group. When applying withholding tax, Payables creates one or more withholding tax type invoice lines, updates the withheld amount on the invoice, and updates the unpaid amount on the installment.

For example, if an invoice for 100 USD has withholding tax of 20 USD, Payables creates a withholding tax type invoice line for -20 USD. The withheld amount is -20 USD, and the unpaid amount on the installment is 80 USD.

Restriction

- Automatic withholding tax is calculated only once.
- Automatic withholding tax is not calculated:
 - After you enter a manual withholding line.
 - If you pay an invoice with a manual payment or a refund, and the option to apply withholding is at payment time.

Creating Withholding Invoices

After you apply withholding tax to an invoice, you can optionally create invoices to remit the withheld tax to a tax authority. Payables can automatically create withholding tax invoices, or you can perform this task manually. To create withholding tax invoices automatically, set the **Create Withholding Invoice** option to specify whether to create withholding invoices at invoice validation or at payment.

Reporting on Withheld Tax

You can run the following reports to satisfy tax authority, supplier, and management reporting requirements:

- Withholding Tax Reports by Invoice, Payment, and Supplier
- Payables Withholding Tax by Tax Authority Report
- Payables Withholding Tax Letter

Withholding Tax Codes: Explained

A withholding tax code is the name for a withholding tax. Withholding tax codes can have multiple rates, effective date ranges, tax amount limits, and taxable amount limits. You must associate a supplier with a type of **Tax Authority** to a withholding tax code so you can create withholding invoices to pay taxes you withheld from your suppliers.

Creating Withholding Tax Codes

Each tax code has a rate structure to specify amount or rate controls. To define rates for the withholding tax code, you must select a rate type. Oracle Fusion Payables uses the rate type of **Standard**.

Using Withholding Tax Codes

To use withholding tax codes, assign them to one or more withholding tax groups. When you define a withholding tax code, you can enable the **Create withholding tax group** option to automatically create a group for that tax code. To handle rate exceptions, define withholding tax certificates for a withholding tax code.

Withholding Tax Code Rate Structures: Points to Consider

When you define a withholding tax code, specify amount or rate controls by selecting one of the following rate structures:

- Flat rate
- Period limit
- Amount ranges

Flat Rate

A flat rate structure has no amount or period limits. Select this option if you do not want to control the tax based on amounts paid. For example, if withholding tax is deducted at a specified rate of 10 percent, create a flat rate tax code with a tax rate of 10 percent.

Period Limit

A period limit structure restricts the amount of tax withheld during a calendar period for a supplier. Withholding stops after you pay a certain amount within the withholding tax period. For example, for each withholding calendar period, no more than 10,000 USD is withheld. Attributes of the period limit rate structure include **Calendar** and **Period**.

Restriction

Oracle Fusion Payables will not create a payment for a foreign currency invoice if the invoice has a withholding tax group that uses a period rate structure.

Amount Ranges

An amount ranges structure applies the tax rate to either the amount of the total invoices paid to date, or to the amount of tax withheld to date for a supplier. For example, define a tax that for each year will withhold at a rate of 10 percent until you pay 100,000 USD in invoices, and then withhold at a rate of 15 percent after you pay the 100,000 USD. In addition to these controls, the same withholding tax code can have different rates depending on the effective date. For example, a withholding tax has a rate of 10 percent one year and 11 percent the following year.

Amount rate structures have the following attributes:

- **Amount Basis.** Select whether the amount range applies to the gross amount of total paid invoice amounts or to the total withheld amount. Enter one or both amount range values to set upper and lower amount limits for taxable amounts or the tax withheld amount.

- **Period Basis.** Select whether the amount range applies to the withholding tax calendar period or to the invoice. If you use period basis, select the calendar that you created for withholding tax use.

Restriction

Payables will not create a payment for a foreign currency invoice if the invoice has a withholding tax group that uses an amount ranges structure.

Withholding Tax Groups: Explained

Withholding tax groups include one or more withholding tax codes. Define withholding tax groups to associate more than one withholding tax code to a single transaction. For example, assign a withholding tax group to an invoice line or distribution if you need to withhold taxes at both the local and country level, each tax withheld at different rates and remitted to different tax authorities.

You can edit a withholding tax group to add more tax codes if needed.

Ranking Withholding Tax Codes

Rank the tax codes in a withholding tax group. When you enter an invoice with a withholding tax group that consists of multiple tax codes, taxes are calculated in order of rank.

Lower ranked taxes are applied to the amount of the invoice or distribution less the previous withholding tax amounts. The highest rank is 1. For example, define a withholding tax group with two tax codes. Tax A for 10 percent has a rank of 1, and tax B for 5 percent has a rank of 2. Payables calculates the withholding tax for a 100 USD invoice as follows: tax A is 10 USD, tax B is 4.50 USD $(.05(100 - (100 * .10)))$.

You can assign the same rank to more than one tax code if you want to use the gross invoice amount to calculate withholding amounts for each tax code. For example, define a tax group with two codes, both with a rank 1 and a rate of 10 percent. On an invoice for 100 USD, two automatic withholding tax lines, each for 10 USD are generated. This is because both automatic withholding tax codes of 10 percent are applied to 100 USD.

Defaulting Withholding Tax Groups to an Invoice

If you do not specify a withholding tax group at the supplier site assignment level, the default tax group on the invoice will come from the tax group in the Withholding Tax region on the Manage Tax Reporting and Withholding Tax Options page. You can override any default withholding tax group at any time.

Withholding Tax Certificates and Exceptions: Explained

Withholding tax certificates specify withholding tax code rate exceptions that are granted by a tax authority. You can define withholding tax code rate exceptions

for all invoices of a supplier site or for specific invoices of that site. A tax code can have one or more certificates.

Before defining withholding tax certificates and exceptions, you must:

- Enable the **Use withholding tax** option.
- Create withholding tax codes.
- Enter withholding details for suppliers.

Certificates

To define a withholding certificate, you must specify a certificate number, type, and priority.

A certificate number can be user-defined or it can be a number assigned to a certificate issued to a supplier by the tax authority.

Oracle Fusion Payables predefines a certificate type of **Standard**. You can define additional certificate types on the Manage Payables Lookups page.

Only one certificate can be enforced at a time. If you have one or more certificates for the same withholding tax code and the date ranges overlap, Payables applies the certificate with the highest priority, where 1 is the highest priority. If a certificate specifies that the supplier site is exempt from the tax code, then enter 0 as the tax rate.

Note

The tax rate for a withholding certificate overrides all rates for the withholding tax code.

Exceptions

To define an exception for an invoice, specify the invoice number.

Note

The tax rate for an exception overrides all rates for the withholding tax code.

Configure Approval Rules

Predefined Invoice Approval Rules: Explained

Invoice approval rules are the policies that describe an invoice approval flow. Oracle Fusion Payables provides configurable predefined invoice approval rules as well as the ability to add rules using the Approval Management extensions (AMX) of the Oracle SOA Suite and Oracle Human Workflow. The Oracle Business Process Management (BPM) Worklist Application provides the interface to administer the rules.

When you initiate approval for an invoice, Payables invokes the invoice approval task, which in turn invokes a set of approval rules created in AMX to build the list of approvers. AMX then sends out approval notifications to the first set of approvers, and every time it receives a response to an approval notification, AMX sends out approval notifications to the next set of approvers on the approval list. This process is repeated until all approvals are complete.

A BPM Worklist administrator can access the rules in the BPM Worklist. A user who belongs to the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB role will be a BPM Worklist Administrator. To access the BPM Worklist for Financials, select **View - Servers - Financials** from the Worklist table on the Oracle Fusion Applications home page. To access the invoice approval task, click the Administration link, click the Task Configuration tab, and then click the task FinApInvoiceApproval from the left hand pane named Tasks to be configured.

The FinApInvoiceApproval task configuration has event-driven and data-driven settings. The event-driven settings include assignment and routing policies. The data-driven settings include the approval rules.

Invoice Approval Event-Driven Settings

To modify the event-driven settings for the FinApInvoiceApproval task, select the Event Driven tab.

The following table lists the predefined assignment and routing policy settings for the FinApInvoiceApproval task.

Field	Predefined Value
Task Aggregation	None
On Error Notify	Not applicable
Allow all participants to invite other participants	Not enabled
Allow participants to edit future participants	Not enabled
Allow initiator to add participants	Not enabled
Enable auto claim	Not enabled
Complete task when participant chooses	Enabled, REJECT; HtOutcmeForceApproveForceApproveInvoice <hr/> Important Do not remove the value HtOutcmeForceApproveForceApproveInvoice. Removing HtOutcmeForceApproveForceApproveInvoice will affect the force approval functionality.
Enable early completion of parallel subtasks	Enabled
Complete parent tasks of early completing subtasks	Enabled
Expiration and Escalation Policy	Never Expire
Reminders	No reminders

The following table lists the predefined e-mail notification settings for the FinAPInvoiceApproval task.

Field	Predefined Value
Task Status, Recipient, Notification Header	Assign, Assignees, null
Task Status, Recipient, Notification Header	Complete, Initiator, null
Task Status, Recipient, Notification Header	Error, Owner, null
Make notifications secure (exclude details)	Not enabled
Make notifications actionable	Enabled
Send task attachments with e-mail notifications	Enabled

The following table lists the predefined task content settings for the FinAPInvoiceApproval task.

Task Content	Individuals with Read Access	Individuals with Write Access
Payload, Flexfields	Admin; Approvers; Reviewers	Assignees; Creator; Owner
Attachments, Comments	Admin; Approvers	Assignees; Creator; Owner, Reviewers
Assignees, Dates, History, Reviewers	Admin; Approvers; Assignees; Creator; Owner; Reviewers	None

For more information on task configuration, see the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

Approval of Invoice Requests

An invoice request is an invoice without a purchase order that was created using Oracle Fusion Supplier Portal and that is pending approval by the requester on the invoice. Once the requester approves the invoice request, the invoice request becomes an invoice. You cannot disable or configure this initial approval flow.

To set up additional approvals for an invoice request after the initial approval by the requester, configure the InvoiceRequestApprovalRuleSet ruleset. The FinAPInvoiceApproval task includes the InvoiceRequestApprovalRuleSet ruleset, which you access on the Data Driven tab. The ruleset contains an empty rule called IgnoreInvoiceRequestApprovalRuleSetRule, which you can modify as needed.

Approval of Invoices by Supervisor Based on Invoice Amount

When you initiate invoice approval, the invoice approval task determines whether an invoice requires approval. Every invoice that requires approval must be approved before the invoice can be paid unless the invoice is force approved, in which case approval is not required and the invoice can be paid even though it has been requested for approval.

The FinAPInvoiceApproval task includes the InvoiceApprovalRuleSet ruleset. The InvoiceApprovalRuleSet ruleset contains the following predefined rules, which you access on the Data Driven tab.

- ManagerApprovalRule rule: Approval of invoice with invoice amount greater than or equal to 1000 by an immediate supervisor

- AutoApprovalRule rule: Automatic approval of invoice with invoice amount less than 1000

Note

Rules must be granular such that one rule must be evaluated to true at run time.

The following table lists the parameters for the predefined ManagerApprovalRule rule.

Field	Predefined Value	Description
Condition	Task.payload.getHeader1Re same or more than 1000	Activates the rule when the amount of the invoice is greater than or equal to 1000. To use other invoice attributes, select from the condition browser.
List Builder	Supervisory	Determines the list of approvers using the employee supervisory hierarchy, which is defined in Oracle Fusion Human Capital Management.
Response Type	Required	Indicates that approval notification requires a response.
Number of levels	1	Specifies that one supervisory level is required to complete invoice approval.
Starting Participant	HierarchyBuilder.getManager("sup	Identifies the first participant in the list of approvers. For this rule, the first participant is the supervisor of the user who submitted the invoice.
Top Participant	HierarchyBuilder.getPrincipal("FIN	Specifies the user name of the last approver. Approval does not go beyond this participant in the hierarchy. To use this predefined rule, you must change the user name to the highest approver in the supervisory hierarchy to whom the invoice approval must be sent.
Auto Action Enabled	False	Indicates that automatic approval is not enabled.
Auto Action	Null	Identifies the outcome to be set. The value is null because automatic approval is not enabled.

The following table lists the parameters for the predefined AutoApprovalRule rule.

Field	Predefined Value	Description
Condition	Task.payload.getHeader1Re less than 1000	Activates the rule when the amount of the invoice is less than 1000. To use other invoice attributes, select from the condition browser.

List Builder	Supervisory	Determines the list of approvers using the employee supervisory hierarchy, which is defined in Oracle Fusion Human Capital Management.
Response Type	Required	Indicates that approval notification requires a response.
Number of levels	1	Specifies that one supervisory level is required to complete invoice approval.
Starting Participant	HierarchyBuilder.getManager("sup	Identifies the first participant in the list of approvers. For this rule, the first participant is the supervisor of the user who submitted the invoice.
Top Participant	HierarchyBuilder.getPrincipal("FIN	Specifies the user name of the last approver. Approval does not go beyond this participant in the hierarchy. To use this predefined rule, you must change the user name to the highest approver in the supervisory hierarchy to whom the invoice approval must be sent.
Auto Action Enabled	True	Indicates that automatic approval is enabled.
Auto Action	"APPROVE"	Identifies the outcome to be set, which is to approve the invoice.

For more information on how to change rules, see the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

List of Approvers

List builders determine the actual list of approvers. You can configure the invoice approval rules to use different list builders.

For more information on using list builders, see the Oracle Fusion Middleware Modeling and Implementation Guide for Oracle Business Process Management.

Define Invoicing and Payments Configuration for Rapid Implementation

Invoice and Payment Configuration for Rapid Implementation: Overview

The Define Invoicing and Payments Configuration for Rapid Implementation task list provides the setup tasks that are critical for Oracle Fusion Payables. These setup tasks are either mandatory or frequently used. Setups that are not listed under this task list can be accessed from the standard implementation template.

Invoice options and payment options are automatically created with default values when the common options for Payables and Procurement are defined for a new business unit. To update the default values, access the invoice and payment options setups from the standard implementation template.

Define Disbursements

Payment Methods: Explained

A disbursement payment method is a method of payment that your company uses to pay a supplier, customer, or employee. The payment method can be electronic, such as EFT, bill payable, or wire, or printed, such as a check. You can use a payment method to pay one or multiple third party payees.

The purpose of creating disbursement payment methods is to:

- Define the disbursement payment methods you want to use to make payments
- Define usage rules to limit the use of disbursement payment methods to specific business units, legal entities, and other attributes.
- Assign validations to disbursement payment methods for running on documents payable, payments, and payment files

The level of granularity that you need for your disbursement payment methods is a factor to consider before you define them. You must decide whether to set up more or less granular disbursement payment methods. The least granular payment methods are those that are predefined in Oracle Fusion Payments, such as Check or Electronic. With this setup, you can associate each payment method with many payment process profiles and payment formats. This approach requires less knowledge from source product users, such as invoice entry clerks, but may involve more work later in the payment process.

Alternately, you can define more granular payment methods. When you do this, you can benefit from adding validations to the payment method, which are very targeted for specific transactions. An example of a very granular payment method is Italian EFT to which you might add a validation that is specific to Italy. With this kind of setup, validations are run as early as during invoice entry and thus, errors can be fixed more quickly.

Because the approach of creating very granular payment methods will lead to more payment methods, it is important to also set up payment method defaulting rules, so there is no added burden during invoice entry to manually select one appropriate payment method from the many available. You can also use supplier-specific defaults, an optional feature which can be enabled in the

Payment Method Default Basis region on the Manage Disbursement System Options page.

Creating a disbursement payment method in Payments is comprised of the following major tasks:

- Creating usage rules
- Creating or assigning validations

Creating Usage Rules

Usage rules specify when a disbursement payment method is available for use by source products for documents payable. By creating usage rules, you enable or disable payment methods for each source product integrated with Oracle Fusion Payments. You can provide different usage rules for different source products and change whether and when the payment method is available.

In the Usage Rules tab of the Create Payment Method page, you decide whether to assign the payment method to all payees and whether to apply this payment method to all or only to specific Oracle Fusion Payables or Oracle Fusion Receivables business units, legal entities, transaction types, currencies, or payee locations.

Creating or Assigning Validations

In the Validations tab of the Create Payment Method page, you can assign predefined validations to this payment method or create user-defined validations for this payment method. Validations are rules that check the validity of documents payable, payments, or payment files.

Usage Rules: Explained

Usage rules specify when a payment method or a payment process profile can be used on a document payable.

You can specify:

- Usage rules for payment methods
- Usage rules for payment process profiles

Usage Rules for Payment Methods

A payment method is the medium by which the first party payer, or deploying company, pays a supplier invoice, customer refund, or employee expense report.

By default, payment methods are available on all transactions, but by creating usage rules, you can limit the use of a payment method based on the following transaction conditions:

- Source product
- Business unit
- First party legal entity
- Transaction type

- Whether domestic or foreign currency or payee location

Not all source products that are integrated with Oracle Fusion Payments have usage rule options. Some products, such as Oracle Fusion Fixed Assets, create transactions that are imported into Oracle Fusion Payables, and are included in Payables usage rules. Other products, such as Oracle Fusion Expenses, have fixed usage rules on supported payment methods.

The payment method that the source product user sees in the source product depends on the usage rules specified in the Create Payment Method page, Usage Rules tab, Payables subtab, and Receivables (Customer Refunds) subtab. For example, suppose you have a payment method that is specific to one country. You could create a usage rule so that the payment method is available for only the one business unit associated with that country. A user entering an invoice for any other business unit would not see that payment method available to select. Usage rules, combined with payment method defaulting rules and user-definable validations, make straight-through processing possible.

Usage Rules for Payment Process Profiles

A payment process profile specifies the details of the disbursement payment process, such as specifications for document payable grouping, payment grouping, and payment file formatting.

By default, payment process profiles are available on all transactions, but by creating usage rules, you can limit the use of a payment process profile based on the following transaction conditions:

- Payment method
- Business unit
- Disbursement bank account
- Currency

The payment process profile that is applied to a document payable depends, in part, on the usage rules specified in the Create Payment Process Profile page, Usage Rules tab. When you submit a payment process request, Payments compares the attributes of each transaction to the payment process profile provided in the Submit Payment Process Request page. Any transactions whose attributes are in conflict with that payment process profile's usage rules will fail validation. If no payment process profile has been selected, Payments compares the attributes of each transaction to all existing payment process profiles to determine if there is one payment process profile for which the usage rules are a unique match with the transaction attributes. If a match does not occur, a custom hook implementation or user intervention is needed to determine the appropriate payment process profile to use.

To enable straight-through processing, it is important that usage rules be no broader than necessary. For example, having two payment process profiles in which the usage rules could both apply to the same document payable will lead to user intervention to differentiate between the two. However, if one of the two is specific to business unit X and the other to business unit Y, then there is no ambiguity and the system can uniquely identify which payment process profile to apply to the document payable without user intervention.

Payment Method Defaulting: Explained

A payment method defaulting rule determines which payment method defaults onto a source document, such as an invoice or customer refund. During setup of the payment method defaulting rules, you specify conditions under which a payment method acts as a default.

A payment method can default onto a source document based on:

- Source product
- Business unit
- First party legal entity
- Transaction type
- Whether domestic or foreign currency or payee location

Oracle Fusion Payments applies the payment method defaulting rules in the prioritized order you specify. For example, if the first rule is a match, Payments stops and defaults that rule's corresponding payment method onto the invoice. Further, suppose you specify that the payment method for all documents processed by Oracle Fusion Payables is first, Check, and second, EFT. In this case, if the conditions for payment method Check match those on the invoice, then payment method Check defaults onto the invoice. If the conditions for payment method Check do not match those on the invoice, then Payments determines whether the conditions for payment method EFT matches. If the conditions for payment method EFT match those on the invoice, then payment method EFT defaults onto the invoice.

The following factors may, depending on setup and data, influence payment method defaulting:

- Whether the option, **Based Only on Payment Method Defaulting Rules Setup**, or the option, **Override Defaulting Rules when Default Method Set for Payee**, is selected as the payment method default basis in the System Settings subregion or Business Unit Level Override region of the Manage Disbursement System Options page
- The prioritized order of the payment method defaulting rules
- The content of the payment method defaulting rules, compared with the attributes of the transaction
- The defaults set in Payables for supplier, address, and supplier site

Payment Process Profiles: Explained

A payment process profile is a payment attribute assigned to documents payable, which specifies handling of the documents payable, payments, and payment files by Oracle Fusion Payments. Payment process profiles include

several types of information, such as specifications for payment file formatting and transmission. The payment method and other invoice attributes drive the assignment of a payment process profile to each document payable, and the payment process profile drives every subsequent step of the payment process.

A payment process profile controls payment processing for the disbursement flow. It provides the blueprint to:

- Tie setups together
- Control usage
- Specify payment formatting, printing, and transmission behavior
- Control creation of payments and payment files
- Automate report generation

Tie Setups Together

Before you can set up a payment process profile, you must have completed setting up the following:

- Payment format
- Payment system
- Payment system account
- Transmission configuration
- Payment method

Control Usage

When you set up a payment process profile, you specify the values on a transaction that are compatible with it. You can specify whether the payment process profile can be used on a specific document payable based on its payment method, disbursement bank account, business unit, and currency. For example, if the payment format associated with the payment process profile only allows a specific currency, then enter that currency in the usage rules so that the payment process profile can only be used on documents payable of the appropriate currency.

Specify Payment Formatting, Printing, and Transmission Behavior

When you set up a payment process profile, you specify whether it can be used for printed or electronic payment processing, as well as the payment file format. If the payment process profile will be used for electronic payment processing, you also select a payment system and enter details that allow the system to electronically transmit files to that payment system within the context of a payment system account. A payment system account is not a bank account, rather data that represents your processing relationship with your payment system. If the payment process profile will be used for printed payment processing, a payment system is not required for payment file handling, but you can optionally select a payment system and transmission details so that the system can electronically transmit positive pay files to your bank.

Control Creation of Payments and Payment Files

When you set up a payment process profile, you specify document grouping rules and document limits. These settings will be used when building documents payable into payments. An enabled grouping rule for an attribute means that two documents payable that share the same value for an attribute can be grouped into the same payment. If the values are different, they will be in separate payments. A disabled grouping rule for an attribute means that the attribute will not apply when documents payable are built into payments.

Similarly, payment grouping rules determine which attributes will be considered when grouping payments into payment files.

In addition, you can specify payment file limits, payment sorting rules, and bank instruction text.

Automate Report Generation

When you set up a payment process profile, you specify whether you want the following types of reports generated when the newly created payment process profile is used: payment file register, positive pay, separate remittance advice, and regulatory reports.

Payment Detail Formula: Explained

A payment detail formula is a custom PL/SQL expression that drives the informational text that is sent to the bank or payment system for each payment. The **Payment Detail Formula** field in the Create Payment Process Profile page, Payment tab, Document Limits region, must contain a PL/SQL expression written by a database administrator. This PL/SQL expression, which can reference columns of the documents payable table, is used by Oracle Fusion Payments to generate payment detail in the form of text that becomes part of the payment.

An example of a payment detail formula is `PO_NUMBER || ' ' || CALLING_APP_DOC_REF_NUMBER || ';'` . This formula tells the application to create payment detail by concatenating the purchase order number and the source product's document payable reference, separated by a space. For example, suppose there are two documents payable in the payment. If document payable ABC associated with PO 123 is combined with document payable DEF associated with PO 124, then the concatenation for the documents payable in the payment results in the following payment detail:

```
123 ABC;124 DEF;
```

When the Build Payments program builds documents payable into payments, it uses the PL/SQL expression you entered in the **Payment Detail Formula** field to generate text from fields in the document payable table. This informational text displays in the **Payment Details** field in the Remittance Information region of the Payment page. Payments then places the payment detail text into the applicable payment format. Depending on the bank or payment system and the format type, the financial institution may process the payment detail text into its system, or it may just use the payment detail text as information only.

FAQs for Define Disbursements

What's a payment code?

Oracle Fusion Payments enables you to specify payment codes that are required by financial institutions. Payment codes can provide details to banks or payments systems about transaction handling, bank charges, or payment reasons for regulatory reporting purposes.

Payment code types include:

- bank instruction codes
- delivery channel codes
- payment reason codes

What's a bank instruction code?

Bank instruction codes are values that contain information or instructions that need to be passed to a bank or financial institution at the payment file level. Up to two bank instructions can be entered on a payment process profile. When that payment process profile is used during the creation of a payment file, the bank instruction values are copied directly to it. The values are made available to the formatting process by the extract. If the payment format specifies the use of one or both bank instructions, the value or values will be passed to the bank in the header level of the payment file.

Oracle Fusion Payments provides many predefined bank instruction codes.

What's a delivery channel code?

Delivery channels are instructions that tell the bank how to make the payment to the payee. A default delivery channel value can be set on the supplier, supplier address, or supplier site. A value defaults from the lowest of these levels with a value populated, onto the invoice in Oracle Fusion Payables. On the invoice, it is displayed with the installments and can be manually overridden there.

When an installment is paid, the delivery channel is copied from the document payable to the payment, only if all documents payable in the payment have the same delivery channel value. By enabling delivery channel as a document grouping rule on the payment process profile that is used, you can ensure that documents payable will only be grouped into a payment with other documents payable when they all have the same delivery channel value.

Oracle Fusion Payments provides many predefined delivery channel codes.

What's a payment reason code?

Payment reason codes are generally country-specific identifiers provided by a country's government or central bank. These codes provide the payment system

or bank with additional details about the reason for the payment for regulatory reporting purposes. The purpose of entering country-specific payment reason codes required by a particular country's payment system or central bank is to enable you to specify the reason for the payment to the country-specific payment system or bank.

Oracle Fusion Payments provides many predefined payment reason codes.

Define Subledger Accounting Rules

Define Subledger Application and Sources

Accounting Attribute Assignments: Points to Consider

The Create Accounting process uses the values of sources assigned to accounting attributes plus accounting rules to create subledger journal entries. Almost all accounting attributes have sources assigned at the accounting event class level. Depending on the accounting attribute, the accounting attribute assignment defaulted from the accounting event class can be overridden on journal line rules or subledger journal entry rule sets.

Once sources are assigned to accounting event classes, they are eligible for assignment to accounting attributes for the same accounting event classes. The Create Accounting process uses these assignments to copy values from transaction objects to subledger journal entries. For example, you may map the invoice entered currency to the subledger journal entry entered currency.

Each accounting attribute is associated with a level:

1. Header: To be used when creating subledger journal entry headers.
2. Line: To be used when creating subledger journal entry lines.

The types of accounting attributes values are as follows:

Values that are Subject to Special Processing

You may have values that are subject to special processing or values that are stored in named columns in journal entry headers and lines.

Examples of accounting attributes are Entered Currency Code and Entered Amount.

Values that Control the Behavior of the Create Accounting Process

You may have values that control the behavior of the Create Accounting process when processing a specific accounting event or transaction object line.

An example of accounting attributes of this type is Accounting Reversal Indicator.

Minimum Required Accounting Attribute Assignments

In order to create a valid journal entry you must, at a minimum, set up the following accounting attribute assignments.

- Accounting Date
- Distribution Type
- Entered Amount
- Entered Currency Code
- First Distribution Identifier

The details and descriptions of these attributes are included in the Accounting Attributes section.

Accounting Attributes

Accounting attribute groups are represented in the tables below:

Accounted Amount Overwrite

- The accounted amount overwrite accounting attribute indicates whether the accounted amount calculated by the Create Accounting process should be overwritten by the value of the accounted amount accounting attribute. If the source value mapped to Accounted Amount Overwrite is 'Y', then an accounted amount must be provided.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Accounted Amount Overwrite Indicator	Alphanumeric	Line	Event Class and Journal Line Rule	No	Y - Overwrite accounted amount N - Not overwrite accounted amount

Accounting Date

- The accounting date attribute is relevant to all applications. The Create Accounting process uses it to derive the accounting date of journal entries. Typically, the event date system source is assigned to the accounting date attribute.
- The Accrual Reversal GL Date accounting attribute is relevant to applications using the accrual reversal feature. Users can assign system and standard date sources to the Accrual Reversal GL Date in the Accounting Attribute Assignments page. When the Accrual Reversal GL Date accounting attribute returns a value, the Create Accounting process generates an entry that reverses the accrual entry.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Accounting Date	Date	Header	Event Class and Journal Entry Rule Set	Yes	Should be in open general ledger period
Accrual Reversal GL Date	Date	Header	Event Class and Journal Entry Rule Set	No	Should be later than the accounting date

Accounting Reversal

- Accounting reversal accounting attributes are relevant to applications that wish to take advantage of the accounting reversal feature. The Create Accounting process uses them to identify transaction (distributions) whose accounting impact should be reversed. For the Create Accounting process to successfully create a line accounting reversal, the accounting reversal indicator, distribution type, and first distribution identifier should always be assigned to sources. The definition of the accounting reversal distribution type and distribution identifiers mirrors the definition of the distribution identifiers.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Accounting Reversal Distribution Type	Alphanumeric	Line	Event Class	Yes, if another accounting reversal accounting attribute is assigned.	
Accounting Reversal First Distribution Identifier	Alphanumeric	Line	Event Class	Yes, if another accounting reversal accounting attribute is assigned.	
Accounting Reversal Second Distribution Identifier	Alphanumeric	Line	Event Class	No	
Accounting Reversal Third Distribution Identifier	Alphanumeric	Line	Event Class	No	
Accounting Reversal Fourth Distribution Identifier	Alphanumeric	Line	Event Class	No	
Accounting Reversal Fifth Distribution Identifier	Alphanumeric	Line	Event Class	No	
Accounting Reversal Indicator	Alphanumeric	Line	Event Class	Yes, if another accounting reversal accounting attribute is assigned.	Y - Reverse without creating a replacement line B - Reverse and create a new line as replacement N or Null - Not a reversal
Transaction Accounting Reversal Indicator	Alphanumeric	Header	Event Class	No	Y - Reversal transaction object header N or null - Standard transaction object header

Business Flow

- The business flow accounting attributes are referred to as 'applied to' accounting attributes. If a transaction is applied to a prior transaction in the business flow, the transaction object must populate sources assigned

to 'applied to' accounting attributes with sufficient information to allow the Create Accounting process to uniquely identify a transaction object line for a prior event in the business flow. When deriving accounting data from a previous event in the business flow, the Create Accounting process searches for a journal entry line for the prior event using a combination of the 'applied to' accounting attributes and the business flow class of both journal entries.

The Applied to Amount accounting attribute is used to calculate the accounted amount and gain or loss in cross-currency applications when business flows are implemented. This attribute value is used to calculate the accounted amount when a source is mapped to the Applied to Amount attribute on a journal line type and the entered currency is different than the original currency entered.

Note

When enabling business flow to link journal lines in the Journal Line Rule page, certain accounting attribute values are unavailable for source assignment in the Accounting Attributes Assignments window of the same page because they will be copied from the related prior journal entry.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Applied to Amount	Number	Line	Event Class and Journal Line Rule	No	
Applied to First System Transaction Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	
Applied to Second System Transaction Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Third System Transaction Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Fourth System Transaction Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Distribution Type	Alphanumeric	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	
Applied to First Distribution Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	

Applied to Second Distribution Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Third Distribution Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Fourth Distribution Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Fifth Distribution Identifier	Alphanumeric	Line	Event Class and Journal Line Rule	No	
Applied to Application ID	Number	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	Must be a valid application ID
Applied to Entity Code	Alphanumeric	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	Must be a valid Entity for the application selected in Applied to Application ID

Distribution Identifier

- Distribution identifiers accounting attributes are relevant to all applications. The distribution identifier information links subledger transaction distributions to their corresponding journal entry lines. In addition, many of the Oracle Fusion Subledger Accounting features, including accounting reversals, rely on the correct definition and storing of distribution identifiers in the line transaction objects. The distribution type and first distribution identifiers are always assigned to sources. If a transaction distribution is identified by a composite primary key, additional distribution identifiers are assigned to standard sources, as appropriate. Values for the distribution type and distribution identifiers are always stored in accounting transaction objects. The combinations of the values of the system transaction identifiers with the values of the distribution identifiers uniquely identify a subledger transaction distribution line.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Distribution Type	Alphanumeric	Line	Event Class	Yes	
First Distribution Identifier	Alphanumeric	Line	Event Class	Yes	
Second Distribution Identifier	Alphanumeric	Line	Event Class	No	

Third Distribution Identifier	Alphanumeric	Line	Event Class	No	
Fourth Distribution Identifier	Alphanumeric	Line	Event Class	No	
Fifth Distribution Identifier	Alphanumeric	Line	Event Class	No	

Document Sequence

- The document sequence accounting attributes are relevant to applications that use the document sequencing feature to assign sequence numbers to subledger transactions. The Create Accounting process uses them to provide a user link between subledger transactions and their corresponding subledger journal entries. Assign all document sequence accounting attributes to sources or do not assign any. In addition, the Document Sequence Category Code is made available as an Accounting Sequence Numbering control attribute.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Subledger Document Sequence Category	Alphanumeric	Header	Event Class	Yes, if another accounting attribute in the same group has assignment.	
Subledger Document Sequence Identifier	Number	Header	Event Class	Yes, if another accounting attribute in the same group has assignment.	
Subledger Document Sequence Value	Number	Header	Event Class	Yes, if another accounting attribute in the same group has assignment.	

Entered Currency

- Entered currency accounting attributes are relevant to all applications. The Create Accounting process uses them to populate the journal entry line entered currency code and amounts. The entered currency accounting attributes must always be assigned to sources. The sources assigned to the entered currency accounting attributes must always contain a value. For event classes that support cross currency transactions and therefore, more than one entered currency and entered currency amount, multiple event class accounting attribute assignments are created.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Entered Currency Code	Alphanumeric	Line	Event Class and Journal Line Rule	Yes	A valid currency code

Entered Amount	Number	Line	Event Class and Journal Line Rule	Yes	
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Ledger Currency

- Ledger currency accounting attributes are relevant to all applications that use the Create Accounting process. The Create Accounting process uses them to populate journal entry accounted amounts. If a transaction's entered currency is different from the ledger currency, the Create Accounting process copies the conversion date, conversion rate, and conversion rate type to the corresponding journal entry lines. If the entered currency is the same as the ledger currency, the Create Accounting process ignores the conversion type and conversion rate. For event classes that support foreign currency transactions and therefore more than one exchange rate and reporting currency amount, multiple event class accounting attribute assignments are created.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Accounted Amount	Number	Line	Event Class and Journal Line Rule	No	
Conversion Date	Date	Line	Event Class and Journal Line Rule	No	
Conversion Rate	Number	Line	Event Class and Journal Line Rule	No	
Conversion Rate Type	Alphanumeric	Line	Event Class and Journal Line Rule	No	A valid general ledger conversion rate type or User

Tax

- The tax accounting attributes are relevant to applications that uptake the tax initiative. The tax team uses the tax accounting attributes to link subledger transaction tax distributions to their corresponding journal entry lines. Oracle Fusion Tax specifies which tax reference values are mandatory in transaction objects and are assigned to standard sources.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Detail Tax Distribution Reference	Number	Line	Event Class	No	
Detail Tax Line Reference	Number	Line	Event Class	No	
Summary Tax Line Reference	Number	Line	Event Class	No	

Third Party

- Third party accounting attributes are relevant to subledger applications that use third party control accounts. The third party accounting attributes link suppliers and customers to their corresponding subledger journal entry lines in the supplier and customer subledgers. For all subledger transactions that represent financial transactions with third parties, all third party accounting attributes have sources assigned. If a transaction line is associated with a customer or supplier, the transaction objects need to include values for all sources mapped to third party accounting attributes for the event class.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Party Identifier	Number	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	If party type C - Should be a valid customer account If party type is S - Should be a valid supplier identifier
Party Site Identifier	Number	Line	Event Class and Journal Line Rule	Yes, if another accounting attribute in the same group has assignment.	If party type C - Should be a valid customer account If party type is S - Should be a valid supplier identifier
Party Type	Alphanumeric	Line	Event Class	Yes, if another accounting attribute in the same group has assignment.	C for Customer S for Supplier

Exchange Gain Account, Exchange Loss Account

- The Create Accounting process determines whether there is an exchange gain or loss and derives the account combination based on whether the journal line rule is defined. If the gain or loss journal line rule is defined, the account rule assigned to the journal line rule is used to determine the gain or loss account to use. If the gain or loss journal line rule is not defined, the gain or loss account assigned to the Exchange Gain Account and Exchange Loss Account accounting attributes is used.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Exchange Gain Account	Number	Header	Event Class	No	
Exchange Loss Account	Number	Header	Event Class	No	

Gain or Loss Reference

- The Gain or Loss Reference accounting attribute groups entry lines together when calculating exchange gain or loss. The accounted debit and accounted credit amounts for lines with the same gain or loss reference are combined. The total of accounted debit and total of accounted credit are compared to calculate the exchange gain or loss.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Gain or Loss Reference	Alphanumeric	Line	Event Class	No	

Transfer to GL Indicator

- The Transfer to GL accounting attribute is relevant to applications which create subledger journal entries that will never be transferred to the general ledger. The Transfer to GL process uses this accounting attribute to determine whether to transfer subledger journal entries to the general ledger.

If the Transfer to GL accounting attribute is not assigned to a source, the Transfer to GL process transfers journal entries for the event class to the General Ledger.

If the Transfer to GL accounting attribute is assigned to a source and the source is not populated, the Transfer to GL process transfers journal entries for the event class to the General Ledger.

Accounting Attributes	Data Type	Journal Entry Level	Assignment to Rules	Assignment Required?	Validation Rules
Transfer to GL Indicator	Alphanumeric	Header	Event Class	No	Should be Y or N

Define Subledger Accounting Methods

Creating Accounting Method: Explained

Accounting methods group subledger journal entry rule sets together to define a consistent accounting treatment for each of the accounting event classes and accounting event types for all subledger applications. The grouping allows a set of subledger journal entry rule sets to be assigned collectively to a ledger.

For example, a subledger accounting method entitled US GAAP can be defined to group subledger journal entry rule sets that adhere to and comply with US Generally Accepted Accounting Principles (GAAP) criteria.

By assigning a different subledger accounting method to each related ledger, you can create multiple accounting representations of transactions.

Accounting rules can be defined with either a top down, or a bottom up approach. When defining subledger accounting rules from the top down, you

will initially define the accounting method followed by components of each rule, which will need to be assigned to it. When defining subledger accounting rules from the bottom up, you will initially define components for each rule and then assign them as required.

The Create Accounting process uses the accounting method definition with active journal entry rule set assignments to create subledger journal entries.

When an accounting method is initially defined, or after modifying a component of any accounting rule associated to the assigned journal entry rule set, its status changes to Incomplete.

The accounting method must be completed, by activating its journal entry rule set assignments, so that it can be used to create accounting.

The following definitions are utilized to define the journal entries, and are applied as updates to the accounting method:

- Updates to the predefined accounting method
- Assignment of journal entry rule sets for an accounting event class and/or accounting event type from the accounting methods page
- Assignment of accounting methods to ledgers
- Activation of subledger journal entry rule set assignments

Updates on Predefined Accounting Method

You may update a predefined accounting method by end dating the existing assignment and creating a new assignment with an effective start date.

Assignment of Journal Entry Rule Set for Accounting Event Class and Accounting Event Type

You create the assignment of a journal entry rule set for an accounting event class and accounting event type using the accounting method page.

The following should be considered for assigning rule sets:

- If the accounting method has an assigned chart of accounts, you can select journal entry rule sets that use that same chart of accounts, or that are not associated with any chart of accounts.
- Select an option to assign existing journal entry rule sets or define a new one.

Assignment of Accounting Methods to Ledgers

If the accounting method has an assigned chart of accounts, it may only be used by ledgers that use the same chart of accounts.

If the accounting method does not have an assigned chart of accounts, the accounting method can be assigned to any ledger.

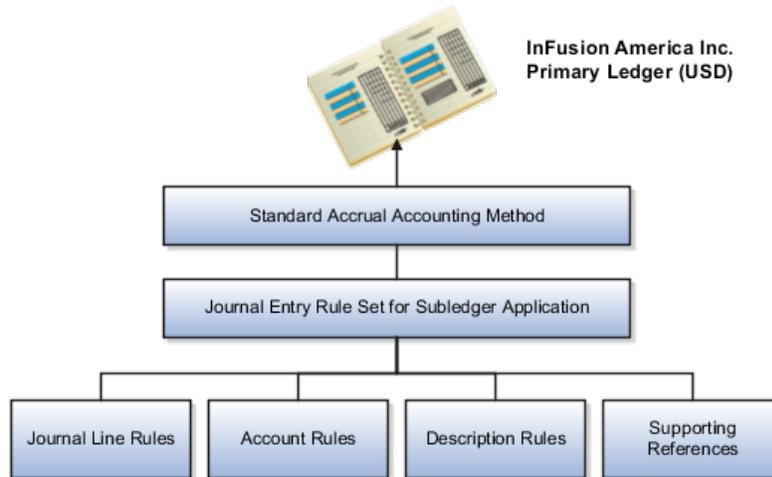
Activation of Subledger Journal Entry Rule Set Assignments

You can activate the subledger journal entry rule set assignments from the Accounting Method page. You can also submit the Activate Subledger Journal

Entry Rule Set Assignments process to validate and activate your accounting setups.

Fusion Setup Flow

The figure below shows the relationship of components making up an accounting method as described in the above text.



Creating Subledger Journal Entry Rule Sets: Explained

Subledger journal entry rule sets provide the definition for generating a complete journal entry for an accounting event.

Select the option to define the subledger journal entry rule set for a particular accounting event class or accounting event type.

If you are using multiple ledgers to meet divergent and mutually exclusive accounting requirements, you can vary journal entry rule sets by ledger. Each of the subledger journal entry rule sets can meet a specific type of accounting requirements.

For example, use US Generally Accepted Accounting Principles (GAAP) oriented subledger journal entry rule sets for a ledger dedicated to US GAAP reporting, and French statutory accounting conventions for a ledger dedicated to French statutory reporting. These two sets of definitions have differences based on the setup of the various components that make up their subledger journal entry rule sets.

Seeded subledger journal entry rule sets are provided for all Oracle subledgers. If specific requirements are not met by seeded subledger journal entry rule sets, users can create new ones of copy the seeded definitions and then rename and modify the new copied definitions and their assignments.

Subledger journal entry rule set assignments can be made at two levels, header and line. The following are the subcomponents of a subledger journal entry rule set:

- Description rules

- Journal line rules
- Account rules
- Supporting references

Assignment at Header Level

Header assignments define subledger journal header information and line assignments define journal line accounting treatment.

A header assignment includes the following:

- Accounting date (required)
- Accrual reversal accounting date (optional)
- Description rule (optional)
- Supporting references (optional)

Assignment at Line Level

You can define multiple subledger journal entry rule sets for an accounting event class or accounting event type. A single journal entry is generated per accounting event per ledger using the line assignments from the journal entry rule set assigned to the accounting event class or accounting event type.

The following can be assigned to a journal entry line:

- Journal line description rule
- Journal line rule
- Account rule
- Supporting references

Assignment of Description Rules

If a description rule is defined with sources, the sources must also be assigned to the accounting event class that is assigned to the journal entry rule set. The description rule may be assigned at either the header or line level of the journal entry or to both levels.

Assignment of Journal Line Rules

When assigning the journal line rule, you must identify the line type: Gain, Loss, Gain or Loss, Credit, or Debit. The journal line rule must be assigned to the same accounting event class as the one assigned to the subledger journal entry rule set.

When assigning a journal line rule that is enabled for accounting for a business flow, the account combination and certain accounting attribute values are copied from its related journal line having the same business flow class as the current line. Optionally, copy the description rule into the current line instead of assigning a separate description rule.

When assigning a journal line rule that is enabled to copy from the corresponding line within the same journal entry, you have the option to copy the account combination, the segment value, or the line description from the corresponding line into the current line.

Assignment of Account Rules

The account rule assignment will define which accounts will be used for the subledger journal line. If the account rule is setup with a chart of accounts, it must have the same chart of accounts as the one assigned to the journal entry rule set. When account rules are defined with sources, the sources must also be assigned to the accounting event class that is assigned the journal entry rule set.

There are two types of account rules:

- **Account Combination Rule:** Assign an account combination rule to derive the account combination.
- **Segment Rule:** Assign a segment rule to derive a specific segment of an account. For example, a cost center or a natural account segment.

Assignment of Supporting References

Supporting references may be assigned at the header or line level of the journal entry to capture transaction values on the journal entry header or lines. If the supporting reference segments are assigned multiple sources, at least one source must also be assigned to the accounting event class that is assigned the journal entry rule set.

Journal Line Rules: Explained

Journal line rules are defined within the context of accounting event classes. A journal line rule can be used in a subledger journal entry rule set that has the same event class. You may also assign conditions to the journal line rule.

Journal Line Rules

Journal line rules are assigned to journal entry rule sets.

To create a journal line rule, select values for options such as:

- **Side (Debit, Credit, Gain or Loss)**

For example, when an Oracle Fusion Payables invoice is generated, the liability account should normally be credited. The journal line rule must therefore specify the Side option as Credit. On the other hand, the payment of the Payables invoice must be accounted with a debit to the liability account. A separate journal line rule must be defined to create this debit line.
- **Merge Matching Lines:** To summarize subledger journal entry lines within each subledger entry. Journal entry lines with matching criteria are merged.
- **Accounting Class**
 - Select an accounting class to classify journal entry lines.
 - For example, when a validated Payables invoice is accounted, the Item Expense and Liability journal lines are created. In this case, the journal line rules used in the accounting rules are assigned Item Expense and Liability accounting classes respectively.

- **Conditions:** To restrict the use of a journal line rule by controlling when a particular journal line rule is used by the Create Accounting process.
- **Accounting Attributes:** When creating a journal line rule, accounting attribute assignments are automatically established based on the default accounting attribute assignments for that journal line rule's accounting event class. You can override this default mapping of standard sources to accounting attributes. The list of values for the source override includes all sources assigned to the accounting attribute for the event class associated with the journal line rule.

- **Advanced Options**

- **The Subledger Gain or Less Option:** Applies only to amount calculations for the primary ledger. Gain or loss amounts are not converted to reporting currency or non-valuation method secondary ledgers. If the option is selected, the journal line holds the gain or loss amounts calculated by the subledger.

The gain or loss amount is calculated as the difference in applied amounts due to fluctuations in exchange rates based upon conversion to the ledger currency. Foreign exchange gain or loss amounts occur when two related transactions, such as an invoice and its payment, are entered in a currency other than the ledger currency, and the conversion rate fluctuates between the times that the two are accounted.

- **The Rounding Class Option:** Along with the transaction rounding reference group journal lines together and calculates transaction rounding. Subledger transaction rounding differences can occur when a transaction has multiple related applied-to transactions, such as when a Receivables invoice has multiple associated receipts.
- **The Link Journal Lines Option:** Determines whether the journal line rule is set up to establish a link between the accounting of transactions that are related both within the same application, and across applications. The alternatives are described in this table:

Link Journal Lines Option	Description
None	No link is established.
Copy from corresponding line	Build account for a journal line using segments from the offsetting entry of the current journal line. For example, when the business process requires that a cost center incurring an expense must also bear the invoice liability and cash outlay.
Business flow	Link logically related business transactions. For example, when recording the closing of a loan, you can link to the account that was used to book the loan origination. Journal line rules that are linked must also be assigned the same business flow class.

Defining Conditions for Journal Line Rules

You may set conditions to specify whether the journal line rule will be used to create a subledger journal entry line. If the conditions are true, the line rule

is used to create a subledger journal entry line. Use sources to create these conditions.

For example, you can set up a condition that will create a journal line to record tax, only if there is tax for an invoice. The line type and account class mentioned here are examples of sources.

- The condition for a Payables invoice tax journal line rule could be:
 - Where Line Type = Tax
 - When this condition is true, there is tax for a payables invoice line. A journal entry line is created to record the accounting impact of the tax.
- Similarly, the condition for a Oracle Fusion Receivables invoice tax journal line rule could be:
 - Where Account Class = Tax
 - In this case, if there is an account class of Tax, the journal line is used to record the accounting impact of the tax.

Another example is a condition that creates a journal line for freight when there are freight charges on an invoice.

Journal line rule conditions determine whether a journal line rule and its associated account rules and description rules, are used to create the subledger journal entry line.

Note

Constant values that are used in any Conditions region must not contain the following characters:

- "
- ,
- &
- |
- (
-)
- '

For example, in the condition "Project Type" = ABC (123), the constant value following the equal sign, ABC (123), contains restricted characters () that enclose 123 and is invalid.

Account Rules: Explained

Account rules are used to determine the accounts for subledger journal entry lines. In addition, you can specify the conditions under which these rules apply. Using these capabilities, you can develop complex rules for defining accounts

under different circumstances to meet your specific requirements. You can define account rules for an account, segment, or value set.

Account Rules by Account

Define account rules by account to determine the entire account combination. For example, an account rule defined by account can be used to determine the complete supplier liability account in Oracle Fusion Payables.

Account Rules by Segment

Define segment rules to derive a specific segment of the general ledger account. For example, a particular segment like the company segment can be determined from the distribution account. Another segment can be determined with the use of a constant value. Creating the account one segment at a time offers greater flexibility, but also requires more setup.

Use both segment based and account based rules to derive a single account. Segment specific rules are used, where they are defined, and take the remaining values from an account based rule. For example, you can select an account rule which is for all segments and also separately select a rule which is for one particular segment. Segment specific rules take precedence over the all segments account based rule.

Combine account rules with segment rules. In this case, the segment value is derived from the segment rule to override the corresponding segment of the account. However, if the segment rule has conditions associated with the priorities and none of the conditions are met, no override occurs and therefore, the segment value is derived from the account rule.

Note

If the returned account is end dated with a date that is the same or before the subledger journal entry accounting date and an alternate account is defined in Oracle Fusion General Ledger, an alternate account is used. The original account is stored on the journal line for audit purposes.

If the alternate account is invalid, and the **Post Invalid Accounts to Suspense Account** option is selected in the Create Accounting process, then a suspense account is used. An error message is displayed if a valid suspense account is not available.

Account Rules by Value Sets

In the absence of a chart of accounts, you may define account rules based upon value sets. This enables you to share the same rule between more than one chart of accounts if the segments in these charts of accounts share the same value set.

Sharing Account Rules across Applications

You may share account rules across applications in the following ways.

- Assign an account rule from the same or a different application to a journal line rule in the subledger journal entry rule set. For example, to derive an expense account for journal line rule Expense, assign the Projects Cost Account rule owned by Oracle Fusion Projects to the Payables journal line rule Expense.

- Create an account rule based on an account rule from another application and assign it to a journal line rule. For example, you may create a new account rule Invoice Expense Account referencing Project Cost Account assigned in the Priorities region. You may attach the Invoice Expense Account rule to the journal line rule Expense in the journal entry rule set.

Note

To share an account rule across applications, all sources used by the account rule must be available for the event class.

If the sources are available, an account rule is assigned to a journal line rule in the journal entry rule set, and verification occurs to confirm that all sources used by the account rule are available for the journal line rule accounting event class. Journal line rules are only available if the sources are shared; such as reference objects.

Account Rules and Mapping Sets

Mapping sets can be used to associate a specific output value for an account or segment. You can use mapping sets in account rules to build the account.

Account Rules Conditions

In the account rules you may specify conditions for each rule detail line. Priorities determine the order in which account rule conditions are examined. When the condition is met, the rule associated with that priority is used. Depending on which of the defined conditions is met, a different account rule detail is employed to create the account.

The Create Accounting process evaluates conditions based on the priority of the rule detail. When the condition is met, the rule detail is applied.

Creating Account Rules: Points to Consider

You can define an account rule using the following rule types:

- Account combination
- Segment
- Value set

Account Combination Rules

Set up account combination rules based upon the following value types:

1. Source Value Type: Derive the account combination by specifying a source. Sources that have been set up as accounts can be assigned to an account combination rule. Oracle Fusion Subledger Accounting then obtains the code combination identifier from the source.
2. Constant Value Type: Establish the account as a constant value.

For example, the constant could be a completed account combination from the chart of accounts specified. An example is the account

combination, 01.000.2210.0000.000. This is the simplest way to derive an account.

3. Mapping Set Value Type: Derive the account combination by referencing a mapping set. Set up a mapping set to determine the complete account combination from the chart of accounts specified.
4. Account Rule Value Type: Derive the account by referencing another account rule.

The chart of accounts does not need to be specified when defining this type of rule. If the account rule has a chart of accounts assigned, then all the related account rules must use the same or no chart of accounts.

Note

A chart of accounts must be specified for rules using constants.

Segment Rules

Set up segment rules as follows:

- When a chart of accounts is specified, create a rule to derive the value for a specific segment from the chart of accounts.
- If the chart of accounts is not specified, create a rule to derive the value for an account segment with a specific qualifier.

Set up segment rules using the same methods discussed in the preceding Account Combination Rules section. By specifying different value types, users can select the way in which the segment value is derived.

Note

A chart of accounts must be specified for rules using constants.

Value Set Rules

Value set based rules can be created when a chart of accounts is not specified. This enables you to share the same rule between more than one chart of accounts if the segments in these charts of accounts share the same value set.

Set up value set based rules using the same methods discussed in the preceding Account Combination Rules section.

Mapping Sets: Explained

Use mapping sets to quickly define a specific output value with an account or a segment. Based on the input value from subledger transactions or reference information, a specific value can be assigned to a segment or values can be assigned to all segments of the account. Mapping sets provide an efficient way to define the output values and are easier than using the account rule conditions.

To define a mapping set, pairs of values are specified. For each input value, specify a corresponding account combination or segment output value. One or more related pairs of these input values with the segment or account output

values form a mapping set. Use value sets or lookup types for validating the input values of the mapping set.

For example, it is possible to create a mapping set based on two input values, Yes and No. Apply these input values to determine the balancing segment value of an account: 01 if the input value is Yes and 02 if the input value is No. Use this mapping set in one of the rules that builds the segment values of an account. The rule compares the value of a source to determine if it is Yes or No and then enters the segment value accordingly.

Another example is where a business has three major regions: East, South, and West. The business has a Region Code segment in their chart of accounts. Region names can be input values in the applications, such as transaction type names and service codes. These input values can be included with other information about the transaction and become part of the source information. Users can create a mapping set that maps region names to the corresponding region code as described in the table below.

Input Value	Segment Value
East	01
South	02
West	03

Defining Mapping Sets: Examples

Define a mapping set when you have a matrix of input values that produces distinct output values. For each input value, specify a corresponding account combination or segment output value. One or more related pairs of these input values with the segment or account combination output values form a mapping set.

A mapping set definition includes the selection of input sources, output type, and mappings. The mappings section displays how input values are mapped to output values.

To define mapping sets:

- Specify the output type: The output type for a mapping set can be an account combination, segment, or value set. Use a value set, if the value set is used by more than one chart of accounts, and the definition of the mapping set can be reused across multiple charts of accounts. Then expected input or output combinations are constant across the charts of accounts. Based on the selection, the mapping set provides the value for an account, segment, or value set.
- Define the input source: Specify the input source for mapping. The input source is predefined for seeded mapping sets
- Define the chart of accounts and value sets:

Mapping sets are used with account rules:

- If the output type is account combination or segment, identify the chart of accounts assigned to the mapping set.

- If the output type is a value set, identify the value set assigned to the mapping set.
- If defining a mapping set for more than one chart of accounts or value sets, the same mapping set can be assigned to more than one account rule. This increases share-ability of the mapping set.
- Specify the output value for the mapping: For a given input value, enter the corresponding output value. The account rule uses this value to populate either the account or the segment.
 - If the output type is a value set, the output value is an individual value from the value set entered.
 - If the output type is segment, the output value is an individual segment value.
 - If the output type is account combination, the output value is an entire account.
- A mapping set with no associated chart of accounts:
 - Can be assigned to an account rule, if the account rule is not associated with a chart of accounts.
 - Can be assigned to an account rule, if the mapping set can have any chart of accounts or no chart of accounts.
 - Cannot be assigned to an account rule, if the account rule is associated to a chart of accounts because the mapping set must have the same chart of accounts.

Scenario

In the following example, the chart of accounts is set up with four segments. A mapping set is defined with a value set for Supplier Type as described in the following table.

Input Value	Output Value
Services	01-100-6120-000
Consulting	01-400-6110-000

Assume that two invoices are entered into Oracle Fusion Payables, one for a supplier with a type of Services and one for a supplier with a type of Manufacturing. When using the mapping set, the source value Supplier Type from the accounting event data is compared with the mapping set input values to determine the account. In this example, there is a match for the first case; the invoice with a supplier type of Services maps to an input value. However, the invoice with a supplier type of Manufacturing does not map to an input value. The accounts are derived and described in the following table.

Invoice	Supplier Type	Output Value
1	Services	01-100-6120-000

2	Manufacturing	No account generated
---	---------------	----------------------

Note

To ensure that Transaction 2 is accounted for, the account rule to which the mapping set is assigned may have to be modified. If not, a separate rule can be defined to provide for Supplier Type of Manufacturing or defined a default output in the existing mapping set.

Creating Description Rules: Explained

Use descriptions rules to define the elements of a description that appears on the subledger journal entry at the header and/or the line. The definition determines both the content and sequence in which the elements of the description appear. You can assign a condition to a description rule to determine that the description is selected for display if the condition is satisfied.

Description Rule Definition

A description rule can be defined with combinations of source and literal values. If sources are used in the rule, the accounting event class associated with the sources determines in which subledger journal entry rule set the description rule can be selected and used.

Build descriptions using the available sources for the application.

The following is the description details that have been entered, using a literal and a source:

- Loan Origination Date = Origination Date
 - Literal = Loan Origination Date
 - Source = Origination Date

Assuming that the source value of the Origination Date is 11/01/11, then a journal entry that has the above description rule attached will have the description, Loan Origination Date 11/01/11.

Creating Conditions: Examples

The following illustrates an example of defining an account rule with a condition.

Example 1: Custom Real Estate Application Account Rule Condition Example

This is an example to define an account rule for assignment for a loan journal line. The account rule has two priorities, a mapping set and a constant.

- The first priority will create an output for an account based on the mapping set rule definition.
- A condition is created on the first priority rule. This rule will only be used if the condition below is met.

- The condition is **Credit Status** must not be null.
- The accounts derived from the mapping set rule will be used if the Credit Status has a valid value. Otherwise, the accounts derived from the entered constants value from the second priority will be used.

The following table describes the setup of the condition on the first priority:

(	Source	Operator	Value)
(	"Credit Status"	is not null)

The second priority will create an output from a constant value (0.9100030.50034206331.0.0.0). There is no condition associated with the second priority.

Example 2: Oracle Fusion Assets Account Rule Condition Example

This is an example of a rule for a capital purchase. The rule is to be applied only if the distribution account cost center is the same as the liability account cost center and the asset tracking option is Yes. This condition can be expressed as:

- Where Distribution Cost Center = Liability Cost Center and Asset Tracking option = Yes

The following tables describe the setup of the condition:

(	Source	De-limiter	Segment	Operator	Value	De-limiter	Segment	)	And Or
(	"Dis-tribution Account"	.	"Cost Center"	=	"Liability Account"	.	"Cost Center"	)	'AND'
(	"Asset Flag"			=	Yes)	

The following two rows of data are used in the accounting event, to which the account rule and condition applies.

Account Rule Condition Example: Accounting Event Data

Account	Invoice 1	Invoice 2	Asset Flag
Distribution Account	02-640-2210-1234	01-780-6120-0000	Yes
Liability Account	01-640-2210-0000	02-782-2210-0000	Yes

In the Accounting Event Data table above, assume the cost center segment is the second segment. When the account rule with this condition is used to derive the account for the transaction, the account rule is applied to derive the account of Invoice 1 only. For Invoice 2, even though the assets tracking option is set to Yes, the cost center for the Distribution account and Liability account are not the same. Both conditions must be met in order for the rule to apply.

Note

When an account source is selected or entered, you must also select or enter a specific segment. If an entire account is required to be used in the condition instead of a specific segment, then select or enter All as the segment for the account.

The condition uses the account source, Distribution Account, and a segment must be provided. In this example, the Cost Center segment is provided.

Creating Supporting References: Explained

Supporting references can be used to store additional source information about a subledger journal entry either at the header or line level.

Sources are assigned to supporting reference segments to indicate which transaction values should be captured on subledger journal entries. The segments are grouped into one supporting reference.

Supporting references that have the option for maintain balances set to **Yes**, establish subledger balances for a particular source and account.

You may want to use Supporting Reference balances for supporting:

- Reconciliation back to the source systems
- Profit and loss balances by dimensions not captured in the chart of accounts

Supporting Reference Assignment

If the information requirement is purely informational, and not needed for reconciliation or balances, you may consider using description rules to store the source values.

There are several key points to consider when assigning supporting references:

- Define a maximum of five segments for a supporting reference. Assign different sources to each segment.
- Assign only one source from the same accounting event class and application to a supporting reference segment.
- Assign only supporting references with header level sources to the header level of a journal entry rule set.
- Assign supporting references with header and line level sources to the line level of a journal entry rule set.
- Select the balances option in the definition of the supporting reference, to have balances only maintained when the supporting reference is assigned at the line level. For supporting references for which balances are maintained, you can specify whether the balances at the end of a fiscal year are carried forward to the next fiscal year.

As an example:

- A loan information supporting reference can be defined to track two segments:
 - Credit status

- Loan contract number

Sources will be assigned to each of these segments and the source values for each of these segments will be used to create separate balances.

Migrating Accounting Rules : Points to Consider

Use the export and import functionality in the Setup and Maintenance work area to perform migration of setup data. When migrating accounting rules, you must migrate task lists in entirety and fulfill some requirements.

Full Task List Migration

This table shows the task lists to migrate in full, depending on the offering.

Offering	Task List
Oracle Fusion Accounting Hub	Define Accounting Transformation Configuration
Oracle Fusion Financials	Define Subledger Accounting Rules Define Transaction Account Rules

There is no support for a partial task list migration.

You may migrate setup data for specific applications only. Note that supporting references, accounting options, and accounting class usages are migrated for all applications, regardless of the applications specified.

Migration Requirements

Prior to migration, journal entry rule sets and accounting methods must be successfully activated. Invalid journal entry rule sets or accounting methods will cause import failure.

Ensure that your setup data migration includes all dependent business objects from other required setup modules, such as Define Ledgers. The import sequencing of these dependent business objects must be prior to accounting rules business objects.

Transaction Account Builder: Explained

Use the Transaction Account Builder to derive default accounts for Oracle Fusion Common Module: Intercompany and Oracle Fusion Purchasing transactions before they are accounted.

Define Transaction Account Rules

Transaction account definitions are assigned at the ledger and subledger levels. Transaction attributes are used in account rules, which are used in transaction account definitions.

Transaction account types are predefined by the Oracle Fusion Subledger Accounting application, and categorize different accounts generated for transactions. Sources are assigned to transaction account types.

Transaction account types allow subledger applications to categorize different accounts that will be generated for transactions. Accounts that require a consistent derivation throughout the application should share the same transaction account type. This also provides the ability to view or manually override an account on the transaction.

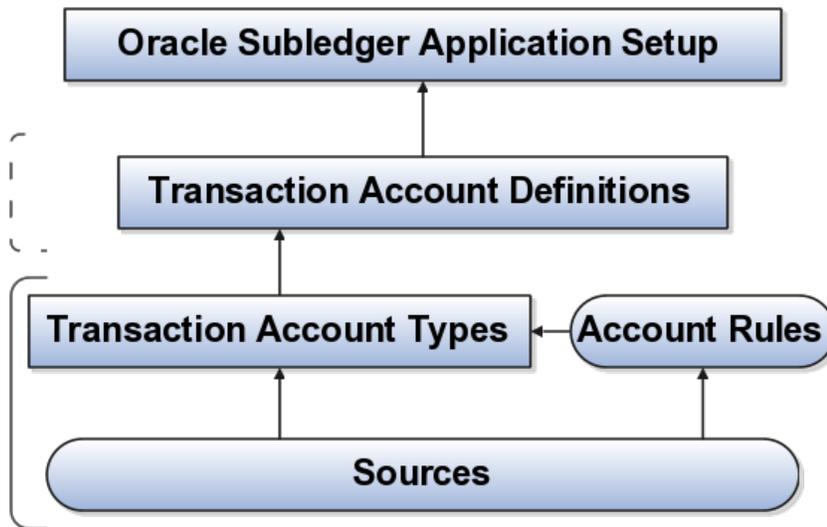
Transaction account types are assigned to transaction account definitions. Assign account combination or segment rules to each transaction account type assignment in a transaction account definition. Assigned sources in each transaction account type are available for use in account rules to derive accounts for a transaction account type.

This setup is accomplished using the **Define Transaction Account Rules** task list in the **Setup and Maintenance** work area.

Transaction account rules are used by:

- Oracle Fusion Common Module: Intercompany
- Oracle Fusion Purchasing

Transaction Account Builder Components



Legend



Introduced by Transaction Account Rules



Indicates component assignment



Predefined and Users



Users

- **Transaction Account Type:** Predefined.
- **Account Rules:** Users and Predefined.

- Sources: Predefined.

Security for Subledger Accounting

Security for Subledger Accounting: Explained

Oracle Fusion Subledger Accounting features require both function and data security privileges.

Security for Subledger Accounting

Security for Subledger Accounting includes:

- Setup task security
 - Security to configure accounting rules to define accounting treatments for transactions.
- Transaction task security
 - Security to create subledger journal entries (manual subledger journal entries or those generated by the Create Accounting process or Online Accounting)
 - Security to review and generate reports of subledger journal entries and lines.

Security to Perform Setup Tasks

Use the Define Subledger Accounting Rules task in the Setup and Maintenance work area to configure subledger accounting rules.

To configure subledger accounting rules, the setup user needs to be provisioned with a role that includes the Subledger Accounting Administration Duty role.

- In the security reference implementation, the Financial Application Administrator job role hierarchy includes the Subledger Accounting Administration Duty role, which provides the access to configure your accounting rules.
- For more information on available setup job roles, duty roles and privileges, see the Oracle Fusion Financial Security Reference Manual.

Security to Perform Transactional Tasks

To create and view subledger journal entries, you must have the access necessary to perform the tasks, which can be accessed from the relevant subledger work areas. Predefined subledger job roles and data roles include entitlement to create and view subledger journal entries for subledger transactions that you are authorized to access.

Disabling Posting Subledger Transactions to the General Ledger: Explained

Predefined subledger job roles, such as Accounts Payable Supervisor or Accounts Receivable Manager, are granted the privileges to create accounting and post to the Oracle Fusion General Ledger.

To implement the segregation between create accounting and post to the General Ledger, use the Oracle Authorization Policy Manager to revoke the grant to post to the General Ledger.

To disable posting for subledger users, remove the Journal Posting Program Duty inherited by any application roles granted to the users, such as the Subledger Accounting Duty or the Subledger Accounting Manager Duty.

FAQs for Define Subledger Accounting Methods

How can I disable posting to the Oracle Fusion General Ledger for Oracle Fusion Subledger Accounting users?

Use the **Oracle Authorization Policy Manager** page to access and disable posting to the Oracle Fusion General Ledger for Oracle Fusion Subledger Accounting users. Open the **Subledger Accounting Duty, XLA_SUBLEDGER_ACCOUNTING_DUTY**. Select the Application Hierarchy tab and delete the **Journal Posting Program Duty** row.

Define Cash Management and Banking Configuration

Bank, Branch, and Account

Creating Accounts: Points to Consider

Banks, branches and accounts fit together on the premise of the Bank Account model. The Bank Account model allows you to define and keep track of all bank accounts in one place and explicitly grant account access to multiple business units, functions, and users. Consider the following when you set up bank accounts:

- Assigning a unique general ledger cash account to each account and use it to record all cash transactions for the account. This will facilitate book to bank reconciliation
- Granting bank account security; bank account security consists of bank account use security, bank account access security, and user and role security.

Account Use

Account use refers to accounts created for Oracle Fusion Payables, Oracle Fusion Receivables and Oracle Fusion Payroll. When creating an account to be used in one or more of these applications you must select the appropriate use or uses.

Account Access

Payables and Receivables account access is secured by business unit. In addition to selecting the appropriate application use or uses, one or more business units must be granted access before the bank account can be used by Payables and Receivables. Only business units who use the same ledger as the bank accounts owning legal entity can be assigned access

User and Role Security

You have the option to further secure the bank account so that it can only be used by certain users and roles. The default value for secure bank account

by users and roles is No. In Payables and Receivables even if the secure bank account by users and roles is no, you must have the proper Multi-Organization Access Control (also known as MOAC) to access a bank account. If the secure bank account by users and roles is set to Yes, you must be named or you must carry a role that is named expressly on the bank account in order to use it.

Note

The security role Bank and Branch Management Duty is used to set up banks and branches.

The security role Bank Account Management Duty is used to set up accounts.

Parse Rule Sets: Overview

Oracle Fusion Cash Management supports parse rule sets to transform data during the bank statement import process. Parse rules are used to move data from one field to another. The parse rule set is associated to a bank account in the bank account setup and is most commonly used to parse data from the statement line addenda field into more specific statement line fields. Each parse rule within a parse rule set consists of the following fields:

- **Sequence** - determines the order in which to process the rules
- **Transaction Code** - the code used to determine the statement line type
- **Source** - the interface table field that contains the data to be parsed
- **Target** - the statement line field that the data will be parsed to
- **Rule** - contains the syntax for determining the data within the source field that will be parsed
- **Overwrite** - used to control whether to overwrite existing data in a target field or skip parsing the data

The parse rule syntax is described below:

[LITERAL](<[MATCHING TOKEN],[START-END]>)[LITERAL]

Where

LITERAL = A string or character value represented by an identifier that should match the source data exactly.

MATCHING TOKEN = A token (or set of tokens) which describes the data to extract. Valid tokens are:

1. N = Extract a valid number
2. . = Decimal position
3. X = Extract an alpha numeric
4. ~ = Extract everything in the source field from the parse position to either the end of the data or up to the next literal.

5. START = A position to begin extracting data, offset by the parse position. It must be a valid numeric.
6. END = A position to stop extracting data. END can be either a valid numeric or the ~ token.

Listed in the table below are some examples:

Description	Source Data	Rule	Target Data
Extract numeric rate data from a source field	EST/TRX RTE 3.76 USD/ LIBOR CPTY: PRU	RTE (N.NN)	3.76
Extract a rate type from a source field	EST/TRX RTE 3.76 USD/ LIBOR CPTY: PRU	(XXXXX)	LIBOR
Another way to extract a rate type from the same source field	EST/TRX RTE 3.76 USD/ LIBOR CPTY: PRU	/(X~) CPTY	LIBOR
Extract the currency from the same source field using positional matching.	EST/TRX RTE 3.76 USD/ LIBOR CPTY: PRU	RTE(7-9)	USD
Extract the counterparty of an unknown string length from the same source field	EST/TRX RTE 3.76 USD/ LIBOR CPTY: PRU	CPTY: (X~)	PRU

Transaction Type Mapping: Overview

The transaction type mapping allows you to associate a cash transaction type to a system transaction. To create this association payables and receivables payment methods and payroll payment types can be mapped to cash transaction types. Assigning cash transaction types to application transactions can be helpful for bank statement reconciliation. Bank statement lines are also associated with cash transaction types and matching rules can be created using this common attribute.

Tolerance Rules: Overview

Tolerance rules allows you to specify date and amount tolerances, that prevent or warn you when reconciliation would be a breach of a defined tolerance. Amount tolerances are most often used when reconciling foreign currency transactions where there may be differences due to rounding or fluctuations in the exchange rate. They can also be used if a bank includes a processing fee in the bank statement line amount. Date tolerances are primarily used for checks that may be issued on one day and not clear the bank until days or weeks later. By applying tolerances you can automate the reconciliation and accounting for these types of transactions. If no date or amount tolerance is defined within a rule, it requires an exact match. For manual reconciliation, a tolerance rule can optionally be assigned to a bank account. For automatic reconciliation, a tolerance rule can be associated with a matching rule in the Rule Set setup and can be applied if the matching rule matches on date and amount or both. The one exception occurs when you assigns a tolerance rule that includes amount tolerances to a non

one to one match type matching rule. In this non one to one match, the amount tolerance is ignored and amounts must match exactly.

