

**Oracle® Fusion Applications Enterprise Contracts  
Implementation Guide**

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Oracle® Fusion Applications Enterprise Contracts Implementation Guide

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# Contents

## 1 Overview

Enterprise Contracts Offering: Overview .....	1-1
Getting Started with an Implementation: Overview .....	1-3
Manage Application Implementation .....	1-4

## 2 Common Applications Configuration: Define Synchronization of Users and Roles from LDAP

User and Role Synchronization: Explained .....	2-1
--	-----

## 3 Common Applications Configuration: Define Implementation Users

Initial Security Administration: Critical Choices .....	3-1
Initial Security Administration: Worked Example .....	3-3

## 4 Common Applications Configuration: Maintain Common Reference Objects

Maintain Common Reference Objects: Overview .....	4-1
Define Application Taxonomy .....	4-1
Define Reference Data Sharing .....	4-4
Define Lookups .....	4-8
Manage Messages .....	4-15
Define ISO Reference Data .....	4-17
Manage Data Security Policies .....	4-21
Define Document Sequences .....	4-31
Define Trees .....	4-34
Define Profile Options .....	4-49
Define Flexfields .....	4-58
Define Attachments .....	4-102
Set Activity Stream Options .....	4-106
Manage Menu Customizations .....	4-106
Manage Audit Policies .....	4-107
Manage Oracle Social Network Objects .....	4-109
Manage Applications Core Common Reference Objects: Manage Applications Core Messages .....	4-113
Manage Applications Core Common Reference Objects: Manage Applications Core Administrator Profile Values .....	4-113

## 5 Common Applications Configuration: Define Currencies and Currency Rates

Manage Currencies .....	5-1
Manage Conversion Rate Types .....	5-3

Manage Daily Rates .....	5-7
--------------------------	-----

## 6 Common Applications Configuration: Define Enterprise Structures

Enterprise Structures: Overview .....	6-1
Enterprise Structures Business Process Model: Explained .....	6-3
Global Enterprise Configuration: Points to Consider .....	6-5
Modeling Your Enterprise Management Structure in Oracle Fusion: Example .....	6-6
Essbase Character and Word Limitations .....	6-9
Define Initial Configuration with the Enterprise Structures Configurator .....	6-11
Define Reference Data Sharing .....	6-36
Define Enterprise: Manage Enterprise HCM Information .....	6-43
Define Enterprise: Manage Locations .....	6-44
Define Geographies .....	6-46
Define Legal Jurisdictions and Authorities .....	6-67
Define Legal Entities: Manage Legal Entity .....	6-73
Define Legal Entities: Manage Legal Entity HCM Information .....	6-78
Define Legal Entities: Manage Legal Entity Tax Profile .....	6-83
Define Legal Entities: Define Legal Reporting Units .....	6-87
Define Chart of Accounts for Enterprise Structures: Manage Chart of Accounts .....	6-88
Define Chart of Accounts for Enterprise Structures: Manage Chart of Accounts Value	
Sets .....	6-109
Define Chart of Accounts for Enterprise Structures: Manage Account Hierarchies .....	6-113
Define Chart of Accounts for Enterprise Structures: Manage Accounting Calendars ....	6-132
Define Accounting Configurations of Enterprise Structures: Manage Primary or	
Secondary Ledgers .....	6-136
Define Accounting Configurations of Enterprise Structures: Specify Ledger Options ...	6-144
Define Accounting Configurations of Enterprise Structures: Manage Reporting	
Currencies .....	6-148
Define Business Units: Manage Service Provider Relationships .....	6-151
Define Business Units: Specify Customer Contract Management Business Function	
Properties .....	6-153
Define Business Units: Specify Supplier Contract Management Business Function	
Properties .....	6-157
Define Business Units: Assign Business Unit Business Function .....	6-158
Define Business Units: Manage Business Units .....	6-161
Define Workforce Structures: Manage Enterprise HCM Information .....	6-162
Define Workforce Structures: Manage Locations .....	6-162
Define Workforce Structures: Manage Divisions .....	6-164
Define Workforce Structures: Manage Departments .....	6-167
Define Workforce Structures: FAQs for Manage Job Families .....	6-170
Define Workforce Structures: Manage Job .....	6-171
Define Workforce Structures: Manage Person Search Relevance Profile Option Values	
.....	6-172
Define Facilities: Manage Facility Shifts, Workday Patterns, and Schedules .....	6-173
Define Facilities: Manage Inventory Organizations .....	6-176
Define Facilities: Manage Item Organizations .....	6-182

## 7 Common Applications Configuration: Define Security

Security Tasks: Highlights .....	7-1
Defining Security After Enterprise Setup: Points to Consider .....	7-4
Security Tasks and Oracle Fusion Applications: How They Fit Together .....	7-8
Security Tasks: Overview .....	7-11
Define Data Security .....	7-15
Define Users .....	7-34

## **8 Common Applications Configuration: Define Automated Governance, Risk, and Performance Controls**

Segregation of Duties: Explained .....	8-1
Segregation of Duties in the Security Reference Implementation: Explained .....	8-2
Defining Segregation of Duties Policies: Points To Consider .....	8-4
Managing Segregation of Duties Risks and Violations: Critical Choices .....	8-6
Role Provisioning and Segregation of Duties: How They Work Together .....	8-8

## **9 Common Applications Configuration: Define Approval Management**

Approval Management: Highlights .....	9-1
---------------------------------------	-----

## **10 Common Applications Configuration: Define Help Configuration**

Define Help Configuration: Overview .....	10-1
Set Help Options .....	10-1
FAQs for Assign Help Text Administration Duty .....	10-4
Manage Help Security Groups .....	10-4
Help File Customization .....	10-5
Embedded Help Customization .....	10-16

## **11 Common Applications Configuration: Define Application Toolkit Configuration**

Define Application Toolkit Configuration: Overview .....	11-1
FAQs for Map Reports to Work Areas .....	11-1
Set Watchlist Options .....	11-2

## **12 Common Applications Configuration: Define WebLogic Communication Services Configuration**

Click-to-Dial: Explained .....	12-1
Click-to-Dial: Top Tasks .....	12-4
Configuring PSTN Gateway Address Using Topology Manager: Worked Example .....	12-5

## **13 Common Applications Configuration: Other Common Setup and Maintenance Tasks**

FAQs for Other Common Setup and Maintenance Tasks .....	13-1
---	------

## **14 Common Applications Configuration: Importing and Exporting Setup Data**

Configuration Packages: Explained .....	14-1
Exporting and Importing Setup Data: Explained .....	14-1
Moving Common Reference Objects .....	14-2

## 15 Define Contracts Common Configuration

Specifying Customer Contract Management Business Function Properties .....	15-1
Specifying Supplier Contract Management Business Function Properties .....	15-4
Defining Notes: Points to Consider .....	15-6
What's an Interaction .....	15-7
Managing Contract Party Roles and Sources .....	15-7
Managing Party Contact Roles .....	15-9
Managing Contract Types .....	15-11
Contract Line Types: Explained .....	15-24
Managing Contract Risks .....	15-26
Enabling Different Levels of Contract Terms Editing During Contract Authoring: Explained .....	15-26
Setting Up Contract Text Search: Highlights .....	15-27

## 16 Define Project Contracts Configurations: Define Customer Contracts Billing

Define AutoInvoice Line Ordering Rules .....	16-1
Define AutoInvoice Line Grouping Rules .....	16-2
Define AutoAccounting .....	16-5
Define Transaction Types .....	16-8
Define Transaction Sources .....	16-12
Define Salesperson Reference Accounts .....	16-17
Define Remit-to Addresses .....	16-17
Specify Customer Contract Management Business Function Properties .....	16-18
Define Memo Lines .....	16-24

## 17 Define Project Contract Configurations: Define Transaction Taxes

Define Transaction Taxes: Overview .....	17-1
Defining Transaction Taxes: Critical Choices .....	17-2
Scope Values for Define Transaction Taxes Task List: Explained .....	17-4
Foundation Tax Configuration: Points to Consider .....	17-5
Advanced Tax Configuration: Points to Consider .....	17-7
Define Tax Geographies .....	17-8
Define Tax Regimes .....	17-15
Define Product Tax Classifications .....	17-45
Define Basic Catalogs .....	17-56
Define Transaction Tax Classifications .....	17-74
Define Party Classifications .....	17-84
Define Taxes .....	17-89
Manage Tax Determining Factor Sets and Tax Condition Sets .....	17-122
Define Tax Recovery .....	17-135
Tax Recovery Distributions: Explained .....	17-143

Tax Recovery Distributions: Example .....	17-144
Define Tax Statuses .....	17-145
Define Tax Rates .....	17-147
Manage Tax Exceptions .....	17-155
Define Tax Rules .....	17-156
Manage Tax Applicability and Place of Supply Rules .....	17-181
Manage Tax Formulas .....	17-187
Manage Tax Calculation Rules .....	17-192
Define First Party Tax Profiles .....	17-193
Manage Intrastat Country Characteristics .....	17-239
Manage Configuration Owner Tax Options .....	17-246
Configuration Owner Tax Options Controls and Defaults: Points to Consider .....	17-249
Define Italian Exemptions .....	17-254
Define Third Party Tax Profiles .....	17-256
Manage Tax Reporting Types .....	17-285
Define Tax Override Controls .....	17-288
Verify Tax Configuration .....	17-289
Set Up Tax Calculation Service Provider Integration .....	17-305

## 18 Define Procurement Contracts Configurations

Specify Supplier Contract Management Business Function Properties .....	18-1
---	------

## 19 Define Contract Terms and Clause Library Configuration

Contract Terms Library Setup Overview .....	19-1
Managing Clauses in the Contract Terms Library .....	19-9
Managing Contract Terms Templates .....	19-26
Setting Up Contract Expert .....	19-36
Setting Up Variables .....	19-53
Setting Up Adoption of Content Between Libraries .....	19-61
Creating Folders to Organize Clauses .....	19-64
Setting Up Contract Preview and Printing .....	19-64
Setting Up Contract Terms Deliverables for Procurement .....	19-70
Indexing Clauses for Keyword Searches .....	19-76
Managing Clause and Section Numbering Schemes .....	19-76
Importing Clauses into the Contract Terms Library: Explained .....	19-77

## 20 Define File-Based Data Import

Overview of File-Based Data Import .....	20-1
Import Objects for Contracts .....	20-26

## 21 Manage Bulk Data Export

Manage Export Objects .....	21-1
FAQs for Data Export .....	21-5



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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.

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.
Functional Setup Manager User 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.  <b>Note</b> Limited content applicable to Oracle Cloud implementations.

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 details on 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 Oracle Enterprise Repository 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.
- Other technical information such as reusable components, policies, architecture diagrams, and topology diagrams.

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**Note**

The content of Oracle Enterprise Repository reflects the latest release of Oracle Fusion Applications.

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## 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](mailto: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.



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## Overview

### Enterprise Contracts Offering: Overview

Using the Enterprise Contracts business process area, your enterprise can review and define the setup for managing project and procurement contracts, and define the setup configuration and tasks related to importing and exporting contract data.

Before you begin, use the Getting Started page in the Setup and Maintenance work area to access reports for each offering, including full lists of setup tasks, descriptions of the options and features you can select when you configure the offering, and lists of business objects and enterprise applications associated with the offering.

The first implementation step is to configure the offerings in the Setup and Maintenance work area by selecting the offerings and options that you want to make available to implement. For the Enterprise Contracts offering, you can select the following options:

- Project Contracts
- Procurement Contracts

Next, create one or more implementation projects for the offerings and options that you want to implement first, which generates task lists for each project. The application implementation manager can customize the task list and assign and track each task.

If you select all of the options, the generated task list for this offering contains the following groups of tasks:

- Define Common Applications Configuration for Enterprise Contracts
- Define Contracts Common Configuration
- Define Project Contracts Configuration
- Define Procurement Contracts Configuration
- Define Contract Terms and Clause Library Configuration
- Enterprise Contracts: Define File-Based Data Import

- Manage Bulk Data Export
- Define Transactional Business Intelligence Configuration

## **Define Common Applications Configuration for Enterprise Contracts**

Use this task list to manage definitions used across offerings, typically applying to multiple products and product families. These definitions include enterprise structures, security, and approval rules, amongst others.

You can find other information that supports the common implementation tasks in the Oracle Fusion Applications Concepts Guide.

## **Define Contracts Common Configuration**

Define and manage the setup for common functions within the contracts set of business processes.

## **Define Project Contracts Configuration**

Define and manage the setup related to project contracts including contract types and content that can be used consistently across contracts.

## **Define Procurement Contracts Configuration**

Define and manage the setup related to procurement contracts.

## **Define Contract Terms and Clause Library Configuration**

Define and manage the setup to support creation and verification of contract terms.

## **Enterprise Contracts: Define File-Based Data Import**

Define mappings between contract attributes and import files, and schedule import jobs.

## **Manage Bulk Data Export**

Review and manage export objects and schedule export processes to export business objects to external data files.

## **Define Transactional Business Intelligence Configuration**

Define the configuration for Oracle Transactional Business Intelligence to enable business intelligence reporting with the Oracle Fusion Applications.

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### **Note**

Although this task list appears in the Oracle Fusion Enterprise Contracts offering, Enterprise Contracts does not include business intelligence reporting. If you are implementing another offering where business intelligence reporting is available, then refer to that offering's implementation guide for help with this set of tasks.

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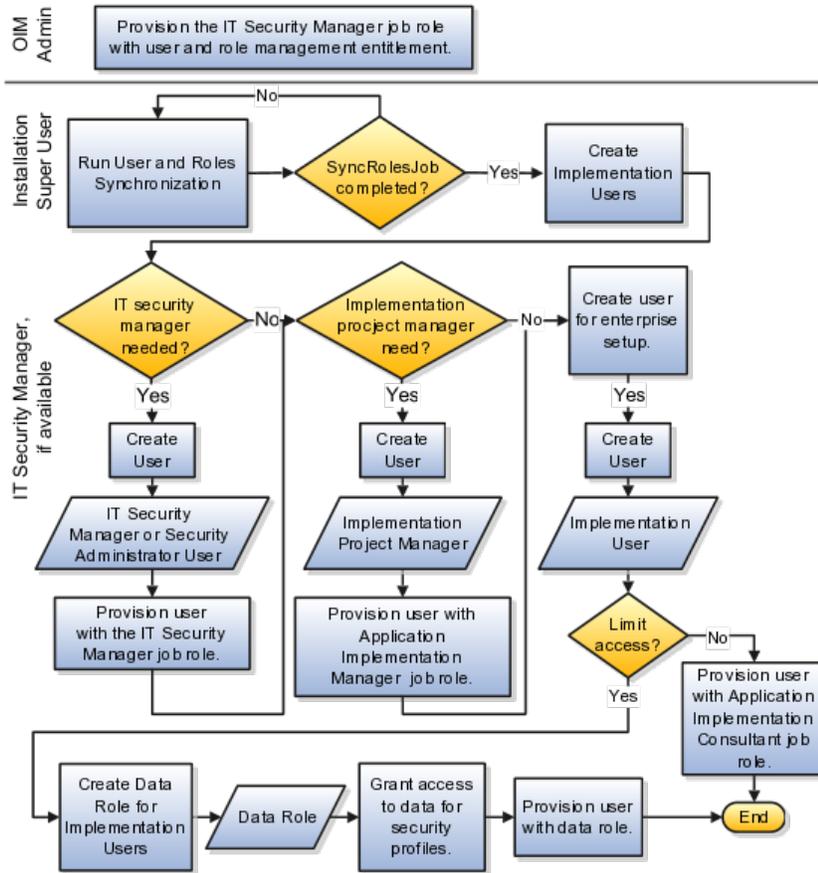
## Getting Started with an Implementation: Overview

To start an Oracle Fusion Applications implementation, you must set up one or more initial users using the super user that was created during installation and provisioning of the Oracle Fusion Applications environment, or using the initial administrator user provided by Oracle for Oracle Cloud Application Services implementations. 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. If you are not starting an Oracle Cloud Application Services implementation, sign into Oracle Identity Manager (OIM) as the OIM Administration users and provision the IT Security Manager job role with roles for user and role management. This enables the super user account, which is provisioned with the IT Security Manager job role, to create implementation users.
2. For starting all implementations, sign in as the user with initial access: either the Oracle Fusion Applications installation super user or the initial Oracle Cloud Application Services administrator user.
3. Select an offering to implement, and generate the setup tasks needed to implement the offering.
4. Perform the following security tasks:
  - 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.
5. 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.



## 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 for comparable Oracle Fusion applications 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.
- Achieve 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.

The following documentation resources are 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.

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# Common Applications Configuration: Define Synchronization of Users and Roles from LDAP

## User and Role Synchronization: Explained

Oracle Identity Management (OIM) maintains Lightweight Directory Access Protocol (LDAP) user accounts for users of Oracle Fusion applications. OIM also stores the definitions of abstract, job, and data roles and holds information about roles provisioned to users. During implementation, any existing information about users, roles, and roles provisioned to users must be copied from the LDAP directory to the Oracle Fusion Applications tables. Once the Oracle Fusion Applications tables are initialized with this information, it is maintained automatically. To perform the initialization, you run the process Retrieve Latest LDAP Changes.

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### Note

For security and audit best practice, implementation users have person records and appropriate role-based security access. So that appropriate roles can be assigned to implementation users, you must run the process Retrieve Latest LDAP Changes before you create implementation users.

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During initial implementation, the installation super user performs the task Run User and Role Synchronization Process to run the Retrieve Latest LDAP Changes process.

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### Tip

The user name and password of the installation super user are created during installation provisioning of Oracle Fusion Applications. For details of the user name and password, contact your system administrator or the person who installed Oracle Fusion Applications.

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# Common Applications Configuration: Define Implementation Users

## Initial Security Administration: Critical Choices

After installation and provisioning, and before setting up enterprise structures and implementing projects, you must establish required entitlement for the super user account and at least one implementation user to proceed with the implementation. Once initial enterprise structure setup is complete, additional users may be created through processes available in Human Capital Management (HCM).

Initial security administration consists of the following.

- Preparing the IT Security Manager job role
- Synchronizing users and roles from Lightweight Directory Access Protocol (LDAP) with HCM
- Creating implementation users
- Optionally creating data roles for implementation users
- Provisioning implementation users with roles

Once the first implementation project begins and the enterprise work structure is set up, use standard user and security management processes such as the Manage Users task to create and manage additional users. Do not use the Create Implementation Users task after your enterprise has been set up.

### Preparing the IT Security Manager Job Role

Initially the super user is not provisioned to manage users and roles.

You must add the following Oracle Identity Management (OIM) roles to the IT Security Manager job role's role hierarchy to enable the super user to create one or more initial implementation users.

- Identity User Administrators
- Role Administrators

Additionally, you must assign the Xellerate Users organization to the IT Security Manager role.

## Synchronizing Users and Roles from LDAP

After configuring an offering and setting up the task lists for implementation, the Run User and Roles Synchronization Process task is available to the super user for synchronizing users and roles in the LDAP store with Oracle Fusion Human Capital Management (HCM).

## Defining Initial Implementation Users

The super user is provisioned with roles that provide broad access to Oracle Fusion Middleware and Oracle Fusion Applications administration, and is not suitable as an implementation user in most enterprises. The super user should define at least one implementation user, which consists of creating the user account and provisioning it with at least the Application Implementation Consultant and Application Implementation Manager job roles.

As a security guideline, define an IT security manager user who in turn defines one or more implementation users to set up enterprise structures. The IT security manager users can provision the implementation user with the Application Implementation Consultant role, which entitles access to all enterprise structures. Or the IT security manager can create a data role that restricts access to enterprise structures of a specific product and provisioning that role.

Depending on the size of your implementation team, you may only need a single implementation user for security administration, implementation project management, enterprise structures setup, and application implementation. That single user must then be provisioned with all indicated roles, and therefore broad access.

## Creating Implementation Users

The super user creates one or more implementation users by performing the Create Implementation Users task.

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### Note

This initial implementation user is a user account created in Oracle Identity Management only, specifically for setting up enterprise structures, and is not related to a real person or identity such as a user defined in HCM.

---

## Creating Data Roles for Implementation Users

As an alternative to provisioning an implementation user with the Application Implementation Consultant role to access all enterprise structures, you may need implementation users with access restricted to enterprise structures for specific products. In this case, use the Create Data Roles for Implementation Users task to create a data role based on a job role with less broad access, such as the HCM Application Administrator job role.

## Provisioning Roles to Implementation Users

After creating an implementation user, you must provision the user with one or more roles by performing the Provision Roles to Implementation Users task.

For example, assign a role to the implementation user that provides the access necessary for setting up the enterprise. Depending on need, provision to the implementation user the predefined Applications Implementation Consultant role or a product family-specific administrator data role, such as a data role based on the predefined Financials Applications Administrator.

---

**Caution**

The Application Implementation Consultant has broad access. It is a very useful role for experimentation or setting up a pilot environment, but may not be suitable for implementation users in a full implementation project.

---

## Initial Security Administration: Worked Example

This example illustrates initial security administration after having installed and provisioned an Oracle Fusion Applications environment.

In Oracle Fusion Applications, you manage users and security through Oracle Fusion Human Capital Management (HCM) user management flows, which are included in each of the offering task lists. However, the HCM task flows require that enterprise structures have been set up, and yet to add users who can set up enterprise structures you need to have set up HCM. Therefore, you need to create one or more initial implementation users who are responsible for providing the following.

- Users and their applications security management
- Implementation project management
- Initial enterprise structures management

The following table summarizes key decisions for this scenario.

Decision	In this Example
How to sign in to Oracle Fusion Applications for the first time	Use the super user account that was created when installing and provisioning Oracle Fusion Applications (for example, FAADMIN).
How to ensure that the roles and users in the Lightweight Directory Access Protocol (LDAP) store match what is available for selection when defining implementation users	Perform the Run User and Roles Synchronization Process task.
How to create a first implementation user	Prepare the IT Security Manager job role for user and role management so the super user and any other user provisioned with the IT Security Manager job role can manage users and roles.
How to establish security administration users	Define an IT security manager user provisioned with the IT Security Manager job role.
How to establish an implementation user with access to set up enterprise structures	Define an implementation user provisioned with the Application Implementation Consultant job role.

You create an initial implementation user by performing the following tasks.

1. The Oracle Identity Management System Administrator user provisions the IT Security Manager job role with roles for user and role management.
2. The Oracle Fusion Applications super user synchronizes LDAP users with HCM user management so that users can be provisioned with roles through HCM.
3. The Oracle Fusion Applications super user performs the Create Implementation Users task to create one or more IT security manager and administrator users provisioned with security administrative entitlement.
4. The IT Security Manager user signs in to Oracle Fusion Applications and performs the Create Implementation Users task to create implementation managers and users.
5. The IT Security Manager user provisions implementation users for enterprise structure setup.

---

**Note**

The following tasks assume that the super user has configured an offering and set up task lists. When not following a task flow within an activity, you can find tasks in **Navigator > Tools > Setup and Maintenance > All Tasks** . Search for the task and click its **Go to Task** icon in the search results.