Date Tolerance

Reconciliation date tolerances are defined as day ranges. The date tolerances are to validate that the source transaction date or dates are within a certain number of days before and after the bank statement line date or dates.

In manual reconciliation, if a date tolerance is specified in the tolerance rule assigned to the bank account it applies to all matching scenarios. In the event of a date tolerance breach, a warning message is displayed, but the user is allowed to reconcile the statement line or lines and the transaction or transactions. If no date tolerance is assigned or specified it is required to be an exact date match and a warning message is displayed.

In automatic reconciliation, a tolerance rule that includes date tolerances can be associated with a matching rule. If the matching rule matches on the date, then the date tolerance is applied. In this scenario a date tolerance breach prevents reconciliation.

Amount Tolerance

Reconciliation amount tolerances can only be used in one to one matching scenarios for both manual and automatic reconciliation. No reconciliation amount tolerances are allowed in one to many, many to one, or many to many matching scenarios. In these scenarios the amount of the bank statement line or lines must be equal to the amount of the transaction or transactions. Reconciliation amount tolerances can be defined as percentage or amount ranges or both. If both percentages and amounts are applied, the application uses the most conservative tolerance depending upon the statement line amount. For example, if the amount tolerance equals plus or minus \$5, the percentage tolerance equals plus or minus 1%, and the statement line amount is \$100, the application first calculates the percentage amount (1% of \$100 dollars = \$1). It then compares this to the \$5 amount and uses the smaller amount. In this case it is \$1 dollar, so to reconcile a transaction to this line it must be between \$99 and \$101.

In automatic reconciliation, a tolerance rule that includes percentage, amount, or both types of tolerance ranges can be associated with a matching rule, but the tolerance will only be applied if the matching rule is a one to one match type rule. In this scenario of a one to one type match, any amount difference within tolerance is automatically created as an external transaction in cash management.

Reconciliation Matching Rules: Overview

Matching rules allow you to determine how to match bank statement lines and system transactions, and help to achieve a higher match rate in automatic reconciliation, minimizing the need for manual intervention. You define bank statement automatic reconciliation matching rules and assign them to bank statement automatic reconciliation rule sets.

As part of each rule, you specify the following:

- Transaction source or sources

- Match type: one to one, one to many, many to one, or many to many
- Group by attributes for bank statement lines or system transactions, depending upon match type
- Matching Criteria: Includes a list of commonly used matching attributes. You can simply check the attributes to include in their matching rule.
- Advanced Matching Criteria: Allows you to specify additional matching logic or filtering conditions that must be true for the bank statement line or lines and transaction or transactions to be matched successfully.
 - Only group by and amount fields should be used for matching if grouping is used.

You can select one or multiple transaction sources in a rule. If multiple sources are selected in a one to one or many to one matching rule, then the autoreconciliation program looks for a matching transaction across the selected sources. If multiple sources are selected in a one to many or many to many matching rule, then the program first finds all available transactions across the selected sources and then applies grouping rule to the whole data pool. This means that statement lines can be reconciled to a group that includes transactions across the different sources. If you want transactions included in a group to be from the same transaction source then you can specify Transaction Source as a grouping attribute.

Reconciliation Rules Sets: Overview

Bank statement reconciliation rule sets are a group of matching rules and tolerance rules. They are assigned to a bank account and used to reconcile bank statement lines with transactions. You build the rule set and the rule set detail as a parent-child relationship. Each rule set consists of one or more matching rules that can be prioritized or sequenced. The rules should be ordered to achieve a greater reconciliation success rate. It is strongly recommended that one to one rules be sequenced above rules of other types. To provide an optimum reconciliation rate, you should change the sequence number depending on how accurately the given rule is likely to reconcile against the correct bank transactions. For example, transactions from sources for which the bank provides you a reference ID are likely to have a higher reconciliation rate. These rules should be placed at the top with a lower sequence number. Conversely, transactions with no reference ID are likely to have duplicates or lower reconciliation rates, and you should place them at the bottom with a higher sequence number.

Create Banks, Branches, and Accounts in Spreadsheet

Cash Management Rapid Implementation: Overview

Define Expenses Configuration

FAQs for Define Expenses Configuration

How can I implement Expenses in another country if I've already implemented Expenses in one country?

Yes. To enable users of another country for expense entry, you must set up applicable expense policies and rules, expense templates, and corporate card programs for the new country's business units. New users can start entering expenses as soon as setup is complete.

Why do I need to configure the bar code font mapping?

To display and print the bar code properly on expense reports, you must map the bar code font to the correct font in Oracle Business Intelligence Publisher Enterprise (Oracle BI Publisher Enterprise).

To do this, perform the following steps:

1. In Oracle BI Publisher Enterprise, login as a user with Administrator access.
2. In the toolbar, click the Catalog menu.
3. In the Catalog pane, open Shared Folders and then open the Financials folder.
4. Select the Expenses folder and then select the Printable Expense Report Template icon.
5. Click the Edit link. The Printable Expense Report Template tab appears.
6. In the toolbar, click the Properties icon. The Report Properties dialog box appears.
7. In the Report Properties dialog box, select the Font Mapping tab.
8. In the RTF Templates region, add a new row.
9. In the Font Family field, enter Bookman.
10. From the Target Font choice list, select 128R00.TTF.

Note

Code 128 is the bar code symbology provided with Oracle Fusion Applications.

11. Click the OK button.

12. To save the bar code font mapping, click the Save icon in the toolbar.

If you need to use another bar code symbology, you must load the bar code font to the Oracle BI Publisher Enterprise Server and then perform steps 1 to 12.

Restriction

At any point in time, you can have only one active bar code font mapping for the Printable Expense Report Template. That is, only one active mapping can be used for the bar code font in the Printable Expense Report Template.

Can I implement a country-specific version of Oracle Fusion Expenses?

No. There is no country-specific version of Oracle Fusion Expenses. Expenses supports both global and local requirements.

How can I enable employees to enter expense reports?

To enable employees to access the Expenses work area and to enter expense reports, you must login to in Oracle Fusion Global Human Resources as a human resources specialist, create employee records, and perform two actions. Whether you create an employee record for an existing or new employee, the mandatory Expense Entry Duty is automatically assigned.

For an existing employee, navigate to the Manage Employment page, select the employee's business unit in the Assignment Details tab of the Assignment region and then select the default expense account in the Expenses Information region.

For a new employee, navigate to the Hire an Employee page, select the employee's business unit in the Assignment Details tab of the Assignment region and then select the default expense account in the Expenses Information region.

Can I deploy Oracle Fusion Expenses as a stand-alone application?

Yes. You can deploy Expenses as a stand-alone application if you perform the minimum required setup to enable Expenses in Oracle Fusion General Ledger, Oracle Fusion Payables, and Oracle Fusion Payments. If you need to capture tax, minimum setup is required in Oracle Fusion Tax. Additionally, you must also set up your employees and their assignments in the application.

How can I enable only a set of users to charge expenses against projects?

The Project Expense Allocation Duty allows employees to charge expenses against projects and tasks. Manually grant this duty role to the user when he or she is identified as a project user. To grant the duty role to the user, you must create a custom role that contains the Project Expense Allocation Duty. Then assign the new custom role to the user.

Alternately, you can also assign the abstract role, Project Team Member, or the job role, Project Manager, to the user so the user can charge expenses to projects and tasks.

To enable project users to charge expenses to a project, they must also have a job assigned to them. Assign the job to the user in the Setup and Maintenance work area by using the Manage Users page or in the Person Management work area by using the Manage Employment page.

How can I enable only a set of users to charge against another account or cost center?

The Expense Account Allocation Duty allows employees to charge expenses against companies and cost centers that are not their default company or cost center. The Expense Account Allocation Duty role is not allocated to any job roles. If a user needs to cross charge expenses to other companies or cost centers, you can manually grant this duty role to the applicable user by assigning a custom role that contains the Expense Account Allocation Duty role.

What's an expense location?

An expense location is the location where the expense was incurred. Oracle Fusion Expenses captures expense location to enforce corporate policies and to identify applicable tax rates. Expenses uses the location information, which is centrally stored in the Fusion applications.

Define Credit Card Data

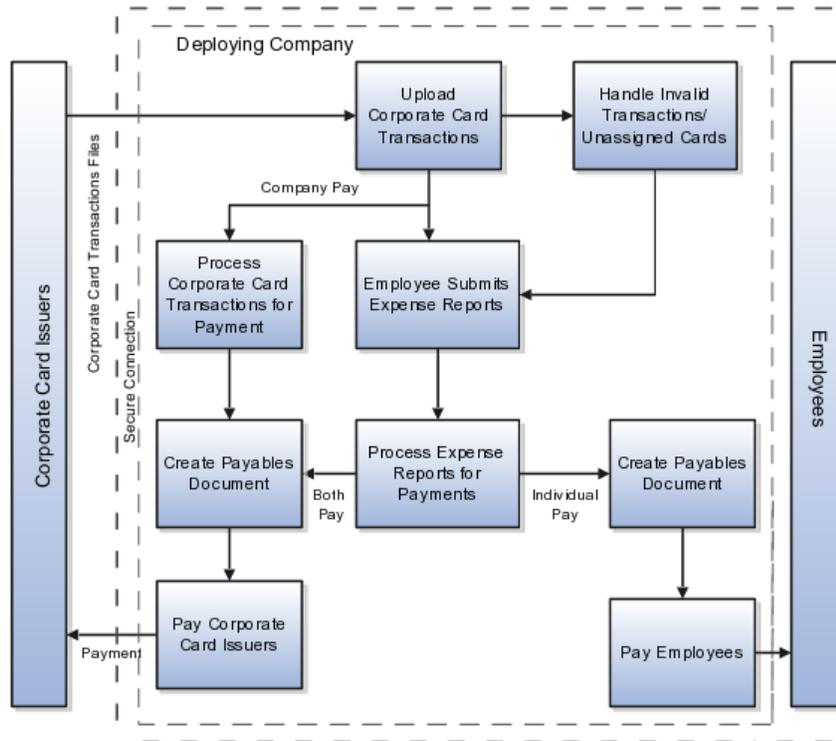
Corporate Card Transaction Files: How They Are Processed

Before you can begin processing corporate card transaction files, your company must work with the corporate card issuers to establish connectivity and to determine the transaction file format and the transaction file delivery frequency. After establishing a secure connection, your company receives transaction files. The application loads the transaction file and validates the transactions. The application loads eFolio summary and detail transactions if they are present in the file. All valid transactions are created as expense items and are available to employees for inclusion in the expense reports. All invalid transactions are available for corporate card administrators to review and correct. After correction, these transactions are validated again and become available for expense reporting.

When you implement the corporate credit card functionality for Oracle Fusion Expenses, one of the essential decisions you need to make is whether your company or its employees are responsible for paying the credit card issuer. The three payment options that you can implement in Expenses are the following:

- **Individual Pay** where the employee pays the corporate card issuer for all corporate card transactions
- **Company Pay** where your company pays the corporate card issuer for all transactions
- **Both Pay** where your company pays the corporate card issuer for business expenses and the employee pays the corporate card issuer for personal expenses

This figure shows an overview of the corporate card transaction files processing.



A Setting That Affects Corporate Card Transaction Files

The process flow of corporate card transaction files is based on which of the three payment options your company decides to implement. Your company can implement one, two, or all three of the payment options by geographical region, organizational hierarchy, or other criteria. For example, a global company might have Both Pay implemented in the US and Individual Pay implemented in the UK. Another company might have Both Pay for one set of organizations and Individual Pay for another set of organizations within the UK.

When creating a new company account for a specific corporate card program, you select a payment option from the Payment Due From choice list on the Create Company Account page.

How Corporate Card Transaction Files Are Processed

This section provides examples of the corporate card transaction files process flow for each payment option. For each example, assume that an employee reports cash and categorizes corporate card transactions as both business and personal when creating and submitting an expense report.

Individual Pay

The Individual Pay payment option is simpler than Both Pay or Company Pay. Whether you identify corporate card transactions as business or personal expenses, the employee pays the corporate card issuer for both business and personal expenses. When the employee creates an expense report, both business and personal transactions are reported. The employee is, however, reimbursed by your employer for the corporate card business expenses.

The following table provides an example of Individual Pay corporate card transaction files processing:

Action	Description
Set up company account and download data file.	Obtain the corporate card transactions data file from your corporate card provider.
Upload data file into Expenses.	Upload and validate your corporate card transactions files.
Create and submit expense report.	<p>When you create an expense report, you select the corporate card transactions that you want to submit on the report. You determine if transactions are business or personal expenses. By default, transactions are identified as Business.</p> <hr/> <p>Note</p> <p>You are only reimbursed by your employer for business expenses. Once processed on an expense report, corporate card transactions are no longer available in the list of transactions to be added to expense reports. This is true for both business and personal expenses.</p>
Review and approve expense report.	After you submit the expense report, your manager must approve it. After managerial approval, the expense report is verified to ensure that required receipts are attached and that the report is in compliance with your company's business policies.
Reimbursement.	After the expense report has been reviewed and approved, it is ready for invoice creation in Payables to facilitate payment processing. To create an invoice with the amount due to the employee, run the Process Expense Reimbursements program. Then the payment to the employee is processed through Oracle Fusion Payments.

Company Pay

For the Company Pay payment option, your employer pays the corporate card issuer for all corporate card transactions incurred by its employees. The employee is only reimbursed for cash business expenses. Corporate card transactions reported as business expenses have no effect on the amount that is reimbursed to the employee.

Note

If the employee reports any transactions as personal expenses, these transactions are offset against any cash business expenses reported. Therefore, the amount reimbursable to the employee is reduced by the amount of the corporate card personal expenses.

The following table provides an example of Company Pay corporate card transaction files processing:

Action	Description
Set up company account and download data file.	Obtain the corporate card transactions file from your corporate card provider.
Upload data file into Expenses.	Upload and validate your corporate card transactions files.

<p>Create and submit expense report.</p>	<p>When you create an expense report, select the corporate card transactions that you want to submit. You determine if transactions are business or personal expenses.</p> <p>Cash expenses are not charged to the company corporate card but are considered business expenses. Cash expenses are not reimbursed as corporate card business expenses. Corporate card transactions designated as personal expenses reduce the amount you are reimbursed.</p> <hr/> <p>Note</p> <p>You are only reimbursed by your employer for cash business expenses. Once processed on an expense report, corporate card transactions are no longer available in the list of transactions to be added to expense reports. This is true for both business and personal expenses.</p>
<p>Review and approve expense report.</p>	<p>After you submit the expense report, your manager must approve it. After managerial approval, your expense report is verified to ensure that required receipts are attached and that the report is in compliance with your company's business policies. Any corporate card transactions designated as personal expenses are also displayed to the managers for review.</p>
<p>Export the expense report from Expenses to Payables.</p>	<p>After the expense report has been reviewed and approved, it is ready for invoice creation in Payables to facilitate payment processing.</p> <p>To create the invoice with the amount due to the employee, run the Process Expense Reimbursements program. Then the payment to the employee is processed through Oracle Fusion Payments.</p> <p>To create an invoice with the amount due to the card issuer, run the Create Corporate Card Issuer Payment Requests process. Then the payment to the employee is processed through Oracle Fusion Payments. The card issuer can be paid at any time, regardless of the status of the expense report.</p>

Both Pay

For the Both Pay payment option, your company pays the corporate card issuer for transactions that are categorized as business expenses. The employee pays the corporate card issuer for all corporate card transactions reported as personal expenses. An invoice cannot be created for the corporate card issuer until the expense report is exported to Payables as an invoice.

The following table provides an example of Both Pay corporate card transaction files processing:

Action	Description
Set up company account and download data file.	Obtain the corporate card transactions data file from your corporate card provider.

Upload data file into Expenses.	Upload and validate your corporate card transactions files.
Create and submit expense report.	<p>When you create an expense report, select the corporate card transactions that you want to submit.</p> <hr/> <p>Note</p> <p>You will only be reimbursed by your employer for cash business expenses. Once processed on an expense report, corporate card transactions are no longer available in the list of transactions to be added to expense reports. This is true for both business and personal expenses.</p>
Review and approve expense report.	<p>After you submit the expense report, your manager must approve it. After managerial approval, your expense report is verified to ensure that required receipts are attached and that the report is in compliance with your company's business policies. Once the Payables review process is complete for an expense report, a new expense report containing only corporate card transactions is created based on the existing report by copying only the corporate card transactions categorized as business, which is used to pay the card issuer. If the expense report contains transactions charged to two corporate cards, two reports will be created to pay the corporate card issuers. These reports are named 1 and 2 respectively.</p>
Process expense reimbursements.	<p>After the card issuer expense report is created, it is ready for invoice creation in Payables to facilitate payment processing.</p> <p>To create the invoice with the amount due to the employee and to the card issuer, run the Process Expense Reimbursements program. Then the payment to the employee and the corporate card issuer is processed through Oracle Fusion Payments. The invoice due to the employee contains accounting distributions and project accounting, when applicable, for both the cash and corporate card expenses.</p> <p>The corporate card issuer invoice contains a single accounting distribution for all corporate card expenses against the expense clearing account.</p>

Payment Liability: Critical Choices

Oracle Fusion Expenses enables you to decide payment liability. That is, whether you, your company or both you and your company are responsible for paying the corporate card issuer. You can choose from the following options:

- Individual Pay where the employee pays the corporate card issuer for all corporate card transactions.
- Company Pay where your company pays the corporate card issuer for all transactions.

- Both Pay where the employee pays the corporate card issuer for personal expenses and your company pays the corporate card issuer for business expenses.

Individual Pay

For the Individual Pay payment option, whether the employee identifies corporate card transactions as business or personal expenses, the employee pays the corporate card issuer for both transactions. When the employee creates an expense report, both business and personal expenses are reported. Then the employee's expense report is verified to ensure that required receipts are attached and that the report is in compliance with your company's business policies. When the report is approved by the employee's manager, the employee is reimbursed for the corporate card business expenses and cash business expenses.

Employee Pays Corporate Card Issuer for...	Employer Pays Corporate Card Issuer for...	Employer Does Not Pay for...	Employee Reimbursed By Employer for...
<ul style="list-style-type: none"> • Corporate Card Business Expenses • Corporate Card Personal Expenses 	Not Applicable	Corporate Card Personal Expenses	<ul style="list-style-type: none"> • Corporate Card Business Expenses • Cash Business Expenses

Company Pay

For the Company Pay payment option, the employee does not pay the corporate card issuer. Your employer pays the corporate card issuer for corporate card and cash business transactions incurred by the employee. When the employee creates an expense report, business and personal transactions must be reported, but the employee is reimbursed by your employer only for corporate card and cash business expenses. Any personal expenses are deducted from the cash business expenses and recouped by the company.

Note

The company can choose to pay the corporate card issuer at any time, depending on the payment terms. Submission or approval of expense reports is not required for payment to the card issuer.

Employee Pays Corporate Card Issuer for...	Employer Pays Corporate Card Issuer for...	Employee Reimburses the Employer for...	Employee Reimbursed By Employer for...
Not Applicable	<ul style="list-style-type: none"> • Corporate Card Business Expenses • Corporate Card Personal Expenses 	Corporate Card Personal Expenses	Cash Business Expenses

Both Pay

For the Both Pay payment option, the employee pays the corporate card issuer for corporate card transactions reported as personal expenses. Your employer

pays the corporate card issuer for transactions that are categorized as business expenses. When the employee creates an expense report, the employee selects the corporate card business transactions that he or she wants to submit. When the expense report is approved, the corporate card issuer is reimbursed for corporate card business expenses. The employee is only reimbursed by your employer for cash business expenses. This is also referred to as joint liability.

Employee Pays Corporate Card Issuer for...	Employer Pays Corporate Card Issuer for...	Employer Does Not Pay for...	Employee Reimbursed By Employer for...
Corporate Card Personal Expenses	Corporate Card Business Expenses	Corporate Card Personal Expenses	Cash Business Expenses

File Format and Delivery: Points to Consider

Before your company can receive transaction files from a corporate card issuer, your administrator must perform the following steps:

- Choose the correct transaction file format.
- Establish file transfer connectivity.
- Test sample transaction files.

Choosing the Correct Transaction File Format

Your company must verify that the corporate card issuer's file format is supported by Oracle Fusion Expenses. Expenses supports the following corporate card transaction file formats:

- American Express KR1025 format
- American Express GL1025 format
- American Express GL1080 format
- Diner's Club Standard Data File format
- MasterCard Common Data Format, version 2.0 (CDF 2.0)
- MasterCard Common Data Format, version 3.0 (CDF 3.0)
- Visa VCF3 format
- Visa VCF4 format

Corporate card issuers require your company to provide organizational hierarchy information that they set up in their system to satisfy your company's reporting and billing needs. The organizational hierarchy associates the corporate cards issued to your employees with the appropriate organizations within your company.

Corporate card issuers can provide your company with a single file containing all company transactions or a separate transaction file for each organizational hierarchy. Expenses processes both types of transactions files. To obtain the appropriate file for your company, communicate your preference to the corporate card issuer.

Establishing File Transfer Connectivity

Work with your card issuer to determine the secure file transfer method that meets your company's security requirements. A secure connection between the card issuer and your company is required to receive the transaction file from the card issuer's server. To process the transaction files, Expenses must have read access to the directory location in which the transaction files are stored.

Note

For American Express files, Expenses supports automatic download of corporate card transaction files from the American Express server.

Testing Sample Transaction Files

Transactions file format specifications and the test files applicable to your company are provided by the corporate card issuer. Work with your card issuer to identify the transactions that you want to include in the test files and the number of test files you require.

Note

Before you can test the transaction files, you must complete the corporate card program setup. If you choose to automatically assign newly created corporate cards to company accounts based on your setup within the card issuer's system, then you must setup the company account with the company account number, card issuer number, processor-assigned number, market code, and billing control account number based on your card brand. If you do not plan to automatically assign newly created cards based on your setup within the card issuer's system, then you must create one company account per business unit that is responsible for payment to the card issuer. The application then assigns the corporate card to a company account that is defined for the business unit of the employee.

The following table shows the location of the setup data in the sample files that is required to automatically assign the corporate cards to company accounts based on your setup within the card issuer's system. Using the table, locate the data in the card issuer's transaction files and copy that data into the applicable fields in the Create Corporate Card Program page to test the sample files.

Tip

Use this table with the file specification from the card issuer.

Transaction File Format	Field Name in the Create Corporate Card Program Page	Type of Record	Data Element Name	Data Location in the Card Issuer's Transaction File	Tag
American Express KR1025 format	Company Account Number	Type 1	Corporate Identifier Number	215-233	N/A
	Billing Control Account Number	Type 1	Billing Basic Control Account Number	56-74	N/A

	Market Code	Type 0	Report Number	30-32	N/A
American Express GL1025 format	Company Account Number	Type 1	Global Client Origin Identifier	5-19	N/A
	Market Code	Type 1	Market Code	2-4	N/A
		Type 8	Market Code	37-39	
Diner's Club Standard Data File format	Company Account Number	N/A	Link_acct	71-89	N/A
MasterCard Common Data Format, version 2.0 (CDF 2.0)	Company Account Number	N/A	N/A	N/A	<CorporateEntity>
MasterCard Common Data Format, version 3.0 (CDF 3.0)					<CorporationNumber>
	Card Issuer Number	N/A	N/A	N/A	<IssuerEntity>
					<IssuerNumber>
	Processor-Assigned Number	N/A	N/A	N/A	<IssuerEntity>
					<ICANumber>
Visa VCF3 format	Company Account Number	Block Header	Company Identification	Field #2	N/A
Visa VCF4 format					
	Card Issuer Number	Block Header	Issuer Identification Number	Field #9	N/A
	Processor-Assigned Number	Block Header	Processor Identification Number	Field #10	N/A

Creating Corporate Cards: Points to Consider

There are two ways to create corporate cards. You can choose either of the following options at different points in time or you can perform both simultaneously.

- Automatic corporate card creation
- Manual corporate card creation

Automatic Corporate Card Creation

Automatic corporate card creation applies only to travel cards. Travel cards are corporate cards that are used for travel. New employees are typically handed new corporate cards, but the information on the cards is not manually entered into the application at that time. You can create corporate cards automatically

by selecting an employee matching rule for new cards on the Upload Rules tab on the Create Corporate Card Program page. Then, when the corporate card transaction file containing transactions for the new card is uploaded for the first time to the application, the corporate card transaction upload and validation process uses the matching rule to uniquely match the new corporate card to the new employee. The application automatically enters the transaction data for the new corporate card and associates it with the applicable employee using the specified rule. If the rule fails to identify a unique match, the application leaves the corporate card unassigned. If desirable, each corporate card program can have a different matching rule.

Note

To reduce or eliminate manual effort, automatic corporate card creation is recommended.

Manual Corporate Card Creation

You can manually create corporate cards for employees in the Create Corporate Card popup where you enter the following data:

- Corporate card program
- Company account name
- Corporate card number
- Employee name and number
- Expiration date
- Maximum amount per transaction (applicable only for procurement cards)
- Maximum amount per billing period (applicable only for procurement cards)

Note

Manual creation of corporate cards is the exception, rather than the rule.

Corporate cards are company account-specific. For example, if an employee transfers to another organization within your company and the organization belongs to another company account, then you must create the corporate card again with the applicable company account name.

Mapping Rules: Explained

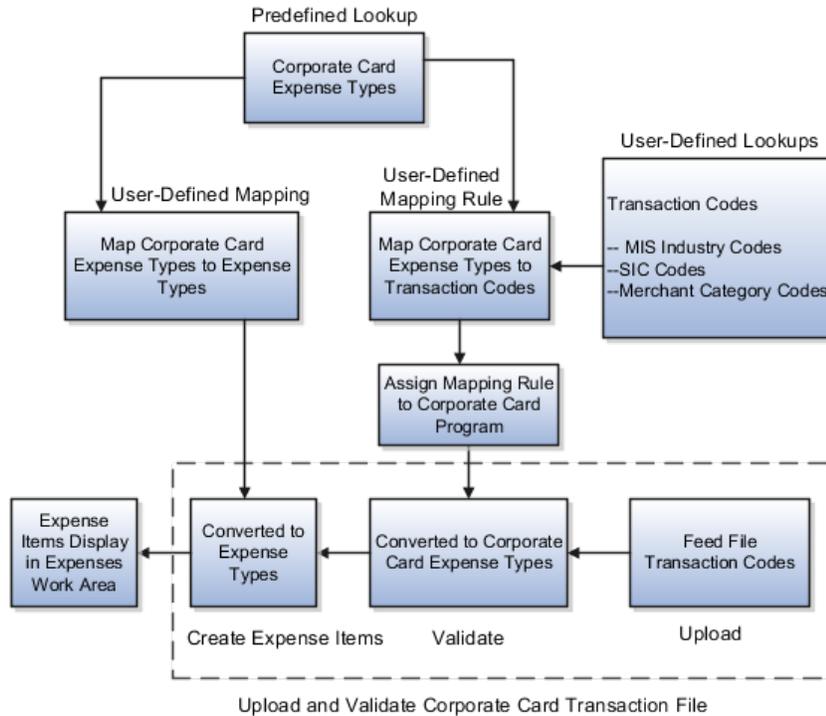
The corporate card expense type mapping rule is a correspondence between the transaction code that appears in the card feed file and the applicable predefined corporate card expense type. This linkage enables the application to automatically populate expense types for transactions in the expense report.

To automatically default expense types in expense reports, you must perform the following steps:

1. Define corporate card feed file transaction codes as lookup types.

2. Map predefined corporate card expense types to feed file transaction codes.
3. Assign the mapping rule to the corporate card program.
4. Map predefined corporate card expense types to user-defined expense types in the default expense template for each business unit.

This figure shows the setup to automatically default expense types in expense reports, in conjunction with uploading and validating corporate card transaction files, which ultimately display as expense items in the Expenses work area.



Define Feed File Transaction Codes

Corporate card issuers provide the transaction codes for each transaction in a corporate card feed file. These transaction codes, whether MIS Industry Codes, SIC Codes, or merchant category codes, must be set up in the application as lookups. Oracle Fusion Expenses provides predefined lookup types so you can define these transaction codes.

Map Corporate Card Expense Types to Transaction Codes

Expenses provides predefined corporate card expense types in a single lookup type. This lookup type can be extended to include your company's specific expense types. Then you must associate the predefined corporate card expense types with the corporate card transaction codes. This association is known as a mapping rule.

Assign Mapping Rule to Corporate Card Program

To enable the upload process to use the correct mapping rule, you must assign a mapping rule to the corporate card program. You can set up multiple

mapping rules to default expense types into expense reports for both summary transactions, known as eFolio or Level 2, and detail transactions, known as Level 3.

Map Corporate Card Expense Types to Expense Types

To default expense types into expense reports, you must perform a final setup. In the expense template, you associate the predefined corporate card expense types with your user-defined expense types. The upload process uses the mapping in the default expense template for the business unit of the transaction to derive the expense type to be displayed for the corporate card expense.

Wait Days: Explained

Oracle Fusion Expenses allows you to hold the main corporate card transactions from use by users until the detail corporate card transactions arrive. This ensures that users can include the itemization provided by the card issuer in their expense reports.

Two types of wait days control the maximum duration that the application waits for the detail transactions to arrive:

- Transaction detail wait days
- Merchant wait days

These wait days are applicable only when the merchant provides Level 3 detail transaction data. That is, there is no wait period for transactions from merchants who do not provide Level 3 transaction detail.

Transaction Detail Wait Days

Transaction detail wait days is the number of days the application is set up to hold the main transaction data while waiting for Level 3 detail transaction data from a merchant, which may or may not arrive.

You can set a wait period at the corporate card program level by selecting a value in the Transaction Detail Wait Days choice list in the Upload Rules tab on the Create Corporate Card Program page. If defined, the application uses the smaller value between the transaction detail wait days and the merchant wait days as the wait period for the main transaction.

Merchant Wait Days

Merchant wait days, which is calculated by the application, is the difference in the number of days between receiving the main transactions and receiving Level 3 detail transactions when the detail transactions arrive for the first time. Thereafter, the merchant wait days is computed as follows:

```
[(Detail transactions arrival date - Main transactions arrival date) +  
Most recent merchant wait days for the main transactions upload]/2
```

A merchant can provide Level 3 detail transactions either with the main transactions or as a separate delivery. If they are provided as a separate delivery, the Upload Corporate Card Transaction File process holds the main transactions

for a specified time period while waiting for the Level 3 detail transactions. During this wait period, which is expressed in days, the main transactions are not available in expense reports. After each delivery of Level 3 detail transactions, the merchant's wait days is updated by the application according to the preceding formula.

Note

The actual time that data arrives is not a factor in the merchant wait days or the application transaction wait days' calculation.

The following table shows the calculations associated with detail transactions and merchant wait days based on transaction data arrival dates using sample data. The table is based on a transaction detail wait days setting of 5 days.

Data Upload	Main Transactions Arrival Date	Detail Transactions Arrival Date	Merchant Wait Days	Application Transaction Wait Days	Latest Date Transactions are Available in Expense Report	Actual Date Transactions are Available in Expense Report
			<p>First Time: Detail transactions arrival date minus main transactions arrival date</p> <p>Thereafter: Detail transactions arrival date minus main transactions arrival date plus most recent merchant wait days for the main transactions upload divided by two.</p>	<p>Application: Uses the minimum of transaction detail wait days or merchant wait days for the main transactions upload plus one day.</p>	Date the transaction detail wait days end.	Actual date the main and detail transactions are available in the expense report.
Main Transactions 1	May 1	N/A	N/A	0 Days	May 1	May 1
			The merchant has never provided Level 3 detail transactions. Hence, there are no merchant wait days in the application.	The merchant did not provide Level 3 details transactions. Hence, the application does not wait.	Available immediately.	Available immediately.

Detail Transactions 1	N/A	May 5	4 Days	N/A	N/A	May 5
Main Transactions 2	May 7	N/A	4 Days Previously calculated merchant wait days.	5 Days The application waits for the minimum of 5 transaction detail wait days or 4 merchant wait days plus one day.	May 11 May 7 + 5 application wait days = May 12.	N/A
Detail Transactions 2	N/A	May 9	3 Days (May 9 minus May 7) +4 /2.	N/A	N/A	May 9
Main Transactions 3	May 12	N/A	3 Days Previously calculated merchant wait days.	4 Days The application waits for the minimum of 5 transaction detail wait days or 3 merchant wait days plus one day.	May 15 May 12 + 4 application wait days = May 16.	N/A

Downloading Corporate Card Transaction Files From American Express: How They Are Processed

To download corporate card transaction files from American Express, you must set up Oracle Fusion Expenses to download data files in conjunction with the Upload Corporate Card Transaction File program.

Note

The ability to download files is available only for American Express transaction files.

Settings That Affect Downloading Corporate Card Transaction Files From American Express

Before you can download transaction files from American Express servers, you must set up a Secure File Transfer (SFT) account with American Express and obtain the user name and password that identifies your customer account on the SFT server, as well as create a download directory for the American

Express transaction files. The application must have read and write access to this directory.

The following proxy server settings affect the download of corporate card transaction files from American Express:

- WEB_PROXY_HOST profile option set with the proxy server name if the transaction file downloads occur through a proxy server
- WEB_PROXY_PORT profile option set with the proxy server port if the transaction file downloads occur through a proxy server

To set up the transaction file transfer parameters for the American Express corporate card program, enter the values in the following table in the Transfer Parameters tab on the Create Corporate Card Program page.

Parameter Name	Description
Download Profile Name	The name entered by the user to identify the download parameters.
Username	The user name provided by American Express that identifies your customer account.
Password	The password for the American Express customer account.
File Name Prefix	The file name prefix provided by American Express.
Secure Directory	The full path to the directory where the downloaded transaction files are stored.
Server	<p>The name of the American Express server to connect to for the transaction file download.</p> <hr/> <p>Note</p> <p>American Express also provides a server at fsgatewaytest.aexp.com for transaction file transfer testing.</p>

How Downloading Corporate Card Transaction Files From American Express are Processed

After you complete the tasks for corporate card transaction download, you can use the Upload Corporate Card Transaction File program with the profile name as a download parameter to download corporate card transaction files from American Express. The Upload Corporate Card Transaction File program downloads the file into the secure directory that you created and names the file <process id>.amx. The program does not delete any files from the directory.

Note

American Express places one or multiple transaction files at a time in a folder called Outbox in your customer account, but the Upload Corporate Card Transaction File program processes only one file at a time. The process picks up the oldest file each time. To pick up multiple files, you must schedule the Upload Corporate Card Transaction File process to run multiple times.

Corporate Card Issuer Payment Requests for Company Pay Transactions: How They Are Processed

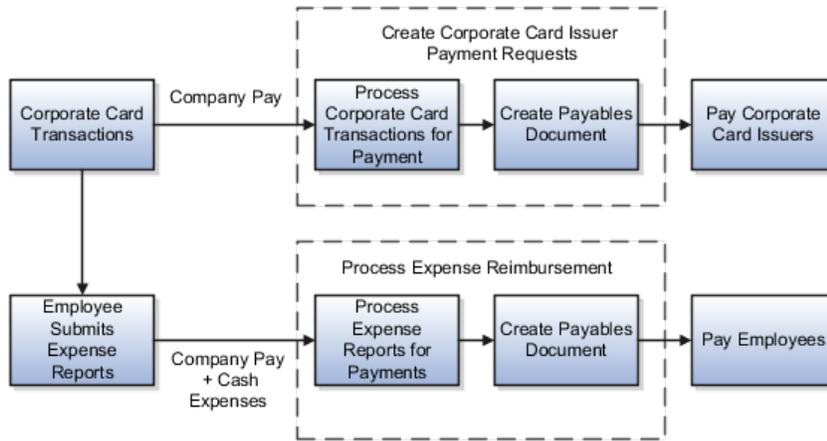
The corporate card administrator runs the Create Corporate Card Issuer Payment Requests process to generate the payment requests for corporate card issuers when there are corporate cards that use the Company Pay payment option. The Create Corporate Card Issuer Payment Requests process is run only when the Company Pay payment option is used.

Note

This process can be run at any time. Since the company's objective is to pay the card issuer on time, running the Create Corporate Card Issuer Payment Requests process is not dependent on when the employee submits the expense report.

This figure shows how the:

- Create Corporate Card Issuer Payment Requests process generates payment requests to pay corporate card issuers when the corporate cards use the Company Pay payment option.
- Process Expense Reimbursement process generates payment requests to pay employees when the corporate cards use the Company Pay plus cash payment option.



Settings That Affect Corporate Card Issuer Payment Requests for Company Pay Transactions

Settings that affect expense report payment requests for Company Pay transactions are the following:

- **Employee Liability Account**, which is set up as a system option in the Edit Expenses System Options page

Note

This account is used only if there are cash expenses in the expense report and reimbursement is due to the employee.

- **Corporate Card Issuer Payment Liability Account**, which is set up in Oracle Fusion Payables

This account records the amount the company reimburses the corporate card issuers for expenses incurred by the employees on their corporate cards.

- **Expense Clearing Account and Payment Option**, which are set up in the Create or Edit Company Account popup

This account holds accounting for corporate card transactions temporarily. The account is cleared when the expense reports containing the corporate card transactions are processed by Oracle Fusion Payables.

How Corporate Card Issuer Payment Requests for Company Pay Transactions Are Processed

The Create Corporate Card Issuer Payment Requests process has the following components:

- Populate Payables Open Invoice Interface tables
- Create corporate card issuer payment requests
- Handle processed and rejected expense reports

Populating Payables Open Invoice Interface Tables

For each corporate card, the Create Corporate Card Issuer Payment Requests process creates one invoice header record in the Payables Open Invoice Interface table. All corporate card transactions for the corporate card are created as child lines. The accounting distributions for the transactions are created using the Expense Clearing Account for the corporate card.

Creating Corporate Card Issuer Payment Requests

After populating the Payables Open Invoice Interface table, the Create Corporate Card Issuer Payment Requests process invokes the Import Payables Invoices process in Payables. Payables creates payment requests using the information in the Payables Open Invoice Interface table. Tax processing is not applicable for corporate card issuer payment requests.

Handling Processed and Rejected Expense Reports

During payment request creation, Payables rejects records in the Payables Open Invoice Interface table if there are errors, such as dates in closed accounting periods or invalid payment methods. After payment requests creation is complete, the Create Corporate Card Issuer Payment Requests process removes any rejected records from the interface table. The corporate card administrator must then take the necessary action to reprocess the corporate card transactions for reimbursement.

Finally, all expense items corresponding to the corporate card transactions, for which payment requests are created, are updated with a corresponding payment request identifier.

The following table describes the types of payment options for corporate card transactions in expense reports and the processes that are run to generate their associated payment requests.

Expense Report Payment Options for Corporate Card Transactions	Process Run	Payment Requests Created
<ul style="list-style-type: none"> • Cash • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	<ul style="list-style-type: none"> • Employee Payment Requests • Corporate Card Issuer Payment Requests
<ul style="list-style-type: none"> • Individual Pay • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	<ul style="list-style-type: none"> • Employee Payment Requests • Corporate Card Issuer Payment Requests
<ul style="list-style-type: none"> • Cash • Individual Pay • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	<ul style="list-style-type: none"> • Employee Payment Requests • Corporate Card Issuer Payment Requests
<ul style="list-style-type: none"> • Both Pay • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	Corporate Card Issuer Payment Requests
<ul style="list-style-type: none"> • Cash • Both Pay • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	<ul style="list-style-type: none"> • Employee Payment Requests • Corporate Card Issuer Payment Requests
<ul style="list-style-type: none"> • Individual Pay • Both Pay • Company Pay 	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	<ul style="list-style-type: none"> • Employee Payment Requests • Corporate Card Issuer Payment Requests
Company Pay only	<ul style="list-style-type: none"> • Process Expense Reimbursements • Create Corporate Card Issuer Payment Requests 	Corporate Card Issuer Payment Requests

FAQs for Define Credit Card Data

What's a corporate card program?

A corporate card program is an agreement between the corporate card issuer and your company that governs the issuance of corporate cards to the employees of your company and the payment to the card issuer. Your company can have a

single card provider that provides corporate cards for the employees globally, which is referred to as a global card program, or you can have multiple card providers that provide corporate cards for the employees based on the region and the services needed.

A corporate card program consists of one or more company accounts that represent a specific organizational hierarchy in your company. Corporate cards are issued under each company account. Each company account is associated with:

- A card issuing bank, known as a card issuer
- Payment terms
- Other agreements

Your company can choose to receive electronic files containing the corporate card transactions of their employees on a regular basis. The file format and method of delivery are agreed to and set up before your company starts processing the corporate card transaction files through Oracle Fusion Expenses.

How can I configure corporate card issuers?

You can set up a corporate card issuer, which is a bank that issues corporate cards, through the Manage Corporate Card Issuers page by entering the card issuer's site information, as well as the corporate card issuer's payment information. To enable your company to pay a corporate card issuer, you enter a default payment method, whether check, EFT, or wire, in the Address Payment Information region of the Edit Corporate Card Issuer page, as well as bank account information. Then you associate the newly created card issuer with your company account in the Create Company Account page. By selecting a payment currency and payment terms in the Create Company Account page, you complete the payment information necessary to pay the corporate card issuer.

How can I enforce corporate card usage policies?

Oracle Fusion Expenses enables your company to set up corporate card usage rules to enforce its policies regarding the use of corporate cards. On the Manage Corporate Card Usage Policies page, you can define the allowable amount for each expense category that can be charged as a cash expense. Above this allowable amount, employees are required to use their corporate cards. Employees who exceed the allowable limit receive a warning message, while completing expense entry, that reminds them to use the corporate card or an error message that actually prevents submission of the expense report. The application also notifies the auditor and manager of the policy violations. Alternatively, if no limits are defined, Expenses allows you to submit cash expenses of any amount.

Define Expense Policies and Rules

Configuring Approval Rules: Explained

Approval rules are configurable rules for expense report approval. Oracle Fusion Expenses supports flexible and configurable approval rules for expense report approval using the Approvals Management Extensions (AMX) of the Oracle Service-Oriented Architecture (SOA) suite and Oracle Business Process Management Suite (BPM). BPM provides the interface to administer the approval rules. A BPM Worklist administrator, such as a user with the Financial Application Administrator (FUN_FINANCIAL_APPLICATION_ADMINISTRATOR) role can access the approval rules in the BPM Worklist.

When you submit an expense report, Expenses invokes the expense report approval process, which in turn invokes a set of approval rules created in AMX to build the list of approvers. AMX then sends out approval notifications to the approvers every time it receives a response to an approval notification. AMX sends out approval notifications to the next set of approvers in the approval list. This process is repeated until all approvals are complete.

The approval rules are managed through the BPM Worklist application. Users who are authorized to manage the approval rules see an Administration link displayed in the upper right corner of the application. To create new rules or modify existing rules, click the Administration link, click the Task Configuration tab, click the Data Driven tab, and then select the FinExmWorkflowExpenseApproval approval flow in the left panel.

The expense approval flow contains the following predefined rulesets:

- Approval by supervisor based on report amount
 - Additional serial approval rules for configuration
 - Additional parallel approval rules for configuration
- Approval by project managers in parallel mode
- Approval by cost center owners in parallel mode
- Approval by a specialist based on expense types in parallel mode
- Approval by project managers in serial mode
- Approval by cost center owners in serial mode
- Approval by a specialist based on expense types in serial mode

Approval by Supervisor Based on Report Amount

The predefined ruleset for approval of expense reports using the supervisory hierarchy is called ExpenseReportApprovalStage : ExpenseReportRuleSet. The predefined rules include the following:

- Approval of expense reports with report total over 1000 by the immediate supervisor
- Automatic response for all expense reports with report total equal to or less than 1000

You can change the predefined rules, delete the rules, or add additional rules as needed. The following table lists the parameters for the ExpenseReportApprovalStage : ExpenseReportRuleSet ruleset.

Rule	Field	Predefined Value	Description
ExpenseReportManagerA	Condition	Task.payload.getExpenseR	Attribute that stores the expense report total in the reimbursement currency.
	List Builder	Supervisory	Uses the supervisory hierarchy to retrieve approvers.
	Response Type	Required	The approval notification requires a response.
	Number of levels	1	The number of supervisory levels required for approval completion.
	Starting Participant	HierarchyBuilder.getMana	Determination of applicable approvers starts from the person on the expense report.
	Top Participant	HierarchyBuilder.getPrinc	The last approver in the approval chain. Approval does not go beyond this participant in a hierarchy. To use this rule as is, you must change the predefined last approver user name to the last approver in your organization.
	Auto Action Enabled	False	Automatic approval action is disabled.
	Auto Action	Null	There is no automatic approval action.
ExpenseReportAutoAppro	Condition	Task.payload.getExpenseR	Attribute that stores the expense report total in the reimbursement currency.
	List Builder	Supervisory	Uses the supervisory hierarchy to retrieve approvers.
	Response Type	Required	The approval notification requires a response.
	Number of levels	1	The number of supervisory levels required for approval completion.

	Starting Participant	HierarchyBuilder.getPrinc	Determination of applicable approvers starts from the person on the expense report.
	Top Participant	HierarchyBuilder.getPrinc	The last person in the approval chain is the person on the expense report.
	Auto Action Enabled	True	Automatic approval is enabled.
	Auto Action	Approve	The response is set to Approve.

Additional Serial Approval Rules for Configuration: An additional predefined ruleset for serial approval is called ExpenseReportApprovalStage : CustomSerialParticipantRule. This ruleset does not contain any predefined rules. You can use this ruleset for any additional combination of approval rules that needs to be executed sequentially with respect to the rules in ExpenseReportApprovalStage : ExpenseReportRuleSet.

Additional Parallel Approval Rules for Configuration: An additional predefined ruleset for parallel approval is called ExpenseReportApprovalStage : CustomParallelParticipantRule. This ruleset does not contain any predefined rules. You can use this ruleset for any additional combination of approval rules that needs to be executed in parallel to the rules in ExpenseReportApprovalStage : ExpenseReportRuleSet.

Approval by Project Managers in Parallel Mode

The predefined ruleset for approval of expense reports by project managers is called ProjectManagerApprovalStage : ProjectManagerRuleSet. This ruleset has a single predefined rule. The rule says that if the total amount charged to projects is more than zero, the expense report is sent to the project manager for approval. Further, if expenses are charged to more than one project, the applicable project managers receive the approval notification in parallel. The approval is complete when all project managers identified as approvers have approved the expense report.

You can change the predefined rules, delete the rules, or add additional rules as needed. The following table lists the parameters for the ProjectManagerApprovalStage : ProjectManagerRuleSet ruleset.

Rule	Field	Predefined Value	Description
ProjectManagerApproval	Condition	ExpenseReport/ projectTotalVO.total	Attribute that stores the total expense charged against each project in an expense report. The view object only stores details for expense reports that contain projects.
	List Builder	Resource	Static list of approvers.
	Response Type	Required	The approval notification requires a response.
	Participants	ExpenseReport/ projectTotalVO.managerU	The approver of the expense report is the project manager.

Approval by Cost Center Owners in Parallel Mode

The predefined ruleset for approval of expense reports by cost center owners is called CostCenterApprovalStage : CostCenterRuleSet. This ruleset has the following predefined rules:

- If the total amount charged to cost centers other than the employee's default cost center is more than zero, the expense report is sent to the cost center owner for approval.
- If expenses are charged to a cost center other than the employee's default cost center, the applicable cost center owners receive the approval notification in parallel. The approval is complete when all cost center owners identified as approvers have approved the expense report.
- If the cost center of the expenses is the same as the default cost center of the employee, automatic response is generated indicating that there is no cost center-specific approval.

You can change the predefined rules, delete the rules, or add additional rules as needed. The following table lists the parameters for the CostCenterApprovalStage : CostCenterRuleSet ruleset.

Rule	Field	Predefined Value	Description
CostcenterIsNotEmpDefault	Condition	ExpenseReport/ costCenterTotalVO.costCe	Attribute that stores the cost centers in the expense report.
	Condition	Task.payload.empDefaultC	Default cost center of the employee.
	List Builder	Resource	Static list of approvers.
	Response Type	Required	The approval notification requires a response.
	Participants	ExpenseReport/ costCenterTotalVO.manag	The approver of the expense report is the cost center owner.
CostcenterIsEmpDefaultC	Condition	ExpenseReport/ costCenterTotalVO.costCe	Attribute that stores the cost centers in the expense report.
	Condition	Task.payload.empDefaultC	Default cost center of the employee.
	List Builder	Supervisory	
	Response Type	Required	The approval notification requires a response.
	Number of levels	1	The number of supervisory levels required for approval completion.
	Starting Participant	HierarchyBuilder.getPrinc	Start from the person on the expense report.
	Top Participant	HierarchyBuilder.getPrinc	The last person in the approval chain is the person on the expense report.

	Auto Action Enabled	True	Automatic approval is enabled.
	Auto Action	Approve	The response is set to Approve.

Approval by a Specialist Based on the Expense Types in Parallel Mode

The predefined ruleset for approval of expense reports based on the template name or any attributes of the expense type is called ExpenseApprovalStage : ExpenseRuleSet. This ruleset has the following predefined rules:

- If the template name for any of the expenses is Relocation Expenses, then the expense report is routed to approval by a predefined user.
- If the expense reports do not contain any expenses with the expense template Relocation Expenses, then an automatic approval response is generated indicating that there is no special approval.

You can change the predefined rules, delete the rules, or add additional rules as needed. The following table lists selected parameters for the ExpenseApprovalStage : ExpenseRuleSet ruleset.

Rule	Field	Predefined Value	Description
ExpenseTypeIsRelocation	Condition	ExpenseReport/ expenseVO.expenseTempl	Attribute that stores the cost centers in the expense report.
	List Builder	Resource	
	Response Type	Required	The approval notification requires a response.
	Participants	User ID of the approver	
ExpenseTypeIsNotRelocat	Condition	ExpenseReport/ expenseVO.expenseTempl	Auto approval enabled with the same list builder criteria as ExpenseReportAutoApprovalRule.

Approval by Project Managers in Serial Mode

The predefined ruleset for approval of expense reports in serial mode by project managers is called SerialProjectManagerApprovalStage : SerialProjectManagerRuleSet. This ruleset contains the same rule as the rule for approval by project managers in parallel, but the ruleset is configured to send out the approval notifications sequentially to the approvers in the list. Each notification to a subsequent approver is sent only after the current approver approves the expense report. If the current approver rejects the expense report, the approval process is complete and the expense report is returned to the user.

Approval by Cost Center Owners in Serial Mode

The predefined ruleset for approval of expense reports by cost center owners is called SerialCostCenterApprovalStage : SerialCostCenterRuleSet. This ruleset contains the same rule as the parallel approval, but the ruleset is configured to send out the approval notifications sequentially to the approvers in the list. Each notification to a subsequent approver is sent only after the current approver approves the expense report. If the current approver rejects the expense report, the approval process is complete and the expense report is returned to the user.

Approval by a Specialist Based on Expense Types in Serial Mode

The predefined ruleset for approval of expense reports based on a template name or any attributes of the expense type is called `SerialExpenseApprovalStage : SerialExpenseRuleSet`. The ruleset contains the same rule as the parallel approval, but the ruleset is configured to send out the approval notifications sequentially to the approvers in the list. Each notification to a subsequent approver is sent only after the current approver approves the expense report. If the current approver rejects the expense report, the approval process is complete and the expense report is returned to the user.

Defining Approval Rules: Explained

Approval rules are configurable rules for expense report approval created in Approval Management Extensions (AMX). Oracle Fusion Expenses provides nine predefined rulesets. By using the BPM Worklist, you can define new approval rules or modify existing ones in AMX. To manage approval rules, you must be a BPM Worklist administrator, such as a financial application administrator.

If you are authorized to manage the approval rules, you can:

- Modify existing approval rules
- Define new approval rules
- Understand and apply properties of rules and rulesets

If you are authorized to manage the approval rules, an Administration link displays in the upper right corner of the BPM Worklist. To define new approval rules or modify existing ones, click the Administration link, click the Task Configuration tab, click the Data Driven tab to display the Data driven configuration page, and then select the `FinExmWorkflowExpenseApproval` task from the left hand pane named Tasks to be configured.

Each ruleset contains one or more approval rules. Each approval rule has an approval condition and a list of approvers. The list of approvers derived for each ruleset is called a participant. To generate the list of approvers, each rule requires a list builder to be associated with it.

Each expense report can only satisfy one rule within a ruleset. If an expense report does not satisfy any rule in a ruleset, the approval process errors and an incident is reported in Oracle Enterprise Manager Grid Control.

Modify Existing Approval Rules

In the Data driven configuration page, select a ruleset to modify and click the Edit icon in the Tasks to be configured pane. You can now add, modify, or delete rules within the specified ruleset. The changes take effect when you click the Commit Task icon in the Tasks to be configured pane. Saving changes by clicking the Save icon saves the changes, but it does not activate them. If needed, you can undo changes by clicking the Reset icon.

Define New Approval Rules

To create new rules, you must provide values for the following rule components:

- Condition: Criteria that an expense report must satisfy
- Response type: Required or FYI. A response from the approver is required or the notification is informational.
- List builder: Creates a list of approvers for a specific notification

To define a condition, select a value from the list of values in the left-most condition field in the IF region. The Condition Browser displays. In the

Condition Browser, open a view object (folder) and select the attribute that you want to use as the criteria. You can add multiple conditions to a rule. An example of a condition is: ExpenseReport.expenseReportTotal more than 1000.

The following table lists view objects (folders) that are visible in the Condition Browser with their associated attributes and descriptions.

Note

The values in this table are the only ones that are relevant for you to select as conditions for expense report approval rules.

View Object in Condition Browser	Attribute	Description
ExpenseReport	ExpenseReportId	Expense report identifier
ExpenseReport	PersonId	Person identifier of the employee on the expense report
ExpenseReport	AssignmentId	Primary assignment identifier of the employee's assignment
ExpenseReport	ExpenseReportDate	Date of the latest expense in the expense report
ExpenseReport	ExpenseReportTotal	Total amount of the expense report in the reimbursement currency
ExpenseReport	ReimbursementCurrencyCode	Expense report reimbursement currency code
ExpenseReport	ReportSubmitDate	Date on which the expense report was submitted for approval
ExpenseReport	ExpenseStatusCode	Most recent status of the expense report
ExpenseReport	ExpenseStatusDate	Date of the most recent status of the expense report
ExpenseReport	OrgId	Business unit identifier of the expense report
ExpenseItem	ReceiptAmount	Expense amount in receipt currency
ExpenseItem	ReceiptCurrencyCode	Currency code of the expense amount
ExpenseItem	ExpenseSource	Source of the expense item, cash, or corporate card
ExpenseItem	ExpenseTypeCategoryCode	Category of the expense item, such as Airfare or Accommodations
ExpenseItem	ExpenseCategoryCode	Classification of expense item, such as Business or Personal
ExpenseItem	ExpenseTemplateId	Expense template identifier for the expense item
ExpenseItem	ExpenseTypeId	Expense type identifier of the expense item
ExpenseItem	PolicyViolatedFlag	Flag that indicates whether the expense item has policy violations

ExpenseItem	ReceiptMissingFlag	Flag that indicates whether the user has the original receipt
ExpenseItem	EmpDefaultCostCenter	Default cost center of the employee
CostCenterTotal	ExpenseReportId	Expense report identifier
CostCenterTotal	CostCenter	Cost center against which the expense is incurred
CostCenterTotal	Total	Total expense charged to the cost center
CostCenterTotal	ManagerId	Person identifier of the cost center owner
CostCenterTotal	ManagerUsername	User name of the cost center owner
ProjectTotal	ExpenseReportId	Expense report identifier
ProjectTotal	PjcProjectId	Project identifier
ProjectTotal	Total	Total expense charged to the project
ProjectTotal	ProjectPartyId	Person identifier of the project manager
ProjectTotal	ManagerUsername	User name of the project manager

Each approval notification generated from an approval rule must have a response type of Required or FYI. You specify the applicable response type in the THEN region on the Data driven configuration page of the BPM Worklist. If the approver should take an action in response to the notification, click the Required radio button. If the approval notification is designed as information only, click the FYI radio button.

Each rule requires a list builder to build the list of approvers. The following table shows the list builder types that are available in the BPM Worklist with their associated descriptions.

List Builder Type	Description
Supervisory	Ascends the primary supervisory hierarchy, starting at the expense report submitter or at a given approver, and generates the approval chain.
Job Level	Ascends the supervisory hierarchy, starting at a given approver and continuing until an approver with the appropriate job level is found.
Position	Ascends the position hierarchy, starting at a given approver's position and continuing until an approver with the appropriate position is found.
Resource	A list of approvers. You can choose a user name or a function that returns a set of approvers.
Approval Group	Group of approvers. You can create approver groups consisting of a list of users for use in the rulesets.

Each list builder type requires values for specific fields to build its approval list. In the THEN region on the Data driven configuration page of the BPM Worklist, select a type of list builder from the List Builder drop-down list and click the

Create Action button. The Add Variable dialog box displays where you add specific variables for specific list builders.

The following table indicates the fields associated with each list builder type for which you must select specific values.

List Builder Type	Field	Description	Values to Select and Sample Data
Supervisor	Number of Levels	A positive number specifying the number of levels to traverse the supervisory hierarchy.	A positive number based on your needs. For example, use 1 for one level of approval.
Supervisor	Starting Participant	The first participant in the list.	<p>From the Add Variable dialog box, select:</p> <ul style="list-style-type: none"> • The Get Manager radio button • Supervisory as the List Builder • Reference User as task.creator to start from the person on the expense report • An Effective Date if applicable <p>This creates the following string for the start participant: HierarchyBuilder.getManager("supervisory",Task.c</p>
Supervisor	Top Participant	The last participant in the list. The approval list does not go beyond this person in a hierarchy.	<p>From the Add Variable dialog box:</p> <ul style="list-style-type: none"> • Select the Get User radio button. • Enter the user name of the last person in the approval chain as the Reference User. • Select an Effective Date if applicable. <p>This creates the following string as the top participant: HierarchyBuilder.getPrincipal("<>",-1,"","")</p>
Supervisor	Auto Action Enabled	If automatic response should be enabled for the approval notification, set to True.	
Supervisor	Auto Action	If automatic response is enabled, set the response.	For expense approval, use Approve.

Position	Number of Levels	A positive number specifying the number of levels to traverse the position hierarchy. This number can be an absolute value or a value relative to the Starting Point or Creator .	
Position	Relative to	The number of levels to traverse is relative to one of the following values: Starting Point , Creator , or Absolute .	<ul style="list-style-type: none"> • At most 2 relative to Starting Point • At least 2 relative to Starting Point.
Position	Starting Participant	The first participant in the list.	<p>To select a starting participant, click the list of values and select:</p> <ul style="list-style-type: none"> • The Get Manager radio button • Position as the List Builder • Reference User as the position identifier of the starting position • A Hierarchy Type. This is a mandatory selection for the position list builder. To select a hierarchy type, you must first define a position hierarchy in Oracle Fusion Global Human Resources. • An Effective Date if applicable <p>This creates a string for the starting participant. For example, to start from position id 1234, use <code>HierarchyBuilder.getManager("position","1234",-1,ENTERPRISE_POSITION_HIERARCHY")</code> as the start participant.</p>

Position	Top Participant	The last participant in the list. The approval list does not go beyond this person in a hierarchy.	<p>From the Add Variable dialog box:</p> <ul style="list-style-type: none"> • Select the Get User radio button. • Enter the position identifier for the last position in the approval chain as the Reference User. • Select an Effective Date if applicable. <p>This creates a string for the top participant. For example, <code>HierarchyBuilder.getPrincipal("<>";";" ENTERPRISE_POSITION_HIERARCHY")</code>.</p>
Position	Utilized Participants	Uses only the participants specified in this option from the calculated list of participants. Available options are: Everyone, First and Last Manager, Last Manager .	
Position	Auto Action Enabled	If automatic response should be enabled for the notification, set to True.	
Position	Auto Action	If automatic response is enabled, set the response.	For expense approval, use Approve.
Job Level	Number of Levels	A positive number specifying the number of levels to traverse the job level hierarchy. This number can be an absolute value, or a value relative to Starting Point or Creator .	
Job Level	Relative to	The number of levels to traverse is relative to one of the following values: Starting Point, Creator, or Absolute .	<ul style="list-style-type: none"> • At most 2 relative to Absolute • At least 1 relative to Absolute

Job Level	Starting Participant	The first participant in the list.	<p>From the Add Variable dialog box, select:</p> <ul style="list-style-type: none"> • The Get User radio button • Job Level as the List Builder • Reference User as task.creator to start from the person on the expense report • An Effective Date if applicable <p>This creates a string for the start participant. For example, <code>HierarchyBuilder.getManager("joblevel",task.creator</code></p>
	Top Participant	The last participant in the list. The approval list does not go beyond this person in a hierarchy.	<p>From the Add Variable dialog box:</p> <ul style="list-style-type: none"> • Select the Get User radio button. • Enter the user name for the last approver in the approval chain as the Reference User. • Select an Effective Date if applicable. <p>This creates the following string as the top participant: <code>HierarchyBuilder.getPrincipal("<>",-1,"","")</code></p>
Job Level	Include all managers at last level	If the job level equals that of the previously calculated last participant in the list, then it includes the next manager in the list.	
Job level	Utilized Participants	Uses only the participants specified in this option from the calculated list of participants. Available options are: Everyone, First and Last Manager, Last Manager.	
Job Level	Auto Action Enabled	If automatic response should be enabled for the approval notification, set to True.	

Job level	Auto Action	If automatic response is enabled, set the response.	For expense approval, use Approve.
Resource	Participants	Participants can be users, groups, or application roles. For users, use a static user name or a function to retrieve a user name.	For example, use ExpenseReport/costCenterTotalVO.managerUsername for cost center owner.
Approval Group	Approval Group	Enter the approval group name. To select an approval group as a list builder, you must create the static approval groups in the BPM Worklist.	

For more information on configuring approval rules, see the Using Task Configuration section of the Using Approval Management chapter in the Oracle Fusion Middleware Modeling and Implementation Guide.

Understand and Apply Properties of Rules and Rulesets

The following are properties of rules and rulesets that you need to understand and apply.

- For each expense report, one rule must be true within each ruleset. If the expense report does not satisfy any rule in the ruleset, the approval process will error.
- Since there can be only one rule that applies in a ruleset for each expense report, you must configure the rules at the most granular level applicable and use priority within the rule to differentiate overlapping conditions. AMX does not support nested conditions.
- All rulesets are executed in parallel or in serial with respect to the Expense Report Approval Stage.
- Serial rulesets are designed to execute the approval process in a sequential order. The approvers in the approval list for any rule included in these rulesets are notified in a sequential order.
- To deactivate a ruleset, check the **Ignore this participant** checkbox for that ruleset.
- If the participants cannot be determined, then AMX sends out a failure notification to the user with an incident identifier. Administrators can access the incident details through the Support Workbench of the Oracle Enterprise Manager Grid Control application and restart the approval process in Oracle Enterprise Manager Grid Control after resolving the issues in the incident report.

Cash Advance Approval Rules: Explained

Cash advance approval rules are configurable rules for approving cash advances. A cash advance is an advance payment to an employee that covers out-of-pocket and incidental expenses while traveling or legitimate business expenses.

Oracle Fusion Expenses integrates with Approvals Management Extensions (AMX) of the Oracle Service-Oriented Architecture (SOA) suite and Oracle Business Process Management Suite (BPM) to allow deploying companies to build flexible approval routing rules. This ensures that proper approval authority is enforced.

The BPM Worklist provides an interface to administer the cash advance approval rules based on your company's business needs. A BPM Worklist administrator, such as a user with the Financial Application Administrator (FUN_FINANCIAL_APPLICATION_ADMINISTRATOR) role can access the cash advance approval rules in the BPM Worklist.

When you submit a cash advance request, Expenses invokes the cash advance approval process, which in turn invokes a set of cash advance approval rules created in AMX to build the list of approvers. AMX then sends out approval notifications to the approvers identified by the cash advance approval rules. This process is repeated until all cash advance approvals are complete.

The predefined cash advance approval rule routes every cash advance request by an employee to his or her immediate supervisor for approval. Once the immediate supervisor approves the cash advance request, it is automatically sent to the expense auditor for final approval.

If you are authorized to manage cash advance approval rules, you can:

- Navigate to the BPM Worklist.
- Modify the predefined cash advance rule.

Navigate to the BPM Worklist

The cash advance approval rules are managed through the BPM Worklist application. Users who are authorized to manage the cash advance approval rules see an Administration link displayed in the upper right corner of the application.

To create new rules or modify existing rules, click the Administration link, click the Task Configuration tab, click the Data Driven tab, and then select the FinExmWorkflowCashAdvanceApproval approval flow in the left panel. The cash advance approval flow contains the predefined ruleset: Approval by immediate supervisor.

Modify the Predefined Cash Advance Rule

The predefined ruleset for approval of cash advances using the supervisory hierarchy is called CashAdvanceApprovalStage: CashAdvanceApprovalRuleSet. This predefined cash advance rule defines the approval of cash advances of any amounts by the immediate supervisor.

You can modify the predefined cash advance rule by performing any of the following tasks:

- Modifying the predefined cash advance rule
- Adding new cash advance rules
- Deleting existing cash advance rules

The following table lists the parameters for the predefined CashAdvanceApprovalStage : CashAdvanceApprovalRuleSet ruleset. You can modify these parameters to accommodate your cash advance approval needs.

Field	Predefined Value	Description
List Builder	Supervisory	This ruleset uses the supervisory hierarchy to retrieve approvers.
Response Type	Required	The approval notification requires a response.
Number of Levels	1	The maximum number of supervisory levels required for completion of cash advance approval. You can modify the numbers of levels required by changing the value. For example, if you change 1 to 2, two levels of approvals will be required.
Starting Participant	HierarchyBuilder.getManager("sup	The first approver in the approval chain.
Top Participant	HierarchyBuilder.getPrincipal("FIN	The last approver in the approval chain. The approval process does not go beyond this participant in the approval hierarchy. To use this rule without additional modification, you must change the predefined last approver user name to the last approver name in your organization, cost center, or department.
Auto Action Enabled	False	This parameter enables or disables the automatic approval action.
Auto Action	Null	The type of automatic approval action taken, such as Approve or Reject.

The administrator of the cash advance approval rules can perform the following modifications:

- Create additional rules.

For example, you can define new rules to conform to your company's cash advance approval policies.
- Add additional levels of supervisory approval.

For example, if the cash advance amount exceeds the threshold that the administrator configured, the cash advance request is sent to the next supervisory level for approval.
- Set up automatic cash advance approval.

For example, if the cash advance amount is below a certain amount, then the cash advance is automatically approved and it does not require the supervisor's approval. This feature expedites the approval process for smaller amounts, since the need to wait for the supervisor's approval is eliminated.

To modify an existing cash advance approval rule in the Data Driven configuration page, select the ruleset to modify and click the Edit icon in the Tasks to be configured pane. You can now add, modify, or delete rules within the specified ruleset. The changes take effect when you click the Commit Task icon in the Tasks to be configured pane. Saving changes by clicking the Save icon saves the changes, but it does not activate them. If needed, you can undo changes by clicking the Reset icon.

Setting Up Approval Rules for Delegated Expense Reports: Explained

Oracle Fusion Expenses enables you to delegate expense entry to another person. To understand the approval process for delegated expense reports, it is necessary to understand the distinction between preparer, or creator, and owner. The person who submits an expense report for another person is called the preparer. The person who incurs the expenses is called the owner of the expense report.

Expenses provides predefined approval rules to support delegated expense report approval. When a preparer submits an expense report, the following approval process ensues.

- Approval by expense report owner

In the first part of the approval process, the expense report is routed to the expense report owner for approval. The expense report has a status of Pending Individual Approval. The rule set for this part of the approval process is called the ExpenseReportApprovalStageExpenseReportD : ExpenseReportOwnerRuleSet in the BPM Worklist application.

- Approval by preparer's manager

In the second part of the approval process, the expense report is routed to the preparer's manager hierarchy for approval. The Expense report has a status of Pending Manager Approval. The rule set for this part of the approval process is called ExpenseReportApprovalStage : ExpenseReportRuleSet in the BPM Worklist application.

This topic discusses the following two scenarios that require you to modify the rule sets if your company enables delegated expense entry.

- Bypass approval by owner
- Start approval with owner's manager

Based on your company policies, any one of the following scenarios can apply:

- Only bypass approval by owner
- Only start approval with owner's manager
- Both bypass approval by owner and start approval with owner's manager
- Neither bypass approval by owner nor start approval with owner's manager

Bypass Approval By Owner

If your company policy does not require expense report approval by the expense report owner, you can modify the rule set to bypass this approval. When

bypassed, the expense report status is set to Pending Manager Approval. The expense report is routed to approvers based on the existing approval rules.

To bypass approval by the owner, perform the following steps:

1. Navigate to the Oracle BPM Worklist application.
2. Click the **Administration** link displayed in the upper right corner of the page. The Administration tab appears.
3. Click the Task Configuration tab.
4. Click the Rules tab.
5. In the Tasks to be configured pane, select the FinExmWorkflowExpenseApproval task.
6. From the Select Ruleset choice list, select the following predefined ruleset: **SoaOLabel.ExpenseReportApprovalStageExpenseReportD : ExpenseReportOwnerRuleSet** .
7. On the far right of the page, select the **Ignore this participant** check box. This action tells the approval rule to ignore the owner as the first approver in the approval rule.
8. To save the modified ruleset, click the **Save** icon in the Tasks to be configured pane.
9. To commit the modified ruleset, click the **Commit task** icon in the Tasks to be configured pane.

Start Approval with Owner's Manager

The approval process routes the expense reports to the preparer's manager hierarchy.

If your company policy requires expense reports to be routed to the owner's manager hierarchy for approval, perform the following steps.

1. To navigate to the expense report approval taskflow, perform steps 1-5 in the preceding section.
2. From the Select Ruleset choice list, select the following predefined ruleset: **SoaOLabel.ExpenseReportApprovalStage : ExpenseReportRuleSet**.
3. Click the **Edit task** icon (pencil) on the Tasks to be configured pane.
4. Expand the ExpenseReportManagerApproval rule.
5. In the List builder action 1 region, click in the **Starting Participant** field and scroll to the right until you see ("supervisory",Task.creator,.
6. In the **Starting Participant** field, replace Task.creator with Task.payload.Expense Report Owner as shown in the following table.

Predefined Value	Changed Value
HierarchyBuilder.getManager("supervis	HierarchyBuilder.getManager("supervisory", Task.payload.Expense Report Owner,-1,"","")

7. To save the modified ruleset, click the **Save** icon in the Tasks to be configured pane.

8. To commit the modified ruleset, click the **Commit task** icon in the Tasks to be configured pane.

Warning

Expenses recommends that you evaluate any existing approval rules that use Task.creator as the first approver in an approval hierarchy to determine whether the first approver should be changed from task.creator to Task.payload.Expense Report Owner.

Configuring Expense Policies: Points to Consider

To enforce compliance with your company's expense policies, Oracle Fusion Expenses provides the following functionality for which you can specify options:

- Receipt required
- Corporate card usage
- Conversion rate

Specifying a Receipt Required Policy

If your accounts payable department requires a receipt for each expense, then you must specify the following for each expense type that you define in the Create Expense Type page:

- A receipt requirement rule that reflects your company's receipt policy. A receipt can be required for cash only or corporate card and cash.
- An expense amount, above which a receipt is required
- Warning and error tolerance percentages so the application knows when to warn the user, if opted, of a receipt required policy violation or, in the case of an error, actually prevent submission of the expense report

Warnings are tracked by the application. You can view them in the Expense Items region of the Edit Expense Report page, whereas errors are not tracked because they prevent submission of the expense report.

Specifying a Corporate Card Usage Policy

Expenses enables you to set up corporate card usage policies to enforce the use of corporate cards. These policies increase your control of the cards by enforcing compliance with the usage policies.

You specify corporate card usage policies in the Edit Corporate Card Usage Policy popup by initially specifying cash limits for expense categories. A cash limit is a cash ceiling, above which an employee must pay the expense by using a corporate card. An expense category represents a grouping of expense types. For example, the expense category of Airfare represents the following group of expense types: International Air and Domestic Air.

In addition to the cash limit, you must also specify tolerance percentages for warnings or errors as they relate to the cash limits for the expense categories. The following table illustrates how the warning and error tolerance percentages work for corporate card usage policies.

Cash Limit for Expense Category of Car Rental	Warning Tolerance Percentage	Warning Amount	Error Tolerance Percentage	Error Amount
\$100	5%	\$100 + \$5 = \$105. The warning tolerance is \$100 up to \$105. Above \$105, the user sees a warning.	10%	\$100 + \$10 = \$110. The error tolerance is over \$105 up to \$110. Above \$110, the application prevents the user from submitting the expense report.

If the employee enters a cash amount over \$105 for a car rental on the expense report, a warning displays, if opted, that reminds the employee to use a corporate card, instead of cash, for car rental charges over \$100. Warnings are tracked by the application. You can view them in the Expense Items region of the Edit Expense Report page.

If the employee enters a cash amount over \$110 for a car rental on the expense report, the application prevents submission of the expense report. Consequently, errors are not tracked by the application.

Note

If no cash limits are defined, the application enables you to submit cash expenses of any amount.

Specifying a Conversion Rate Policy

You can define conversion rate behavior for each business unit in your company. These definitions enable you to enforce conversion rate policies and to validate the conversion rates that employees enter for foreign currency receipts. If you enter a conversion rate value in an expense report, or override a defaulted value, the value you enter is validated against the current conversion rate definitions.

Note

Conversion rate behavior applies only to cash expenses, not to corporate card expenses.

You specify the following conversion rate behavior in the Edit Conversation Rates and Policies page:

- Type of conversion rate, whether **Corporate**, **Spot**, or **User**
- Whether you want the conversion rate to default onto a newly created expense report

Note

The default conversion rate is only applicable to cash transactions.

- Warning and error tolerance percentages so the application knows when to warn the user, if opted, of a conversion rate policy violation or, in the case of an error, actually prevent submission of the expense report
- Warning and error tolerance percentages, if opted, for specific currencies

The following table illustrates how warning and error tolerance percentages work for conversion rate policies.

Conversion Rate	Warning Tolerance Percentage	Warning Tolerance	Error Tolerance Percentage	Error Tolerance
Conversion Rate Type = Corporate where 1 GBP = 1.579 USD. <hr/> Note For this example, the employee reports expenses on the expense report in GBP, but is reimbursed in USD.	5%	$1.579 + .07895 = 1.65795$ The warning tolerance is 1.579 USD up to 1.65795. If the user enters a conversation rate above 1.65795, a warning displays.	10%	$1.579 + .1579 = 1.7369$ The error tolerance is over 1.65795 up to 1.7369. If the user enters a conversation rate above 1.7369, the application prevents the user from submitting the expense report.

If the employee enters a cash amount for a meal of 25 GBP on the expense report and indicates a conversion rate above 1.65795, a warning displays, if opted, that reminds the employee to use a conversion rate less than 1.65795. Warnings are tracked by the application. You can view them in the Expense Items region of the Edit Expense Report page.

If the employee enters a cash amount for a meal of 25 GBP on the expense report and indicates a conversion rate above 1.7369, the application prevents submission of the expense report. Consequently, errors are not tracked by the application.

Important

If a conversion rate is not defined for the applicable reimbursement currency in Oracle Fusion General Ledger, then the application cannot enforce the conversion rate policy.

Expense Category-Specific Fields: Explained

An expense category is a broad application-defined expense classification, such as Accommodations, Airfare, Car Rental, and Meals. Each expense category has fields associated with it, known as category-specific fields. For example,

Accommodations is an expense category that has the following category-specific fields: Merchant Name and Checkout Date. You can capture additional expense information for each expense category by optionally enabling the category-specific fields provided with the application. The category-specific fields are visible in the expense report based on the display behavior you set. You can set the display behavior for each category-specific field as follows:

- **Hidden**, where the field is not displayed.
- **Required**, where the field is displayed for each expense item in the expense category and the user is required to enter data.
- **Optional**, where the field is displayed for each expense item in the expense category, but the user is not required to enter data.

You can enable the display behavior for the category-specific fields in each expense category by business unit. The fields you enable will display for all expense reports for the selected business unit.

Capturing Tax-Related Information in Expense Reports: Explained

You can display tax-related fields in expense reports for the purpose of capturing tax-related information. To capture tax-related information, you must enable the option to display tax-related fields in expense reports by selecting the **Display tax fields on expense report** check box on the Edit Tax Fields page. Then, for each business unit, define the display behavior of each tax-related field. You can define the display behavior of tax-related fields for all locations and then define exception display behavior for specific countries. For example, **Merchant Name** and **Taxpayer ID** are tax-related fields for which you can define display behavior.

The display behaviors available for each tax-related field are as follows:

- **Hidden** where the tax-related field is not displayed in the expense report.
- **Optional** where the tax-related field is displayed for each expense item in the expense category, but the user is not required to enter data.
- **Required** where the tax-related field is displayed for each expense item in the expense category and the user is required to enter data

Note

If you set the display behavior for the fields in each expense category at the business unit level, then the fields you enable will appear in all expense reports for the given business unit.

Capturing Company-Specific Information: Explained

You can configure Oracle Fusion Expenses to capture additional company-specific information on the expense reports for each expense line by enabling descriptive flexfields provided at the expense type level. A descriptive flexfield is an extendable field that captures additional information. For each expense

type, you can capture up to 15 fields of additional information. This can be context-sensitive information based on the expense type or information that is collected across expense types called global descriptive flexfields.

You can perform the following steps to enable the capture of additional company-specific information in expense reports.

1. Set up descriptive flexfields.
2. Enable descriptive flexfields.

Set Up Descriptive Flexfields

Set up the descriptive flexfield, EXM_EXPENSES, that is provided by the application by entering the expense types and the fields you want to show for each expense type on the Manage Descriptive Flexfields for Expense Reports page.

To implement context-sensitive or global descriptive flexfields in Expenses, you must:

- Identify the expense types on the line level for which you want to capture additional information and the specific fields you want to add for each expense type. These fields are context-sensitive descriptive flexfields.
- Identify the common information that you want to capture across expense types. These fields are global descriptive flexfields.
- Determine how you want the context-sensitive and global descriptive flexfields to render to the user.

Note

The expense type entered into the descriptive flexfield definition must exactly match the expense types defined in the expense templates, otherwise the descriptive flexfield will not be visible.

Enable Descriptive Flexfields

To capture the additional information defined in the descriptive flexfields, you must enable descriptive flexfields in the expense report by setting the system option, **Enable Descriptive Flexfields**, to **Yes** on the Manage Expenses System Options page. By default, this option is set to **No**.

You can set this option at the implementation level on the Manage Expenses System Options page, which applies to all business units, or you can specify exceptions for specific business units on the Create System Options: Specific Business Unit dialog box.

Expense Types: Explained

An expense type is a potential expense that employees or contingent workers can incur that you define during setup. Expense types are granular expenses. For example, if Accommodations is an expense category, then possible expense types are Hotel, Motel, and Bed and Breakfast.

Setting up expense types in Expenses is explained by the following actions:

- Creating expense types
- Itemizing expense types
- Project-enabling expense types
- Enabling tax classification code defaulting

Creating Expense Types

When you create an expense type on the Create Expense Type page, you assign an account to the expense type. This enables the application to allocate expenses to a specific account. Additionally, you can optionally specify whether receipts are required when users submit expense reports for approval. You can also require submission of a receipt over a specified amount. This requirement can be set up for cash expenses, corporate card expenses, or both.

After you create expense types, you can associate them with corporate card expense types on the Card Expense Type Mapping tab of the Create Expense Template page. Corporate card expense types come predefined with Expenses or you can add them as additional lookups. Associating defined expense types with corporate card expense types enables Expenses to correctly derive expense types during the corporate card transaction upload process.

Itemizing Expense Types

Itemization is the breaking down of charges in a granular fashion so they can be applied to specific accounts. Itemization applies to both corporate card expense types and cash.

You set up itemization behavior on the Itemization tab of the Create or Edit Expense Type page according to your company's requirements by deciding whether to enable, disable, or require itemization by employees or contingent workers when they create an expense item during expense entry. During this setup, you also decide whether expense types you define are eligible during expense entry for itemization only, or whether they are also available as an independent, single expense type.

Note

When itemization is set up as Required or Enabled, you must include at least one expense type on the Itemization tab of the Create or Edit Expense Type page.

You can specify whether a corporate card expense type is a candidate for automatic itemization on the Card Expense Type Mapping tab of the Create or Edit Expense Template page for those expense types that have itemization set up. If you enable automatic itemization for an expense type, you must then select a default itemization expense type. A default itemization expense type is an expense type to which expenses default when they are outside the defined itemization. For example, if a deploying company maps corporate card expense types to expense types and identifies a default itemization expense type called Miscellaneous, then when the corporate card feed file is uploaded to Expenses, any unmapped expense types default to the Miscellaneous expense type.

Note

If automatic itemization is disabled for a specific expense type, then the expense type is not automatically itemized for you.

Project-Enabling Expense Types

Project-enabled expense types are associated with a project expenditure type in Oracle Fusion Project Costing if the user is allowed to enter project information. For example, a project-enabled expense type enables a consultant to allocate his consulting expenses to a specific project and its tasks during creation of an expense report.

On the Project Expenditure Type Mapping tab of the Create Expense Type page, you can set up project-enabled expense types by selecting the **Enable projects** check box. To project-enable expense types, you must also select a default project expenditure type, which is a project expense type to which unspecified project unit expenses are assigned. Additionally, you can optionally specify whether receipts are required for project expenses when the user submits an expense report.

The project-enabled expense type can be mapped to a specific project unit and a project expenditure type on an exception basis. It is the association of a project-enabled expense type with a project unit and a project expenditure type that derives accounting in Oracle Projects Costing.

Important

Before you can project-enable expense types, you must perform the following prerequisite setup in Oracle Fusion Project Foundation:

- Project unit: A unique identifier of a group of projects that are managed as a unit.
 - Project expenditure type: A classification of cost.
-

Enabling Tax Classification Code Defaulting

When you create an expense type on the Create Expense Type page, you can optionally specify the tax classification code that applies, if any, to the expense type. The tax classification code specified during the setup of an expense type defaults onto the Create Expense Item page where the user sees it during expense entry. If necessary, the user can override the specified tax classification code when he creates an expense item if the tax field is enabled on the expense report.

Expense Templates: Points to Consider

An expense template is a grouping of related expense types that are defined for a specific business unit. Examples of groupings of related expense types include expense templates for travel, education, and relocation. Expense templates enable companies to control the expense types visible to each business unit. Additionally, if your company processes corporate card transactions and you

want the expense types to be automatically assigned during corporate card transaction processing, you must set one expense template as a default expense template.

When creating expense templates, it is advisable to consider the following actions:

- Using expense templates
- Defining default expense templates
- Inactivating expense templates

Using Expense Templates

When employees or contingent workers create expense items in the **Create Expense Item** dialog box to add to a new or existing expense report for business or personal expenses incurred, they select a specific expense template, followed by an expense type.

The following rules apply to expense templates:

- Each business unit can have multiple expense templates associated with it.
- Expense templates cannot be shared across business units.

Note

If your company is established in multiple countries, you must create one expense template per business unit. If your users use multiple languages within a business unit, then you must implement the expense templates in each of those languages.

Defining Default Expense Templates

A default expense template is the first expense template that you create on the Create Expense Template page with corporate card expense type mapping. The application automatically sets such a template as the default expense template, whether or not you select the **Set as default** check box on the Create Expense Template page. You can also change the default template from one to another, as long as the one you are changing to has corporate card expense type mapping.

The purpose of a default expense template is to default expense types to credit card transactions so when employees or contingent workers visit the Expenses work area to create expense reports, they can see the expense types assigned to the corporate card transactions. The default expense template uses the corporate card expense type mapping to associate expense types with the corporate card transactions. This association occurs when the corporate card feed file containing corporate card charges is uploaded to Expenses.

The following rules apply to default expense templates:

- Each business unit can have only one default expense template associated with it.

- For any business unit, you can have a default expense template associated with it, with additional expense templates.
- For any business unit, you can have a default expense template associated with it, with no additional expense templates.

Note

If neither a default expense template nor an expense template is associated with a business unit, you cannot implement Expenses.

Inactivating Expense Templates

Deploying companies do not typically inactivate expense templates because they cannot use them after the end date. It is therefore advisable to leave the **Effective End Date** field blank, unless you intend to retire the expense template. Any expenses that are incurred after an end date cannot be reported using an inactivated expense template. It is more likely that you would inactivate individual expense types, rather than inactivating an entire expense template.

To inactivate an expense template, enter a date in the **Effective End Date** field on the Create Expense Template page. You can also inactivate individual expense types in the same way on the Create or Edit Expense Type page, but the expense template end date overrides the end date for individual expense types. Note that if the current date is past the expense template end date, an employee or contingent worker can still use the inactivated template to enter expenses on the expense report for the period in which the expense report was active.

Caution

If you decide to inactivate a default expense template, then no corporate card mapping occurs if no other default expense template is identified.

Expense Report Payment Hold Rules: Explained

You can set up expense report payment hold rules for individuals and corporate card issuers in the Expense Report Payment Hold region on the Create Receipt and Notification Rule page. You can then schedule and periodically run the Process Expense Report Reimbursement process, which checks whether any payment hold rules are in effect. An expense report payment hold rule is a component of the receipt and notification rule that is assigned to a specific business unit. A payment hold rule places current or future expense reports on hold when receipts are not received or when they are overdue. When expense report payment hold rules are implemented, reimbursement to the individual or payment to the corporate card issuer cannot occur until expense reports holds are released. The Process Expense Report Reimbursement process also checks whether expense report holds can be released.

Payment holds are released in the following ways:

- The expense auditor manually releases the payment hold at his discretion on the Audit Expense Report page by selecting the **Release Hold** option on the **Actions** menu.

- Based on receipt status, Expenses detects that receipts are received or waived and automatically releases the payment hold.

Note

Expenses does not create payment requests for expense reports that have missing or overdue receipts.

Holding expense report payments from individuals and corporate card issuers can include any of the following options:

- Hold payment until receipts are received.
Each expense report payment is held if required receipts are not received.
- Hold payment if receipts are overdue.
All submitted expense reports that require receipts are evaluated. If any have outstanding receipts, then payments for all subsequent expense reports are placed on hold.

Note

If an expense report is placed on payment hold due to overdue or missing corporate card transaction receipts, then neither the individual nor the corporate card issuer is reimbursed. This is applicable only when the payment liability for the card issuer is Both Pay.

Your company schedules and periodically runs the Process Expense Report Reimbursement process, which checks whether any payment hold rules are in effect. If they are, Expenses places payment holds on expense reports according to the specified payment hold rules. Individuals who have expense report payments held receive a notification. When receipts are received or waived, Expenses automatically releases holds. Alternatively, the expense auditor can manually release a hold at his discretion.

Note

By default, payments are not held for project-only expense reports. However, an implementer can specify inclusion of project-only expense reports as eligible for payment holds by selecting the **Apply hold rules to expense reports where every expense line contains project related information** check box in the Expense Report Payment Hold region on the Create Receipt and Notification Rules page.

FAQs for Define Expense Policies and Rules

How can I enforce terms and agreements?

You can enforce expense terms and agreements for all or specific business units by selecting **Yes** in the **Enable Terms and Agreements** choice list on the Manage Expenses System Options page. This choice list controls whether employees

are required to select the check box entitled **I have read the company policies before submitting expense reports**.

Can expense types be used across expense templates?

No. You cannot define an expense type in an expense template and reference that same expense type in another expense template.

You can, however, create an expense type with the same name in another expense template. Expense types are template-specific.

How can I enable users to select reimbursement currencies for each expense report?

You must set the setup option, **Allow Reimbursement Currency Selection**, to **Yes** and enable multiple currencies in Oracle Fusion Payables. If you do not want to allow users to choose the reimbursement currency, set this option to **No**.

By default, this setup option is set to **No**, which means that the expense report will be reimbursed in your ledger currency. You can optionally set the option at the implementation level on the **Manage Expenses System Options** page, which will apply to all business units, and you can specify exceptions for specific business units in the **Create System Options: Specific Business Unit** dialog box.

How can I enable users to select payment methods in expense reports?

You must set the system option, **Enable Payment Method**, to **Yes**. If you do not want to allow users to select the payment method for reimbursement of each expense report, set the option to **No**.

By default, this option is set to **No**. The application uses the default payment method, such as check or EFT, that was set up for the users' reimbursement. You can optionally set the option at the implementation level in the **Manage Expenses System Options** page, which will apply to all business units, and you can specify exceptions for specific business units in the **Create System Options: Specific Business Unit** dialog box.

How can I display the bar code?

You must set the system option, **Display Bar Code**, to **Yes**. The bar code is displayed in the expense reports and in the printed copies. This system option enables you to fax receipts, along with the expense report cover sheet with the bar code on it, to a server that uses image processing technology to automatically attach receipts to expense reports. You can set this system option at the implementation level in the **Manage Expenses System Options** page, which applies to all business units, and you can specify exceptions for specific business units in the **Create System Options: Specific Business Unit** dialog box.

How can I configure expense report number prefixes for different business units?

If you chose alphanumeric prefixes for expense report numbers, then you must enter the **Expense Report Number Prefix** as a setup option. You can define

prefixes at the implementation level on the Manage Expenses System Options page, which applies to all business units, and you can specify exceptions for specific business units or define the prefix for each business unit in the Create System Options: Specific Business Unit dialog box.

How can I enable expense auditors to audit expense reports for specific business units?

How can I create customized expense report audit selection rules?

How can I enable expense auditors to audit expense reports for specific business units?

You can enable expense auditors to audit expense reports for specific business units by assigning them specific expense auditor data roles for the business units. For example, to allow an expense auditor to audit expense reports for the Vision Operations and Vision Services business units, assign the Expense Auditor Vision Operations and Expense Auditor Vision Services data roles, respectively, to the expense auditor.

How can I create customized expense report audit selection rules?

You can create your own audit selection rules by using the Extend Audit Selection Rules API, which corresponds to the EXM_AUDIT_EXT_PUB package. Expenses first evaluates the audit selection rules listed on the Manage Expense Report Audit Selection Rules page to determine if an expense report requires auditing. Expenses then evaluates the rules specified in the Extend Audit Selection Rules API for customized audit rules that apply to your company's expense reports.

How can the administrator enable the Oracle Fusion Expenses mobile application on an iPhone or iPad?

Using the mobile device, users must download and install the Oracle Fusion Expenses mobile application from the Apple Store at <http://www.apple.com/iphone/from-the-app-store/>. Users require the following information to use the mobile application:

Host URL: If your company has a specific URL for the Oracle Fusion Financials domain, the host URL will be the URL for the Financials domain. The following URL is an example: <https://fusion-fin.mycompany.com:7002>. If your company has a single URL for the entire Oracle Fusion Applications, then the URL will be the URL for the Fusion Applications. The following URL is an example: <https://fusion.mycompany.com>. The server must use an https connection.

User Name and Password: This is the user's user name and password that he or she uses to access the Expenses web-based application.

If your company does not enable Fusion applications outside its firewall, users must connect to your company's network using a Virtual Private Network (VPN) for the initial connection and to upload expense items to Expenses web-based application. For convenience, users can enter expenses on the mobile device when they are not connected to VPN.

Define Image Processing

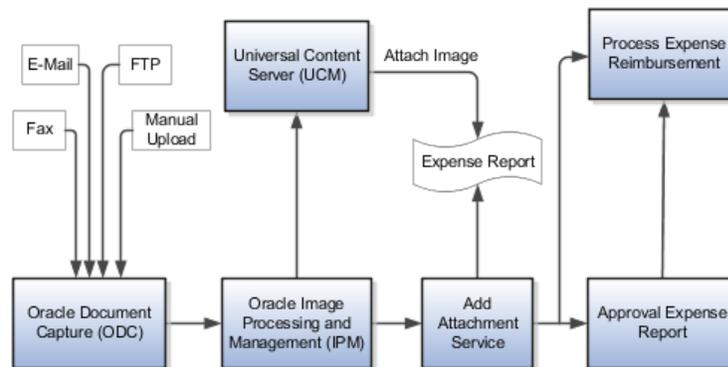
Receipt Images: How They Are Processed

To ensure the validity of employee expenses, companies often require their employees to submit receipts for their expenses. Organizations vary in their receipt submission requirements. Common methods of receipt submission include faxing or E-mailing receipts to accounts payables. To enable receipt of expense-related images by fax, E-mail, or from a file location on a server, Oracle Fusion Expenses integrates with Oracle Image Processing and Management (IPM) and Oracle Document Capture (ODC). This integration enables automatic attachment of receipt images to their respective expense reports.

Note

When you configure Expenses to require receipt images before manager approval, the expense reports are not routed for approval until receipts are received. That is, IPM invokes the approval process after the receipt images are received.

Before you can properly configure Expenses with IPM and ODC to process receipt images, you must first understand the receipt image process. The following figure illustrates the receipt image process.



How Receipt Images Are Processed

Receipt images are processed in the following stages:

- ODC receives receipt images.
- ODC processes the receipt image file to identify the expense report identifier.
- IPM retrieves images for further processing and invokes the Add Attachment to Expense Report service.

You can send receipt images to ODC by fax, E-mail, or by uploading receipt image files to a folder location that is accessible by ODC. You can upload receipt

image files to a specific location manually or by using a file transfer protocol (FTP) process.

ODC checks for receipt image files in predefined folders for each method of delivery. It scans the receipt image file for a bar code, derives the expense report identifier, and creates a text file with the expense report identifier for each receipt image file. The receipt image files and corresponding text files are transferred by ODC to a predefined folder that is accessible by IPM.

Note

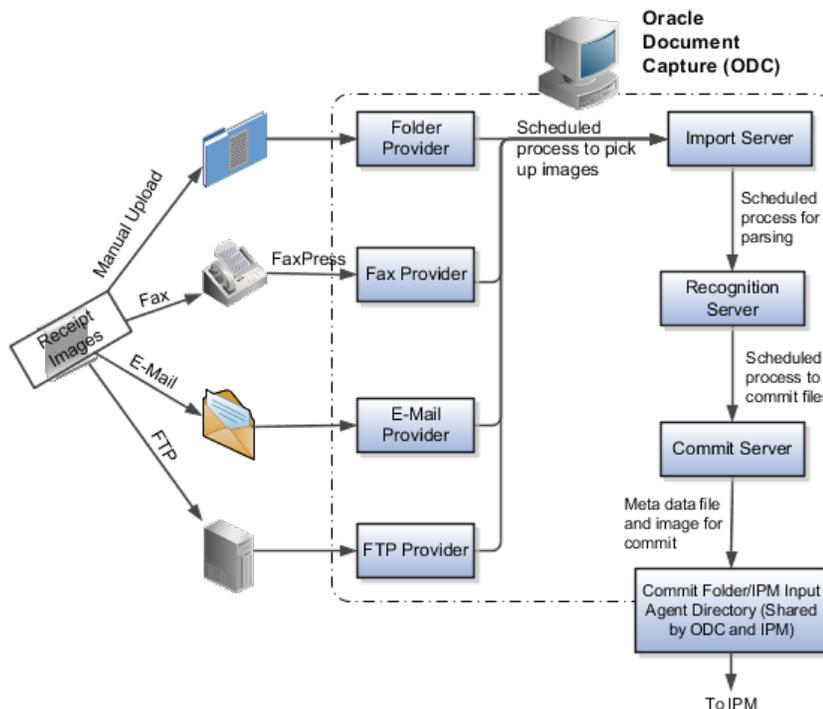
You must print the printable expense report page and fax or E-mail it as the first page of your receipt images. The first page of the receipt image file must be the printable expense report page with the bar code, otherwise ODC cannot accurately process the receipt image file.

IPM scans the predefined folder for receipt image files and the corresponding text files with expense report identifiers for attachment to expense reports. IPM then stores the receipt image file in the Universal Content Management (UCM) server and passes the location address of the receipt image file in UCM to the Add Attachment to Expense Report service that creates the attachments for the expense report in the attachments tables in Fusion applications.

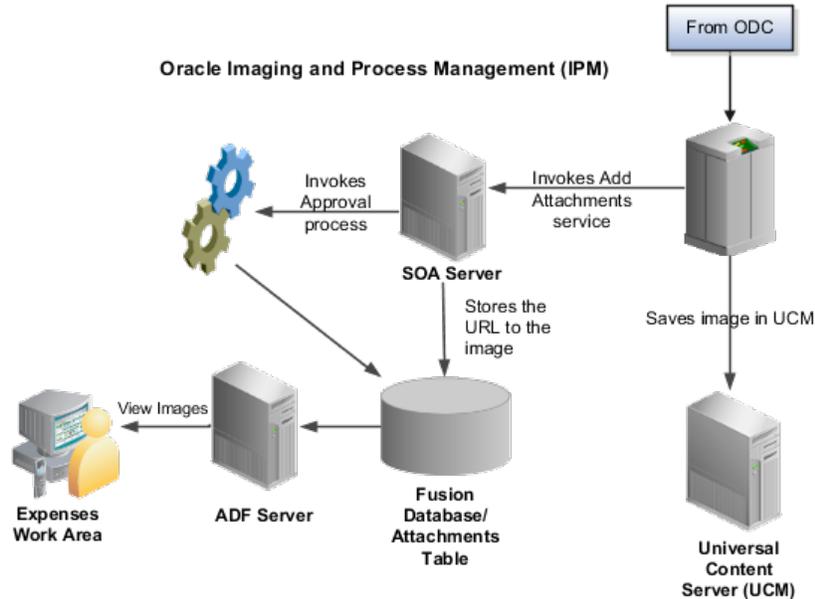
Receipt Image Processing Components: How They Work Together

To support automatic receipt image processing, Oracle Fusion Expenses uses Oracle Document Capture (ODC) and Oracle Image Processing and Management (IPM) to receive and process receipt image files, an Expenses service to automatically attach receipts to expense reports, and the Expenses work area to view expense report attachments. To store the receipt images, IPM uses Universal Content Management (UCM).

The following figure shows the ODC components that affect receipt image processing.



The following figure shows the IPM components that affect receipt image processing.



Oracle Document Capture

The receipt images sent to ODC by fax, E-Mail, or uploaded to a folder location, whether manually or automatically, are received by components known as providers. For each method of receipt image delivery, a corresponding provider receives the image. The following types of providers support the methods of receipt image delivery:

- The fax provider receives images sent to ODC by fax.
- The E-Mail provider receives images sent to ODC by E-Mail.
- The FTP provider receives images sent to a file location that is accessible by ODC.
- The folder provider receives images manually uploaded to a file location that is accessible by ODC.

Your company must configure the necessary providers to support the delivery methods that are applicable to its business. For detailed information on configuring providers, see the Oracle Document Capture User's Guide.

ODC is composed of the following components that receive and process image files:

- Providers
- Import server:
 - Imports documents from providers
 - Looks for images on a scheduled frequency
 - Retrieves and stores receipt images in a folder
- Recognition server:
 - Checks for images
 - Parses the bar code in the receipt image file to derive the expense report identifier

Note

If there are multiple receipt image files with the same bar code number, ODC creates a single metadata file. This single receipt image file can contain multiple pages of receipt images.

- Commit server:
 - Creates the metadata file with the extension .exmdat, which contains the expense report identifier and the image location
 - Transfers the receipt image file and the metadata file to the commit folder that IPM accesses to look for receipt image files that are waiting to be processed

Oracle Image Processing and Management

IPM uses one component, the input agent directory, to process receipt image files. The input agent directory is the location where IPM scans for receipt images and the metadata files to process. This directory and the ODC commit folder point to the same storage host, which is configured at the time of deployment.

IPM is configured to retrieve files from the input agent directory and checks the directory periodically for new files. Based on the configuration in the input definition Expense Reports Input, IPM recognizes the files by the file name mask *.exmdat. The metadata file contains two fields: **Full File Path** and **Expense Report Identifier** separated by a delimiter. IPM uses the "|" delimiter to derive the two fields from the metadata file.

IPM retrieves the receipt image files from the input agent directory and stores it in UCM. IPM then initiates the Add Attachment to Expense Report service defined in the workflow configuration to attach the receipt image to the expense report by creating an entry in the FND_ATTACHMENTS table. The attachment record stores the URL to the UCM location of the attachment. If the expense report has not been submitted for approval, the Add Attachment to Expense Report service initiates the expense report approval process.

Add Attachment to Expense Report Service

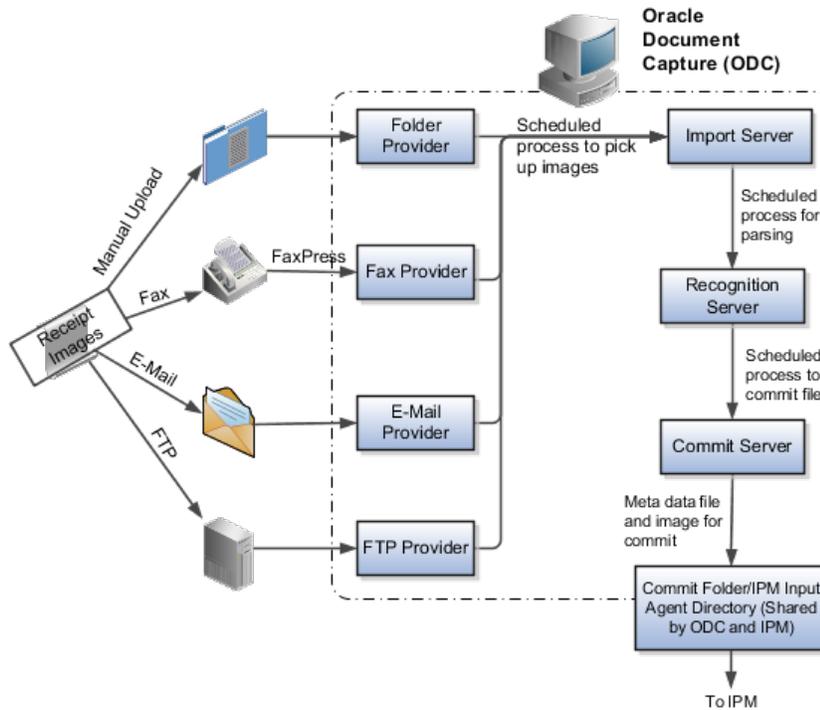
Expenses provides the Add Attachment to Expense Report service to attach receipt images to expense reports and optionally initiate approval processing. This service is defined in the Workflow Configuration region of IPM. The Add Attachment to Expense Report service creates an entry in the FND_ATTACHMENTS table with the URL to the UCM location where the image is stored. This service also initiates the approval process for expense reports that require approval.

Expenses Work Area

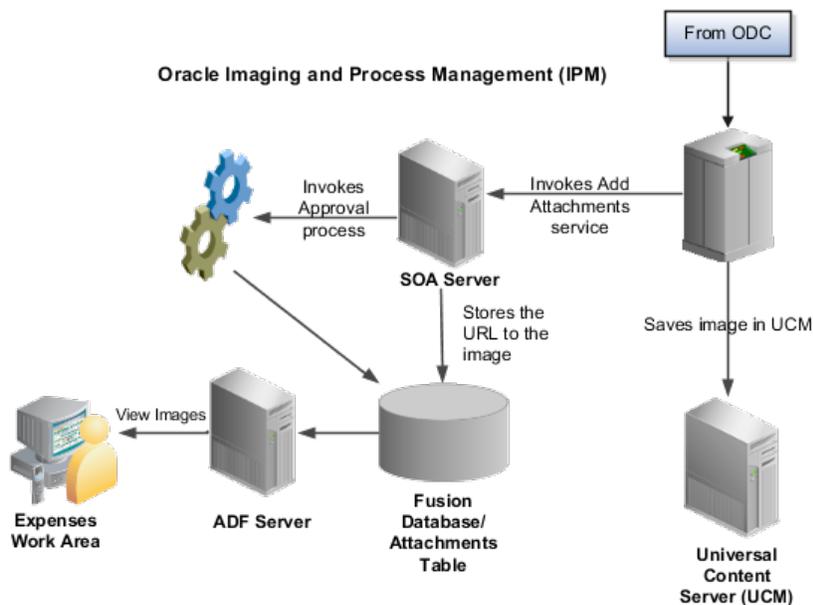
When receipt images are attached to an expense report, you can view and annotate the receipt images in the Expenses work area.

Setup Components That Affect Receipt Image Processing: How They Work Together

Setups in Oracle Fusion Expenses, Oracle Image Processing and Management (IPM), and Oracle Document Capture (ODC) affect receipt image processing. The following figure shows the ODC components that affect receipt image processing.



The following figure shows the IPM components that affect receipt image processing.



Setting Up Expenses to Wait for Receipts

If your company requires receipts to be submitted before managerial approval of expense reports, you can set up Expenses to do so by setting **Receipts Required Before Approval** to **Yes** on the Manage Expenses System Options page. Then, expense reports are not submitted for approval until receipts are received.

To enable the bar code to be printed on the expense report printable page, set the **Display Bar Code** to **Yes** on the Manage Expenses System Options page.

Setting Up IPM for Integration with Expenses

During the deployment of Fusion applications, IPM is automatically installed at your company with the configuration required for integrating with Expenses. You can access the configuration details for Expenses by logging into IPM as a user with the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR role.

The IPM configuration that is pertinent for Expenses includes the following:

- Application definition
- Input definition
- Search definition

The application definition captures details, such as application security, document security, field definition of the parameters required for IPM to process the images, and the workflow configuration. The application definition for Expenses is called Expense Reports Application. This application definition contains the packaged configuration for IPM to integrate with Expenses. The following table describes the application details predefined for Expense Reports Application.

Region	Component	Details
Application Security	Not applicable	Application security captures the roles, also called security groups, that can access the application definition and modify the details. By default, the FUN_FINANCIAL_APPLICATION_ADMINISTRATOR role is given access to the Expense Reports Application definition.
Document Security	Roles	By default, the following two roles are given access to view receipt images. <ul style="list-style-type: none"> • EXM_AUDITOR job role. During expense report auditing, auditors are required to verify receipt images to ensure the validity of the expenses. • PER_EMPLOYEE_ABSTRACT abstract role. This role is given document access to enable all employees to access receipt images from their expense reports in Expenses. When the receipt image is invoked from Expenses, Universal Content Management (UCM) checks whether the role accessing the document has the necessary privileges in IPM. The document is displayed in Expenses only if the user has sufficient privileges. At a minimum, an employee must have view, write, and delete access.

Document Security	Document Access	In addition to view, write, and delete, IPM allows users to annotate the image. To annotate, users must have one of the following for document access: Annotate Standard or Annotate Restricted. Users with Annotate Restricted access can create annotations that can be hidden from users without Annotate Restricted access.
Workflow Configuration	Not applicable	Workflow configuration stores the details of the service initiated by IPM that attaches the receipt images to expense reports using the expense report identifier. This service also initiates the expense report approval flow if the expense report needs to be approved after the receipt of images.

The input definition captures the location of the folder where IPM scans for receipt images and the format of the metadata file accompanying the receipt image. The input definition for Expenses, called Expense Reports Input, is created during deployment and contains the details described in the following table.

Region	Description
File Parameters	<p>The File Parameters region stores the metadata file extension, delimiter used in the metadata file, and the sample file. Sample values are provided for the input mask and delimiter. In IPM, this step is called Review Sample File.</p> <p>You can change the mask and the delimiter to suit your business needs. If you change the data in this step, you must change the mask and the delimiter in IPM.</p>
Field Mapping	The Field Mapping region maps the fields that are defined in the Field Definition region under the Application Summary page to the contents of the metadata file. The mapped fields include the Full File Path and the Expense Report ID .
Input Security	The Input Security region defines who can modify the input definition. By default, the FUN_FINANCIAL_APPLICATIONS_ADMINISTRATOR role is given access to modify the input definition.

The search definition stores the roles that are given access to search for documents by logging directly into IPM.

Note

No manual configuration is required for IPM. IPM's input folder points to a storage host, which is configured during IPM deployment.

Setting Up ODC for Integration with Expenses

Your company must manually install ODC on a Windows computer. ODC provides the packaged configuration for uploading receipt images to a folder for processing. Manual changes to the packaged configuration are required, however, to tailor ODC to meet your company's specific needs.

To facilitate receipt image processing, you must set up an ODC file cabinet. The packaged file cabinet for Expenses is called Expense Reports. The configuration for the commit server, which it uses to create and save the metadata file, is called Expense Reports Commit Text. During the ODC file cabinet setup, you define the following:

- Mapping of relevant information in ODC to IPM
- Location of the folder where processed receipt images and corresponding metadata files are stored

The following table presents the information you must capture during ODC setup.

File Cabinet Setup	Field	Predefined Value	Additional Information
File Cabinet Index Fields		Expense Report ID	The field in the metadata file that stores the value of the parsed bar code.
		Delimiter	The delimiter character that separates the data in the metadata file. The delimiter is "|".
		IPM Dest1	<p>IPM Dest1 to IPM Dest 4 store the absolute path to the location of the folder where image files and metadata files are stored for processing by IPM. These four fields are defined to accommodate folder locations that exceed the length limit. The location of the folder will be derived as IPM Dest 1 | | IPM Dest 2 | | IPM Dest 3 | | IPM Dest 4.</p> <hr/> <p>Note</p> <p>Deploying company must change the value to reflect the destination folder in its system.</p>
		IPM Dest2	<hr/> <p>Note</p> <p>Deploying company must change the value to reflect the destination folder in its system.</p> <hr/>

		IPM Dest3	<p>Note</p> <p>Deploying company must change the value to reflect the destination folder in its system.</p>
		IPM Dest4	<p>Note</p> <p>Deploying company must change the value to reflect the destination folder in its system.</p>
Commit Profile/Commit Driver Configuration/General/Text File Folder	Do Not Create Commit Text File	Unchecked	
	Export Folder	Example: C:\ODC Projects\EXM\Export	<p>The folder where metadata files are stored by ODC after processing.</p> <p>Note</p> <p>Deploying company must change the value to reflect the export folder in its system.</p>
	File Extension	exmdat	
Commit Profile/Commit Driver Configuration/General/Document Folder	Export Folder	Example: C:\ODC Projects\EXM\Export	<p>The folder where images are stored by ODC after processing.</p> <p>Note</p> <p>Deploying company must change the value to reflect the export folder in its system.</p>
	Create a Folder per Committed Batch	Unchecked	
Formatting	Field Delimiter	None	

	Fields to Include	IPM Dest1 IPM Dest2 IPM Dest3 IPM Dest4 File Name Relative Path Delimiter Expense Report ID	The details written into the metadata file and the format. This includes the full file path of the processed image file and the expense report identifier separated by the delimiter. For example, the resulting entry in the image file will look like: /slot/ems7795/appmgr/provisioning/mw_home/instance/domains/machine/company/com/CommonDomain/IPM/InputAgent/Input/100000012512081.TIF|100000012512081.
Document File Naming	Name Document Based on Index Values	Checked	
	Selected Fields	Expense Report ID	These two fields will rename the receipt image file.
		Batch ID	Batch ID of the process. The image file when received by ODC is renamed to Expense Report ID - Batch ID to ensure uniqueness of receipt image file name.
Document Output Format		TIFF - Multiple Page	

The import server setup defines the details required for the different providers, such as the E-Mail provider and the folder provider that deliver receipt images. The E-Mail provider does not support SSL connections.

E-Mail provider and folder provider sample configurations are included with ODC. If you plan to receive images through fax or FTP, you must configure the settings for the fax provider or the FTP provider respectively.

The following table presents the information you must capture during the import server setup.

Import Server Setup	Field	Predefined Value	Additional Information
E-Mail Provider			
Batch Job Settings/Job for E-Mail Provider/General	File Cabinet	Expense Reports	Name of the file cabinet setup.
	Batch Prefix	EXM-EM	

	Log File Path		Enter the local directory path for the log file. Example: C:\Program Files\Oracle\Document Capture\Logs.
Processing	If Invalid Page Found or Time Out Occurs	Abort batch	
Import Output	Retain Native Image Format	Yes	Example: expense_receipts@company.com.
E-Mail Provider Settings	Email Accounts		Example: expense_receipts at company.com. <hr/> Note Deploying company must change the value to reflect the E-Mail accounts in its system.
E-Mail Provider Settings/E-Mail Filters/ Attachment Processing	Include Attachments Matching the Following Mask(s)	*.TIF *.DOC *.PDF	
E-Mail Provider Settings/E-Mail Filters/ Post Processing	Upon Successful Import	Delete Messages	
	Upon Failed Import	Don't Delete Message	
Folder Provider			
Batch Job Settings/Job for Folder Provider/ General	File Cabinet	Expense Reports	Name of the file cabinet setup.
	Batch Prefix	EXM-FD	
	Log File Path		Enter the local directory path for the log file. Example: C:\Program Files\Oracle\Document Capture\Logs.
Processing	If Invalid Page Found or Time Out Occurs	Abort batch	
Import Output	Retain Native Image Format	Yes	
Folder Provider Settings	Import Folder		Enter the local directory path for the import folder. This is the location where the folder provider receives receipt images.
	File Mask	EXM*	
	Create a New Batch	For Each File	

	After Import/ Add Prefix to Image File Name	Checked	
	Prefix	Processed	
Server/Scheduler	Schedule Event	Folder/List File Provider - Expense Reports	Note Deploying company must change the value to reflect the scheduled event in its system.
	Frequency	Every 30 seconds	Note Deploying company must change the value to reflect the frequency in its system.

The recognition server setup defines the details required for the recognition server component of ODC to derive relevant details from receipt image files. The following table presents the information you must capture during the recognition server setup.

Recognition Server Setup	Field	Predefined Value	Additional Information
Batch Job Settings/ General	Batch Job Name	Expense Reports	
	File Cabinet	Expense Reports	Name of the file cabinet setup.
	Batch Prefix	EXM	
	Log File Path		Enter the local directory path for the log file.
	Use Commit Server	Checked	
	If Pages Remain After Processing, Notify by Email		Enter the E-Mail ID to be notified if an error occurs while processing a batch.
Batch Job Settings/ Processing	Each Batch Consists of	One Document Only	
	Pages to Read Barcodes	1	
Document Separation	Bar Code	Expense Report ID	
	Clear All Index Values	Checked	
	Keep Document Separator	Checked	
Bar Code Recognition	Auto Detect	Code 128	Note Deploying company must change the value to reflect the auto detect in its system if the bar code is generated using another code.

	Number of Bar Code to Detect	Limit to 1	
Bar Code	Bar Code Definition	Expense Report ID	
Fields/Delimiter	Auto Populate with	Default of "/"	
Fields	Expense Report ID	Required	
	Auto Populate With	Bar Code	
	Description	Expense Report ID	
Fields/IPM Dest1	Auto Populate with	IPM Dest1 IPM Dest2 IPM Dest3 IPM Dest4	<p>This is the folder where ODC posts images and metadata files for processing by IPM. Due to length limitation, four fields are available to enter the partial absolute path information that, when concatenated, gives the complete absolute path.</p> <p>If the file path is long, enter partial paths in all four fields. If you do not need four fields to enter the complete path, you can leave the remaining fields in IPM Dest<n>blank.</p> <hr/> <p>Note</p> <p>Deploying company must change the value to reflect the destination folder in its system.</p>
Server/Scheduler	Schedule Event	Expense Reports	<hr/> <p>Note</p> <p>Deploying company must select the applicable file cabinet.</p>
	Frequency	Every 30 seconds	<hr/> <p>Note</p> <p>Deploying company must change the value to reflect the frequency in its system.</p>

The commit server setup defines the details for the commit server to transfer the receipt image files and the metadata files to a location accessible to IPM for further processing.

The following table presents the information you must capture during the commit server setup.

Commit Server Setup	Field	Predefined Value	Additional Information
Batch Job Settings/ General	File Cabinet	Expense Reports	
Batch Criteria	Process Specific Batches with Prefix	EXM	
	Batch Status	All	
	Processing Order	Sort Before Commit Order by Batch Name Ascending	
Server/Scheduler	Schedule Event	Expense Reports	Note Deploying company must select the applicable file cabinet.
	Frequency	Every 30 seconds	Note Deploying company must change the value to reflect the frequency in its system.
	Server	Activate	

Define Assets Configuration

Asset Category Key Flexfield: Explained

Define the Asset Category key flexfield so that you can create categories and group assets by financial information in relevant categories. Define your Asset Category flexfield segments to fit the specific needs of your organization. You must define at least one subcategory segment to allow for distinctions within a major category.

You can define up to seven segments for your Asset Category key flexfield. Since Oracle Fusion Assets only displays a limited number of characters on its forms and reports, you may want to use only two or three segments so that all of them can be displayed. Also, since you must define depreciation rules for each category flexfield combination, more segments require more setup and maintenance effort.

Warning

Plan your flexfield carefully. Once you begin entering assets using the flexfield, you cannot change it.

System Controls: Explained

System controls provide information about the structure of your company.

Define system controls by identifying:

- Your enterprise (company) name
- The oldest date placed in service
- Your flexfield structures
- Your asset numbering scheme

Enterprise Name

The enterprise name establishes the name that appears on Oracle Fusion Assets reports.

Oldest Date Placed in Service

The oldest date placed in service controls what dates are valid to place assets in service and on what date to begin your calendars. You can only update the oldest date placed in service before you assign any calendars to depreciation books.

Flexfield Structures

Define your company's Category, Location, and Asset Key flexfields structures, which will be used to record transactions.

Configure flexfield segments to capture data that represents the values of attributes. You can define any number of segments for each flexfield, but Assets supports only one structure. The administrator must choose a structure for each key flexfield that will be used to record transactions.

Automatic Asset Numbering

The starting asset number defines the number to begin automatically numbering your assets. Note that some asset numbers may be skipped.

When you use automatic numbering, then manual numbering must be less than the starting asset number that you have established. In other words, if you start automatic numbering at 50,001, manual numbering must be between 1 and 50,000. Asset numbers with a letter in them are not reserved for automatic asset numbering, since the automatic numbers are a numerical sequence.

If you are converting from another system, you can enter a starting number greater than the number of assets you want to convert so converted assets keep the same number from the previous system. For example, if you are converting 75,000 assets, you can enter 100,001 as the starting number to reserve the numbers 1 to 100,000 for manual asset numbering. Note that adding the 75,000 assets will increment the automatic numbering sequence by 75,000 (automatically numbered assets will begin at 175,001).

Fiscal Years: Explained

A fiscal year is a standard set of periods used to prepare annual financial statements for reporting and tax purposes. Normally its twelve months period, this will vary from business to business and also country to country. A fiscal year can also be referred to as a financial year or a budget year.

You need to define the start date and end date for each of your fiscal years starting from the earliest date placed in service through at least one fiscal year beyond the current fiscal year. You need to define at least one calendar for each fiscal year to break the fiscal year into multiple reportable periods, such as months.

Note

Depreciation will fail if the current fiscal year is the last fiscal year you have set up.

Consider the following when setting up your fiscal years.

Multiple Fiscal Years

You can set up multiple fiscal years and assign different fiscal years to your different corporate books to meet the various reporting and tax requirements.

Tax Books

The fiscal year should be the same for a corporate book and all its associated tax books. In other words, the calendar for a tax book must use the same fiscal year name as the calendar for its associated corporate book.

Asset Key Flexfield: Explained

Use the Asset Key flexfield in Oracle Fusion Assets to group your assets by non-financial information. You design your Asset Key flexfield to record the information you want. You can assign the same asset key to many assets to easily find similar assets. All Assets transaction pages allow you to query assets using the asset key, and help you find your assets without an asset number.

Even If you choose not to track assets using the asset key, you must define at least one segment Asset Key flexfield without validation because the Asset Key flexfield structure is required to set up the system controls.

Warning

Plan your flexfield carefully. Once you begin entering assets using the flexfield, you cannot change it.

Asset Categories: Explained

Asset categories let you define information that is common to a group of assets, such as the depreciation method and the prorate convention.

General category information includes a description of the category, and default information such as whether assets in this category are leased or owned, personal or real property, and whether they are capitalized. You can also specify if assets by default are in physical inventory or are enabled in Oracle Fusion Assets.

Asset categories also contain:

- General Ledger accounts
- Default depreciation rules
- Tax book depreciation rules
- Default subcomponent depreciation rules
- Group asset depreciation rules

General Ledger Accounts

You assign General Ledger accounts to your category during category setup.

Assign the following General Ledger accounts when defining asset categories:

- Asset Cost account: Reconcile asset costs to your general ledger. Assets creates journal entries for this account to reflect additions, retirements, cost changes, transfers, reclassifications, and capitalizations.

- **Asset Clearing account:** Reconcile your payables system and Assets for manual asset additions and cost adjustments. For mass additions, Assets uses the complete account combination that comes over with a mass addition line to reconcile the asset addition or cost adjustment with your payables system.
- **Depreciation Expense account:** Charge depreciation for assets in this category and book to this account.
- **Accumulated Depreciation account:** Use this account as the contra account for the asset cost account for this category.
- **Bonus Expense account:** Use this account if you have set up bonus rates. If you do not enter a value in the bonus expense account, it defaults to the depreciation expense account.
- **Bonus Reserve account:** Use this account to post bonus reserves. If you do not enter a value for the bonus reserve account, it defaults to the accumulated depreciation account.
- **CIP Cost account:** Reconcile construction-in-process (CIP) asset costs to your general ledger.
- **CIP Clearing account:** Use this account if you entered a CIP cost account.
- **Unplanned Depreciation Expense account:** Charge unplanned depreciation for assets in this category and book to this account.

Default Depreciation Rules

Set up default depreciation rules for each category in each book. The default depreciation rules that you set up for a category also depend upon the date placed in service ranges you specify. Oracle Fusion Assets defaults the depreciation rules when you add an asset, to help you add assets quickly. If the default does not apply, you can override many of the defaults for an individual asset.

Set up the following default depreciation rules when defining asset categories:

- **Placed in service range:** When you add an asset, the depreciation rules default according to the date placed in service of the asset, the category, and the book. You can specify as many ranges of default depreciation rules as you need. If you leave the end date blank, Assets uses that set of depreciation rules indefinitely.
- **Depreciate:** The **Depreciate** check box specifies whether assets are normally depreciated in this book and category.

Note

Expensed assets are not depreciated, even if the **Depreciate** check box is checked.

- **Method:** Specifies the default depreciation method for assets in this book and category:
 - If you enter a life-based method, you must enter the asset life in years and months. The table-based method you enter must have the same number of periods as the prorate calendar for this book.

- If you enter a flat-rate method, you must enter default values for the basic rate and adjusted rate that you normally use to depreciate assets in this book and category. If you are defining this category for a tax book, you also can enter a bonus rule.
- Depreciation limit type: Specifies whether to depreciate an asset beyond the recoverable cost in the years following the useful life of the asset.
- Bonus rule: Specifies the default bonus rule for assets in this book and category. You can use bonus rules for corporate books and tax books, using all depreciation methods.
- Prorate convention and retirement convention: Specifies the default prorate and retirement conventions assigned to assets in this book and category.
- Default salvage value: Specifies a default salvage value percentage for this category, book, and range of dates placed in service. This rule is valid only if you chose to use the default percentage from the salvage value for this book.

For example, if you want the salvage value to default to 10 percent of the cost, enter 10. When you perform transactions affecting asset cost, Assets uses this default percentage to calculate the salvage value according to the following formula:

$$\text{Salvage Value} = \text{Cost} * \text{Default Percentage}$$

For tax books, optionally enter either a depreciation expense or cost ceiling.

- Depreciation ceiling: Specifies the depreciation expense limit to be used for assets in this tax book and category.
- Capital gains threshold: Specifies the minimum time you must hold an asset for Assets to report it as a capital gain when you retire it.
- Mass property eligible: Specifies whether assets added to this category are eligible to be mass property assets. A mass property asset contains multiple assets with the same category, book, and fiscal year combination.

Tax Book Depreciation Rules

The following depreciation rules are specific only to tax books:

- Straight line for retirements: Specifies that a straight-line depreciation method is used to determine the gain or loss resulting from the retirement of 1250 (real) property.
- Method: Specifies the default depreciation method for assets in tax books.
- Life: Specifies the default number of years and months for assets in tax books.

Default Subcomponent Depreciation Rules

The following depreciation rules are specific only to assets that are subcomponent assets of parent assets:

- Rule: Specifies the default life of the subcomponent asset based on the life of the parent asset.
 - None (leave field blank): There is no connection between the life of the subcomponent asset and the parent asset. Assets defaults the subcomponent asset life from the asset category.
 - Same end date (no minimum life specified): The subcomponent asset becomes fully depreciated on the same day as the parent asset or at the end of the category default life, whichever is sooner. The default subcomponent asset life is based on the end of the parent asset life and the category default life. If the parent asset is fully reserved, Assets gives the subcomponent asset a default life of one month.
 - Same end date (minimum life specified): The subcomponent asset becomes fully depreciated on the same day as the parent asset, unless the parent asset life is shorter than the minimum life you specify. The subcomponent asset's life is determined based on the end of the parent asset's life, the category default life, and the minimum life. If the parent asset's remaining life and the category default life are both less than the minimum life you enter, Assets uses the minimum life for the subcomponent asset. Otherwise, it uses the lesser of the parent asset's remaining life and the category default life.
 - Same life: The subcomponent asset uses the same life as the parent asset. It depreciates for the same total number of periods. If the subcomponent asset is acquired after the parent asset, it depreciates beyond the end date of the parent asset life.
 - Minimum life (years and months): Specifies the minimum life of subcomponent asset when you choose same end date for the subcomponent life rule. If the parent asset's remaining life and the category default life are both less than the minimum life you enter, Assets uses the minimum life for the subcomponent asset. Otherwise, it uses the lesser of the parent asset's remaining life and the category default life.

Group Asset Depreciation Rules

The following depreciation rules are specific only to group assets and their member assets:

- Recognize gain or loss: Specifies that gain and loss is not recognized at the time of the retirement. This option applies only to member assets that are members of a group asset.
- Terminal gain or loss: Specifies whether to recognize terminal gain and loss immediately, at the end of the year, or not at all. Terminal gain or loss occurs when the last member asset in a group asset is retired and no additional assets will be added to the group asset. The remaining accumulate depreciation balance in the group asset is the terminal gain or loss amount.
- Recapture excess reserve: Specifies whether the excess group asset accumulated depreciation should be recaptured and recognized as a gain.
- Limit net proceeds to cost: Specifies that the amount of proceeds that may be added to accumulated depreciation is limited to the recoverable cost of

the retiring member asset. This rule is available only if you specified that gain and loss is not recognized.

- **Tracking Method**
 - **Allocate group amount:** Specifies whether to allocate the calculated group depreciation amount to its member assets. The allocation is based on the depreciable basis of the member assets.
 - **Calculate member asset amount:** Specifies if depreciation is calculated at the member asset level.
 - **Group asset:** Specifies the group asset to which all assets added to this category will be assigned. If you enter a group asset number in this field, all capitalized and construction-in-process (CIP) assets using this category will be automatically assigned to the group asset entered.

Location Flexfield: Explained

Oracle Fusion Assets uses the Location flexfield to group and track your assets by physical location. Define the Location flexfield structure to fit the specific needs of your organization. Choose the number of segments, the length of each segment, the name, and the order of each segment in your Location flexfield. You must define a state segment and up to six other location segments.

For example, if you do business internationally (or plan to do so in the future), you may want to track the country an asset is in. You may also want to include segments for state, city, and site. If you track asset locations in more detail, for example, if you use barcodes, you can also add segments for the building and room number.

The location name (all segments concatenated) appears on forms and reports, which display only a limited number of characters. You may want to abbreviate some location segment values.

Warning

Plan your flexfield carefully. Once you begin entering assets using the flexfield, you cannot change it.

Creating Calendars: Points to Consider

Calendars break down your fiscal year into accounting periods. Define your calendars with as many periods as necessary for your reporting and tax regulation requirements. Each book you set up requires a depreciation calendar and a prorate calendar. You can use one calendar for multiple depreciation books and as both the depreciation and prorate calendar for a book.

Corporate books can share the same calendar. A tax book can have a different calendar than its associated corporate book. The calendar for a tax book must use the same fiscal year name as the calendar for the associated tax book.

Important

You must initially set up all calendar periods from the period corresponding to the oldest date placed in service to the last day of the current fiscal year. You

must set up at least one period before the current period. At the end of each fiscal year, Oracle Fusion Assets automatically sets up the periods for the next fiscal year.

Define calendars according to your needs. For example, to define a 4-4-5 calendar, set up your fiscal years, depreciation calendar, and prorate calendar with different start and end dates, and fill in the uneven periods. You can divide annual depreciation proportionately according to the number of days in each period or evenly in each period.

Before you can set up a calendar, you must have completed setting up the following:

- System controls
- Fiscal years

Depreciation Calendar

The depreciation calendar determines the number of accounting periods in your fiscal year.

Important

If you assign the depreciation calendar to a book from which you create journal entries and transfer it to your general ledger, you must set up your depreciation calendar with the same period names you set up in your general ledger.

Prorate Calendar

The prorate calendar determines what rate Assets uses to calculate annual depreciation by mapping each date to a prorate period, which corresponds to a set of rates in the rate table.

The Depreciation process uses the prorate calendar to determine the prorate period that is used to choose the depreciation rate.

Prorate and Retirement Conventions: Explained

Oracle Fusion Assets uses prorate and retirement conventions to determine how much depreciation to take in the first and last year of an asset's life.

To determine depreciation, set up:

- Prorate conventions
- Retirement conventions

Prorate Conventions

Define prorate conventions to determine depreciation in the first and last year of an asset's life, based on when you place the asset in service. Since assets can be acquired at any time in a given period, prorate conventions must account for every date in the fiscal year for assets to depreciate properly. The prorate convention and the date placed in service determine the prorate date. Assets uses the prorate date to determine the prorate period in your prorate calendar.

Important

You must initially set up all your prorate conventions from the convention period corresponding to the oldest date placed in service through the end of the current fiscal year. At the end of each fiscal year, Assets automatically sets up your prorate conventions for the next fiscal year.

Assets prorates the depreciation taken for an asset in its first fiscal year of life according to the prorate date. For example, if you use the half-year prorate convention, the prorate date of all assets using that convention is simply the midpoint of your fiscal year. So assets acquired in the same fiscal year take the same amount (half a year's worth) of depreciation in the first year. If however, you use the following month prorate convention, the prorate date is the beginning of the month following the month placed in service, so the amount of depreciation taken for assets acquired in the same fiscal year varies according to the month they were placed in service.

Your reporting authority's depreciation regulations determine the amount of depreciation to take in the asset's first year of life. For example, some governments require that you prorate depreciation according to the number of months you hold an asset in its first fiscal year of life. In this case, your prorate convention has twelve rate periods, one for each month of the year. Other reporting authorities require that you prorate depreciation according to the number of days that you hold an asset in its first year of life. This means that the fiscal year depreciation amount would vary depending on the day you added the asset. Thus, your prorate convention contains 365 prorate periods, one for each day of the year.

Retirement Conventions

If you do business in a country that requires you to use a different prorate convention for retirements than for additions, set up retirement conventions to determine how much depreciation to take in the last year of life, based on the retirement date.

If you retire the asset before it is fully reserved, then Assets uses the prorate date from the retirement convention to determine how much depreciation to take in the asset's last year of life.

Depreciation Methods: Explained

Depreciation methods specify how to allocate the asset cost. Use Oracle Fusion Assets predefined depreciation methods or define additional depreciation methods to accommodate your financial and accounting needs.

Consider the following when using or customizing depreciation methods.

Predefined Depreciation Methods

Assets provides the following predefined depreciation methods:

- Straight-Line
- 150 Declining Balance with Straight-Line Switch
- 200 Declining Balance with Straight-Line Switch
- ACRS: Low-Income Foreign

- ACRS: Personal Foreign
- ACRS: Real Foreign Mid-Month Convention
- ACRS: Low-Income
- ACRS: Low-Income Mid-Month Convention
- ACRS: Personal Straight-Line
- ACRS: Real
- ACRS: Real Mid-Month Convention
- ACRS: Real Straight-Line
- ACRS: Real Straight-Line Mid-Month Convention
- Alternative Minimum Tax: Half-Year Convention
- Alternative Minimum Tax: Mid-Quarter Convention
- MACRS: Half-Year Convention
- MACRS: Mid-Quarter Convention
- MACRS: Straight-Line Half-Year Convention
- MACRS: Straight-Line Mid-Month Convention
- MACRS: Straight-Line Mid-Quarter Convention
- Sum of Years Digits

Custom Depreciation Methods

Your financial and accounting needs may require that you set up additional depreciation methods other than the predefined methods Assets includes. For example, once a depreciation method is in use, it cannot be modified. Therefore, any modification to existing rates within a method requires that you define a new depreciation method.

Define the following types of depreciation methods:

- **Calculated (straight-line):** Calculates the annual depreciation rate by dividing the life (in years) into one. Calculated methods spread the asset value evenly over the life of the asset.
- **Table-based:** Calculates the annual depreciation using the depreciation method and life to determine which rate table to use. Then, it uses the prorate period and year of life to determine which of the rates in the table to use.
- **Flat-rate:** Calculates the annual depreciation as the depreciation rate multiplied by the recoverable cost or net book value, multiplied by the fraction of a year the asset was held.

Formula-Based Depreciation Methods

Define formula-based depreciation methods when the existing methods are not adequate to handle your company's depreciation requirements.

Assets provides predefined variables and functions you use to create formula-based depreciation methods. Any formulas you create are saved for later use.

Important

It is essential that you plan and thoroughly test your custom depreciation formulas to ensure that your assets will depreciate correctly. Poorly thought out depreciation formulas can cause unexpected and incorrect depreciation rates.

Bonus Depreciation Rules

Use bonus rules to increase the annual depreciation expense for assets in the early years of an asset's life using flat-rate, straight-line, table-based, and formula-based depreciation methods. A bonus rule can have a different bonus rate for each year of the asset's life. You can modify the rate at any time for current and future fiscal years. You can use bonus rules with corporate books as well as tax books.

You can also set up negative bonus rates to amortize bonus reserve.

Note

You cannot remove the bonus rule from an asset. You can only change the bonus rule. If the asset is not required to take additional depreciation then you need to change the bonus rule to another rule with rate of zero.

Depreciable Basis Rules

Assets provides depreciable basis rules feature to accommodate depreciation method setup requirements not met by the cost or net book value calculation basis types. The combination of the depreciable basis rule and the depreciation method determine how the depreciable basis is derived.

Creating or Modifying Asset Books: Points to Consider

You can set up an unlimited number of independent asset books. Each book has its own set of depreciation rules, accounts, and calendars to organize and implement your fixed assets accounting policies more effectively. You must set up your asset books before you can add assets to them.

An asset can have different financial information and depreciation rules in each book. For example, you can make the asset cost in your tax book different from the cost in the associated corporate book. Because the books are independent, you can run depreciation for each book on a different schedule.

In Oracle Fusion Assets, user access to the data is secured at the asset book level. Each user can view and update the assets only in the asset book to which they have access.

While defining your asset books you need to select the reference data set for the following set up and lookup objects:

- Bonus Rules
- Depreciation Ceilings
- Depreciation Methods
- Descriptions
- Prorate Convention

- Queue Name
- Retirement Type
- Unplanned Type

While defining these set up and lookup objects, you need to use the same reference data set value that you assigned to the book for which these are created. While adding an asset or performing any transaction on an asset in the book, you will see only the setup object values that share the reference data set with this book.

Before you can set up an asset book, you must have completed setting up the following:

- Define ledgers
- Define asset accounts
- Define system controls
- Define fiscal years
- Define calendars
- Define prorate conventions
- Define reference data sets

You can define the following types of asset books:

- Corporate
- Tax

Defining Corporate Books

An asset can belong to any number of tax books, but must belong to only one corporate book. New or existing assets must first be added to a corporate book and then can be easily copied to all the associated tax books.

You can set up multiple corporate books that create journal entries for different ledgers, or for the same ledger. In either case, you must run depreciation and create journal entries for each book. For each corporate book, you can set up multiple tax books and associate all of them to the corporate book.

Defining Tax Books

A tax book must be associated with a corporate book so that the assets and transactions are easily copied from the corporate book. This helps to maintain multiple accounting and depreciation representations for assets with minimal effort.

Tax books can have different calendars than their associated corporate books, as long as both calendars uses the same fiscal year. You can use the tax rules to control what transactions need to be copied from the corporate book to the tax book.

You can associate the tax book to ledger of its corporate book or to a different ledger. You can also optionally create journal entries and transfer to your general ledger. The different ledger must be a secondary ledger of the ledger assigned to the corporate book and the following conditions must be satisfied:

- Enable Oracle Fusion Subledger Accounting and set Use Primary Ledger Amounts to No in the accounting options of the secondary ledger setup.
- Enable Assets for Subledger Accounting for the secondary ledger.

Note

When setting up a tax book that is linked to a secondary ledger, the chart of accounts and currency must be the same as the primary ledger that is linked to the corporate book.

Defining Cash-Generating Units: Worked Example

This example demonstrates how to create a new cash-generating unit.

Defining a Cash-Generating Unit

1. On the Setup and Maintenance work area, enter Define Fixed Asset Configuration in the **Name** field.
2. Click the **Search** button.
3. Click the **Go to Task** link in the Manage Cash Generating Units row to open the Manage Cash Generating Units page.
4. On the Manage Cash Generating Units page, click the **Add Row** button.
5. Complete the fields as shown in the following table:

Field	Value
Book	OPS CORP
Name	Manufacturing CGU
Description	Manufacturing Division Cash-Generating Unit

6. Click the **Save and Close** button.

Using a Cash-Generating Unit: Example

The following example illustrates how to use cash-generating units for a mining enterprise.

Using a Cash-Generating Unit for a Mining Enterprise

A mining enterprise owns a private railway to support its mining activities. The private railway can be sold only for scrap value and the private railway does not generate cash inflows from continuing use that are largely independent of the cash inflows from the other assets of the mine.

It is not possible to estimate the recoverable amount of the private railway because its value in use cannot be determined, and probably is different from its value as scrap. Therefore, the entity needs to estimate the recoverable amount of the cash generating unit to which the railway provides service (the mine as a whole).

Create a cash-generating unit representing the entire mining enterprise so that the impairment loss can be calculated for the mine as a whole and allocated to all assets in that cash-generating unit.

Oracle Fusion Assets Profile Options: Critical Choices

Set profile options to specify how Oracle Fusion Assets controls access to and processes data, such as:

- The number of requests you can run in parallel
- The timing diagnostic message value
- The amount of database information retained in a concurrent process
- The cache reset value
- The batch size used for bulk processing in mass processes
- The book selected by default in Assets pages

Parallel Request Number

This profile option controls the number of requests you can run in parallel for Assets processes that can run in parallel. For example, use this profile option to run parallel depreciation processes.

Profile Option Display Name	Default Value	Effect
Parallel Request Number	1	You can enter a number between 1 and 20 to specify the maximum number of parallel requests you want to allow. If you set a value that is greater than 1, you can run multiple processes at the same time. For example, if you set the value to 5, you can run multiple Depreciation processes.

Timing Diagnostics

You set whether timing diagnostic messages are printed in concurrent program log files. Support personnel can use this profile option as a tool to identify problems with the code.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Timing Diagnostics	No value (No)	Enables printing of timing information	Disables printing of timing information

Cache Sizing Factor

This profile option controls the amount of database information retained in concurrent process for performance improvement.

Profile Option Display Name	Default Value	Effect
Cache Sizing Factor	25	You can set a value from 0 to 25. The number you enter controls the amount of information that can be stored in the cache. If you enter a value of 0, only one record is retained in the cache. If you enter a value of 25, a large amount of data is retained in the cache. In general, a small cache size works better for a very simple data structure. A large cache size works well for a more complex data structure, for example, setup data that uses many depreciation methods, bonus rules, depreciation ceilings, and retirement conventions.

Depreciation Single

This profile option controls the caching buffer used when you run the Depreciation process.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Depreciation Single	No value (No)	<p>Cache is reset after every asset</p> <hr/> <p>Note</p> <p>Set this profile to Yes only temporarily if some assets failed previously when running the Depreciation process. In this case, rerun the Depreciation process for any set of 20 assets that failed depreciation. When this profile option is set to Yes, the log file provides information on each asset so that you can determine which asset failed. When the assets have depreciated successfully, reset the profile option to No. Running depreciation with the profile option set to Yes can slow performance considerably.</p>	Cache is reset after every 20 assets

Batch Size

This profile option sets the batch size for the Mass Transactions process.

Profile Option Display Name	Default Value	Effect
Batch Size	200	The value indicates the number of records in a batch. For example, if you use the default value of 200, each batch contains 200 records. The value can be between 1 and 10,000.

Default Book

This profile option specifies the book that appears by default on Assets pages.

Profile Option Display Name	Default Value	Effect of Enabling	Effect of Disabling
Default Book	None	The default book appears as the value in all Assets pages where the Book field appears.	You must select a book from the menu in all Assets pages where the Book field appears.

Asset Category Descriptive Flexfield: Explained

Set up the Asset Category descriptive flexfield to store additional information based on the asset category.

Enter the category code as the reference field to base the descriptive flexfield structure on the value of your Asset Category flexfield. You define your context field values (structure names) to exactly match your concatenated Asset Category Flexfield combinations. For example, if you have a major category value of BUILDING, and a minor category value of OFFICE, your Asset Category Flexfield combination is BUILDING.OFFICE, so you define BUILDING.OFFICE as your context value. Similarly, you can define another context value as VEHICLE.DELIVERY.

Note

The segment separator, spelling, and case must exactly match your Category Flexfield combination.

You do not need to define a descriptive flexfield structure for each combination of your Asset Category flexfield. Define structures only for those categories in which you want to capture additional information (such as the license number or insurance policy number).

Warning

Plan your flexfield carefully. Once you begin entering assets using the flexfield, you cannot change it.

Oracle Fusion Assets Descriptive Flexfields: Explained

Oracle Fusion Assets allows you to record and track all standard asset information on the Assets pages. However, there may be additional information you need to record for your assets that needs to be tracked for reporting purposes. You can set up descriptive flexfields to record and track additional information in Assets. You can set up a descriptive flexfield for each asset category to collect information relevant to your business. For example, you can

track the license number for cars and the square footage for buildings. When you assign a new asset to a category, you can enter the additional information in a descriptive flexfield.

The following table lists the descriptive flexfields available in Assets and their corresponding Assets pages:

Descriptive Flexfield	Associated Assets Page
Asset Category	Add Asset Edit Source Line Add Assets and Prepare Source Lines spreadsheets
Assets Invoices	Add Asset Edit Source Line Add Source Lines Change Source Lines Source Line Retirement Add Assets and Prepare Source Lines spreadsheets
Bonus Rates	Create Bonus Rule Edit Bonus Rule
Bonus Rules	Create Bonus Rule Edit Bonus Rule
Book Controls	Create Book Edit Book
Calendar Types	Create Calendar Edit Calendar
Categories	Create Category Edit Category
Category Books	Create Category Edit Category
Category Book Defaults	Create Category Edit Category
Ceilings	Create Ceiling Edit Ceiling
Convention Types	Create Prorate Convention Edit Prorate Convention
Fiscal Year	Create Fiscal Year Edit Fiscal Year
Flat Rates	Create Depreciation Method Edit Depreciation Method

Locations	Manage Locations
Methods	Create Depreciation Method Edit Depreciation Method
Retirements	Cost Retirement Unit Retirement Source Line Retirement
System Controls	Manage System Controls
Transactions	Add Asset Edit Source Line Preview Add to Asset Change Financial Details Suspend Depreciation Add Source Lines Change Source Lines Transfer Source Lines Change Category Perform Unplanned Depreciation Transfer Reserve Change Group Asset Cost Retirement Source Line Retirement Unit Retirement Transfer Asset Adjust Units Add Assets and Prepare Source Lines spreadsheets

FAQs for Define Assets Configuration

What's a cash-generating unit?