---

## Preparing the IT Security Manager Role

The super user that was created when installing and provisioning Oracle Fusion Applications (for example, FAADMIN), or the initial administrator user provided by Oracle for Oracle Cloud Application Services, has all necessary access for implementing Oracle Fusion Applications and administering security. This access is provided by the following roles:

- Application Implementation Consultant
- IT Security Manager

Neither of these roles provides access needed for creating and managing Oracle Fusion Applications users. Therefore, you must add the following two OIM roles to the IT Security Manager role:

- Identity User Administrators
- Role Administrators

The following procedure is prerequisite to an IT security manager or administrator creating an initial one or more implementation users.

1. While signed into Oracle Identity Manager as the OIM System Administrator user, click the **Administration** link in the upper right of the Oracle Identity Manager.

This accesses the Welcome to Identity Manager Delegated Administration menu.

2. In the Roles list of tasks, click **Advanced Search - Roles**. Search for the Identity Users Administrators role by entering the role name in **Display Name** and clicking **Search**.

- In the Search Results, click the role's Display Name.
3. On the Hierarchy tab, select **Inherits From** and click **Add**.
  4. In the Add Parent Role to: IDENTITY USER ADMINISTRATORS window, select the role category: Common - Job Roles and add the IT Security Manager.
 

Click the arrow icon to show the list of available roles. Select IT Security Manager and move it to the **Roles to Add** list. Click **Save**.
  5. Search for the Role Administrators role, and repeat steps 1 to 4 to add that role to the IT Security Manager role's role inheritance.
  6. Assign the IT Security Manager role to the Xellerate Users organization.
    - a. In the Welcome to Identity Manager Delegated Administration menu (see step 1, above), in the Organizations list of tasks, click **Advanced Search - Organizations**.
    - b. Search for the Xellerate Users organization by entering Xellerate Users in **Display Name** and clicking **Search**.
    - c. In the Search Results, click the organization's Display Name. The Xellerate Users page appears.
    - d. Click the **Administrative Roles** link in the row of links above the Xellerate Users.
    - e. In **Filter By Role Name** of the Details window, enter the following string:
 

```
*IT_SECURITY_MANAGER*
```

Click **Find**.
    - f. Enable Read, Write, Delete, and Assign.
    - g. Click **Assign**.
    - h. Click **Confirm**.

## Synchronizing Users and Roles from LDAP

Lightweight Directory Access Protocol (LDAP) must be synchronized with HCM user management so that users can be provisioned with roles through HCM.

1. Sign in to Oracle Fusion Applications using the super user's user name (for example FAADMIN) and password.
 

If you do not know the super user name and password, check with your system administrator or the person who installed Oracle Fusion Applications. For more information about account creation in Oracle Fusion Applications provisioning, see the Oracle Fusion Applications Installation Guide.
2. Perform the Run User and Roles Synchronization Process task by clicking **Submit** in the Process Details page.

The Retrieve Latest LDAP Changes process takes some time to complete the first time it is run.

3. Monitor completion of the Retrieve Latest LDAP Changes process from **Navigator > Tools > Scheduled Processes** before continuing with creating implementation users.

## Defining an IT Security Manager User

The super user has broad access to Oracle Fusion Middleware and Oracle Fusion Applications administration. Due to this broad access, your enterprise needs users dedicated to managing users and applications security, such as an IT security manager user.

1. While signed in as the Oracle Fusion Applications super user, access the Create Implementation Users task and create an IT security manager.

The Oracle Identity Manager appears.

2. Click **Create User**.

For details, see the Creating Users section in the Oracle Fusion Middleware User's Guide for Oracle Identity Manager.

3. Provide the following attributes:

Attribute	Value	Example
<b>Last name</b>	<any valid string>	Smith
<b>Organization</b>	Xellerate Users	N/A
<b>User type</b>	Non Worker	N/A
<b>User login</b>	<any valid string>	IT_SECURITY_MANAGER
<b>Login password</b>	<any valid string>	SeKur1TyPa\$\$w0Rd

---

### Note

In Oracle Fusion Applications, an implementation user is a user account created in OIM only, specifically for implementation tasks, and is not related to a real person or identity such as a user defined in HCM.

---

4. Click **Save**.
5. On the Roles tab in the IT\_SECURITY\_MANAGER user creation task flow, click **Assign**.
6. In the Add Role window, search for the IT Security Manager role and click **Add**.

## Defining an Implementation User for Enterprise Structures Setup

1. Sign in to Oracle Fusion Applications using the IT security manager user's name and password.
2. Create and provision an implementation user using the same task flow as for creating the IT security manager user in the previous section, except provision the following roles.
  - Application Implementation Manager

- Application Implementation Consultant

---

**Note**

For an implementation to begin, at least one user must be provisioned with the Application Implementation Manager role, and another or the same user must be provisioned with the Application Implementation Consultant role. The Application Implementation Consultant has broad access to set up all enterprise structures.

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# Common Applications Configuration: 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.

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### 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.

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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.

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### Note

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

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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.

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# 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.

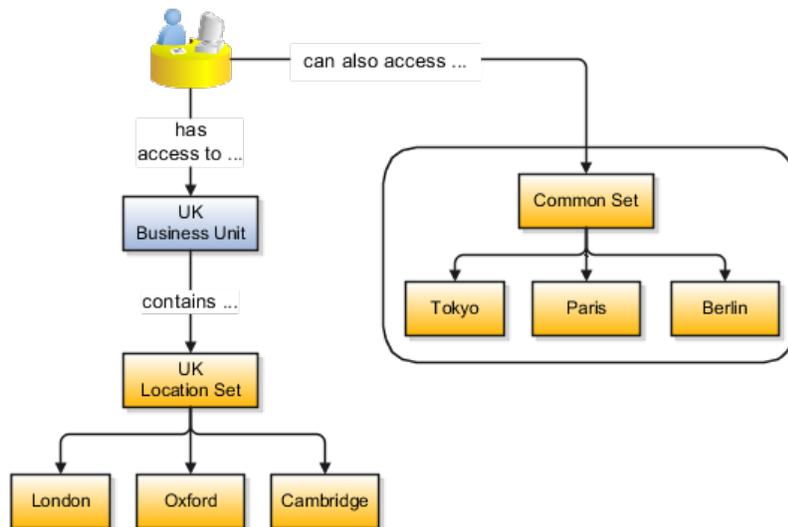
Consider the following scenario.

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.

---

## 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.

For more information on the predefined lookups and lookup codes, see assets with the Lookup type in the Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

## 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 lookups 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.

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#### Note

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

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### 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
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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.

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### Note

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

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### 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.

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#### **Note**

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

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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.

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#### **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.

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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.

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**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.

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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.

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### 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.

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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.

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### Important

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

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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

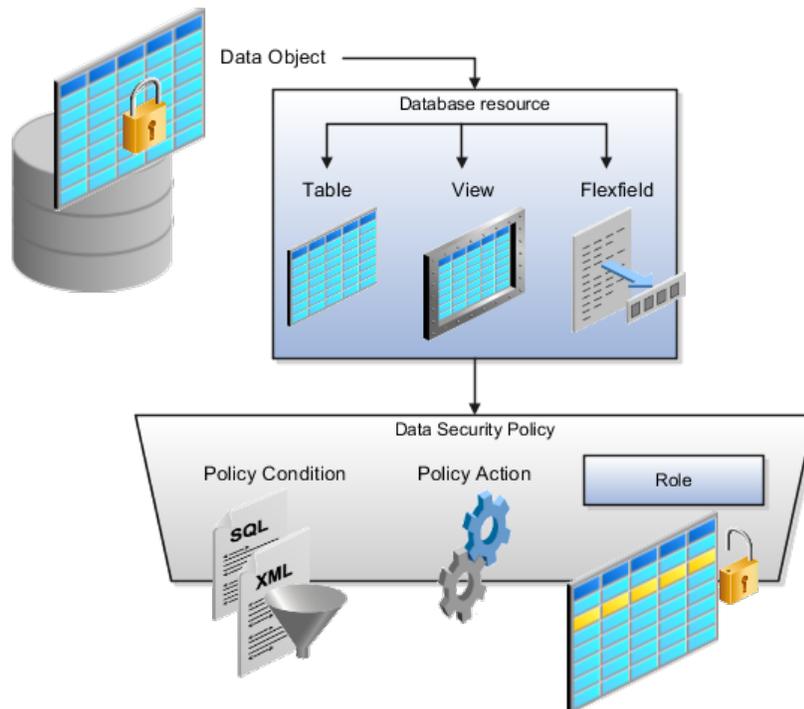
for protecting data in transit or in backups independent of managing encryption keys.

## 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 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

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#### 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.

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#### 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.

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#### Tip

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

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## 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.

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### Note

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

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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..

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### 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.

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## 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).

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### 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.

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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.

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### 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.

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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.

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#### 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.

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#### 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.

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**Important**

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

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## 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.

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**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.

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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.

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**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.

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## 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.

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#### Note

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

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### 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.

## Tree Structure Audit Results: Explained

Use the tree structure audit results to verify the tree structure's correctness and data integrity. The audit results include the following details:

- The name of the validator, which is a specific validation check
- The result of the validation, including a detailed message
- Corrective actions to take if there are any validation errors

### Running an Audit

Setting the status of a tree structure to active automatically triggers an audit of that tree structure. You can also manually trigger an audit on the manage Tree Structures page, using **Actions - Audit**. The Tree Structure Audit Result table shows a list of validations that ran against the selected tree structure.

### Validation Details

The following table lists the validators used in the audit process and describes what each validator checks for. It also lists possible causes for validation errors and suggests corrective actions.

Validator	Description (what is checked)	Possible Cause for Validation Failure	Suggested Corrective Action
Restrict By Set ID	On the Manage Tree Structures: Specify Data Sources page, if the <b>Set ID</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each of its data source view objects must have a reference data set attribute. This validation does not take place when the check box is not selected.	Even when the check box is selected, one or more of its data source view objects does not contain a reference data set attribute.	If reference data set restriction is required for this tree structure, include a reference data set attribute on all data sources. Otherwise, deselect the check box.
Row Flattened Table Name	On the Manage Tree Structures: Specify Performance Options page, a valid row flattened table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE_RF</code> or a custom table.	<ul style="list-style-type: none"> <li>• The specified table does not exist in the database.</li> <li>• The specified table does not contain the same columns as the <code>FND_TREE_NODE_RF</code> table.</li> </ul>	Correct the row flattened table definition.

<p>Available Label Data Sources</p>	<p>On the Manage Tree Structures: Specify Data Sources page, if a labeling scheme is specified for the tree structure by selecting a list item from the <b>Labeling Scheme</b> list box, the label data source view object specified for each data source must be accessible, and the primary keys must be valid. This restriction does not apply when you select <b>None</b> from the <b>Labeling Scheme</b> list box.</p>	<ul style="list-style-type: none"> <li>• Any of the specified label data source view objects do not exist.</li> <li>• Any of the specified label data source view objects do not have primary keys.</li> <li>• When a label data source view object is initially defined, the database registers the primary keys for the view object. If the view object is later modified such that its primary keys no longer match the primary keys that were registered earlier, this validation fails.</li> </ul>	<ul style="list-style-type: none"> <li>• Correct the specified label data source view object.</li> <li>• Correct the primary keys of the specified label data source view object.</li> <li>• Either correct the primary keys in the label data source view object to match the primary keys that were earlier registered in <code>FND_TS_DATA_SOURCE</code>, or correct the primary keys registered in that table to match the new view object definition.</li> </ul>
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Available Data Sources	Each data source view object specified for the tree structure must be accessible, and all its primary key attributes must be valid.	<ul style="list-style-type: none"> <li>• Any of the specified data source view objects do not exist.</li> <li>• When a data source view object is initially defined, the database automatically registers the primary keys for the view object if the <b>Use non-defined primary key columns</b> check box on the Data Source dialog box is not selected. If the check box is selected, the database registers the primary keys specified explicitly by the user on the Add Data Source dialog box. If the registered primary keys contain any duplicates, this validation fails.</li> <li>• The <b>Use non defined primary key columns</b> check box is selected in a data source, but the list of specified primary key columns does not match the primary keys defined in the corresponding data source view object.</li> <li>• Any common attribute that exists in both the data source view object and the tree node view object is not of the same data type in both view objects.</li> </ul>	<ul style="list-style-type: none"> <li>• Correct the specified data source view object.</li> <li>• Correct the duplicate column in the registered primary keys.</li> <li>• Correct the primary keys of the specified data source view object.</li> <li>• Correct any mismatch in data types.</li> </ul>
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Column Flattened Table Name	On the Manage Tree Structures: Specify Performance Options page, a valid column flattened table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE_CF</code> or a custom table.	<ul style="list-style-type: none"> <li>The specified table does not exist in the database.</li> <li>The specified table does not contain the same columns as the <code>FND_TREE_NODE_CF</code> table.</li> </ul>	Correct the column flattened table definition.
Restrict by Date	On the Manage Tree Structures: Specify Data Sources page, if the <b>Date Range</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each of its data source view objects must have effective start date and effective end date attributes. This validation does not take place when the check box is not selected.	Even when the check box is selected, one or more of its data source view objects does not contain effective start date and effective end date attributes.	If the date restriction is required for this tree structure, include the effective start date and effective end date attributes on all data sources. Otherwise, deselect the check box.
Tree Node Table Name	On the Manage Tree Structures: Specify Definition page, a valid tree node table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE</code> or a custom table.	<ul style="list-style-type: none"> <li>No table is specified in the <b>Tree Node Table</b> field.</li> <li>The specified table does not exist in the database.</li> <li>The specified table does not contain the same columns as the <code>FND_TREE_NODE</code> table.</li> </ul>	Correct the tree node table definition.
Allow Node Level Security	If the <b>Allow Node Level Security</b> option is set to No for the tree structure, the same option cannot be set to Yes on any of its data sources. This is a database setting that is not visible on the Manage Tree Structures page.	The option is set to No for the tree structure but one or more associated data sources have that option set to Yes.	Correct the option setting in the tree structure and their data sources.

## 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.

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#### **Note**

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

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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	Labels that are automatically assigned based on the depth of the tree node within the tree. No manual assignment is performed. <hr/> <b>Note</b> In an unbalanced hierarchy, a level may not be equal to depth.

## 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.

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#### Note

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

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#### 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.

### Tree Version Audit Results: Explained

Use the tree version audit results to verify the tree version's correctness and data integrity. The audit results include the following details:

- The name of the validator, which is a specific validation check
- The result of the validation, including a detailed message
- Corrective actions to take if there are any validation errors

## Running an Audit

An audit automatically runs whenever a tree version is set to active. You can also manually trigger an audit on the Manage Trees and Tree Versions page, using **Actions - Audit**. The Tree Version Audit Result table shows a list of validations that ran against the selected tree version.

### Validation Details

The following table lists the validators used in the audit process and describes what each validator checks for. It also lists possible causes for validation errors and suggests corrective actions.

Validator	Description (what is checked)	Possible Cause for Validation Failure	Suggested Corrective Action
Effective Date	The effective start and end dates of the tree version must be valid.	The effective end date is set to a value that is not greater than the effective start date.	Modify the effective start and end dates such that the effective start date is earlier than the effective end date.
Root Node	On the Manage Tree Structures: Specify Data Sources page, if the <b>Allow Multiple Root Nodes</b> check box for the <b>Restrict Tree Node List of Values Based on</b> option is not selected, and if the tree structure is not empty, the tree version must contain exactly one root node. This validation does not take place if the check box is selected.	Even if the check box is deselected, the tree version has multiple root nodes.	Modify the tree version such that there is exactly one root node.
Data Source Max Depth	For each data source in the tree structure, on the Data Source dialog box, if the data source is depth-limited, the data in the tree version must adhere to the specified depth limit. This validation does not apply to data sources for which the <b>Maximum Depth</b> field is set to <b>Unlimited</b> .	The tree version has data at a depth greater than the specified depth limit on one or more data sources.	Modify the tree version such that all nodes are at a depth that complies with the data source depth limit.
Duplicate Node	On the Data Source dialog box, if the <b>Allow Duplicates</b> check box is not selected, the tree version should not contain more than one node with the same primary key from the data source. If the check box is selected, duplicate nodes are permitted.	Even when the check box is deselected, the tree version contains duplicate nodes.	Remove any duplicate nodes from the tree version.

Available Node	All nodes in the tree version should be valid and available in the underlying data source.	<ul style="list-style-type: none"> <li>• A node in the tree version does not exist in the data source. Deleting data items from the data source without removing the corresponding nodes from the tree version can result in orphaned nodes in the tree version. For example, if you added node A into your tree version, and subsequently deleted node A from the data source without removing it from the tree version, the validation fails.</li> <li>• The tree version contains a tree reference node, which references another tree version that does not exist.</li> </ul>	Remove any orphaned nodes from the tree version. Update tree reference nodes so that they reference existing tree versions.
Node Relationship	All nodes must adhere to the relationships mandated by the data sources registered in the tree structure.	The tree structure has data sources arranged in a parent-child relationship, but the nodes in the tree do not adhere to the same parent-child relationship. For example, if the tree structure has a Project data source with a Task data source as its child, Task nodes should always be under Project nodes in the tree version. This validation fails if there are instances where a Project node is added as the child of a Task node.	Modify the tree version such that the nodes adhere to the same parent-child relationships as the data sources.

SetID Restricted Node	On the Manage Tree Structures: Specify Data sources page, if the <b>Set ID</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for each tree node, the underlying node in the data source must belong to the same reference data set as the tree itself. This restriction does not apply when the check box is not selected.	Even when the check box is selected, the tree version has nodes whose data source values belong to a different reference data set than the tree.	Modify the tree version such that all nodes in the tree have data sources with reference data set matching that of the tree.
Label Enabled Node	On the Manage Tree Structures: Specify Data Sources page, if a labeling scheme is specified for the tree structure by selecting a list item from the <b>Labeling Scheme</b> list box, all nodes should have labels. This restriction does not apply when you select <b>None</b> from the <b>Labeling Scheme</b> list box.	The tree structure has a labeling scheme but the tree version has nodes without labels.	Assign a label to any node that does not have a label.

Date Restricted Node	On the Manage Tree Structures: Specify Data Sources page, if the <b>Date Range</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each node in the underlying data source must have an effective date range same as the effective date range of the tree version. This restriction does not apply if the check box is not selected.	Even when the check box is selected, there are data source nodes that have a date range beyond the tree version's effective date range. For example, if the tree version is effective from Jan-01-2012 to Dec-31-2012, all nodes in the tree version must be effective from Jan-01-2012 to Dec-31-2012 at a minimum. It is acceptable for the nodes to be effective for a date range that extends partly beyond the tree version's effective date range (for example, the node data source value is effective from Dec-01-2011 to Mar-31-2013). It is not acceptable if the nodes are effective for none or only a part of the tree version's effective date range (for example, the node data source value are effective only from Jan-01-2012 to June-30-2012).	Ensure that all nodes in the tree version have effective date range for the effective date range for the tree version.
Multiple Active Tree Version	On the Manage Tree Structures: Specify Definition page, if the <b>Allow Multiple Active Tree Versions</b> check box is not selected for the tree structure, there should not be more than one active tree version under a tree at any time. This restriction does not apply if the check box is selected.	Even when the check box is not selected, there is more than one active tree version in the tree for the same date range.	Set no more than one tree version to Active within the same date range and set the others to inactive or draft status.
Range Based Node	On the Data Source dialog box, if the <b>Allow Range Children</b> check box is not selected, range-based nodes are not permitted from that data source. This restriction does not apply if the check box is selected.	Even when the check box is not selected, there are range-based nodes from a data source.	Ensure that any range nodes in your tree version are from a data source that allows range children.

Terminal Node	On the Data Source dialog box, if the <b>Allow Use as Leaves</b> check box is not selected, values from that data source cannot be added as leaves (terminal nodes) to the tree version. This restriction does not apply if the check box is selected.	Even when the check box is not selected, values from a data source are added as leaf nodes (terminal nodes).	Modify the tree version such that all terminal nodes are from data sources for which this check box is selected.
Usage Limit	On the Data Source dialog box, if the <b>Use All Values</b> option is selected to set the <b>Usage Limit</b> for the data source, every value in the data source must appear as a node in the tree. This restriction does not apply if <b>None</b> option is selected.	Even if the <b>Use All Values</b> option is selected, there are values in the data source that are not in the tree version.	For each data source value that is not yet available, add nodes to the tree version.

## 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 updatable.

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 updatable 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.

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#### 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.

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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.

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#### 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.

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For more information on the predefined profile options, see assets with the Profile Option type in the Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

## 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	<p>Since profile options are for permanent settings, do not use profiles options to cache temporary session attributes.</p> <p>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.</p>
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.

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#### 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.

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#### 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.

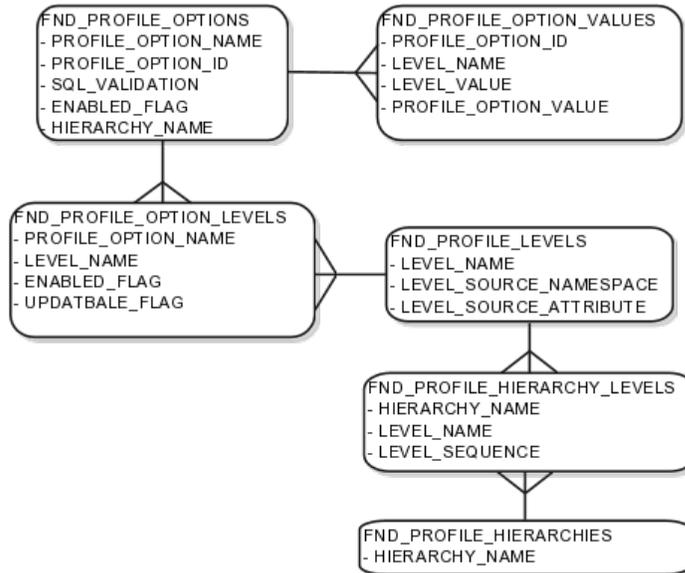
Evaluate if there is a genuine need before creating a profile option. Do not force users to make a decision about an aspect of their application use that is of no concern.

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.

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**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.

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**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

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#### 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 by adding an attribute to a business component. 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.

#### Accessing Flexfields

Manage flexfields using tasks you access by starting in the Setup and Maintenance Overview page. This page is available from the Administrator menu.

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#### 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.

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For lists of flexfields, see assets with the Flexfield: Descriptive, Flexfield: Extensible, or Flexfield: Key type in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

## 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. In the case of extensible flexfields, you can deploy offline as a background process.

## 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 flexfields on the runtime page. Flexfields in highlight mode display an information icon to access details about the flexfield, an edit icon to manage the flexfield, and a quick create icon to add descriptive flexfield segments.

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.