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use and is largely independent of the cash inflows from other assets or groups of assets.

Why can't I change a cash-generating unit's assignments?

If an impairment transaction occurred for an asset in the current period, then the cash-generating unit assignment cannot be changed in the current period unless you roll back the impairment.

Define Common Accounts Receivable Configuration

Predefined Receivables Data in Subledger Accounting: Explained

Oracle Fusion Receivables provides predefined data for Oracle Fusion Subledger Accounting that you can use to integrate the two applications.

When you run Create Receivables Accounting, the program accepts the default accounting information from AutoAccounting without change and uses the predefined data to create accounting in the subledger. Subledger Accounting transfers the final accounting to Oracle Fusion General Ledger.

Note

You can optionally define your own subledger accounting rules to overwrite the default accounts from the accounting events.

Receivables predefines one application in Subledger Accounting named **Receivables**. Most of the data that Receivables predefines for Subledger Accounting is associated with the **Receivables** application.

This table shows the attribute values that Receivables predefines for the **Receivables** application:

Field	Value
Application Name	Receivables
Drilldown Procedure	AR_DRILLDOWN_PUB_PKG.DRILLDOWN
Use Security	Yes
Policy Function	XLA_SECURITY_POLICY_PKG.MO_POLICY
Journal Source	Receivables
Third Party Control Account Type	Customer
Subject to Validation	No
Calculate Reporting Currency Amounts	Yes

This table lists the setup information that Receivables predefines for the event entities:

Application	Entity Name	Description	Gapless Event Processing
Receivables	Adjustments	Adjustments	No
Receivables	Receipts	Receipts	No
Receivables	Transactions	Transactions	No

Receivables predefines process categories for the **Receivables** application. These process categories are:

- Adjustments
- Miscellaneous Receipts
- Standard Receipts
- Third Party Merge
- Transactions

Additional considerations for Receivables predefined data for subledger accounting include:

- Event Classes and Event Class Options
- Sources, Source Assignments, and Accounting Attribute Assignments
- Journal Line Types
- Account Derivation Rules
- Journal Lines Definitions
- Application Accounting Definition

Event Classes and Event Class Options

Receivables predefines event classes for each event entity that belongs to the **Receivables** application.

This table lists the event classes that Receivables predefines for the **Receivables** application:

Entity	Event Class Name
Adjustments	Adjustment
Receipts	Miscellaneous Receipt
Receipts	Receipt
Transactions	Chargeback
Transactions	Credit Memo
Transactions	Debit Memo
Transactions	Invoice

Accounting event class options define attributes of an event class. Receivables defines the accounting event class options for each predefined event class.

This table lists the accounting event class options that Receivables predefines for the **Receivables** application:

Event Class	Process Category	Default Journal Category	Transaction View	Balance Types
Adjustment	Adjustments	Adjustment	AR_ADJ_INF_V	Actual
Miscellaneous Receipt	Miscellaneous Receipts	Misc Receipts	AR_CR_INF_V	Actual
Receipt	Standard Receipts	Receipts	AR_CR_INF_V	Actual
Chargeback	Transactions	Chargebacks	AR_TRX_INF_V	Actual
Credit Memo	Transactions	Credit Memos	AR_TRX_INF_V	Actual
Debit Memo	Transactions	Debit Memos	AR_TRX_INF_V	Actual
Invoice	Transactions	Sales Invoices	AR_TRX_INF_V	Actual

Sources, Source Assignments, and Accounting Attribute Assignments

Receivables predefines sources, source assignments, and accounting attribute assignments for Subledger Accounting.

You cannot make changes to predefined sources, source assignments, or accounting attribute assignments. However, you can define your own custom sources.

If you choose to define your own journal line types or application accounting definitions, you can override the default accounting attribute assignments.

Journal Line Types

Receivables predefines journal line types for each predefined event class. Receivables specifies conditions for the use of each journal line type.

This table lists the journal line types that Receivables predefines for the **Receivables** application:

Event Class	Name	Balance Type	Side
Adjustment	Adjustment	Actual	Credit
Adjustment	Adjustment Charge	Actual	Credit
Adjustment	Adjustment Default Receivable	Actual	Credit
Adjustment	Adjustment Deferred Tax	Actual	Credit
Adjustment	Adjustment Charge Nonrecoverable Tax	Actual	Credit
Adjustment	Adjustment Nonrecoverable Tax	Actual	Credit
Adjustment	Adjustment Tax	Actual	Credit
Chargeback	Chargeback Default Receivable	Actual	Debit
Chargeback	Chargeback Revenue	Actual	Credit
Credit Memo	Credit Memo Default Deferred Tax Application	Actual	Credit
Credit Memo	Credit Memo Default Application	Actual	Credit
Credit Memo	Credit Memo Default Tax Application	Actual	Credit
Credit Memo	Credit Memo Refund Application	Actual	Credit
Credit Memo	Credit Memo Charges	Actual	Credit
Credit Memo	Credit Memo Default Receivable	Actual	Debit
Credit Memo	Credit Memo Default Revenue	Actual	Credit
Credit Memo	Credit Memo Default Tax	Actual	Credit
Credit Memo	Credit Memo Rounding	Actual	Credit
Credit Memo	Credit Memo Unbilled Receivable	Actual	Credit
Credit Memo	Credit Memo Deferred Revenue	Actual	Credit
Debit Memo	Debit Memo Charges	Actual	Credit
Debit Memo	Debit Memo Default Receivable	Actual	Debit

Debit Memo	Debit Memo Freight	Actual	Credit
Debit Memo	Debit Memo Revenue	Actual	Credit
Debit Memo	Debit Memo Rounding	Actual	Credit
Debit Memo	Debit Memo Tax	Actual	Credit
Debit Memo	Debit Memo Unbilled Receivable	Actual	Debit
Debit Memo	Debit Memo Deferred Revenue	Actual	Credit
Invoice	Invoice Charges	Actual	Credit
Invoice	Invoice Default Receivable	Actual	Debit
Invoice	Invoice Freight	Actual	Credit
Invoice	Invoice Revenue	Actual	Credit
Invoice	Invoice Rounding	Actual	Credit
Invoice	Invoice Tax	Actual	Credit
Invoice	Invoice Unbilled Receivable	Actual	Credit
Invoice	Invoice Deferred Revenue	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Bank Charges	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Cleared Cash	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Confirmed Cash	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Short Term Debt	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Factored Cash	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Miscellaneous Cash	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Remitted Cash	Actual	Credit
Miscellaneous Receipt	Miscellaneous Receipt Tax	Actual	Credit
Receipt	Receipt On Account Application	Actual	Credit
Receipt	Receipt Application to Freight	Actual	Credit
Receipt	Receipt Application to Revenue	Actual	Credit
Receipt	Receipt Application to Rounding	Actual	Credit
Receipt	Receipt Application to Suspense Revenue	Actual	Credit
Receipt	Receipt Application to Tax	Actual	Credit

Receipt	Receipt Application to Unbilled Revenue	Actual	Credit
Receipt	Receipt Application to Earned Revenue	Actual	Credit
Receipt	Receipt Bank Charges	Actual	Credit
Receipt	Receipt Cleared Cash	Actual	Credit
Receipt	Receipt Credit Card Chargeback Application	Actual	Credit
Receipt	Receipt Chargeback Application	Actual	Credit
Receipt	Receipt Confirmed Cash	Actual	Credit
Receipt	Receipt Currency Rounding	Actual	Credit
Receipt	Receipt Short Term Debt	Actual	Credit
Receipt	Receipt Default Application	Actual	Credit
Receipt	Receipt Deferred Tax	Actual	Credit
Receipt	Receipt Earned Discount	Actual	Credit
Receipt	Receipt Earned Discount on Freight	Actual	Debit
Receipt	Receipt Earned Discount Nonrecoverable Tax	Actual	Credit
Receipt	Receipt Earned Discount on Revenue	Actual	Debit
Receipt	Receipt Earned Discount on Tax	Actual	Debit
Receipt	Receipt Exchange Gain	Actual	Credit
Receipt	Receipt Exchange Gain Loss	Actual	Gain/Loss
Receipt	Receipt Exchange Loss	Actual	Credit
Receipt	Receipt Factored Cash	Actual	Credit
Receipt	Receipt Payment Netting Application	Actual	Credit
Receipt	Receipt Prepayment Application	Actual	Credit
Receipt	Receipt Refund Application	Actual	Credit
Receipt	Receipt Remitted Cash	Actual	Credit
Receipt	Receipt Tax	Actual	Credit
Receipt	Receipt Unapplied Cash	Actual	Debit
Receipt	Unapplied Cash	Actual	Debit
Receipt	Receipt Unapplied for Gain Loss lines	Actual	Debit
Receipt	Receipt Unearned Discount	Actual	Credit

Receipt	Receipt Unearned Discount on Freight	Actual	Debit
Receipt	Receipt Unearned Discount on Nonrecoverable Tax	Actual	Credit
Receipt	Receipt Unearned Discount on Revenue	Actual	Debit
Receipt	Receipt Unearned Discount on Tax	Actual	Debit
Receipt	Receipt Unidentified Cash	Actual	Credit
Receipt	Receipt Write-Off Application	Actual	Credit

Account Derivation Rules

Receivables predefines account derivation rules. When Subledger Accounting uses the predefined account derivation rules that Receivables provides, it accepts the default accounting that Receivables generates using AutoAccounting without change.

You can optionally define your own account derivation rules for an Accounting Flexfield or for a segment. In this case, Subledger Accounting overrides the default accounts that Receivables generates, or individual segment values in the default accounts, when it creates the draft or final subledger accounting.

The name account derivation rules that Receivables predefines for the **Receivables** application are as follows:

- Credit Memo Distribution GL Account
- Collection Bank Charges Account
- Collection Bank Account Cash Account
- Collection Bank Factoring Charges Account
- Distribution GL Account
- Remit Bank Unapplied Account
- System Gain GL Account
- System Loss GL Account
- Transaction Distribution GL Account
- Transaction Distribution GL Account with reference

Journal Lines Definitions

Receivables predefines journal lines definitions that group the predefined journal line types and account derivation rules within each of the predefined event types. Receivables assigns each predefined journal lines definition to all event types within an event class.

This table lists the journal lines definitions that Receivables predefines for the **Receivables** application:

Event Class	Journal Lines Definition Name	Journal Line Types
Adjustment	Adjustments - Default Accrual	Adjustment, Adjustment Charge, Adjustment Charge Nonrecoverable Tax, Adjustment Default Receivable, Adjustment Deferred Tax, Adjustment Nonrecoverable Tax, Adjustment Tax

Chargeback	Chargebacks - Default Accrual	Chargeback Default Receivable, Chargeback Revenue
Credit Memo	Credit Memos - Default Accrual	Credit Memo Charges, Credit Memo Default Application, Credit Memo Default Deferred Tax Application, Credit Memo Default Receivable, Credit Memo Default Revenue, Credit Memo Default Tax, Credit Memo Default Tax Application, Credit Memo Deferred Revenue, Credit Memo Refund Application, Credit Memo Rounding, Credit Memo Unbilled Receivable
Debit Memo	Debit Memos - Default Accrual	Debit Memo Charges, Debit Memo Default Receivable, Debit Memo Deferred Revenue, Debit Memo Freight, Debit Memo Revenue, Debit Memo Rounding, Debit Memo Tax, Debit Memo Unbilled Receivable
Invoice	Invoices - Default Accrual	Invoice Charges, Invoice Default Receivable, Invoice Deferred Revenue, Invoice Freight, Invoice Revenue, Invoice Rounding, Invoice Tax, Invoice Unbilled Receivable
Miscellaneous Receipt	Miscellaneous Receipts	Miscellaneous Receipt Bank Charges, Miscellaneous Receipt Cleared Cash, Miscellaneous Receipt Confirmed Cash, Miscellaneous Receipt Factored Cash, Miscellaneous Receipt Miscellaneous Cash, Miscellaneous Receipt Remitted Cash, Miscellaneous Receipt Short Term Debt, Miscellaneous Receipt Tax

Receipt	Receipts - Default Accrual	<p>Receipt Bank Charges, Receipt Chargeback Application, Receipt Cleared Cash, Receipt Confirmed Cash, Receipt Credit Card Chargeback Application, Receipt Currency Rounding, Receipt Default Application, Receipt Deferred Tax, Receipt Earned Discount, Receipt Earned Discount Nonrecoverable Tax, Receipt Exchange Gain Loss, Receipt Factored Cash, Receipt On Account Application, Receipt Payment Netting Application, Receipt Prepayment Application, Receipt Refund Application, Receipt Remitted Cash, Receipt Short Term Debt, Receipt Tax, Receipt Unapplied Cash, Receipt Unearned Discount, Receipt Unearned Discount on Nonrecoverable Tax, Receipt Unidentified Cash, Receipt Write-Off Application, Unapplied Cash</p>
Receipt	Receipt - Basis Journal Lines Definition	<p>Receipt Application to Earned Revenue, Receipt Application to Freight, Receipt Application to Revenue, Receipt Application to Rounding, Receipt Application to Suspense Revenue, Receipt Application to Tax, Receipt Application to Unbilled Revenue, Receipt Bank Charges, Receipt Cleared Cash, Receipt Confirmed Cash, Receipt Currency Rounding, Receipt Earned Discount, Receipt Earned Discount on Freight, Receipt Earned Discount on Revenue, Receipt Earned Discount on Tax, Receipt Exchange Gain Loss, Receipt Factored Cash, Receipt On Account Application, Receipt Payment Netting Application, Receipt Prepayment Application, Receipt Refund Application, Receipt Remitted Cash, Receipt Short Term Debt, Receipt Unapplied Cash, Receipt Unapplied for Gain Loss lines, Receipt Unearned Discount, Receipt Unearned Discount on Freight, Receipt Unearned Discount on Revenue, Receipt Unearned Discount on Tax, Receipt Unidentified Cash, Receipt Write-Off Application, Unapplied Cash</p>

Application Accounting Definition

Receivables predefines the **Receivables Default Accrual** application accounting definition.

This table lists the assignments for the **Receivables Default Accrual** application accounting definition that Receivables predefines for the **Receivables** application:

Event Class Assignments	Event Type Assignments	Create Accounting	Journal Line Definition Assignments
Adjustment	All	Yes	Adjustments - Default Accrual
Chargeback	All	Yes	Chargebacks - Default Accrual
Credit Memo	All	Yes	Credit Memos - Default Accrual
Debit Memo	All	Yes	Debit Memos - Default Accrual
Invoice	All	Yes	Invoices - Default Accrual
Miscellaneous Receipt	All	Yes	Miscellaneous Receipts
Receipt	All	Yes	Receipts - Default Accrual

Note

Subledger Accounting provides a predefined subledger accounting method that groups the predefined application accounting definitions for subledger applications. You can optionally create your own subledger accounting method.

Receivables assigns the predefined **Receivables Default Accrual application** accounting definition to the predefined Standard Accrual subledger accounting method. You can assign this subledger accounting method to your ledgers.

Simple Configuration to Operate Receivables: Explained

You can create an operational Oracle Fusion Receivables environment with seven configurations. The remaining configurations are either optional or have predefined values.

If applicable, your Receivables configuration must include a plan to migrate your customer information from your legacy system.

Receivables Configuration Tasks

There are seven configuration tasks necessary to create an operational Receivables environment. Before you perform these tasks, you must ensure that you have completed all of the required implementation tasks for Oracle Fusion Financials.

Perform these seven tasks in the order indicated:

1. Set Receivables System Options

Set Receivables system options to customize your Receivables environment. During Receivables setup, you specify your accounts,

- customer and invoice parameters, and how the AutoInvoice and Automatic Receipts programs operate.
2. Define Receivables Activities
Define receivables activities to default accounting information for the activities you need, such as miscellaneous cash, discounts, late charges, adjustments, and receipt write-off applications.
 3. Define AutoAccounting Rules
Defining AutoAccounting is a required configuration task for processing customer billing.
Define AutoAccounting to specify how you want Receivables to determine the default general ledger accounts for transactions. Receivables creates default accounts for revenue, receivable, freight, tax, unearned revenue, unbilled receivables, late charges, and AutoInvoice clearing (suspense) accounts using this information.
 4. Define Receipt Classes and Methods
Defining receipt classes and receipt methods is a required configuration task for processing customer payments.
Receipt classes determine the required processing steps for receipts to which you assign receipt methods with this class. These steps include confirmation, remittance, and clearance. Receipt methods specify accounting for receipt entries and applications, determine customer remittance bank account information, and configure automatic receipt processing and fund transfer error handling.
 5. Define Remit-to Addresses
Define remit-to addresses to let your customers know where to send payment for open receivables. Receivables uses the addresses to provide default remit-to information when you enter transactions.
You must provide a remit-to address to complete a transaction.
If you use AutoInvoice, but have not defined a remit-to address for a particular customer site, AutoInvoice rejects all transactions for which it could not determine a remit-to address.
 6. Define Approval Limits
Define approval limits to determine whether a Receivables user can approve adjustments or credit memo requests. You define approval limits by document type, amount, reason code, and currency.
 7. Define Statement Cycles
Define statement cycles to control when you create customer statements. You assign statement cycles to customer profiles.

Notes Mapping for Receivables: Explained

The Notes common component portlet is available on all Oracle Fusion Receivables transaction pages. You can create, view, update and delete notes

on transactions throughout the entire transaction cycle: incomplete, complete, posted.

There are two types of Notes: Internal and Private. Internal notes are available to all users. Private notes are available to authors only.

There are three configuration tasks to perform to use the Notes portlet on Receivables transactions.

Notes Mapping Configuration Tasks

There are three configuration tasks for Notes mapping to Receivables.

Perform these tasks in the order indicated:

1. Manage Receivables Note Type

Define the lookups you need for the Note Type.

2. Manage Receivables Note Type Mapping

Use the CRM component to map the Note Type to the Receivables Transaction object (AR_TRANSACTIONS).

This table displays the predefined note type mapping for Receivables:

OBJECT_COD	MAPPING_TY	MAPPED_LOC	Meaning	Description
AR_TRANSACTIONS	ZMM_NOTE_T	MAINTAIN (default)	Maintain	Maintain Receivables transactions
AR_TRANSACTIONS	ZMM_NOTE_T	AR_APPROVAL	Receivables Credit Memo Request Approval	Receivables credit memo request approval note type

3. Manage Receivables Note Descriptive Flexfields

You can optionally define descriptive flexfields for Notes. You can use Notes descriptive flexfields on Receivables transactions to capture additional information for your business requirements.

Define Receivables Activities

Receivables Activity Types

Receivables activity types provide the default accounting information for each corresponding activity that take place in Oracle Fusion Receivables.

Using Receivables Activity Types

Adjustment

You use activities of this type when creating adjustments. You must create at least one activity of this type.

There are also three related activities that are reserved for internal use only:

- Chargeback Adjustment
- Adjustment Reversal
- Chargeback Reversal

You must define general ledger accounts for the Chargeback Adjustment activity before creating chargebacks.

When you reverse a receipt, if an adjustment or chargeback exists, Receivables automatically generates off-setting adjustments using the Adjustment Reversal and Chargeback Reversal activities.

Bank Error

You use activities of this type when entering miscellaneous receipts. You can use this type of activity to help reconcile bank statements using Oracle Fusion Cash Management.

Credit Card Chargeback

You use activities of this type when recording credit card chargebacks. You must define a general ledger clearing account for the Credit Card Chargeback activity that Receivables provides before recording credit card chargebacks.

Receivables credits the clearing account when you apply a credit card chargeback, and then debits the account after generating the negative miscellaneous receipt. If you later determine the chargeback is invalid, then Receivables debits the clearing account when you unapply the credit card chargeback, and then credits the account after reversing the negative miscellaneous receipt. Only one Credit Card Chargeback activity within a business unit can be active at a time.

Credit Card Refund

You use activities of this type when processing refunds to customer credit card accounts. This activity includes information about the general ledger clearing account to use to clear credit card refunds. You must create at least one activity of this type to process credit card refunds.

Earned Discount

You use activities of this type to adjust a transaction if payment is received within the discount period, as determined by the payment terms on the transaction.

Late Charges

You use activities of this type to define a late charge policy. You must define a Late Charges activity if you record late charges as adjustments against overdue transactions. If you assess penalties in addition to late charges, then define a separate Late Charges activity for penalties.

Miscellaneous Cash

You use activities of this type when entering miscellaneous receipts. The Miscellaneous Cash activity use a distribution set to automatically distribute

miscellaneous cash across various accounts. You must create at least one activity of this type.

If the Tax Rate Code Source for this activity is Activity, then you must define asset and liability tax rate codes to account for tax on miscellaneous receipts and miscellaneous payments.

Payment Netting

You use activities of this type when applying a receipt against other open receipts. You must define a general ledger clearing account to use when offsetting one receipt against another receipt. Only one Payment Netting activity within a business unit can be active at a time.

Prepayments

You use activities of this type when creating prepayment receipts. You must define a general ledger account for prepayment receipts that use the Prepayments activity. Only one Prepayments activity within a business unit can be active at a time.

Receipt Write-off

You use activities of this type when writing off receipts. You must define the general ledger account to credit when you write off an unapplied amount or an underpayment on a receipt.

Refund

You use activities of this type to process automated non-credit card refunds. You must define the general ledger clearing account to use to clear refunds. You must create at least one activity of this type. Only one Refund activity within a business unit can be active at a time.

Unearned Discount

You use activities of this type to adjust a transaction if payment is received after the discount period, as determined by the payment terms on the transaction.

GL Account Source

When you define a receivables activity, you use the **GL Account Source** to indicate how Oracle Fusion Receivables derives the accounts for the expense or revenue generated by the activity.

GL Account Source Options

Activity GL Account

Allocate the expense or revenue to the general ledger account that you specify for the receivables activity. If the activity type is Bank Error, Late Charges, Prepayments, and Receipt Write-off, you can only select this option.

Distribution Set

Allocate the expense or revenue to the distribution set that you specify. This value is only used with Miscellaneous Cash activities.

Revenue on Invoice

Allocate the expense or revenue net of any tax to the revenue accounts specified on the invoice. If **Tax Rate Code Source** is set to None, allocate the gross amount to these accounts. You can only choose this option if the activity type is Adjustment, Earned Discount, or Unearned Discount.

If the revenue on the invoice is unearned, then AutoAccounting derives the anticipated revenue accounting distribution accounts and amounts. Receivables then uses this information to allocate the adjustment or discount amount to these derived revenue accounts.

Tax Rate Code on Invoice

Allocate the net portion using the expense/revenue accounts specified by the tax rate code on the invoice. If **Tax Rate Code Source** is set to None, allocate the gross amount to these accounts. You can only choose this option if the activity type is Adjustment, Earned Discount, or Unearned Discount.

Note

In the event of an adjustment to an invoice with zero amount revenue distributions, the adjustment activity **GL Account Source** must not be set to Revenue on Invoice or Tax Rate Code on Invoice.

Tax Rate Code Source

When you define a receivables activity, you use the **Tax Rate Code Source** to indicate how Oracle Fusion Receivables derives the tax rate code for an activity.

Tax Rate Code Source Options

None

Allocates the entire tax amount according to the **GL Account Source** you specified. You use this option if you do not want to account for tax separately.

Activity

Allocate the tax amount to the asset or liability tax accounts specified by the activity.

Invoice

Distribute the tax amount to the tax accounts specified by the tax rate code on the invoice. You cannot choose this option if the activity type is Miscellaneous Cash or Late Charges.

Note

In the event of a tax adjustment to an invoice with zero amount tax distributions, the adjustment activity **Tax Rate Code Source** must not be set to Invoice.

If the **Tax Rate Code Source** is Activity or Invoice, you must indicate whether tax for this activity is recoverable or non-recoverable.

Define AutoCash Rule Sets

Using AutoCash Rules: Examples

You create an AutoCash rule set from a combination of the five AutoCash rules. You enter the rules in the order in which you want Oracle Fusion Receivables to use them to apply a receipt to an open debit item.

The AutoCash rules are:

- Match Payment with Invoice
- Clear the Account
- Clear Past Due Invoices
- Clear Past Due Invoices Grouped by Payment Terms
- Apply to the Oldest Invoice First

When you apply a receipt, Receivables uses the first rule in AutoCash rule set. If the first rule in the set does not find a match, Receivables uses the next rule in the sequence, and so on until it can apply the receipt.

These examples illustrate how each rule applies receipts to transactions and updates customer balances.

Match Payment with Invoice

The Match Payment with Invoice rule applies a receipt to a single invoice, debit memo, or chargeback only if the receipt amount exactly matches the amount of the debit item. If more than one debit item has an open amount that matches the receipt amount, Receivables applies the receipt to the item with the earliest due date. If more than one debit item has the same amount and due date, Receivables applies the receipt to the item with the lowest payment schedule ID number (internal identifier).

Receivables uses the values specified for the AutoCash rule set open balance calculation and the number of discount grace days assigned to the customer profile to determine the remaining amount due on the debit item. The rule ignores the value of the **Apply partial receipts** option.

For example, consider the following scenario:

Item/Option	Value
Discounts	Earned Only
Late Charges	No
Receipt	\$1800
Receipt Date	14-JAN-03
Discount Grace Days	5

The invoice details are:

Invoice Number	Invoice Amount	Discount	Payment Terms	Invoice Date	Due Date
600	\$2000	\$20	10% 10/Net 30	01-JAN-03	30-JAN-03

The payment terms assigned to this invoice include a 10% discount if the invoice is paid within 10 days, and the open balance calculation on the AutoCash rule set allows for earned discounts. Even though the invoice is paid after the 10 day period, Receivables adds the 5 discount grace days, making this invoice eligible for a 10% discount.

The remaining amount due on the invoice on January 14 is \$1800. Since the remaining amount due matches the receipt amount, the receipt is applied. If there had been no discount grace days, Receivables could not apply the receipt because the remaining amount of the invoice would be \$2000.

Clear the Account

The Clear the Account rule applies a receipt only if the receipt amount exactly matches the customer open balance. Receivables includes all open debit and credit items when calculating the customer open balance. Open credit items include credit memos, on-account credits, and on-account and unapplied cash. The rule ignores the value of the **Apply partial receipts** option.

The Clear the Account rule uses the following equation to calculate the open balance for each debit item:

$$\text{Open Balance} = \text{Original Balance} + \text{Late Charges} - \text{Discount}$$

Receivables then adds the balance for each debit item to determine the total account balance. The rule uses this equation for each invoice, chargeback, debit memo, credit memo, and application of an unapplied or on-account receipt to a debit item.

Receivables uses the values specified for the AutoCash rule set open balance calculation and the number of discount grace days assigned to the customer profile to determine the customer open balance.

For example, consider the following scenario:

Item/Option	Value
Late Charges	Yes
Items in Dispute	Yes
Receipt	\$590

This table shows the customer activity:

Past Due Debits/Credits	Invoice Amount	Late Charges	In Dispute
Invoice 45	\$500	\$40	Yes
Invoice 46	\$300	\$0	N/A
Credit Memo 100	\$50	N/A	N/A
Unapplied Cash	\$200	N/A	N/A

Since the **Late charges** and **Items in dispute** options are enabled, the open balance for this customer is \$590. Because the receipt amount matches the customer open balance, the receipt can be applied.

If the receipt amount did not exactly match the customer account balance, Receivables would use the next rule in the set to attempt to apply the receipt.

Clear Past Due Invoices

The Clear Past Due Invoices rule applies a receipt only if the receipt amount exactly matches the customer past due account balance. Receivables includes all open past due debit and credit items when calculating the past due account balance. The rule ignores the value of the **Apply partial receipts** option.

The Clear Past Due Invoices rule only applies the receipt to items that are currently past due. A debit item is considered past due if the invoice due date is earlier than or equal to the date of the receipt that is currently being applied. Receivables uses the receipt date for unapplied and on-account cash, and the credit memo date for credit memos and on-account credits, to determine whether to include these amounts as part of the customer past due account balance.

For example, if you apply a receipt with a receipt date of 10-JAN-03, all unapplied and on-account cash, and all credit memos and on-account credits, that have a transaction date (receipt date or credit memo date) equal to or earlier than 10-JAN-03 are included when calculating the customer past due account balance.

Receivables uses the values specified for the AutoCash rule set open balance calculation and the number of discount grace days assigned to the customer profile to determine the customer past due account balance. The settings of the **Late charges** and **Items in dispute** options may prevent a past due debit item from being closed, even if the receipt amount matches the customer past due account balance.

For example, consider the following scenario:

Item/Option	Value
Late Charges	No
Items in Dispute	No
Receipt	\$420

This table shows the customer activity:

Past Due Debits/Credits	Invoice Amount	Late Charges	In Dispute
Invoice 209	\$300	\$0	N/A
Invoice 89	\$250	\$0	Yes
Invoice 7	\$120	\$30	N/A

Since the **Late charges** and **Items in dispute** options are not enabled, Receivables does not include Invoice 89 (\$250) or late charges for Invoice 7 (\$30) in the calculation of the customer past due account balance. Therefore, the past due account balance for this customer is \$420. Because the receipt amount matches

the customer past due account balance, the receipt is applied. However, Invoice 7 and Invoice 89 are still open, past due debit items.

Clear Past Due Invoices Grouped by Payment Terms

The Clear Past Due Invoices Grouped by Payment Terms rule applies a receipt only if the receipt amount exactly matches the sum of the customer credit memos and past due invoices. This rule is similar to the Clear Past Due Invoices rule, but it first groups past due invoices by payment terms and uses the oldest transaction due date within the group as the group due date.

A debit item is considered past due if the invoice due date is earlier than the date of the receipt that is currently being applied. For credit memos, Receivables uses the credit memo date to determine whether to include these amounts in the customer account balance.

For example, if you apply a receipt with a receipt date of 10-JAN-03, credit memos that have a transaction date equal to or earlier than 10-JAN-03 are included. Credit memos do not have payment terms, so they are included in each group.

Receivables uses the values specified for the AutoCash rule set open balance calculation and the number of discount grace days assigned to the customer profile to determine the sum of the customer credit memos and past due invoices. The settings of the **Late charges** and **Items in dispute** options may prevent a past due debit item from being closed, even if the receipt amount matches the sum of the customer credit memos and past due invoices.

For example, consider a \$900 receipt applied on 25-JUN. This table shows the related customer activity:

Transaction Number	Payment Terms	Due Date	Invoice Amount
1	A	25-MAY	\$500
2	A	25-JUN	\$200
3	A	25-JUN	\$200
4	B	20-JUN	\$900
5	C	25-MAY	\$905

Receivables groups these transactions as follows:

- Group 1: Transactions 1,2,3 Amount: \$900 Group Due Date: 25-MAY
- Group 2: Transaction 4 Amount: \$900 Group Due Date: 20-JUN
- Group 3: Transaction 5 Amount: \$905 Group Due Date: 25-MAY

Since both Groups 1 and 2 match the receipt amount, Receivables selects the group with the oldest due date (Group 1) and applies the receipt to the transactions in this group.

Apply to the Oldest Invoice First

The Apply to the Oldest Invoice First rule applies receipts to customer debit and credit items, starting with the item with the oldest due date. Receivables uses the values specified for the AutoCash rule set open balance calculation to determine the oldest outstanding item for the customer.

For example, consider the following scenario:

Item/Option	Value
Apply Partial Receipts	Yes
Late Charges	No
Receipt	\$200

This table shows the customer activity:

Invoice Number	Invoice Amount	Late Charges	Due Date
801	\$0	\$35	01-DEC-02
707	\$450	\$0	01-JAN-03

If you compare only the due dates for the two invoices, invoice 801 is the oldest invoice. However, Receivables also checks the open balance calculation and automatic matching rule options for the AutoCash rule set. Since the **Late charges** option is not enabled, Receivables ignores invoice 801 (because the remaining amount only consists of late charges) and applies the \$200 receipt to invoice 707.

If the **Apply partial receipts** option were not enabled, Receivables could not apply this receipt and would look at the next rule in the sequence.

Using an AutoCash Rule Set: Worked Example

This example demonstrates how to create and use an AutoCash rule set. You create an AutoCash rule set to manage the payments received from Global Freight Carriers. You have an earned discount arrangement with this company but with no payment or discount grace days, and you do not add late charges for payments received beyond the due date.

Create the AutoCash Rule set using these values:

Field	Value
Open Balance Calculation: Discounts	Earned Only
Open Balance Calculation: Late Charges	No
Open Balance Calculation: Items in Dispute	No
Automatic Matching Rules: Apply Partial Receipts	Yes
Automatic Matching Rules: Remaining Remittance Amount	On Account
AutoCash Rule	1. Match Payment with Invoice
AutoCash Rule	2. Clear The Account
AutoCash Rule	3. Apply To The Oldest Invoice First

Processing Payment Using the AutoCash Rule Set

Global Freight Carriers has the following outstanding invoices, none of which are in dispute:

Number	Amount Remaining	Due Date	Discount Date	Discount Amount
123	\$200	11-DEC-02	01-DEC-02	\$20
124	\$300	08-DEC-02	30-NOV-02	\$30
125	\$150	13-DEC-02	28-NOV-02	\$15

A payment was entered for Global Freight Carriers for \$600 with a deposit date of 10-DEC-02.

Using the AutoCash rule set that you created, Oracle Fusion Receivables processes the payment in this way:

1. AutoCash rule 1, Match Payment with Invoice, fails because none of the customer open items have a remaining amount due that is equal to the amount of the receipt (\$600).
2. Receivables looks at AutoCash rule 2.
3. AutoCash rule 2, Clear the Account, fails because the customer calculated account balance (\$650) is not the same as the amount of the receipt.
4. Receivables looks at AutoCash rule 3.
5. Receivables uses AutoCash rule 3, Apply to the Oldest Invoice First.
 - a. Receivables first applies the receipt to the oldest invoice, Invoice 124 for \$300, and performs these calculations:
 - Since the discount date of 30-NOV-02 has passed and the **Discount** field is set to Earned Only, the \$30 discount is no longer available. The amount due remaining for this invoice is now equal to either \$0 or the amount of any late charges previously assessed for this item.
 - Because the **Late charges** option is set to No, late charges are not included in the customer open balance calculation. The remaining receipt amount is now \$300.00.
 - b. Receivables now applies \$200 to the next oldest invoice, Invoice 123, and performs these calculations:
 - As with Invoice 124, the discount date for Invoice 123 has passed and the \$20 discount is no longer available. The amount due remaining for this invoice is now equal to either \$0 or the amount of any late charges previously assessed for this item.
 - Because the **Late charges** option is set to No, late charges are not included in the customer open balance calculation. The remaining receipt amount is now \$100.
 - c. Receivables applies the remaining \$100 to Invoice 125 (\$150) as a partial receipt because the **Apply partial receipts** option is set to Yes.

Note

If the **Apply partial receipts** option were set to No, Receivables could not apply the remaining amount to Invoice 125. Instead, it would be placed on account, because the **Remaining Remittance Amount** option is set to On Account.

- As with the other invoices, the discount date for Invoice 125 has passed and the \$15 discount is no longer available.
- If there are no late charges for this invoice, the amount due remaining is reduced from \$150 to \$50, and remains open.

FAQs for AutoCash Rule Sets

How is an AutoCash rule set selected and used?

During payment processing, Oracle Fusion Receivables uses the Match Receipts By rules to attempt to match receipts to open transactions, and either apply receipts automatically or present recommendations for receipt application.

If transactions cannot be matched or transaction information is not available, Receivables uses the AutoCash rule set defined for the customer profile either at the customer site or customer level to apply the receipt. If the customer does not have an AutoCash rule set assigned to a profile, Receivables uses the AutoCash rule set assigned to system options and the number of discount grace days defined in the customer site or customer profile to apply the receipt.

If none of the rules in the AutoCash rule set apply, Receivables places the remaining amount either unapplied or on-account, depending on the setting of the **Remaining Remittance Amount** option on the AutoCash rule set.

How can I use partial receipts?

Use the AutoCash rule set **Apply partial receipts** option with the Apply to the Oldest Invoice First rule. If enabled, you can apply a receipt to a transaction that is less than the amount required to close the debit item.

If the AutoCash rule set does not use partial receipts but does include late charges in the open balance calculation, then Oracle Fusion Receivables can interpret a receipt application against a transaction amount plus late charges as a partial receipt.

For example, you intend to close a \$100 transaction by applying a \$100 receipt, but the transaction has since accumulated a \$10 late charge. If the **Apply partial receipts** option is not enabled, Receivables cannot apply the \$100 receipt to what is now a \$110 open debit item.

Define Approval Limits

Approval Limits Document Types

You can define approval limits for the users in your system for specific transactions and amount ranges per currency. The document types identify the transactions that a user can approve.

Document Types

Adjustment

Define Adjustment approval limits by currency and amount. Oracle Fusion Receivables uses approval limits that have a document type of Adjustment when you create or approve an adjustment.

When you enter an adjustment that is outside your approval limit range, Receivables assigns the adjustment a status of Pending until someone with the appropriate approval limits either approves or rejects it.

Credit Memo

Define Credit Memo approval limits by reason code, currency, and amount. The approval process sends a notification to an approver, if the credit memo request is within the approval limit range for the currency and reason code specified.

Receipt Write-off

Define Receipt Write-off approval limits by currency and amount. Receivables uses approval limits with this document type whenever you attempt to write off either an unapplied receipt amount or an underpayment on a receipt.

You cannot write off a receipt amount that is outside your approval limit range. In addition, the approval limits for write-offs are separate from, but cannot exceed, the system options write-off amounts.

Credit Memo Refund

Define Credit Memo Refund approval limits by currency and amount. Receivables uses approval limits with this document type whenever you attempt to electronically refund an on-account credit memo.

FAQs for Approval Limits

How can I manage the users that have approval limits?

You can only assign approval limits to valid users that are defined in your system. The combination of user, document type, and currency identify a specific approval limit record. You can, for example, define multiple approval limit ranges for the same user and document type in each currency defined in your system.

Be sure to update approval limits when personnel changes occur and, for credit memo approvers, whenever you define new credit memo reason lookups.

Why do credit memo approvals need a reason code?

The reason code identifies the kind of credit memo that is being requested. An approver can only approve credit memo requests with the same reason code.

Credit memo approval ranges cannot overlap for approval limits with the same reason code and currency. For example, the approval range for the primary approver JSMITH is from -200 USD to -100 USD and the reason code is Free Product. Therefore, you cannot define a credit memo approval range for the primary approver AJONES from -250 USD to -150 USD with this same reason code.

You must identify a primary approver for all approval limits with the Credit Memo document type.

FAQs for Distribution Sets

What are distribution sets?

Use distribution sets to account for miscellaneous, or non-invoice related, receipts. Distribution sets are groups of general ledger accounting codes that you define to determine the credit accounts for positive miscellaneous receipt amounts and the debit accounts for negative receipt amounts.

Define Accounts Receivable Balance Monitoring

Statement Cycles: Example

Use statement cycles to determine when to send statements to your customers. You assign statement cycles to customer and site level profiles.

If you print statements for a specific customer, then:

- If you defined a statement site for the customer, Oracle Fusion Receivables uses the statement cycle defined in the customer account profile as the default statement cycle to use for printing.
- If you did not define a statement site, Receivables uses the statement cycle defined in the customer site profile for each applicable bill-to site included in the print run.

If you do not select a customer, then Receivables prints statements for all customers that have a statement cycle that matches the statement cycle you enter for the print run.

When you create a statement cycle, you define the interval to use for the cycle (weekly, monthly, quarterly) and the dates on which to print statements for the cycle. You can also indicate if Receivables should skip certain statement dates.

Receivables includes all activity from the last time you printed a statement for this customer to the current statement date, even if the customer statement cycle is set up to skip printing on one or more statement dates. Receivables also includes open debit items from prior periods in the statement.

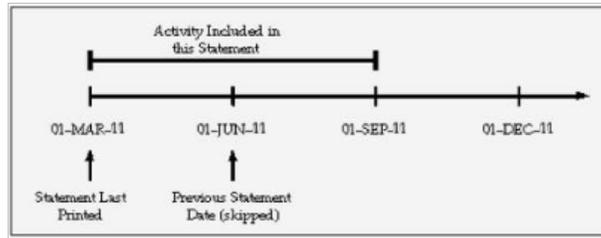
Scenario

Consider the following criteria:

- System Date: 03-SEP-11
- Statement Date: 01-SEP-11
- Previous Statement Date: 01-JUN-11 (skipped)
- Statement Cycle: Quarterly

The activity included in this statement spans the date the statement was last printed on 01-MAR-11 to the current statement date of 01-SEP-11. The previous statement dated 01-JUN-11 had been skipped, so the activity for that period now shows on the current statement.

This diagram illustrates the activity included in this statement:



This table illustrates the logic used to include particular invoices on the statement:

Invoice Creation Date	Included in Statement?
Invoice Date: 28-FEB-11	No, unless it is either still open or was closed between 01-MAR-11 and 31-AUG-11.
Invoice Date: 30-AUG-11	Yes, because the invoice date is between the date the statement was last printed and the statement date.
Invoice Date: 02-SEP-11	No, because the invoice date is later than the statement date.

FAQs for Statements

How can I create a statement site?

You can designate one of the sites belonging to a customer as a statement site. If you create a statement site, Oracle Fusion Receivables generates a single, consolidated statement for all the customer bill-to sites, rather than a statement for each site. You can only define one active statement site per customer.

To create a statement site:

- Assign the site the Statements business purpose.
- Set the **Statement, Dunning, and Late Charges Site Profiles Used** profile option to Yes.

How do on-account and unapplied receipts appear on statements?

All receipts, including on-account and unapplied receipts, appear on the statement of the corresponding bill-to site. If there are any on-account or unapplied receipts without a bill-to site assignment, and if you do not have a statement site defined for the customer, then these receipts are not included on any of the bill-to site statements for the customer.

If you create a statement site for the customer, then Oracle Fusion Receivables summarizes on-account and unapplied receipts as credits and prints them on

a separate page of the consolidated statement, before a summarized listing of subtotals for each of the customer bill-to sites.

FAQs for Standard Messages

Can I write messages in different languages?

Yes, you can write a message in any language that suits the needs of your enterprise. For any language, the text of a standard message cannot exceed 255 characters. Oracle Fusion Receivables does not perform any other validation on messages.

How can I add a message to a document?

You can print standard messages on customer statements, and on late charge documents presented as debit memos or interest invoices.

For statements, active standard messages appear as list of value choices in the Create Customer Statements program. The message you select appears at the bottom of the customer statement.

For late charge documents, active standard messages appear on the choicelist of the **Message Text** field in the Late Charges tabbed region of the applicable customer or site profile. The message you select appears in the Notes section of the late charge document for this customer.

Define Customer Billing Configuration

Set Up AutoInvoice

Setting Up Data for AutoInvoice: Points to Consider

To ensure that the AutoInvoice process works properly, you need to prepare Oracle Fusion Receivables for any new data that you want to import. If your original system uses any setup data which is not yet defined in Receivables, you must define this data within Receivables before using AutoInvoice.

There are these points to consider when setting up data for AutoInvoice:

- Data Checklist
- AutoInvoice Setup
- Transaction Flexfield

Data Checklist

Ensure that you have set up and updated the appropriate records in Receivables and related applications.

Add or update this setup data:

- Add or import customers, if your original system contains data for customers that are not yet defined in Receivables.
- Add units of measure, if your original system uses units of measure not yet defined.
- Add or update in Oracle Fusion General Ledger this data:
 - Currencies, if your original system uses currencies not yet defined.
 - Accounting flexfield segment values, if your original system uses values not yet defined.
- Add or update in Oracle Fusion Tax this tax data:
 - Tax rates assigned to tax rate codes that are not yet defined.

- Tax rates associated with products shipped to specific locations.
- Full or partial customer and item tax exemptions.
- Add or update these Receivables lookup codes:
 - Free on Board (FOB) lookup codes, if your original system uses FOB point codes not yet defined.
 - Freight carrier lookup codes.
- Add or update this Receivables data:
 - AutoAccounting (This is a required setup to use AutoInvoice)
 - Payment terms
 - Transaction types
 - Transaction sources
 - Salespersons
 - Revenue scheduling rules

AutoInvoice Setup

Review and update in Receivables data specific to AutoInvoice.

Review and update this data:

- AutoInvoice Grouping Rules: Define additional grouping rules or update the default grouping rule provided by Receivables. AutoInvoice uses grouping rules to determine how to create transactions.

AutoInvoice uses the following hierarchy when determining the grouping rule to use:

- Transaction source
- Customer site
- Customer profile
- System options
- AutoInvoice Line Ordering Rules: Define line ordering rules for AutoInvoice to determine how to order transaction lines. AutoInvoice randomly orders lines on your transactions if you do not define line ordering rules.
- AutoInvoice Transaction Source Automatic Receipt Handling: If you want AutoInvoice to automatically evaluate imported credits for receipt handling, enable the **Receipt Handling for Credits** option on the AutoInvoice transaction source.
- Profile Options: Set these profile options for AutoInvoice:

- **ID Flexfield Code:** Specify the ID of the flexfield code used by AutoInvoice.
- **Maximum Lines per AutoInvoice Worker:** Specify the maximum number of lines per AutoInvoice worker.
- **Source Code:** Specify the source code used by AutoInvoice.
- **Use Parallel Hint:** Enable parallel hints in AutoInvoice.
- **AutoInvoice Gather Statistics Allowed:** If you set this profile option to Yes, then when you submit AutoInvoice, the program first analyzes the interface tables (RA_INTERFACE_LINES_ALL, RA_INTERFACE_DISTRIBUTIONS_ALL, and RA_INTERFACE_SALESCREDITS_ALL) and gathers statistics to determine how best to execute the transaction import.

If the number of records to be imported and the number of worker processes are approximately the same as the previous submission of AutoInvoice, then you can set this profile option to No and skip this analysis.

Transaction Flexfield

Receivables uses the transaction flexfield to uniquely identify each transaction and transaction line you import using AutoInvoice. Transaction flexfields are also used to refer to and link transaction lines.

You must define both a line-level and a header-level transaction flexfield. All segments in the line-level transaction flexfield that refer to header information must also exist in the header-level transaction flexfield. For example, if you define a line-level transaction flexfield with four segments, and only the last two segments refer to line-level information, define the header-level transaction flexfield using the first two segments.

If you do not create Reference and Link-to transaction flexfields, then Receivables will use the line-level transaction flexfield structure to link and reference different lines. You do not have to define separate Reference and Link-to transaction flexfields in this case.

However, if you are planning to create a customized form to enter interface data to display the Reference and Link-to transaction flexfields, then you must define these transaction flexfields. These flexfields must have the same flexfield structures as the line-level transaction flexfield.

Define AutoInvoice Line Ordering Rules

Line Ordering Rule Transaction Attributes: Explained

AutoInvoice uses line ordering rules to determine how to order and number each line after your transactions have been grouped into invoices, debit memos and credit memos. You can specify a line ordering rule for each grouping rule.

Transaction Attributes

Oracle Fusion Receivables provides the following transaction attributes from the RA_INTERFACE_LINES_ALL table that you can use for AutoInvoice line ordering rules:

- ACCOUNTING_RULE_DURATION
- ACCOUNTING_RULE_ID
- ACCOUNTING_RULE_NAME
- AMOUNT
- ATTRIBUTE_CATEGORY
- ATTRIBUTE1-15
- FOB_POINT
- INTERFACE_LINE_ATTRIBUTE1-15
- INTERFACE_LINE_CONTEXT
- ORIG_SYSTEM_SHIP_ADDRESS_ID
- QUANTITY
- QUANTITY_ORDERED
- REASON_CODE
- REASON_CODE_MEANING
- REFERENCE_LINE_ATTRIBUTE1-15
- REFERENCE_LINE_CONTEXT
- REFERENCE_LINE_ID
- SALES_ORDER
- SALES_ORDER_DATE
- SALES_ORDER_LINE
- SALES_ORDER_SOURCE
- SHIP_DATE_ACTUAL
- SHIP_VIA
- TAX_CODE
- UNIT_SELLING_PRICE
- UNIT_STANDARD_PRICE
- UOM_CODE
- UOM_NAME
- WAYBILL_NUMBER

FAQs for AutoInvoice Line Ordering Rules

When does a grouping rule need a line ordering rule?

Assign an AutoInvoice line ordering rule to an AutoInvoice grouping rule when you want to organize the transaction lines belonging to a transaction created by the grouping rule in a specific order. Use the **Order By Type** to specify whether to order the values belonging to a transaction attribute from least to greatest (Ascending) or greatest to least (Descending).

For example, if you are importing transactions from Oracle Fusion Distributed Order Orchestration, you can define a line ordering rule with the attribute SALES_ORDER_LINE to list the items on the invoice in the same order as they appear on the sales order.

Or, you can define a line ordering rule with the attribute AMOUNT and an **Order By Type** of Descending to ensure that the highest invoice line amounts are listed first on the transactions created by the grouping rule.

Define AutoInvoice Grouping Rules

Mandatory and Optional Grouping Rule Attributes: Explained

AutoInvoice grouping rules contain transaction attributes that must be identical for all items on the same transaction. For example, transaction number (TRX_NUMBER) is a mandatory attribute of all grouping rules. If you have two records in the interface tables with different transaction numbers, AutoInvoice creates separate transactions for each record.

Oracle Fusion Receivables provides both mandatory and optional transaction attributes for imported transactions. You cannot delete a mandatory attribute from any grouping rule, but you can add optional attributes to the mandatory attributes to create a new grouping rule.

Mandatory Transaction Attributes

Receivables provides the following mandatory transaction attributes from the RA_INTERFACE_LINES_ALL table that must apply to all transactions created using AutoInvoice grouping rules:

- COMMENTS
- CONS_BILLING_NUMBER
- CONVERSION_DATE
- CONVERSION_RATE
- CONVERSION_TYPE
- CREDIT_METHOD_FOR_ACCT_RULE
- CREDIT_METHOD_FOR_INSTALLMENTS
- CURRENCY_CODE

- CUSTOMER_BANK_ACCOUNT_ID
- CUST_TRX_TYPE_ID
- DOCUMENT_NUMBER
- DOCUMENT_NUMBER_SEQUENCE_ID
- GL_DATE
- HEADER_ATTRIBUTE1-15
- HEADER_ATTRIBUTE_CATEGORY
- HEADER_GDF_ATTRIBUTE1-30
- INITIAL_CUSTOMER_TRX_ID
- INTERNAL_NOTES
- INVOICING_RULE_ID
- ORIG_SYSTEM_BILL_ADDRESS_ID
- ORIG_SYSTEM_BILL_CONTACT_ID
- ORIG_SYSTEM_BILL_CUSTOMER_ID
- ORIG_SYSTEM_SHIP_CONTACT_ID
- ORIG_SYSTEM_SHIP_CUSTOMER_ID
- ORIG_SYSTEM_SOLD_CUSTOMER_ID
- ORIG_SYSTEM_BATCH_NAME
- PAYMENT_SERVER_ORDER_ID
- PAYMENT_SET_ID
- PREVIOUS_CUSTOMER_TRX_ID
- PRIMARY_SALESREP_ID
- PRINTING_OPTION
- PURCHASE_ORDER
- PURCHASE_ORDER_DATE
- PURCHASE_ORDER_REVISION
- REASON_CODE
- RECEIPT_METHOD_ID
- RELATED_CUSTOMER_TRX_ID
- SET_OF_BOOKS_ID
- TERM_ID
- TERRITORY_ID
- TRX_DATE

- TRX_NUMBER

Optional Transaction Attributes

Receivables provides the following optional transaction attributes from the RA_INTERFACE_LINES_ALL table that you assign to transaction classes within an AutoInvoice grouping rule:

- ACCOUNTING_RULE_DURATION
- ACCOUNTING_RULE_ID
- ATTRIBUTE1-15
- ATTRIBUTE_CATEGORY
- INTERFACE_LINE_ATTRIBUTE1-15
- INTERFACE_LINE_CONTEXT
- INVENTORY_ITEM_ID
- REFERENCE_LINE_ID
- RULE_START_DATE
- SALES_ORDER
- SALES_ORDER_DATE
- SALES_ORDER_LINE
- SALES_ORDER_REVISION
- SALES_ORDER_SOURCE
- TAX_CODE
- TAX_RATE

Using AutoInvoice Grouping Rules: Example

This example illustrates how to use grouping rules to group transaction lines into transactions during AutoInvoice import.

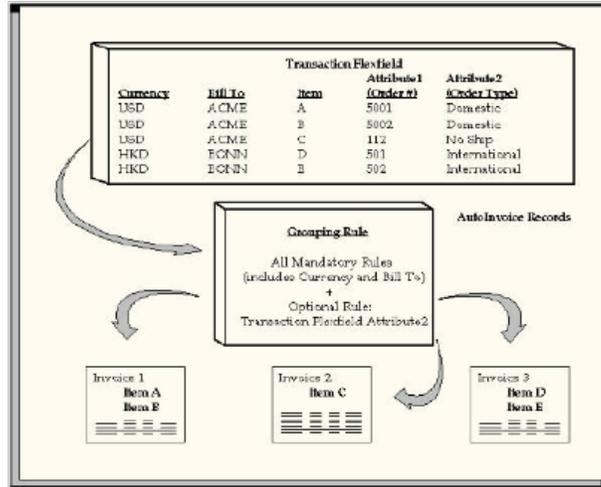
Scenario

Define an AutoInvoice grouping rule that specifies that to appear on the same invoice, items must match on all mandatory attributes, such as currency (CURRENCY_CODE) and customer bill-to address (ORIG_SYSTEM_BILL_ADDRESS_ID), and must also match on the optional attribute of sales order type (SALES_ORDER_SOURCE).

Transaction Details

During AutoInvoice import, assume that all mandatory attributes match other than currency and customer bill-to address.

This diagram illustrates how three imported invoices are created according to the AutoInvoice grouping rule defined in this example:



Analysis

Items A and B share the same currency and sales order type, so they appear on the same invoice (Invoice 1). Item C has the same currency as A and B, but it has a different sales order type, so it appears on its own invoice (Invoice 2). Items D and E share the same currency and sales order type, so they appear on the same invoice (Invoice 3).

Because of the optional attribute of sales order type, AutoInvoice created three invoices. If the grouping rule had designated only mandatory attributes, then AutoInvoice would have created only two invoices.

FAQs for AutoInvoice Grouping Rules

Why did AutoInvoice reject transactions?

During AutoInvoice processing, if you have transaction lines that fail validation, Oracle Fusion Receivables looks at the value of the **Invalid Line** field in the transaction source to determine the grouping of transactions.

If the value is Reject Invoice, then AutoInvoice rejects all of the transaction lines that make up one invoice according to the grouping rule, if any one of the transaction lines are invalid. For example, if a grouping rule specifies that three transaction lines should be created as one invoice and one of the transaction lines has an error, AutoInvoice rejects all three transaction lines and does not create an invoice.

However, if the value is Create Invoice, AutoInvoice rejects the one invalid transaction line and creates an invoice from the two remaining valid transaction lines.

Why did AutoInvoice create transactions with duplicate transaction numbers?

During AutoInvoice processing, Oracle Fusion Receivables validates that transaction and document numbers are unique after grouping has completed. In certain cases, AutoInvoice will create multiple invoices in the same group with the same transaction or document number. Once grouping is completed,

AutoInvoice checks for duplicate transaction and document numbers and reports any lines that fail validation.

For example, two lines are imported with the same transaction number, but they have different currencies. These lines are split into two separate invoices during grouping due to the different currencies. Once grouping has completed, both of the invoices will fail validation due to identical transaction numbers.

What happens if AutoInvoice processes a transaction class that is not defined for a grouping rule?

If AutoInvoice uses grouping rules and it is processing a transaction class that is not defined for a grouping rule, then AutoInvoice only uses the mandatory transaction attributes to group transactions.

Define Payment Terms

Payment Terms: Explained

Use payment terms to identify due dates and discount dates on your customer transactions. You assign payment terms for use on transactions to customer account and site profiles, and to transaction types.

Considerations for payment terms include:

- Payment Terms and Customer Profiles
- Payment Terms and Discounts
- Split Payment Terms with Installments
- Prepayment Payment Terms

Payment Terms and Customer Profiles

The setup of payment terms on customer site and account profiles influences the use and availability of payment terms on manual transactions.

When you create a manual transaction, Receivables looks for payment terms to assign to the transaction in this order:

1. Payment terms assigned to the site profile of the bill-to customer.
2. Payment terms assigned to the account profile of the bill-to customer.
3. Payment terms assigned to the transaction type.

You must enable the **Override terms** option on the customer site or account profile in order to change the payment terms assigned to the transaction. Enabling the **Override terms** option provides more flexibility in assigning payment terms to manual transactions.

If you do not enable the **Override terms** option on customer site and account profiles, then:

- You cannot change the payment terms assigned by default.

- If you select a bill-to customer, and no payment terms were assigned either to the site or account profiles of this customer or to the transaction type, then no payment terms are available for use on the transaction.

You can alternatively either select another bill-to customer or select payment terms before selecting a customer.

- If you select payment terms and then select a bill-to customer, and no payment terms were assigned to the site or account profiles of this customer, then you cannot change the payment terms originally assigned.

Tip

If you intend to leave the **Override terms** option disabled on customer site and account profiles, then make sure that you assign payment terms to the transaction types that you intend to use for manual transactions.

Payment Terms and Discounts

Define standard payment terms for your customers to specify the due date and discount date for their open items. Payment terms can include a discount percent for early payment, and you can assign multiple discounts to each line of your payment terms.

For example, the payment terms named 2% 10, Net 30 indicates that a customer is allowed a two percent discount if payment is received within 10 days; after 10 days, the entire balance is due within 30 days of the transaction date with no applicable discount.

Enable the **Allow discount on partial payments** option to let your customers take discounts for partial payments on items associated with payment terms. A partial payment is a payment that is less than the remaining amount due. If you do this, you must also ensure that the **Discount on partial payment** system option is enabled.

Use the **Discount Basis** field to determine what amount Oracle Fusion Receivables uses to calculate discounts for the particular payment terms. If the payment terms use installments, you can assign discount percentages to each installment.

Split Payment Terms with Installments

Create split payment terms for invoice installments that have different due dates. The payment terms determine the amount of each installment.

Use the **Installment Option** field to determine how to allocate the freight and tax charged to transactions. You can either distribute tax and freight charges across all installments, or allocate all freight and tax charges to the first installment.

Define the payment schedule for the split payment terms. The payment schedule determines when each installment is due, how much in each installment is due, and how much discount to offer in each installment.

Prepayment Payment Terms

You can optionally define prepayment payment terms by enabling the **Prepayment** option. You assign prepayment payment terms to transactions to indicate which business transactions require prepayment for goods and services.

Prepayment payment terms do not require the capture of funds in advance of invoicing or the delivery of prepaid goods or services. You must establish specific business practices at your enterprise if you want to capture these funds in advance.

Installment Options and Amounts Due: Explained

Split payment terms derive different amounts due in each installment of the payment schedule, depending on the setting of the **Installment Option** field.

If the base amount is different from the relative amount, and you set the **Installment Option** field to **Allocate tax and freight**, Oracle Fusion Receivables prorates the base amount across the relative amounts of the payment schedule based upon the ratio you define. Receivables uses the following equation to determine the original amount due for each installment:

$$\text{Amount Due} = \text{Relative Amount} / \text{Base Amount} * \text{Invoice Amount}$$

If you set the **Installment Option** field to **Include tax and freight in first installment**, the base amount and the relative amounts that you specify for the payment schedule only indicate how the original line amounts of the invoices to which you assign these payment terms are distributed across different installments.

In this case, the original freight and tax amounts are included in the first installment, in addition to the line amount allocated by the ratio of the base amount and the relative amount that you specify for the first payment. Receivables uses the following equation to determine the original amount due for the first installment:

$$\text{Amount Due} = (\text{Relative Amount} / \text{Base Amount} * \text{Base Line Amount}) + \text{Base Freight Amount} + \text{Base Tax Amount}$$

Payment Terms Discount Basis

The payment terms **Discount Basis** field determines on what basis Oracle Fusion Receivables calculates the discount amount.

Discount Basis

Invoice Amount

Calculates the discount amount based on the sum of the tax, freight, and line amounts of transactions.

Lines Only

Calculates the discount amount based on only the line amounts of transactions.

Lines, Freight Items and Tax

Calculates the discount amount based on the amount of line items and their freight and tax amounts, but excludes freight and charges at the transaction header level.

Lines and Tax, not Freight Items and Tax

Calculates the discount amount based on the line items and their tax amounts, but excludes freight items and their tax lines.

Calculating Discounts: Explained

Oracle Fusion Receivables uses different formulas to calculate discounts, depending on your setup, the payment terms on the transaction, and the type of payment received.

Receivables provides formulas for these discount events:

- Maximum Discount
- Earned Discounts and Partial Payments Allowed
- Unearned Discounts with Partial Payment Discounts Allowed
- Earned Discounts with Partial Payment Discounts Not Allowed
- Unearned Discounts and Partial Payments Not Allowed
- Discount on Lines Only

Maximum Discount

Use the following formula to determine the maximum discount amount:

$$\text{Maximum Discount} = (\text{Amount Due Original}) * (\text{Highest Discount Percent} - \text{Discount Taken})$$

Earned Discounts and Partial Payments Allowed

If the receipt amount is more than the amount due remaining less the discount, Receivables uses the following formula to determine the earned discount:

$$\text{Earned Discount} = \text{Amount Due Remaining} * \text{Discount Percent}$$

If the receipt amount is either the same or less than the amount due remaining less the discount, Receivables uses the following formula to determine the earned discount:

$$\text{Earned Discount} = (\text{Receipt Amount} * \text{Discount Percent}) / (1 - \text{Discount Percent})$$

Unearned Discounts with Partial Payment Discounts Allowed

Receivables uses the following formula to determine unearned discounts if partial payments are allowed:

$$\text{Unearned Discount} = \text{Maximum Discount} - \text{Earned Discount}$$

Earned Discounts with Partial Payment Discounts Not Allowed

If the **Allow discount on partial payments** option on the payment terms is not enabled, Receivables only takes discounts if the receipt amount closes the installment.

Receivables uses the following formula to determine earned discounts if partial payment discounts are not allowed:

Earned Discount = Amount Due Original * Discount Percent

Unearned Discounts and Partial Payments Not Allowed

If the **Allow discount on partial payments** option on the payment terms is not enabled, Receivables only takes discounts if the receipt amount closes the installment.

Receivables uses the following formula to determine unearned discounts if partial payments are not allowed:

Unearned Discount = (Amount Due Original) * (Maximum Discount Percent - Earned Discount)

Discount on Lines Only

If the **Discount Basis** field on the payment term is set to Lines Only, Receivables does not take discounts on receipt amounts applied to tax, freight, or late charges and uses the following formula to determine the discount amount:

Line Percent = Discount Percent * (Sum of Lines + Sum of Line Adjustments - Sum of Line Credits) / (Amount Due Original + Sum of Adjustments - Sum of Credits)

Once you determine the discount line percent, use this as the discount percent in the formulas above.

Deriving Discount Amounts: Example

This example illustrates how Receivables displays discount information based on the apply date of the receipt.

When you enter receipts manually, Oracle Fusion Receivables determines whether discounts are allowed based on the payment terms, discount grace days, system options, transaction date, and receipt apply date. If discounts are allowed, Receivables determines the amount of both earned and unearned discounts, as determined by the details of your setup.

Scenario

Assume that you are using the following information:

- Unearned Discounts = Yes
- Payment Terms: 10/10, 5/15, Net 30
- Discount Grace Days = 0
- Calculate Discount on Lines Only = No
- Allow Discount on Partial Payments = Yes

This table shows the discount details:

Percent	Date	On Lines Only	On Partial Payments
5	17-DEC-10	NO	YES
10	12-DEC-10	NO	YES

Assume these invoice details:

- Invoice #101
- Invoice Date = 02-DEC-10
- Due Date = 01-JAN-11
- Amount = \$1100

The following table displays the default discount amounts based on different receipt application dates. You can also see the amount of earned and unearned discounts that your customers can take.

Receipt Apply Date	Receipt Amount	Default Discount Amount	Message Line	Earned Discount Allowed	Unearned Discount Allowed
From 02-DEC-10 to 12-DEC-10	\$990	\$110	Discount Earned = 110 Total = 110	\$110	None
After 17-DEC-10	\$990	0 To take the unearned discount, you must update the amount.	Discount Earned = 0 Total = 110	None	\$110
From 02-DEC-10 to 12-DEC-10	\$1000 \$10 of the receipt is left as Unapplied after the default discount.	\$110	Discount Earned = 110 Total = 110	\$110	None
From 13-DEC-10 to 17-DEC-10	\$1000 After the discount of \$52.63 defaults, the receipt is fully applied. However, there is still a remaining balance of \$47.37 on the invoice.	\$52.63 To take the unearned discount, you must update the amount.	Discount Earned = 52.63 Total = 110	\$52.63	\$57.37
After 17-DEC-10	\$1000 Since there is no default discount, the receipt is fully applied. There is a remaining balance of \$100 on the invoice.	0 To take the unearned discount, you must update the amount.	Discount Earned = 0 Total = 110	None	\$110

FAQs for Payment Terms

What's the difference between balance forward payment terms and other payment terms?

Balance forward billing payment terms pass the balance forward billing cycle to the Create Balance Forward Bill program. The billing cycle determines when customer balance forward bills are generated.

Because balance forward bills cannot be split across installments, all settings related to installments on balance forward billing payment terms are disabled. You cannot change existing payment terms back and forth for use as both a non-balance forward billing and balance forward billing payment terms.

Define AutoAccounting

AutoAccounting Account Types and Segment Values

Define AutoAccounting to specify how to determine the default general ledger accounts for transactions that you enter manually or import using AutoInvoice. You must define AutoAccounting before you can enter transactions in Oracle Fusion Receivables. When you enter transactions, you can override the default general ledger accounts that AutoAccounting creates.

Account Types

Define an AutoAccounting record for each type of account. You can then assign either a table name or constant value to each segment of the account.

AutoInvoice Clearing

The clearing account for imported transactions. Receivables uses the clearing account to hold any difference between the specified revenue amount and the selling price times the quantity for imported invoice lines. Receivables only uses the clearing account if you have enabled this option on the transaction source used for imported transactions.

Freight

The freight account for transactions.

Receivable

The receivable account for transactions.

Revenue

The revenue and late charges account for transactions.

Tax

The tax account for transactions.

Unbilled Receivable

The unbilled receivable account for transaction. Receivables uses this account when the transaction uses the In Arrears invoicing rule. If the revenue scheduling rule on the transaction recognizes revenue before the invoicing rule bills it, Receivables uses this account.

Unearned Revenue

The unearned revenue account for transactions. Receivables uses this account when a transaction uses the In Advance invoicing rule. If the revenue scheduling rule on the transaction recognizes revenue after the invoicing rule bills it, Receivables uses this account.

Table Names

Enter either the table name or constant value that you want Receivables to use to retrieve information for each accounting flexfield segment of a given account.

Enter a constant value instead of a table name if you want AutoAccounting to always use the same value for a given segment. You must ensure that you enter information that is valid for this segment. For example, if you defined your Company segment as a two-character segment with valid values ranging from 00 to 10, you must enter a two-character value within this range.

Bill-to Site

Use the bill-to site of the transaction to determine this segment of revenue, freight, receivable, AutoInvoice clearing, tax, unbilled receivable, and unearned revenue accounts.

Salesperson

Use the salesperson table to determine this segment of revenue, freight, receivable, AutoInvoice clearing, tax, unbilled receivable, and unearned revenue accounts.

If you select this option for AutoInvoice clearing, tax, or unearned revenue accounts, Receivables uses the revenue account associated with the salesperson on the transaction. If you select this option for the unbilled receivable account, Receivables uses the receivable account associated with the salesperson on the transaction.

If the transaction has a line type of Line with an inventory item of Freight, AutoAccounting uses the revenue scheduling rules for the freight account rather than the revenue account.

Standard Lines

Use the memo line or inventory item on the transaction to determine this segment of revenue, AutoInvoice clearing, freight, tax, unbilled receivable, and unearned revenue accounts.

If you select this option for AutoInvoice clearing, freight, tax, unbilled receivable or unearned revenue accounts, Receivables uses the revenue account associated to the memo line item or inventory item.

If the transaction has a line type of Line with an inventory item of Freight, AutoAccounting uses the revenue scheduling rules for the freight account rather than the revenue account.

Tax

Use the tax account assigned to the tax rate codes on the transaction.

Transaction Types

Use the transaction types table to determine this segment of revenue, freight, receivable, AutoInvoice clearing, tax, unbilled receivable, and unearned revenue accounts.

If the transaction has a line type of Line with an inventory item of Freight, AutoAccounting uses the revenue scheduling rules for the freight account rather than the revenue account.

AutoAccounting Structure: Points to Consider

To implement AutoAccounting, you first define your AutoAccounting structure and then define information for each salesperson, transaction type, product, and tax rate code in order for AutoAccounting to properly create your default accounts.

You must define your AutoAccounting structure before you can enter invoices and credit memos, and you can only define one structure for each account type. During transaction creation, if AutoAccounting cannot determine all of the Accounting Flexfield segments, it derives what it can and displays an incomplete Accounting Flexfield. You must provide any missing Accounting Flexfield information before you can complete a transaction.

There are these points to consider about creating your AutoAccounting structure:

- AutoInvoice Clearing Account
- Freight Account
- Receivable Account
- Revenue Account
- Tax Account
- Unbilled Receivable Account
- Unearned Revenue Account
- Available Information for Each Account

This table indicates the information that you can use to create each type of account. (Rec) and (Rev) indicate whether the account information is taken from the corresponding Receivables or Revenue Accounting Flexfield.

Information Source / AutoAccounting Type	Constant	Customer Bill-to Site	Salesperson	Transaction Type	Standard Item	Tax Rate Code
AutoInvoice Clearing Account	Yes	Yes	Yes (Rev)	Yes	Yes (Rev)	No
Freight	Yes	Yes	Yes	Yes	Yes (Rev)	No

Receivable	Yes	Yes	Yes	Yes	No	No
Revenue	Yes	Yes	Yes	Yes	Yes	No
Tax	Yes	Yes	Yes (Rev)	Yes	Yes (Rev)	Yes
Unbilled Receivable	Yes	Yes	Yes (Rec)	Yes	Yes (Rev)	No
Unearned Revenue	Yes	Yes	Yes (Rev)	Yes	Yes (Rev)	No

If AutoAccounting for the AutoInvoice Clearing, Tax, Unbilled Receivable, or Unearned Revenue accounts is based on standard item, Receivables uses the segment from the standard item Revenue Accounting Flexfield.

If AutoAccounting for the AutoInvoice Clearing, Tax, or Unearned Revenue accounts is based on salesperson, Receivables uses the account segment from the salesperson Revenue Flexfield. If AutoAccounting for Unbilled Receivable is based on salesperson, Receivables uses the segment from the salesperson Receivable Flexfield.

If the AutoInvoice Clearing, Revenue, Tax, Unbilled Receivable, or Unearned Revenue accounts are based on salesperson and there are multiple salespersons on the transaction, then Receivables creates separate distributions for each salesperson.

AutoInvoice Clearing Account

During AutoInvoice processing, Receivables uses the AutoInvoice clearing account to store any differences between the specified revenue amount and the (price * quantity) for imported invoice lines.

Receivables only uses the AutoInvoice clearing account if you enabled the Create clearing option on the transaction source assigned to imported transactions. However, you must define a clearing account in any case.

You can use constant value, customer bill-to site, salesperson, transaction type, and standard item for your AutoInvoice clearing account. If you select salesperson or standard item, Receivables uses the specified Revenue Flexfield.

Freight Account

The freight account controls the account in general ledger to which you post freight amounts. You can use constant value, customer bill-to site, salesperson, transaction type, and standard item to specify your freight account.

If you choose standard item, Receivables uses the specified Revenue Flexfield. In addition, you cannot import transactions with header-level freight through AutoInvoice.

If the transaction has a line type of LINE with an inventory item of freight, AutoAccounting uses the revenue scheduling rules for the freight type account rather than the revenue type account.

Receivable Account

The receivable account controls the account in your general ledger to which you post receivable amounts. You can use transaction type, customer bill-to site, salesperson, and constant value to specify your receivable account.

Revenue Account

The revenue account controls the account in your general ledger to which you post your revenue amounts. You can use transaction type, customer bill-to site, standard item, salesperson, and constant value to specify your revenue account.

Tax Account

The tax account controls the account in your general ledger to which you post tax amounts. You can use tax rate codes, customer bill-to site, salesperson, transaction type, standard item, and constant value to specify your tax account.

If you select salesperson or standard item, Receivables uses the specified Revenue Flexfield.

Unbilled Receivable Account

Receivables uses the unbilled receivable account for transactions that have invoicing and revenue scheduling rules. Whenever the revenue scheduling rule recognizes revenue on the transaction before the invoicing rule bills it, Receivables posts this amount to the unbilled receivable account.

You can select constant value, customer bill-to site, salesperson, transaction type, and standard item for your unbilled receivable account.

If you select standard item, Receivables uses the specified Revenue Flexfield. If you select salesperson, Receivables uses the salesperson Receivable Flexfield.

Unearned Revenue Account

Receivables uses the unearned revenue account for transactions that have invoicing and revenue scheduling rules. Whenever the revenue scheduling rule recognizes revenue on the transaction after the invoicing rule bills it, Receivables posts this amount to the unearned revenue account.

You can select constant value, customer bill-to site, salesperson, transaction type, and standard item for your unearned revenue account.

If you select salesperson or standard item, Receivables uses the specified Revenue Flexfield.

Using AutoAccounting to Derive Accounting Flexfield Segments: Example

This example illustrates how to derive default Accounting Flexfield segments in AutoAccounting.

Oracle Fusion Receivables uses AutoAccounting to derive the default accounting, and uses predefined setup in Oracle Fusion Subledger Accounting so that the Create Receivables Accounting program accepts the default accounts that AutoAccounting derives without change. However, if you modify the Subledger Accounting setup to define custom accounting, then you can select a constant value for all Accounting Flexfield segments.

These two scenarios illustrate how Receivables uses the AutoAccounting structure you define to determine your Accounting Flexfield defaults.

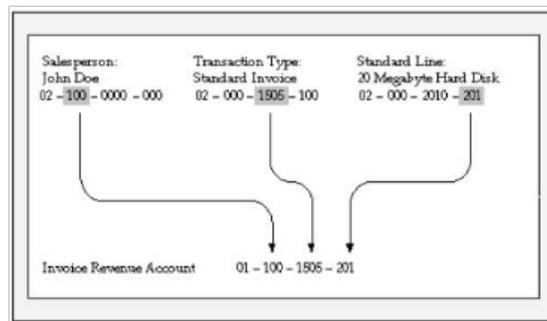
Flexfield with Four Definitions

You want to define a four segment Revenue Flexfield: 00-000-0000-000 (Company-Cost Center-Account-Product). You can define AutoAccounting to derive defaults for each segment:

- Company, the first segment, is the constant 01.
- Cost Center, the second segment, derives from the salesperson (John Doe).
- Account, the third segment, derives from the transaction type (Standard Invoice).
- Product, the fourth segment, derives from the standard line (20 Megabyte Hard Disk).

Salesperson John Doe enters a one line Standard Type invoice for a 20 Megabyte Hard Drive.

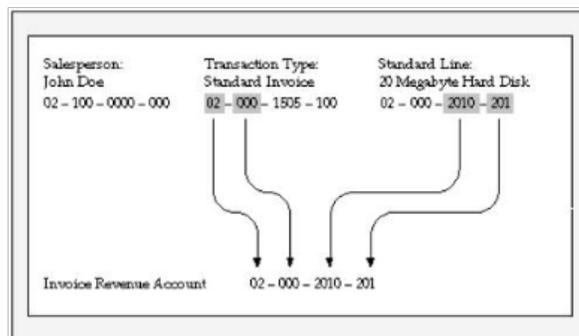
This graphic illustrates how AutoAccounting derives the Revenue Flexfield based on a separate definition for each segment:



Flexfield with Two Definitions

You redefine the structure so that AutoAccounting only uses information from the transaction type (Standard Invoice) for segments 1 and 2, and standard line (consulting services) for segments 3 and 4.

This graphic illustrates how AutoAccounting derives the Revenue Flexfield based on the same definitions for segments 1 and 2 and segments 3 and 4:



FAQs for AutoAccounting

When does AutoAccounting create subledger accounting?

AutoAccounting derives the default accounting for each accounting event in Oracle Fusion Receivables according to your setup. AutoAccounting assigns valid Accounting flexfields to invoices and credit memos, and automatically generates valid Accounting flexfields for all related accounts: freight, receivable, revenue, AutoInvoice clearing, tax, unbilled receivable, and unearned revenue.

When you submit the Create Receivables Accounting program, this creates the subledger accounting entries. Oracle Fusion Subledger Accounting transfers the final accounting to Oracle Fusion General Ledger.

You can optionally define your own accounting rules in Subledger Accounting to create accounting that meets your business requirements. If you customize the Subledger Accounting setup to create your own accounting, then Subledger Accounting overwrites the default accounts, or individual segments of accounts, that AutoAccounting originally derived during transaction entry.

Define Transaction Types

Recording Posted and Non-Posted Activities using Transaction Types: Critical Choices

Use the **Open Receivable** and **Post to GL** options on the transaction type to manage posted and non-posted activities on transactions.

If the **Open Receivable** option is enabled, Oracle Fusion Receivables updates your customer balances each time you create a complete debit memo, credit memo, chargeback, or on-account credit with this transaction type. Receivables also includes these transactions in the standard aging and collection processes.

If the **Post to GL** option is enabled, Receivables posts transactions with this transaction type to general ledger. If this option is not enabled, then no accounting is generated for transactions with this transaction type.

Considerations for defining transaction types include:

- Creating a Void Transaction Type
- Updating Customer Accounts and Aging
- Updating Accounting Only

Creating a Void Transaction Type

You can void a debit memo, credit memo, on-account credit or invoice by defining a Void transaction type. When you define a Void transaction type, set the **Open Receivable** and **Post to GL** options to No. Then, as long as there is no

activity against the transaction, and it has not been posted to general ledger, you can make the transaction invalid by changing the transaction type to Void.

This activity is not included on the Review Customer Account Details page since the activity does not modify the customer balance.

Updating Customer Accounts and Aging

If you set the **Open Receivable** option to Yes and **Post to GL** option to No, Receivables updates customer accounts with the transaction activity of transactions assigned this transaction type. Receivables also includes these transaction in aging reports. There is no effect on accounting.

Use transaction types with these settings during your initial implementation, where the transaction amount is included in the general ledger beginning balance for the receivable account, but activity still needs to be aged and payment collected against it. All related activities against the transaction, such as credit memos, payments, and adjustments, are accounted as affecting the customer balance. You can review these activities on the Review Customer Account Details page.

Updating Accounting Only

If you set the **Open Receivable** option to No and **Post to GL** option to Yes, Receivables updates accounting without any impact on the customer balance.

Use transaction types with these settings when you want to adjust accounting activity, such as when you rebill a customer in order to reclassify the general ledger account. A credit memo and invoice with the **Open Receivable** option set to No are created where the credit memo reverses the general ledger account of the original invoice, and the invoice creates accounting with the new general ledger account. This activity is transparent to the customer because the original invoice is used for the cash application when payment is received.

This activity is not included on the Review Customer Account Details page since the activity does not modify the customer balance.

Natural Application and Overapplication: Explained

The transaction type that you assign to a transaction defines the type of application that is permitted against the transaction balance. This definition is managed by the **Natural Application Only** and **Allow Overapplication** options.

Natural application lets you only apply a payment or credit to a transaction that brings the transaction balance close to or equal to zero. For example, if an invoice has a balance due of \$400, you can make applications against this transaction up to \$400 only. With natural application, you can only bring the balance to zero.

Overapplication lets you apply more than the balance due on a transaction. For example, if you apply a \$500 receipt to a \$400 invoice, this overapplies the invoice by \$100 and reverses the balance sign from positive to negative.

Using Natural Application and Overapplication

Whether or not a transaction allows overapplication determines the actions that you can take on that transaction.

If a transaction that allows natural application only is paid in full, then in order to credit the transaction you must first unapply the transaction from the receipt before creating the credit.

If you want to use AutoInvoice to import credit memos against paid invoices and evaluate these credits for automatic receipt handling, then the transaction type of the paid invoices must allow natural application only. However, if the **Receipt Handling for Credits** option is not enabled on the transaction source of the transaction, AutoInvoice leaves the related credit memo in the interface tables until you unapply the invoice from the receipt.

Reference Accounts and Transaction Types: Points to Consider

Define the accounting for transaction types of class Invoice, Chargeback, Credit Memo, and Debit Memo. Oracle Fusion Receivables uses this information along with your AutoAccounting definition to determine the accounts to use for transactions with the applicable transaction type.

There are points to consider for each reference account on a transaction type:

- Revenue
- Freight
- Receivable
- AutoInvoice Clearing
- Tax
- Unbilled Receivable
- Unearned Revenue

Revenue

Enter a revenue account, unless the transaction type does not allow freight.

If the **Invoice Accounting Used for Credit Memos** profile option is set to No, then a revenue account is not required for Credit Memo transaction types.

Freight

Enter a freight account, unless the transaction type does not allow freight.

Receivable

Enter a receivable account for all transaction types.

If the **Post To GL** option on the transaction type is enabled, Receivables creates a receivable transaction record using this account in order to transfer accounting to general ledger and create a journal entry.

For Chargeback transaction types, enter the Receivable Chargeback account. The offset to the Receivable account on the original debit transaction is generated by the chargeback adjustment.

If the **Invoice Accounting Used for Credit Memos** profile option is set to No, then a receivable account is not required for Credit Memo transaction types.

AutoInvoice Clearing

If this is an Invoice or Debit Memo transaction type, enter an AutoInvoice clearing account. Receivables uses this account to hold any difference between the revenue amount specified for the revenue account and the selling price times the quantity for imported invoice lines.

Receivables only uses the AutoInvoice clearing account for imported transactions that have a transaction source with the **Create clearing** option enabled. If the **Create clearing** option is not enabled, then AutoInvoice requires that the revenue amount on the invoice be equal to the selling price times the quantity.

Tax

If this is an Invoice, Credit Memo or Debit Memo transaction type, enter a tax account.

Unbilled Receivable

If this is an Invoice or Credit Memo transaction type, enter an unbilled receivable account. This account is for transactions that use the In Arrears invoicing rule.

Unearned Revenue

If this is an Invoice or Credit Memo transaction type, enter an unearned revenue account. This account is for transactions that use the In Advance invoicing rule.

FAQs for Transaction Types

How can I arrange the creation of transaction types?

Define your transaction types in the following order:

- Credit memo transaction types
- Invoice transaction types
- Debit memo transaction types
- Chargeback transaction types

If applicable, define the transaction types that you want to add to your transaction sources before defining transaction sources.

If you are using late charges, define a transaction type with a class of Debit Memo for debit memos, and a transaction type with a class of Invoice for interest

invoices. Specify the receivable and revenue accounts for these transaction types. Oracle Fusion Receivables uses these accounts instead of AutoAccounting when generating late charges.

How can I use transaction types to review and update customer balances?

You can use the **Open Receivable** option on the transaction type to implement an approval cycle for any temporary or preliminary transactions.

For example, if you have particularly sensitive debit memos, credit memos, on-account credits, chargebacks, and invoices that you want to review after creation, you can define a transaction type called Preliminary with **Open Receivable** set to No and assign it to the applicable transactions. This transaction type does not update your customer balances.

When you review and approve the transaction, you can define a transaction type called Final with **Open Receivable** set to Yes and assign it to the same transactions. This will now update your customer balances on these transactions.

Define Transaction Sources

Managing Transaction Numbering: Points to Consider

Use the various options on the transaction source assigned to a transaction to manage your transaction numbering requirements.

There are these points to consider when defining transaction numbering for transactions assigned to specific transaction sources:

- Defining Document Sequences
- Using Automatic Transaction Numbering
- Copying Document Numbers to Transaction Numbers
- Allowing Duplicate Transaction Numbers
- Using the Credit Memo Transaction Source

Defining Document Sequences

If necessary, define document sequences to assign unique numbers to each transaction, in addition to the transaction number automatically assigned by Oracle Fusion Receivables.

Using Automatic Transaction Numbering

To automatically number new transactions you create using a transaction source, enable the **Automatic transaction numbering** option and enter a number in the **Last Number** field.

For example, to start numbering transactions with 1000, enter a last number of 999. Receivables automatically updates the **Last Number** fields on transaction

sources, so you can review the transaction source later to see the last transaction number that was generated.

Note

The last transaction number on the transaction source is an approximation only, due to caching.

You can use automatic transaction numbering with both Imported and Manual transaction sources.

Copying Document Number to Transaction Number

If you are using document sequences and you want to use the same value for both the document number and the transaction number for transactions assigned to a transaction source, enable the **Copy document number to transaction number** option.

If you are using Gapless document sequences, you should enable this option if you require gapless transaction numbering. This ensures that transaction numbers are generated sequentially and that there are no missing numbers.

Allowing Duplicate Transaction Numbers

Enable the **Allow duplicate transaction numbers** option to allow duplicate transaction numbers within a transaction source.

You cannot use this option with automatic transaction numbering.

Using the Credit Memo Transaction Source

Assign a credit memo transaction source to an invoice transaction source, if you want to number credit memos differently from the invoices that they credit.

Sales Credits on Imported Transactions: Explained

During AutoInvoice processing, whether you must provide sales credit information on imported transaction lines depends on the settings of the **Allow sales credits** option on the transaction source and the **Require salesperson** system option.

Requirements for Sales Credit Information

These are the requirements for passing sales credit information on imported transaction lines:

- If the **Require salesperson** system option and the **Allow sales credits** option on the transaction source are both enabled, you must provide sales credit information.
- If the **Require salesperson** system option is not enabled and the **Allow sales credits** option on the transaction source is enabled, you can provide sales credit information, but it is not required.

- If the **Require salesperson** system option is enabled and the **Allow sales credits** option on the transaction source is not enabled, you must provide sales credit information.
- If neither the **Require salesperson** system option nor the **Allow sales credits** option on the transaction source are enabled, you cannot provide sales credit information. AutoInvoice ignores any values that you pass.

Validating Imported Transactions: How It Works

Use the AutoInvoice Options and Import Information regions of an Imported transaction source to define how AutoInvoice validates imported transaction lines assigned a particular transaction source.

You do not have to pass values for all of the fields that are referenced in the transaction source. If you do not want AutoInvoice to pass certain data, then where available you can set the related option to None.

Note

Even if you set a transaction source data option to None in order not to import this information into the interface tables, AutoInvoice can still validate and reject transaction lines with invalid data.

Settings That Affect the Validation of Imported Transactions

These settings affect the validation of imported transactions:

- **Invalid Line** field: Indicate how AutoInvoice handles imported transactions with invalid lines by selecting either Reject Invoice or Create Invoice.
 - If you select Reject Invoice, AutoInvoice does not import this transaction or any of its lines into the interface tables.
 - If you select Create Invoice, AutoInvoice creates a transaction with valid lines only. For example, you import an invoice with three invoice lines and one of the lines is invalid. AutoInvoice creates the invoice with only the two valid lines and rejects the invalid line. You can use the Edit Transaction page to add the rejected line.
- **Accounting Date in a Closed Period** field: Indicate how AutoInvoice handles imported transactions that have lines in the interface lines table that are in a closed period.
 - Select Adjust to have AutoInvoice automatically adjust the accounting dates to the first accounting date of the next open or future enterable period.
 - Select Reject to reject these transaction lines.
- In the Import Information subregions, where applicable select Number, Value, Segment or ID for each option to indicate how AutoInvoice validates information.

- Select Number to import a record into the interface tables using its assigned number.
- Select Value to import a record into the interface tables using its actual name.

Note

Use Value if you intend to use the transaction source to import data from a non-Oracle system.

- Select Segment to use the flexfield segment.
- Select ID to use the internal identifier of the record.
- Select Amount or Percent to indicate how AutoInvoice validates Sales Credits and Revenue Account Allocations on transaction lines.

How Imported Transactions Are Validated

AutoInvoice validates imported data based on the settings of the applicable Imported transaction source. Transactions that fail validation appear in the Import AutoInvoice Validation report.

AutoInvoice ensures that certain column values agree with each other. These values can be within an interface table or multiple interface tables. For example, if the transaction source indicates not to use a revenue scheduling rule, AutoInvoice ignores any values passed for invoicing rule, revenue scheduling rule, and revenue scheduling rule duration.

AutoInvoice performs these validations on transaction lines with revenue scheduling rules:

- Requires that these transactions also include an invoicing rule, if you import transactions that use revenue scheduling rules.
- Rejects lines, if the revenue scheduling rule has overlapping periods.
- Rejects lines, if all of the accounting periods do not exist for the duration of the revenue scheduling rule.

FAQs for Transaction Sources

What do I create before creating transaction sources?

You may want to create certain records before creating your transaction sources.

You can optionally create these objects for all transaction sources:

- Transaction types: Define the transaction types that you want to appear by default on transactions assigned to your transaction sources.
- Invoice transaction flexfield: Define the reference information that you want to capture in the invoice transaction flexfield and display on imported transactions, such as a purchase order number.

- **Credit memo transaction source:** Define a transaction source for credit memos before you define a transaction source for invoices. Use this transaction source to number the credit memos created against invoices differently from the invoices they are crediting.

You can optionally create these objects for Imported transaction sources:

- **AutoInvoice grouping rule:** Define the grouping rule to appear by default on imported transaction lines.
- **AutoInvoice clearing account:** Define an AutoInvoice clearing account, if you intend to enable the **Create clearing** option. AutoInvoice puts any difference between the revenue amount and the selling price times the quantity for a transaction into this account.

How can I manage credit memos with transaction sources?

Special conditions may apply to the creation of transaction sources for credit memos.

Review these considerations for transaction sources assigned to credit memos:

- Define Manual transaction sources for credit memos created by the credit memo request approval process.
- Enable the **Copy transaction information flexfield to credit memo** option on Manual transaction sources used for credit memos, to copy the invoice transaction flexfield reference information to the credit memo that is crediting the invoice.
- Define and assign transaction sources for credit memos to transaction sources for invoices, if you want to number the credit memos created against invoices differently from the invoices they are crediting.

What happens if I don't enter an AutoInvoice grouping rule?

Assign the AutoInvoice grouping rule to Imported transaction sources that AutoInvoice uses to group imported transaction lines.

If you do not assign a grouping rule to an Imported transaction source, AutoInvoice uses the following hierarchy to determine which rule to use:

1. Grouping rule assigned to the transaction source of the transaction line.
2. Grouping rule assigned to the bill-to customer site profile of the transaction line.
3. Grouping rule assigned to the bill-to customer profile of the transaction line.
4. Grouping rule assigned to system options.

What happens if I don't create a clearing account?

If you do not use an AutoInvoice clearing account and enable the **Create clearing** option on the transaction source, AutoInvoice requires that the revenue amount

be equal to the selling price times the quantity for all of the transactions it processes. AutoInvoice rejects any transaction line that does not meet this requirement.

Define Memo Lines

Revenue Accounts and Memo Lines: Explained

You can optionally associate a revenue account with a memo line.

If AutoAccounting depends on memo line, Oracle Fusion Receivables uses the revenue account segment values defined for the memo line, in combination with the rest of your AutoAccounting structure, to determine the default revenue, freight, AutoInvoice clearing, tax, unbilled receivable, unearned revenue, and receivable accounts for invoices that include the memo line.

When you create a debit memo or on-account credit memo with memo lines, Receivables uses the Revenue account from the original receivable item as the credit account. However, when you create debit memo reversals or chargebacks, Receivables uses instead the Revenue flexfield from the original receivable item as the credit account.

FAQs for Memo Lines

When do I use memo lines?

Use memo lines on your transactions when the item is not an inventory item. For example, you can define a memo line called Consulting Services to identify charges for consulting activities. You can assign memo lines to debit memos, on-account credits, debit memo reversals, chargebacks, and invoices.

How can I use tax memo lines?

You can use tax memo lines on transactions if your tax definition lets you enter manual tax lines on transactions. After you enter a tax memo line on a transaction, you can specify the amount of tax to assign to the transaction line.

Define Balance Forward Billing Cycles

Account and Site Balance Forward Billing: Explained

You can enable and maintain balance forward billing details at the customer account level and customer site level. The rules governing the interaction between the account and account sites determine what sites are included in balance forward bills.

Rules for Account and Site Balance Forward Billing

These rules apply to balance forward billing at the account level and site level:

- Account level customer profile values become the default values for the related customer sites when you create site profiles.
- If balance forward billing is enabled at the account level, you still need to enable balance forward billing on the related site profiles if you want to include these sites for balance forward billing.
- Once you create a site profile and define balance forward billing details, the site profile no longer references the account profile. This lets you define different balance forward billing details for a particular site.
- Balance forward billing definitions at the site level take precedence over balance forward billing definitions at the account level.

Setting Up Balance Forward Billing: Worked Example

This example demonstrates how to set up balance forward billing for the customer Business World. The example includes the setup of a balance forward billing cycle, payment terms and the Business World customer profile.

This table summarizes key decisions for this scenario.

Decisions to Consider	In This Example
What billing cycle is used?	Monthly
What day of month is used on the payment terms?	15th
How are balance forward bills consolidated?	Account level
Can the customer exclude transactions from the balance forward bill?	Yes

To generate balance forward bills for a customer:

1. Define a balance forward billing cycle.
2. Define balance forward billing payment terms.
3. Set up the customer profile class for balance forward billing.
4. Assign the profile class to the Business World customer account.

Define a Balance Forward Billing Cycle

Define the balance forward billing cycle to use for this customer:

1. Open the Balance Forward Billing Cycle window.
2. Complete the fields, as shown in this table:

Field	Value
Name	Name that identifies this balance forward billing cycle for this customer.
Frequency	Monthly
Repeat Every	1
Day of Month	Last Day of Month

Define Balance Forward Billing Payment Terms

Define the balance forward billing payment terms to use for this customer:

1. Open the Create Payment Terms page.
2. Complete the fields, as shown in this table:

Field	Value
Name	Name that identifies these payment terms for this customer.
Billing Cycle	The billing cycle you defined in the previous step.
Due By Day of Month	15

Setting Up the Customer Profile Class for Balance Forward Billing

Set up the customer profile for Business World for balance forward billing:

1. Open the Create Receivables Customer Profile Class page.
2. Complete the general required fields for the profile class.
3. Complete the fields on the Profile Class tab, as shown in this table:

Field	Value
Balance Forward Billing Enable	Enable this option.
Bill Level	Account
Bill Type	Detail
Payment Terms	The balance forward billing payment terms you defined in the previous step.
Override terms	Enable this option.

Note

The **Override terms** option makes available to transactions non-balance forward payment terms and the one balance forward billing payment terms you defined in the previous step. This lets you exclude individual transactions from balance forward billing by assigning the transaction non-balance forward payment terms.

Assign the Profile Class to the Business World Customer Account

Assign the profile class to the Business World account:

1. Open the Edit Account page for Business World.
2. Click on the Profile tab.

3. Open the Insert Account Profile page and update the Business World customer account with the profile you defined in the previous step.
4. Make sure that balance forward billing is enabled at the site profile level for all sites belonging to the customer account that you want to include in balance forward billing.

FAQs for Balance Forward Billing Cycles

What's a balance forward billing cycle?

The balance forward billing cycle determines the dates in the year that Oracle Fusion Receivables generates balance forward bills, and the transactions that are included in balance forward bills. You assign balance forward billing cycles to payment terms.

When you run the Create Balance Forward Bill program, you must select a billing cycle. You can also select specific customers, customer sites, and payment terms. A run of the Create Balance Forward Bill program includes all transactions not included on a previous balance forward bill that are assigned the payment terms with the selected billing cycle, or a subset of these payment terms as determined by the other program parameters.

FAQs for Salesperson Account References

What are salesperson reference accounts?

Assign general ledger accounts to your salespersons. When AutoAccounting depends on salesperson, Oracle Fusion Receivables uses the account references that you define here to derive the accounts to use on transactions that are assigned a particular salesperson.

FAQs for Remit-to Addresses

How can I use remit-to addresses?

The remit-to address lets your customers know where to send payment for their open debit items. After you create a remit-to address, you can assign it to the bill-to addresses of the customers and customer sites that you designate by country and, if applicable, by region and postal code range.

If the **Print remit-to address** system option is enabled, Oracle Fusion Receivables prints the remit-to address on the related dunning letters and statements.

How does AutoInvoice validate remit-to addresses?

During the import process, AutoInvoice rejects all invoices for which it cannot determine a remit-to address. In order for AutoInvoice to import an invoice, you must either define a remit-to address for the geographical location of each applicable bill-to site or define a remit-to address to use as default for one or more locations.

How can I define a default remit-to address?

Create or select a remit-to address, then open the Receipts from Criteria dialog box. Select the country that you want to assign to this remit-to address. If you only select a country, then all customer bill-to sites in this country are assigned this remit-to address.

If you want to assign this remit-to address to specific locations within the country, you can optionally select a state (region) within the country, and a range of postal codes.

Why did the country appear?

When you create a remit-to address, a country appears by default if one was defined in system options. You can change the default to the applicable country of the remit-to address.

Why do I verify the address?

If you have Oracle Fusion Trading Community Data Quality installed, you can expose a **Verify Address** button on the Create and Edit Remit-to Address pages for applicable countries.

After you enter a remit-to address, use the **Verify Address** button to confirm that the address is in the Oracle Fusion Trading Community Model registry. If it is not, Oracle Fusion Receivables either presents alternative addresses or lets you optionally add the address you entered to the registry.

Define Golden Tax Adaptor

Golden Tax Profile Options: Points to Consider

Two profile options influence the Golden Tax Adaptor import and export process.

These profile options are:

- VAT Invoices Import Directory for China
- CE: Mask Internal Bank Account Numbers

VAT Invoices Import Directory for China

You can optionally use the **VAT Invoices Import Directory for China** profile option to assign a default directory for the VAT invoices data file imported from the Aisino Golden Tax System.

When you run the Import VAT Invoices for China program, the directory that you assign appears by default. You can change the default directory before running the program.

CE: Mask Internal Bank Account Numbers

The **CE: Mask Internal Bank Account Numbers** profile option masks all but the last four digits of bank account numbers.

If you set this profile option to Yes, you can transfer receivables transactions with masked bank account numbers to the Golden Tax Adaptor for review, but you cannot export masked bank account numbers to the flat file.

Tip

Set the **CE: Mask Internal Bank Account Numbers** profile option at the User level. Set this profile option to Yes for users that review receivables transactions before and after transfer to the Golden Tax Adaptor. Set this profile option to No for users who perform the import and export tasks.

Classifying Items for Golden Tax: Explained

VAT invoices for China classify items on invoice lines by item model and tax denomination.

These attributes are defined as:

- **Item Model:** Model number of the item.
- **Tax Denomination:** Classification of taxable items that identifies the tax rate to use for the item.

Maintain attribute information for item models and tax denominations in this way:

- Define item model and tax denomination attributes for the Master Items flexfield to enter values for these attributes when you create a new item.
- At the transaction line level:
 - Use the product fiscal classification to define item model for inventory items.
 - Use the product category fiscal classification to define item model for non-inventory items.
 - Use the transaction business category to define tax denomination.

When you transfer receivables transactions to the Golden Tax Adaptor, the Golden Tax Adaptor looks for item model and tax denomination values assigned to VAT-related system options in this order:

1. Transaction lines.
2. Master item:
 - a. If Item Validation Organization is set as a Master Inventory Organization, the process retrieves the item model and tax denomination from the related descriptive flexfield defined at Master INV ORG level.

- b. If Item Validation Organization is set as an Inventory Organization, the process retrieves the item model and tax denomination from the related descriptive flexfield defined at INV ORG level.
3. If the transfer process cannot find a tax denomination value in either transaction lines or master items, it inserts the value 0.

Defining Invoice Types for VAT Invoices: Explained

There are two types of VAT invoices in China.

The VAT invoice types are:

- Special VAT Invoice: For business transactions where VAT is recoverable.
- Common VAT Invoice: For transactions where VAT is not recoverable.

Before you can transfer receivables transactions to the Golden Tax Adaptor, you must complete setups for these processes:

- Determining the VAT invoice type to assign to receivables transactions.
- Assigning maximum values to VAT invoice types.

Determining the VAT Invoice Type

A VAT invoice in China can have only one tax registration number and one tax rate. When you transfer receivables transactions to the Golden Tax Adaptor, the transfer process splits any transaction with multiple tax registration numbers and tax rates into individual Golden Tax transactions (VAT child invoices).

The transfer process assigns a VAT invoice type to each Golden Tax transaction according to these settings:

- Bill-to Customer Third Party Tax Profile: Assign a tax registration type for VAT invoices to China on the third party tax profile of all applicable bill-to customers. The tax registration types are:
 - Small-Scale Taxpayer: Transactions assigned the Common VAT invoice type.
 - General Taxpayer: Transactions assigned the Special VAT invoice type.

Important

This setting is required to transfer receivables transactions to the Golden Tax Adaptor. Transactions without a tax registration type assigned to the bill-to customer are ignored during the transfer process.

-
- Document Fiscal Classification on the transaction: Optionally assign a document fiscal classification of Special VAT Invoice or Common VAT Invoice to transactions.

If the tax registration type of the bill-to customer is Small-Scale Taxpayer, the document fiscal classification setting is ignored and the transaction is assigned the Common VAT invoice type.

If the tax registration type of the bill-to customer is General Taxpayer, the transaction is assigned the Special VAT invoice type, unless the document fiscal classification setting is Common VAT Invoice. If so, then the transaction is assigned the Common VAT invoice type.

Assigning Maximum Values

The Chinese tax authority specifies for each business establishment the maximum amount and maximum number of lines allowed on a VAT invoice. You assign these maximum values under VAT-related system options for each legal reporting unit that issues VAT invoices in China.

For each combination of tax registration number of the legal reporting unit and VAT invoice type, designate the maximum amount and maximum number of lines. After splitting transactions by tax registration number and tax rate, the transfer process further splits transactions according to the values you assign here.

The value in the **Maximum Invoice Amount** field is in the Chinese currency. The transfer process converts transaction amounts in any other currency to the Chinese currency before transfer to the Golden Tax Adaptor. The maximum amount limit is applied to the converted amount.

Transferring Transactions to the Golden Tax Adaptor: Explained

Use the Transfer Transactions to Golden Tax Adaptor for China program to transfer receivables transactions to the Golden Tax Adaptor tables. You can transfer completed invoices, credit memos, and debit memos.

The program transfers transactions according to the business unit, transfer rule and accounting period selected, along with any other parameter values you specify. Details of the transfer process include:

- Transfer Rule
- Split Transactions
- VAT Invoices

Transfer Rule

The transfer rule determines which transactions belonging to the business unit are available for transfer.

The transfer rule includes these settings:

- VAT invoice types: The transfer process includes receivables transactions that match the VAT invoice types on the transfer rule:
 - Special VAT Invoice: Bill-to customer is an organization.
 - Common VAT Invoice: Bill-to customer is an individual.
 - Both

- Currencies: If the transfer contains receivables transactions that are not in the ledger currency, and if these currencies are specified in the transfer rule, then the transfer process converts the entered currency amounts to the Chinese currency.
- Transaction Types: The transfer process includes or excludes transactions with transaction types defined in the transfer rule.
- Transaction Descriptive Flexfields: The transfer process includes or excludes transactions with transaction descriptive flexfields defined in the transfer rule.

Split Transactions

During transfer the program splits receivables transactions into Golden Tax transactions (child VAT invoices) and populates the Golden Tax Adaptor tables with these interim transactions.

The factors that determine how to split transactions are applied in this order:

1. Tax registration number: A Golden Tax transaction is created for each separate tax registration number.

Normally a receivables transaction only refers to one tax registration number. If a receivables transaction line refers to more than one tax registration number, the transfer process creates a separate Golden Tax transaction for each tax registration number.
2. Tax rate code: A Golden Tax transaction is created for each separate tax rate. If a receivables transaction line contains more than one tax rate code, the transfer process creates a separate Golden Tax transaction for each tax rate code.
3. Miscellaneous system options: The setting of the **Split transaction line** option determines how transactions are split into Golden Tax transactions.
4. VAT-related system options: For each combination of transaction number and invoice type the transfer process further splits transactions into Golden Tax transactions according to the values for maximum amount and maximum number of lines. Exceptions to this are:
 - Sales list: If a receivables transaction is accompanied by a sales list, and the transfer rule uses the **Sales list enabled** option, then the transfer process ignores the **Maximum Invoice Lines** value.
 - Unit price: If an individual transaction line has a unit price that exceeds the maximum amount, but the **Allow unit price that exceeds VAT invoice amount limit** option is enabled on Miscellaneous system options, then the transfer process ignores the **Maximum Invoice Amount** value.

VAT Invoices

Along with the relevant transaction information, the transfer process populates each Golden Tax transaction with data according to the transfer settings and the requirements of the tax authority.

This includes:

- **Item Name:** Each item is assigned an item name either from the master item description or from item cross-references, as defined by the Miscellaneous system options.
- **Item Model and Tax Denomination:** Each item is classified by item model and tax denomination. The transfer process retrieves these values from the reference values assigned to VAT-related system options.
- **Customer information:** The transfer process includes this information on each Golden Tax transaction from the customer bill-to site: address, tax registration number, bank, bank branch, and bank account number.

After the transfer process has completed, use the Manage Golden Tax Transactions for China page to review the Golden Tax transactions that were created and make any necessary updates before exporting the data to a flat file.

Split Transaction Lines: How It Works

Use the **Split transaction line** option and the **Allow unit price that exceeds VAT invoice amount limit** option to determine how to split receivables transaction lines into Golden Tax transactions (child VAT invoices) when the transaction amount exceeds the maximum amount as defined in VAT-related system options.

The **Split transaction line** option works in this way:

- **Enabled:** The receivables transaction line is split into two Golden Tax transactions.
- **Not Enabled:** The receivables transaction line is moved to the next Golden Tax transaction.

This example shows a receivables invoice with a total amount of 13000 CNY and two lines:

Line Number	Line Amount (CNY)
1	6000
2	7000

The applicable **Maximum Invoice Amount** setting is 10000 CNY.

Split Transaction Line Option Enabled

If the **Split transaction line** option is enabled, then the receivables transaction is split as shown in these tables:

Line Number	Line Amount (CNY)
1	6000
2	4000

Line Number	Line Amount (CNY)
1	3000

The first transaction is assigned the maximum amount of 10000 CNY. Because the first line of the original invoice is less than 10000 CNY, this line is retained in the first transaction. The amount of the second line is the balance that brings the transaction to the maximum amount.

The second transaction is assigned the remaining amount.

Split Transaction Line Option Not Enabled

If the **Split transaction line** option is not enabled, then the receivables transaction is split as shown in these tables:

Line Number	Line Amount (CNY)
1	6000

Line Number	Line Amount (CNY)
1	7000

The first receivables transaction line becomes the first transaction and the second receivables transaction line becomes the second transaction.

Note

If after the split either receivables transaction line amount still exceeds the maximum amount, then this transaction line is split into two transactions, with the first transaction assigned the maximum amount.

Transaction Line Unit Price

It can occur that the unit price on a receivables transaction line exceeds the maximum amount setting for split transactions. If you want to retain the integrity of the unit price on Golden Tax transactions, then enable the **Allow unit price that exceeds VAT invoice amount limit** option.

If you enable this option, then any receivables transaction line with a unit price that exceeds the maximum amount becomes a separate Golden Tax transaction.

If you do not enable this option, then any receivables transaction with lines that have a unit price that exceeds the maximum amount are not transferred and an error is generated.

Creating a Transfer Rule: Worked Example

This example demonstrates how to set up a transfer rule for the company Business Computer. This company sells a special computer for the Chinese market. The transfer rule must take into account the details of the receivables invoices that are used for these special computers.

This table summarizes key decisions for this scenario.

Decisions to Consider	In This Example
Are these sales to companies only?	Yes
Are transactions likely to be in more than one currency?	Yes, because sales can originate from any office
Do these invoices use sales lists?	Yes, because each computer is individually configured
Does this apply to all computer sales?	No, these invoices are created apart from other computer sales

To create a transfer rule:

- Enter header information
- Select transaction types
- Select transaction flexfields

Entering Header Information

1. Navigate to the Golden Tax Transfer Rule for China header section.
2. Complete the fields as shown in this table:

Field	Value
Transfer Rule Set	Trans_Set_01
Name	Computers_GTA
VAT Invoice Type	Special VAT Invoice
Receivables Transaction Currency	All
Sales list enabled	Yes

Selecting Transaction Types

1. Navigate to the Golden Tax Transfer Rule for China Transaction Types section.

You include only one transaction type in this transfer rule.

2. Complete the fields as shown in this table:

Field	Value
Transfer Rule Condition	Include
Transaction Type	CN_Invoice

Selecting Transaction Flexfields

1. Navigate to the Golden Tax Transfer Rule for China Transaction Flexfields section.

You include two descriptive flexfield values to track both desktop and laptop sales.

2. Complete the fields as shown in this table for the first flexfield value:

Field	Value
Transfer Rule Condition	Include
Descriptive Flexfield Context	Golden Tax Adaptor
Attribute	Chinese Computers
Value	Desktop

3. Complete the fields as shown in this table for the second flexfield value:

Field	Value
Transfer Rule Condition	Include
Descriptive Flexfield Context	Golden Tax Adaptor
Attribute	Chinese Computers
Value	Desktop

FAQs for Golden Tax Adaptor

What are VAT-related options?

In China, each business establishment that issues VAT invoices is defined as one legal entity with one legal reporting unit. This legal reporting unit is assigned a unique tax registration number.

You define VAT-related options for each legal entity/legal reporting unit. VAT-related options include:

- Maximum invoice amount and maximum number of lines per invoice type.
- Tax types available for use on VAT invoices.
- Attributes for item classification.

What are miscellaneous options?

Miscellaneous options provide settings that determine how to transfer receivables transactions to the Golden Tax Adaptor. Miscellaneous options work in conjunction with the active transfer rule to split transactions into individual transaction lines according to your requirements.

You define miscellaneous options for each business unit that generates receivables transactions for transfer to the Golden Tax Adaptor. The miscellaneous options assigned to a business unit apply to each legal entity that belongs to the business unit.

Miscellaneous options include:

- Split rules: How to split transactions into Golden Tax transaction lines.

- Item descriptions: How to name each item on each transaction line.
- Batch numbering: How to number batches for the Golden Tax Adaptor data exported to a flat file.

What are tax types?

In China, VAT invoices are generated only for VAT, and not other types of tax that may appear on receivables transaction lines. Tax types identify the applicable VAT tax for each line of a VAT invoice for a given legal reporting unit.

You can use the default tax types or create your own, according to your tax requirements. The default tax types are:

- VAT: VAT for goods or services
- VAT-GOODS: VAT for goods only
- VAT-SERVICES: VAT for services only

During the transfer process, only receivables transactions with VAT tax lines belonging to the tax types assigned to the applicable legal reporting unit are transferred to the Golden Tax Adaptor.

When do I use item cross-references?

The item description on receivables transactions is used as the item name on Golden Tax transactions after transfer to the Golden Tax Adaptor. The original item name on the receivables transaction is not used. If you do not want the item description to appear as the item name on Golden Tax transactions, then create your own descriptions for items using cross-references. Define a cross reference type and create one or more cross-references for each item that needs descriptions for Golden Tax transactions.

If you create multiple cross-references for the same item and you do not enable the **Use latest reference if multiple references exist** option, then the transaction is not transferred.

What are batches in Golden Tax?

The application creates a batch each time you generate a flat file to export Golden Tax Adaptor data to the Aisino Golden Tax System. You can number these batches automatically, starting with batch number you specify, or let users enter a batch number manually when the file is generated.

What's a sales list?

A sales list is a document that accompanies a transaction and contains details of the line items belonging to the transaction. When a sales list accompanies a transaction, the transaction contains summary lines instead of detailed transaction lines. The summary lines refer to the sales list for the corresponding line item details.

If you enable the **Sales list enabled** option on the transfer rule, then the transfer process does not split receivables transactions with sales lists into separate Golden Tax transactions (provided the transaction amount does not exceed the applicable limit).

Why didn't transactions transfer to the Golden Tax Adaptor?

Many unsuccessful transfers are probably due to the settings of your Golden Tax Adaptor configuration. Review your Golden Tax Adaptor setup to learn more about the requirements you must follow to transfer receivables transactions.

Other reasons why receivables transactions failed to transfer include:

- **Multiple tax lines:** A receivables transaction line contains multiple VAT tax lines. In VAT invoices for China, each invoice line can have only one VAT tax line.
- **Tax registration number:** Either a receivables transaction contains a tax registration number that is not defined in Golden Tax system options, or a receivables transaction does not contain a tax registration number on tax lines or on the bill-to customer site.
- **Bill-to customer tax profile:** A bill-to customer was not assigned a tax registration type for VAT invoices for China on the third party tax profile.

What happens if a Golden Tax credit memo has a negative amount?

If the transfer process creates a credit memo with a negative amount (red-letter VAT invoice), then you need to manually enter the credit memo description.

Enter the credit memo descriptions as follows:

- **Special VAT invoices:** Enter the description as "The notification number for issuing a red-letter special VAT invoice <16 Digital Notification Number>" in Chinese. For example: "The notification number for issuing a red-letter special VAT invoice 1101110116161001."
- **Common VAT invoices:** Enter the description as "The corresponding positive invoice code <10 digit common VAT invoice code> number <8-digit common VAT invoice number>" in Chinese. For example: "The corresponding positive invoice code 1100061620 Number 04683459."

Define Revenue Management Configuration

Evaluating Revenue Policy: Points to Consider

Use the Manage Revenue Policies page to specify revenue policies for each applicable business unit. Oracle Fusion Receivables uses the revenue policy definition to make automatic revenue recognition decisions for manually entered and imported transactions.

Receivables compares each transaction against the revenue policy, and assigns revenue contingencies to the transaction or transaction lines that deviate from the policy definitions.

There are these points to consider for each revenue policy definition:

- Credit Classification
- Refund Policy Threshold
- Payment Terms Threshold

Credit Classification

Use credit classifications to identify your high risk, noncreditworthy customers. You can assign up to three levels of risk. Receivables compares these risk levels to the credit classification assigned to the customer profile.

When you enter or import a transaction for a customer with a credit classification that matches one of the credit classifications in the revenue policy, Receivables:

- Assigns the Customer Creditworthiness contingency to the transaction.
- Defers revenue on the entire transaction.
- Recognizes revenue on the transaction only to the extent of payments received.

Refund Policy Threshold

Use the **Refund Policy Threshold** column to enter the standard refund period in days that you typically offer to your customers.

When you enter or import a transaction with a line that is associated with a contract, Receivables analyzes the contract details. If the contract offers a refund period that exceeds the refund policy, Receivables:

- Assigns the Refund contingency to the transaction line.
- Defers revenue on the transaction line.
- Recognizes revenue on the transaction line only after the refund period on the transaction line expires.

Payment Terms Threshold

Use the **Payment Terms Threshold** column to enter the maximum time period in days before payment terms become extended.

When you enter or import a transaction with payment terms or an installment schedule that exceeds the payment terms policy, Receivables:

- Assigns the Extended Payment Term contingency to the transaction.
- Defers revenue on the entire transaction.
- Recognizes revenue on the transaction only to the extent of payments received.

For example, you enter a payment terms threshold of 180 days on your revenue policy, and you later enter or import an invoice with payment terms that have four installments:

- Net 60
- Net 90
- Net 120
- Net 200

Receivables defers the entire revenue amount on the invoice because the last installment exceeds the 180-day threshold by 20 days.

Event-Based Revenue Management: How It Works

Oracle Fusion Receivables automates the timing of revenue recognition for both manually entered transactions and transactions imported via AutoInvoice. This automated revenue management process helps you to comply with the strict revenue recognition requirements mandated by US GAAP and International Accounting Standards.

The event-based revenue management process evaluates each transaction and decides whether to immediately recognize revenue, or temporarily defer revenue to an unearned revenue account based on the contingencies assigned to the transaction. Revenue is subsequently recognized according to the removal event assigned to each contingency.

Note

Even if you set up for automated revenue recognition, you can still manually adjust revenue on transactions. Once you manually adjust revenue, Receivables discontinues the automatic monitoring of contingencies.

Settings That Affect Event-Based Revenue Management

These settings affect event-based revenue management:

- **Require salesperson** system option: You must enable the **Require salesperson** system option to use revenue recognition.
- **AR_INTERFACE_CONTS_ALL** table: You can use the **AR_INTERFACE_CONTS_ALL** table to assign revenue contingency IDs to billing lines, before importing transactions via AutoInvoice.

Note

When importing parent and child transaction lines, AutoInvoice automatically copies any contingencies from the parent line to the child lines.

- **Revenue Contingencies:** The revenue contingencies assigned to transactions, and their corresponding removal events, determine what revenue is deferred and for how long.
- **Revenue Policy:** Your revenue policy may trigger the assignment of contingencies to transactions.
- **Revenue Contingency Assignment Rules:** Your active revenue contingency assignment rules may trigger the assignment of contingencies to transactions.
- **Revenue Scheduling Rules:** If a revenue scheduling rule is assigned to the transaction, then revenue is recognized according to the revenue scheduling rule details and rule start date.

How Event-Based Revenue Management Is Calculated

The event-based revenue management process for deferring and later recognizing revenue on transactions follows these steps:

1. Receivables evaluates a transaction either entered manually or imported via AutoInvoice for revenue recognition.
2. If one or more contingencies exist, Receivables defers the corresponding revenue to an unearned revenue account and records the reason for the deferral.
3. Receivables monitors the contingencies until an event occurs that can remove the contingency and trigger revenue recognition.
4. When a removal event occurs, Receivables recognizes the appropriate amount of unearned revenue on the transaction.

The revenue is recognized either according to the revenue scheduling rule or the last contingency removal date.

Revenue Contingencies: Explained

You can use predefined revenue contingencies to assign to your customer transactions. You can define your own contingencies based on the predefined contingencies, and you can define revenue contingency assignment rules to control which contingencies are assigned to which transactions.

Revenue Contingencies

This table describes the predefined revenue contingencies and their corresponding contingency removal events.

Contingency Name	Contingency Removal Event
Cancellation	Contingency expiration date or expiration period
Customer Creditworthiness	Receipt application
Delivery	Proof of Delivery
Doubtful Collectibility	Receipt application
Explicit Acceptance	Customer acceptance
Extended Payment Terms	Receipt application
Forfeitures	Contingency expiration date or expiration period
Installation	Customer acceptance
Pre-Billing Acceptance	Invoicing
Refund	Contingency expiration date or expiration period

Payment-Based Contingencies: Explained

With payment-based revenue contingencies, revenue recognition depends upon receipt application. Use payment-based contingencies for customers, or for certain transactions, where you want to recognize revenue only when you receive payment.

If a transaction or transaction line contains payment-based contingencies, these rules apply:

- Oracle Fusion Receivables initially defers revenue on the sum of all line balances, excluding taxes, freight, and late charges

If the payment-based contingency is on one line only, then under either of these circumstances Receivables defers revenue for the relevant line only:

- Payment-based contingency was defaulted on all the lines of the transaction, and the contingency was expired manually on certain lines.
- Payment-based contingency was manually applied to one or more lines.
- During AutoInvoice import, full or partial receipt application on an imported transaction can trigger automatic recognition of previously

deferred revenue. In such cases, Receivables initiates the distribution of revenue in the amount of the applied receipt from an unearned revenue account to the appropriate earned revenue account.

- When you apply a receipt to a transaction with payment-based contingencies, the total amount of revenue that is recognized can never exceed the original amount due on the transaction, less any applicable credit memo.
- If you later need to reverse a receipt, then Receivables automatically moves the amount of the reversed receipt back to an unearned revenue account.

Payment-Based Contingencies

Payment-based revenue management occurs when deferred revenue exists on a transaction due to any of these revenue contingencies: Creditworthiness, Extended Payment Terms, Doubtful Collectibility.

- **Creditworthiness:** You can assign a credit classification that indicates noncreditworthiness to a customer or site profile. You can also assign up to three such credit classifications to your revenue policy.

If Receivables cannot associate the customer on the transaction with any of these credit classifications, then the customer is presumed to be creditworthy. If a customer can be associated with one of these credit classifications, then Receivables assigns the Creditworthiness contingency to all transaction lines and defers the entire transaction amount.

- **Extended Payment Terms:** You define the payment terms threshold on your revenue policy.

If the payment terms on a transaction exceeds the stated threshold, then Receivables assigns the Extended Payment Terms contingency to all transaction lines and defers the entire transaction amount.

- **Doubtful Collectibility:** Collectibility of late charges is typically in doubt, and should not be considered earned revenue until payment is received.

Decisions about doubtful collectibility are typically made in feeder systems, before AutoInvoice import occurs.

Deferred revenue can exist on a transaction due to a combination of these contingencies, as well as time-based contingencies. In such cases, applied payments initiate revenue recognition only if time-based contingencies have expired.

The following types of receipt application have no impact on revenue recognition:

- The receipt is a miscellaneous receipt. Only standard receipts have potential revenue recognition implications.
- You apply a receipt against a transaction that had revenue manually deferred.
- You apply a receipt against a transaction that had revenue deferred due to unexpired time-based contingencies.

In this case, Receivables keeps the revenue amount for the transaction or transaction line in the unearned revenue account, but marks the transaction as revenue that is pending recognition until after the contingency expires.

Removal Events: Explained

The event-based revenue management process in Oracle Fusion Receivables manages the recognition of revenue on transactions with revenue contingencies. If a transaction has one or more revenue contingencies, Receivables defers revenue to an unearned revenue account until the contingencies expire.

The extent of the revenue deferral, and the subsequent timing of revenue recognition, depends on the nature of the contingency:

- Time-based contingencies must expire before the contingency can be removed and revenue recognized.
- Payment-based contingencies require payment before the contingency can be removed and revenue recognized.
- Post-billing customer acceptance clauses must expire (implicit acceptance), or be manually accepted (explicit acceptance), before the contingency can be removed and revenue recognized.
- Pre-billing customer acceptance clauses require the recording of customer acceptance in the feeder system, or its expiration, before importing into Receivables for invoicing. Customer acceptance or its expiration must occur before the contingency can be removed, and the order can be imported into Receivables for invoicing.

Each contingency that Receivables provides has a corresponding removal event. The removal event determines the action or event necessary to remove the contingency from a transaction or transaction line.

This table lists the revenue contingencies with their corresponding removal events:

Contingency Name	Contingency Removal Event
Cancellation	Contingency expiration date or expiration period
Customer Creditworthiness	Receipt application
Delivery	Proof of delivery
Doubtful Collectibility, due to conditions such as late charges and other fees	Receipt application
Explicit Acceptance	Customer acceptance
Extended Payment Terms	Receipt application
Installation	Customer acceptance
Pre-Billing Acceptance	Invoicing
Refund	Contingency expiration date or expiration period

Using Revenue Contingency Assignment Rules: Examples

Use the Revenue Contingency Assignment Rules pages to define rules for automatically assigning revenue contingencies to transactions.

A revenue contingency assignment rule consists of:

- Rule name and optional description.
- Revenue contingency to assign to transactions.
- One or more parameters that contain the conditions under which the contingency is assigned.

The rule parameters available for rule definition include:

- Revenue Scheduling Rule
- Transaction Source
- Bill-to Customer
- Bill-to Site
- Customer Profile Class
- Memo Lines
- Business Unit
- Ship-to Customer
- Ship-to Site
- Transaction Type

You can define multiple rules with different matching criteria that return the same contingency, and you can also define multiple rules with the same matching criteria that return multiple contingencies.

After you create an assignment rule, you can test the rule to ensure that all expressions are accurate and the rule functions as expected.

Scenario

Revenue contingency assignment rules let you automate the assignment of contingencies to transactions in a way that reflects the practical needs of your enterprise. You typically use these rules to support the contingency assignment requirements that are not supported by your revenue policy setup.

For example, you may want to require Customer ABC to manually accept an item before recognizing revenue on the related transactions. To make this a mandatory process:

1. Create a new revenue contingency assignment rule.

2. Select the revenue contingency Explicit Acceptance for this rule.
3. Select Bill-to Customer as the rule parameter.
4. Enter the related customer condition.

With this defaulting rule in place, Receivables will assign the Explicit Acceptance contingency to all transaction lines for Customer ABC, and defer revenue until customer acceptance is manually recorded.

FAQs for Define Revenue Management Configuration

What's a revenue contingency?

A revenue contingency is the terms and conditions in a sales contract or business agreement that prevents revenue from being immediately recognized, based on the revenue recognition requirements mandated by US GAAP and International Accounting Standards.

Typical contingencies that can delay revenue recognition include customer creditworthiness, nonstandard payment terms, and nonstandard refund policies.

When do I use a revenue policy with a contingency?

You can assign a contingency to a transaction based on the revenue policy of your enterprise.

You have these options:

- **Credit Classification:** The contingency is assigned to the transaction if the applicable customer has a credit classification that matches one of the credit classifications defined in your revenue policy.
- **Payment Terms:** The contingency is assigned to the transaction if its payment terms exceed the payment terms threshold of your revenue policy.
- **Refund:** The contingency is assigned to the transaction if it includes a refund policy that exceeds the refund policy threshold of your revenue policy.

Select None if you do not want to consider any details of your revenue policy for the contingency.

When do I create revenue contingency assignment rules?

You must create revenue contingency assignment rules if you want to automatically assign contingencies to transactions. For each rule that you define, you specify one or more matching criteria. Whenever the rule criteria match, Oracle Fusion Receivables assigns the specified contingency to the applicable transaction lines.

There are two cases where you do not need to create revenue contingency assignment rules:

- Revenue policy violations: Receivables automatically assigns the appropriate revenue contingencies to transactions whenever any revenue policy is violated.
- Deferred revenue scheduling rules: Transactions assigned a deferred revenue scheduling rule have all revenue deferred until either the related contingency expires or you manually schedule revenue.

Configure Payment System Connectivity

Validations: Critical Choices

Validations are rules that ensure that transactions are valid before they are printed or submitted electronically to payment systems. You use validations to ensure that disbursement transactions, such as invoices, payments, and payment files meet specific conditions before they can be paid. You can assign validations to payment methods and payment formats. A validation can be executed at the document payable, payment, or payment file level.

In payment processing, it is critical that payment files sent to payment systems and financial institutions are valid and correctly formatted. If this is not done, the payment process is slowed, which results in additional time and cost due to problem resolution. Oracle Fusion Payments helps you achieve straight-through processing by ensuring that payment-related details are valid. To assign validations, you can choose from the following options:

- Assigning validations
- Creating user-defined validations
- Choosing from a predefined library of validations

The following table shows the objects you can validate and when validations are executed for the applicable setup.

Object	Payment Method-Driven Validations are Enforced When...	Payment File Format-Driven Validations are Enforced When...
Document Payable	The invoice is saved in the source product. The invoice installment is selected for payment.	The invoice installment is selected for payment.
Payment	The payment is created by building related documents payable together.	The payment is created by building related documents payable together.
Payment File	Not applicable.	The payment file is created.

Assigning Validations

You can assign user-defined validations to any:

- Payment method
- Payment file format

You assign a validation to whichever object drives the requirement for validation. For example, if the proprietary format your bank uses requires that you limit the number of characters in a specific field, then you can assign that validation directly to the bank format. By doing this, you ensure that the validation is enforced only when applicable. However, if you wish to enforce a general validation that is not specific to the payment method or format, you can consider timing in your decision between assigning it to the payment method or to the format.

Payments always validates as early as possible for a given object and setup. Document payable validations that are associated with payment methods are enforced earlier in the process than those associated with formats. If you want validation failures to be handled by the same person who is entering the invoice, you can opt to associate the validation with the payment method. This is ideal for business processes where each person has full ownership of the items entered. However, if you want focused invoice entry, while validation failures are handled centrally by a specialist or a more knowledgeable user, you can opt to associate the validation with the format. This is ideal for some shared service centers.

Creating User-Defined Validations

A user-defined validation explicitly specifies the object to which the validation applies:

- Document payable
- Payment
- Payment file

User-defined validations are basic validations that correspond to simple operations. These validations can be used as components, or building blocks, to build more complex validations. They enable you to validate, for example, the following conditions:

- Length of a value. Example: Payment Detail must be less than 60 characters for your bank-specific payment file format.
- Whether a field is populated. Example: Remit to bank account is required when payment method is Electronic.
- Whether content of a field is allowed. Example: Currency must be USD when using your domestic payment file format.

Choosing From a Predefined Library of Validations

Payments provides a library of predefined validations. You can associate these predefined validations with any payment method or payment file format you create. Many of the payment formats provided by Oracle have predefined validations associated with them by default.

Predefined validations are groups of individual validations that go together for a specific purpose. Many of the predefined validations that you can associate with payment formats are country-specific. Predefined validations cannot be modified, although some have parameters you can set to define specific values.

Formats: Explained

In Oracle Fusion Payments, formatting is the placement of data in a file by using a template, or format, that contains prescribed formatting attributes, such as data location, font type, and font size. Financial institutions, payment systems, and countries have specific electronic formatting requirements for payment files and settlement batches. Each format in Payments corresponds to one Oracle Business Intelligence Publisher (Oracle BI Publisher) template. Payments uses Oracle BI Publisher templates to format funds capture and funds disbursement transactions according to the formatting requirements of specific financial institutions and payment systems.

The purpose of setting up formats is to associate them with Oracle BI Publisher templates to correctly format funds capture and disbursement transactions and to enable you to easily manage the formats. You can use existing Oracle BI Publisher templates or modify them with minimal effort by using a standard text editor, such as Microsoft Word. For example, when a payment system or financial institution requires a change to its payment file format, the change can be made quickly by modifying the appropriate Oracle BI Publisher template.

Payments has given special consideration to the complexity of creating fixed position and delimited formats. Oracle BI Publisher's eText feature is used for these format types. eText allows the format layout to be presented in an understandable tabular structure.

Formats are associated with specific Oracle BI Publisher templates in the Create Format page and can also be assigned payment validation sets, whether predefined or user-defined, to validate transactions that use that format. Multiple types of formats can be used for a single payment system. Examples of format types include disbursement payment file formats and funds capture settlement formats.

Note

Before you can set up formats, you must set up the corresponding templates in Oracle BI Publisher.

Transmission Protocol: Explained

A transmission protocol is a convention used by computers to communicate with each other across a network. To transmit data such as a payment file or settlement batch from Oracle Fusion Payments to an external payment system, the implementer must define the transmission protocols that the payment system is capable of receiving.

Payments offers industry-standard transmission protocols, such as FTP, HTTP, HTTPS, and AS2, predefined. They are comprised of the following:

- A code entry point, which the payment system servlet uses to accomplish transmission
- A list of parameters, such as network address and port, for which the transmission configuration must supply values
- Transmission protocol entry points, which are independent of payment servlets and may be invoked from the Payments engine

While the transmission protocol defines which parameters are expected in the communication, the transmission configuration defines what value will be supplied for each parameter, for a given payment system. A specific transmission configuration and a specific payment system are associated with each other within the funds capture process profile for funds capture or within the payment process profile for disbursement.

Transmission Configuration: Explained

A transmission configuration defines a value for each parameter in a transmission protocol. The values in a transmission configuration are specific to one payment system or financial institution.

For example, a transmission protocol may require parameters, a Socket IP Address, and a Socket Port Number. Your payment system that accepts that protocol will give you the values that it expects to receive for those parameters. Those values are set up in the **Socket IP Address** and **Socket Port Number** fields in the transmission configuration. The transmission configuration is then assigned to the payment system within the funds capture process profile for funds capture or within the payment process profile for disbursement.

You can set up transmission configurations in the Create Transmission Configuration page to enable electronic connectivity with payment systems by specifying parameter values.

Payment System: Explained

A payment system is an external organization that provides financial settlement services. The payment system can be the bank at which your company has its bank accounts or it can be a third-party processor or gateway that connects companies and financial networks. Deploying companies typically choose payment systems to process their funds capture settlements and, sometimes, their electronic disbursement payment files. Payment systems are not required for printed disbursement payments, but may be required for related services, such as positive pay or other reporting.

The purpose of setting up payment systems is to define the external organizations that Oracle Fusion Payments collaborates with to process your funds capture and disbursement transactions.

When creating a payment system on the Create Payment System page, you perform the following actions:

- specify payment instruments the payment system will support for funds capture transactions

- specify which file formats and transmission protocols are accepted by the payment system

Payment System Account: Explained

A payment system account is the representation of the relationship between the payment system and your company. It is an account identifier comprised of payment system-provided values for parameters that the payment system requires for each transaction or settlement batch. Specific values for settings are stored in the payment system account, which includes deploying company identifiers. If your company has multiple relationships with a payment system, then there will be multiple payment system accounts.

Payment system accounts are associated with the following setup objects:

- Internal payees
- Funds capture process profiles
- Payment process profiles

Internal Payees

You can set up routing rules that are assigned to an internal payee, which specify which payment system account a transaction will be transmitted to, based on the values of various attributes of that transaction. If you do not need granular routing rules for determining which payment system account is the right one for a transaction, or if you want a fallback value should none of the routing rules apply, you can set up one default payment system account on each internal payee for each payment method.

Funds Capture Process Profiles

The funds capture process profile tells Oracle Fusion Payments how to process a funds capture transaction, including how to communicate with the payment system. A funds capture process profile is specific to one payment system and its payment system accounts. For each payment system account that is enabled on the funds capture process profile, you select up to three transmission configurations, one each for authorization, settlement, and acknowledgment. The payment system tells Payments where to send the transaction, the payment system account tells Payments how to identify itself to the payment system, and the transmission configurations tell Payments how to transmit the transaction to the payment system.

Payment Process Profiles

The payment process profile tells Payments how to process a disbursement transaction, including, in the case where a payment file or positive pay file will be electronically transmitted, how to communicate with the payment system. When electronic transmission is required, a payment process profile is specific to one payment system and its payment system accounts. For each payment system account that is enabled on the payment process profile, you select a transmission configuration. The payment system tells Payments where to send the payment file or positive pay file, the payment system account tells Payments how to

identify itself to the payment system, and the transmission configuration tells Payments how to transmit the file to the payment system.

FAQs for Configure Payment System Connectivity

What's a format type?

A format type is a categorization that indicates what a format is used for by Oracle Fusion Payments.

Examples of format types include the following:

- payment file
- remittance advice
- regulatory report
- positive pay file
- payment process request status report
- accompanying letter
- settlement
- bank statement
- payer notification

Payments offers an extensive library of payment formats of various format types. However, not all format types have predefined formats. When you create a new format, you assign it a format type, so that Payments knows where the format is intended to be used.

Define Funds Capture and Payments Security

Funds Capture Process Profile: Explained

A funds capture process profile is a key setup entity that contains all the rules necessary for processing funds capture transactions. It tells Oracle Fusion Payments how to communicate with a specific payment system, and includes the payment system accounts to be used for processing transactions. During processing, the funds capture process profile is derived from transaction routing rules, which are created during the setup of internal payees.

Note

Credit card services are currently not available in Oracle Cloud implementations.

A funds capture process profile contains rules that control each of the following steps of the funds capture process:

- Formatting messages
- Building settlements into a settlement batch
- Transmitting messages to the payment system

Formatting Messages

When the processing type is Bank Account, a Verification region is displayed in the Create Funds Capture Process Profile page. When the processing type is Credit Card, an Authorization region is displayed instead of the Verification region. In either case, you select the format in which your payment system expects to receive the online message. This outbound format instructs Oracle Fusion BI Publisher how the message should look. You also select the format in which you expect to receive an inbound response from the payment system.

The Settlement region of the Create Funds Capture Process Profile page enables you to select a format in which your payment system expects to receive the settlement message. The settlement will be online for a gateway-type payment system and in a batch for a processor-type payment system. Online settlement transactions are typically transmitted in a group, although they are processed as individual transactions. You also select the format in which you expect to receive an inbound response from the payment system.

You can select formats for contacting your payment system to retrieve an acknowledgment, and for receiving the response from the payment system which specifies whether the transaction succeeded or failed. Acknowledgments can be pushed by the payment system to your company, or your company may need to retrieve acknowledgments from the payment system.

In the Notification to Payer region of the Create Funds Capture Process Profile page, you select a notification format and the method of notification delivery to the payer. Payer notification is a message sent to each payer after the settlement or settlement batch is transmitted, notifying them of a funds capture transaction that will charge their credit card or bank account.

Building Settlements into a Settlement Batch

In the Creation Rules tab of the Create Funds Capture Process Profile page, you select settlement grouping attributes. When a specific grouping attribute is enabled, Payments ensures that settlements within one settlement batch all share the same value. Settlements with disparate attribute values trigger the creation of as many settlement batches as there are unique value combinations. For example, if you select Business Unit and Settlement Date as grouping rules, then only settlements with the same business unit and settlement date are grouped in a settlement batch when the funds capture process profile is used.

You can also limit the size of the settlement batch by amount or number of settlements.

Transmitting Messages to the Payment System

A funds capture process profile is specific to one payment system and its payment system accounts. In the Accounts tab on the Create Funds Capture Process Profile page, you specify payment system accounts to be used with the funds capture process profile. For each payment system account you enable, you select up to three transmission configurations, one each for authorizations or verifications, settlements, and acknowledgments. The payment system account tells Payments how to identify itself to the payment system, and the transmission configurations tell Payments how to transmit the transaction to the payment system.

Settlement Grouping Rules: Examples

Settlement grouping is configured by selecting one or more check boxes in the Settlement Grouping Rules region, Creation Rules tab, on the Create or Edit Funds Capture Process Profile page. Selection of settlement grouping attributes specifies that settlements with the same settlement grouping attributes, such as Business Unit or Settlement Currency, will be included in a unique settlement batch when that funds capture process profile is used. The following scenarios illustrate how settlement grouping rule options are used to group settlements into settlement batches using a specific funds capture process profile.

Funds Capture Process Profile 1

In this example, Funds Capture Process Profile 1 has the following settlement grouping options selected:

- Business unit
- First party legal entity
- Settlement date

Create Settlement Batches

During funds capture transaction processing, the Create Settlement Batches program selects the following settlements:

Settlement	Amount	External Payer	Business Unit that Owns the Transaction	First party Legal Entity that Owns the Transaction	Settlement Date
A	\$1000	Customer 1	California	North America	February 1, 2012
B	\$250	Customer 2	California	North America	February 1, 2012
C	\$500	Customer 3	Oregon	North America	February 1, 2012
D	\$750	Customer 4	California	North America	March 1, 2012

The Create Settlement Batches program then groups the settlements into the following settlement batches:

Settlement Batch 1

Settlement Batch 1 contains Settlements A and B because both settlements have the same settlement grouping attributes as follows:

- Business unit = California
- First party legal entity = North America
- Settlement date = February 1, 2012

Settlement Batch 2

Settlement Batch 2 contains Settlement C because it has the following settlement grouping attributes:

- Business Unit = Oregon
- First party legal entity = North America
- Settlement date = February 1, 2012

Settlement Batch 3

Settlement Batch 3 contains Settlement D because it has the following settlement grouping attributes:

- Business Unit = California
- First party legal entity = North America
- Settlement date = March 1, 2012

Routing Rules: Explained

Routing rules route a funds capture transaction to a payment system and payment system account and determine the funds capture payment profile to be used based on attributes of the transaction. Oracle Fusion Payments compares attributes of a transaction, such as payment method, amount, and currency against the conditions in a routing rule. When all of the conditions are met, the specified payment system account and funds capture payment profile are used for the transaction.

You assign routing rules to payees during the setup of internal payees. Each payee can have routing rules that are prioritized. A routing rule with the highest priority is evaluated by Payments first. If the values in the requested funds capture transaction match the conditions in the routing rule, that transaction is routed to the applicable payment system account for processing, and the derived funds capture process profile is used to define how the transaction will be processed. If the attributes in the requested funds capture transaction do not match the conditions in the routing rule, the routing rule is disregarded and Payments evaluates the next routing rule. If all routing rules are evaluated and none apply, Payments looks for a payment system account and funds capture process profile specific to the payment method type entered for the payee in the Default Payment System region of the Set Rules page.

The payment system account and funds capture process profile that are used for an authorization will automatically be used for any further actions on the transaction, including settlement and any follow-on refunds.

System Security Options: Critical Choices

Oracle Fusion Payments system security options enable you to set security options for payment instrument encryption and payment instrument masking. These options are used for both funds capture and disbursement processes.

Implementation of the System Security Options should be part of a complete security policy that is specific to your organization. To secure your sensitive data, you can choose from the following options:

- Credit card data encryption
- Bank account data encryption
- System key rotation
- Credit card number masking
- Bank account number masking

Encrypting Credit Card Data

Credit Card Encryption is an advanced security feature within Payments that enables Oracle applications to encrypt credit card data. Use of the Credit Card

Encryption feature assists you with your compliance with the cardholder data protection requirements of the following:

- Payment Card Industry (PCI) Data Security Standard
- Visa's PCI-based Cardholder Information Security Program (CISP)

Credit card numbers entered in Oracle Fusion Receivables and Oracle Fusion Collections are encrypted automatically based on the setup for credit card encryption in the System Security Options page. If card numbers are brought into Payments through import or customization, Oracle recommends that you run the Encrypt Credit Card Data program immediately afterward.

Encrypting Bank Account Data

Bank Account Encryption is an advanced security feature within Payments that enables Oracle applications to encrypt supplier and customer bank account numbers.

Important

The Bank Account Encryption feature does not affect internal bank account numbers. Internal bank accounts are set up in Oracle Fusion Cash Management and are used as disbursement bank accounts in Oracle Fusion Payables and as remit-to bank accounts in Receivables.

Supplier, customer, and employee bank account numbers entered in Oracle applications are encrypted automatically based on the setup for bank account encryption in the System Security Options page. If bank account numbers are brought into Payments through import or customization, Oracle recommends that you run the Encrypt Bank Account Data program immediately afterward.

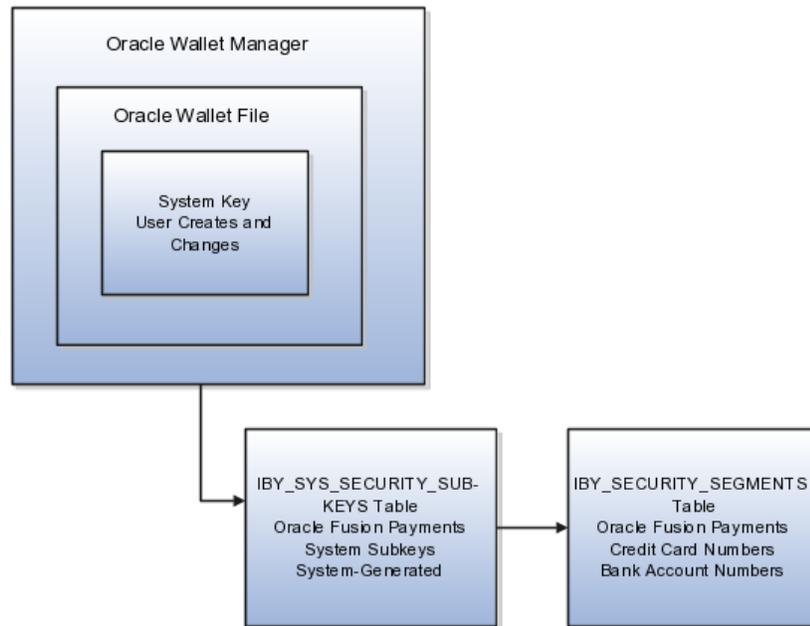
Rotating the System Key

When you enable encryption in Payments, you create one system-level security key, which is a 168 bit 3-DES key. The system key is the encryption master key for the entire installation. It is stored in an Oracle Wallet file and is used to encrypt Payments system subkeys. The Encryption feature enables you to rotate the system key. System key rotation changes the subkey data, but does not result in a re-encryption of the credit card numbers or bank account numbers. To secure your payment instrument data, your security policy should include a regular schedule to rotate the system keys.