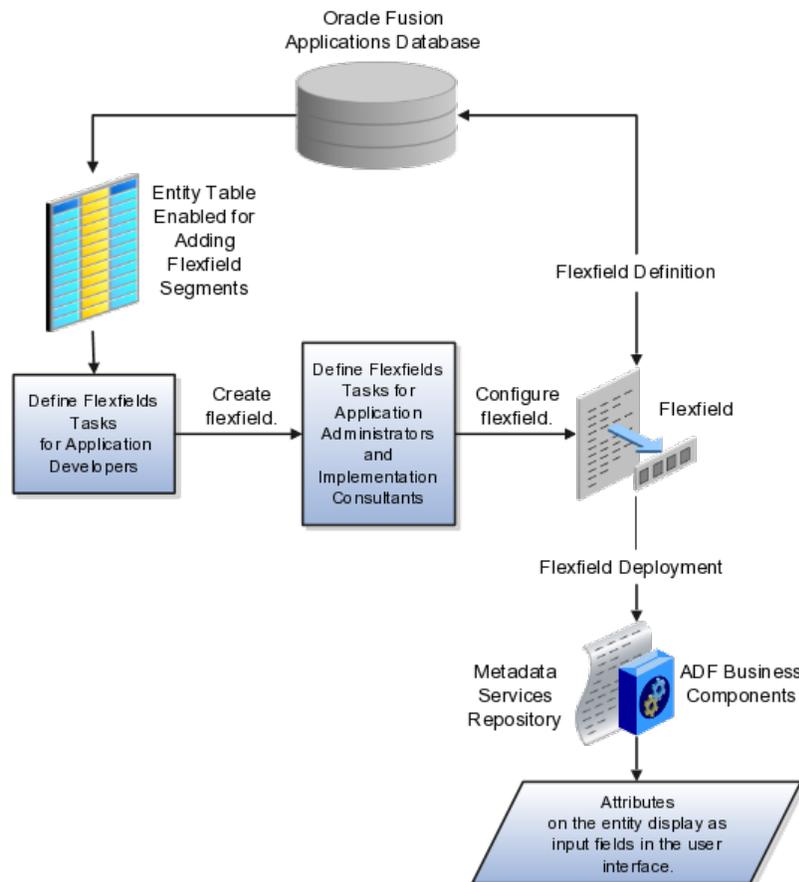
You can use Oracle Composer to edit the layout, position, or other display features of the flexfield segments.

## 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.

For example, an airline manufacturer might require very specific attributes for their orders that are not provided by the out-of-the-box implementation of an order. Because a flexfield exists for the order business component, you can use it to create and configure the desired attribute.

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 ADF business component (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**

The attributes that you add by configuring flexfields are available throughout the Oracle Fusion Middleware technology stack, allowing the flexfields to be used in user interface pages, incorporated into the service-oriented architecture (SOA) infrastructure, and, in the case of descriptive flexfields, integrated with Oracle Business Intelligence.

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.

## **Patching**

Flexfield configurations are stored in an MDS repository, and are preserved during patching and upgrading.

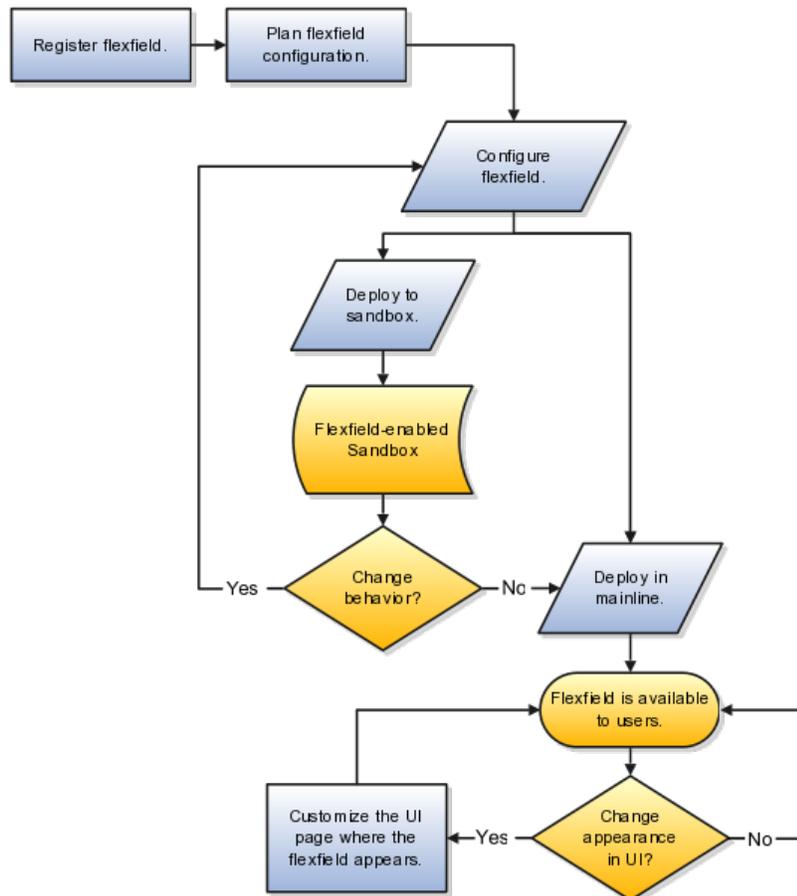
## Flexfield Management

### 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.

You can configure flexfields using the following methods:

- Go to the manage flexfield tasks in the Setup and Maintenance work area.
- Use the Highlight Flexfields command in the Administration menu while viewing a runtime page.
  - Use the edit icon to manage a flexfield.
  - Use the quick create icon to add descriptive flexfield segments.

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

You can create value sets while creating descriptive and extensible flexfield segments. However, define value sets before configuring key flexfield segments

that use them, because you assign existing value sets while configuring key flexfield segments.

---

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.

### **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.

### **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 Usages: Explained

Usage affects various aspects of flexfields. The usage of the flexfield is set when the flexfield is registered and specifies the application and table with which the flexfield is associated.

Entity usage indicates the table containing the segments of a flexfield.

A flexfield can have multiple usages. The first table registered for a flexfield is the master usage. Segments are based on the master usage, and other usages of the same table for the same flexfield use the same segment setup, though the column names optionally may have a differentiating prefix.

### Extensible Flexfields

You can configure different behavior for extensible flexfield contexts at the usage level. The usage of an extensible flexfield context determines in which scenarios or user interfaces the segments of a context appear to end users. For example, if a Supplier page displays an extensible flexfield's supplier usage and a buyer page

displays that same extensible flexfield's buyer usage, a context that is associated to the supplier usage but not the buyer usage displays only on the supplier page and not the buyer page.

## Value Sets

The usage of value sets specifies the segments where the value set is assigned.

## 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. In the case of extensible flexfields, you can deploy offline as a background process.

### 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 all flexfield deployment 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

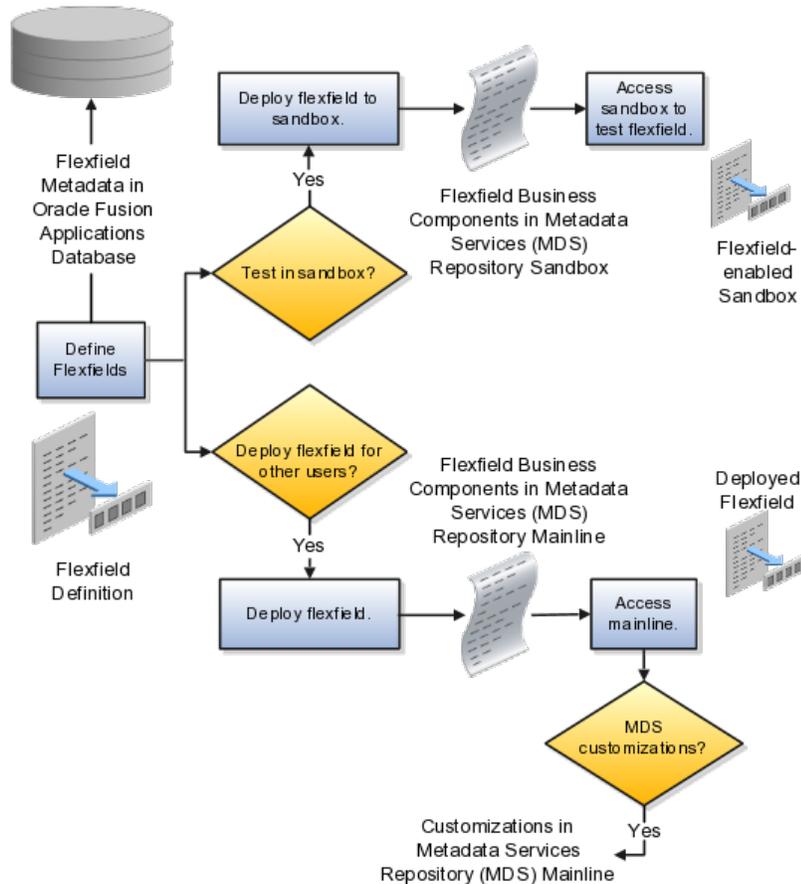
The flexfield definition in a sandbox corresponds to the flexfield metadata definition in the Oracle Fusion Applications database at the time the flexfield was deployed to the sandbox. When the flexfield is ready for end users, the flexfield must be deployed to the mainline.

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.
<code>validateFlexDeploymentStatus</code>	Displays list including flexfields that are not deployed or failed deployment.

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
- Using the `validateFlexDeploymentStatus` 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_shortname` 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 `deleteFlexPatchingLabels ()` 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')
```

## Using the `validateFlexDeploymentStatus` Command

The `validateFlexDeploymentStatus ()` WLST command checks the deployment status of all flexfields in an Oracle Fusion Applications deployment.