The security architecture for credit card data encryption and bank account data encryption is comprised of the following components:

- Oracle Wallet Manger
- Oracle Wallet file
- System key
- System subkeys
- Credit card number storage

- Bank account number storage



For payment instrument encryption, Payments uses a chained key approach. To simplify, the chained key approach is used for data security where A encrypts B and B encrypts C. In Payments, the system key encrypts the subkeys and the subkeys encrypt the payment instrument data. This approach allows easier rotation of the system key. The system key is the encryption master key for the entire installation. It is stored in a wallet file and is used to encrypt Payments subkeys.

Before encryption can be enabled for the first time, a wallet file must already exist on the file system of the Enterprise Storage Server (ESS). You must either create an empty wallet file called ewallet.p12 and, if you would like to use your own system-level encryption key, a file called key.bits containing your binary (3DES) encryption key or use the automatic wallet creation feature that automatically creates the empty wallet for you. Both files should be placed in the same directory, and the directory must be readable and writable by the Weblogic Server (WLS) container hosting the Financials Domain. The automatic wallet creation feature ensures that the wallet file is created in the proper location and with all necessary permissions.

When creating a wallet on the Manage System Security page, the full path of ewallet.p12 should be entered in the **New Wallet File Location** field, and if you are using a user-defined key, the full path of key.bits should be entered in the **Key File Location** field. No file path information is needed when using the automatic wallet creation feature.

Masking Credit Card and Bank Account Numbers

Payments serves as a payment data repository on top of the Oracle Fusion Trading Community Model. This model holds party information. Payments stores all of the party's payment information and its payment instruments, such as credit cards and bank accounts. This common repository for payment data

provides data security by allowing central encryption management and masking control of payment instrument information.

On the System Security Options setup page, credit card numbers and external bank account numbers can be masked by selecting the number of digits to mask and display. For example, a bank account number of XXXX8012 represents a display of the last four digits and a masking of all the rest. These settings specify masking for payment instrument numbers in the user interfaces of multiple applications.

FAQs for Define Funds Capture and Payments Security

What's an online verification?

Before capturing funds from a payer's bank account, you can send an online message to the payment system requesting that it contact the bank and verify that the payer's bank account is valid. This process does not put a hold on any funds in the account, which is done with a credit card authorization.

You enable online verification in a funds capture process profile by selecting an outbound format and an inbound response format for verification.

Note

Online payer verification is an optional feature and is not offered by all payment systems.

Define Customer Payments

Define Application Rule Sets

Application Rules: Explained

When you apply a payment or credit memo to a transaction, the application rule set determines how Oracle Fusion Receivables reduces the balance due on the line, tax, freight, and late charges amounts on a transaction.

Receivables uses the application rule set assigned to the transaction type to process payment applications. If no application rule set is assigned, then Receivables uses the system options application rule set.

You can arrange the order of the line types and application rules in an application rule set according to your needs. Each line type must appear in an application rule set, and appear only once. The Overapplication rule is always last in the sequence.

Line First - Tax After Rule

The Line First - Tax After rule first applies the payment to the open line amount, and then applies the remaining amount to the associated tax.

If the payment is greater than the sum of the line and tax, Receivables attempts to close each open item by applying the remaining amount in the following order, stopping when the payment has been fully applied:

1. Freight
2. Late charges

Any remaining receipt amount is applied using the Overapplication rule.

Line and Tax Prorate

The Line and Tax Prorate rule applies a proportionate amount of the payment to the open line and tax amount for each line.

If the payment is greater than the sum of the open line and tax amounts, Receivables attempts to close each open item by applying the remaining amount in the following order, stopping when the payment has been fully applied:

1. Freight

2. Late charges

Any remaining receipt amount is applied using the Overapplication rule.

Prorate All

The Prorate All rule applies a proportionate amount of the payment to each open amount associated with a debit item (for example, any line, tax, freight, and late charge amounts for this item).

Receivables uses the following formula to determine the applied amount:

$$\text{Applied Amount} = \frac{\text{open application line type amount}}{\text{sum of application line types in rule details}} * \text{Receipt Amount}$$

Any remaining receipt amount is applied using the Overapplication rule.

Overapplication Rule

The Overapplication rule is always the last rule in an application rule set. This rule applies any remaining receipt amount after the balance due for all charges has been reduced to zero.

If the transaction type for the debit item allows overapplication, Receivables applies the remaining amount to the lines, making the balance due negative. If the transaction type for the debit item does not allow overapplication, you can either place the remaining amount on-account or leave it unapplied.

Note

Lockbox uses the AutoCash rule set to determine how to apply the remaining amount.

Using Application Rules: Examples

These examples show how Oracle Fusion Receivables uses each application rule in an application rule set to apply a payment to a transaction.

Invoice 123 contains these details:

Field	Value
Line	\$1000
Tax	\$140
Freight	\$200
Total	\$1340

Your customer remits a partial payment of \$1040 for this invoice. This table shows how Receivables applies the payment using each of the three application rules:

Application Rule	Total Amount Applied	Line Amount Applied	Tax Amount Applied	Freight Amount Applied
Line First - Tax After	1040	1000	40	0

Line and Tax Prorate	1040	912.28	127.72	0
Prorate All	1040	776.12	108.66	155.22

This table shows the calculations used by each application rule:

Application Rule	Calculations
Line First - Tax After	<ol style="list-style-type: none"> 1. Apply payment to open line amount. 2. Apply any remaining amount to tax.
Line and Tax Prorate	<ol style="list-style-type: none"> 1. $(1040/1140) * 1000 = 912.28$ (Receipt Amount / Total Line and Tax) * Line Amount = Line Amount Applied 2. $(1040/1140) * 140 = 127.72$ (Receipt Amount / Total Line and Tax) * Open Tax Amount = Tax Amount Applied
Prorate All	<ol style="list-style-type: none"> 1. $(1040/1340) * 1000 = 776.12$ (Receipt Amount / Invoice Total) * Open Line Amount = Line Amount Applied 2. $(1040/1340) * 140 = 108.66$ (Receipt Amount / Invoice Total) * Open Tax Amount = Tax Amount Applied 3. $(1040/1340) * 200 = 155.22$ (Receipt Amount / Invoice Total) * Open Freight Amount = Freight Amount Applied

Line First - Tax After

The Line First - Tax After rule first applies the payment to the line amount, reducing the balance due to zero. Receivables then applies the remaining amount (\$40) to the tax charges, reducing the open tax amount to \$100. Since the payment is not enough to close these items, the freight balance is not affected.

This table compares each line type before and after you apply an amount using the Line First - Tax After rule:

Transaction Amount	Remaining Amount	Line Items	Line Items Remaining	Tax	Tax Remaining	Freight	Freight Remaining
\$1340	\$300	\$1000	\$0	\$140	\$100	\$200	\$200

Line and Tax Prorate

The Line and Tax Prorate rule applies a proportionate amount to the open line and tax charges. Since the amount applied is not enough to close these items, the freight balance is not affected.

This table compares each line type before and after you apply an amount using the Line and Tax Prorate rule:

Transaction Amount	Remaining Amount	Line Items	Line Items Remaining	Tax	Tax Remaining	Freight	Freight Remaining
\$1340	\$300	\$1000	\$87.72	\$140	\$12.28	\$200	\$200

This table shows the calculations used to arrive at the proportionate amounts:

Item	Calculations
Line Items	$1000 - 912.28 = 87.72$ Amount Line Items - Line Amount Applied = Open Line Amount
Tax	$140 - 127.72 = 12.28$ Tax Original - Tax Amount Applied = Open Tax Amount

Prorate All

The Prorate All rule applies a proportionate amount of the receipt to the line, tax, and freight for this transaction.

This table compares each line type before and after you apply an amount using the Prorate All rule:

Transaction Amount	Remaining Amount	Line Items	Line Items Remaining	Tax	Tax Remaining	Freight	Freight Remaining
\$1340	\$300	\$1000	\$223.88	\$140	\$31.34	\$200	\$44.78

This table shows the calculations used to arrive at the proportionate amounts:

Item	Calculations
Line Items	$1000 - 776.12 = 223.88$ Amount Line Items - Line Amount Applied = Open Line Amount
Tax	$140 - 108.66 = 31.34$ Tax Original - Tax Amount Applied = Open Tax Amount
Freight	$200 - 155.22 = 44.78$ Freight Original - Freight Amount Applied = Open Freight Amount

Using Application Rules with Transactions with Mixed Sign Balances: Example

This example shows how Oracle Fusion Receivables uses the Prorate All application rule to apply a payment to a transaction that has mixed sign balances, that is, not all of the charges that make up the transaction have the same sign (positive or negative).

When you apply a payment to a transaction that has mixed sign balances, Receivables applies the payment only to those amounts that have the same sign as the payment. For example, if the payment is for a positive amount (that is, it is not a credit memo), Receivables only reduces the charges that have a positive balance. Any negative balances are not affected.

As with transactions having a same sign balance, Receivables applies any remaining amounts according to the Overapplication rule assigned to the application rule set.

Prorate All with Mixed Sign Balances

Invoice 101 contains these details:

Field	Value
Line	<\$100>
Tax	\$100
Freight	\$30
Late Charges	\$10

Assume that you are using the Prorate All application rule. Your customer remits a receipt of \$100. Receivables prorates the positive receipt amount among the positive tax, freight, and late charges amounts. The line amount of <\$100> is not affected.

This table shows the new balance of Invoice 101 after the receipt application:

Field	Value
Line	<\$100>
Tax	\$28.56
Freight	\$8.58
Late Charges	\$2.86

This table compares each line type for this invoice before and after you apply the payment using the Prorate All rule:

Line Items	Line Items Remaining	Tax	Tax Remaining	Freight	Freight Remaining	Late Charges	Late Charges Remaining
<\$100>	<\$100>	\$100	\$28.56	\$30	\$8.58	\$10.00	\$2.86

This table shows the amount applied to each line type:

Total Amount Applied	Line Amount Applied	Tax Amount Applied	Freight Amount Applied	Late Charges Amount Applied
100	0	71.44	21.42	7.14

This table shows the calculations used by the Prorate All application rule:

Item	Calculations
Tax	$100 - (21.42 + 7.14) = 71.44$
Freight	$(30 * 100) / 140 = 21.42$
Late Charges	$3(10.00 * 100) / 140 = 7.14$

FAQs for Application Rule Sets

What's the tax treatment?

The tax treatment option on the application rule set determines how to reduce the tax amount in relation to the line amount when a payment is applied.

The tax treatment options are:

- Prorate: Proportionately reduce the net amount of the line and associated tax amounts.
- Before: First reduce the open tax amount, then apply any remaining amount to the line.
- After: Reduce the open line amount, then apply any remaining amount to the associated tax.

How can I use the rounding correction?

You assign a rounding correction to one of the line types (Line, Freight, Charges) belonging to an application rule set. When an amount is prorated across more than one line type, the application rule set uses the line type you indicate to account for the rounding adjustment. The line amount of the designated line type is adjusted accordingly to account for any rounding corrections within the rule set.

Define Receipt Classes and Methods

Remittance Methods and Clearance Methods

Define a remittance method and clearance method for each receipt class. These settings determine the remittance and clearing behavior for receipts with a given receipt class.

Remittance Methods

Use the remittance method to determine the accounts that Oracle Fusion Receivables uses for automatic receipts that you create using the receipt method assigned to this receipt class.

Standard

Use the remittance account for automatic receipts assigned to a receipt method with this receipt class.

Factoring

Use the factoring account for automatic receipts assigned to a receipt method with this receipt class.

Standard and Factoring

Receivables selects receipts assigned to this receipt class for remittance regardless of the batch remittance method. In this case, you can specify either of these remittance methods when creating your remittance batches.

No Remittance

For Manual receipts only. Remittance is not required for manual receipts assigned to this receipt class.

Clearance Methods

Use the clearance method to require receipts created using a receipt method assigned to this receipt class to be reconciled before posting them to the general ledger cash account.

Directly

This method is for receipts that you do not expect to be remitted to the bank and subsequently cleared.

It is assumed that these receipts are cleared at the time of receipt entry and require no further processing.

By Automatic Clearing

Use this method to clear receipts using the Clear Receipts Automatically program.

Note

You can also clear receipts using this method in Oracle Fusion Cash Management.

By Matching

Use this method to clear receipts manually in Cash Management.

Automatic Receipt Processing: Points to Consider

Define the attributes of an automatic receipt method to determine how automatic receipts are processed against selected transactions.

There are these points to consider when defining an automatic receipt method:

- Receipts Inherit Transaction Numbers
- Number of Receipts Rule
- Receipt Maturity Date Rule
- Automatic Print Template
- Lead Days
- Customer Payment Method

Receipts Inherit Transaction Numbers

If you are using One per Invoice as the **Number of Receipts Rule**, you can enable the **Receipts inherit transaction numbers** option to ensure that the automatic receipt number is always the same as the transaction number to which it is applied. Enabling this option helps track automatic receipts.

Do not enable this option if you want to use document numbers with automatic receipts.

Number of Receipts Rule

The **Number of Receipts Rule** determines the way in which the automatic receipt process creates and applies receipts against transactions.

Select one of these rules:

- One per Customer: Create one receipt for each customer.
- One per Customer Due Date: Create one receipt for each customer and due date. This option creates several payments for a customer if the invoices of the customer have several due dates.
- One per Invoice: Create one receipt for each invoice.
- One per Site: Create one receipt for each customer site.
- One per Site Due Date: Create one receipt for each customer site and due date.

Important

The **Number of Receipts Rule** assumes an additional grouping by payment instrument. For example, if you use the One per Customer rule, and two invoices belonging to the same customer are to be paid with different credit cards, the automatic receipt process create two receipts, one for each credit card number.

Receipt Maturity Date Rule

Use the **Receipt Maturity Date Rule** to pay invoices that have different due dates with a single receipt.

Select Earliest to use the earliest due date of all of the invoices that the receipt covers as the receipt maturity date. Select Latest to use the latest due date of all of the invoices that the receipt covers as the receipt maturity date.

When you remit a receipt, Oracle Fusion Receivables uses the maturity date to determine when to transfer funds from the customer bank account to your remittance bank account.

Automatic Print Template

Enter the automatic print template to use for transmissions using this receipt method.

Receivables provides one standard receipt print template to format the output of payment selection and creation programs when you create the receipt document. To use a different receipt print template, you must copy and modify this standard receipt print template.

Lead Days

The number of lead days is the number of days before the invoice due date that an invoice can be selected for application by the automatic receipt process using this receipt method.

This option is useful, for example, when customer approval is required. You can set the value to the number of days normally required to receive approval.

Customer Payment Method

Select the funds capture payment method that the customer will use to remit payment for automatic receipts using this receipt method.

Oracle Fusion Payments predefines funds capture payment methods, but you can define your own.

Fund Transfer Error Handling: Explained

Define fund transfer error handling to automatically correct errors encountered either during credit card authorization or payment capture, or during bank account transfer.

Mapping Third-Party Error Codes

To define fund transfer error handling for a given receipt method, you map the error codes from a third party credit card provider or financial institution to the corrective actions in Oracle Fusion Receivables for each category of transaction.

When an error occurs during payment processing of automatic receipts with the specified receipt method, Receivables applies the corrective action that corresponds to the given third party error code.

Map each error code to a corresponding action for each category of transaction. This table indicates the corrective actions available for each category:

Category	Available Actions
Invoice, Debit Memo, Credit Memo	Clear Payment Information, Retry
Receipt	Retry, Reverse Receipt
Refund	Retry, Reverse Receipt

Mapping Error Codes: Example

You map a credit card provider error code of GW-0062 to the **Invoice** category and the **Retry** action.

When credit card authorization fails and the credit card provider returns the error code of GW-0062 for multiple transactions, then Receivables automatically deletes this error code on these failed transactions. These transactions then become available for inclusion in the next automatic receipt batch.

Remittance Bank Accounts: Explained

Define remittance bank account information for each receipt method assigned to a receipt class. Remittance bank account information includes the general ledger accounts to use when you enter or apply receipts.

Remittance Bank Accounts and Receipt Currencies

If you remit receipts in one currency only, you can enter more than one remittance bank account for a receipt method but you must mark one account as the primary bank account for the receipt method.

If you remit receipts in more than one currency for a receipt method, then you must enter at least one remittance bank account per currency and mark one account per currency as primary.

During receipt entry and processing, Oracle Fusion Receivables uses the primary bank account as the default remittance bank account for the receipt. You can accept this value or enter any other bank account defined for the receipt method that is in the same currency as the receipt.

Factored Receipts

If the receipt class of the receipt method allows factoring, you can specify the number of **Risk Elimination Days** for factored receipts for a given bank account.

When you factor receipts, Receivables creates a short term debt to account for risk in case of customer default. When you clear or risk eliminate these receipts, the debt is cleared after the receipt maturity date plus the number of risk elimination days that you enter.

FAQs for Receipt Classes and Methods

What creation method should a receipt class have?

Use an Automatic creation method to use the automatic receipt process to create a batch of receipts from selected transactions. For these receipts, Oracle Fusion Payments is responsible for the funds capture process. Use a Manual creation method for receipts either entered manually or imported using lockbox.

What's the relationship between the receipt class and receipt methods?

The receipt methods assigned to a receipt class account for receipt entries and applications. They also determine the customer remittance bank information.

The receipt class determines the processing steps that are required for receipts. These steps include automatic or manual creation, the remittance method,

the bank clearance method, and whether receipts require confirmation by the customer.

What legal entity is assigned to a receipt?

Legal entities are linked to remittance and internal bank accounts. You set up remittance banks in Oracle Fusion Cash Management. The receipt method determines which remittance bank account, and therefore which legal entity, is assigned to a receipt.

All receipts inherit the legal entity from the bank account, and all refunds inherit the legal entity of the original receipt.

You can perform receipt applications across legal entities, if the receipt and the transactions to which it is applied are in the same business unit. Receipt applications and receipt clearing across legal entities is recorded in the subledger as intercompany accounting.

FAQs for Receipt Sources

How does automatic batch numbering work?

The automatic receipt and remittance processes assign a number to an automatic receipt or remittance batch by adding +1 to the previous batch number. When you define the Automatic Receipts receipt source, enter a number in the **Batch Number Starts After** field as the starting point from which to increment the next automatic receipt batch number.

For example, to number automatic receipt batches starting with 1000, enter the number 999. The automatic receipt process adds +1 to each subsequent number as new batches are created.

Where are receipt sources used?

You only use receipt sources with receipt and remittance batches. This includes automatic receipt batches, lockbox receipts, and receipts created via spreadsheet.

The Automatic Receipts receipt source is used automatically by the automatic receipt and remittance processes. You do not need to enter this receipt source.

Define Lockbox

Processing Lockbox Files: How It Works

Use lockbox to create receipts in Oracle Fusion Receivables from data supplied by your remittance bank and apply receipts to customer transactions.

The lockbox process has three steps:

- **Import Data:** Lockbox reads and formats the data from your bank file into the interface table using an SQL*Loader script.

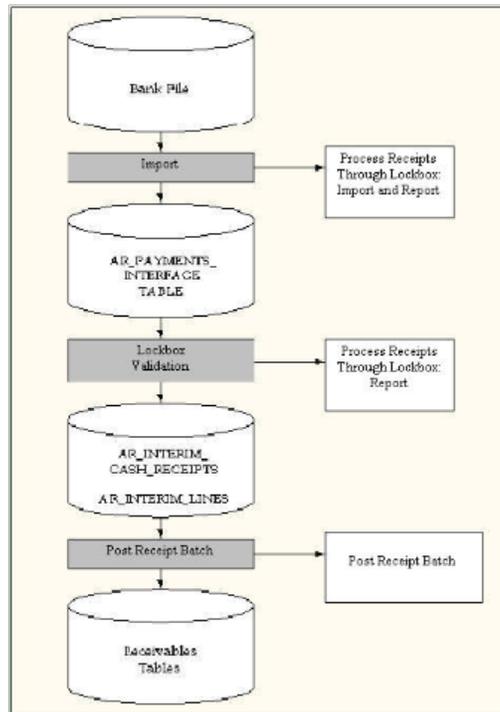
- **Validate Data:** Receivables validates the data in the interface table for compatibility, then transfers the data to the receipts tables.
- **Post Receipts:** Apply receipts and update customer balances.

You can submit these steps individually or at the same time. After you post lockbox receipts, Receivables treats these receipts like any other receipts: you can reverse and reapply them, and apply any unapplied, unidentified, or on-account amounts.

Note

You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For more information, see the Documentation tab for the Load Interface File for Import process in Oracle Enterprise Repository for Oracle Fusion Applications.

This diagram illustrates the lockbox process:



Import

You use the Process Receipts Through Lockbox: Import program to read and format data from the bank file into the AR_PAYMENTS_INTERFACE_ALL table using an SQL*Loader script.

Before you can run the Process Receipts Through Lockbox Import program, you must ensure that you have completed these steps:

1. Review the environment properties file to get the directory path for the \$AR_TOP and \$APPLBIN environment variables. \$APPLBIN is usually set up as APPLBIN=bin.

The environment properties file is located at \$FA_HOME/../../instance/ess/config/ where \$FA_HOME is in the format //fusionapps/applications/.

2. Ensure that the directory path \$AR_TOP/\$APPLBIN exists for the installation. If the \$APPLBIN subdirectory does not exist under \$AR_TOP, then create this subdirectory and provide write access.
3. Place the SQL*Loader control file (.ctl) in the \$AR_TOP/\$APPLBIN subdirectory.
4. Enter the control file name in the Control File parameter of the Process Receipts Through Lockbox Import program. The fully qualified path is not necessary.
5. Enter the full path of the data file in the Data File parameter.
6. If you used the Load Interface File for Import process to load the data file, select Import Request ID.

Receivables uses the lockbox transmission format that you specify in the Process Receipts Through Lockbox: Import program submission to ensure that data is correctly transferred from the bank file into the AR_PAYMENTS_INTERFACE_ALL table. The transmission format contains information such as the customer account number, bank account number, the amount of each receipt to apply, and transaction numbers to which to apply each receipt.

Validate

The validation process includes these checks:

- No duplicate entries exist.
- Customer and receipt information is valid.
- Amounts to apply do not exceed the receipt amount.
- Columns in the AR_PAYMENTS_INTERFACE_ALL table reference the correct values and columns in Receivables.

If the receipt and transaction currencies are different, Receivables also requires specific application information to determine the conversion rate between the two currencies.

Receivables transfers the receipts that pass validation to the AR_INTERIM_CASH_RECEIPTS_ALL and AR_INTERIM_CASH_RCPT_LINES_ALL interface tables. At this point, you can optionally review receipts and change how they are to be applied before posting.

Use the Process Receipts Through Lockbox: Report to review all pass and fail validations for a lockbox transmission. Receipts that fail validation remain in the AR_PAYMENTS_INTERFACE_ALL table until you manually correct the import errors. You can then resubmit the validation step for these receipts.

Post

Use the Post Receipt Batch program to post lockbox receipt batches that have passed import and validation.

When you process a lockbox receipt batch, Receivables matches receipts to transactions and applies the receipts automatically. In cases where receipts are not applied automatically, Receivables generates a list of recommended transactions for receipt application to complete the process manually.

Lockbox Interface Table AR_PAYMENTS_INTERFACE_ALL

During the Import step of lockbox processing, Oracle Fusion Receivables stores receipt data from your bank file in the AR_PAYMENTS_INTERFACE_ALL table. Each column in the AR_PAYMENTS_INTERFACE_ALL table contains information needed to run lockbox successfully.

TRANSMISSION_RECORD_ID

Receivables assigns a value to this column during the import process.

Source

AR_PAYMENTS_INTERFACE_S.NEXTVAL

Validation

The import file must leave this column blank.

Destination

None.

CREATION_DATE

Receivables assigns a values to this column during the import process.

Source

Current system date.

Validation

The import file must leave this column blank.

Destination

None.

CREATED_BY

Receivables assigns a value to this column during the import process.

Source

FND_GLOBAL.WHO_USER_NAME

Validation

The import file must leave this column blank.

Destination

AR_BATCHES.CREATED_BY, AR_INTERIM_CASH_RECEIPTS.CREATED_BY,
or AR_INTERIM_CASH_RECEIPT_LINES.CREATED_BY.

LAST_UPDATE_LOGIN

Receivables assigns a value to this column during the import process.

Source

Unknown.

Validation

The import file must leave this column blank.

Destination

None.

LAST_UPDATED_BY

Receivables assigns a value to this column during the import process.

Source

FND_GLOBAL.WHO_USER_NAME

Validation

The import file must leave this column blank.

Destination

None.

LAST_UPDATE_DATE

Receivables assigns a value to this column during the import process.

Source

Current system date.

Validation

The import file must leave this column blank.

Destination

None.

RECORD_TYPE

Enter the record type. For example, if this is a batch header record, and your bank uses the value 3 to identify batch headers, enter 3 in this column.

Source

AR_TRANS_RECORD_FORMATS.RECORD_IDENTIFIER

Validation

Find out from the bank what character they use to identify each record type. Keep in mind that not all banks use all of the record types. Assign values to identify the following types of records: TRANSMISSION HEADER, TRANSMISSION TRAILER, LOCKBOX HEADERS, LOCKBOX TRAILERS, BATCH HEADERS, BATCH TRAILERS, PAYMENT RECORDS, PAYMENT OVERFLOW RECORDS, and SERVICE HEADER.

Destination

None.

STATUS

Enter the value AR_PLB_NEW_RECORD_INF for all records inserted into this table. The sample SQL*Loader control files that Receivables provides populate this column.

Source

FND_MESSAGES.MESSAGE_NAME

Validation

The import file must leave this column blank.

Destination

None.

TRANSMISSION_REQUEST_ID

Receivables assigns a value to this column during the import process.

Source

FND_JOB.REQUEST_ID

Validation

The import file must leave this column blank.

Destination

None.

TRANSMISSION_ID

Receivables assigns a value to this column during the import process.

Source

AR_TRANSMISSIONS.TRANSMISSION_ID

Validation

The import file must leave this column blank.

Destination

None.

DESTINATION_ACCOUNT

Enter the account number of the sending bank.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_TRANSMISSIONS.DESTINATION

ORIGINATION

Enter the transit routing number of the sending bank.

Source

Lockbox data file or lockbox transmission format.

Validation

If this value is included in a transmission header or trailer, you must have the same value here.

Destination

AR_TRANSMISSIONS.ORIGIN

DEPOSIT_DATE

Enter the date on which the transmission was deposited into your bank account. This date can be on any of the record types in the transmission.

Each unique deposit date determines a batch of transmission records. For example, if you enter two unique deposit dates for the transmission, lockbox divides the transmission into two batches of receipts.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.DEPOSIT_DATE

GL_DATE

Receivables assigns a value to this column during the import process.

Source

Derived from deposit date, import date, or entered date.

Validation

The import file must leave this column blank.

Destination

AR_BATCHES.GL_DATE, AR_INTERIM_CASH_RECEIPTS.GL_DATE, or AR_CASH_RECEIPT_HISTORY.GL_DATE.

DEPOSIT_TIME

Enter the time the deposit was made.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

None.

TRANSMISSION_RECORD_COUNT

Enter the number of records in the import file. Include all of the types of records in the count: headers, trailers, receipts and overflow records.

Source

Lockbox data file or lockbox transmission format.

Validation

If the transmission format includes the transmission header or trailer, lockbox counts all records in this transmission. The validated count includes all receipts and detail records transferred to the interim table.

Destination

AR_TRANSMISSIONS.COUNT

TRANSMISSION_AMOUNT

Enter the amount of the transmission.

Source

Lockbox data file or lockbox transmission format.

Validation

The sum of all of the receipt amounts within the transmission.

Destination

AR_TRANSMISSIONS.AMOUNT

TRANSFERRED_RECEIPT_COUNT

Receivables assigns a value to this column during the import process.

Source

Program counts the number of records transferred successfully.

Validation

The import file must leave this column blank.

Destination

AR_TRANSMISSIONS.VALIDATED_COUNT

TRANSFERRED_RECEIPT_AMOUNT

Receivables assigns a value to this column during the import process.

Source

Program totals the receipt amounts of records transferred successfully.

Validation

The import file must leave this column blank.

Destination

AR_TRANSMISSIONS.VALIDATED_AMOUNT

LOCKBOX_NUMBER

For lockbox header or trailer records, enter the lockbox name or number specified by the bank.

For batch header and trailer records, enter the lockbox number assigned to receipts in the batch.

For receipt records, enter the lockbox number assigned to receipts.

For overflow records, enter the number of the lockbox for the receipt.

Source

Provided by the bank or entered by the user.

Validation

This column is mandatory on all lockbox headers and trailers. If the lockbox number is included in the lockbox transmission format, it must appear on every batch record. If the lockbox number is included in the lockbox transmission format and you do not have batch records, it must be entered for every receipt record. If the lockbox number is included in the lockbox transmission format and you do not have any batch records, you must enter this number for each receipt and overflow record.

Destination

None.

LOCKBOX_BATCH_COUNT

Enter the number of batches in the lockbox.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

None.

LOCKBOX_RECORD_COUNT

Enter the number of payment records in the lockbox.

Source

Lockbox data file or lockbox transmission format.

Validation

Do not include payment overflow records.

Destination

None.

LOCKBOX_AMOUNT

Enter the total value of the receipts in the lockbox.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

None.

BATCH_NAME

For batch header and trailer records, enter the name or number that the bank uses to identify the batch.

For receipt records, enter the batch name for this receipt.

For overflow records, enter the batch for this overflow record.

Source

Lockbox data file or lockbox transmission format.

Validation

This column is required for each batch header and trailer record. If the batch name is included in your format, it must be entered for every receipt record. Each unique batch name determines a batch of transmission records. For example, if you enter two unique batch names for your transmission, lockbox divides your transmission into two batches of receipts. If the batch name is included in your format, you must enter this name for each overflow record.

Destination

AR_BATCHES.LOCKBOX_BATCH_NAME

BATCH_AMOUNT

Enter the total value of all receipts in this batch.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.CONTROL_AMOUNT

BATCH_RECORD_COUNT

Enter the number of receipt records in this batch.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.CONTROL_COUNT

ITEM_NUMBER

Enter a sequential number to indicate the location of each receipt or overflow record in the batch.

Source

Lockbox data file or lockbox transmission format.

Validation

This column is required, even if the lockbox transmission format does not have batch, lockbox, or transmission records. The item number must be unique within a batch, a lockbox (if batches are not provided), or within a transmission (if neither batches nor lockboxes are provided). All overflow records for a receipt must have the same item number as the receipt record. You must enter an item number for each overflow record to reference the receipt.

Destination

None.

CURRENCY_CODE

Enter the currency for each receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.CURRENCY_CODE or
AR_INTERIM_CASH_RECEIPTS.CURRENCY_CODE.

EXCHANGE_RATE

For receipts, enter the conversion rate to use for this currency.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.EXCHANGE_RATE or
AR_INTERIM_CASH_RECEIPTS.EXCHANGE_RATE.

EXCHANGE_RATE_TYPE

Enter the conversion rate type to use for this receipt: Corporate, Spot, or User.

Source

Derived from the lockbox definition or lockbox transmission format.

Validation

None.

Destination

AR_BATCHES.EXCHANGE_RATE_TYPE or
AR_INTERIM_CASH_RECEIPTS.EXCHANGE_RATE_TYPE.

REMITTANCE_AMOUNT

Enter the value of each receipt in the batch.

Source

Lockbox data file or lockbox transmission format.

Validation

A value is required for each receipt record.

Destination

AR_INTERIM_CASH_RECEIPTS.AMOUNT

TRANSIT_ROUTING_NUMBER

Enter the transit routing number from the receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

This column is optional, but you must enter this number if you enter the account number. Receivables uses the transit routing number and account number together to identify the customer MICR number.

Destination

AP_BANK_BRANCHES.BANK_NAME,
AP_BANK_BRANCHES.BANK_BRANCH_NAME, or
AP_BANK_BRANCHES.BANK_NUM

ACCOUNT

Enter the bank account number from the receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

This column is optional, but you must enter this number if you enter the transit routing number.

Destination

AP_BANK_ACCOUNTS.BANK_ACCOUNT_NUM

CUSTOMER_BANK_ACCOUNT_ID

Receivables assigns a value to this column during the import process.

Source

AP_BANK_ACCOUNT_USES.EXTERNAL_BANK_ACCOUNT_ID

Validation

The import file must leave this column blank.

Destination

AR_INTERIM_CASH_RECEIPTS.CUSTOMER_BANK_ACCOUNT_ID

ANTICIPATED_CLEARING_DATE

Date a receipt is expected to clear.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_INTERIM_CASH_RECEIPTS.ANTICIPATED_CLEARING_DATE

CHECK_NUMBER

Enter the check number printed on the receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

A value is required for each receipt record.

Destination

AR_INTERIM_CASH_RECEIPTS.RECEIPT_NUMBER or
AR_CASH_RECEIPTS.RECEIPT_NUMBER.

SPECIAL_TYPE

Receivables assigns a value to this column during the import process.

Source

Program determines the type.

Validation

The import file must leave this column blank.

Destination

AR_INTERIM_CASH_RECEIPTS.SPECIAL_TYPE

AUTOAPPLY_FLAG

Indicates whether the AutoApply process is used during lockbox processing.

Source

Lockbox data file or lockbox transmission format.

Validation

None.

Destination

AR_INTERIM_CASH_RECEIPTS.AUTOAPPLY_FLAG

CUSTOMER_NUMBER

Enter the customer account number.

Source

Lockbox data file or lockbox transmission format.

Validation

This column is optional.

Destination

None.

OVERFLOW_INDICATOR

Receivables uses this column to indicate overflow records for the current receipt. You must enter a value for all overflow records.

Source

Lockbox data file or lockbox transmission format.

Validation

To identify the last overflow record, enter a value that is different from the overflow indicator in the transmission format. For example, in the BAI transmission format, 0 indicates an overflow record. You have three overflow records for a receipt, the first two records have 0 as the overflow indicator and the third record has 9. Since the third record is not 0, it is identified as the last overflow record.

Destination

None.

OVERFLOW_SEQUENCE

Enter a sequential number to indicate the order of overflow records.

Source

Lockbox data file or lockbox transmission format.

Validation

Within each receipt, the Overflow Sequence usually begins with 1.

Destination

None.

CUSTOMER_ID

Receivables assigns a value to this column during the import process.

Source

Program determines it.

Validation

The import file must leave this column blank.

Destination

AR_INTERIM_CASH_RECEIPTS.PAY_FROM_CUSTOMER or
AR_CASH_RECEIPTS.PAY_FROM_CUSTOMER.

BILL_TO_LOCATION

Enter the customer bill-to site for this receipt and include the bill-to site in the transmission format.

Source

Lockbox data file or lockbox transmission format.

Validation

If the **Require billing location for receipts** system option is enabled, you must enter a value in this column. If the **Require billing location for receipts** system option is not enabled, you only have to enter a value in this column if the **Require billing location** option on the lockbox record is enabled.

Destination

None.

CUSTOMER_SITE_USE_ID

Receivables assigns a value to this column during the import process.

Source

Program determines it.

Validation

The import file must leave this column blank.

Destination

AR_INTERIM_CASH_RECEIPTS.SITE_USE_ID or
AR_CASH_RECEIPTS.CUSTOMER_SITE_USE_ID.

RECEIPT_DATE

For receipt records, enter the date that is written on the check.

Source

Lockbox data file or lockbox transmission format.

Validation

If you are using MICR numbers to identify customers, this date must be equal to or earlier than the date of the lockbox submission. Otherwise, the receipts are processed as unidentified.

Destination

AR_INTERIM_CASH_RECEIPTS.RECEIPT_DATE,
AR_INTERIM_CASH_RECEIPTS.EXCHANGE_DATE,
AR_CASH_RECEIPTS.RECEIPT_DATE, or
AR_CASH_RECEIPTS.EXCHANGE_DATE.

RECEIPT_METHOD

Enter the receipt method to associate with a receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

Receipt methods contain information about the bank, bank account, and receipt accounts. The receipt method in this column must be the same as the receipt method assigned to the batch source for the lockbox.

Destination

None.

RECEIPT_METHOD_ID

Receivables assigns a value to this column during the import process.

Source

Program determines it.

Validation

The import file must leave this column blank.

Destination

AR_INTERIM_CASH_RECEIPTS.RECEIPT_METHOD_ID or
AR_CASH_RECEIPTS.RECEIPT_METHOD_ID.

INVOICE1-8

For receipt records and overflow records, optionally enter the invoice numbers that a receipt is applied to.

Source

Lockbox data file or lockbox transmission format.

Validation

You do not have to start with INVOICE1, nor use all eight of the INVOICE columns on a record before you create a receipt record or an overflow record. You can find a list of valid values in AR_PAYMENT_SCHEDULES.TRX_NUMBER. You can supply invoice numbers without specifying the amount applied to each invoice.

Destination

None.

MATCHING1_DATE - MATCHING8_DATE

For matching dates.

Destination

None.

RESOLVED_MATCHING_NUMBER1-8

For resolved matching numbers

Source

Program determines it.

Destination

None.

RESOLVED_MATCHING1_DATE - RESOLVED_MATCHING8_DATE

For resolved matching dates

Source

Program determines it.

Destination

None.

MATCH_RESOLVED_USING

For a match resolved.

Source

Program determines it.

Validation

GD: No description or validation information is provided.

Destination

None.

**RESOLVED_MATCHING1_INSTALLMENT -
RESOLVED_MATCHING8_INSTALLMENT**

For resolved matching installments.

Source

Program determines it.

Destination

None.

INVOICE1_STATUS - INVOICE8_STATUS

Status of the invoices that a receipt is applied to.

Source

Program determines it.

Validation

None.

Destination

None.

COMMENTS

For batch header and trailer records and for receipt records, enter any free-form comments.

Source

Lockbox transmission format.

Validation

For receipt records, Receivables stores this data but does not display these comments on the receipt.

Destination

AR_BATCHES.COMMENTS or AR_INTERIM_CASH_RECEIPTS.COMMENTS

ATTRIBUTE_CATEGORY

Enter the descriptive flexfield category information for this receipt.

Source

Lockbox data file or lockbox transmission format.

Validation

Descriptive flexfield category used to transfer additional information about a receipt.

Destination

AR_INTERIM_CASH_RECEIPTS.ATTRIBUTE1-15 or
AR_CASH_RECEIPTS.ATTRIBUTE1-15.

ATTRIBUTE1-15

Enter the descriptive flexfield attributes of the category designated in the ATTRIBUTE_CATEGORY column.

Source

Lockbox data file or lockbox transmission format.

Validation

Use this column to transfer additional information about a receipt. For example, if the bank enters and transmits the customer name, use an attribute column to import this name.

Destination

AR_INTERIM_CASH_RECEIPTS.ATTRIBUTE1-15 or
AR_CASH_RECEIPTS.ATTRIBUTE1-15.

INVOICE1_INSTALLMENT - INVOICE8_INSTALLMENT

For receipt records and overflow records, enter the installment numbers of invoices with multiple payment schedules that a receipt is applied to.

Source

Lockbox data file or lockbox transmission format.

Validation

If you do not specify the installment number for an invoice with multiple payment schedules, then Receivables applies the receipt amount to the oldest payment schedule first. The installment number must be on the same record as the associated invoice number.

Destination

None.

CUSTOMER_NAME_ALT

The alternate name of the customer.

Source

Lockbox data file.

Validation

None.

Destination

None.

CUSTOMER_BANK_NAME

The name of the customer bank. Used for receipt records.

Source

Lockbox data file.

Validation

None.

Destination

None.

CUSTOMER_BANK_BRANCH_NAME

The name of the customer bank branch. Used for receipt records.

Source

Lockbox data file.

Validation

None.

Destination

None.

REMITTANCE_BANK_NAME

The name of the bank that received the payment. Used for receipt records.

Source

Program determines it.

Validation

None.

Destination

None.

BANK_TRX_CODE

The transaction code of the bank.

Source

Program determines it.

Validation

None.

Destination

None.

AMOUNT_APPLIED1-8

Enter the amount of the receipt to apply to the invoice. If the receipt currency and the transaction currency are different, enter the amount of the receipt to apply in the transaction currency.

Source

Lockbox data file or derived from AMOUNT_APPLIED_FROM and EXCHANGE_RATE.

Validation

If you provide invoice numbers without specifying the amount applied to each invoice, Receivables applies the receipt to the invoices starting with the oldest receipt schedule first. The value of the AMOUNT_APPLIED column must be on the same record as the invoice number to which it is applied. For example, you cannot have all of the invoice numbers on the receipt record and all of the amounts applied on the overflow record.

Destination

AR_INTERIM_CASH_RECEIPTS_ALL.AMOUNT_APPLIED (if a single application) or AR_INTERIM_CASH_RCPT_LINES_ALL.PAYMENT_AMOUNT (if multiple applications).

AMOUNT_APPLIED_FROM1-8

For receipt and overflow records, if the receipt currency and the transaction currency are different, enter the amount of the receipt to apply in the receipt currency.

Source

Lockbox data file or derived from AMOUNT_APPLIED_FROM and EXCHANGE_RATE.

Validation

None.

Destination

AR_INTERIM_CASH_RECEIPTS_ALL.AMOUNT (if a single application) or AR_INTERIM_CASH_RCPT_LINES_ALL.AMOUNT_APPLIED_FROM (if multiple applications).

INVOICE_CURRENCY_CODE1-8

For receipt and overflow records, if the receipt currency and the transaction currency are different, enter the currency of the transaction. This column is used for cross currency receipt applications.

Source

Lockbox data file or derived from AR_PAYMENT_SCHEDULES_ALL.

Validation

This column is optional. If null, lockbox derives this value from AR_PAYMENT_SCHEDULES_ALL.

Destination

AR_INTERIM_CASH_RECEIPTS_ALL.INVOICE_CURRENCY_CODE (if a single application) or

AR_INTERIM_CASH_RCPT_LINES_ALL.INVOICE_CURRENCY_CODE (if multiple applications).

TRANS_TO_RECEIPT_RATE1-8

For receipt and overflow records, if the receipt currency and the transaction currency are different, enter the exchange rate used to convert the receipt to the transaction currency.

Source

Lockbox data file or derived from AMOUNT_APPLIED_FROM and EXCHANGE_RATE.

Validation

This value is used for cross currency receipt applications when the receipt and transaction currencies do not have a fixed exchange rate.

Destination

TRANS_TO_RECEIPT_RATE.

CUSTOMER_REFERENCE_1-8

For customer reference.

CUSTOMER_REASON1-8

For customer reason codes.

Using a Custom Matching Rule with Lockbox: Explained

Oracle Fusion Receivables supplies the packaged procedure `arp_lockbox_hook.cursor_for_matching_rule`, which you can use to add your own custom matching rule with lockbox.

You can create a customer matching rule, for example, if you need to match matching numbers and dates passed to lockbox with numbers and dates in your own custom tables (`custom_table.custom_number` and `custom_table.custom_date`) instead of or in addition to standard matching options. You can also use this feature to match with other numbers and dates in the existing Receivables tables.

Using the Procedure

This procedure expects a row in the AR_LOOKUPS table with `lookup_type = ARLPLB_MATCHING_OPTION` and valid values for other columns required for using a customized matching rule. The master program `arp_process_lockbox` will fetch that row and, if it finds it to be one of the non-standard rows, it will pass the control to this procedure with the corresponding `lookup_code` in your database.

The procedure should return a string that Dynamic SQL can use to open and parse a cursor. You need to create this SQL string to replace the string named `p_cursor_string`.

Your string should have the following restrictions:

1. You should only use the following bind variables:
 - `b_current_matching_number` - This retrieves a value of a `matching_number` passed in the overflow or payment record.
 - `b_current_matching_date` - This retrieves a value of a `matching_date` passed in the overflow or payment record.
 - `b_current_installment` - This retrieves a value for the installment number (if any) passed in the overflow or payment record.
 - `b_customer_id` - If the customer is identified using a customer number or an MICR number, the program enforces that the `matching_number` is for the same customer (unless the value is Y in `b_pay_unrelated_customers`).
 - `b_pay_unrelated_customers` - When you submit lockbox, the program prompts you to select whether to allow payments for unrelated customers. This variable retrieves a value Y or ' based on the value that you select.
 - `b_lockbox_matching_option` - The value of this variable matches to the value of `ar_lookups.lookup_code`. It is also stored in `ar_customer_profiles.lockbox_matching_option` and in `ar_lockboxes.lockbox_matching_option`.
 - `b_use_matching_date` - This variable is assigned a value NEVER, ALWAYS, or FOR_DUPLICATES, depending upon the value of the Match on Corresponding Date option for your lockbox (in `ar_lockboxes`).
 - `b_receipt_date` - This retrieves a value of `receipt_date` passed in the payment record.
 - `b_cust_acct_rel_set_id` - This retrieves the set ID assigned to the reference group Customer Account Relationship for the business unit for which the lockbox is run.
2. If you are customizing lockbox using this procedure, be sure that this procedure returns a string that can create a valid cursor and that the SQL returns one and only one row (neither zero nor more than one).
3. The program expects three return values from the SQL statement in the following order:
 - a. `Customer_Id` (NUMBER(15))
 - b. Invoice Number (VARCHAR2(20))
 - c. Invoice Date (DATE)
4. The program expects that the combination of invoice number and invoice date is unique in `ar_payment_schedules`.

5. You do not have to use all the bind variables that are provided in your SQL statement. For example:

```
ct.trx_date ' ||  
'from custom_table ct ' ||  
'where ct.matching_number = :b_current_matching_number '  
||  
'and ct.matching_date = :b_current_matching_date  
';
```

6. If the SQL statement does not match with the given matching number and matching date (optional), the statement must return the following:

```
customer_id = -9999,  
trx_number = null,  
trx_date = null.
```

7. If the statement matches to multiple customers but with the same transaction numbers, it must return customer_id = -7777. In this case the procedure ignores trx_number and trx_date.

Note

The program calling this procedure does not expect it to return any errors, because the definition of a cursor is a one-time procedure and, if done carefully, should not error.

Below is the packaged procedure arp_lockbox_hook.cursor_for_matching_rule that Receivables provides:

```
PROCEDURE CURSOR_FOR_MATCHING_RULE(p_matching_option IN  
VARCHAR2,p_cursor_string OUT VARCHAR2) IS  
BEGIN  
arp_util.debug('arp_lockbox_hook.cursor_for_matching_rule()+');  
p_cursor_string := 'select -9999, NULL, NULL from dual';  
arp_util.debug('arp_lockbox_hook.cursor_for_matching_rule()+');  
RETURN;  
END cursor_for_matching_rule;  
END arp_lockbox_hook;  
COMMIT;  
EXIT;
```

Match Receipts By Method: Explained

During lockbox and manual receipt processing, Oracle Fusion Receivables uses the settings of the Match Receipts By rule to identify the document type to use to match receipts to transactions when customer information is not available.

Using the Document Type Reference

The six document types used to match receipts to transactions are:

- Transaction number
- Sales order number
- Purchase order number

- Balance forward billing number
- Shipping reference
- Contract number

Using the Match Receipts By Rule

When Receivables finds a document type with the same number as the current search, the process checks the locations where Match Receipts By rules are enabled in this order:

- Customer bill-to site
- Customer
- Lockbox (for lockbox processing)
- System options

Receivables looks for a rule that matches the document type of the number in the current search, and stops when a value is found. For example, if Receivables finds a matching transaction number in the first search, it checks the customer site for the Match Receipts By rule. If the rule is set to Transaction, Receivables matches the receipt with this transaction and applies the receipt.

If the Match Receipts By rule at the customer site is a document type other than Transaction, Receivables searches for a number that matches this document type.

If there are no values assigned at the customer site or customer level:

- For lockbox processing, Receivables uses either the Match Receipts By rule assigned to the lockbox or, if the **Use match criteria to determine customer** option is enabled, the entire document type hierarchy.
- For manual receipt processing, Receivables uses the Match Receipts By settings on the business unit system options.

If Receivables cannot find a match after searching each document type, the process applies the receipt using the AutoCash rule set defined for the customer.

If the AutoCash rule set is unable to apply the receipt, Receivables assigns the receipt a status of Unapplied. You must then manually apply the receipt.

Matching Rules Examples

Here are two examples of using matching rules.

Example 1: During lockbox processing, a receipt record indicates that a receipt should be applied to open debit item 12345. Receivables first searches for a transaction (invoice, debit memo, chargeback) with this number. Receivables finds an invoice with this number, so the process checks the value of the Match Receipts By parameter at the customer site. The Match Receipts By rule is null for this customer site, so Receivables checks the setting in the customer profile. Match Receipts By is set to Transaction in the customer profile, so Receivables matches and applies the receipt to the invoice.

Example 2: Using the same receipt record information as Example 1, assume that Receivables fails to find a transaction with the number 12345. The process

then searches for a sales order with this number. Receivables does not find a sales order with this number, so it now searches for and finds a purchase order with number 12345. Receivables then checks the Match Receipts By rule at the customer site. The Match Receipts By rule is null for this customer site, so Receivables checks the setting in the customer profile. The rule is also null in the customer profile, so Receivables checks the rule for the lockbox. The Match Receipts By rule is set to Purchase Order Number for this lockbox, so the process matches the receipt with this purchase order and applies the receipt to the transaction.

FAQs for Lockbox

Why can't I find a receipt source in the lockbox?

Receipt sources are created and assigned to a particular business unit. Lockboxes are created and assigned to a particular lockbox set. The receipt sources available for use with a given lockbox are limited to the receipts sources created and assigned to the business units that belong to the lockbox set.

To define a receipt source for use with lockbox, use these settings:

- Set **Receipt Source Type** to Manual
- Provide both a default **Receipt Method** and a default **Bank Account**
- Set **Batch Numbering** to Automatic

How can I calculate the lockbox batch size?

Use the **Batch Size** field to enter the number of receipts to assign to each receipt batch during lockbox processing. For example, if you have 991 receipts, and you set the batch size to 10, the lockbox process creates 99 batches with 10 receipts and one batch with one receipt.

If you do not want the lockbox process to separate your lockbox submission into multiple receipt batches, complete these steps:

- Enter a number that is larger than the number of receipts in the lockbox transmission for this lockbox.
- Enable the **Complete batches only** option when you submit your lockbox transmission.

How can I use the accounting date source?

The value in the **Accounting Date Source** field determines the accounting date to apply to the receipts in the lockbox.

The accounting date source values for lockbox processing are:

- **Constant Date:** Use the accounting date that you enter in the lockbox transmission.

If you do not enter an accounting date, the lockbox process does not validate your data.

- **Deposit Date:** Use the deposit date that you enter in the lockbox transmission. This is the date that your remittance bank deposits your receipts.

If you do not enter a deposit date, the lockbox process displays an error and prompts for a deposit date to submit the lockbox.

- **Import Date:** Use the date you import receipts.

How does AutoApply manage invalid transaction numbers?

If lockbox uses AutoApply, then Oracle Fusion Receivables attempts to match customers to receipts and match receipts to transactions based on your setup.

If lockbox cannot fully apply a receipt due to invalid transaction numbers, then Receivables manages the additional amounts according to the **Post Partial Amount as Unapplied** option. Receipts are applied to valid transactions, and the remaining receipt amounts are marked as Unapplied.

Define Transmission Formats for Lockbox

Validating the Lockbox File Transmission: How It Works

The first step in lockbox processing is validating the data imported from your bank file using the lockbox file transmission.

The lockbox process validates the data that you receive from the bank to ensure that the entire file was received, that there are no duplicate receipts within a batch, and that the customers and transactions are valid.

Lockbox also validates that all data is compatible with Oracle Fusion Receivables by ensuring that the columns in the AR_PAYMENTS_INTERFACE_ALL table reference the appropriate values and columns in Receivables.

Settings That Affect Lockbox Validation

Lockbox checks for duplicate receipts and transactions.

Duplicate receipts have the same receipt number, amount, currency, and customer account number. Lockbox does not allow duplicate receipts within the same receipt source for the same customer. This is the same validation Receivables performs when you manually enter receipts.

Transaction numbers are only required to be unique within a receipt source. A customer can have duplicate transaction numbers as long as they belong to different receipt sources. However, lockbox cannot automatically apply a payment to these transactions.

If a customer has more than one transaction in the system with the same number, then lockbox cannot determine to which transaction to apply the payment. In this case, the receipt is either left as Unapplied (if the customer account number

or MICR number is provided) or Unidentified (if the customer account number or MICR number is not provided).

You can manually apply the receipt according to the transaction recommendations that Receivables presents according to your implementation.

How a Lockbox Transmission Is Validated

When you import a bank file, lockbox completes the following validations:

- Transmission Level Validations
- Lockbox Level Validations
- Batch Level Validations
- Receipt Level Validations
- Overflow Level Validations
- Customer Validations
- Currency Validation

Transmission Level Validations

Lockbox validates the lockbox transmission to ensure that transmission information corresponds to the transmission format. The following attributes are validated:

- Transmission format contains receipt records.
- Either the lockbox number is part of the transmission format, or you specify the lockbox number when you submit the lockbox.
- Accounting date is in an open accounting period.
- Total transmission record count and amount that you supply must match the actual receipt count and amount that is determined by lockbox. If the transmission format includes the transmission header or trailer, lockbox counts all records in this transmission. The validated count includes all receipts and detail records transferred to the interim table.
- Origination number is valid, if it is provided.

Lockbox Level Validations

Lockbox validates the lockbox records to ensure that lockbox information corresponds to the transmission format. The following attributes are validated:

- If the transmission format includes the transmission header or trailer, ensure that the lockbox number is included and is valid.
- Lockbox batch count is correct, if it is provided.
- Lockbox amount is correct, if it is provided.
- Lockbox record count is correct, if it is provided.

- Origination number is valid, if it is provided.
- No duplicate lockbox numbers.

Batch Level Validations

Lockbox validates the batch records to ensure that batch information corresponds to the transmission format. The following attributes are validated:

- Batch name exists on batch records.
- Batch name is unique within the transmission.
- Batch amount is correct.
- Batch record count is correct.
- Lockbox number exists on batch records, if this number is part of the transmission format.

Receipt Level Validations

Lockbox validates the receipt records to ensure that receipt information corresponds to the transmission format. The following attributes are validated:

- Remittance amount is specified.
- Check number is specified.
- Item number is specified and is unique within a batch, a lockbox, or the transmission, depending on the transmission format.
- Lockbox number is specified (if this number is not part of the lockbox header or trailer of the transmission format) and batches are not imported.
- Batch name is specified, if either batch headers or trailers are part of the transmission format.
- Account number is specified, if transit routing number is part of the transmission format.
- Invoice1-8 are either valid or left blank.
- Installment1-8 are either valid installment numbers or are left blank.
- Invoice, debit memo, credit memo, on-account credit, or chargeback number derived from the matching number does not belong to a receipt.
- Transaction number is entered where an application amount is specified.
- Sum of all of the **Amount Applied** columns for a receipt does not exceed the remittance amount.
- Customer account number is valid.
- Customer account number and MICR number both reference the same customer, if both are provided.
- Receipt date is specified.
- Receipt method is valid.

- Currency is valid.

Overflow Level Validations

Lockbox validates the overflow records to ensure that overflow information corresponds to the transmission format. The following attributes are validated:

- Batch name is specified, if either batch headers or trailers are part of the transmission format.
- Lockbox number is specified, if either the batch header or trailer is not specified and the transmission format includes the lockbox number.
- Item number is specified and matches a receipt record.
- Overflow indicator is specified, unless it is the last overflow record.
- Overflow sequence is specified.
- Invoice1-8 are either valid or are left blank.
- Installment1-8 are either valid installment numbers or are left blank.
- Transaction number derived is entered where an application amount is specified.

Important

For Receipt and Overflow validations of Invoice1-8: If you are using matching numbers and a receipt record indicates that multiple transactions are to be paid by this receipt, lockbox assumes that all of the transactions are the same document type, such as invoices, sales orders, or purchase orders.

For example, if the first 2 transactions are invoices, lockbox successfully matches them with this receipt. However, if the next transaction is not an invoice, lockbox either imports the remaining receipt amount as Unidentified or rejects the entire receipt, depending on the lockbox definition.

If lockbox imports the remaining receipt amount as Unapplied, then Receivables retains the invalid matching numbers.

Customer Validations

Lockbox can either validate customer data based on the following attributes or mark the receipt as Unidentified if no match is found:

- Customer account number is valid.
- MICR number is valid.
- Bill-to customer is from a matched invoice, if matching is enabled.

Currency Validation

Receivables lets you process receipts in multiple currencies. If you pass the currency, conversion type, and receipt date, lockbox attempts to determine the conversion rate. If lockbox is unable to determine the conversion rate, the receipt will fail validation.

Lockbox Transmission Formats

Transmission formats specify how data in a lockbox bank file is organized for import into the Oracle Fusion Receivables interface tables. The transmission format is used by the validation program to ensure that data is transferred correctly.

Transmission Formats

Receivables provides five transmission formats. You can define new transmission formats based on the formats provided by Receivables.

You use an SQL*Loader control file to import data from bank files to Receivables. If you define a different transmission format or edit the existing Default or Convert formats, you must edit the SQL*Loader control file before you can import data into Receivables.

Example (arxmpl.ctl)

This format contains an example of lockbox header information, receipt records, and overflow receipt records.

Default (ardeflt.ctl)

This is a standard BAI (Bank Administration Institute) format used by most banks.

Convert (arconv.ctl)

This format is used for transferring payment information from other systems.

Cross Currency (arxcrr.ctl)

This default format used for importing cross currency receipts.

Zengin (arzeng.ctl)

This format is used to import bank files in the Japanese Zengin format.

Lockbox Transmission Format Record Types

Enter the record types to include in a lockbox transmission format. Use the **Identifier** column to uniquely identify each record type.

Your bank file might not contain all of these record types. You should define your transmission format to only include the record types you actually use.

Record Types

Batch Header

A Batch Header marks the beginning of a specific batch. Batch Headers usually contain information such as batch number, deposit date, and lockbox number.

Batch Trailer

A Batch Trailer marks the end of a specific batch. Batch Trailers usually contain information such as batch number, lockbox number, batch record count, and batch amount.

Lockbox Header

A Lockbox Header marks the beginning of a specific lockbox. Lockbox Headers usually contain information such as destination account and origination number.

Lockbox Trailer

A Lockbox Trailer marks the end of a specific lockbox. Lockbox Trailers usually contain information such as lockbox number, deposit date, lockbox amount, and lockbox record count.

Overflow Receipt

An Overflow Payment usually contains invoice information for a specific payment, such as batch number; item number; sequence number; overflow indicator; invoice, debit memo, or chargeback number; and debit item amounts. Receivables combines the overflow and payment records to create a logical record to submit payment applications.

Receipt

A Receipt usually contains payment information such as MICR number, batch number, item number, check number, and remittance amount.

Service Header

Service Header records contain general information about the transmission.

Transmission Header

A Transmission Header marks the beginning of a specific data file. Transmission Headers usually contain information such as destination account, origination number, deposit date, and deposit time.

Transmission Trailer

A Transmission Trailer marks the end of a specific data file. Transmission Trailers usually contain information such as total record count.

Lockbox Transmission Format Field Types

Enter the lockbox transmission field types to use to identify the characteristics of each lockbox transmission record type.

You specify the size, order, and format of each transmission record. The lockbox transmission program only validates the fields that you define in your transmission format. The transmission format must be fully compatible with how you organize data in your lockbox file.

Field Types

Account

Your customer bank account. The bank account number and the transit routing number make up your customer MICR number.

Alternate Name

The alternate name for this customer.

Amount Applied 1 to 8

The amount applied to each invoice, debit memo, or chargeback. Each payment or overflow payment record can accommodate up to eight debit item numbers. For cross currency applications, this is the amount to apply in the transaction currency.

Amount Applied From 1 to 8

Used for cross currency receipt applications, this is the amount applied to each transaction in the receipt currency. Each payment or overflow payment record can accommodate up to eight debit item numbers.

Attribute 1 to 15

Use attributes to enter descriptive flexfield segments. Attributes can only be assigned to payment records.

Bank Transaction Code

A code defined for each account that is used by your bank to uniquely identify the kind of transaction in a bank statement (for example, debit, credit, void). This is also used by Oracle Fusion Cash Management to determine the receipt effective date.

Batch Amount

The total receipt batch amount for a specific bank batch.

Batch Name

The name of the batch for a specific bank batch.

Batch Record Count

The total number of payment records in a specific bank batch. The total number of all batch record counts equals the Lockbox Record Count. This does not include overflow payments, headers, or trailers.

Billing Location

Your bank will be able to transmit the billing location of the payment. You must only specify the field name and the field positions that the billing location occupies in the transmitted data file.

Comment

Any comments you want to associate with this transmission.

Conversion Rate

The conversion rate associated with this payment, if you are using lockbox to import foreign currency receipts.

Conversion Type

The conversion type used to convert a foreign currency receipt to the ledger currency.

Currency Code

The currency of the payment. For cross currency payments, you can also enter the Invoice Currency Code. If you do not enter a value in this field, lockbox

derives the currency from the information that is provided in the Amount Applied 1 to 8 and Amount Applied From 1 to 8 fields.

Customer Bank Branch Name

The name of the customer bank branch.

Customer Bank Name

The name of the customer bank.

Customer Number

The identification number of the customer who submitted a payment.

Customer Reason 1 to 8

The customer reason why a payment shows a discrepancy.

Customer Reference 1 to 8

Customer comments about this payment.

Deposit Date

The date the bank receives and deposits the customer payment.

Deposit Time

The time at which the bank receives and deposits the customer payment.

Destination Account

Your business bank account. Your business may have more than one bank account.

Effective Date

The date on which the bank determines a customer balance to apply interest (used by Cash Management).

Invoice 1 to 8

The invoices, debit memos, and chargebacks to which you apply your payment. Each payment or overflow payment record can accommodate up to eight debit item numbers.

Invoice 1 to 8 Installment

The installment number for this invoice.

Invoice Currency Code 1 to 8

The currency of the transaction. This field is used for cross currency receipt applications. This field is optional.

Item Number

A sequence number that your bank assigns to a specific payment. This number associates an invoice with a receipt.

Lockbox Amount

The total payment amount in a specific lockbox.

Lockbox Batch Count

The total number of bank batches in a specific lockbox.

Lockbox Number

The identification number for a specific lockbox.

Lockbox Record Count

The number of payment records in a specific lockbox. This does not include overflow payments, headers, or trailers.

Matching Date 1-8

The dates to use to match receipts with transactions, if you are using the **Match on Corresponding Date** option for this lockbox.

Origination

The bank origination number provided by your bank. This number uniquely identifies the bank branch that sends you lockbox information.

Overflow Indicator

Indicates whether there are any additional overflow records for this payment.

Overflow Sequence

A sequence number that your bank assigns to each overflow payment.

Receipt Method

The receipt method associated with this lockbox.

Payment Number

The identification number of a payment. For example, a check number.

Receipt Date

The date your customer made a payment.

Record Identifier

A number that identifies the kind of transmission record.

Remittance Amount

The amount of a payment.

Remittance Bank Branch Name

The name of the bank branch from which this payment originated.

Remittance Bank Name

The name of the bank from which this payment originated.

Status

The status of this payment.

Total Record Count

The total number of transmission records in a bank file. This includes headers, trailers, payments, and overflow records.

Trans to Receipt Rate 1 to 8

The conversion rate used to convert the receipt amount from the receipt currency to the transaction currency. This field is used for cross currency receipt applications, when the receipt and transaction currencies do not have a fixed rate. If the currencies have a fixed rate, this field is optional (in this case, lockbox derives the rate to use).

Transit Routing Number

The number that uniquely identifies your customer bank. The transit routing number and the customer bank account number make up the customer MICR number.

Transmission Amount

The total amount of payments for a bank file.

FAQs for Lockbox Transmission Formats

Can I reformat the transmission amount?

Yes, by using the **Format Amount** field setting. If you set this field to Yes, lockbox rounds the format amount to the same degree of precision and the same number of decimal places as your ledger currency.

For example, if your ledger currency is USD (precision = 2) and you set this option to Yes, a value of 50000 in the bank data file is formatted as 500.00. If you set the option to No, then this value is not formatted and would appear as 50000.

What's an overflow record?

An overflow record stores additional receipt information that cannot fit on the receipt record. This is typically additional invoice numbers and the amount of the receipt to apply to each invoice.

Each overflow record must have a receipt record as a parent. If there are multiple overflow records for a receipt record, each overflow record is assigned an overflow sequence.

Define AutoMatch Rule Sets

AutoMatch Recommendations: How They Are Calculated

During receipt processing, Oracle Fusion Receivables applies receipts to transactions based on the transaction information provided. In cases where the transaction information provided does not exactly match the transaction numbers available in the system, the AutoApply process will attempt to find as close a match as possible and either apply the receipt to the transaction automatically or present one or more transactions as recommendations for manual receipt application.

In like manner, during lockbox processing it may happen that a lockbox contains incomplete or inaccurate customer information. The AutoApply process will attempt to match a customer to a receipt and present one or more customers as recommendations for the receipt.

The AutoMatch rule set provides information that is used by the AutoApply process to complete the process of applying receipts to transactions. The settings in the AutoMatch rule set provide these recommendations:

- Customer recommendations: The matching process recommends customers for lockbox receipts that have invalid customer information.
- Transaction recommendations: The matching process recommends one or more transactions for receipt application for both lockbox and manual receipts.

Settings That Affect AutoMatch Recommendations

Recommendations are based on matching threshold levels defined in the AutoMatch rule set. These threshold settings determine the percentage level necessary to consider a customer or transaction for receipt recommendation:

- Customer Recommendation Threshold: The qualifying percentage necessary to add customer information to a receipt. If the calculated score for a customer account number is above this threshold, then the AutoApply process adds this customer information to the receipt.
- Minimum Match Threshold: The qualifying percentage necessary to recommend a transaction for receipt application. If the calculated score for one or more transactions is above this threshold, the AutoApply process recommends the transactions for receipt application, in order of the highest percentage match.

Note

The minimum match threshold must be less than the customer recommendation threshold and the combined weighted threshold.

-
- Combined Weighted Threshold: The qualifying percentage necessary for the AutoApply process to apply a receipt to a transaction automatically. This percentage is the sum of the qualifying percentages defined for the supplied customer information, transaction information, and actual transaction amount that is considered for receipt matching.
 - Days of Closed Invoices Threshold: Determines which closed transactions to include in the AutoMatch process. All transactions that were closed on or before the number of days provided as the threshold value are considered for application or recommendation.

How AutoMatch Recommendations Are Calculated

The threshold qualifying percentages defined in the AutoMatch rule set are compared to the resulting scores of each customer account number or transaction number that is analyzed by the matching process.

The matching process derives a recommendation in this way:

1. If applicable, remove characters and spaces from the number as defined by the AutoMatch rule set string handling.
2. Apply the formula (Levenshtein algorithm) to the resulting string to obtain the score. This formula is:

$1 - (\text{number of changes required to make the recommended string match the provided string} / \text{length of the larger string})$

3. Compare the resulting score to the applicable threshold.

AutoMatch Recommendation: Example

The transaction number 10010 is provided by lockbox for a receipt application. This number does not exist, but Receivables finds the number AR10001. The recommendation for this number is calculated in this way:

1. The AutoMatch rule set string handling settings indicate that the first two characters are to be removed from a string under consideration.

Receivables removes AR, leaving the number 10001.
2. It will take one change for 10001 to match 10010. Therefore, the score for this match is $(1 - 1/5) = 80\%$.
3. The 80% score exceeds the Combined Weighted Threshold value of 70%, so the receipt is automatically applied to transaction AR10001.

AutoMatch Combined Weighted Thresholds: Explained

The combined weighted thresholds on the AutoMatch rule set provide the qualifying percentage necessary for automatic receipt application. This qualifying percentage considers the importance, or weight, that the AutoApply process should give to the three main components of a transaction: customer information, transaction information, and transaction amount.

Using the Combined Weighted Thresholds

Enter the weight, as a percentage, that the AutoApply process should give to successful matching of customer, transaction, and amount information, when considering a transaction for automatic receipt application.

The total of the three percentages must equal 100. In most cases, you would not give equal weight to each component of a transaction. That is, you would not enter 33, 33, 34 as the three weighted values. In order for AutoApply to apply a receipt to a transaction automatically, the weighted thresholds you enter should reflect your standard business practices.

Enter these weighted thresholds:

- **Customer Weight:** Enter the weight to give to matching the customer information on the transaction.
- **Transaction Weight:** Enter the weight to give to identifying the correct transaction, either by correct matching or by the Match Receipts By rule document reference.

- Amount Weight: Enter the weight to give to matching the open balance amount. Because the parts of a transaction amount can play a part in this decision, you can use the Amount Weight Exceptions section to provide additional granularity to the open balance amount considered.

The AutoApply process calculates the percentage score for each match between customer, transaction, and amount. It then derives a final score for each weighted threshold as a percentage of the weighted threshold values, and adds these results to obtain a final score. This final score is then compared against the combined weighted threshold value.

For example, you enter these weighted threshold values:

Weight	Value
Combined Weighted Threshold	75%
Customer	20%
Transaction	70%
Amount	10%

During lockbox processing, a transaction is presented for receipt application with these details:

- Customer account number: 1001
- Transaction number: 10010
- Amount due remaining : 127
- Amount after discount: 120.65
- Tax remaining: 20
- Freight Remaining: 7
- Unearned Discount: 6.35

Lockbox presents a receipt for application with these details:

- Customer account number: 1005
- Reference number: 1001
- Reference amount: 120.65

AutoApply performs these calculations:

- Customer match: The match between account number 1001 and 1005 has a calculated score of 75% $[(1-1/4)*100]$. Since the customer weighted threshold value is 20%, this provides a final score of 15%.
- Transaction match: The transaction match has a calculated score of 80% $[(1-1/5)*100]$. Since the transaction weighted threshold value is 70%, this provides a final score of 56%.
- Amount match: The transaction amount match is 100%. Since the amount weighted threshold value is 10%, this provides a final score of 10%.

The sum of the three final scores is 81%, which is greater than the Combined Weighted Threshold value of 75%. Therefore, AutoApply automatically applies the receipt to the transaction.

Note

If the score were below the Combined Weighted Threshold value but above the Minimum Match Threshold value, then AutoApply generates recommendations for user review. If the score were below the Minimum Match Threshold value, then AutoApply does not generate recommendations.

AutoMatch Amount Weight Exceptions: Explained

The values you enter in the **Amount Weight Exceptions** region qualify the meaning of the open balance amount that is considered by the **Amount Weight** threshold.

Using the Amount Weight Exceptions

Enter threshold percentages to qualify the weight to give to different portions of the open balance amount on a transaction.

Enter these amount weight exception thresholds:

- **Net of Tax Weight:** Enter the weight to give to the total transaction amount net of tax but including freight.
- **Net of Tax and Freight Weight:** Enter the weight to give to the total transaction amount net of tax and freight.
- **Net of Freight Weight:** Enter the weight to give to the total transaction amount net of freight but including tax.
- **Unearned Discount Weight:** Enter the weight to give to transaction amounts that include an unearned discount.

If there is an exact match between the receipt amount and transaction amount, AutoApply uses the **Amount Weight** threshold value without reference to the amount weight exceptions.

If there is not an exact match between the receipt amount and transaction amount, AutoApply looks for the best match among all of the amount weight exceptions to derive a percentage score.

For example, you enter these amount weight exception threshold values:

Weight	Value
Net of Tax Weight	70%
Net of Tax and Freight Weight	70%
Net of Freight Weight	80%
Unearned Discount Weight	60%

During lockbox processing, a transaction is presented for receipt application with these details:

- Customer account number: 1001
- Amount due remaining : 127
- Amount after discount: 120.65
- Tax remaining: 20
- Freight Remaining: 7
- Unearned Discount: 6.35

Lockbox presents a receipt for application with these details:

- Customer account number: 1005
- Reference amount: 120

Because there is not an exact match between the transaction amount and the receipt amount, AutoApply looks for the closest match among the amount weight exceptions to derive an amount weight. There is an exact match between the receipt amount and the transaction amount net of freight ($127 - 7 = 120$). AutoApply therefore uses the **Net of Freight Weight** threshold value of 80% as the calculated score for the Amount Weight threshold.

String Handling: How It Works

The **String Handling** region provides rules that assist in the search for transaction matches against the Match Receipt By document reference.

The rules indicate what part of a string to remove in order to compare the resulting stripped number against the matching numbers provided during receipt processing. Matching recommendations for the string are processed according to the weighted threshold values of the AutoMatch rule set.

You can define rules for transaction strings and remittance strings.

Settings That Affect String Handling

Use the string handling settings to indicate what part of a string to remove before string comparison. This is typically an alphanumeric prefix or suffix, or a string of zeros used to pad numbers to equal length.

Enter these settings:

- **String Location:** Indicate whether to remove characters and digits from the front or back of the string.
- **String Value:** Indicate the type of characters and digits to remove: zeros, empty spaces or any value, including zeros, spaces and any character, digit, or special character.
- **Number of Characters:** Indicate the number of places to remove.

How String Handling Is Used

If the string handling settings for a transaction number are:

- String Location: Front.
- String Value: Any.
- Number of Characters: 5.

Then the string ABC: 10044 is converted to 10044. The string handling process removed the first 5 characters from the string: the alphanumeric characters ABC, the colon (:), and the space.

If the string handling settings for a transaction number are:

- String Location: Back.
- String Value: Zero.
- Number of Characters: 3.

Then the string:

- ABC: 10044000 is converted to ABC: 10044.
- 985660000 is converted to 985660.
- 985660000000003 is not processed. This is because AutoApply looks for zeros at the end of the string but finds a number instead.

Define Application Exception Rule Sets

Exception Rules Conditions and Actions: Explained

Use the Exception Rules region to indicate how to process each overpayment and underpayment condition.

Using Exception Rules

Each exception rule consists of a condition, the amount and percentage that applies to the condition, and the action to take when this condition arises. The **Action** field contains the receivables activities that you have defined for Adjustment, Receipt Write-off, or Refund. The underpayment or overpayment amount is accounted for in the general ledger accounts belonging to the applicable receivables activity.

The **User Review Required** option indicates whether the action is processed automatically or requires manual review and approval.

For example, the exception rule:

```
Over Payment >= 100 Refund
```

means that if a receipt application overpays a transaction by \$100 or more, then the customer should receive a refund.

The exception rule:

```
Under Payment < 5 Write-off
```

means that if a receipt application results in an underpayment of less than \$5, then the remaining amount can be written off.

You can use the **Percent** field with the **Amount** field to further refine the scope of a condition. If you use both fields, then both conditions must be met in order to apply the rule.

For example, the exception rule:

```
Under Payment < 5 5% Write-off
```

means that if a receipt application results in an underpayment that is both less than \$5 and also less than 5% of the open balance, then the remaining amount can be written off. In this case, if a \$10 open balance has a \$4 underpayment, the above rule does not apply, because \$4 is 40% of the open balance. If the \$4 underpayment were for an open balance of \$100, then the rule does apply, because \$4 is 4% of the open balance.

FAQs for Application Exception Rule Sets

When do I use an application exception rule set?

Use an application exception rule set to manage remaining amounts after lockbox processing.

After lockbox processes and applies receipts, the AutoApply process uses the application exception rule set to determine how to manage over and under payments:

- If there is an overpayment, the application exception rule indicates whether to refund the amount to the customer, place the amount on account, write off the amount, or leave the amount unapplied.
- If there is an underpayment, the application exception rule indicates whether to allow write off of the remaining open balance amount on the transaction.

What's the difference between the AutoMatch rule set and the application exception rule set?

During lockbox processing, the AutoMatch rule set provides recommendations for matching receipts to transactions based on the transaction information provided. The AutoApply process attempts to match receipts to transactions and either apply receipts automatically or present for manual processing transaction recommendations for receipt application.

In both cases, after customer payments are processed, overpayment or underpayment amounts may remain. The AutoApply process then uses the details of the application exception rule set either to process overpayments and

underpayments automatically or to present overpayments and underpayments for user review and manual adjustment.

Define Customer Paying Relationship Assignments

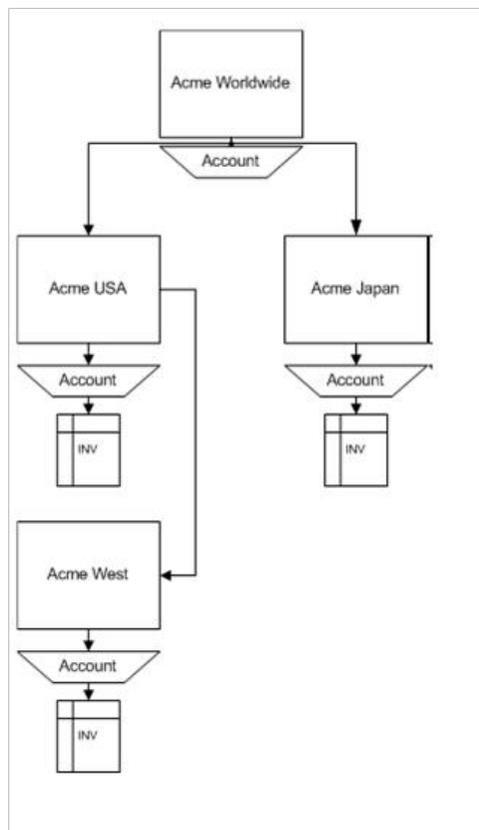
Customer Hierarchies and Paying Relationships: How They Work Together

The customer hierarchy describes the structure of an enterprise or portion of an enterprise. These structures are defined and maintained in the FND_HIER tables. There are three predefined hierarchies: Customer hierarchy, Trading Community party hierarchy, and Duns and Bradstreet hierarchy.

You assign a paying relationship to a hierarchy to indicate how the parties in a hierarchy can manage each other's customer payments. There are two paying relationships:

- Pay Any: Any party within the relationship can pay for the accounts of any other party within the relationship.
- Pay Below: A parent-child relationship whereby each party can pay for its own transactions and the transactions of all parties that are lower in the hierarchy (children, grandchildren, and so on).

This diagram illustrates the customer hierarchy in Acme Corporation:



Pay Any Paying Relationship

If this Acme Corporation hierarchy is assigned a Pay Any paying relationship, then:

- Acme Worldwide can pay for Acme USA, Acme Japan and Acme West.
- Acme USA can pay for Acme Worldwide, Acme Japan, and Acme West.
- Acme Japan can pay for Acme Worldwide, Acme USA, and Acme West.
- Acme West can pay for Acme Worldwide, Acme USA, and Acme Japan.

Pay Below Paying Relationship

If this Acme Corporation hierarchy is assigned a Pay Below paying relationship, then:

- Acme Worldwide can pay for Acme USA, Acme Japan, Acme West, and its own transactions.
- Acme USA can pay for Acme West and its own transactions.
- Acme Japan can pay for its own transactions.

FAQs for Customer Paying Relationship Assignments

What's the difference between an account relationship and a paying relationship?

An account relationship is a flat relationship between two customer accounts only. In an account relationship, either one account can pay for the transactions of another account (one-way) or both accounts can pay for the transactions of each other (reciprocal).

A paying relationship makes use of a hierarchical structure within an enterprise to allow all corresponding accounts and transactions that are associated with one party to be accessible to other parties in the structure. In a paying relationship either one account can pay for the transactions of accounts lower in the hierarchy (Pay Below) or all accounts anywhere in the hierarchy can pay for the transactions of any other party (Pay Any).

What happens if a customer hierarchy type is deactivated?

Then the active paying relationship assignments for this hierarchy are no longer valid. You must enter an end date for each related paying relationship assignment that is on or before the date the customer hierarchy type was deactivated.

Define Customer

Define Customer Account

Customer Account Relationships: Explained

Use customer account relationships to manage the sharing of billing and shipping services and payment activities between two accounts.

Account relationships let you identify accounts that can receive shipments or invoices for another account, as well as accounts that can pay for the open debit items of other accounts.

Using Customer Account Relationships

Use the Relationships tab of the Edit Account page to create and maintain account relationships for a particular customer account.

A customer account relationship is either a one-way relationship or a reciprocal relationship. By default an account relationship is one-way, meaning that the parent account can apply receipts to open debit items of the related account, but receipts in the related account cannot be applied to open debit items of the parent account. If you want to allow the two accounts to pay for each other's open debit items, then enable the **Reciprocal** option for the relationship definition.

Enable the **Bill To** and **Ship To** options for relationships that involve billing and shipping services. In a one-way relationship, the parent account can process invoices and receive shipments for the related account. In a reciprocal relationship, either account can manage these services for the other account.

You can use the **Allow payment of unrelated transactions** system option to help manage customer account relationships. Do not enable this option if you want to restrict the sharing of receipt application and billing and shipping services to the account relationships that you define for each customer account.

If you do enable the **Allow payment of unrelated transactions** system option, then any customer account can pay for the open debit items of any other customer account. You can still use account relationships to manage billing and shipping services.

Customer Account Uses: Points to Consider

Use the customer account record to maintain detailed information about each of your customer accounts.

There are these points to consider when entering and updating customer account information:

- Payment Details
- Communication Information
- Account Relationships
- Account Profiles

Payment Details

Use the Payment Details region to maintain active receipt methods and payment instruments for use by this customer account. During transaction and receipt entry, Oracle Fusion Receivables assigns the primary receipt method and payment instruments as the default. You can override these defaults at the transaction or receipt level with another active receipt method or payment instrument.

- **Receipt Methods:** Assign automatic and manual receipt methods to the customer account. Start and end dates for each receipt method must not overlap.

Assign automatic receipt methods for use with automatic receipts. Automatic receipt methods determine the required processing steps for automatic receipts, including confirmation, remittance, and reconciliation.

Assign manual receipt methods to indicate which form of receipt to use to collect payment for transactions belonging to this account.

- **Payment Instruments:** Assign credit cards and bank accounts to this customer account. The payment information that you create here is stored in Oracle Fusion Payments for use during funds capture processing.

You assign bank accounts for use with automatic receipts. The bank accounts you specify are used by the automatic receipt process to transfer funds from these accounts to your remittance bank accounts.

You can define multiple customer bank accounts in different currencies and assign bank accounts to customer addresses. The primary bank account for a particular currency is used as the default account during automatic receipt processing. You can define multiple, non-primary accounts in the same currency, even if the date ranges overlap.

Communication Information

Use the Communication region to maintain customer contact persons for a customer account. Information that you can maintain for each contact includes:

- Name and job title.
- Contact points, such as phone and fax numbers, e-mail and instant message addresses, and URLs.
- Job responsibilities.
- Addresses. You can either enter new addresses specific to the contact, or you can enter addresses of account sites belonging to the customer account.

You can create a new contact person or add an existing contact person for a customer account or account site. If you are adding an existing contact person, you must define a party relationship at the customer level for each party and assign the party the Contact role type.

Account Relationships

Use customer account relationships to manage the sharing of billing and shipping services and payment activities between two accounts.

Account Profiles

The account profile is the profile class record assigned to this customer account for a specified time period. You use the profile class record to organize your customer accounts into categories that reflect the needs of your enterprise. After you assign a profile class, you can modify the profile according to the needs of a given customer account.

Customer Addresses: Points to Consider

Enter and maintain address information for your customer records in Oracle Fusion Receivables.

When you create a customer, you must enter account and address information. This address becomes an account site record of the customer.

When you create additional customer accounts for the customer, you can either enter new address information to create a new account site, or you can use an existing account site. If you assign an existing account site to the new account, you can modify the address information itself, but you will receive a warning if this address is shared by other parties.

There are these points to consider when entering and updating customer address information:

- Reference Data Set for Account Sites
- Update Sharing
- Account Site Details
- Address Purposes
- Reference Accounts

Reference Data Set for Account Sites

Before creating or importing customers, you must create a reference data set for use with customer account sites. You can share this reference data set across one or more business units, according to your requirements.

To access the new reference data set on customer account sites, provision the appropriate data role to the designated users in order to grant them access to the job role for the given business units and reference data sets.

Update Sharing

If you update an address due to incorrect or missing information, these updates are shared with all account sites that use this address.

Update sharing applies to address information only, and not address details or business purposes.

Account Address Details

Use the Account Address Details subregion to identify these values for the account site:

- **Customer Category Code:** Used to classify this customer according to the needs of your enterprise. You define these category codes under the Oracle Fusion Trading Community Model.
- **Translated Customer Name:** Used to enter the customer name in another language. The translated name replaces the customer name on external documents.

Address Purposes

Assign address purposes to account sites to identify the functions performed by each particular customer account site. You can designate one account site as Primary for each address purpose.

Common address purposes include:

- **Bill-to:** Assign the bill-to address purpose to account sites designated to receive and process bills. You must create at least one bill-to site to process transactions for a customer.
- **Ship-to:** Assign the ship-to address purpose to account sites designated to receive goods purchased by the customer account.

If you create a ship-to address purpose, you must indicate the related bill-to site that processes the bills for the shipped goods.

Bill-to sites available for association with ship-to sites either belong to the same customer account or to related customer accounts.

- **Deliver-to:** Assign the deliver-to address purpose to sites that receive all or part of goods sent to a ship-to site.
- **Bills of lading:** Assign the bills of lading address purpose to sites that manage contracts for carriers that ship customer goods.

- **Dunning:** Assign the dunning address purpose to sites that receive dunning letters from you.
- **Late Charge:** Assign the late charge address purpose to the site that is assigned the late charge policy for this customer account.

If the **Statement, Dunning, and Late Charges Site Profiles Used** profile option is set to Yes, then Receivables uses the late charge policy assigned to the late charge site to calculate late charges on transactions. If the profile option is set to No, then receivables uses the late charge policy assigned to the bill-to site assigned to the transaction.

Reference Accounts

Assign distributions for revenue, freight, receivable, AutoInvoice clearing, tax, unbilled receivable, and deferred revenue accounts to customer bill-to sites. If AutoAccounting depends on Bill-to Site, then Receivables uses the bill-to site of the transaction to determine the related segment for these distributions.

Related Contact Sites: Explained

By default the Manage Customers page displays in the Sites region the account sites assigned to the selected customer account. If you enable the **Show related contact sites** option, the Sites region displays additional sites.

Additional sites may belong to related parties that, through some action of the party, were used as account sites. For example, an employee placed an order on behalf of the customer account, but used his or her own address as the shipping address. This created an account site for the customer account with the employee address as the account site address.

Additional sites may also be part of data migration, such as existing account sites from other systems that are linked to the customer account.

Manage Receivables Customer Profile Classes

Profile Classes: Explained

Use profile classes to organize your customer accounts into categories that reflect the needs of your enterprise. The profile class record contains generic options that you can set in different ways to group your customers into broad categories, such as by industry, location, size, creditworthiness, business volume, or payment cycles.

For example, you might define three profile classes that reflect customer payment behavior: one for customers who pay promptly; one for late paying customers with high late charge rates; and a third for customers who for the most part pay on time, with discount incentives for early payment.

Working with Profile Classes

When you create a customer account, Oracle Fusion Receivables assigns the profile class DEFAULT. Use the Edit Account page to modify this profile class or assign another profile class to the customer account.

When you create an account site, Receivables does not assign either the DEFAULT profile class or the profile class of the customer account. Use the Create Site Profile page to assign the first profile class to an account site. Use the Edit Site page to update or assign a new profile class to a customer site.

After you assign a profile class to an account or site, you can customize details of the profile class to meet specific requirements for that account or site. For example, a particular site may transact business in a separate currency, or the site may be subject to additional late charges or penalty charges. These updates apply only to that particular account or site and do not affect the profile class record itself.

Profile class updates and assignments are managed using effective date ranges. Each profile class that you assign or update supersedes the previous profile class for the given date range. In this way you can manage over time the changes that take place in customer behavior or customer requirements. The date of a given transaction or receipt determines which account or site profile applies to the activity. The profile history for an account or site provides details of when a given version of a profile class is active.

Updating and Versioning Profile Classes: Explained

After you update an existing profile class, Oracle Fusion Receivables presents you with three options for how to save your updates. You update the profile class record only, or you can update the profile class record along with updating in different ways the profiles that make use of this record.

The three options for updating profile class records are:

- Apply changes to new profiles only.
- Apply changes to uncustomized profiles and version existing uncustomized profiles
- Apply changes to all profiles and version all existing profiles.

This update process is managed by the Propagate Customer Profile Class Update program.

Apply changes to new profiles only

This option updates the profile class record only. It does not apply your updates to any account or site profile that uses this profile class.

The changes you make to this profile class will apply to new account or site profiles that are assigned this profile class.

Apply changes to uncustomized profiles and version existing uncustomized profiles

This option applies versioning to profiles that do not have customized settings in this way:

- Updates the profile class record.

- Applies your updates to uncustomized account and site profiles that use this profile class.
- Creates a new version of account and site profiles that use this profile class, using the system date as the effective start date.
- Assigns the previous version of account and site profiles that use this profile class an effective end date of the day before the system date. This previous version remains valid within its effective date range.

Use the Profile History tabbed region of account and site records to view the versions of a profile.

Apply changes to all profiles and version all existing profiles

This option applies versioning to all profiles in this way:

- Updates the profile class record.
- Applies your updates to all account and site profiles that use this profile class.
- Creates a new version of account and site profiles that use this profile class, using the system date as the effective start date.
- Assigns the previous version of account and site profiles that use this profile class an effective end date of the day before the system date. This previous version remains valid within its effective date range.

Use the Profile History tabbed region of account and site records to view the versions of a profile.

FAQs for Manage Receivables Customer Profile Classes

When are profile class defaults used?

The customer profile class shares these default settings with other parts of Oracle Fusion Receivables: Match Receipts By; AutoMatch rule set; AutoCash rule set; AutoInvoice Grouping rule; payment terms; and tax printing options. Each of these settings is used according to the hierarchy required by the transaction or receipt process.

For receipt processing:

- Receivables searches for a Match Receipt By value to use for receipt and transaction comparison in the order: customer site profile, customer account profile, lockbox (for lockbox processing), and system options.
- Receivables searches for an AutoMatch rule set to determine how receipts are applied automatically and transactions recommended for manual application in the order: customer site profile, customer account profile, lockbox (for lockbox processing), and system options.
- If Receivables cannot match receipts to transactions, the application searches for an AutoCash rule set to use to apply receipts in the order: customer site profile, customer account profile, and system options.

For transaction processing:

- During AutoInvoice import, Receivables searches for an AutoInvoice grouping rule to use to group transaction lines into transactions in the order: transaction source, customer site profile, customer account profile, and system options.
- Receivables searches for the payment terms to use on a transaction in the order: customer site profile, customer account profile, and transaction type. If the payment terms come from the site profile or account profile, and the **Override terms** option is enabled, then you can update the default payment terms on the transaction.
- Receivables searches for the tax printing option to use to print tax on transactions in the order: customer site profile, customer account profile, and system options. If no value is found then Receivables uses Total Tax Only as the default value to print transactions.

Manage Customers

Customer and Party: Explained

You create customers to properly record and account for sales transactions, as well as to identify other attributes of the selling relationship. Recording a sales transaction requires that a customer, stored as a party in Oracle Fusion Trading Community Model, has both an account and an account site with a bill-to purpose.

To understand the role of a customer in the context of the trading community model, it is helpful to understand a few related concepts. The key concepts related to customers and customer activities are:

- Party
- Customer
- Customer Account
- Site
- Relationship
- Contact

Party

A party is an entity that can enter into a business relationship with another party, such as buying and selling goods or offering services. A party is either an organization or a person. A party exists separately from any business relationship that it enters into with another party.

Customer

A customer is a party, either an organization or a person, with whom you have a selling relationship. This selling relationship can result, for example, from

the purchase of products and services or from the negotiation of terms and conditions that provide the basis for future purchases.

Customer Account

A customer account represents the attributes of the business relationship that a party can enter into with another party. The customer account has information about the terms and conditions of doing business with the party.

For example, you can create a commercial account for purchases made by a company for its internal use, and a reseller account for purchases made by the same company for sales of your products to end users.

You can create multiple customer accounts for a party to maintain information about different categories of business activities. For example, to track invoices for different types of purchases, you can maintain an account for purchasing office supplies and another account for purchasing furniture.

You can also maintain multiple customer accounts for a customer that transacts business with more than one line of business in your organization.

You can share information about a party, such as profile, addresses and contacts, across the customer accounts of the party. In addition, you can also maintain separate profiles and contacts, along with contact addresses and contact points, for each customer account.

Site

A site is a point in space described by an address. A party site is the place where a party is physically located.

An account site is a party site that is used in the context of a customer account. A customer account can have multiple account sites.

A customer address is an account site that is used for billing, shipping, or other purposes that are part of the selling relationship. An identifying address is the party site address that identifies the location of the party. Every party has only one identifying address, but a party can have multiple party sites.

Relationship

A party relationship is the role of the party in the context of another party. Examples include affiliate, subsidiary, partner, employee of, or contact of.

An account relationship between different customer accounts of a party allows for the sharing of billing, shipping, and payment information.

Contact

A contact is a person who communicates for or acts on behalf of a party or customer account. A contact can exist for a customer at the account or site level.

A person usually acts as a contact for an organization, but can also act as a contact for another person. For example, an administrative assistant is often the contact for an executive.

Party Relationships: Explained

Use party relationships to model your customer records according to the way you conduct your business. Party relationships can help you better understand and make decisions about the customers that you do business with.

Using Party Relationships

Define party relationships to use with your customer records. A party relationship record contains the name of the party that relates to the customer, the way in which the party relates to the customer (relationship role), and the period of time that this particular relationship exists. You can then add these parties as contacts belonging to the accounts or account sites of a given customer.

A party relationship represents the way two entities interact with each other, based on the role that each entity takes with respect to the other. For example, the employment relationship between a person and an organization is defined by the role of the person as the employee and the organization as the employer.

A relationship can be reciprocal. Each entity is either the subject or object, depending on the perspective, or direction. The party that you define relationships for is the subject, and the party that you relate to is the object. For example, if Joe is the employee of Oracle, then Joe is the subject and Oracle is the object. Oracle as the employer of Joe, which reverses the subject and object, still describes the same relationship.

Tax Profiles: Explained

Use the tax profile to maintain optional tax information about your customers and customer sites. You create third party tax profiles under Oracle Fusion Tax. You can update the tax profile record in Oracle Fusion Receivables for the applicable customer or customer site.

Receivables does not populate an account site record with the tax profile belonging to the customer record. You must define a separate tax profile for each account site, according to the requirements of the site. Tax profile records defined at the account site level take precedence over the tax profile record defined at the customer level.

For example, a customer level tax profile might not include tax exemptions. However, one of the related customer account sites may be located in a developing country or region, where tax incentives for businesses include tax exemptions on specific products or services. In this case, you should define and maintain a separate tax profile for this account site.

Merging Customers: Explained

If you have Oracle Fusion Data Quality installed, the Oracle Fusion Trading Community Model manages the merging of duplicate and redundant customer records.

You can manually merge two customer records from the Manage Customers page. Search for the customer or customers that you want. Then select a customer, and select the **Merge Record** command from the Actions menu to display the Merge dialog window. Use this window to select the master and duplicate records, and complete the merge request.

FAQs for Manage Customers

Does a new customer belong to a customer account?

No, creating a customer person or organization only establishes this party as having some kind of selling relationship with you. You also need to create at least one account and one account site with a bill-to purpose under the customer record in order to properly record and account for both sales transactions with the party and other attributes of the selling relationship with the party.

When you create a customer manually, the customer account is assigned the profile DEFAULT. When you import customers, there is no default profile assigned to the customer account. You must designate a customer account profile in the RA_CUSTOMER_PROFILES_INT_ALL table by specifying information for the CUST_ORIG_SYSTEM and CUST_ORIG_SYSTEM_REFERENCE attributes, and leaving blank the CUST_SITE_ORIG_SYSTEM and CUST_SITE_ORIG_SYS_REF attributes.

What happens if I enter customer information that already exists?

If you have Oracle Fusion Data Quality installed, the Oracle Fusion Trading Community Model manages the control of duplicate and redundant party information.

If you enter party information resembling or matching existing information, then depending on your setup you are prompted in different ways to manage this information: prevention of data entry; inclusion with confirmation of the data entry; or review and selection of matching or similar data.

How can I update other customer information?

Use the Edit Account pages to update information related to the accounts created for this customer.

Use the Edit Site pages to update information related to the sites created under a customer account. This includes address information and the tax profile for the related account site.

Manage Receivables System Options

Updating System Option Records: Critical Choices

Certain system option settings can have critical implications for the way Oracle Fusion Receivables functions for a given business unit. You may need to do some advance planning before deciding how to set certain system options.

Considerations for system option settings include:

- Salespersons
- Header Level Rounding
- Allow Change to Printed Transactions
- Discounts

Salespersons

If you intend to use revenue accounting, you must enable the **Require salesperson** system option. Revenue accounting requires that you assign sales credits to all transactions that can be adjusted for either revenue or sales credits.

If you enable the **Require salesperson** system option, use the **Sales Credit Percent Limit** field to limit the percentage of revenue plus non-revenue sales credit that a salesperson can have on any transaction line.

If you do not enter a value in the **Sales Credit Percent Limit** field, then no sales credit limit validation is performed during revenue accounting.

Header Level Rounding

Depending on the legal requirements of your home country, you may need to round amounts at the transaction header level for the receivable account, and then account for and post the difference in a separate account between this rounded amount and the sum of the rounded line amounts for the respective revenue accounts. To do this, enable the **Use header level rounding** option and define a **Header Rounding Account**.

The rounding difference between the header level and line level rounding is assigned to the **Header Rounding Account**.

If you enable the **Use header level rounding** option, then Receivables displays a rounding distribution line for all transactions, regardless of currency. If the transaction is in the ledger currency, then the amount of this line is zero.

If you do not enable the **Use header level rounding** option, Receivables rounds amounts at the line level and posts any rounding difference to the receivable account.

Important

Once you enable Header Level Rounding and save the system options record, you cannot disable the feature.

Allow Change to Printed Transactions

To allow updates to transactions that have been printed, enable the **Allow change to printed transactions** option. This option also determines whether you can update a customer address when printed, posted, or applied transactions are assigned to that address.

Important

You cannot update a transaction if it has activity against it, regardless of how you set this option. Examples of activity include payments, credit memos, adjustments, accounting, and including the transaction on a balance forward bill.

Discounts

To allow Receivables to accept unearned discounts, enable the **Allow unearned discounts** option. Unearned discounts are discounts a customer takes after the discount period passes. The system options record is the only place that determines whether you can accept unearned discounts for the given business unit.

To allow discounts to be taken for partial payments against open debit items, enable the **Discount on partial payment** option. A partial payment is a payment that is less than the remaining amount due. If this option is enabled, you can still decide to disallow discounts on partial payments at the transaction level when defining payment terms.

If you never allow discounts on partial payments, set this option to No.

Using Header Level Rounding: Example

This example illustrates how header level rounding processes currency conversions and accounts for rounding differences.

Scenario

ABC Company uses euros as the ledger currency, and it receives an invoice with three line items in Norwegian kroner. For this example, the conversion rate between the kroner and the euro is 6.55957.

Transaction Details

The **Use header level rounding** system option is enabled for the applicable business unit and a **Header Rounding Account** is defined.

This table shows the calculations performed to convert each line amount on the invoice:

Item/Description	Amount in Kroners	Conversion Rate	Amount in Euros	Comment
Paper	15.00	6.55957	2.29	rounded up
Pens	12.00	6.55957	1.83	rounded up
Envelopes	25.00	6.55957	3.81	rounded down
Subtotal	52.00	N/A	7.93	sum of items
Rounding Difference	N/A	N/A	- 0.01	N/A
Total Amount	52.00	6.55957	7.92	rounded down

Analysis

Because the **Use header level rounding** system option is enabled, Oracle Fusion Receivables must calculate the rounding difference between the currency conversion of the total invoice amount at the header level assigned to the receivable account and the sum of the currency conversions at the line level assigned to each revenue account. This difference is placed in the designated header rounding account.

Conversion Results

Receivables first converts each line item separately from kroners to euros, and then adds them together, for a total of 7.93 EUR. Receivables then separately adds the line amounts in the invoice currency (kroners) and then converts to the ledger currency, for a total of 7.92 EUR.

The rounding difference of .01 is assigned to the header rounding account as defined in system options.

Tax Invoice Printing Options

The **Tax Invoice Printing Options** system option identifies the method Oracle Fusion Receivables uses to print tax amounts on transactions. The value you enter here becomes the default value for customer profile classes.

Tax Invoice Printing Options

European Tax Format

Does not itemize tax information for each line, but does print tax rates as the last column of invoice lines. Prints freight items last. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of taxable amounts and tax charged for each tax rate code.

Itemize and Sum

Itemizes tax information for each invoice line. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of the tax charged for each tax rate code. At the end of the invoice, Receivables prints the invoice subtotal, tax, shipping, and invoice total.

Itemize Taxes

Itemizes tax information for each invoice line.

Itemize With Recap

Itemizes tax information for each invoice line. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of the tax charged for each tax rate code.

Recap

Does not itemize tax information for each line. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of the tax charged for each tax rate code.

Sum Taxes

Does not itemize tax information for each line. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of the tax charged for each tax rate code. At the end of the invoice, Receivables prints the invoice subtotal, tax, shipping, and invoice total.

Summarize By Tax Name

Does not itemize tax information for each line. At the end of the invoice, the Tax Summary by Tax Name section includes a summary of the tax charged for each printed tax name and rate.

Total Tax Only

Displays only the total tax amount at the bottom of the document.

Tuning Segments: Explained

You can designate Accounting and System Items flexfield segments as tuning segments, to help increase performance of AutoInvoice. The tuning segment is the segment most frequently accessed by AutoInvoice.

Accounting Flexfield Tuning Segment

If you want to increase the performance of AutoInvoice and indices already exist for the `GL_CODE_COMBINATIONS` table, use the value that you specified for your index as the Accounting Flexfield tuning segment. If you defined a concatenated index use the first column of your concatenated index.

If no indices exist for the `GL_CODE_COMBINATIONS` table, enter the segment with the most distinct values for your Accounting Flexfield tuning segment.

System Items Flexfield Tuning Segment

If you want to increase the performance of AutoInvoice and indices already exist for the MTL_SYSTEM_ITEMS table, use the value that you specified for your index as your System Items Flexfield tuning segment. If you defined a concatenated index, use the first column of your concatenated index.

If no indices exist for the MTL_SYSTEM_ITEMS table, enter the segment with the most distinct values for your System Items Flexfield tuning segment.

Log File Message Levels: Explained

Enter a log file message level from 0 to 5 to indicate the amount of detail that you want to display in the AutoInvoice log file.

For day-to-day business needs and to improve performance, set the level to 0. If you experience errors while running AutoInvoice, you can set the output to a higher level to review more detailed information in the log about the error.

Meaning of the Log File Message Levels

Message Level 0 provides the following entries in the log file:

- Product Version
- Program Name
- AutoInvoice Start Time
- AutoInvoice Concurrent Request Arguments
- Error and Warning Messages
- AutoInvoice End Time
- AutoInvoice Logical Steps

Message Level 1 provides all of the entries for Message Level 0 plus:

- Time-Stamped function labels

Message Level 2 provides all of the entries for Message Levels 0 and 1 plus:

- Sizes of allocated arrays
- Dynamic SQL statements
- Number of rows updated, inserted, and deleted

Message Level 3 provides all of the entries for Message Levels 0, 1, and 2 plus:

- Method IV SQL array values

Message Level 4 provides all of the entries for Message Levels 0, 1, 2, and 3 plus:

- Values of all variables that are used to call FND or Tax routines

Message Level 5 provides all of the entries for Message Levels 0, 1, 2, 3, and 4 plus:

- Details of all bad lines and rejected lines. This provides all messages needed for C debugging of Autoinvoice.

FAQs for Receivables System Options

What's the days per posting cycle?

The **Days per Posting Cycle** setting lets you process the transactions you are posting in smaller groups to ensure that you do not run out of rollback space during posting.

For example, if your accounting period is 30 days and you set this value to 30, the posting program uses only one cycle. If your accounting period is 30 days and you set this value to 17, the posting program uses two cycles. It is recommended to set this field to a value that is less than the number of days in your accounting period.

What happens if I allow transaction deletion?

Enable the **Allow transaction deletion** option if you want to let users delete transactions from Oracle Fusion Receivables after the transactions have been saved. If you do not enable this option, all Receivables users are prevented from deleting transactions. If an installation is legally required to number transactions sequentially with no missing transaction numbers, then you should not enable this option.

If you enable the **Allow transaction deletion** option, you can still control which users can delete transactions using function security.

How can I determine the memory allocation?

Enter in the **Maximum Memory in Bytes** field the value that represents the amount of memory to allocate to AutoInvoice for validation. The default is 65535 bytes. For best results, enter a value that is the maximum number of records that you import, rounded to an even number, multiplied by 1024. For example, if you use AutoInvoice to import no more than 100 records at a time, enter a value of 102400.

During AutoInvoice processing, if you receive a message that indicates the application failed to allocate memory, then enter a lower number. If you receive a message that the memory is not large enough, then enter a higher number.

When do I use days to AutoApply a receipt?

Enter in the **Days to AutoApply a Receipt** field the number of days that AutoApply attempts to apply a receipt to a transaction. Use this field if your customers often pay for transactions before they are created. AutoApply looks for and attempts to apply open receipts for the number of days that you specify.

If you do not enter a value in this field, AutoApply tries to apply the receipt only once.

What are the exception rule activities?

The active application exception rule set determines the action to perform on overpayment and underpayment amounts after receipt application. You can define the default receivables activity to use to process these payments when the action is either a billing adjustment or a write-off.

The **Exception Rule Adjustment Activity** field provides the default receivables activity to use for adjustments on overpayments or underpayments. The **Exception Rule Write-off Activity** field provides the default receivables activity to use for write-offs of overpayments or underpayments.

When are receipts required for a bill-to site?

Enable the **Require billing location for receipts** option to require that a bill-to site be associated with a cash receipt. If enabled, Oracle Fusion Receivables does not create receipts that do not have a bill-to site.

It is recommended to use this option if you have customers without statement sites. If you do not enable this option, and you have receipts for customers without statement sites and without a bill-to site associated with the receipt, the unapplied amount of the receipt will not appear on any of the statements for this customer.

What's the difference between the realized gains and losses accounts and the cross currency rounding account?

The realized gains and realized losses accounts are used to account for the conversion rate gain or loss in the ledger currency resulting from a cross currency receipt application. For example, if the conversion rate for a foreign currency invoice is 1.7 and the conversion rate of the payment for this invoice is 2.0, Oracle Fusion Receivables posts the difference as a gain to the realized gains account.

The cross currency rounding account is used to record rounding error amounts created during a cross currency receipt application for currencies that have a fixed rate relationship. You must define a rounding error account if you create cross currency receipts.

Manage Aging Methods

Aging Method: Explained

Aging methods are periods of time used to group receivables, debit and credit items to achieve an understanding of a customer's delinquency profile. Grouping transactions by buckets of time creates an aging view of the customer. Aged information allows the collector to be effective when trying to recover delinquent debt and also allows a collections organization to develop more effective policies to assign work and streamline efficiencies.

Aging Method Features

Aging is the concept of calculating a customer's past due and current transactions. Oracle Fusion Advanced Collections groups overdue debt by time and assigns work based on buckets of debt items. Aging shows the amounts owed to the company by its customers and includes the length of time the amounts have been outstanding. For example, aging categorizes receivables into buckets such as; current, 30 days, 60 days, 90 days, and 120 days and over. Collections aging functionality consists of an Aging Methods Setup screen and a separate **Aging** tab. Aging methods can be used during the creation of dunning plans. Aging is a view of transaction or receivables data that helps a collector understand the overdue amounts viewed over time. This understanding enables the collector to take a payment or create an adjustment or dispute. Collections delivers preconfigured aging methods and allows the ability to create new aging methods based on company requirements.

Creating an Aging Method: Worked Example

This example demonstrates how to create an aging method not predefined in Oracle Fusion Advanced Collections.

Your company requires an aging method that is not a collections predefined aging method. You are to create a new aging method. Use the default values except where indicated. Create an aging method named 1 to 120 Days Method, with the following segments:

Sequence	Bucket Type	Aging Days From	Aging Days To	Aging Bucket Heading
1	Current	-9999	0	Current
2	Past Due	1	45	45 Past Due

3	Past Due	46	60	60 Past Due
4	Past Due	61	90	90 Past Due
5	Past Due	91	120	120 Past Due
6	Past Due	121	9999	121+ Past Due

Creating an Aging Method

1. Start from the Manage Aging Methods page.
2. From the **Aging Method** region, click the green plus sign to create an aging method.
3. Complete the fields, as shown in this table.

Field	Value
Aging Method Name	1 to 120 Aging Day Method
Aging Type	Statement Aging; 4 bucket and 7 bucket aging are options, depends on the number of buckets for your aging method.
Enable	Yes
Aging Method Set	Common Set
Aging Method Description	Current to 120 Day Aging method.

4. Click **Save**.
5. From the 1 to 120 Aging Day Method: Details, complete the fields, as shown in this table.

Field	Value
Sequence	1
Bucket Type	Past Due
Aging Days From	1
Aging Days To	45
Aging Bucket Heading	45 Past Due; Click the Create icon to create the row for the next sequence.
Sequence	2
Bucket Type	Past Due
Aging Days From	46
Aging Days To	60
Aging Bucket Heading	60 Past Due

6. Repeat the steps for sequences 4 to 6 and increase the Aging Days From and Aging Days To accordingly.
7. Click the **Save and Close** to complete the creation of a new aging method.

The following validation rules are in place when creating or modifying an aging method:

- A bucket must contain at least 2 bucket lines and at most 7 lines.
- A Bucket Type passes from the user interface as a fixed constant value.
- A bucket must have Aging Days From less than Aging Days To.
- All buckets must cover the range from -9999 to 9999 and there is no way to update a field with the value of -9999 or 9999.
- Aging buckets cannot have any gaps between -9999 to 9999.

FAQs for Manage Aging Methods

How can I modify a predefined aging method?

Predefined aging methods cannot be modified, however they can be copied, are renamed and allow modifications made to the duplicate. From the Manage Aging Methods page, select one of the delivered aging methods and select the **Duplicate** button. It is renamed as copy in front of the name of the duplicated aging method. For example a 5 Bucket Aging becomes Copy 5 Bucket Aging, and allows you to make your modifications. Saving your changes creates the modified aging method.

Manage Collectors

Setting Up a Collector: Points to Consider

A collector is an individual or a group of individuals, assigned to a customer to conduct various collections work. Tasks include sending correspondence, reviewing customer history and collecting payment from customers. Prior to creating a collector, the individual must be set up as an employee in Oracle Fusion Human Resources and as a resource in Oracle Fusion Customer Relationships Management (CRM) applications.

Setting Up Collectors

Consider the following when setting up individuals as collectors:

- A collector can individually be assigned to one or more customers or can be a group member that collects from one or more customers. Evaluate what are the most appropriate collection needs for your organizations.
- Collectors can be assigned at the customer, account or site level. Determine how your organization interacts with customers.
- Research how your organization divides the work and tasks among collectors.
- Collections organization structures can be created in several ways based on the number of customers. There are many ways in which a collections organization is structured. For example, you can group customers according to size, small to large or divide customers regionally or by the monetary volume you do with a customer.

Creating Collectors: Worked Example

This example demonstrates creating collectors and assigning them as an employee assignment and a group assignment. Infusion American Division Corporation wants to create five individuals as collectors. The Collections Department collects on a regional basis, north, south, east and west. Acme Corporation is a large customer and they want to assign one collector to this account. All five individuals have been created as a Person Party and Employee, a prerequisite to creating a collector. The regions have also been created as groups.

The following information is required for each individual:

Field	Action
Name	Employee Name
Description	Optional; detail information
Correspondence	Name used on sent correspondence
Telephone Number	Contact number
Employee Name	Active employee list
Group	Uses group from setup feature
Active or Inactive	Collector status

Creating an Employee Assignment

1. Start on the Collectors Setup page.
2. You can search or create a new collector from this page.
3. Click the **Add or Create Collector** icon.
4. Enter the **Collector Name**.
5. Enter the **Type** of collector as employee.
6. Select the name of the employee from the drop down list from the **Employee or Group** column.
7. Set the status as **Enabled**.
8. Select the appropriate **Collector Set**.
9. Click the **Save and Close** button.

Creating a Collector Group

1. Start on the Collectors Setup page.
2. You can search or create a new collector from this page.
3. Click the **Add or Create Collector** icon.
4. Enter the **Collector Name**.
5. Enter the **Type** of collector as group.
6. Select the appropriate group from the **Employee or Group** drop down list. In this example each would be assigned to one of the regions; north, south, east or west.
7. Set the status as **Enabled**.
8. Select the appropriate **Collector Set**.
9. Save your work by clicking **Save and Close** .

FAQs for Manage Collectors

What's the difference between an employee assignment and a group assignment?

An employee assignment is a collector assigned to one customer. You must create individuals as employees before you can set them up as users, resources or collectors.

A group assignment is created to assign work and customers to a group of collectors. You can have multiple employees or collectors in one group.

Manage Dunning Configurations

Aged or Staged Dunning: Explained

Two dunning methods, aged or staged can be used to set up customer correspondence. The dunning methods are supported at the customer, account, and bill-to site levels.

- Aged dunning method
- Staged dunning method

Aged Dunning Method

Companies sending collection letters to their customers based on the oldest aged transaction can use the Aged Dunning method. Delinquent transactions are identified automatically when the Delinquency Identification concurrent process is run. Preconfigured dunning notice templates are available, or the deploying company can create their own dunning notice templates. As the oldest aged transaction moves into the next aging bucket, the content of the dunning letter can change. A single consolidated letter can be sent to eliminate sending multiple aged dunning letters to the same customer who has more than one delinquent transaction. The templates are associated to aging buckets in the dunning configuration process.

Staged Dunning Method

Staged dunning is based on the number of days since the last dunning letter was sent, rather than the number of days transactions are past due. A single consolidated letter can be sent to eliminate sending multiple staged dunning letters to the same customer who has more than one delinquent transaction. Delinquent transactions are identified automatically when the Delinquency Identification concurrent process is run. In cases where transactions have installment due dates, the staged dunning letter includes each overdue installment date in the body of the consolidated letter. Staged dunning letters are sent at delayed intervals defined in the Dunning Configuration process. These intervals control the timing of each letter sent. Use preconfigured dunning templates or create new ones.

Customer Dunning Configuration: Points to Consider

Configure dunning plans and letters to facilitate regular correspondence with your customers. All of the following options except rerun the dunning process are created in the Correspondence Configuration in Functional Setup Manager.

The following are Dunning features:

- Dunning letter options
- Delivery options for dunning letters
- Dunning configuration set
- Dunning transactions
- Rerun the dunning process

Dunning Letter Options

Use the preconfigured aged or staged dunning letters delivered by the application or create new dunning letters to meet unique requirements. Configure dunning to run in one of two methods; aged dunning which is based on the oldest past due debit item or staged dunning which is based on the number of days since the previous letter was sent.

Delivery Options for Dunning Letters

Delivery of dunning letters to customer is:

- E-Mail
- Fax
- Regular mail

Dunning Transactions

Select the transactions and charges to include in the dunning letters.

- The Dunning Letter Generate program can include invoices, debit memos, chargebacks, unapplied, and on-account receipts that are overdue.
- The dunning letters can include current transactions.
- Finance charges can be included as a line item.
- Transactions in full dispute can either be not included or tagged with an asterisk and a note indicating it is not included in the total.

Dunning Configuration Set

Dunning can be configured by one business unit or multiple business units.

A Set ID defines a subset of a master list of business objects, such as suppliers, customers, or in this case a Dunning Configuration Set. A Set Determinant is a business object, usually a type of organizational unit, that has a 1 to 1 relationship to Set ID. When Set Determinant is visible, Set ID can be hidden. A Set of business objects can be associated with an organizational unit, such as Business Unit or Legal Entity, to enforce data security. Then, when you are associated with organizational units, they automatically see only the subset of business objects appropriate for their organizational units. A Set or Set Determinant field appears to you as a lookup code that determines which subset of a master list of objects their organizational unit uses. For example, if you are performing a Purchasing transaction, the Set or Set Determinant value would determine which Suppliers can be used.

Rerun the Dunning Process

Rerun the dunning process to correct errors or regenerate dunning letters:

- Rerun the dunning process should there be an error during any phase of the program.
- Regenerate a previous dunning letter if a customer request another copy.

Keep customers from receiving dunning letters by indicating them as Exclude from dunning on the Profile tab.

FAQs for Manage Dunning Configurations

What's the difference between an aged and staged dunning method?

Aged dunning sends dunning letters based on the age of the oldest transaction. Managers identify the dunning letter to be sent for each aging bucket and whether a follow up call is manually scheduled if the delinquency is not resolved.

Staged dunning sends dunning letters based on the age of the oldest transaction and the number of days since the last letter was sent. Managers specify how long to wait before executing the next stage and whether a follow up call is manually scheduled if the delinquency is not resolved.

Manage Collections Preferences

Setting Up Collection Preferences: Points to Consider

Oracle Fusion Advanced Collections provides a user interface to guide you through the collection preferences. The two required setup regions are: Global Preferences and Preferences. You answer questions and make decisions about how the application behaves, such as date ranges and defaults. Consider the following decisions before defining preferences:

Decision	Is This Fusion Applicable?
How many employees, locations and organizations to create?	Yes, depends on the setup of the enterprise structure. Review and verify before setting up Advanced Collections.
Which employees to create?	Yes, determine the number of employees who are involved with the collection process.
Assign collectors?	Yes, how are the collectors going to be assigned; by customer account, account, site or other criteria?
Set Up Oracle Fusion Accounts Receivables?	Yes, how is Receivables being set up and what is the impact on Advanced Collections.
Enable AR Transactions Summary Tables?	Yes, a profile option set in Receivables to update activities applied to transactions.
Set Up Oracle Fusion Payments?	Yes, set up to use credit cards and automatic fund transfers to apply to transactions.
Set Up Units of Measure?	Yes, a Receivables set up needed for transactions.
Set Up Security and Users?	Yes, set up through Oracle Fusion Identity Management to grant access to collections.
Set Up Notes?	Yes, is an Oracle Fusion Common Application Components (CAC) feature allowing collectors to comment on interactions with customers.
Set Up Tasks?	Yes, is a CAC feature allowing collectors or managers to assign follow-up tasks.
Set Up Oracle Business Intelligence Publisher?	Yes, but needs to be verified that Business Intelligence Publisher is working to run collection reports.

Global Preferences

Selections made in the Global Preference region impact the view the collectors see from the Collections Customer Work Area and Collections Dashboard. Global Preferences define the following:

- Default transaction class that appears
- Display of open transactions
- Display of closed transactions
- Number of days for prior and future transactions to be displayed
- Default aging method
- Delimiter used to separate data and the number of characters required to do a search

Preferences

Selections made in the Preference region impact the defaults the collector encounters when going through the collection process. Preferences define the following

- Preference set
- Collections business level
- Summarize or age credits
- Default exchange rate
- Send method of dunning
- Default contact for unknown dunning recipients

Defining Collection Preferences: Worked Example

This example demonstrates how to set preferences for collections. You have been tasked to set up the two regions of preferences: Global and Preferences

Your company requires collectors to review transaction that are 90 days past due and current ones 30 days into the future. Collectors review customers by account and send out past due notices by E-Mail. Notices are sent to the accounts payable manager if no contact information is available. Reviewing a customer's history requires viewing current and closed transactions. Your company allows up to two days for rescheduling work on the dashboard. Adjustments and disputes are handled within 1 business day of being recorded. Credits on an account are summarized. Aging is displayed by a 5 bucket aging method. The conversion rate is based on a rate set by the corporation. The delimiter symbol used to separate data is a pipe. A three-character minimum is required and recommended to perform a search on customer accounts. Create the preferences based on this information.

Define preferences based on the following table:

Global Preferences

1. Defining Global Preferences

Field	Value
Select the default transaction type for the Transactions tab	Select Invoice, other transaction choices are all, credit or debit memos.
Automatically display closed transactions on Transaction tab	Yes is select to view closed transactions as part of the customers history.

Automatically display current transactions on Transaction tab	Yes is selected to view current or open transaction the customer has pending.
Enter the number of days before the current date the transaction date range should start	In this example, 90 days gives the collector 3 months of history. 1 to 9999 is the range that can be used.
Enter the number of days after the current date the transaction date range should end	30 days of current or open transactions are displayed. 1-9999 is the range that can be used.
Enter the maximum number of days work can be rescheduled on the dashboard	Two days is the allowable change in schedule for work. 1-9999 is the range that can be used.
Enter the number of days after submitting an adjustment or dispute that an activity is generated	One day generates the disputes and adjustments. 1-9999 is the range that can be used.
Select the default Aging Method	5 Bucket Aging, several aging buckets can be defined and may be available.
Enter the delimiter used to separate customer, account and site on the Collections Dashboard	The pipe symbol, other available choices are the greater than, dash, and colon symbols.
Enter the minimum number of characters required to perform a search	Three characters is the Oracle recommended number for a search. 1-9999 is the range that can be used.

2. Defining Preferences

Field	Value
Collections Preference Set	Choose the value; Common Set
Select the Collections Business Level	Account, other choices are customer and site.
Select whether open credits should be aged or summarized by default	Summarized, credits can be displayed as aged.
Select the exchange rate type for converting multi-currency transactions	Corporate, several choices can be defined and are displayed.
Select the default method to send collections notifications	E-Mail, other methods are fax or print.
Enter the default contact for unknown dunning recipients	Accounts Payable Manager. User defined if no contact is listed.

3. Save or Save and Close to enable your preferences.

FAQs for Manage Collections Preferences

What's the difference between Global Preferences and Preferences?

Global preferences affect the Collections Customer Work Area, such as display of closed or open transactions and setting date range parameters.

Preferences can be set uniquely for a specific business unit. Preferences impact the default settings, such as preference set and default method to send notifications.

What's the difference between customer, account, and site at the Business Level?

Transactions set at the customer level to view or modify, encompasses all of the transaction activity associated with the customer. For example, a dunning letter at the customer level is inclusive of transactions at the customer and account level.

Transactions set at the account level to view or modify, are for a particular account and include transactions for all the bill-to sites under that account.

Transactions set at the site level to view or modify, are specific to the bill-to location.

What's the difference between minimum dunning amount and minimum dunning invoice amount?

Minimum dunning amount is the total amount set for all overdue transactions to have correspondence generated. For example, if your minimum dunning amount is set to \$100 and you have three overdue transactions of \$25, \$35, and \$55 totaling \$105, a dunning letter is generated listing the three invoices as overdue.

Minimum dunning invoice amount is the amount set for an overdue transaction to generate correspondence. For example, if your minimum dunning invoice amount is set to \$25 and you have three overdue transactions of \$15, \$50, and \$75, a dunning letter is generated for the \$50 and \$75 transactions.

Define and Maintain Intercompany Processing Rules

Manage Intercompany System Options

Intercompany System Options: Explained

Define intercompany system options to set up intercompany processing rules at the enterprise level, based on your specific business needs.

In order to maintain consistency throughout an enterprise, intercompany transaction processing rules should be defined at the enterprise level. By standardizing these rules, an enterprise can minimize disputes, decrease processing time, and cut administrative costs.

Before setting up intercompany system options, you need to determine how you will process your intercompany transactions, for example, to:

- Enforce an enterprise-wide currency or allow intercompany transactions in local currencies.
- Allow receivers to reject intercompany transactions.
- Determine the minimum transaction amount that will be processed.

Note

Important: Changing and saving a system option will have no effect on intercompany transactions already in progress. Intercompany system options will only affect new intercompany transactions, and are not retroactive to any transactions previously entered.

The system options are:

- Intercompany Batch Numbering
- Intercompany Currency
- Minimum Transaction Amount

- Conversion Rate Type
- Allow Receiver to Reject Transactions
- Intercompany Calendar and Period Type
- Default Transaction Type

Intercompany Batch Numbering

The intercompany batch numbering option defines whether to use system generated or manual transaction batch numbering.

Select the **System Generated** option to use only one automatic sequence number in intercompany within an instance. The sequence numbers are unique within the instance. All transactions created in intercompany will use this sequence.

Use the **Manual** option to manually enter a batch number, up to 20 characters.

Intercompany Currency

Standardize transaction processing by selecting an intercompany currency. Intercompany transactions are always entered in this currency in all legal entities within the enterprise. This simplifies transaction processing, and eliminates foreign exchange rate fluctuation risks. If an intercompany currency is selected, it will populate and default value and overwrite any existing value in Minimum Transaction Currency.

You may not update the Minimum Transaction Currency if intercompany Currency is entered.

Minimum Transaction Amount

The minimum transaction amount represents a minimum threshold intercompany transaction amount, and prevents the submission of immaterial transactions for small amounts, which are non-value added. In order to implement this rule, you must select a minimum transaction currency for processing intercompany transactions. These two system options must be related to ensure that when comparing a transaction amount to the minimum transaction amount, the two numbers are entered in the same currency, allowing for an accurate comparison.

Conversion Rate Type

Choose a conversion rate type if you enter intercompany transactions in a foreign currency. This rate type is used to convert all foreign currency transactions to functional equivalents when transactions are transferred to general ledger, receivables and payables. To ensure that intercompany accounts remain balanced, set a corporate-wide conversion rate type that cannot be changed by any intercompany trading partner within the enterprise.

Allow Receiver to Reject Transactions

Use this system option to determine if receivers of intercompany transactions can reject transactions or not. For example, if your company policy requires intercompany transactions be approved, but do not allow receivers to reject the transactions, then you can use this system option to implement your policy.

Intercompany Calendar and Period Type

You can have an intercompany calendar that is separate from the general ledger calendar. This ensures that the opening and closing of periods can be controlled separately from the general ledger calendar. The Period Type value is defaulted from the selected accounting calendar and cannot be updated. It indicates the type of period defined for that calendar.

If an intercompany calendar is chosen, the intercompany transactions will be validated against this calendar for period open and close.

In order to update the intercompany calendar to use a different general ledger accounting calendar, the intercompany period status for all intercompany transaction types must either be Never Opened or Closed.

Default Transaction Type

Optionally select one of the enabled intercompany transaction types to use as the default type for all new intercompany transactions.

Manage Intercompany Organizations

Managing Intercompany Organizations: Points to Consider

The Manage Intercompany Organizations task allows you to define the legal entities that are classified as intercompany organizations. The intercompany organization can act either as a provider or a receiver in an intercompany transaction.

Optionally assign a receivables and payables business unit to the organization if you require invoice generation. When you create a transaction for this organization use an invoicing transaction type. Invoices will be generated in Oracle Fusion Receivables and Oracle Fusion Payables for the business units specified.

You can initiate an intercompany transaction only for those organizations that you have access to. If a new organization is added after the system is configured, the intercompany accountant or system administrator should ensure that access is given to the appropriate users.

You can disable the intercompany organization if there are no open transactions for the organization.

When creating an organization, the following attributes should be considered:

- Legal Entity
- Receivables and Payables Business Units
- Default Organization Contact

Legal Entity

Each intercompany organization must be associated with a legal entity, but you can associate more than one organization to a legal entity.

Receivables and Payables Business Units

The available business units are those associated with the ledger to which the selected legal entity belongs. This assignment is optional, but is needed when the organization is the provider, and intercompany invoices are required.

If you enter the wrong receivables or payables business units, you can still correct them as long as the organization is not yet used in an intercompany transaction, regardless of the transaction status.

The organization can be disabled if there are no open transactions, and all transactions for that organization are having either New or Complete status.

Default Organization Contact

The default organization contact is the contact person assigned to the intercompany organization. The contact person can be assigned to one or more organizations.

Define Invoicing Options

Maintaining Customer and Supplier Assignments: Points to Consider

The intercompany customer and supplier assignments are used to identify each legal entity and the customer and supplier each legal entity represents. The assignments are used to derive the customers and suppliers for intercompany invoicing.

When intercompany invoicing is required for the intercompany transaction type, you must associate a customer and a supplier with the legal entities of the provider and receiver of the intercompany transaction, so that receivables and payables invoices can be generated. You can associate a legal entity with either a customer account or supplier, or both.

Customer Account

Assign a unique customer account to the legal entity of the organization that receives and approves intercompany transactions. The customer must have an active site, and it must not be an external customer.

Supplier

Assign a unique supplier to the legal entity of the organization that initiates intercompany transactions. The supplier must have an active primary pay site.

Additional Considerations

A customer or a supplier can be associated with only one legal entity. Once a customer or a supplier is associated with a legal entity, it cannot be associated with another legal entity.

The customer account and supplier assigned to the legal entity can be modified at any time, regardless of the existing transaction status.

Intercompany Receivables Assignments: Explained

Use Oracle Fusion Intercompany to generate invoices for intercompany transactions.

Defining Receivables Assignments

Set up your receivables assignments by mapping an intercompany transaction type and a receivables business unit to the receivables transaction type and receivables memo line. Oracle Fusion Receivables will use the receivables transaction type and the receivables memo line to process intercompany transactions transferred to the receivables application. You can configure specific receivables transaction types, and receivables memo lines, that you use for each intercompany transaction type for a receivables business unit. Invoices can then be transferred to Oracle Fusion Payables and recorded there.

Intercompany provides a default receivables transaction type of Intercompany and a default receivables memo line of Global Intercompany. These defaults are used when there are no other assignments. However, you can choose to set up individual assignments for each receivables business unit and intercompany transaction type to override the default values.

First, select a business unit and intercompany transaction type, and then select the receivables transaction type and receivables memo line. The receivables transaction type values available are derived from the reference data set for the receivables transaction type assigned to the business unit. The receivables memo line values are derived from the reference data set for receivables memo line assigned to the business unit.

Manage Intercompany Balancing Rules

Intercompany Balancing Rules: Explained

Intercompany balancing rules are used to generate the accounts needed to balance journals that are out of balance by legal entity or primary balancing segment values.

You specify the intercompany receivables and intercompany payables accounts you want to use. The intercompany balancing feature then uses these rules to generate the accounts of the balancing lines it creates.

Defining Intercompany Balancing Rules

You can define intercompany balancing rules at the following rule levels:

1. Primary balancing segment
2. Legal entity
3. Ledger
4. Chart of accounts

The rules are evaluated in the order shown above. For example, you can define a Primary Balancing Segment rule and a Legal Entity level rule. If both rules are used to balance a particular journal, the Primary Balancing Segment rule is used, as it has a higher precedence.

You have flexibility in defining your intercompany balancing rules. You can have a simple setup in which you define one rule for your chart of accounts. This rule is used for all intercompany balancing for all ledgers that use this chart of accounts. Alternatively, you can have a more granular set of rules. For example, you can define a different rule for each legal entity and one chart of accounts rule to cover any gaps in your rule definitions. You can gain even more granularity by defining rules for specific journal and/or category combinations or intercompany transaction types.

Intercompany Balancing Rules: Examples

This topic provides examples of intercompany balancing rules and the intercompany balancing lines generated. These rules are used to generate the accounts needed to balance journals that are out of balance by legal entity or primary balancing segment values.

Simple Chart of Accounts

In this scenario you have one chart of accounts for all ledgers. The chart of accounts has an intercompany segment. You are using this intercompany segment and the company segment to identify the intercompany trading partners for each transaction. You do not have a need to track their intercompany activity at a granular level such as by journal source and journal category or by intercompany transaction type.

Setup

- InFusion USA Chart of Accounts

Segment Qualifier	Primary Balancing Segment	Second Balancing Segment	Third Balancing Segment	Account	Intercompany Segment
Segment Name	Company (CO)	Cost Center (CC)	Product (PROD)	Account (ACCT)	Intercompany (IC)

- Ledger, Legal Entity, Primary Balancing Segment Value Assignments

Ledger	Legal Entity	Primary Balancing Segment Value
InFusion USA	InFusion Farms	3100, 3200, 3300, 3400, 3500
InFusion USA	InFusion Textiles	4000
InFusion USA	InFusion Products (East)	5000
InFusion USA	InFusion Products (West)	6000
InFusion USA		1000, 9000

- Chart of Accounts Rule

Rule Number	Chart of Accounts	AR Account	AP Account	Source	Category	Transaction Type
1	InFusion USA Chart of Accounts	1000 - 000 - 0000 - 13010 - 0000	1000 - 000 - 0000 - 21010 - 0000	Other	Other	None

- Journal Balancing
- Journal before Balancing

Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
2	Liability	InFusion Textiles	4000	500	1300	40118	0000		150

- Journal Balancing
- Journal after Balancing

Uses Rule	Line	Line Type	Legal Entity	Compan	Cost Center	Product	Account	Intercom	Debit	Credit
	1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
	2	Liability	InFusion Textiles	4000	500	1300	40118	0000		150
1	3	IC AP	InFusion Farms	3100	100	1200	21010	4000		150
1	4	IC AR	InFusion Textiles	4000	500	1300	13010	3100	150	

Legal Entity and Chart of Accounts Rules

In this example the legal Entity InFusion Textiles intercompany manufacturing activities are tracked separately from its non-manufacturing activities. In order to achieve this legal entity level rules are defined specifically between the legal entity InFusion Textiles and the two manufacturing legal entities, InFusion Products (East) and InFusion Products (West). A chart of accounts rule is created to cover all other intercompany activities.

Setup

- InFusion USA Chart of Accounts

Segment Qualifier	Primary Balancing Segment	Second Balancing Segment	Third Balancing Segment	Account	Intercompany Segment
Segment Name	Company	Cost Center	Product	Account	Intercompany

- Ledger, Legal Entity, Primary Balancing Segment Value Assignments

Ledger	Legal Entity	Primary Balancing Segment Value
InFusion USA	InFusion Farms	3100, 3200, 3300, 3400, 3500
InFusion USA	InFusion Textiles	4000
InFusion USA	InFusion Products (East)	5000
InFusion USA	InFusion Products (West)	6000
InFusion USA		1000, 9000

- Chart of Accounts Rule

Rule Number	Chart of Accounts	AR Account	AP Account	Source	Category	Transaction Type
2	InFusion USA Chart of Accounts	1000 - 000 - 0000 - 13050 - 0000	1000 - 000 - 0000 - 21050 - 0000	Other	Other	None

- Legal Entity Level Rule

Rule No.	From Legal Entity	To Legal Entity	AR Account	AP Account	Source	Category	Transaction Type
3	InFusion Textiles	InFusion Products (West)	1000 - 000 - 0000 - 13020 - 0000	1000 - 000 - 0000 - 21020 - 0000	Other	Other	None
4	InFusion Textiles	InFusion Products (East)	1000 - 000 - 0000 - 13030 - 0000	1000 - 000 - 0000 - 21030 - 0000	Other	Other	None

- Journal Balancing

- Journal before Balancing

Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
2	Expense	InFusion Products (East)	5000	100	1200	52340	0000	200	
3	Expense	InFusion Products (West)	6000	200	1300	52345	0000	300	
4	Liability	InFusion Textiles	4000	500	1300	40118	0000		650

- Journal Balancing

- Journal after Balancing

Uses Rule	Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
	1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
	2	Expense	InFusion (East)	5000	100	1200	52340	0000	200	
	3	Expense	InFusion (West)	6000	200	1300	52345	0000	300	
	4	Liability	InFusion Textiles	4000	500	1300	40118	0000		650
2	5	IC AR	InFusion Textiles	4000	500	1300	13050	3100	150	
2	6	IC AP	InFusion Farms	3100	100	1200	21050	4000		150
4	7	IC AR	InFusion Textiles	4000	500	1300	13030	5000	200	
2	8	IC AP	InFusion	5000	100	1200	21050	4000		200
3	9	IC AR	InFusion Textiles	4000	500	1300	13020	6000	300	
2	10	IC AP	InFusion (West)	6000	200	1300	21050	4000		300

Using Chart of Accounts Rules for Intercompany Balancing: Examples

Use chart of accounts rules for intercompany balancing. You have flexibility in defining your intercompany balancing rules with the setup of a single chart of accounts rule to use for all ledgers that use this chart of accounts.

When you create a chart of accounts rule, you specify the chart of accounts, intercompany receivables, and intercompany payables accounts you want to use, as well as the source and category. It is recommended that the intercompany receivables account be an asset type account, and the intercompany payables account be a liability type account.

You can define rules that are applied to a specific source and category, such as Payables and Invoices, or a specific intercompany transaction type, such as Intercompany Sales. Alternatively, you can choose to create rules for all sources and categories by selecting the source of **Other** and the category of **Other**.

You can have a more complex structure and define multiple rules between pairs of ledgers, legal entities, or primary balancing segment values. If you choose to have rules at various levels, then intercompany balancing evaluates the rules in the following order.

1. Primary balancing segment rules
2. Legal entity level rules
3. Ledger level rules
4. Chart of accounts rules

It is therefore recommended that you set up a chart of accounts rule for every chart of accounts structure you have. This will ensure that Intercompany Balancing will always find a rule to use to generate balancing accounts.

Intercompany Balancing will then evaluate the journal source and journal category combination in determining which rule to use for balancing. The order of precedence is as follows.

- Specific journal source and journal category
- Specific journal source and journal category of Other
- Journal source of Other and specific journal category
- Journal source of Other and journal category of Other

Chart of Accounts Rule Example

In this scenario, you choose to track intercompany balancing for companies with values 3000, and 4000 to separate intercompany accounts. You will set up specific rules are set up at the primary balancing segment value level for this. A chart of accounts rule is created for all other intercompany activity.

Setup

InFusion USA Chart of Accounts

Segment Qualifer	Primary Balancing Segment	Balancing Segment 2	Segment	Segment	Intercompany Segment
Segment Name	Company (CO)	Cost Center (CC)	Product (PROD)	Account (ACCT)	Intercompany (IC)

Ledger, Legal Entity, and Primary Balancing Segment Value Assignments

Ledger	Legal Entity	Primary Balancing Segment Value
InFusion USA	Infusion Farms	3000
InFusion USA	InFusion Textiles	4000
InFusion USA	InFusion Production	5000
InFusion USA		1000, 9000

Chart of Accounts Rule

Rule No. 1

- Chart of Accounts: InFusion USA
- Source: Other
- Category: Other
- Transaction Type: None

IC Account	CO	CC	PROD	ACCT	IC
AR Account	1000	000	0000	13010	0000
AP Account	1000	000	0000	21010	000

Primary Balancing Segment Rules

Rule No. 2

- From Ledger and To Ledger: InFusion USA
- From Primary Segment Value: 3000
- To Primary Segment Value: 4000
- Source: Other
- Category: Other
- Transaction Type: None

IC Account	CO	CC	PROD	ACCT	IC
AR Account	1000	000	0000	13011	0000
AP Account	1000	000	0000	21011	0000

Rule No. 3

- From Ledger and To Ledger: InFusion USA
- From Primary Segment Value: 3000
- To Primary Segment Value: 5000
- Source: Other
- Category: Other
- Transaction Type: None

IC Account	CO	CC	PROD	ACCT	IC
AR Account	1000	000	0000	13012	0000
AP Account	1000	000	0000	21012	0000

Rule No. 4

- From Ledger and To Ledger: InFusion USA
- From Primary Segment Value: 4000
- To Primary Segment Value: 3000
- Source: Other
- Category: Other
- Transaction Type: None

IC Account	CO	CC	PROD	ACCT	IC
AR Account	1000	000	0000	13013	0000
AP Account	1000	000	0000	21013	0000

Rule No. 5

- From Ledger and To Ledger: InFusion USA
- From Primary Segment Value: 4000
- To Primary Segment Value: 5000
- Source: Other
- Category: Other
- Transaction Type: None

IC Account	CO	CC	PROD	ACCT	IC
AR Account	1000	000	0000	13014	0000
AP Account	1000	000	0000	21014	0000

Intercompany Balancing Lines Generated for Out of Balance Journal No. 1

- Source: Manual
- Category: Adjustment

Line	Account	Debit	Credit	Description	Uses Rule No.
1	5000- 100- 1200- 52330- 0000	150			
2	4000- 110- 1200- 41111- 0000		150		
3	5000- 100- 0000- 21010- 4000		150	Intercompany Payables	1
4	4000- 110- 0000- 13014- 5000	150		Intercompany Receivables	5

Intercompany Balancing Lines Generated for Out of Balance Journal No. 2

- Source: Manual
- Category: Adjustment

Line	Account	Debit	Credit	Description	Uses Rule No.
1	3000- 100- 1200- 52330- 0000	150			
2	4000- 110- 1200- 41111- 0000		150		
3	3000- 100- 0000- 21011- 4000		150	Intercompany Payables	2

4	4000- 110- 0000- 13013- 3000	150		Intercompany Receivables	4
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Manage Ledger Balancing Options

Defining Ledger Balancing Options: Explained

Ledger balancing options are defined for the ledger to balance the second balancing segment and/or the third balancing segment, when a transaction is unbalanced by one of these segments.

Ledger balancing options include the following settings:

- Oracle Fusion Receivables and Oracle Fusion Payables accounts used for ledger balancing
- Summarization options
- Clearing company options

Receivables and Payables Accounts used for Ledger Balancing

You can choose to specify the receivables and payables accounts to be used, if your chart of accounts has the second balancing segment and/or the third balancing segment enabled. These accounts are used for the balancing lines generated when a journal is balanced by its primary balancing segment values but is not balanced by its second balancing segment and/or third balancing segment.

Summarization Options

You can choose to summarize balancing lines generated for a primary balancing segment out of balance scenario, where all the primary balancing segment values are assigned to the same legal entity, by specifying the Summarization option of Summary Net or Detail. You can choose to summarize by primary balancing segment value or alternatively have individual balancing lines (that have not been summarized) generated. Note that summarization always applies to balancing lines generated in a cross legal entity scenario.

Clearing Company Options

You can choose to set clearing company options to balance a journal with different primary balancing segment values that all belong to a single legal entity. Set the following options to handle your clearing company balancing.

- Clearing Company Condition
 - Choose to balance using a clearing company value for all journals or for journals with many legal entities on the debit side and many legal entities on the credit side.
 - The default value for this option is to error Many-to-Many journals.
- Clearing Company Source

- Choose how the clearing company value is derived for your balancing lines, from the following options:
 - Default clearing balancing segment value.
 - Choose this option if you want a single specific primary balancing segment value for your clearing company.
 - Default Rule.
 - Choose this option if you want to allow the system to derive the clearing company value from a default intercompany balancing rule.
 - Manually entered clearing balancing segment value.
 - Choose this option if you want to enter the clearing company value when you create a journal.
- Clearing Company Value
 - If you chose the default clearing balancing segment value as your clearing company source, you can enter your chosen primary balancing segment value in this field.

Defining Ledger Balancing Options: Examples

This topic provides examples of ledger balancing options, the setup required, and the journal before and after balancing.

Simple Ledger Balancing with no Clearing Company Options

In this scenario the enterprise has the second balancing segment and the third balancing segment enabled for its chart of accounts. The journal is balanced by primary balancing segment but is out of balance by the second balancing segment and the third balancing segment.

Setup

- InFusion USA Chart of Accounts

Segment Qualifier	Primary Balancing Segment	Second Balancing Segment	Third Balancing Segment	Account	Intercompany Segment
Segment Name	Company (CO)	Cost Center (CC)	Product (PROD)	Account (ACCT)	Intercompany (IC)

- Ledger, Legal Entity, Primary Balancing Segment Value Assignments

Ledger	Legal Entity	Primary Balancing Segment Value
InFusion USA	InFusion Farms	3100, 3200, 3300, 3400, 3500

InFusion USA	InFusion Textiles	4000
InFusion USA	InFusion Products (East)	5000
InFusion USA	InFusion Products (West)	6000
InFusion USA		1000, 9000

- Ledger Balancing Options

Rule Number	Ledger	Source	Category	Transaction Type	AR Account	AP Account
1	InFusion USA	Other	Other	None	1000 - 000 - 0000 - 13010 - 0000	1000 - 000 - 0000 - 21010 - 0000

- Journal Balancing
- Journal Before Balancing

Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
2	Liability	InFusion Farms	3100	500	1300	40118	0000		150

- Journal Balancing
- Journal after Balancing

Uses Rule	Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
	1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
	2	Liability	InFusion Farms	3100	500	1300	40118	0000		150
1	3	AP	InFusion Farms	3100	100	1200	21010	0000		150
1	4	AR	InFusion Farms	3100	500	1300	13010	0000	150	

Ledger Balancing Options with Detail Summarization and Clearing Company Options Set

In this scenario the enterprise has the second balancing segment and the third balancing segment enabled for its chart of accounts. Management has decided to use a clearing company for balancing Many-to-Many journals only. Since the primary balancing segment values in the journal are out of balance intercompany balancing is required. Additionally, since clearing company options have been specified they will be used to balance the journal. Note that if the primary balancing segment values were balanced and only the second

balancing segment and the third balancing segment were out of balance, the clearing company options would not be used.