```
validateFlexDeploymentStatus ()
```

Only the flexfields that belong to the current instance of provisioned Java EE applications are checked.

## 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.

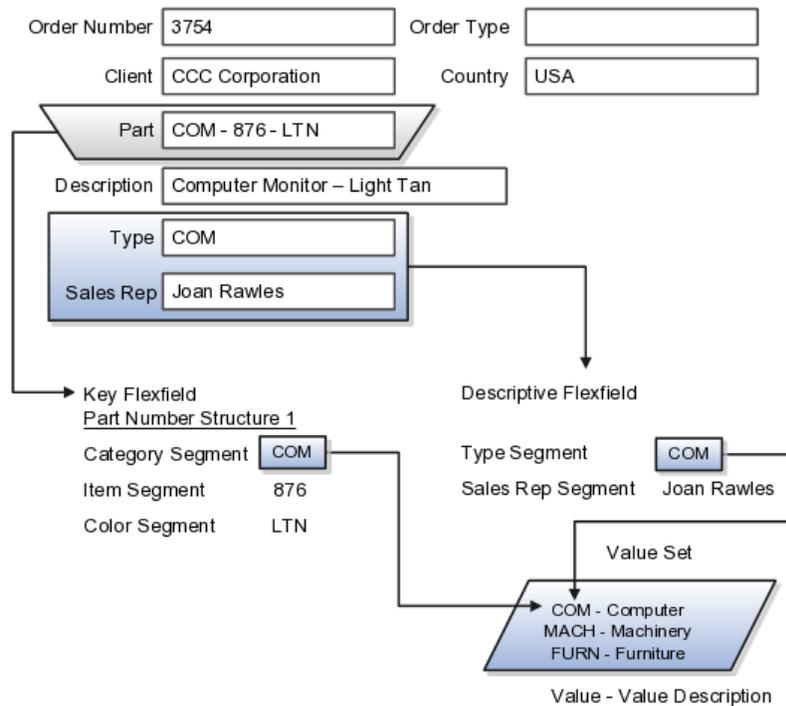
### Precision and Scale

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

You can create value sets while creating descriptive and extensible flexfield segments. However, define value sets before configuring key flexfield segments that use them, because you assign existing value sets while configuring key flexfield segments.

---

### 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. For lists of descriptive flexfields, see assets with the Flexfield: Descriptive type in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

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.

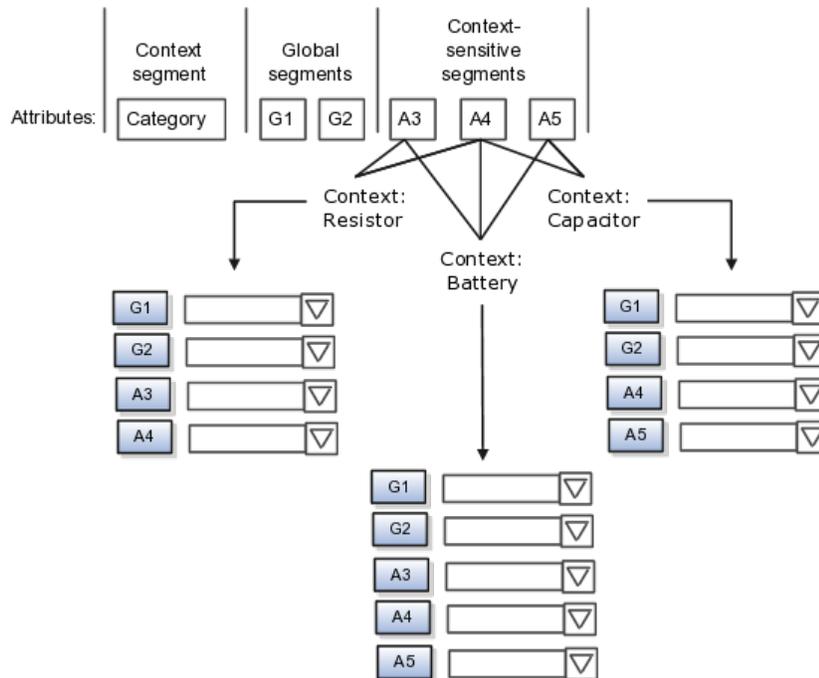
The same underlying column can be used by different segments in different contexts. For example, you can define a Dimensions context that uses the ATTRIBUTE1 column for height, the ATTRIBUTE2 column for width, and the ATTRIBUTE3 column for depth. You can also define a Measurements context that uses the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

## **Enabling Descriptive Flexfield Segments for Business Intelligence: Points to Consider**

A descriptive flexfield that is registered in the database as enabled for Oracle Business Intelligence (BI) includes a BI Enabled setting for each of its segments. When a global, context, or context-sensitive segment is BI-enabled, it is available for use in Oracle Business Intelligence.

The following aspects are important in understanding BI-enabled flexfield segments.

- Flattening business components to use BI-enabled segments in Oracle BI.
- Equalizing context-sensitive segments to prevent duplication and complexity in the flattened components
- Mapping attributes of flattened business components to logical objects in Oracle BI.

- Managing the labels that map segments to logical objects in Oracle BI.

After you deploy a business intelligence-enabled flexfield, import the flexfield changes into the Oracle Business Intelligence repository to make use of the newly-generated attributes in business intelligence applications. For additional information about import, refer to the Oracle Fusion Middleware Metadata Repository Builder's Guide for Oracle Business Intelligence Enterprise Edition (Oracle Fusion Applications Edition).

### **Flattening**

When you deploy a business intelligence-enabled descriptive flexfield, the deployment process generates an additional set of flattened business components for use in Oracle BI. The flattened business components include attributes for business intelligence-enabled segments only.

Flattened components include one attribute for the BI-enabled context-segment, and one attribute for each business intelligence-enabled global segment. For BI-enabled context-sensitive segments, if you assigned a label to the segment, the flattened components include an additional single attribute representing segments with that label. If you did not assign a label, the flattened components include a discrete attribute for each BI-enabled context-sensitive segment in each context.

### **Equalization**

You can prevent duplication and the extra workload and complexity that result from the flattening process by assigning a label to any set of context-sensitive segments that serve the same purpose in different contexts. BI-enabled context-sensitive segments that have labels are equalized so that the flattened business components include one attribute for each label, consolidated across contexts. Non-labeled context-sensitive segments are not equalized across context values, so the flattened components include a separate attribute for each context-sensitive segment for each context value.

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#### **Note**

It may not be possible to equalize similarly labeled segments if they have incompatible data types or value set types.

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### **Mapping to Logical Objects in Business Intelligence**

Assign a label to a global segment, context segment, or context-sensitive segment to map the corresponding attribute in the flattened components to a logical object in Oracle Business Intelligence. Using labels to map segments to BI logical objects minimizes the steps for importing the flexfield into Oracle Business Intelligence.

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#### **Note**

Assigning a label to a context-sensitive segment serves to equalize the attribute across contexts, as well as map the equalized attribute to business intelligence.

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### **Managing Labels**

You may assign a predefined label (if available) to segments or create new labels for assignment, as needed. Specify a code, name, and description to identify

each label. In the BI Object Name field, enter the name of the logical object in Oracle Business Intelligence to which the segment label should map during import. Specifying the BI logical object minimizes the steps for importing the flexfield into Oracle Business Intelligence and helps to equalize context-sensitive segments across contexts.

If no labels are assigned to a BI-enabled segment, or the BI Object Name on the assigned label does not exist in business intelligence, you must manually map the segment to the desired logical object when importing into Oracle Business Intelligence.

In addition, context-sensitive segments without labels cannot be equalized across context values. The flattened components include a separate attribute for each non-labeled context-sensitive segment in each context.

## 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.

For lists of extensible flexfields, see assets with the Flexfield: Extensible type in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>)

## 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. Extensible flexfields with more than 30 categories must be deployed using the Deploy Offline command.

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.

## Offline Deployment

You can deploy extensible flexfields offline as a background process using the Deploy Offline command in the Manage Extensible Flexfields task, and continue working in the session without having to wait for the deployment to complete. Deploy Offline enables adding one after another extensible flexfield to your deployment queue. For extensible flexfields with more than 30 categories you must use Deploy Offline.

You can remove an extensible flexfield from the deployment queue with the Cancel Offline command.

When an extensible flexfield is deployed offline, its offline status indicates that the flexfield is in an offline deployment process. The Offline Status column refreshes when you perform a new search in the Manage Extensible Flexfields task. A flexfield's offline status is cleared and its deployment status updated when the offline deployment process has completed.

## 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.

For lists of key flexfields, see assets with the Flexfield: Key type in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

## 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.

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### Caution

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

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### 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.

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### 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.

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**Restriction**

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

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

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**Tip**

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

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## 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

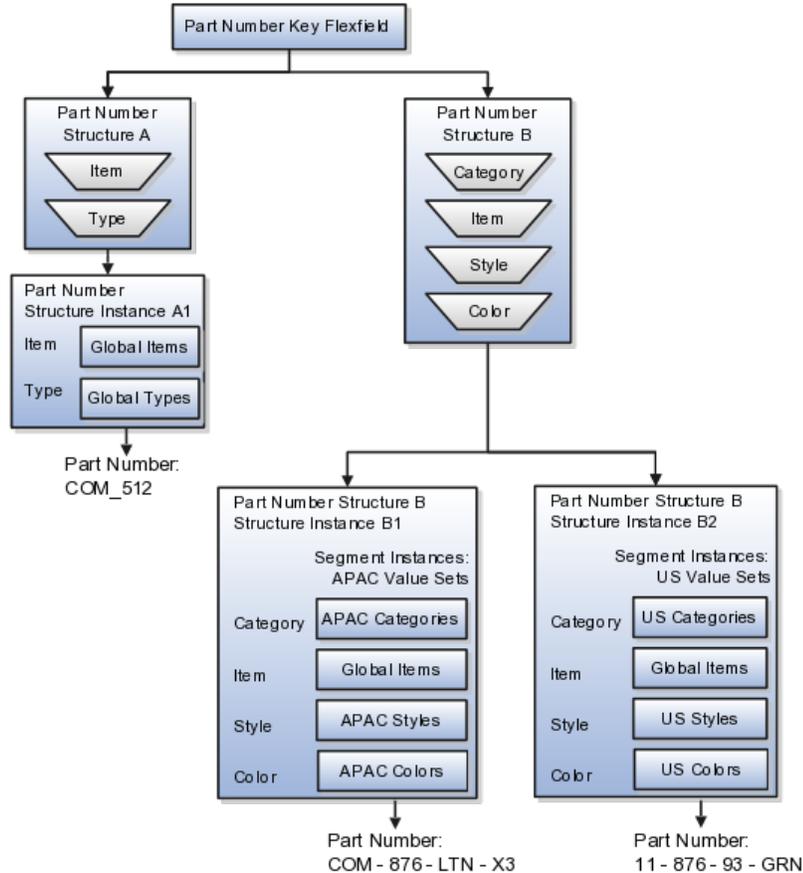
Differences among structure instances at the structure level include whether dynamic combination creation is allowed.

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.

## Enabling Key Flexfield Segments for Business Intelligence: Points to Consider

A key flexfield that is registered in the database as enabled for Oracle Business Intelligence (BI) includes a BI Enabled setting for each of its segment instances. When a segment instance is BI-enabled, it is available for use in Oracle Business Intelligence.

The following aspects are important in understanding BI-enabled key flexfield segments.

- Flattening business components to use BI-enabled segments in Oracle BI.
- Equalizing segments to prevent duplication and complexity in the flattened component.
- Mapping attributes of flattened business components to logical objects in Oracle BI.
- Managing the labels that map segments to logical objects in Oracle BI.

After you deploy a business intelligence-enabled flexfield, import the flexfield changes into the Oracle Business Intelligence repository to make use of the newly generated attributes in business intelligence applications. For additional information about import, refer to the Oracle Fusion Middleware Metadata Repository Builder's Guide for Oracle Business Intelligence Enterprise Edition (Oracle Fusion Applications Edition).

## Flattening

When you deploy a business intelligence-enabled key flexfield, the deployment process generates an additional set of flattened business components for use in business intelligence. The flattened business components include attributes for business intelligence-enabled segment instances only.

If you assigned a label to a segment, the flattened components include a single attribute representing all segment instances with that label. If you did not assign a label, the flattened components include a discrete attribute for each BI-enabled segment instance in each structure.

### **Equalization**

You can prevent duplication and the extra workload and complexity that result from the flattening process by assigning a label to any set of segments that serve the same purpose in different structures. BI-enabled segments that have labels are equalized so that the flattened business components include one attribute for each label, consolidated across structures. Non-labeled segments are not equalized across structures, so the flattened components include a separate attribute for each segment for each structure.

---

#### **Note**

It may not be possible to equalize similarly labeled segments if they have incompatible data types or value set types.

---

### **Mapping to Logical Objects in Business Intelligence**

Assign a label to a segment to map the corresponding attribute in the flattened components to a logical object in Oracle Business Intelligence. Using labels to map segments to BI logical objects minimizes the steps for importing the flexfield into Oracle Business Intelligence.

---

#### **Note**

Assigning a label to a segment serves to equalize the attribute across structures, as well as map the equalized attribute to business intelligence.

---

### **Managing Labels**

You may assign a predefined label (if available) to segments or create new labels for assignment, as needed. Specify a code, name, and description to identify each label. In the BI Object Name field, enter the name of the logical object in Oracle Business Intelligence to which the segment label should map during import. Specifying the BI logical object minimizes the steps for importing the flexfield into Oracle Business Intelligence and helps to equalize context-sensitive segments across structures.

If no labels are assigned to a BI-enabled segment, or the BI Object Name on the assigned label does not exist in business intelligence, you must manually map the segment to the desired logical object when importing into Oracle Business Intelligence.

In addition, segments without labels cannot be equalized across structures. The flattened components include a separate attribute for each non-labeled segment in each structure.

---

#### **Note**

Segment labels serve other functions as well, as presented in Key Flexfields: Explained.

---

## **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.

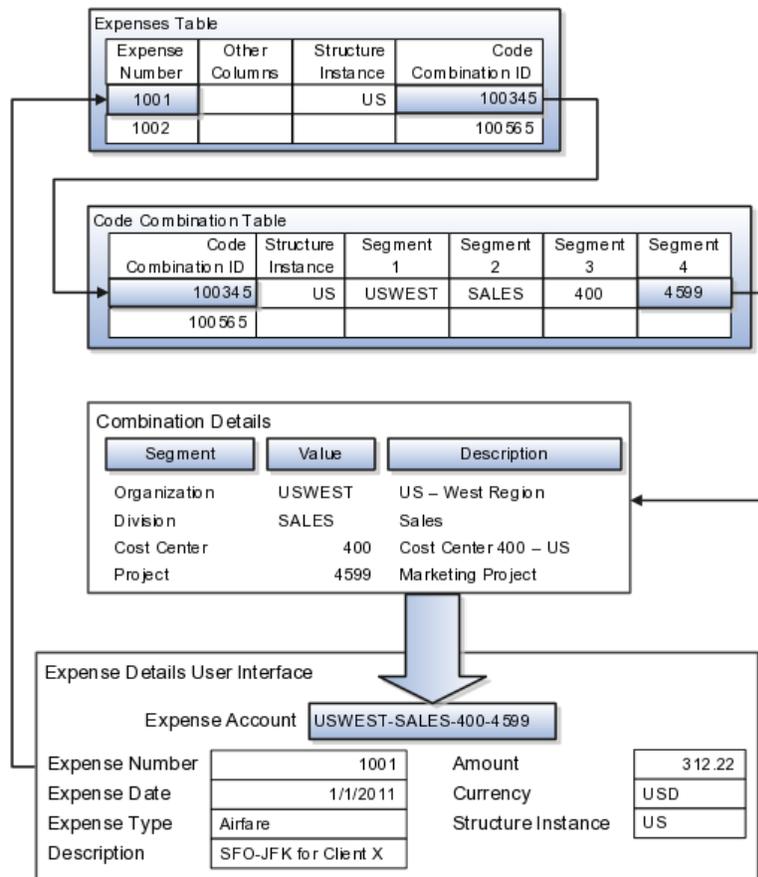
## Analysis

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

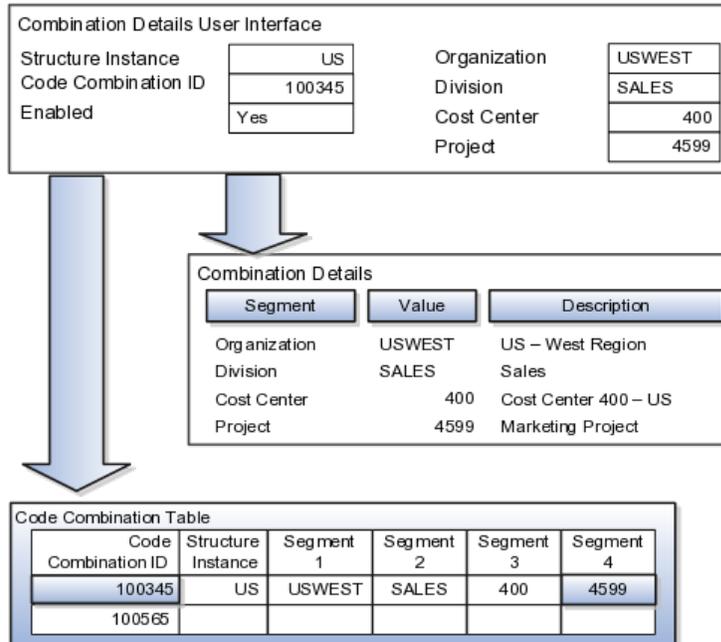
The code combination table supports entering account information, such as for expense accounts.

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.

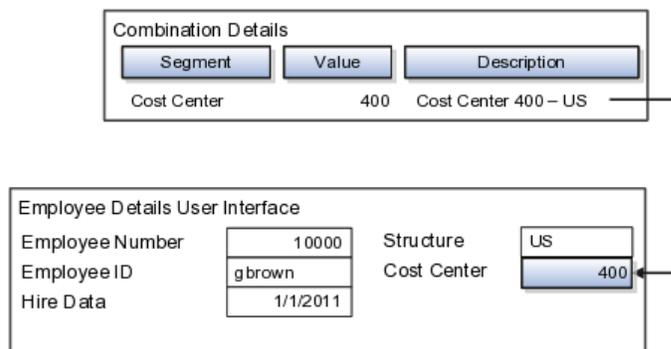


If dynamic combination creation is not enabled, then when entering an expense line, the user can only select an account that already exists in the ACCOUNTS (combinations) table. If they require an account that does not exist, they must consult with the appropriate application administrator who can add 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 management repository provided by Oracle WebCenter Content Server. Users managing attachments have no real interaction with the repository unless the repository mode is enabled for attachments on specific business objects. In that case, users can share attachments among objects, update attachments by checking them out of and back into 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.

## Attachments Troubleshooting: Explained

Attachments UIs for users to add and manage attachments are fully functional as is, and users usually would not encounter issues. If you customize attachments in any way, for example by creating additional attachment categories and implementing data security on them, then some issues might arise.

### Issue: Unable to View, Add, Update, or Delete Attachments

Users encounter issues when trying to view attachments or perform actions such as adding attachments.

- Users can no longer see specific attachments that they were previously able to see.
- Likewise, they can no longer update or delete attachments.
- Users get an error stating that they do not have permission to add attachments.

### Resolution

Use the Manage Attachment Entities page to ensure that attachment categories are associated to the relevant attachment entity. For example, if users can no longer see attachments for an expense report, then search for the expense report attachment entity and assign all necessary categories to it. You might need to check with your system administrator or help desk to determine the exact entity used on the page with the expenses attachments or what categories to assign.

If data security is implemented on the categories for the attachment entity, then verify that the Enable Security check box is selected in the Manage Attachment Entities page for that entity. Make sure that users have a role with the privileges shown in the following table, to view, add, update, or delete attachments with a specific attachment category.

Action	Privilege
View	Read Application Attachment (FND_READ_APPLICATION_ATTACHMENT_DATA)
Add or Update	Update Application Attachment (FND_UPDATE_APPLICATION_ATTACHMENT_DATA)
Delete	Delete Application Attachment (FND_DELETE_APPLICATION_ATTACHMENT_DATA)

For example, if users have the Read Application Attachment privilege for all categories associated with the expense report attachment entity, except the Receipts attachment category, then they can view all expense report attachments

except those created with the Receipts category. Likewise, if users do not have the Update Application Attachment privilege for any attachment categories tied to the expense report attachment entity, then they cannot create any attachments at all for expense reports.

For more information on attachment category data security, see the Oracle Fusion Applications Developer's Guide.

Finally, certain attachments UI for users have predefined restrictions on categories in place. Your developers can also introduce additional filters to determine which document categories are available for a specific page. Check with your developers or help desk.

### **Issue: Missing Attachment Category**

Users can see existing attachments, but the attachments no longer have an attachment category value.

### **Resolution**

When the attachment was added, at least one category existed for the corresponding attachment entity, as otherwise the attachment could not have been added. Since then, the entity was edited so that it no longer has any assigned categories, so the user cannot see the category associated with that attachment.

Use the Manage Attachment Entities page to reassign attachment categories to the relevant attachment entity. For example, if users can no longer see the Receipts attachment category for an attachment to an expense report, then search for the expense report attachment entity and assign to it the Receipts category. You might need to check with your system administrator or help desk to determine the exact entity used on the page with the expenses attachments or what additional categories to assign.

Finally, certain attachments UI for users have predefined restrictions on categories in place. Your developers can also introduce additional filters to determine which document categories are available for a specific page. Check with your developers or help desk.

## **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. You can also customize the home page of Oracle Fusion Applications by adding tabs to display additional dashboards. 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 and home page is provided in the Oracle Fusion Applications Extensibility Guide.

#### Navigator Menu and Home Page

- 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.

See: Customizing the Navigator Menu

- The Oracle Fusion Applications home page displays a set of dashboards as tabs. You can create more tabs and make them display additional dashboard content.

See: Customizing the Navigator Menu.

## Manage Audit Policies

### Managing Audit Policies: Explained

Auditing is used to monitor user activity and all configuration, security, and data changes that have been made to an application. Auditing involves recording and retrieving information pertaining to the creation, modification, and removal of business objects. All actions performed on the business objects and the modified values are also recorded. The audit information is stored without any intervention of the user or any explicit user action.

Use audit policies to select specific business objects and attributes to be audited. The decision to create policies usually depends on the type of information to be audited and to the level of detail that is required to be reported.

#### Enabling Audit Functionality

To enable audit, ensure that you have administrative privileges. For Oracle Fusion Applications, you must configure the business objects and select the attributes before enabling audit. If you enable audit without configuring the business objects, auditing remains inactive. By default, auditing is disabled for all applications.

To enable auditing for Oracle Fusion Middleware products, select one of the levels at which auditing is required for that product. The audit levels are predefined and contain the metadata and events to be audited. For more information, refer to the Oracle Fusion Middleware documentation and also the Oracle Enterprise Repository for Oracle Fusion Applications at <http://fusionappsoer.oracle.com>.

If you do not want an application to be audited, you can stop the audit process by setting the Audit Level option to **None**. While viewing the audit report for that application, you can specify the period during which auditing remained enabled.

### Configuring Audit Business Object Attributes: Points to Consider

Audit allows you to track the change history of particular attributes of a business object. However, those objects and their attributes must be selected for audit and auditing must be enabled for that application. Your configuration settings determine which attributes to audit for a given object, and when the audit starts and ends. Auditing takes into account all the create or insert, update, and delete operations performed on an object and its attributes.

## Selecting an Application

To set up auditing, you must select a web application that contains the required business objects that can be audited. From the list of business objects, select those business object that you want to audit. Selecting a business object also displays its attributes that are enabled for auditing.

## Selecting Attributes

For each selected business object to be audited, select the corresponding attributes to include in the audit. All attributes that belong to that object are by default selected for audit and appear on the user interface. However, you can add or remove attributes from the list. When you remove an attribute from the list, you stop auditing it even when the parent object is selected for audit. So, if you want an attribute to be audited, you must add it to the list.

## Starting and Stopping Audit

The business object is ready for audit after you select its attributes and save the configuration changes. However, to start auditing, the audit level for Oracle Fusion Applications must be set to **Auditing** on the Manage Audit Policies page.

To stop auditing an object, you can deselect the entire object and save the configuration. As a result, all its selected attributes are automatically deselected and are not audited. To continue to audit the business object with select attributes, deselect those attributes that are not to be audited.