Setup

- InFusion 1000, USA Chart of Accounts

Segment Qualifier	Primary Balancing Segment	Second Balancing Segment	Third Balancing Segment		Intercompany Segment
Segment Name	Company	Cost Center	Product	Account	Intercompany

- Ledger, Legal Entity, Primary Balancing Segment Value Assignments

Ledger	Legal Entity	Primary Balancing Segment Value
InFusion USA	InFusion Farms	3100, 3200, 3300, 3400, 3500
InFusion USA	InFusion Textiles	4000
InFusion USA	InFusion Products (East)	5000
InFusion USA	InFusion Products (West)	6000
InFusion USA		1000, 9000

- Chart of Accounts Rule

Rule Number	Chart of Accounts	AR Account	AP Account	Source	Category	Transaction Type
1	InFusion USA Chart of Accounts	1000 - 000 - 0000 - 13050 - 0000	1000 - 000 - 0000 - 21050 - 0000	Other	Other	None

- Ledger Balancing Options

Rule Number	Ledger	Source	Category	Transaction Type	AR Account	AP Account
2	InFusion USA	Other	Other	None	1000 - 000 - 0000 - 13010 - 0000	1000 - 000 - 0000 - 21010 - 0000

- Clearing Company Options

Rule Number	Ledger	Source	Category	Transaction Type	Condition	Source	Value
2	InFusion USA	Other	Other	None	Use for many-to-many journals only	Default clearing balancing segment value	9000

Note

The Ledger Balancing Options and Clearing Company Options appear as one line on the page.

- Journal Balancing
- Journal before Balancing

Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
2	Expense	InFusion Farms	3100	300	1200	52340	0000	200	
3	Expense	InFusion Farms	3300	200	1300	52345	0000	300	
4	Liability	InFusion Farms	3400	500	1300	40118	0000		320
5	Liability	InFusion Farms	3500	600	1400	40112	0000		330

- Journal Balancing
- Journal after Balancing

Uses Rule	Line	Line Type	Legal Entity	CO	CC	PROD	ACCT	IC	Debit	Credit
	1	Expense	InFusion Farms	3100	100	1200	52330	0000	150	
	2	Expense	InFusion Farms	3100	300	1200	52340	0000	200	
	3	Expense	InFusion Farms	3300	200	1300	52345	0000	300	
	4	Liability	InFusion Farms	3400	500	1300	40118	0000		320
	5	Liability	InFusion Farms	3500	600	1400	40112	0000		330
1	6	IC AR		9000	000	0000	13050	3100	150	
1	7	IC AP		3100	100	1200	21050	9000		150
1	8	IC AR		9000	000	0000	13050	3100	200	
1	9	IC AP		3100	300	1200	21050	9000		200
1	10	IC AR		9000	000	0000	13050	3300	300	
1	11	IC AP		3300	200	1300	21050	9000		300
1	12	IC AR		3400	200	1300	13050	9000	320	
1	13	IC AP		9000	000	000	21050	3400		320
1	14	IC AR		3500	600	1400	13050	9000	330	
1	15	IC AP		9000	000	000	21050	3500		330

Define Hyperion Financial Management Integration

Oracle Hyperion Financial Management: Overview

Oracle Hyperion Financial Management, Fusion Edition is a comprehensive, web based application that delivers global collection, financial consolidation, reporting, and analysis in one highly scalable solution. Financial Management can be licensed and integrated with the Oracle Fusion Accounting Hub to provide expanded financial consolidation, reporting, and analysis functionality.

Financial Management supports these features:

- Comprehensive view of your enterprise financial information that provides key performance and operating metrics from global sources
- Close features that include intercompany reconciliations and a consistent set of data and business measures
- Powerful multidimensional analysis that identifies and reports new sources of profitability and cash flow at corporate, cost center, product, brand, customer, and channel levels
- Flexible what-if scenario management that dynamically consolidates and reports all financial budgets, forecasts and plans, producing new statements as assumptions and facts change
- High-volume, preformatted reports that deliver timely including financial information for internal management and external regulatory and government bodies

The following table provides installation and configuration activities and documentation references.

Activity	Documentation
Installation of Financial Management	Oracle Hyperion Enterprise Performance Management System Installation and Configuration Guide for Oracle Hyperion Enterprise Performance Management

Configuration of Financial Management including extended analytics	<ul style="list-style-type: none"> • Oracle Hyperion Enterprise Performance Management System Installation and Configuration Guide for Oracle Hyperion Enterprise Performance Management • Oracle Hyperion Financial Management Administrator's Guide for Oracle Hyperion Financial Management
Integration of Financial Management	Oracle Hyperion Financial Data Quality Management ERP Integration Adapter for Oracle Applications Administrator's Guide
License and integration with Oracle Hyperion Financial Close Management, which enables you to define, execute, and report on the interdependent activities of a financial close period. It provides centralized monitoring of all close process tasks and provides a visible, automated, repeatable system of record for running close processes.	Oracle Hyperion Financial Close Management Administrator's Guide for Oracle Hyperion Financial Close Management
License and integration with Oracle Hyperion Disclosure Management, which helps companies ensure the completeness and accuracy of external and statutory financial reports, and their transformation into specifically stylized statutory filings using eXtensible Business Reporting Language (XBRL).	Oracle Hyperion Disclosure Management User's Guide for Oracle Hyperion Disclosure Management

Note

There are now two integration points between Financial Management and the Oracle Fusion Governance, Risk, and Compliance solution set. Both integrations are delivered and deployed as Oracle Fusion Governance, Risk, and Compliance Blueprint solutions. See the Oracle Fusion Governance, Risk, and Compliance documentation.

Integration with Hyperion Financial Management: Overview

For Oracle Cloud implementations, integrate with on-premise Oracle Hyperion Financial Management, Fusion Edition for advanced financial consolidations by manually exporting your balances from Oracle Fusion Accounting Hub and loading them to Oracle Hyperion Financial Management. Export your balances using either financial reports or Smart View.

For other implementations, Oracle Fusion Applications provides integration between Oracle Fusion Accounting Hub and Oracle Hyperion Financial Management through Oracle Financial Data Quality Management ERP Integrator adapter. To complete the post-installation setup for the ERP Integrator adapter, see Oracle Hyperion Financial Data Quality Management ERP Integrator Adapter for Oracle Applications Administrator's Guide.

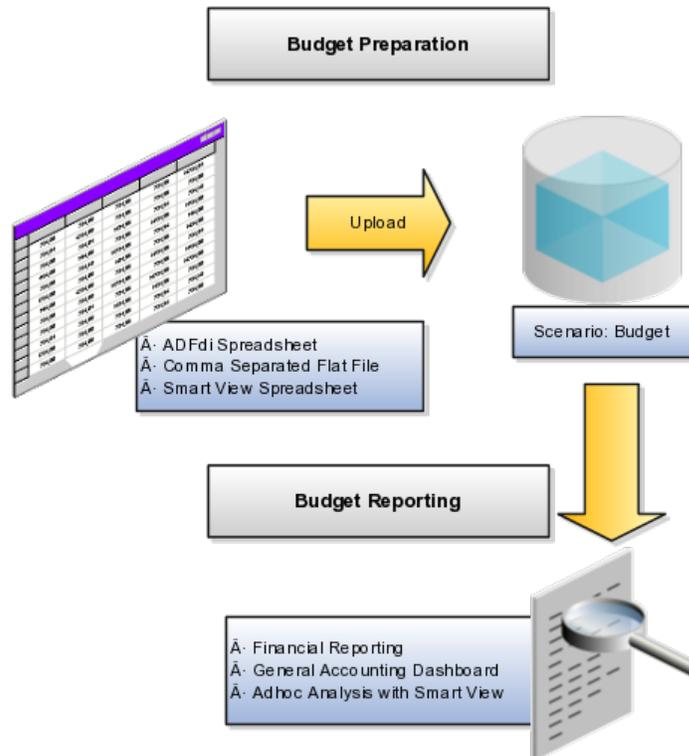
Define Budget Configuration

Budget Uploads: Overview

In Oracle Fusion General Ledger, you load budget data to perform variance reporting.

If you use a third party budgeting system or if you don't use a budgeting system, there are three ways to load budgets in the to the balances cube in the General Ledger.

- **Importing Budget Data from a Flat File:** Export budget data from your budgeting application to a comma separated values (csv) file. A sample xls template is provided in the Oracle Enterprise Repository (OER) for Oracle Fusion Applications. Use this template to prepare and generate flat files in a csv format. You can use Oracle Application Development Framework (ADF) Desktop Integrator correction worksheets to correct validation errors, delete rows with errors, and resubmit the corrected error rows.
- **Importing Budget Data from a Spreadsheet:** You can access the budget load spreadsheet from General Accounting Dashboard: Enter, load, and correct budget data in a ADF Desktop Integrator spreadsheet tool. Use this tool to prepare and load budget data for multiple ledgers and periods with a common chart of accounts instance. The list of values and the web picker help you pick valid values. This simplified data entry reduces errors and alerts you to errors as you enter the data in the spreadsheet. Error correction is done in the same spreadsheet.
- **Smart View:** Enter and load budget data in a Smart View spreadsheet. Use this tool to enter data for an account across multiple periods on a single row.



Note

Create reports in **Smart View** or **Financial Reporting** to verify that the budget data was loaded correctly.

Importing Budget Data from a Flat File: Explained

Use the Upload Budgets processes to integrate budget information from other budgeting application such as Oracle Hyperion Planning, Fusion Edition. You can load your budget amounts to the General Ledger balances cube by populating the GL_BUDGET_INTERFACE table and running the Validate and Upload Budgets process. You can load budgets for multiple periods and for multiple ledgers with the same chart of accounts in a single load process. Note that the budget data is not loaded to the GL_BALANCES table and only loaded to the balances cube for variance reporting purposes.

Note

You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For other implementations, optionally use this feature only if you have SFTP configured for it.

Assigning Values for Columns in the GL_BUDGET_INTERFACE Table

You must enter values in all the columns of the interface table that require values, which includes all of the not null columns, in order for the budget import to be successful.

Enter values in the following required columns of the interface table:

Column Name	Values
RUN_NAME	Enter a name to identify the budget data set being imported.
STATUS	Enter the value NEW to indicate that you are bringing new budget data.
LEDGER_ID	Enter the appropriate ledger ID value for the budget amount. You can view the ledger ID for your ledgers in the Manage Primary Ledgers page. The ledger ID column is hidden by default, but you can display it from the View > Columns menu. If you enter multiple ledgers for the same run name, all of the ledgers need to share the same chart of accounts.
BUDGET_NAME	Enter the appropriate budget name value for the budget line. You define your budget names in the Accounting Scenario value set.
PERIOD_NAME	Enter the period name that you are loading the budget data for. Note that you can load budget data regardless of the period status.
CURRENCY_CODE	Enter the currency code for your budget.
SEGMENT1 to SEGMENT30	Enter valid enabled account value for each segment in your chart of accounts.
BUDGET_AMOUNT	Enter the amount in the ledger currency for account types, expense and assets.
OBJECT_VERSION_NUMBER	For Oracle Cloud implementations, leave this field blank as the application will automatically populate this when you load the data from the secure FTP server to the interface table. For other implementations, you can default the column with a value of 1.

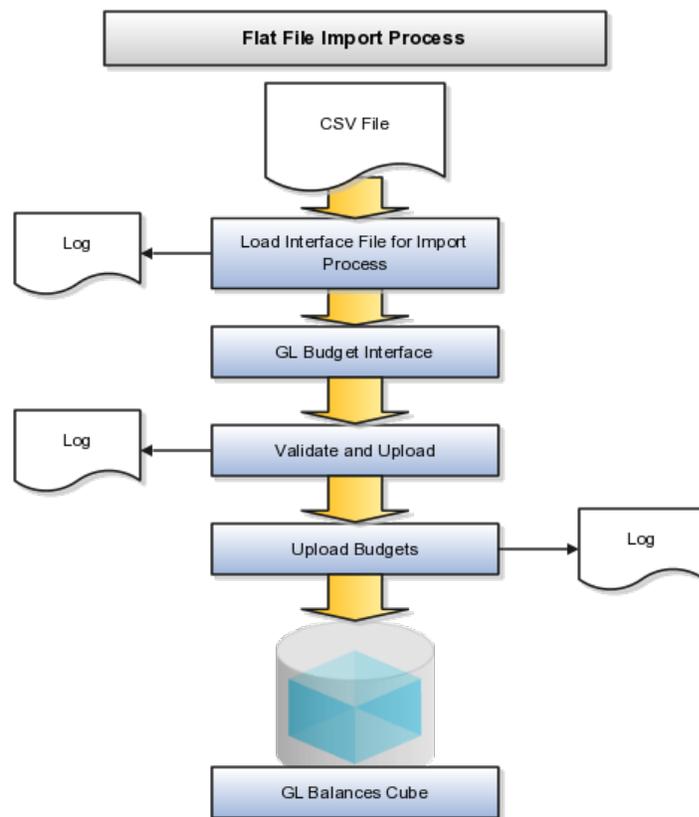
The following columns should be left as null as the budget import process uses these columns for internal processing or does not use them in the current release.

- CHART_OF_ACCOUNTS_ID
- CODE_COMBINATION_ID
- ERROR_MESSAGE
- CREATION_DATE
- CREATED_BY
- LAST_UPDATE_DATE
- LAST_UPDATE_LOGIN
- LAST_UPDATED_BY
- REQUEST_ID
- LOAD_REQUEST_ID

Loading Data to the Budget Interface Table: Explained

Load the budget amounts to the interface table by following the steps below.

1. Export budget data from your budgeting application to a comma separated values (csv) file. You can use the sample csv file or xls file that is provided in Oracle Enterprise Repository (OER) for Oracle Fusion Applications as a reference.
2. Upload the comma separated values (csv) file to the secure FTP server.
3. Select the parameters:
 - Select the process: General Ledger Validate and Load Budgets
 - Enter the name of the zipped CSV data file.
4. After the data is loaded to the interface table, you can run the Validate and Load Budgets process to load the budget amounts to the General Ledger balances cube.
5. Review the logs for validation errors. If there are validation errors, use an ADF Desktop Integrator (ADFdi) correction worksheet to download and correct the rows with errors. Then resubmit the data using ADFdi.



Importing Budget Data from a Spreadsheet: Explained

Use Oracle Application Development Framework (ADF) Desktop Integrator to enter, load, and correct budget data. This functionality uses a new interface table

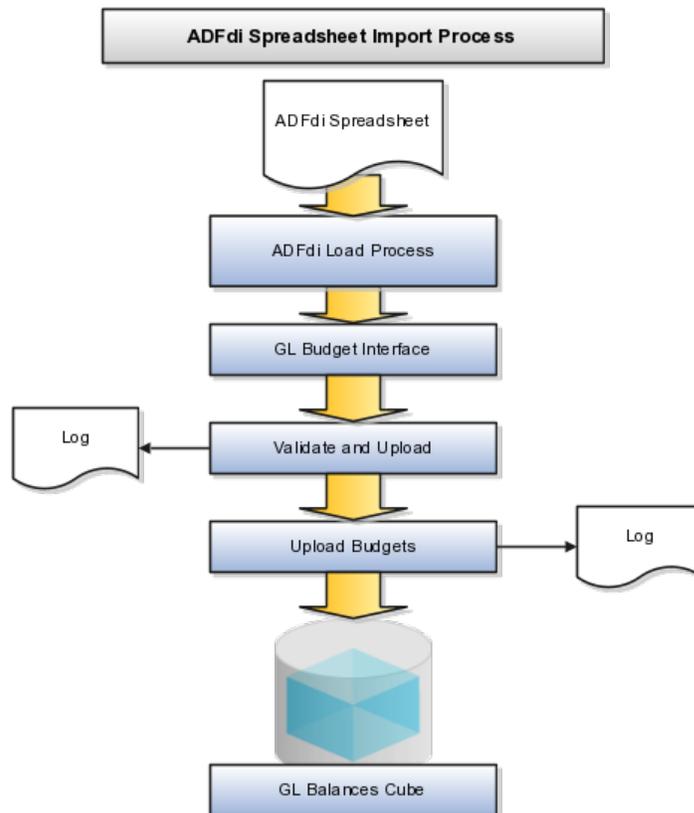
called the GL_BUDGET_INTERFACE and requires the duty role, Budget Entry Duty.

Budget Import

Budget Import Oracle ADF Desktop Integrator import functionality is similar to the journal import sheet in Oracle Fusion General Ledger. You may use this tool to create and upload budget data. From the General Accounting Dashboard page, download the import worksheet.

The budget import uses the Accounting Scenario value set for the budget being loaded. The Run Name is used as an identifier for the imported data set. The Oracle ADF Desktop Integrator budget import functionality:

- Supports multiple ledgers but a single chart of accounts instance
- Allows multiple calendars and periods
- Supports entered currencies in addition to the ledger currency
- Contains user friendly lists of values
- Performs most validations on the worksheet
- Secures values by data access sets



Note

The ADF Desktop Integrator spreadsheet contains a Record Status column that shows if the rows upload successfully or with errors. Corrections are done in the same spreadsheet as the entered data.

Budget Correction with Oracle ADF Desktop Integrator: Explained

Oracle ADF Desktop Integrator correction functionality is similar to the journal correction sheet in Oracle Fusion General Ledger. You use this tool to correct the flat file import errors.

The correction spreadsheet functionality:

- Uses segment labels based on the data access set
- Contains user friendly lists of values
- Performs most validations on the worksheet
- Allows updating or marking the row for deletion.

Correcting Data

To use the correction spreadsheet functionality perform the following steps:

1. From the **General Accounting Dashboard** page, you set the data access set and download the correction worksheet.
2. After the correction worksheet is downloaded, you query for the rows in error. Pick the run name for which there are validation errors and click on the **Search** button. This populates the budget rows in error.
3. Correct the rows in error or mark for deletion and submit the journal correction spreadsheet. Any errors will be reported on the worksheet.
4. If the row status indicates an error, double click on it to see the error details and take necessary action. You can use the list of values to quickly correct data that is in error.

Creating Budget Data Security: Worked Example

You are in charge of your company's data security and have a need to secure budget data. You can secure budget data by using segment value security for the value set, Accounting Scenario. To meet this need for security, you create two data security polices.

The following budget version values from the accounting scenario value set need to be secure:

- Original Budget
- Revised Budget
- Forecast Q1
- Forecast Q2
- Forecast Q3

- Forecast Q4

The following data security needs to be configured:

- Policy 1: The financial controller for Vision Foods USA data access set needs access to all budget versions.
- Policy 2: The general accounting manager for Vision Foods USA data access set needs access to the budget versions listed below:
 - Original Budget
 - Revised Budget

In this example, launch the task Define Budget Scenarios to open the value set page from the Setup and Maintenance work area.

1. Click the Edit icon.
2. Check Security Enabled.
3. Enter the Data Security Resource name (if not populated): ACCOUNTING_SCENARIO.
4. Click on Edit Data Security to set up the data policies.

Setting up Policy 1: Full Access to All Budget Versions

1. Click on the Policy tab.
2. Click on Create.
3. On the General Information tab, enter Name, Start and End Dates, and Module equal to General Ledger.
4. On the Role tab, add one or more roles. In this case add the Chief Finance Controller for Vision Foods USA.
5. On the Rule tab, select Row Set equal to All Values.
6. Save and Submit the policy.

Setting up Policy 2: Access to One or More Budget Versions

1. Click on the Condition tab to create a filter for the multiple values.
2. Set Match to Any to invoke OR Boolean operator. If you set Match to All, AND Boolean operator is used.
3. Enter two rows with Column Name: Values. Operator: Equal to, and Value: Original Budget on first line and Revised Budget on the second line. Note that you can also use the tree operators.
4. Click on the Policy tab.
5. Click on Create.
6. On the General Information tab, enter Name, Start and End Dates, and Module equal to General Ledger.
7. On the Role tab, add one or more roles. In this case add the General Accounting Manager for Vision Foods USA.

8. On the Rule tab, select Row Set equal to Multiple Values.
9. Select the Condition Filter
10. Save and Submit the policy.

Note

You can also set up single access by using a policy with Row Set equal to Single value. You need to use SQL to get the value ID and enter the value ID.

Oracle Hyperion Planning: Overview

Oracle Hyperion Planning, Fusion Edition is a comprehensive, web based, budgeting and planning application. Planning can be licensed and integrated with the Oracle Fusion Accounting Hub to provide expanded budgeting and planning functionality.

Oracle Hyperion Planning, Fusion Edition:

- Delivers global collection of data and financial consolidation
- Enables entry, analysis, and reporting on data, including personalizing data entry forms
- Facilitates budgeting collaboration, communication, and control across multidivisional global enterprises
- Drives the planning process
- Provides a framework for perpetual planning, with attention to managing volatility and frequent planning cycles
- Promotes modeling using complex business rules and allocations
- Integrates with Smart View so you can design worksheets in Microsoft Excel to enter, format, analyze, and report on data

The following table provides installation and configuration activities and documentation references.

Activities	Documentation
Installation of Planning	Oracle Hyperion Enterprise Performance Management System Installation and Configuration Guide for Oracle Hyperion Enterprise Performance Management
Configuration of Planning	Oracle Hyperion Planning, Fusion Edition Administrator's Guide for Oracle Hyperion Planning
Integration of Planning	Oracle Hyperion Financial Data Quality Management ERP Integration Adapter for Oracle Applications Administrator's Guide

Integration with Hyperion Planning: Overview

For Oracle Cloud implementations, integrate with on-premise Oracle Hyperion Planning for advanced budgeting by loading actual balances from Oracle Fusion Accounting Hub to Oracle Hyperion Planning so you can use the actual data in the budgeting process. You can also load budget data from Oracle Hyperion Planning to Oracle Fusion Accounting Hub through the Budget Interface to perform budget variance reporting within Oracle Fusion Accounting Hub.

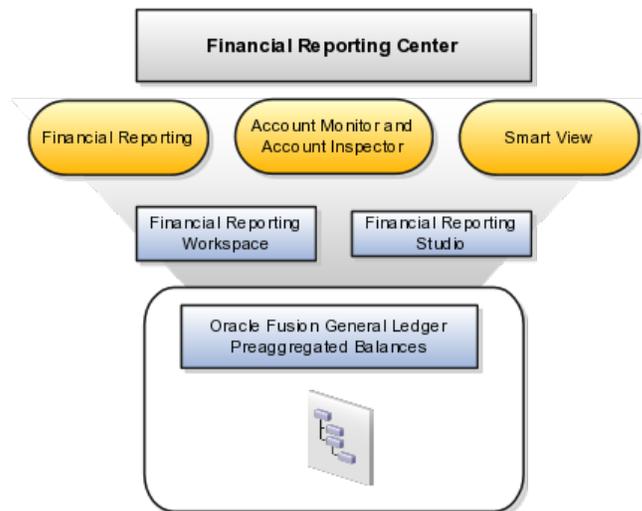
For other implementations, Oracle Fusion Applications provides integration between Oracle Fusion Accounting Hub and Oracle Hyperion Planning through Oracle Financial Data Quality Management ERP Integrator adapter. To complete the post-installation setup for the ERP Integrator adapter, see Oracle Hyperion Financial Data Quality Management ERP Integrator Adapter for Oracle Applications Administrator's Guide.

Define Financial Reporting

Financial Reporting Center: How It Works

The Oracle Fusion Financial Reporting Center provides functionality for reporting on Oracle Fusion General Ledger balances. It provides secure, self-service access to reports that use real time account information.

You can design traditional financial report formats such as balance sheets, profit and loss statements, and cash flow reports. You can also design nontraditional formats for financial or analytic data that include text and graphics.



Components

Financial Reporting Center is comprised of numerous components:

- Financial Reporting: Financial users and analysts access live reports and books or published snapshot reports and books from previously scheduled batches in a variety of formats. Other functionality includes:
 - Refreshing report data using runtime points of view or parameters
 - Drill through capability from parents to other parents
 - Drill down to detail balances, journal lines, and subledger transactions.

- Oracle Hyperion Smart View, Fusion Edition: Financial analysts view, import, manipulate, distribute, and share data from your Oracle Fusion General Ledger balances in Microsoft Excel.
- Account Monitor and Account Inspector: Financial analysts monitor and track key account balances in real time at every level of your dimensions and hierarchies. These tools provide multidimensional account analysis and drill down capability.
- Workspace: Reporting administrators create, open, save, and delete folders and store report objects, reports, and snapshot reports.
- Oracle Hyperion Financial Reporting Studio, Fusion Edition: Report authors use an object-oriented graphical report layout with report objects, such as text boxes, grids, images, and charts, to design reports.

Setting Up Your Financial Reporting Center: Critical Choices

Oracle Fusion Financial Reporting Center is a powerful tool for accessing, designing, and presenting financial reports and analytic data. The critical choices needed to configure and install the components in Financial Reporting Center consist of:

- Configuring Financial Reporting Center
- Installing and configuring Financial Reporting Studio (Performed by the end user.)
- Installing Smart View (Performed by the end user.)
- Configuring Workspace Database Connection (Performed by the administrator.)
- Installing and Configuring Financial Reporting Print Server (Performed by the administrator.)

Configuring Financial Reporting Center

You have access to the reports through the folder structure in the Financial Reporting Center and Workspace. Your administrators define the folder structure in Workspace taking into consideration your company's security requirements for folders and reports, as well as report distribution requirements for financial reporting batches. Security can be set on folders and reports from Workspace. You are granted access to the folders and reports you need to view.

Installing and Configuring Financial Reporting Studio

Oracle Hyperion Financial Reporting Studio is client-based software. If you access Oracle Fusion Applications from Oracle Cloud, you connect to the Financial Reporting Studio through a Windows Remote Desktop Connection. Otherwise, report authors download the installation files for Financial Reporting Studio from **Workspace** by clicking on **Navigator > Tools > Download Desktop**

Integrator Installer. After completing the installation, launch the Financial Reporting Studio. You will need to provide your user ID, password, and the Server URL. Derive the Server URL information by following the steps below:

1. Open **Navigator > Financial Reporting Center > Workspace** .
2. Edit the **Workspace URL** and remove workspace/index.jsp.
3. Below are two examples of Server URLs:
 - If the Workspace URL is https://fusionsystemtest-p-external-bi.us.oracle.com/workspace/index.jsp, the Server URL is https://fusionsystemtest-p-external-bi.us.oracle.com.
 - If the if the Workspace URL is https://fusionsystemtest-p-external-bi.us.oracle.com:10622/workspace/index.jsp, the Server URL is https://fusionsystemtest-p-external-bi.us.oracle.com:10622.

Note

For Oracle Cloud based environments, the Workspace URL includes the port number.

-
4. Copy the modified URL to the Server URL field.

Installing Smart View

Smart View is an Excel add-in that must be loaded to each client. To download the installation files from **Workspace** click the **Navigator > Tools > Download Desktop Integrator Installer**.

Note

Since Smart View is an add-in to Microsoft Office products, you can install Smart View only on a Windows operating system.

Once Smart View is installed, it must be configured to connect to Oracle Fusion Applications. This is done using the Smart View Shared Connections URL. You can derive the **Shared Connections URL** by following the steps below:

1. **Launch Workspace** from the **Financial Reporting Center**.
2. Edit the **Workspace URL**, for example, if the **Workspace URL** is https://fusionsystemtest-p-external-bi.us.oracle.com/workspace/index.jsp. Remove index.jsp and add SmartViewProviders at the end of the URL.

Note

This is another example for a Cloud based environment: If the Workspace URL is https://efops-rel5st4-cdrm-external-bi.us.oracle.com:10622/workspace/index.jsp, the Shared Connections URL is https://efops-rel5st4-cdrm-external-bi.us.oracle.com:10622/workspace/SmartViewProviders.

-
3. Copy the URL.

4. Launch Excel.
5. Navigate to the **Smart View** menu > **Options** > **Advanced**.
6. Paste the URL in the **Shared Connections URL** field.
7. Click on the **OK** button.

For more information on configuring Smart View client for users, see Oracle Hyperion Smart View for Office User's Guide for Oracle Hyperion Smart View.

To connect Oracle Fusion General Ledger Balances cubes in Smart View:

1. Open Smart View from your **Start menu** > **Programs** > **Microsoft Office** > **Microsoft Excel 2007**.
2. Go to the **Smart View** menu > **Open**, in the **Start** on the ribbon > click on **Smart View Panel** that appears in the drop down box under the ribbon. This launches a task pane.
3. Click on the **Shared Connections** button on the task pane.
4. Sign in with your user name and password.
5. Click on the **Select Server to proceed** drop down box.
6. Select **Oracle Essbase** from the list of shared connections.
7. Click the **Expand** to expand the list of cubes.
8. Expand your cube (name of your chart of accounts).
9. Click on **db**. A list of functions appears on the bottom of the panel.
10. Click the **Ad hoc analysis**.

Note

You need to perform these steps only once for a new server and database.

To set how the name and alias of the Essbase database appears:

1. Click on the **Options** on the ribbon > select the **Member Options** > select **Member Name Display**.
2. Set one of these three options:
 - **Distinct Member Name:** Only shows the full Essbase distinct path.
 - **Member Name and Alias:** Shows both the member name and the alias.
 - **Member Name Only:** Shows only the member name.

Note

The following Smart View features are not supported in Oracle Fusion General Ledger. For all other documentation, refer to the **Oracle Hyperion Smart View for Office User's Guide** for Oracle Hyperion Smart View.

- **Smart Slice:** Not supported.
 - **Query Designer:** Currently has a bug.
-

Configuring Workspace Database Connections

Administrators need to create database connections from Workspace so users can access the cubes from Workspace and Financial Reporting Studio.

Note

Ledger setup has to be completed before the database connection can be created. Oracle Fusion General Ledger balances cubes are created as part of ledger setup. There is a separate cube for each combination of chart of accounts and accounting calendar. A database connection is needed for each cube.

Steps to define a database connection are:

1. Start at the **Navigator** by selecting **Financial Reporting Center**.
2. From the **Financial Reporting Center** task panel select **Launch Workspace**.
3. From within **Workspace** select the **Navigator** menu > **BI Catalog**.
4. Select **Tools** menu > **Database Connection Manager**.
5. Select **New** button.
6. Enter a user friendly name for the **Database Connection Name**.
7. Enter Essbase as the **Type**, your server, user name, and password.
8. Select **Application** (cube) and **Database** from the list of values. Expand the **Application** name to see the related **Database**, for example, db.
9. Click the **OK** button twice to save your selections.
10. Click **Close** button in the **Database Connection Manager** window to save your connection.

For more information on configuring Essbase database connections in Workspace see: **Oracle Essbase Database Administrator's Guide for Oracle Essbase**.

Note

The database connection is available in both Workspace and Financial Reporting Studio. Optionally, it can be setup in Financial Reporting Studio when putting grids on a report. This should only be done by an administrator.

Installing and Configuring Financial Reporting Print Server

To enable users to view and print their reports, administrators need to install and configure the Financial Reporting Print Server available with Oracle Business Intelligence. However, check for the following prerequisites before the installation:

- Install the Financial Reporting Studio.

- If you have an earlier release of the Financial Reporting Print Server, stop and disable the Financial Reporting Print Server Windows service, and delete HRPrinter1-5 from Windows printers.
- Ensure that a supported 32-bit version of Ghostscript is installed.

Perform the following steps to complete the installation.

1. Obtain a Windows machine (either 32-bit or 64-bit) to install and configure the Financial Reporting Print Server.
2. Sign in to Oracle Business Intelligence Enterprise Edition.
3. Open **Navigator > Financial Reporting Center > Workspace** .
4. If you have not already installed Financial Reporting Studio, you can download and install the Financial Reporting Studio from **Navigator > Tools > Download Desktop Integrator Installer**.
5. Follow the instructions to complete the installation. By default, the Financial Reporting Studio is installed in the Program Files/Oracle/FinancialReportingStudio directory.
6. In the Program Files\Oracle\FinancialReportingStudio\products\financialreporting\install\bin\ directory, search for the FRSetupPrintServer.properties file and open it with a text editor.
7. For the following attributes, specify the Financial Reporting Server URL and administrator credentials used to register the Financial Reporting Print Server:

```
FRWebServer=http://<name of the server>:<port number>
AdminUser= <Administrator user name>
AdminPassword=<password>
```

Note

The server URL specified here is the same one used when connecting from the Financial Reporting Studio.

8. To configure and register the Financial Reporting Print Server, in the Windows command prompt, navigate to FinancialReportingStudioInstallationLocation/products/financialreporting/install/bin/ and run the following command:

```
FRSetupPrintServer.cmd
```

The Financial Reporting Print Server is now installed and configured for use. You should be able to view the reports in PDF. However, to ensure that everything is running as required, verify the following:

- Financial Reporting Print Server service has been created and has started automatically.
- The FRPrintLogging.log file is created in the directory Program Files\Oracle\FinancialReportingStudio\diagnostics\logs\FinancialReporting.
- The `PrintServers` property in the Financial Reporting MBeans in JConsole displays the Financial Reporting Print Server machine and port

(the default port is 8297). This property may show multiple Financial Reporting Print Servers if more than one have been configured.

- The server name and port of the Financial Reporting Print Server can be reached from the Financial Reporting Web Application server machine(s).

Oracle Fusion Financials for Asia/Pacific

Managing Enterprise Financial Data Export Options for China: Points to Consider

The enterprise financial data export for China functionality provides processes for exporting financial data from Oracle Fusion General Ledger, Oracle Fusion Payables, Oracle Fusion Receivables, Oracle Fusion Subledger Accounting, and Oracle Fusion Assets into a format specified by the National Audit Office of the People's Republic of China.

To be able to export data, provide the following:

- Financial Information
- Accounting Book Information
- Depreciation Method Formula

Provide the above information through the Manage Enterprise Financial Data Export Options for China page under **Navigator - Setup and Maintenance**.

Financial Information

Define the financial information options for all chart of accounts that are associated with the data access set for a specific data role. Only chart of accounts that have associated financial information are listed on the Manage Enterprise Financial Data Export Options for China page. You can edit or delete the financial information options for a particular chart of accounts.

To provide financial information for a chart of account, provide the following information:

- Accounting Information
- Flexfield Assignment
- Cash Flow Item Attribute Assignment

Note

To provide financial information for a chart of account, click the **Add Row** icon on the Manage Enterprise Financial Data Export Options for China page to navigate to the Create Financial Information Options for China page.

Accounting Information

Define the structure for natural accounts. The natural account structure is a key flexfield to define the structure for the natural account in the chart of accounts.

The account structure flexfield specifies the structure code for the natural account structure. It indicates the hierarchy of natural account against the local statutory requirement. For example, local government requires that the natural account must have eight digits, the first four digits for the first level, the next two digits for the second level, and the last two digits for the third level. The structure in this case is 4-2-2.

Define the subsidiary account sources based on the chart of accounts. Three types of subsidiary account sources are available, all chart of account segments except balancing segment and natural account segment, third party: customer, supplier, and employee supplier information, and project number. You can specify about 30 subsidiary segments.

Flexfield Assignment

Specify descriptive flexfields and attributes that are used to store additional information. By default, a descriptive flexfield is defined for intercompany transactions. The flexfield stores the settlement method that is used for intercompany transactions.

Cash Flow Item Attribute Assignment

Specify the cash flow statement rows that are used in the cash flow statement and supplementary schedule. Two new attributes, item source and item attribute, are required along with the other cash flow item attributes.

Item source is used to identify the reporting item source in the statutory cash flow statement, such as main statement or supplementary statement.

Item attribute indicates the attribute of cash flow statement reporting item, for example, the direction of cash flow, like inflow or outflow.

The cash flow item length is the length of the cash flow statement item. For example, when the cash flow item is 1000, the cash flow item length is 4. The length of all the cash flow statement items must be the same.

Accounting Book Information

Define general information for an accounting book based on a specific legal entity. For example, book name, book number, company name, organization code, and so on.

You can define accounting book information for each legal entity associated with you data access set.

Depreciation Method Formula

Define the text formulas for the depreciation methods in Oracle Fusion Assets. Information about the depreciation method is used by the Export Fixed Assets

Data for China: Enterprise process. For example, the depreciation method formula for the straight line method is Depreciation Amount = Recoverable Amount/Life.

Defining the Structure for Natural Accounts: Example

Define the structure for natural accounts. The natural account structure is a key flexfield to define the structure for the natural account in the chart of accounts.

The account structure flexfield specifies the structure code for the natural account structure. It indicates the hierarchy of natural account against the local statutory requirement. For example, local government requires that the natural account must have eight digits, the first four digits for the first level, the next two digits for the second level, and the last two digits for the third level. The structure in this case is 4-2-2.

Define the subsidiary account sources based on the chart of accounts. There are three types of subsidiary account sources available:

- Chart of account segments: Segments in chart of accounts except for natural account segment and company segment.
- Third party and employee supplier information: Customers, suppliers, and employees can be taken as subsidiary account.
- Project: A seeded supporting reference populates the project number to be a subsidiary account.

You can specify about 30 subsidiary segments. Subsidiary segment is mapped to subsidiary account sequentially when saving.

Scenario

For example, consider defining the following subsidiary segment mapping as follows:

- Segment 1: Chart of Account Department
- Segment 2: Subledger Accounting Customer
- Segment 3: Subledger Accounting Supplier

You can delete any segment and add a new one. Consider removing segment 2 and adding a new segment as follows:

- Segment 1: Chart of Account Department
- Segment 3: Subledger Accounting Supplier
- Segment 4: Project - Project Number

Save the mapping. The final result is:

- Segment 1: Chart of Account Department
- Segment 2: Subledger Accounting Supplier
- Segment 3: Project - Project Number

FAQs for Oracle Fusion Financials for Asia/Pacific

How can I assign cash flow item attributes?

Use the Cash Flow Item Attribute Assignments tab on the Create Financial Information Options for China page to assign the cash flow item attributes, such as cash flow item length, cash flow item, item source, and item attribute.

Can I delete subsidiary account mapping information after executing the Itemize Account and Journal for China process?

After executing the Itemize Account and Journal for China process, you can append additional subsidiary account mapping information. Removing the existing mapping information will result in some unexpected errors when you execute the program again.

How can I maintain text formulas for depreciation methods defined in Oracle Fusion Assets?

Use the Depreciation Method Formula tab on the Manage Enterprise Financial Data Export Options for China page to specify the text formulas for the depreciation methods defined in Oracle Fusion Assets.

Use the **Depreciation Method Formula** field to specify the formula in simple text. The **Depreciation Method** field lists all the depreciation methods defined in Assets.

For example, in the **Depreciation Method Formula** field, for the straight line depreciation method, specify the formula: **Depreciation Method = Recoverable Amount/Life**.

What's the difference between the depreciation method formula specified for the enterprise financial data export options for China and the one defined in Oracle Fusion Assets?

The depreciation method formula defined through the Manage Enterprise Financial Data Export Options for China page is used only for the financial data export.

It does not affect the behavior of the depreciation method in Oracle Fusion Assets.

What's the difference between the cash flow items used for the enterprise financial data export options for China and those used in the cash flow statement?

The description on the Cash Flow Item Attribute Assignments tab on the Manage Enterprise Financial Data Export Options for China page must be the same as the report item defined in the cash flow statement.

The cash flow item on the Cash Flow Item Attribute Assignments tab on the Manage Enterprise Financial Data Export Options for China page must correspond to both the report item number in the cash flow statement and the cash flow items in the cash flow segment of chart of accounts.

Glossary

3DES

Abbreviation for Triple Data Encryption Standard. An algorithm that applies the Data Encryption Standard (DES) cipher algorithm three times to each data block.

abstract role

A description of a person's function in the enterprise that is unrelated to the person's job (position), such as employee, contingent worker, or line manager. A type of enterprise role.

accompanying letter

A letter accompanying a payment file which summarizes its contents.

account rule

The rule that builds the account on a subledger journal entry. It can be used to derive complete accounts or a segment value. Conditions can be defined within a rule so that a different account is used based on particular attributes of a transaction.

accounting attribute

Predefined fields that map to components of subledger journal entries. Sources are assigned to accounting attributes.

accounting class usage

Grouping of accounting classes to be used in reporting or processing based on subledger journal entries.

accounting event class

Categories that classify transaction types and group event types for accounting rules.

accounting event type

Represents a business operation that may have an accounting impact.

accounting flexfield

The chart of accounts that determines the structure, such as the number and order of individual segments, as well as the corresponding values per segment.

accounting method

A set of journal entry rules which determine how a subledger journal entry is to be created for each event class or event type.

accounting period

The fiscal period used to report financial results, such as a calendar month or fiscal period.

action

The kind of access named in a security policy, such as view or edit.

ADF

Acronym for Application Developer Framework. A set of programming principles and rules for developing software applications.

application feature

A standardized functionality that is available to implemented.

application identity

Predefined application level user with elevated privileges. An application identity authorizes jobs and transactions for which other users are not authorized, such as a payroll run authorized to access a taxpayer ID while the user who initiated the job is not authorized to access such personally identifiable information.

application role

A role specific to applications and stored in the policy store.

Applications Core

Abbreviation for Oracle Fusion Middleware Extensions for Applications. The technical product code is FND.

AS2

Acronym for Applicability Statement 2. A specification for Electronic Data Interchange (EDI) between businesses using the Internet's Web page protocol, the Hypertext Transfer Protocol (HTTP). The AS2 standard allows businesses to use a common, single communications solution, which eliminates the complications and costs when different businesses in a network use different transfer protocols.

assignment

A set of information, including job, position, pay, compensation, managers, working hours, and work location, that defines a worker's or nonworker's role in a legal employer.

automatic assignment catalog

A non-hierarchical catalog to which categories that match the catalog's Catalog Structure value are automatically added. Add categories and share categories actions are disabled for this catalog configuration.

automatic offset

A method for balancing invoice and payment journal entries that cross primary balancing segment values.

AutoPost criteria sets

A grouping of options and submission frequencies used to select journal entries for automatic posting.

balancing segment

A chart of accounts segment used to automatically balance all journal entries for each value of this segment.

bar code

A printable bar code that uniquely identifies each employee's expense report.

beneficiary

A person or organization designated to receive benefits from a compensation plan on the death of the plan participant.

bill payable

Payment documents that are payable at maturity.

both pay

The deploying company pays the corporate card issuer for business expenses and the employee pays the corporate card issuer for personal expenses.

BPEL

Business Process Execution Language; a standard language for defining how to send XML messages to remote services, manipulate XML data structures, receive XML messages asynchronously from remote services, manage events and exceptions, define parallel sequences of execution, and undo parts of processes when exceptions occur.

browsing category

Parent or intermediate category that is associated with other categories in the catalog hierarchy, but has no assigned items.

business function

A business process, or an activity that can be performed by people working within a business unit and describes how a business unit is used.

business object

A resource in an enterprise database, such as an invoice or purchase order.

business unit

A unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy.

calendar event

A period that signifies an event, such as a public holiday or a training course, that impacts worker availability.

card feed file

A file containing corporate card transactions that originated from the card issuer's server.

catalog

A collection of categories used to classify items which can be organized into a hierarchy that represents a taxonomy.

category

Catalog component that is associated to a catalog to classify items.

chained key

An encryption approach used for data security where A encrypts B and B encrypts C.

chart of accounts

The account structure your organization uses to record transactions and maintain account balances.

clause adoption

Reusing a clause from the global business unit in local business units either by adopting the clause without change or by localizing it.

clause localization

A type of clause adoption where the adopted clause is edited to suit the local business unit needs.

clearing company

The intercompany clearing entity used to balance the journal.

company pay

The deploying company pays the corporate card issuer for all transactions.

condition

An XML filter or SQL predicate WHERE clause in a data security policy that specifies what portions of a database resource are secured.

constant

Holds the numeric value used to evaluate numeric conditions in Contract Expert rules. A constant permits you to reset the conditions of many rules with just one edit.

context

A grouping of flexfield segments to store related information.

context segment

The flexfield segment used to store the context value. Each context value can have a different set of context-sensitive segments.

context-sensitive segment

A flexfield segment that may or may not appear depending upon a context such as other information that has been captured. Context-sensitive segments are custom attributes that apply to certain entity rows based on the value of the context segment.

contingent worker

A self-employed or agency-supplied worker. Contingent worker work relationships with legal employers are typically of a specified duration. Any person who has a contingent worker work relationship with a legal employer is a contingent worker.

contract deviations

Differences between the contract terms in a contract and those in the contract terms template applied to that contract and any deviations from company policies as determined by Contract Expert feature rules.

Contract Expert

A feature of the application that permits you to create business rules in the Contract Terms Library to enforce corporate policies and standards for contracts.

Contract Terms Library

A repository of standard clauses, contract terms templates, and business rules built using Contract Expert.

corporate card program

An agreement between the corporate card issuer and the deploying company that governs the issuance of corporate cards to the deploying company's employees and the payments to the card issuer.

corporate rate type

Rate you define to standardize rates used in conversion of one currency to another over a period of time. This rate is generally a standard market rate determined by senior financial management for use throughout the organization.

cost center

A unit of activity or group of employees used to assign costs for accounting purposes.

cost organization

A grouping of inventory organizations that indicates legal and financial ownership of inventory, and which establishes common costing and accounting policies.

country holding company

A legal entity that acts on behalf of several divisions within an enterprise, and is the legal employer in a country.

cube

A block of data that contains three or more dimensions. An Essbase database is a cube.

data dimension

A stripe of data accessed by a data role, such as the data controlled by a business unit.

data instance set

The set of human capital management (HCM) data, such as one or more persons, organizations, or payrolls, identified by an HCM security profile.

data role

A role for a defined set of data describing the job a user does within that defined set of data. A data role inherits job or abstract roles and grants entitlement to access data within a specific dimension of data based on data security policies. A type of enterprise role.

data role template

A template used to generate data roles by specifying which base roles to combine with which dimension values for a set of data security policies.

data security

The control of access to data. Data security controls what action a user can taken against which data.

data security policy

A grant of entitlement to a role on an object or attribute group for a given condition.

database resource

An applications data object at the instance, instance set, or global level, which is secured by data security policies.

department

A division of a business enterprise dealing with a particular area of activity.

description rule

The rule that defines the description content that appears on the subledger journal header and line.

descriptive flexfield

Customizable expansion space, such as fields used to capture additional descriptive information or attributes about an entity, such as customer cases. Information collection and storage may be configured to vary based on conditions or context.

deskew

The process of straightening a crooked or skewed image.

despeckle

The process of removing unwanted dots or speckles on an image.

determinant

A value that determines which reference data set will be used in a specific business context.

determinant type

Designates the field within transactional columns that controls how data is shared across organizations such as business unit, asset book, cost organization or project unit. The type determines the reference data sets that would be used in a transaction.

determinant type

An additional and optional field within transactional columns (besides category and application) that is used to assign document sequences. The available determinant types are Business Unit, Ledger, Legal Entity, and Tax Registration.

determinant value

A value specific to the determinant type dimension of a document sequence. The determinant value is relevant in a document sequence assignment only if the document sequence has a determinant type. If Ledger is the determinant type for

a document sequence, the determinant value is the specific ledger number whose documents are numbered by the document sequence.

disbursement bank account

The deploying company's bank account.

distribution set

A predefined group of accounts used to automatically create invoice distributions for an invoice not matched to a purchase order.

division

A business-oriented subdivision within an enterprise. Each division is organized to deliver products and services or address different markets.

DMZ

Acronym for demilitarized zone. An isolated internal network used for servers that are accessed by external clients on the Internet, such as web servers, to provide a measure of security for internal networks behind the firewall.

document category

A high level grouping of person documents such as visas, licences, and medical certificates. Document subcategories provide further grouping of document categories.

document event class

Categorization of events within an application, such as Payables, Purchasing, or Receivables. For example, Payables event classes include standard invoices, prepayment invoices, and credit memos.

document fiscal classification

A classification used by a tax authority to categorize a document associated with a transaction for a tax.

document payable

An item that is ready to be paid. Equivalent to an installment in Oracle Fusion Payables.

document sequence

A unique number that is automatically or manually assigned to a created and saved document.

document type

A categorization of person documents that provides a set of options to control what document information to retain, who can access the documents, whether

the documents require approval, and whether the documents are subject to expiry. A document type exists for a combination of document category and subcategory.

duty role

A group of function and data privileges that represents one of the duties of a job.

duty role

A group of function and data privileges representing one duty of a job. Duty roles are specific to applications, stored in the policy store, and shared within an Oracle Fusion Applications instance.

eFolio

Summary corporate card transactions. Also known as Level 2 transactions.

EFT

Acronym for Electronic Funds Transfer. A direct transfer of money from one account to another, such as an electronic payment of an amount owed a supplier by transferring money from a payer's disbursement bank account into the supplier's bank account.

employment terms

A set of information about a nonworker's or employee's job, position, pay, compensation, working hours, and work location that all assignments associated with the employment terms inherit.

enterprise

An organization with one or more legal entities under common control.

enterprise role

Abstract, job, and data roles are shared across the enterprise. An enterprise role is an LDAP group. An enterprise role is propagated and synchronized across Oracle Fusion Middleware, where it is considered to be an external role or role not specifically defined within applications.

entitlement

Grants of access to functions and data. Oracle Fusion Middleware term for privilege.

error amount

When setting up corporate card usage policies to enforce the use of corporate cards, an amount that exceeds the cash limit and for which an error displays during expense entry in the expense report, which prevents submission of the report.

error tolerance

When setting up corporate card usage policies to enforce the use of corporate cards, a range that is from the cash limit up to the error tolerance amount. Above that amount, the expense report is not submitted.

error tolerance percentage

When setting up corporate card usage policies to enforce the use of corporate cards, a percentage that, when added to the cash limit, defines the error amount. If you spend more than the error amount, the expense report is not submitted.

ESS

Acronym for Enterprise Storage Server. An application that optimizes data storage.

eText

A feature in Oracle Business Intelligence Publisher (BI Publisher) that enables the format layout for fixed position and delimited formats to be presented in an understandable tabular structure.

Europe, Middle East, and Africa (EMEA)

A regional designation used for government, marketing and business purposes for countries in Europe, the Middle East, and Africa.

expense template

An administrator-defined list of related expense types. When you enter expenses on your expense report, you must select a specific expense template.

expense type

A potential expense that you can incur that has been defined by the administrator during setup.

extensible flexfield

Customizable expansion space, as with descriptive flexfields, but able to capture multiple sets of information within a context and multiple contexts grouped to appear in a named region of a user interface page. Some extensible flexfields allow grouping contexts into categories.

extract

An XML file that contains the superset of data relevant to a payment file.

feature choice

A selection you make when configuring offerings that modifies a setup task list, or a setup page, or both.

financial reporting book

Comprised of reports and other documents such as text, PDF, PowerPoint, Excel and Word files. When run, the report data is dynamically retrieved from the database; the snapshot data remains static.

first party payer

The deploying company making disbursements. The first party payer disburses funds to pay suppliers, customer refunds, and to reimburse employee expenses.

fixed rate type

Rate you set between two currencies that remains constant. For example, a rate set between the euro currency and each Economic and Monetary Union (EMU) currency during the conversion to the euro currency.

flexfield

Grouping of extensible data fields called segments, where each segment is an attribute added to an entity for capturing additional information.

flexfield segment

An extensible data field that represents an attribute on an entity and captures a single atomic value corresponding to a predefined, single extension column in the Oracle Fusion Applications database. A segment appears globally or based on a context of other captured information.

format

A key setup entity in Oracle Fusion Payments, which ties together formatting attributes, such those used by Oracle Fusion Business Intelligence Publisher (BI Publisher) templates and validations to execute during transaction processing.

format type

A categorization that indicates what a format is used for by Oracle Fusion Payments. Examples of format types include payment file, remittance advice, and bank statement.

FTP

Acronym for File Transfer Protocol. A system for transferring computer files, generally by the Internet.

function security

The control of access to a page or a specific widget or functionality within a page. Function security controls what a user can do.

funds capture payment profile

A key setup entity that holds rules for funds capture processing.

gallery

A searchable collection of portraits that combines the functions of the person directory with corporate social networking and self-service applications for both workers and managers.

global area

The region across the top of the user interface. It provides access to features and tools that are relevant to any page you are on.

grade

A component of the employment model that defines the level of compensation for a worker.

HCM data role

A job role, such as benefits administrator, associated with specified instances of Oracle Fusion Human Capital Management (HCM) data, such as one or more positions or all persons in a department.

HCM securing object

An HCM object that secures access to both its own data and data in other, related objects. For example, access to a specified set of person records can allow access to data secured by person records, such as goal plans and evaluations.

HTTP

Acronym for Hypertext Transfer Protocol. A request and response standard typical of client-server computing. In HTTP, web browsers or spiders act as clients, while an application running on the computer hosting the web site acts as a server. The client, which submits HTTP requests, is also referred to as the user agent. The responding server, which stores or creates resources such as HTML files and images, may be called the origin server. In between the user agent and origin server may be several intermediaries, such as proxies, gateways, and tunnels.

HTTPS

Acronym for Hyper Text Transfer Protocol Secure. A protocol primarily developed for secure, safe Internet transactions. HTTPS allows secure e-commerce transactions, such as online banking.

identity

A person representing a worker, supplier, or customer.

Incoterms

Incoterms are a series of international sales terms that represent international commercial transportation practices and are used in contracts for the sale

of goods. These terms help clarify and divide transaction costs, risks, and responsibilities between buyer and seller.

individual pay

The employee pays the corporate card issuer for all corporate card transactions.

installment

Any of several parts into which a debt or other sum payable is divided for payment at successive fixed times.

intended use fiscal classification

A tax classification based on the purpose for which a product is used.

interface table

A database table used for transferring data between applications or from an external application or data file.

internal payee

The deploying company or any of its business units that receive funds from their customers, the payers. Payees receive funds from their customers by credit card payments, debit card payments, direct debits to bank accounts, or bills receivable transactions sent to banks.

inventory organization

A logical or physical entity in the enterprise that is used to store definitions of items or store and transact items.

inventory organization

An organization that tracks inventory transactions and balances, and can manufacture or distribute products.

invoice distribution

Accounting information for an invoice line, such as accounting date, amount, and distribution combination. An invoice line can have one or more invoice distributions.

item master

A collection of data that describes items and their attributes recorded in a database file.

item organization

Item definition where inventory balances are not stored and movement of inventory is not tracked in the applications. Item attributes that carry financial and accounting information are hidden.

item subinventory

An association of an item with a subinventory that is created when you add an item to a subinventory.

job

A generic role that is independent of any single department or location. For example, the jobs Manager and Consultant can occur in many departments.

job role

A role for a specific job consisting of duties, such as an accounts payable manager or application implementation consultant. A type of enterprise role.

journal

An element of a journal entry consisting of the name, accounting date, category, ledger, and currency for single currency journal entries. Used to group journal lines.

journal batch

An element of a journal entry consisting of the name, source, and accounting period. Used to group journals for processing and easier querying.

journal category

A name used to group journal entries with similar characteristics, such as adjustments, accruals, or reclassifications.

journal entry

Point of entry of business transactions into the accounting system. Chronological record, with an explanation of each transaction, the accounts affected, and the amounts to increase or decrease each account.

journal line

An element of journal entries consisting of account combinations and credit or debit amounts. Optionally, contains statistical quantities, currency information for multicurrency journals, and additional information.

journal line rule

A rule that includes options to convert transactional data into a subledger journal line. A condition can be defined within a rule so that the rule is only used based on particular attributes of a transaction.

journal source

A name that indicates the origin of journal entries, such as payables, receivables, or manual. Used as an attribute in automatic posting and journal import processes.

key flexfield

Configurable key consisting of multiple parts or segments, each of which may be meaningful individually or in combination with the others. Key flexfields are commonly implemented to represent part numbers and account numbers.

key flexfield segment instance

A single occurrence of a key flexfield segment in a key flexfield structure instance.

key flexfield structure

The arrangement of segments in a key flexfield. In some cases, multiple structures can be defined for a single key flexfield.

key flexfield structure instance

A single occurrence of a key flexfield structure that shares the same order of segments as every other instance of the key flexfield structure, but uses different value sets to validate the segments.

legal authority

A government or legal body that is charged with powers such as make laws, levy and collect fees and taxes, and remit financial appropriations for a given jurisdiction.

legal classification

A classification associated with a legal entity that represents its legal status within a country and which also guides the tax determination process.

legal employer

A legal entity that employs people.

legal entity

An entity is identified and given rights and responsibilities under commercial law, through the registration with the country's appropriate authority.

legal jurisdiction

A physical territory, such as a group of countries, single country, state, county, parish, or city, which comes under the purview of a legal authority.

legal reporting unit

The lowest level component of a legal structure that requires registrations. Used to group workers for the purpose of tax and social insurance reporting or represent a part of your enterprise with a specific statutory or tax reporting obligation.

legislative data group

A means of partitioning payroll and related data. At least one legislative data group is required for each country where the enterprise operates. Each legislative data group is associated with one or more payroll statutory units.

Level 2

Summary corporate card transactions. Also known as eFolio.

Level 3

Detailed corporate card transactions.

line of business

Set of one or more highly related products which service a particular customer transaction or business need. Refers to an internal corporate business unit.

lookup code

A value available for lookup within a lookup type such as the code BLUE within the lookup type COLORS.

lookup type

A set of lookup codes to be used together as a list of values on a field in the user interface.

lossy

A data encoding method which compresses data by discarding (losing) some of it.

mainline

A branch of data that serves as a single source of truth.

managed person

In Oracle Fusion Human Capital Management security, a person for whom the user can maintain some information. For example, line managers can maintain information about their direct and indirect reports, and workers can maintain information about themselves, their dependents, and their beneficiaries.

manual payment

A payment created outside of Oracle Fusion Payables, but recorded in the application.

manufacturing facilities

Employed in the making of goods for sale such as a factory or plant.

mapping set

Maps a combination of input source values to specific output values. A mapping set can have a segment, account, or value set as output. The output value of a mapping set is used to derive accounts or segments in account rules.

merchant category code

A four-digit code that identifies the industry in which the deploying company operates.

MIS industry code

A code provided by the card issuer that identifies the type of transaction.

model profile

A collection of the work requirements and required skills and qualifications of a workforce structure, such as a job or position.

native catalog

A catalog that a user is managing.

natural account

Categorizes account segment values by account type, asset, liability, expense, revenue, or equity, and sets posting, budgeting, and other options.

natural account segment

A chart of accounts segment used to categorize your accounting transactions by account type: asset, liability, owner's equity, revenue, or expense.

offering

A comprehensive grouping of business functions, such as Sales or Product Management, that is delivered as a unit to support one or more business processes.

Oracle BI Publisher

An Oracle application that performs the following formatting tasks for Oracle Fusion Payments: 1) formats extracted data into a message, such as a settlement batch or payment file, that can be understood by the payment system, 2) supports remittance advice formatting and delivery.

Oracle BI Publisher templates

Format patterns provided by Oracle Business Intelligence Publisher (BI Publisher) that Oracle Fusion Payments uses to correctly format funds capture and disbursement transactions and which enable users to easily manage modifications to their formats.

party fiscal classification

A classification used by a tax authority to categorize a party for a tax.

payee

A supplier or employee who receives payment.

payment instrument

A credit card, debit card, or bank account used by a payee to collect a payment from an external payer.

payment method

Indicates the method of payment, such as check, cash, or credit.

payment process profile

A setup entity which drives processing behavior for each document payable, payment, and payment file.

payment request

A grouping of documents payable for which payment is requested. A payment request specifies the template to use in Oracle Fusion Payables, selects invoices for a pay run, and groups the invoices into payments based on setup rules.

payment system

An external organization that provides financial settlement services. The payment system can be the bank at which the deploying company has its bank accounts or it can be a third-party processor that connects companies and financial networks.

payroll statutory unit

A legal entity registered to report payroll tax and social insurance. A legal employer can also be a payroll statutory unit, but a payroll statutory unit can represent multiple legal employers.

pending worker

A person who will be hired or start a contingent worker placement and for whom you create a person record that is effective before the hire or start date.

period type

Is the shortest period range that must be available for incentive compensation processing, for example monthly. Associate the period type with a calendar and define incentive compensation periods (for example, Jan-10, Feb-10) for a calendar based on it.

person type

A subcategory of a system person type, which the enterprise can define. Person type is specified for a person at the employment-terms or assignment level.

personally identifiable information

Any piece of information that can potentially be used to uniquely identify, contact, or locate a single person. Within the context of an enterprise, some PII data can be considered public, such as a person's name and work phone number, while other PII data is confidential, such as national identifier or passport number.

PL/SQL

Abbreviation for procedural structured queried language.

PO

Abbreviation for purchase order.

point of view

User selected dimensions that are not included in the grids at the row, column or page levels for a particular report. Only these dimensions can be overridden at run time, unless user also specifically defined Prompt for the dimensions on the grid.

portrait

A selection of information about a worker or nonworker, including contact details, social connections, and activities and interests, that can be viewed and edited. Both the amount and type of information and the available actions depend on the role of the portrait user.

position

A specific occurrence of one job, fixed within one department, also often one location. For example, the position Finance Manager is an instance of the job Manager in the Finance Department.

primary balancing segment value

A segment value used to represent a legal entity in the chart of accounts and automatically balance all intercompany and intracompany transactions and journal entries.

primary ledger

Main record-keeping ledger.

privilege

A grant or entitlement of access to functions and data. A privilege is a single, real world action on a single business object.

product category fiscal classification

A classification defined for a noninventory-based product category, that is used for tax determination or tax reporting purpose.

product fiscal classification

A classification used by a tax authority to categorize a product for a tax. There could be more than one by tax. For example, for Brazil two classifications are required.

profile option

User preferences and system configuration options consisting of a name and a value, that can be set at hierarchical levels of an enterprise. Also called a profile or user option.

profile option level

A level at which profile option values are defined. Site, product, and user are predefined levels.

profile option level hierarchy

The ordering of profile option levels. The order of the levels in the hierarchy determines which levels take precedence.

profile option value

The value portion of a profile option's name and value. A profile option may have multiple values set at different levels, such as site or user.

project expenditure organization

An organization that can incur expenditures and hold financial plans for projects.

public person

In Oracle Fusion Human Capital Management security, a person for whom some basic information is publicly available. For example, users typically access the contact details of public persons, such as phone numbers and locations, using the person gallery.

quick payment

A single payment that you create for one more invoices without submitting a payment process request.

reference data

Data in application tables that is not transactional and not high-volume such as sales methods, transaction types, or payment terms, and can be shared and used across organizational boundaries.

reference data set

Contains reference data that can be shared across a number of business units or other determinant types. A set supports common administration of that reference data.

reference data sharing

Facilitates the reuse of common transactional data entities within the parts of a business flow or across organizations.

reference group

A logical grouping of tables that correspond to logical entities such as payment terms defined across multiple tables or views. Grouping establishes common partitioning requirements across the entities causing them to share the same set assignments.

referenced category

A category within the native catalog that is shared from a designated source catalog. A reference category is not editable.

registration

The record of a party's identity related details with the appropriate government or legal authorities for the purpose of claiming and ensuring legal and or commercial rights and responsibilities.

reporting entity

A person or organization that has a unique tax identification number. Used for US 1099 tax reporting.

role

Controls access to application functions and data.

role hierarchy

Structure of roles to reflect an organization's lines of authority and responsibility. In a role hierarchy, a parent role inherits all the entitlement of one or more child roles.

role mapping

A relationship between one or more job roles, abstract roles, and data roles and one or more conditions. Depending on role-mapping options, the role can be provisioned to or by users with at least one assignment that matches the conditions in the role mapping.

role provisioning

The automatic or manual allocation of an abstract role, a job role, or a data role to a user.

sandbox

A runtime session that commits changes out of reach of mainline users.

security profile

A set of criteria that identifies one or more human capital management (HCM) objects of a single type for the purposes of securing access to those objects. Security profiles can be defined for persons, organizations, positions, countries, LDGs, document types, payrolls, payroll flows, and workforce business processes.

security reference implementation

Predefined function and data security in Oracle Fusion Applications, including role based access control, and policies that protect functions, data, and segregation of duties. The reference implementation supports identity management, access provisioning, and security enforcement across the tools, data transformations, access methods, and the information life cycle of an enterprise.

segregation of duties

An internal control to prevent a single individual from performing two or more phases of a business transaction or operation that could result in fraud.

separate remittance advice

A notice sent to a payee that lists the invoices that the deploying company has paid electronically to that payee's bank account.

service provider model

A business unit that provides specific business functions for another business unit.

servlet

A Java programming language class used to extend the capabilities of servers that host applications accessed via a request-response programming model. Although servlets can respond to any type of request, they are commonly used to extend the applications hosted by Web servers. For such applications, Java Servlet technology defines HTTP-specific servlet classes.

set

Reference data that is organized into groups appropriate to organizational entities, to enable reference data sharing.

set enabled

An entity, such as a lookup, customer, location, organization, or document attachment, that is allowed to participate in reference data sharing by drawing on the data of a reference data set.

settlement

A funds capture transaction that moves money from the account of the cardholder or the bank account owner into the account of the payee.

settlement batch

A group of transactions, typically settlements and credits, that are sent to the payment system together in a file. Settlement batches are generally used with a processor-model payment system.

shared category

A category within a source catalog that has been added to a native catalog as a referenced category. The category can be shared with one or more catalogs.

SIC code

A Standard Industrial Classification code, which represents a United States government system for classifying industries by a four-digit code.

SOA

Abbreviation for service-oriented architecture.

source

Contextual and reference information from subledger applications. This information is used in conjunction with accounting rules to create subledger journal entries.

source product

The product that owns a transaction and submits the request for disbursement or funds capture to Oracle Fusion Payments.

source system

An external system from a non-Oracle software provider, or internally created, that generates events which are to be accounted in the Oracle Fusion Accounting Hub.

spot rate type

Rate you enter to perform conversion based on this rate as of a specific date. This rate applies to the immediate delivery of a currency.

SQL predicate

A type of condition using SQL to constrain the data secured by a data security policy.

storage facilities

Commercial building for storage of goods such as a warehouse.

subledger

A low-level ledger that stores and manages the details that substantiate the monetary value stored in the general ledger. Oracle Fusion Receivables and Oracle Fusion Payables are examples of subledgers.

subledger accounting options

Defines how certain accounting processing should be done for transactions at the ledger and subledger application level. For example, the option to create a reversal entry includes displaying negative amounts or reversing the debit and credit sides.

subledger journal entry

A detailed journal entry generated for a transaction in a subledger application.

subledger journal entry line

An individual debit or credit line that is part of a subledger journal entry.

subledger journal entry rule set

A set of rules defining how to generate a complete journal entry for an accounting event.

supporting reference

Stores additional source information about a subledger journal entry either at the header or line level. They can be used to establish a subledger balance for a particular source value or combination of source values for a particular account.

system key

The encryption master key for the entire installation. It is stored in an Oracle Wallet file and is used to encrypt Payments system subkeys.

system person type

A fixed name that the application uses to identify a group of people.

tax

The classification of a charge imposed by a government through a fiscal or tax authority.

tax determining factor

An input that affects the outcome of a tax calculation process. Tax determining factors are grouped into tax determining factor sets and used to define tax condition sets and tax rules.

tax exception

A condition or combination of conditions that result in a change from the standard values for a particular product.

tax exemption

A full or partial exclusion from taxes within a given time period.

tax formula

A tax formula is used to define the taxable basis and tax calculation for a given tax.

tax jurisdiction

A geographic area where a tax is levied by a specific tax authority.

tax rate

The rate specified for a tax status for an effective time period. A tax rate can be expressed as a percentage or a value per unit quantity.

tax recovery

The full or partial reclaim of taxes paid on the purchase or movement of a product.

tax regime

The set of tax rules that determines the treatment of one or more taxes administered by a tax authority.

tax registration

The registration of a party with a tax authority that confers tax rights and imposes certain tax obligations.

tax rule

A user-defined rule that looks for a result for a specific tax determination process, such as determining place of supply or tax registration, in relation to a tax on a transaction.

tax status

The taxable nature of a product in the context of a transaction for a tax.

territory

A legally distinct region that is used in the country field of an address.

trading partner

An external party, such as a supplier, in the Oracle B2B application for which electronic documents are sent or from which documents are received. A trading partner in Oracle B2B corresponds to a supplier site.

transaction account definition

Determines the different kinds of accounts derived for a transaction, as well as the account rules used for the derivation.

transaction account type

Determines the different types of accounts derived for a transaction, as well as the sources that can be used for its derivation.

transaction business category

A business classification used to identify and categorize an external transaction into a tax transaction.

transaction codes

Codes that the card issuer assigns to corporate card transactions in the corporate card feed file.

transaction fiscal classification

A classification used by a tax authority to categorize a transaction for a tax. There could be more than one by tax. For example, for Brazil, three classifications are required: a) transaction nature, such as free sample, demonstration, consignment, donation; b) transaction classification, such as the sale of products previously acquired, the sale of products that were manufactured by the company; and c) operation classification, such as ship from - ship to relationship.

transaction object

Standardized data model containing transaction information used by the Create Accounting process to create subledger journal entries from accounting events.

transmission configuration

Configuration for transmitting files such as payment files.

transmission protocol

A method used to electronically transmit data, such as FTP and Secure HTTP.

tree

Information or data organized into a hierarchy with one or more root nodes connected to branches of nodes. A tree must have a structure where each node corresponds to data from one or more data sources.

tree structure

Characteristics applied to trees, such as what data to include or how the tree is versioned and accessed.

tree version

An instance of a tree. If a tree is associated with a reference data set, all versions belong to one set. Includes life cycle elements such as start and end date and a status indicator whether the tree is active or not.

usage rules

Rules that determine when payment methods and payment process profiles can be assigned for use on documents payable.

user rate type

Rate you enter at journal entry time to convert foreign currency transactions to your functional currency.

validations

Rules that ensure that transactions are valid before they are printed or submitted electronically to payment systems. You use validations to ensure that disbursement transactions, such as invoices, payments, and payment files meet specific conditions before they can be paid.

value set

A set of valid values against which values entered by an end user are validated. The set may be tree structured (hierarchical).

value-added tax (VAT)

An indirect tax on consumer expenditure that is collected on business transactions and imported goods. Value-added tax (VAT) is charged at each production, distribution, and retail stage in the supply of products. If customers are registered for VAT and use the supplies for taxable business purposes, then they will typically receive credit for the VAT that is paid.

warning amount

When setting up corporate card usage policies to enforce the use of corporate cards, an amount that exceeds the cash limit and for which a warning displays during expense entry in the expense report.

warning tolerance

When setting up corporate card usage policies to enforce the use of corporate cards, a range that is from the cash limit up to the warning tolerance amount. Above that amount, a warning displays.

warning tolerance percentage

When setting up corporate card usage policies to enforce the use of corporate cards, a percentage that, when added to the cash limit, defines the warning amount. If you spend more than the warning amount, a warning displays.

withholding tax group

A collection of one or more withholding tax codes.

WLS

Acronym for Weblogic Server. The application server for building and deploying enterprise Java enterprise applications.

work area

A set of tasks, reports, business intelligence, searches, and other content that a user needs to accomplish a business goal.

work relationship

An association between a person and a legal employer, where the worker type determines whether the relationship is a nonworker, contingent worker, or employee work relationship.

workflow

An automated process in which tasks are passed from a user, a group of users, or the application to another for consideration or action. The tasks are routed in a logical sequence to achieve an end result.

workforce business process

A defined sequence of tasks, registered for the enterprise, that delivers a major business goal. The tasks may be allocated to multiple roles across multiple products.

XML filter

A type of condition using XML to constrain the data secured by a data security policy.