When end-users view the audit history for an application, they can specify the period for which they want the results. Therefore, it is important to note when you start and stop auditing an application. For example, today if end-users intend to view the audit history of an object for the previous week, but auditing for that object was stopped last month, they would not get any audit results for that week because during the entire month that object was not audited. Even if you enable audit for that object today, end-users cannot get the wanted results because audit data until today is not available.

## Configuring Audit: Highlights

You can set up auditing for Oracle Fusion Applications using the Manage Audit Policies page in the Setup and Maintenance work area of Oracle Fusion Applications.

To set up auditing for Oracle Fusion Middleware products, you must select the level of auditing that maps to a predefined set of metadata and events that have to be audited. Information on configuring audit for Oracle Fusion Middleware products is provided in Oracle Fusion Middleware guides.

You can also create a configuration file and deploy it to audit a specific Oracle Fusion Middleware product. The configuration details for Oracle Fusion Middleware products are available in the form of audit-specific assets that can be used to create the configuration file (config.xml). For more information, see

the Oracle Enterprise Repository for Oracle Fusion Applications at <http://fusionappsoer.oracle.com>.

### **Oracle Fusion Middleware Products**

- Configure business objects to enable auditing in Oracle Fusion Middleware products. Refer to the Oracle Fusion Middleware Security and Administrator's Guide for Web Services.

See: Auditing Web Services

### **Oracle Fusion Security Products**

- Configure business objects to enable auditing in Oracle Fusion security products. Refer to Oracle Fusion Middleware Application Security Guide.

See: Oracle Fusion Middleware Audit Framework Reference

## **Manage Oracle Social Network Objects**

### **Managing Oracle Social Network Objects: Explained**

Use Oracle Social Network to collaborate with key individuals within your organization, as well as external contacts such as suppliers and partners, using critical transaction data from Oracle Fusion Applications. Available collaboration tools include groups, activity feeds, discussion forums, document sharing, instant messaging, email and web conferencing. By bringing key attributes from the applications to share, socialize and update information, you can make better business decisions, based on additional information that you obtain and analyze within your social network environment. You do this by defining which business objects and attributes to enable and the enablement method for Oracle Social Network integration with Oracle Fusion Applications. Once enabled, these business objects can be shared in collaborative conversations. Within Oracle Fusion Applications, conversations can be viewed using the Social button in the Global Area and select applications pages.

Use the Manage Oracle Social Network Objects page, which you can access by starting in the Setup and Maintenance Overview page and searching for the task Manage Oracle Social Network Objects.

---

#### **Note**

Oracle Social Network is currently not available in non-Cloud implementations.

---

Aspects of managing Oracle Social Network objects include the following:

- Enabling business objects for integration.
- Understanding initial and subsequent defaults.

#### **Enabling Business Objects for Integration**

A business object cannot be shared within Oracle Social Network until a functional administrator or implementor accesses the Manage Oracle Social

Network Objects page and enables the business object for Oracle Social Network integration. Use the Manage Oracle Social Network Objects page to set up and define which business objects and attributes to enable and the enablement method for Oracle Social Network integration with Oracle Fusion Applications.

---

**Note**

You see only the business objects that are predefined as available to enable, not the full list of business objects for products that you are permitted to view.

---

### Understanding Initial and Subsequent Defaults

Upon initial deployment, the preceding rule that states a business object cannot be shared until it is accessed and enabled through the Manage Oracle Social Network Objects page, does not apply to certain default configurations for business objects in Oracle Fusion Customer Relationship Management (CRM) and Oracle Fusion Human Capital Management (HCM). Subsequently, these business objects are managed no differently than any of the other business objects. If you set to Manual or Automatic, the setup is not complete until you select attributes.

## Options for Enabling Oracle Social Network Objects: Explained

Access the Manage Oracle Social Network Objects page to select from the following options to enable business objects and apply attributes for Oracle Social Network integration with Oracle Fusion Applications.

These enablement options exist:

- Enable Object
- Disable Object
- Enable All

### Enable Object

Access the Business Object section of the Manage Oracle Social Network Objects page.

Click **Enable Object** to select from the available enablement options and define how the object integrates with Oracle Social Network. Options include:

- **Manual** - Recommended; the object is enabled for manual sharing with Oracle Social Network, where the social network user decides whether or not to share each instance of the object with Oracle Social Network. Once shared, all updates to enabled attributes of the object instance, and deletes, are sent to Oracle Social Network. Updates to attributes that are not enabled are not sent.
- **Automatic** - Automatically sends newly enabled object instances and updates to Oracle Social Network. All object instances are automatically shared with Oracle Social Network upon creation and all subsequent updates to enabled attributes of the object instances, and deletes, are automatically sent to Oracle Social Network.

- **No** - Does not send any object instance information to Oracle Social Network.

---

**Note**

After you enable an object, you must enable one or more attributes in the Attributes section of the Manage Oracle Social Network Objects page. Updates to enabled attributes are sent to Oracle Social Network.

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**Disable Object**

Access the Business Object section of the Manage Oracle Social Network Objects page.

Click **Disable Object** to disable the selected business object, then Save. This shortcut disables the currently selected business object by changing the enablement option to No.

Alternatively, you can click **Enable Object** to access the dialog box and enablement options and select **No**, then click OK, and then click Save to disable a selected business object.

Disabling the object through either mechanism does not affect any associated attributes. Use the Attributes section of the page to manage the list of enabled attributes.

**Enable All**

Access the Manage Oracle Social Network Objects page.

Click **Enable All** at the page level to perform a bulk update of the enablement status from No to Manual of all business objects. After you click Enable All, then you save.

The bulk update of the statuses does not affect the attributes selected as enabled for each business object. Use the Attributes section of the page to manage the list of enabled attributes.

**Status Column**

The Status column appears in the Business Objects table to provide a visual indicator as to which enabled business objects do not yet have an enabled attribute assigned.

When you enable a business object (automatic or manual), a check mark or a warning sign appears in the Status column of the business object depending on this criteria:

- A check mark indicates that you have configured attributes for an enabled business object.
- A warning sign indicates that you have not configured any attributes for the enabled business object.

---

**Note**

It is important that you configure the attributes before you click Save.

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When you enable a business object, but do not configure any attributes for the enabled business object, unexpected results can occur as no attributes are sent to Oracle Social Network during create and update except some internal bookkeeping information. Deletes are sent as usual.

### **Attributes**

Enable business object attributes in the Attributes section of the Manage Oracle Social Objects page. To provide a visual indicator of the enabled business objects that have no attributes added, a Status column appears at the end of the Business Objects table. This column shows a warning when there are no attributes defined for a business object that has had its enabled state changed from No. This warning does not prevent you from saving the Oracle Social Network enablement of the business object, but does provide a guide that you should assign attributes for an enabled business object.

In the Attributes table, you can do the following:

- View a list of all attributes that are enabled.  
  
These are the attributes that, upon update, are sent to Oracle Social Network. Disabled attributes are not sent.
- Click Add to launch the dialog where you can select attributes to add to the table.
- Click Remove to remove attributes from the table.

## **FAQs for Manage Oracle Social Network Objects**

### **What happens if I update translations?**

When you click **Update Translations** from the Manage Oracle Social Network Objects page, you synchronize the newly translated text from Oracle Fusion Applications so that it can be used within Oracle Social Network. This means you can install and enable a new language or take a language patch at any time.

**Update Translations** sends attribute labels and business object names to Oracle Social Network for use in its user interface. Users in Oracle Social Network see the attribute or business object labels in the language of their locale. If the user changes locale in Oracle Social Network, then the attribute or business object labels appear in the updated language. The data, however, appears in the language in which it was originally sent to Oracle Social Network. If a user has previously sent a business object instance to Oracle Social Network, then the business object instance data is not updated. When you save the business object enablement to Oracle Social Network, it sends the translations as well. This makes it unnecessary to click both Save and Update Translations. For subsequent updates to labels and attributes, such as if a new Oracle Fusion Applications language pack is installed, run Update Translations to send the updated labels and their translations to Oracle Social Network. The Update Translations button sends translations for all business objects whose enablement is Manual or Automatic.

## Manage Applications Core Common Reference Objects: Manage Applications Core Messages

### 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.

## Manage Applications Core Common Reference Objects: Manage Applications Core Administrator Profile Values

### 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

## **Profile Options and Related General Preferences: How They Work Together**

Some Oracle Fusion Middleware Extensions for Applications profile options are related to general preferences in the global area.

### **Preferences**

The related general preferences are Default Application Language, Territory, Date Format, Time Format, Currency, and Time Zone. When the user changes any of these preferences, the stored values in LDAP are updated accordingly.

### **Profile Options**

The corresponding profile options are Default Language, Default Territory, Default Date Format, Default Time Format, Default Currency, and Default User

Time Zone. No matter what you set for these profile options at any level, the preferences settings, or LDAP values, take precedence. The profile option value is used only if the LDAP value is not available. Updating the profile option value does not automatically update the value in LDAP or preferences.



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# Common Applications Configuration: 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.

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**Note**

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

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**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.

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**Note**

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

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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.

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#### **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.

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## **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.

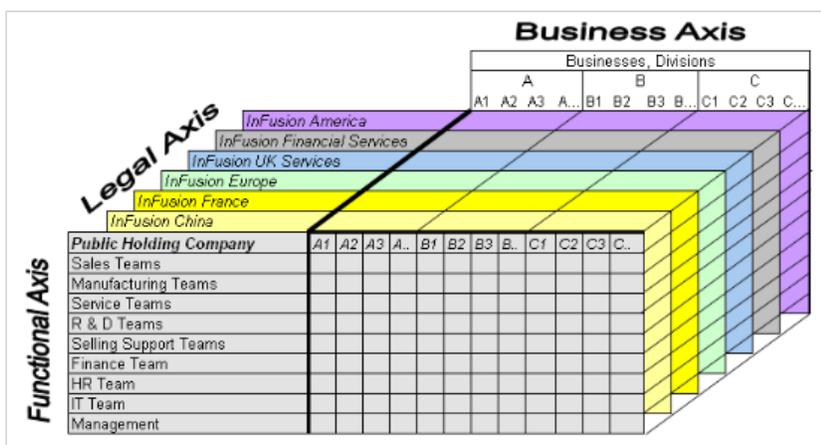
## Common Applications Configuration: Define Enterprise Structures

### 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

employment 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**

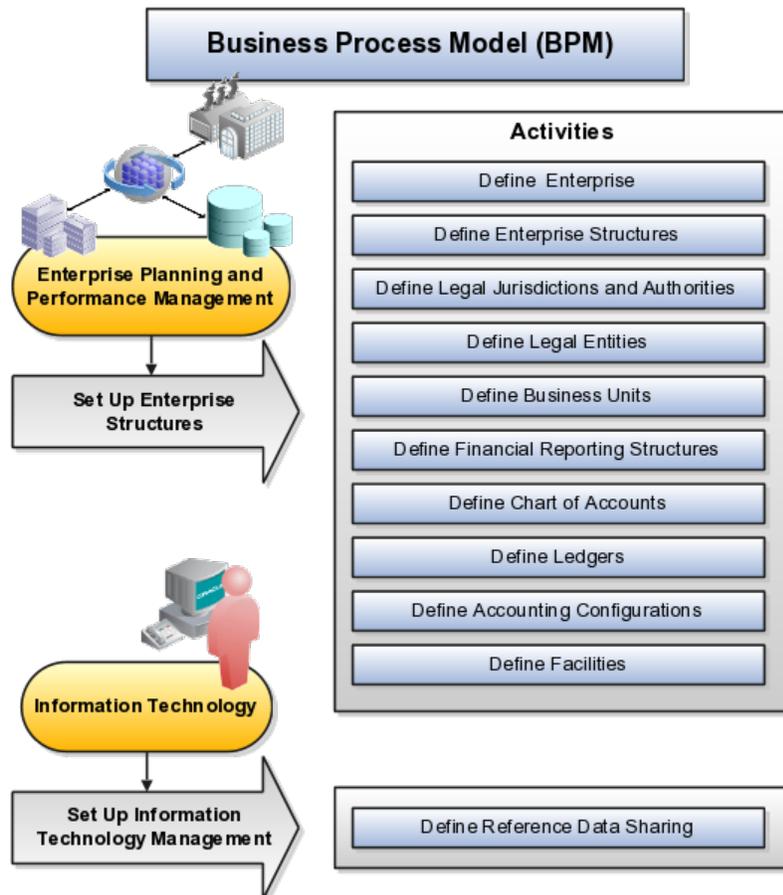
Straddling the legal and business organizations is a functional organization structured around people and their competencies. For example, sales, manufacturing, and service teams are functional organizations. This functional structure is represented by the Functional Axis in the figure above. You reflect

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.



<b>BPM Activities</b>	<b>Description</b>
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.

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**Note**

There are product specific implementation activities that are not listed here and depend on the applications you are implementing. For example, you can

implement Define Enterprise Structures for Human Capital Management, Project Management, and Sales Management.

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## 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

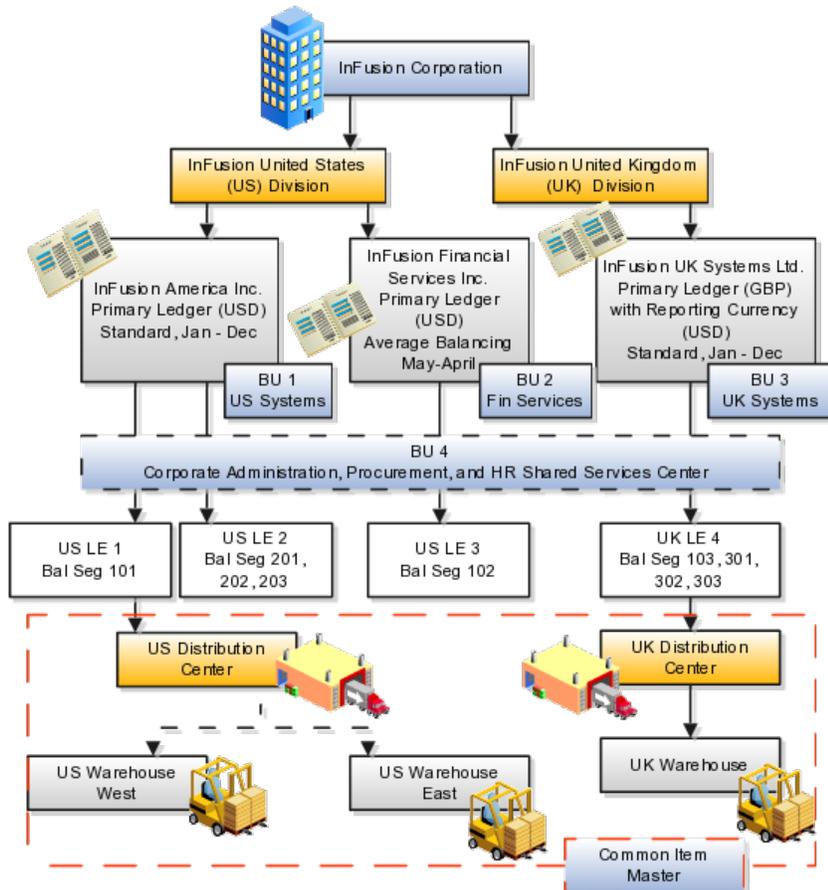
The following are elements you need to consider in creating your model for your global enterprise structure.

- 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.

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#### 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.

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#### Note

The InFusion Corporation is a legal entity but is not discussed in this example.

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## Essbase Character and Word Limitations

The following is a comprehensive list of character and word limitations that apply to Essbase. All of the limitations apply to all of the Oracle Fusion General Ledger configurations summarized in the table

Oracle Fusion General Ledger Configuration	Maps to Essbase As:
Chart of Account Name	Cube Name
Chart of Account Segment Name	Dimension Name
Chart of Accounts Segment Value	Dimension Member Name
Chart of Accounts Segment Value Description	Alias for Member
Tree and Tree Version Name	Dimension Member Name
Primary Ledger Name	Dimension Member Name in Ledger Dimension
Secondary Ledger Name	Dimension Member Name in Ledger Dimension
Reporting Currency Name	Dimension Member Name in Ledger Dimension
Ledger Set Name	Dimension Member Name in Ledger Dimension
Accounting Calendar Period Names	Dimension Member Name in Accounting Period Name
Scenario Name Defined in Seeded Value Set Called Accounting Scenario	Dimension Member Name in Scenario Dimension

Even when case sensitivity is enabled in an aggregate storage outline for which duplicate member names is enabled, do not use matching names with only case differences for a dimension name. For example, do not:

- Name two dimensions Product and product.
- Use quotation marks or brackets.
- Use tabs in dimension, member, or alias names.
- Use accent characters.
- Use the characters for dimension or member names.

## Restricted Characters

The following is a list of characters that are restricted and can not be used in dimension, member, or alias names.

Character	Meaning
@	at sign
\	backslash
,	comma
-	dash, hyphen, or minus sign
=	equal sign
<	less than sign
()	parentheses

.	period
+	plus sign
'	single quotation mark
_	underscore
	vertical bar

## Other Restrictions

- Do not place spaces at the beginning or end of names. Essbase ignores such spaces.
- Do not use these types of words as dimension or member names:
  - Calculation script commands, operators, and keywords.
  - Report writer commands.
  - Function names and function arguments.
  - Names of other dimensions and members (unless the member is shared).
  - Generation names, level names, and aliases in the database.
  - Any of these words in the table below:

List 1	List 2	List 3
ALL	AND	ASSIGN
AVERAGE	CALC	CALCMBR
COPYFORWARD	CROSSDIM	CURMBRNAME
DIM	DIMNAME	DIV
DYNAMIC	EMPTYPARM	EQ
EQOP	EXCEPT	EXP
EXPERROR	FLOAT	FUNCTION
GE	GEN	GENRANGE
GROUP	GT	ID
IDERROR	INTEGER	LE
LEVELRANGE	LOOPBLOCK	LOOPPARMS
LT	MBR	MBRNAME
MBRONLY	MINUS	MISSING, #MISSING
MUL	MULOP	NE
NON	NONINPUT	NOT
OR	PAREN	PARENPARM
PERCENT	PLUS	RELOP
SET	SKIPBOTH	SKIPMISSING
SKIPNONE	SKIPZERO	TO

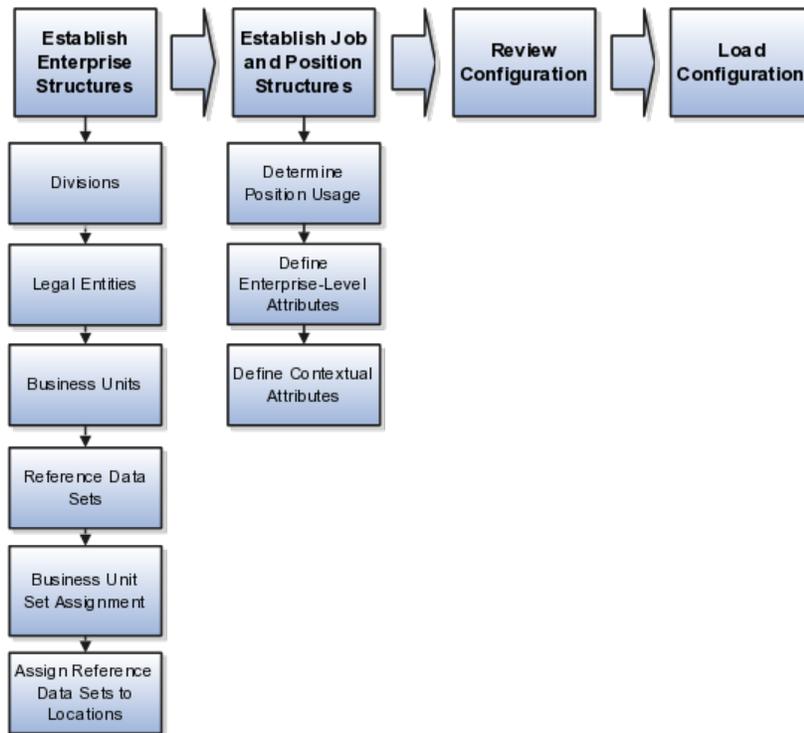
TOLOCALRATE	TRAILMISSING	TRAILSUM
UMINUS	UPPER	VARORXMBR
XMRONLY	\$\$\$UNIVERSE\$\$\$	#MI

## 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.

## Using Rollback for an Enterprise Structures Configuration: Explained

The Enterprise Structures Configurator provides the ability to roll back, or undo, an enterprise configuration. Two methods for rolling back a configuration are available: manual rollback, and automatic rollback.

### Manual Rollback

Use the manual method for rolling back an enterprise configuration when you have loaded a configuration, but then decide you do not want to use it.

### Automatic Rollback

The automatic rollback is used when you run the Load Configuration process, but the process encounters an error. In this case, the application rolls back any enterprise structures that were created before the error was encountered.

## 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.

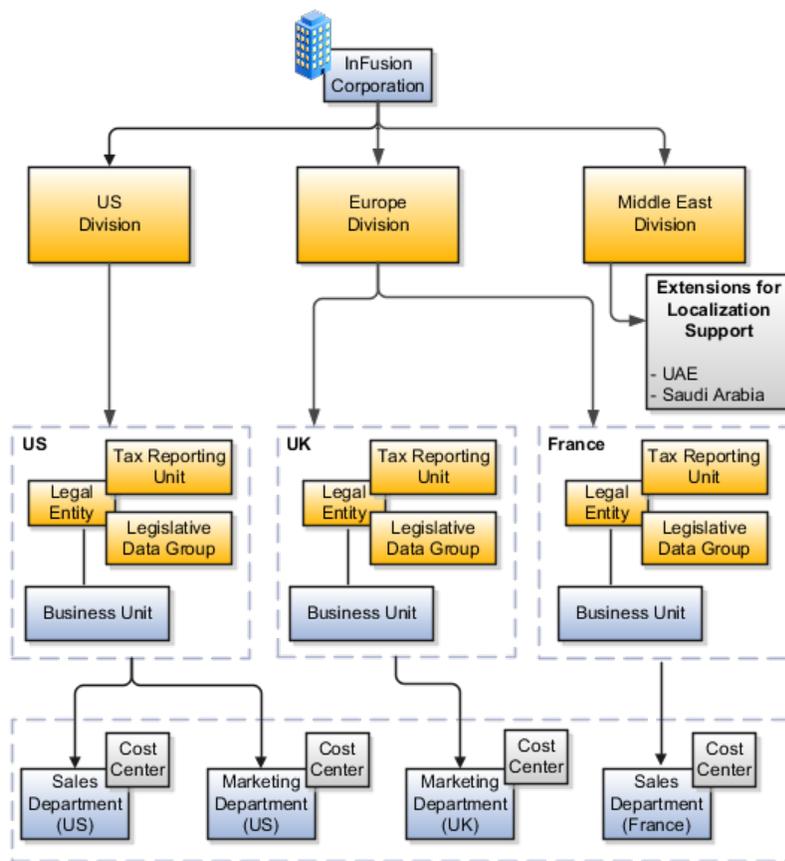
InFusion requires legal entities with legal employers, payroll statutory units, tax reporting units, and legislative data groups for the US, UK, France, Saudi Arabia, and UAE, in order to employ and pay its workers in those countries.

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.

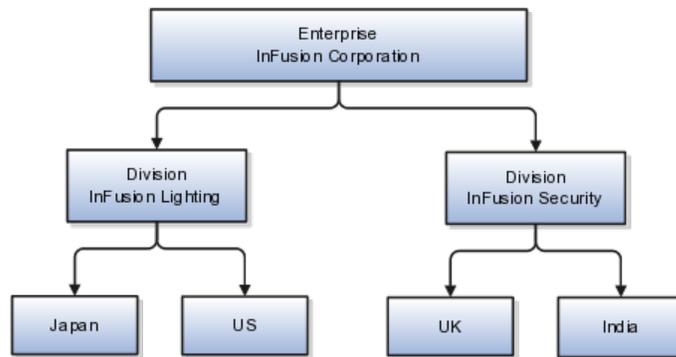
The application automatically creates the legal entities that you select, and identifies them as payroll statutory units and legal employers. For each country that you indicated that your enterprise operates in, and for each country that you created a location for, the application also automatically 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.

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**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.

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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.

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**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.

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### Note

In the Oracle Fusion Supply Chain applications, model intercompany relationships using business units, from which legal entities are inferred.

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## 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.

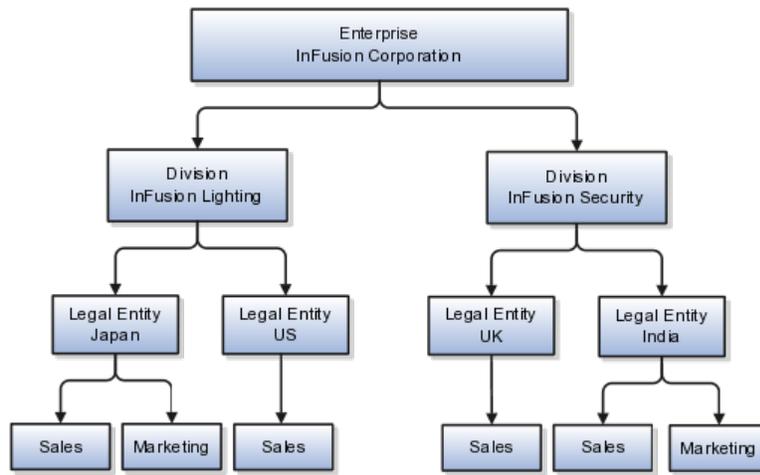
The business units listed by the application are suggestions only, and are meant to simplify the process to create business units. You are not required to select all of the business units suggested. When you navigate to the next page in the ESC guided flow, which is the Manage Business Units page, you 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"> <li>• US</li> <li>• UK</li> <li>• Japan</li> <li>• India</li> </ul>
Country and Division	<ul style="list-style-type: none"> <li>• InFusion Lighting: Japan</li> <li>• InFusion Lighting: US</li> <li>• InFusion Security: UK</li> <li>• InFusion Security: India</li> </ul>
Country and business function	<ul style="list-style-type: none"> <li>• Sales: Japan</li> <li>• Marketing: Japan</li> <li>• Sales: US</li> <li>• Sales: UK</li> <li>• Marketing: India</li> <li>• Sales: India</li> </ul>

Division	<ul style="list-style-type: none"> <li>• InFusion Lighting</li> <li>• InFusion Security</li> </ul>
Division and Legal Entity	<ul style="list-style-type: none"> <li>• InFusion Lighting: Japan</li> <li>• InFusion Lighting: US</li> <li>• InFusion Security: UK</li> <li>• InFusion Security: India</li> </ul>
Division and Business Function	<ul style="list-style-type: none"> <li>• InFusion Lighting, Sales</li> <li>• InFusion Lighting, Marketing</li> <li>• InFusion Security, Sales</li> <li>• InFusion Security, Marketing</li> </ul>
Business Function	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Marketing</li> </ul>
Legal Entity	<ul style="list-style-type: none"> <li>• Legal Entity: Japan</li> <li>• Legal Entity: US</li> <li>• Legal Entity: UK</li> <li>• Legal Entity India</li> </ul>
Legal Entity and Business Function	<ul style="list-style-type: none"> <li>• Legal Entity: Japan, Sales</li> <li>• Legal Entity: Japan, Marketing</li> <li>• Legal Entity: US, Sales</li> <li>• Legal Entity: UK, Sales</li> <li>• Legal Entity India, Marketing</li> <li>• Legal Entity India, Sales</li> </ul>

### 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.
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- 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.

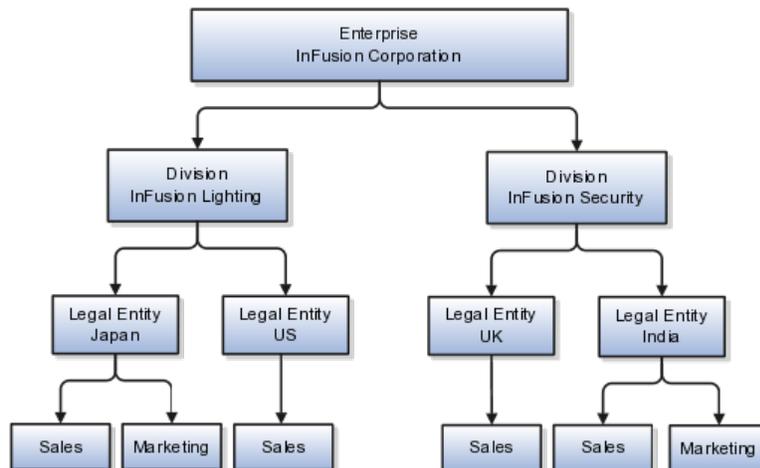
### Business Unit Set Assignment

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

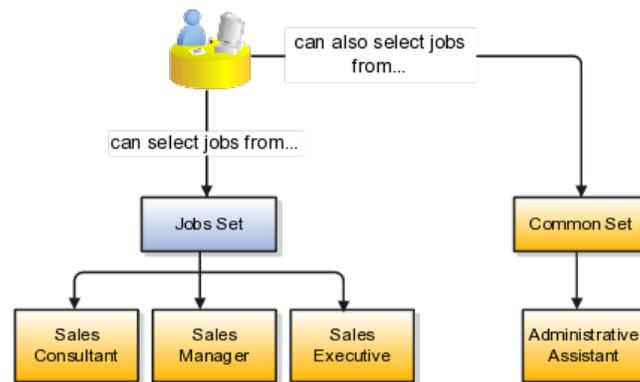
When setting up grades, departments, and locations for the business units, InFusion will assign the data to the default set for each business unit. When

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

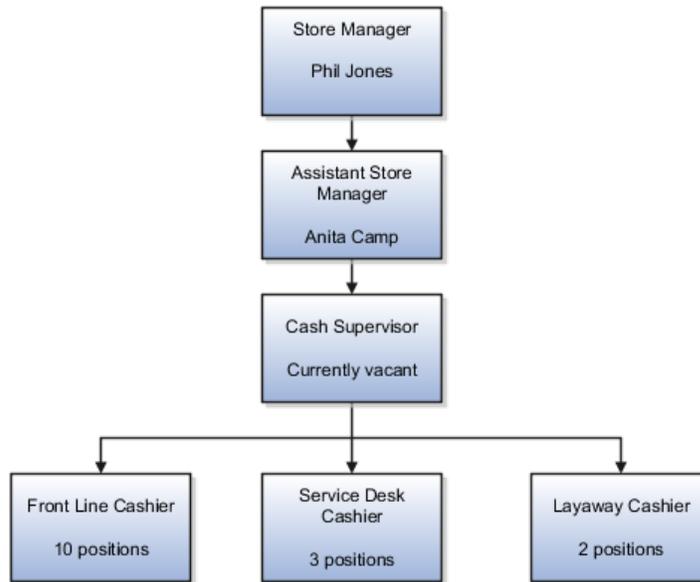
ABC Corporation has high turnover. It loses approximately 5% of their cashiers monthly. The job of cashier includes three positions: front line cashier, service desk cashier, and layaway cashier. Each job is cross trained to take over another cashier position. When one cashier leaves from any of the 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.

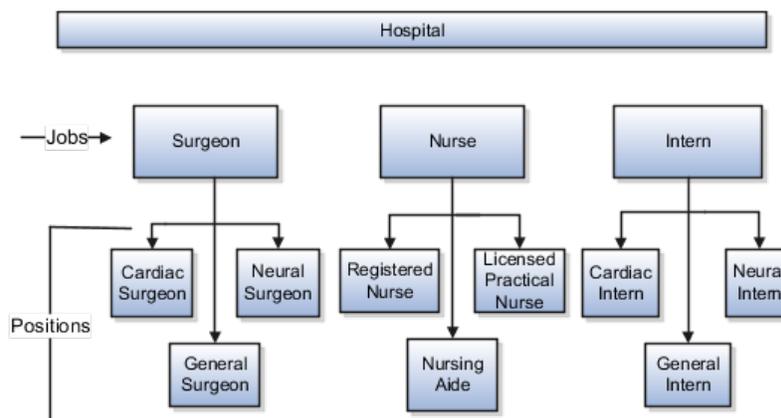


### Health Care Industry

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

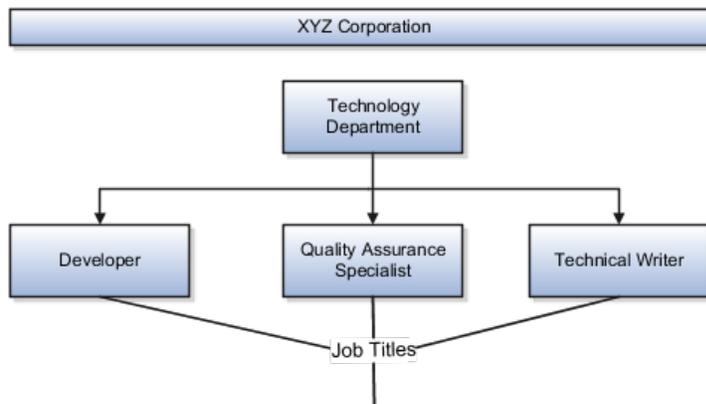
Jobs are typically used without positions by service industries where flexibility and organizational change are key features.

### 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

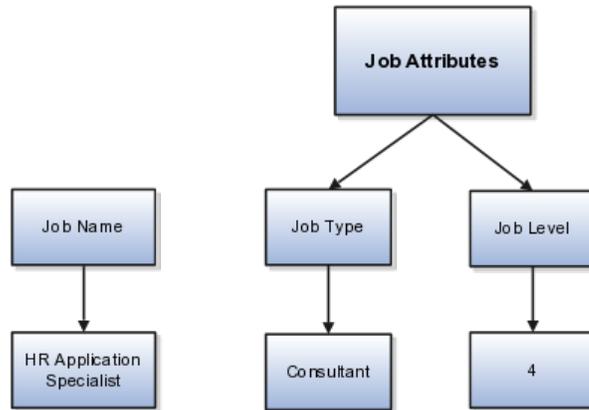
Job and position structures identify the descriptive flexfield structure that enables you to specify additional attributes that you want to capture when you define jobs and positions. Job and position attributes provide further detail to make jobs and positions more specific. You also use attributes 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.

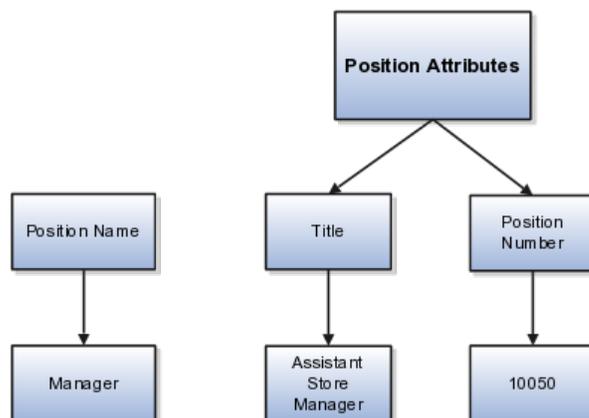
This figure illustrates how job type and job level provide further details for the HR Application Specialist job.



### 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 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.

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#### Note

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

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### 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.

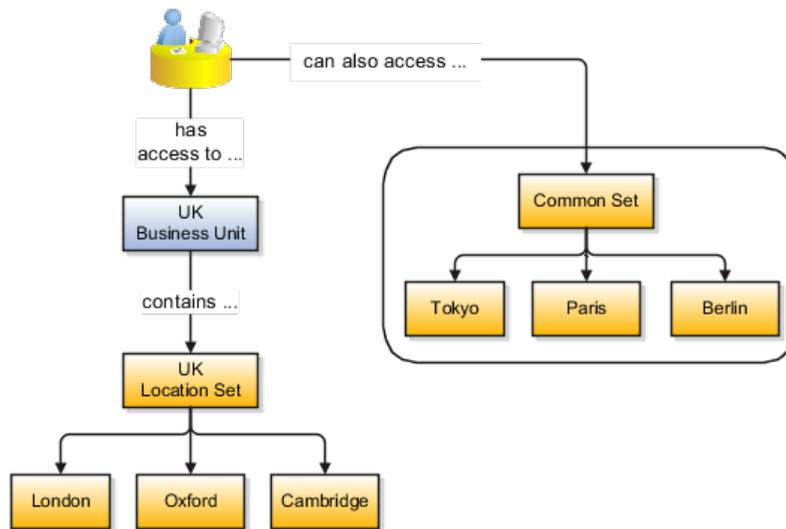
Consider the following scenario.

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.

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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.

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### Note

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

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## 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.

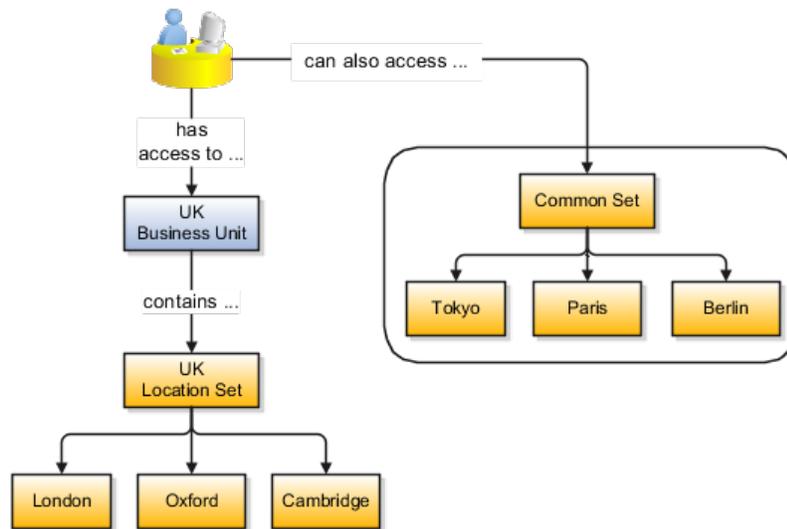
#### **Location Sets**

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.

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**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.

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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.

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**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.

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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.

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### Note

You only need to map geography types that you want to use for geography or tax validation purposes.

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## 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.

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### 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.

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## 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.

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**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.

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## 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.

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#### 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.

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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 Country Structures Using File-Based Import: Explained

This topic explains how to prepare and import country structure data from an external data source into Oracle Fusion Applications using the File-Based Data Import feature. A country structure is a hierarchical grouping of geography types for a country. For example, the geography structure for the United States has the geography type of State at the top, followed by the County, then the City, and finally the Postal Code.

You can use the country structure to set up the following:

- The relationships between geographies within a country
- The types of geographies that you can define for a country

Consider the following questions when importing your data:

- How does your legacy system or source system represent the country structure compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- Do you have to customize Oracle Fusion Applications to capture additional attributes that are critical to the way you do business?
- What import features are available for importing your business object?
- How do you verify your imported data?

### **Comparing Business Object Structures**

You must understand how your country structure data corresponds with the data in Oracle Fusion Applications in order to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a country structure.

You must import a separate country structure import object for each country. Each of these import objects must contain the geography types that are used in the country's structure, organized in a hierarchy using geography level numbers. For example, if you are importing the country structure of Australia, the country structure could be the following: 1: Country, 2: State, 3: County, 4: Town, 5: ZIP.

### **Import Objects for the Country Structure**

To facilitate the import of country structures, Oracle Fusion Applications incorporate the structure of the country structure into import objects. The import object for country structures is GeoStructureLevel.

### **Comparing Business Object Data**

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the country structure.

A good understanding of the attribute details of the import objects is critical to preparing your import data. For information about the Oracle Fusion Applications attributes, see the Oracle Enterprise Repository. The reference files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correlate to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area where you can define your values. For additional information, including a list of reference file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
Country Structure	Country Structure Import Objects: How They Work Together

## Extensible Attributes

If you need to extend the Oracle Fusion Applications object to import your legacy or source data, you must use Oracle Fusion CRM Application Composer to design your object model extensions and to generate the required artifacts to register your extensions and make them available for importing. The corresponding import object is updated with the extensible attributes, which can then be mapped to your source file data. You can use the same source file to import both extensible custom attributes and the standard import object attributes.

## Importing Country Structures Using File-Based Data Import

For the country structure business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new country structure, you import the Country Structure object.

You must be assigned the Master Data Management Administrator job role to access and submit the import activities for country structures.

## Verifying Your Imported Data

You can view the list of import activities from the Manage Import Activities page. You can verify your imported data by clicking the Status column for your import activity.

# Country Structure Import Objects: How They Work Together

This topic describes the Country Structure import object. You use the Country Structure import object when you submit a file-based import activity to import your country structure information. This topic introduces the following:

- Target import object concepts
- Target objects for the Country Structure import object
- Target import object attributes

- Target object attribute reference guide files

## Target Import Object Concepts

The Country Structure import object is used to import a country structure hierarchy, including details, such as geography type, geography type name, parent geography type, geography level numbers, and so on. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

## Country Structure Target Import Objects

The Country Structure import object contains one target import object that organizes the individual attributes of the different aspects of the geography structure. When updating an existing country structure, you must provide the parent reference information of the existing country structure. This reference information connects the imported geography structure to the existing one. Use the ImpGeoStructureLevel target import object to create and update country structure information.

## Target Import Objects Attributes

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference guide file includes attribute descriptions, default values, and validations performed by the import process. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

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### Note

If any of the attributes you want to import does not have an equivalent target object attribute, then review the Oracle Fusion CRM Application Composer extensibility features for country structures.

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## Target Import Objects Attributes Resources

To access the reference guide files for the country code's target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

For detailed information on importing geographies using file-based import, refer to Document No. 1481758.1, Importing Master Reference Geography Data, on the Oracle Support site.

The following table lists the reference guide files that are available from the Documentation tab for the Country Code File-Based Data Import asset.

Target Import Object	Description	Reference Guide File Names
ImpGeoStructureLevel	<p>Contains information that specifies a country's geography structure.</p> <p>Sample attributes:            GeographyType,            GeographyTypeName,            LevelNumber, and            ParentGeographyType.</p> <p>Reference attribute: CountryCode</p>	HZ_IMP_GEO_STRUCTURE_LEVELS_Reference

## Importing Geographies Using File-Based Import: Explained

This topic describes the tasks you must perform to import geography information. A geography is any region with a boundary around it, regardless of its size. It might be a state, a country, a city, a county, or a ward. You must create or import geographies before you can associate them with custom zones and addresses.

Consider the following questions when importing your data:

- How does your legacy system or source system represent the geography compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- What import features are available for importing your business object?
- How do you verify your imported data?

### Comparing Business Object Structures

You must understand how your geography data corresponds with the data in Oracle Fusion Applications in order to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a geography.

You must import a separate country structure import object for each country. Each of these import objects must contain the geography types that are used in the country's structure, organized in a hierarchy using geography level numbers. For example, if you are importing the country structure of Australia, the country structure could be the following: 1: Country, 2: State, 3: County, 4: Town, 5: ZIP.

### Import Objects for the Geography

To facilitate the import of geographies, Oracle Fusion Applications incorporate the structure of the geography into import objects. The import object for the geography is ImpGeography.

## Comparing Business Object Data

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the geography.

A good understanding of the attribute details of the import objects is critical to preparing your import data. For information about the Oracle Fusion Applications attributes, see the Oracle Enterprise Repository. The reference files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correlate to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area where you can define your values. For additional information, including a list of reference file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
ImpGeography	Geography Import Objects: How They Work Together

Hint: You can use the keyword importing geographies to search for related topics in Oracle Fusion Applications Help.

### Extensible Attributes

Oracle Fusion Applications do not support extensible attributes for geographies. You can only import data for attributes provided by Oracle Fusion Applications.

### Importing Geographies Using File-Based Data Import

For the geography business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new geography, you import the Geography object. You must be assigned the Master Data Management Administrator job role to access and submit the import activities for geographies.

When importing geography information, you must provide the parent reference information for all parent levels for the entity.

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which can be used to verify imported data. Users with the Master Data Management

Administrator job role can also navigate to the Manage Geographies work area to view the imported geographies.

## Geography Import Objects: How They Work Together

This topic describes the Geography import object. You use the Geography import object to import geography information.

This topic introduces the following:

- Target import object concepts
- Target objects for the Geography import object
- Target import object attributes
- Target import object attribute reference guide files

### Target Import Object Concepts

The Geography import object is used to import geography hierarchy information to create or update the geography data of a country. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

### Geography Target Import Objects

The target import objects in the Geography import object contain information about the geography hierarchy. When updating an existing geography, you must provide the parent reference information of the existing geography, which connects the geography to the country of which it is a part.

Use the ImpGeography target import object to create and update geography information.

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#### Note

Before you import geography data for a country, you must define the country's geography structure.

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### Target Import Objects Attributes

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference guide file includes attribute descriptions, default values, and validations performed by the import process. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can

predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

### Target Import Objects Attributes Resources

To access the reference guide files for the geography's target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

For detailed information on importing geographies using file-based import, refer to Document No. 1481758.1, Importing Master Reference Geography Data, on the Oracle Support site.

The following table lists the reference guide files that are available from the Documentation tab for the Geography File-Based Data Import asset.

Target Import Object	Description	Attribute Reference Guide File Names
ImpGeography	<p>Contains information that captures a country's geography hierarchy details.</p> <p>Sample attributes: CountryCode, GeoDataProvider, GeographyType, PrimaryGeographyCode, PrimaryGeographyCodeType, and PrimaryGeographyName.</p> <p>Reference attribute: CountryCode</p>	HZ_IMP_GEOGRAPHIES_T_Reference

## 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 configure the geography structure, hierarchy, and validation for a country geography, using the United Kingdom country geography as an illustration.

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: <ol style="list-style-type: none"> <li>1. County</li> <li>2. Post Town</li> </ol>

What is the geography hierarchy?	Create the following hierarchy: <ol style="list-style-type: none"> <li>1. Country of United Kingdom</li> <li>2. County of Berkshire</li> <li>3. Post Town of Reading</li> </ol>
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 <b>Tax Validation</b> for the geography types.

Add the County and Post Town geography types to the geography structure. Next, 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

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

To begin creating the geography hierarchy for the United Kingdom, 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. Define the geography mapping and validation for the United Kingdom default address style format. Then 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.

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.

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.

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### **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.

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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.

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#### **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.

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### **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.

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#### **Note**

In the Oracle Fusion Supply Chain applications, model intercompany relationships using business units, from which legal entities are inferred.

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### **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

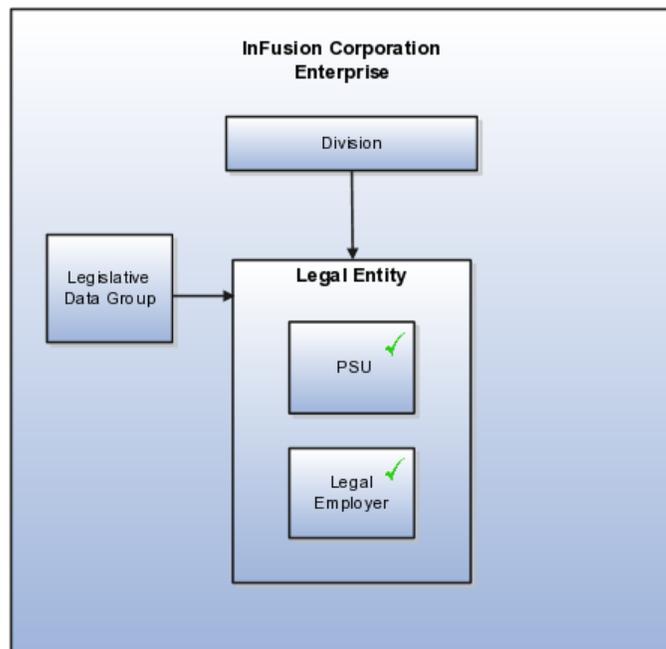
### HCM Organization Models: Examples

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.

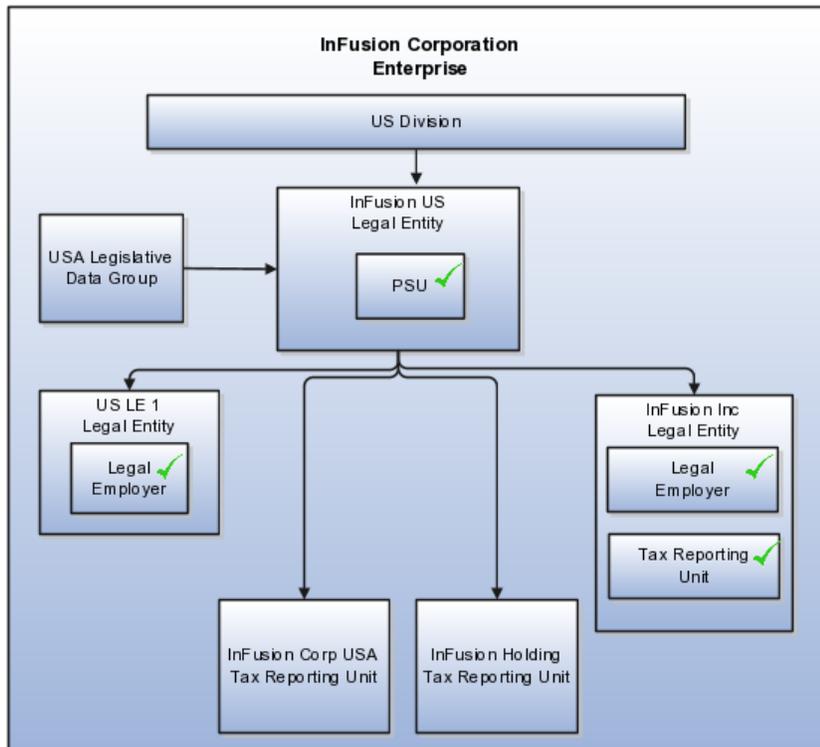
This figure illustrates a simple configuration where the enterprise has only one legal entity that is both a payroll statutory unit and a legal employer.



## 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.

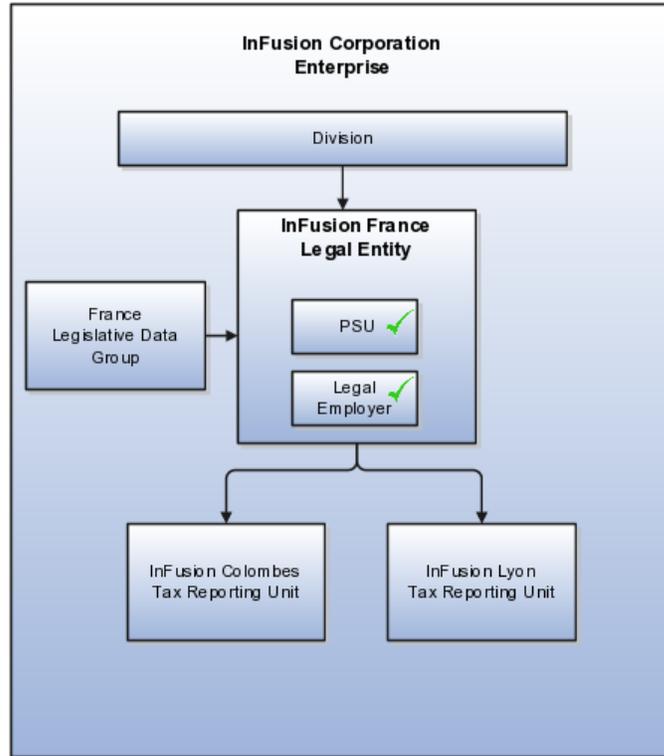
This figure illustrates an enterprise that has one payroll statutory unit and multiple legal employers and tax reporting units.



## 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.

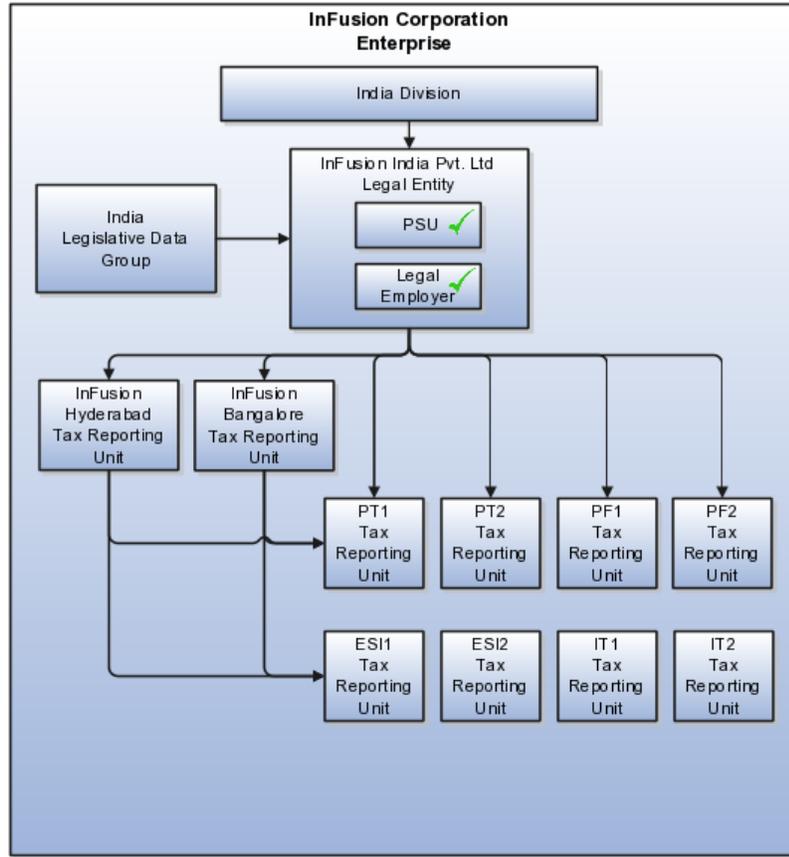
This figure illustrates an example of an organization with one legal entity that is both a legal employer and a payroll statutory unit and that has two tax reporting units.



### 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.

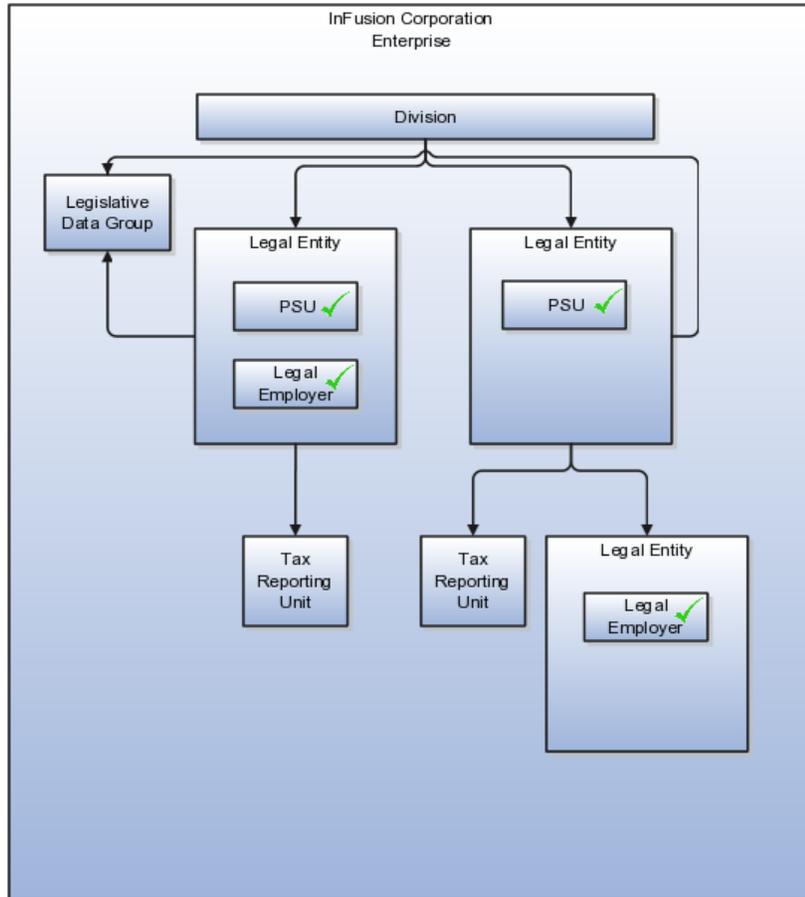
This figure illustrates an enterprise with one legal entity that is a payroll statutory unit and a legal employer, and the tax reporting units are independent from the legal employer.



### 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.

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### 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"> <li>• <b>Header:</b> Applies rounding to calculated tax amounts once for each tax rate per invoice.</li> <li>• <b>Line:</b> Applies rounding to the calculated tax amount on each invoice line.</li> </ul>

<b>Rounding Rule</b>	<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><b>Note</b></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>
<b>Set Invoice Values as Tax Inclusive</b>	<p>This first party intends to send or receive invoices with invoice line amount inclusive of the tax amount.</p> <hr/> <p><b>Note</b></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 operations 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

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#### 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.

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#### Summary

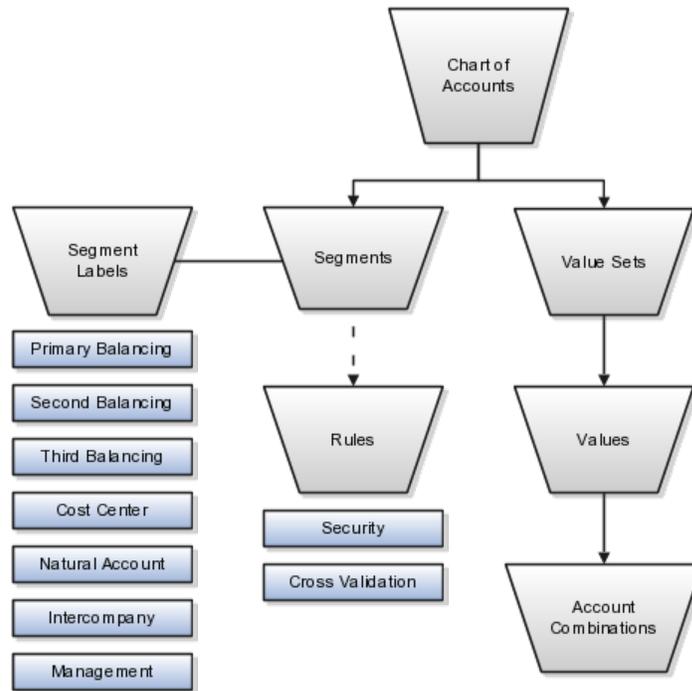
The factors you need to consider in your decision to use a thick or thin general ledger for your organization, are your:

- 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.

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### Note

All segments have a segment qualifier that enables posting for each value. The predefined setting is Yes to post.

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## 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.

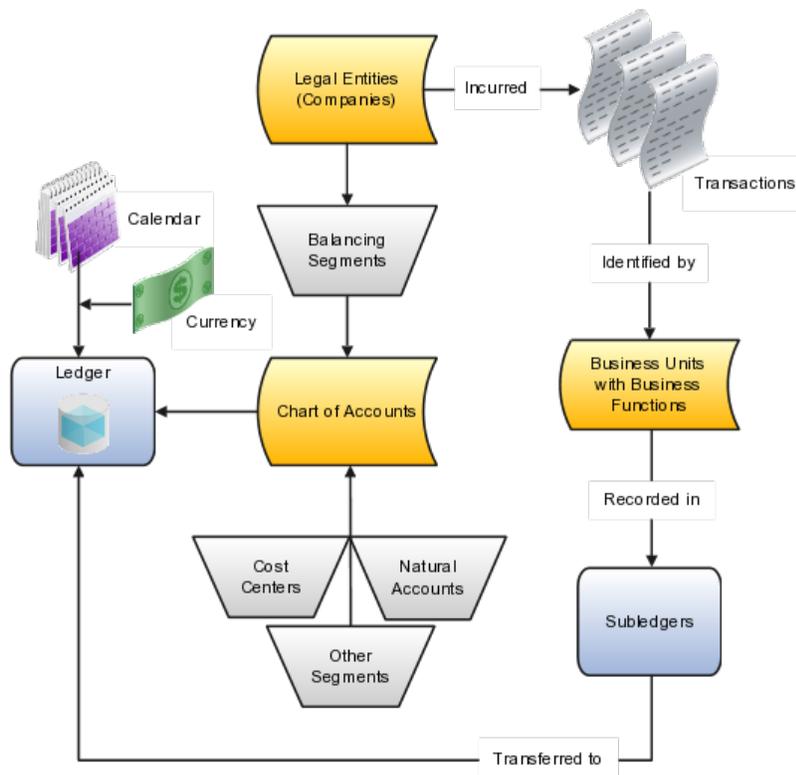
- **Security rules:** Prohibit certain users from accessing specific segment values. For example, you can create a security rule that grants a user access only to his or her department.
- **Cross-validation rules:** Control the account combinations that can be created during data entry. For example, you may decide that sales cost centers 600 to 699 should enter amounts only to product sales accounts 4000 to 4999.

# Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: Explained

Represent your enterprise structures in your chart of accounts, ledger, legal entities, and business unit configuration to track and report on your financial objectives and meet your reporting requirements. These components are the underlying structure for organizing financial information and reporting.

The chart of accounts within the ledger facilitates aggregating data from different operations, from within an operation, and from different business flows. This functionality enables you to report using consistent definitions to your stakeholders in compliance with legislative and corporate reporting standards and aids in management decisions.

Rapid implementation is a way to configure the Oracle Fusion Financial Enterprise and Financial Reporting Structures quickly using sheets in a workbook to upload lists of companies (legal entities), ledgers, business units, chart of account values, and other similar data. Once the sheets have been uploaded, the application creates your ledger, business unit, and other components. The following graphic shows the relationship of these components.



- Legal Entities: Identifies a recognized party with rights and responsibilities given by legislation, which has the right to own property and the responsibility to account for themselves.
- Chart of Accounts: Configures accounts consisting of components called segments that are used to record balances and organize your financial information and reporting.

- **Segments:** Contains a value set that provides formatting and validation of the set of values used with that segment. When combined, several segments create an account for recording your transactions and journal entries.
- **Segment Labels:** Identifies certain segments in your chart of accounts and assigns special functionality to those segments. The three required segment labels are:
  - **Balancing Segment:** Ensures that all journals balance for each balancing segment value or combination of multiple balancing segment values to use in financial processes and reporting. The three balancing segment labels are: primary, second, and third balancing. The primary balancing segment label is required.
  - **Natural Account:** Facilitates processes in the General Ledger application, such as retained earnings posting. Determines the account type, which includes asset, liability, expense, revenue, or equity.
  - **Cost Center:** Facilitates grouping of natural accounts by functional cost types, accommodating tracking of specific business expenses across natural accounts.
- **Ledger:** Maintains the records and is a required component in your configuration. The Rapid implementation process:
  - Creates your ledger by combining your chart of accounts, calendar, and currency as well as other required options defined in the sheets.
  - Assigns a default for the fourth component, the subledger accounting method, used to group subledger journal entry rule sets together to define a consistent accounting treatment.
  - Creates a balances cube for each ledger with a unique chart of accounts and calendar. Each segment is created as a dimension in the balances cube.
- **Business Units with Business Functions:** Identifies where subledger transactions are posted and provides access to perform subledger business processes. Business units are assigned to a primary ledger, as well as a default legal entity, when configured and identify where subledger transactions are posted.
- **Subledgers:** Captures detailed transactional information, such as supplier invoices, customer payments, and asset acquisitions. Uses subledger accounting to transfer transactional balances to the ledger where they are posted.

## **Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: How They Are Processed**

The Create Chart of Accounts, Ledger, Legal Entities, and Business Units rapid implementation process consists of four steps.

1. Enter the data into the sheets.
2. Upload the xml files generated from the sheets.
3. Run the deployment process to finalize the chart of accounts configuration.
4. Upload the XML files generated from the sheets for the rest of the configuration.

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**Note**

On the Instruction sheet is a link to a completed sample data workbook.

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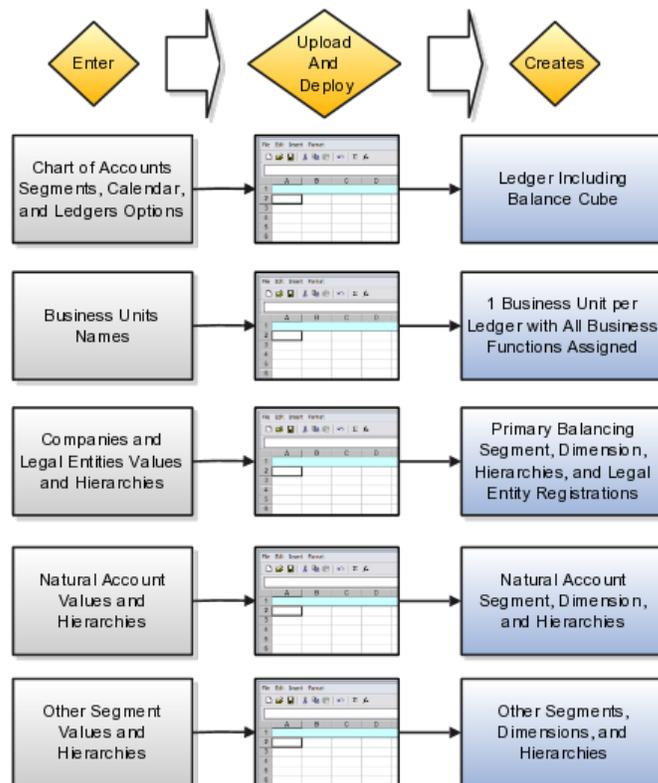
**Rapid Implementation Template with Sample Data**  
 As a guide to data entry in the data sheets please refer to the below template with the sample data entered in to it.

Sample\_Data.xlsxm

## Process Overview

Begin by downloading the **Rapid Implementation for General Ledger** workbook using the **Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet** task on the **Setup and Maintenance** work area.

The following figure illustrates the Create Chart of Accounts, Ledger, Legal Entities, and Business Units process, what data is entered into each sheet of the workbook, and the components that the process creates.



# Process

## Enter Data

The Create Chart of Accounts, Ledger, Legal Entities, and Business Units workbook provides five sheets.

1. Instructions
2. Chart of Accounts, Calendar, and Ledger
3. Business Units
4. Companies and Legal Entities
5. Natural Accounts

Sheets used to enter other segment values and hierarchies for additional segments are created by entering the segments on the Chart of Accounts, Calendar, and Ledger sheet and then clicking the **Add Segment Sheets** button.

## Instructions Sheet

Read the planning tips, loading process, best practices, and recommendations.

## Chart of Accounts, Calendar, and Ledger Sheet

Enter your data to create your ledger, its components, chart of accounts, currency, and calendar, and set the required ledger options.

*Segment	Segment Label	Short Prompt	*Display Width
Company	Primary Balancing Segment	CO	3
Line of Business	Second Balancing Segment	LOB	2
Account	Natural Account Segment	AOCT	4
Cost Center	Cost Center Segment	CC	3
Product		PROD	3
Intercompany	Intercompany Segment	IC	3

- **Ledger** name is the name of your primary ledger and often appears in report titles, so enter a printable name.
- **Ledger Currency** represents the currency that most of your transactions are entered.
- **Retained Earnings Account** is used when you open the first period of a new year. The application moves the total balances in your revenue and expense accounts to the Retained Earnings accounts by balancing segment.

---

## Tip

When the data is uploaded, the **Allow Dynamic Insertion** option used to enable the generation of new account combinations dynamically instead of creating them manually is enabled by default. To prevent the creation of invalid accounts,

you must define cross-validation rules. Define cross-validation rules before entering data or loading history. Cross-validation rules only prevent creation of new accounts, not disabling of preexisting accounts.

---

- **Enable Average Balances** is used to enable Average Balances functionality.

The Average Balance feature provides organizations with the ability to track average and end-of-day balances, report average balance sheets, and create custom reports using both standard and average balances. Average balance processing is important for financial institutions, since average balance sheets are required, in addition to standard balance sheets, by many regulatory agencies. Many organizations also use average balances for internal management reporting and profitability analysis.

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#### Tip

If you select No and uploaded the options, this region cannot be changed and does not display on the Specify Ledger Options page.

---

- **Fiscal Year Start Date** is the beginning date of your calendar for the ledger and cannot be changed once the ledger is saved.
- 

#### Important

Select a period before the first period you plan to load history or perform translations to enable running translation. You cannot run translation in the first defined period of a ledger calendar.

---

- **Period Frequency** must be Monthly and is predefined.
- 

#### Note

If you require a calendar other than monthly, such as 4-4-5 or weekly, define the calendar in the regular calendar page.

---

- **Adjusting Periods** add one or more periods that are used to enter closing, audit, or other adjustments in the General Ledger at quarter or year end. The entries are tracked in the adjusting period and not in your monthly activity.
  - **Chart of Accounts** region is where you enter your segments, segment labels, short prompts, and display length data that is used to create your chart of accounts. Plan this data carefully, as you are defining the basic structure for your accounting and reporting.
  - **Display Length** sets the segment size so select carefully and leave room for growth. For example, if you have 89 cost centers, enter 3 for the Display Length to allow for more than 100 cost centers in the future.
  - **Add Segment Sheets** button to create sheets for additional segments. Only the Company and Natural Account segment sheets are provided.
- 

#### Note

If you select an intercompany segment, you must complete at least one intercompany rule and check the Enable Intercompany Balancing option in the Specify Ledger Options task for the Balancing API to perform intercompany balancing.

## Business Units Sheet

Enter the name of your business unit.

You can enter more than one business unit per ledger but it is not recommended.

The screenshot shows a window titled "Business Units". Inside, there is a label "Name" followed by a text input field containing the text "USA Business Unit".

## Note

Enter a list of your legal entities. Include their registration number and assigned parent or child value.

## Companies and Legal Entities Sheet

You can create up to 9 levels of parent values to use to roll up your legal entities to meet corporate and local reporting requirements.

Parent1	Child Value	Company Description	Legal Entity Name	Legal Entity Identifier	Country	Address Line
100		Corporation	InFusion Corporation Inc.		United States	500 Oracle Parkway
	101 USA1		InFusion America Inc.	Inf_USA_1	United States	500 Oracle Parkway
	102 USA2		InFusion America High Technology Inc.	Inf_USA_3	United States	233 South Wacker Driv
	131 Health		InFusion USA Health Inc.	Inf_USA_3	United States	1015 15th Street NW

## Natural Accounts Sheet

Enter your account values that are used to record the type of balance.

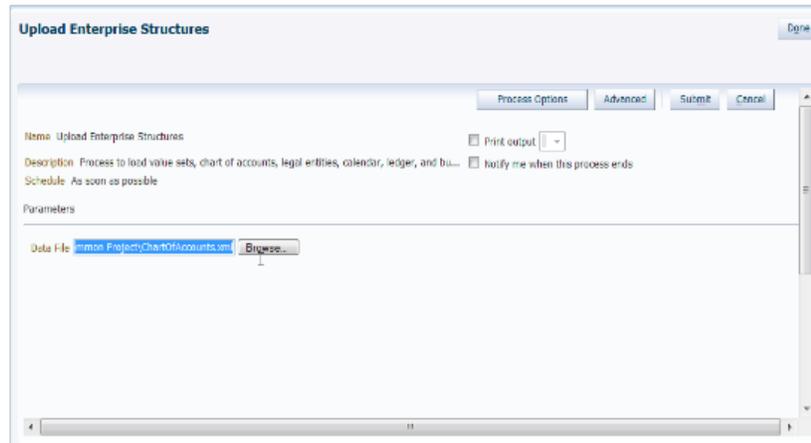
Parent2	Parent1	*Child Value	*Description	*Account Type	Financial Category
		1000	Assets	Asset	Other current assets
		11200	Cash	Asset	Cash
		11501	Cash Clearing	Asset	Cash
		2000	Liabilities	Liability	Other current liabilities
		22100	Accounts Payables	Liability	Accounts payable
		22190	Accounts Payable Clearing	Liability	Accounts payable

- **Parent and Child Values with Descriptions** are used to build hierarchies. Hierarchies are used for chart of accounts mappings, revaluations, data access sets, cross validation rules, and segment value security rules. The balances cube and account hierarchies are also used for financial reporting, Smart View queries, and allocations.
- **Account Type** is used to identify the type of account, Asset, Liability, Revenue, Expense, or Owner's Equity. Account types are used in yearend close processes and to correctly categorize your account balances for reporting.
- **Financial Category** (optional) is used to identify groups of accounts for reporting with Oracle Fusion Transactional Business Intelligence.

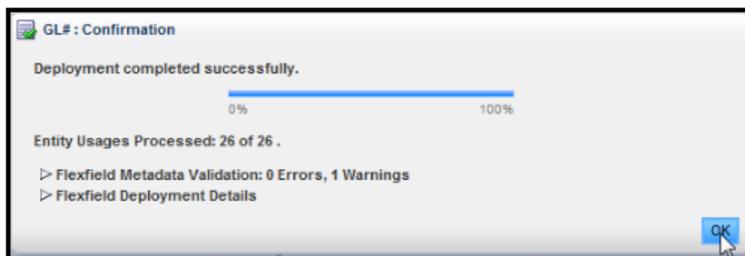
## Upload the Sheets and Run Deployment

Return to the Chart of Accounts, Calendar, and Ledger sheet after completing the other sheets complete the following steps:

1. **(B) Generate Chart of Accounts File:** The program generates an XML data file for the entered chart of accounts and hierarchies setup data. Save the file to a network or local drive.
2. **(B) Generate Ledger, Legal Entity, and Business Units File:** The program generates an XML data file for the entered ledger, legal entities, and business unit setup data. Save the file a network or local drive.
3. **(N) Setup and Maintenance > Functional Setup Manager > Upload Chart of Accounts** task. The Upload Enterprise Structures process is launched.
4. **(B) Upload File.**
5. **(B) Browse.** Select the first file you saved: **ChartOfAccounts.xml**



6. **(B) Submit.**
7. Verify that the process was completed without errors or warnings.
8. **(N) Setup and Maintenance > Deploy Chart of Accounts task > (B) Deploy the Accounting Flexfield.**



9. **(I) Refresh** until the green check mark appears and verifies that the deployment is successful.
10. **(N) Setup and Maintenance > Upload Ledger, Legal Entities, and Business Units** task. The **Upload Enterprise Structures** process is launched.

11. **(B) Upload File.**
12. **(B) Browse.** Select the second file you saved:  
**FinancialsCommonEntities.xml**
13. **(B) Submit.**
14. Verify that the process was completed without errors or warnings.

---

**Tip**

You cannot change the chart of accounts, accounting calendar, or currency for your ledger after the setup is created. Assign the data role that was automatically generated for the ledger to your users. Then open the first period to begin entering data.

---

## 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 your 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.

- 
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.

- 
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.

---

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**.

## Configuring Chart of Account Segment for Business Intelligence: Explained

To map the Oracle Fusion General Ledger Accounting Flexfield in Oracle Transaction Business Intelligence (BI) Repository file (RPD) for Oracle Fusion Financials, populate values in the Manage Key Flexfields user interface. These values enable the Chart of Accounts segments for Oracle Fusion Transactional BI and provide the mapping with BI Object names that are used as dimension for each of the Chart of Accounts segments.

Check each of the Chart of Accounts segments' **BI enabled** check box on all segments that you intend to map in the RPD by performing the following steps:

1. From your implementation project or the **Setup and Maintenance** page, query for **Manage Key Flexfields** and select the **Go to Task**.

2. Enter GL# in the **Key Flexfield Code** field.
3. Click **Search** button.
4. Click on **Manage Structure Instances** button.
5. Click the **Search** button.
6. Click on the desired chart of accounts and **Edit** icon.
7. Click on the desired segment and the **Edit** icon.
8. Edit each of the segments by checking the **BI enabled** check box.
9. Click on **Save** button. This should be done for all segments in every **Chart of Accounts Structure Instance** that you intend to be mapped in RPD.
10. Click the **Save and Close** button and the **Done** button.

Populate the **BI Object Name** for each of the **Segment Labels**. This name is the logical table name in the RPD which would be used as the dimension for the corresponding segment. Perform the following steps:

1. From your implementation project or the **Setup and Maintenance** page, query for **Manage Key Flexfields** and select the **Go to Task**.
2. Enter GL# in the **Key Flexfield Code** field.
3. Query for GL# as **Key Flexfield Code** in **Manage Key Flexfields** page.
4. Click **Search** button.
5. Chose **Actions** menu and click on **Manage Segment Labels**
6. Populate the **BI Object Name** for all the segment labels that are need to be mapped in the RPD.

Segment Label Code	BI Object Name
FA_COST_CTR	Dim - Cost Center
GL_BALANCING	Dim - Balancing Segment
GL_ACCOUNT	Dim - Natural Account Segment

7. Click the **Save** button.

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#### Note

For all the non qualified segment labels, the **BI Object Name** should be populated with one of the following:

- 
- Dim - GL Segment1
  - Dim - GL Segment2
  - Dim - GL Segment3
  - Dim - GL Segment4
  - Dim - GL Segment5
  - Dim - GL Segment6

- Dim - GL Segment7
- Dim - GL Segment8
- Dim - GL Segment9
- Dim - GL Segment10

Deploy the flexfield using the **Deploy Flexfield** button from **Manage Key Flexfields** page.

## Define Chart of Accounts for Enterprise Structures: Manage Account Hierarchies

### 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.

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#### Note

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

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### 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.

## Tree Structure Audit Results: Explained

Use the tree structure audit results to verify the tree structure's correctness and data integrity. The audit results include the following details:

- The name of the validator, which is a specific validation check
- The result of the validation, including a detailed message
- Corrective actions to take if there are any validation errors

### Running an Audit

Setting the status of a tree structure to active automatically triggers an audit of that tree structure. You can also manually trigger an audit on the manage Tree Structures page, using **Actions - Audit**. The Tree Structure Audit Result table shows a list of validations that ran against the selected tree structure.

### Validation Details

The following table lists the validators used in the audit process and describes what each validator checks for. It also lists possible causes for validation errors and suggests corrective actions.

Validator	Description (what is checked)	Possible Cause for Validation Failure	Suggested Corrective Action
Restrict By Set ID	On the Manage Tree Structures: Specify Data Sources page, if the <b>Set ID</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each of its data source view objects must have a reference data set attribute. This validation does not take place when the check box is not selected.	Even when the check box is selected, one or more of its data source view objects does not contain a reference data set attribute.	If reference data set restriction is required for this tree structure, include a reference data set attribute on all data sources. Otherwise, deselect the check box.
Row Flattened Table Name	On the Manage Tree Structures: Specify Performance Options page, a valid row flattened table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE_RF</code> or a custom table.	<ul style="list-style-type: none"> <li>• The specified table does not exist in the database.</li> <li>• The specified table does not contain the same columns as the <code>FND_TREE_NODE_RF</code> table.</li> </ul>	Correct the row flattened table definition.

<p>Available Label Data Sources</p>	<p>On the Manage Tree Structures: Specify Data Sources page, if a labeling scheme is specified for the tree structure by selecting a list item from the <b>Labeling Scheme</b> list box, the label data source view object specified for each data source must be accessible, and the primary keys must be valid. This restriction does not apply when you select <b>None</b> from the <b>Labeling Scheme</b> list box.</p>	<ul style="list-style-type: none"> <li>• Any of the specified label data source view objects do not exist.</li> <li>• Any of the specified label data source view objects do not have primary keys.</li> <li>• When a label data source view object is initially defined, the database registers the primary keys for the view object. If the view object is later modified such that its primary keys no longer match the primary keys that were registered earlier, this validation fails.</li> </ul>	<ul style="list-style-type: none"> <li>• Correct the specified label data source view object.</li> <li>• Correct the primary keys of the specified label data source view object.</li> <li>• Either correct the primary keys in the label data source view object to match the primary keys that were earlier registered in <code>FND_TS_DATA_SOURCE</code>, or correct the primary keys registered in that table to match the new view object definition.</li> </ul>
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Available Data Sources	Each data source view object specified for the tree structure must be accessible, and all its primary key attributes must be valid.	<ul style="list-style-type: none"> <li>• Any of the specified data source view objects do not exist.</li> <li>• When a data source view object is initially defined, the database automatically registers the primary keys for the view object if the <b>Use non-defined primary key columns</b> check box on the Data Source dialog box is not selected. If the check box is selected, the database registers the primary keys specified explicitly by the user on the Add Data Source dialog box. If the registered primary keys contain any duplicates, this validation fails.</li> <li>• The <b>Use non defined primary key columns</b> check box is selected in a data source, but the list of specified primary key columns does not match the primary keys defined in the corresponding data source view object.</li> <li>• Any common attribute that exists in both the data source view object and the tree node view object is not of the same data type in both view objects.</li> </ul>	<ul style="list-style-type: none"> <li>• Correct the specified data source view object.</li> <li>• Correct the duplicate column in the registered primary keys.</li> <li>• Correct the primary keys of the specified data source view object.</li> <li>• Correct any mismatch in data types.</li> </ul>
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Column Flattened Table Name	On the Manage Tree Structures: Specify Performance Options page, a valid column flattened table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE_CF</code> or a custom table.	<ul style="list-style-type: none"> <li>The specified table does not exist in the database.</li> <li>The specified table does not contain the same columns as the <code>FND_TREE_NODE_CF</code> table.</li> </ul>	Correct the column flattened table definition.
Restrict by Date	On the Manage Tree Structures: Specify Data Sources page, if the <b>Date Range</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each of its data source view objects must have effective start date and effective end date attributes. This validation does not take place when the check box is not selected.	Even when the check box is selected, one or more of its data source view objects does not contain effective start date and effective end date attributes.	If the date restriction is required for this tree structure, include the effective start date and effective end date attributes on all data sources. Otherwise, deselect the check box.
Tree Node Table Name	On the Manage Tree Structures: Specify Definition page, a valid tree node table must be specified for the tree structure. It can either be the standard row flattened table <code>FND_TREE_NODE</code> or a custom table.	<ul style="list-style-type: none"> <li>No table is specified in the <b>Tree Node Table</b> field.</li> <li>The specified table does not exist in the database.</li> <li>The specified table does not contain the same columns as the <code>FND_TREE_NODE</code> table.</li> </ul>	Correct the tree node table definition.
Allow Node Level Security	If the <b>Allow Node Level Security</b> option is set to No for the tree structure, the same option cannot be set to Yes on any of its data sources. This is a database setting that is not visible on the Manage Tree Structures page.	The option is set to No for the tree structure but one or more associated data sources have that option set to Yes.	Correct the option setting in the tree structure and their data sources.

## 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.

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### Note

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

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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	Labels that are automatically assigned based on the depth of the tree node within the tree. No manual assignment is performed.  <b>Note</b>  In an unbalanced hierarchy, a level may not be equal to depth.

## 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.

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#### Note

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

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#### 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.

## Tree Version Audit Results: Explained

Use the tree version audit results to verify the tree version's correctness and data integrity. The audit results include the following details:

- The name of the validator, which is a specific validation check
- The result of the validation, including a detailed message
- Corrective actions to take if there are any validation errors

## Running an Audit

An audit automatically runs whenever a tree version is set to active. You can also manually trigger an audit on the Manage Trees and Tree Versions page, using **Actions - Audit**. The Tree Version Audit Result table shows a list of validations that ran against the selected tree version.

### Validation Details

The following table lists the validators used in the audit process and describes what each validator checks for. It also lists possible causes for validation errors and suggests corrective actions.

Validator	Description (what is checked)	Possible Cause for Validation Failure	Suggested Corrective Action
Effective Date	The effective start and end dates of the tree version must be valid.	The effective end date is set to a value that is not greater than the effective start date.	Modify the effective start and end dates such that the effective start date is earlier than the effective end date.
Root Node	On the Manage Tree Structures: Specify Data Sources page, if the <b>Allow Multiple Root Nodes</b> check box for the <b>Restrict Tree Node List of Values Based on</b> option is not selected, and if the tree structure is not empty, the tree version must contain exactly one root node. This validation does not take place if the check box is selected.	Even if the check box is deselected, the tree version has multiple root nodes.	Modify the tree version such that there is exactly one root node.
Data Source Max Depth	For each data source in the tree structure, on the Data Source dialog box, if the data source is depth-limited, the data in the tree version must adhere to the specified depth limit. This validation does not apply to data sources for which the <b>Maximum Depth</b> field is set to <b>Unlimited</b> .	The tree version has data at a depth greater than the specified depth limit on one or more data sources.	Modify the tree version such that all nodes are at a depth that complies with the data source depth limit.
Duplicate Node	On the Data Source dialog box, if the <b>Allow Duplicates</b> check box is not selected, the tree version should not contain more than one node with the same primary key from the data source. If the check box is selected, duplicate nodes are permitted.	Even when the check box is deselected, the tree version contains duplicate nodes.	Remove any duplicate nodes from the tree version.

Available Node	All nodes in the tree version should be valid and available in the underlying data source.	<ul style="list-style-type: none"> <li>• A node in the tree version does not exist in the data source. Deleting data items from the data source without removing the corresponding nodes from the tree version can result in orphaned nodes in the tree version. For example, if you added node A into your tree version, and subsequently deleted node A from the data source without removing it from the tree version, the validation fails.</li> <li>• The tree version contains a tree reference node, which references another tree version that does not exist.</li> </ul>	Remove any orphaned nodes from the tree version. Update tree reference nodes so that they reference existing tree versions.
Node Relationship	All nodes must adhere to the relationships mandated by the data sources registered in the tree structure.	The tree structure has data sources arranged in a parent-child relationship, but the nodes in the tree do not adhere to the same parent-child relationship. For example, if the tree structure has a Project data source with a Task data source as its child, Task nodes should always be under Project nodes in the tree version. This validation fails if there are instances where a Project node is added as the child of a Task node.	Modify the tree version such that the nodes adhere to the same parent-child relationships as the data sources.

SetID Restricted Node	On the Manage Tree Structures: Specify Data sources page, if the <b>Set ID</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for each tree node, the underlying node in the data source must belong to the same reference data set as the tree itself. This restriction does not apply when the check box is not selected.	Even when the check box is selected, the tree version has nodes whose data source values belong to a different reference data set than the tree.	Modify the tree version such that all nodes in the tree have data sources with reference data set matching that of the tree.
Label Enabled Node	On the Manage Tree Structures: Specify Data Sources page, if a labeling scheme is specified for the tree structure by selecting a list item from the <b>Labeling Scheme</b> list box, all nodes should have labels. This restriction does not apply when you select <b>None</b> from the <b>Labeling Scheme</b> list box.	The tree structure has a labeling scheme but the tree version has nodes without labels.	Assign a label to any node that does not have a label.

Date Restricted Node	On the Manage Tree Structures: Specify Data Sources page, if the <b>Date Range</b> check box is selected to enable the <b>Restrict Tree Node List of Values Based on</b> option for a tree structure, each node in the underlying data source must have an effective date range same as the effective date range of the tree version. This restriction does not apply if the check box is not selected.	Even when the check box is selected, there are data source nodes that have a date range beyond the tree version's effective date range. For example, if the tree version is effective from Jan-01-2012 to Dec-31-2012, all nodes in the tree version must be effective from Jan-01-2012 to Dec-31-2012 at a minimum. It is acceptable for the nodes to be effective for a date range that extends partly beyond the tree version's effective date range (for example, the node data source value is effective from Dec-01-2011 to Mar-31-2013). It is not acceptable if the nodes are effective for none or only a part of the tree version's effective date range (for example, the node data source value are effective only from Jan-01-2012 to June-30-2012).	Ensure that all nodes in the tree version have effective date range for the effective date range for the tree version.
Multiple Active Tree Version	On the Manage Tree Structures: Specify Definition page, if the <b>Allow Multiple Active Tree Versions</b> check box is not selected for the tree structure, there should not be more than one active tree version under a tree at any time. This restriction does not apply if the check box is selected.	Even when the check box is not selected, there is more than one active tree version in the tree for the same date range.	Set no more than one tree version to Active within the same date range and set the others to inactive or draft status.
Range Based Node	On the Data Source dialog box, if the <b>Allow Range Children</b> check box is not selected, range-based nodes are not permitted from that data source. This restriction does not apply if the check box is selected.	Even when the check box is not selected, there are range-based nodes from a data source.	Ensure that any range nodes in your tree version are from a data source that allows range children.

Terminal Node	On the Data Source dialog box, if the <b>Allow Use as Leaves</b> check box is not selected, values from that data source cannot be added as leaves (terminal nodes) to the tree version. This restriction does not apply if the check box is selected.	Even when the check box is not selected, values from a data source are added as leaf nodes (terminal nodes).	Modify the tree version such that all terminal nodes are from data sources for which this check box is selected.
Usage Limit	On the Data Source dialog box, if the <b>Use All Values</b> option is selected to set the <b>Usage Limit</b> for the data source, every value in the data source must appear as a node in the tree. This restriction does not apply if <b>None</b> option is selected.	Even if the <b>Use All Values</b> option is selected, there are values in the data source that are not in the tree version.	For each data source value that is not yet available, add nodes to the tree version.

## 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.

## **Importing Segment Values and Hierarchies: Explained**

Use Import Segment Values and Hierarchies process to load segment values and hierarchies if you maintain your chart of accounts reference data outside Oracle Fusion applications. You can load your segment values and hierarchies by populating two tables: `GL_SEGMENT_VALUES_INTERFACE` table and `GL_SEGMENT_HIER_INTERFACE` table, and running the Import Segment Values and Hierarchies process.

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**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.

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**The GL\_SEGMENT\_VALUES\_INTERFACE and GL\_SEGMENT\_HIER\_INTERFACE tables**

You can use GL\_SEGMENT\_VALUES\_INTERFACE to load segment values and GL\_SEGMENT\_HIER\_INTERFACE to load segment value hierarchies to Oracle Fusion applications. You can find details of the columns of the interface table in Oracle Enterprise Repository (OER) for Oracle Fusion Applications.

**Assigning Values for Columns in the GL\_SEGMENT\_VALUES\_INTERFACE table**

You must enter values in all columns of the interface table that require values, which includes all of the not null columns, in order for the Import Segment Values and Hierarchies process to be successful. Enter values in the following required columns of the interface table:

Column Name	Value
STATUS_CODE	Enter the value NEW to indicate that you are bringing new segment value data.
VALUE_SET_CODE	Enter the value set code for the segment values.
VALUE	Enter the segment value.
SUMMARY_FLAG	Select N if the segment value is a child value or Y if the segment value is a parent value.
ENABLED_FLAG:	Select Y to enable the segment value. Enter N to disable the segment value.
ACCOUNT_TYPE:	Enter the natural account type if the segment value is for natural account segment. Valid values are: A for Assets, L for Liabilities, E for Expenses, O for Owner's Equities, and R for Revenues.
ALLOW_POSTING_FLAG	Select Y if posting is allowed for this segment value. Select N if posting is not allowed.
OBJECT_VERSION_NUMBER	Enter default value of 1.

You can enter values for the following optional columns:

Column Name	Value
START_DATE_ACTIVE	Enter the start date of the segment value
END_DATE_ACTIVE	Enter the end date of the segment value.
THIRD_PARTY_CTRL_ACCOUNT	Enter the third party control account value. Valid values are: CUSTOMER, SUPPLIER, R for Restrict Manual Journals, Y, and N.
FINANCIAL_CATEGORY	Enter a financial category value for Oracle Transactional Business Intelligence reporting. Valid values are values defined in the FINANCIAL_CATEGORY lookup type.

DESCRIPTION	There are different description columns for different languages. To see segment value description in a different language installation, you need to populate the segment description for that language too.
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The following columns should be left as null as Import Segment Values and Hierarchies process uses them for internal processing or does not use them in the current release.

- CREATION\_DATE
- CREATED\_BY
- LAST\_UPDATE\_DATE
- LAST\_UPDATE\_LOGIN
- LAST\_UPDATED\_BY
- SEGMENT\_VALUE\_INTERFACE\_ID
- REQUEST\_ID
- LOAD\_REQUEST\_ID

#### Assigning Values for Columns in the **GL\_SEGMENT\_HEIR\_INTERFACE** table

You must enter values in all columns of the interface table that require values, which includes all of the not null columns, in order for the Import Segment Values and Hierarchies process to be successful. Enter values in the following required columns of the interface table:

Column Name	Value
STATUS_CODE	Enter the value NEW to indicate that you are bringing new hierarchy data.
VALUE_SET_CODE	Enter the value set code for the segment values.
TREE_CODE	Enter the hierarchy name (tree code).
TREE_VERSION NAME	Enter the hierarchy version name (tree version name).
TREE_VERSION_START_DATE_ACTIVE	Enter the date that the tree version is activated.
TREE_VERSION_END_DATE_ACTIVE	Enter the date that the tree version is inactivated.
VALUE	Enter the segment value.
PARENT_VALUE	Select N if the segment value is a child value or Y if the segment value is a parent value.
DEPTH	Enter the depth of the hierarchy which shows the many ancestors the segment value has in the hierarchy.
OBJECT_VERSION_NUMBER	Enter default value of 1.

The following columns should be left as null as Import Segment Values and Hierarchies process uses them for internal processing or does not use them in the current release.

- CREATION\_DATE

- CREATED\_BY
- LAST\_UPDATE\_DATE
- LAST\_UPDATE\_LOGIN
- LAST\_UPDATED\_BY
- SEGMENT\_VALUE\_INTERFACE\_ID
- REQUEST\_ID
- LOAD\_REQUEST\_ID

## Loading Data to the Segment Value and Hierarchies Interface Tables: Explained

Load the segment values and hierarchies to the interface table by using the following steps.

1. Load segment values and hierarchies to comma separated values (csv) files. You can use the sample csv file or xls file that's 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. Run the Load Interface File for Import process.
4. After the data is loaded to the interface table, you can run the Import Segment Values and Hierarchies process to load the segment values and hierarchies.

## 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

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**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.

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### 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.

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### 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.

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**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.

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## 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.

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#### 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.

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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.

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### Note

A full accounting representation of your primary ledger is maintained in any subledger level secondary ledger.

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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.

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#### 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.

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### 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.

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**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.

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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).

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**Note**

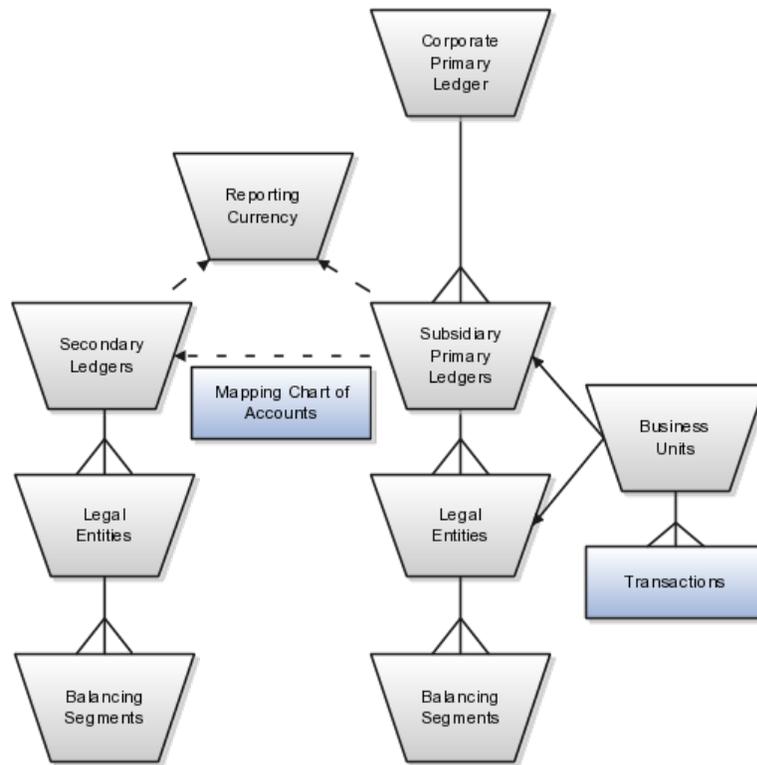
The second option is rare since most companies have moved beyond the initial conversion to the EMU currency. However, future decisions could add other countries to the EMU, and then, this option would again be used during the conversion stage.

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## 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 tasks generally done after the accounting setup 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.

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**Note**

You cannot change the chart of accounts, accounting calendar, or currency for your ledger after you save your ledger.

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## 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.

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**Note**

Both primary and secondary ledgers are created in the same way and use the same user interface to enable their specific ledger options.

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### 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

- 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.

- Click the **Separate journals by accounting date during journal import** for the Import option to create individual journal entries for each accounting date.
- 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.
- 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**.

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#### 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.

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# 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.

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### Note

Secondary Ledgers cannot use subledger level reporting currencies.

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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"> <li>• Finish entering all regular and adjusting journals for the period in your ledger.</li> <li>• Post all unposted journals in your ledger if not already done in the previous step.</li> <li>• Post all unposted journals in your reporting currencies if not already done in the previous step.</li> <li>• Run Revaluation in both your ledger and reporting currencies. Post the resulting revaluation batches in each ledger.</li> <li>• As needed, translate balances in your ledger.</li> <li>• Generate needed reports from both your ledger and reporting currencies.</li> <li>• Close your accounting period in both your ledger and reporting currencies.</li> </ul>

## 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.

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#### 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.

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#### 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.

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#### 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.

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## 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.

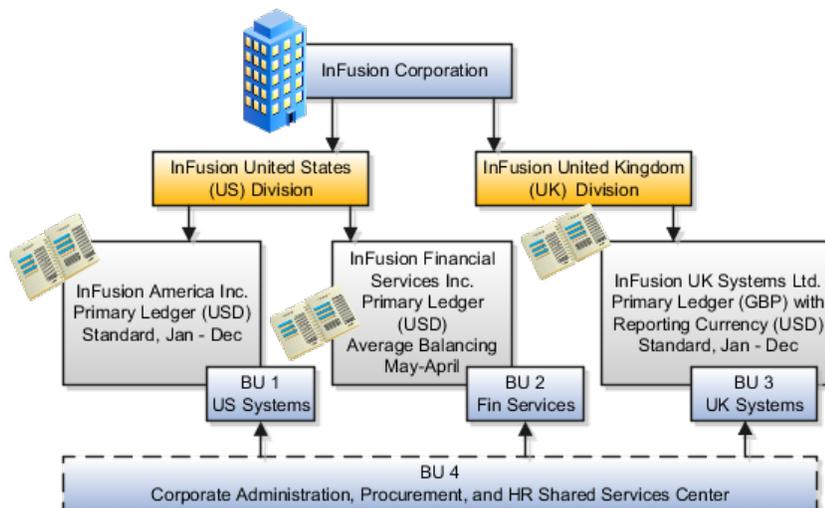
## Service Provider Model: Explained

In Oracle Fusion applications, the service provider model defines relationships between business units for a specific business function, identifying one business 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.



## 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

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: 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.

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**Note**

This hierarchy definition is not required in the setup of your applications, but is a recommended best practice.

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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

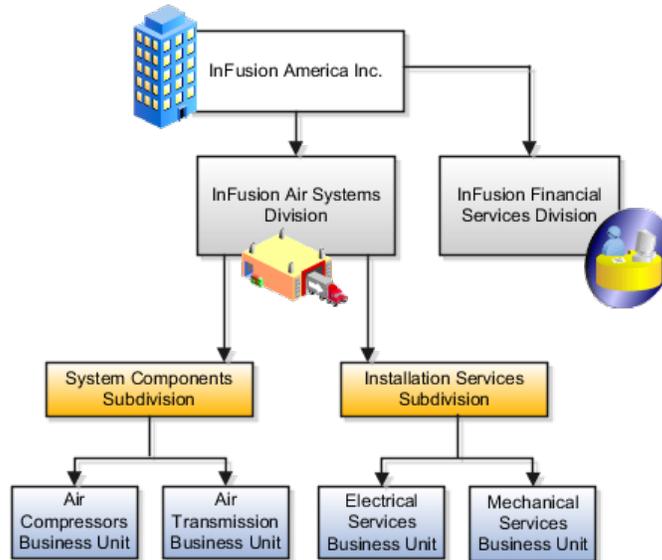
**Business Unit Hierarchy: Example**

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.

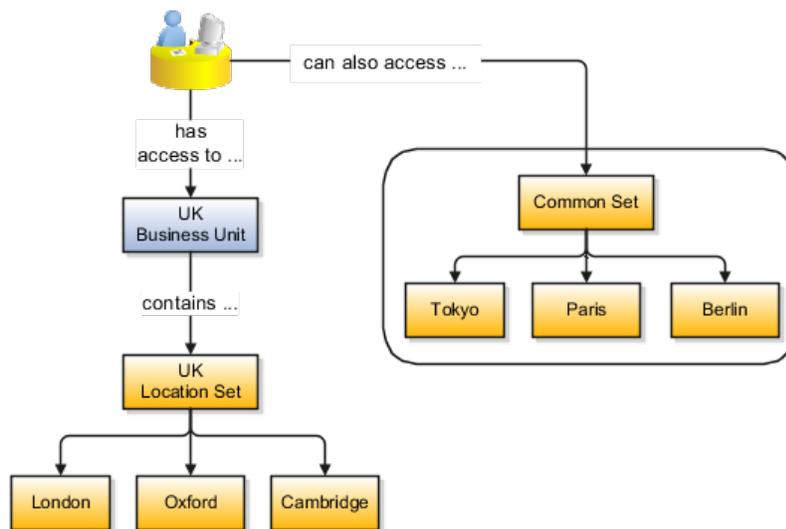
The locations that you create exist as separate structures that you can use for reporting purposes, and also in rules that determine employee eligibility for various types of compensation and benefits. You enter information about a location only once. Subsequently, when you set up other workforce structures 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.

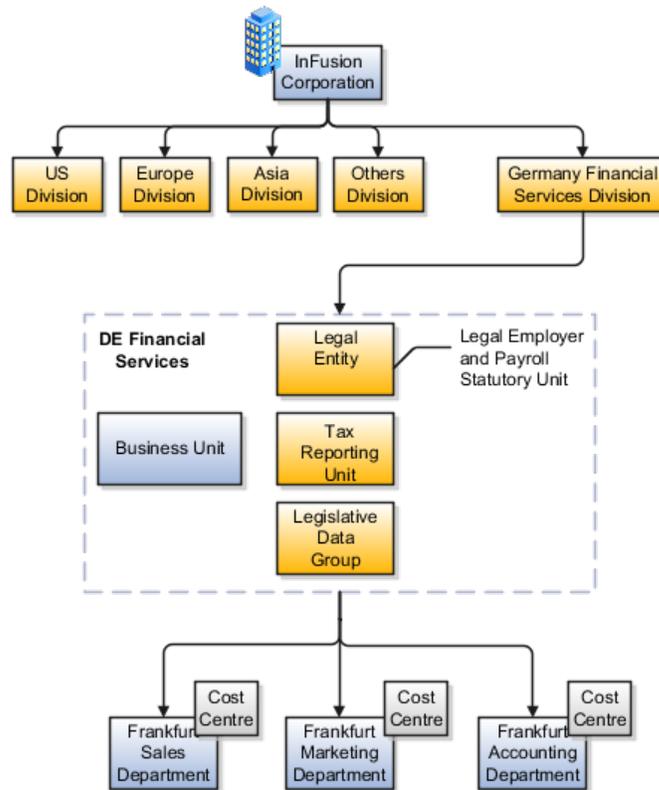
Decision to Consider	In This Example
Create location?	The financial services company is based in Frankfurt as are the departments, so you need to create only one location.
Create separate division?	Yes. Although the new division will exist within the current enterprise structure, you want to keep the 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><b>Note</b></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

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#### **Note**

The manager of a sales department may also be responsible for meeting the revenue targets.

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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.

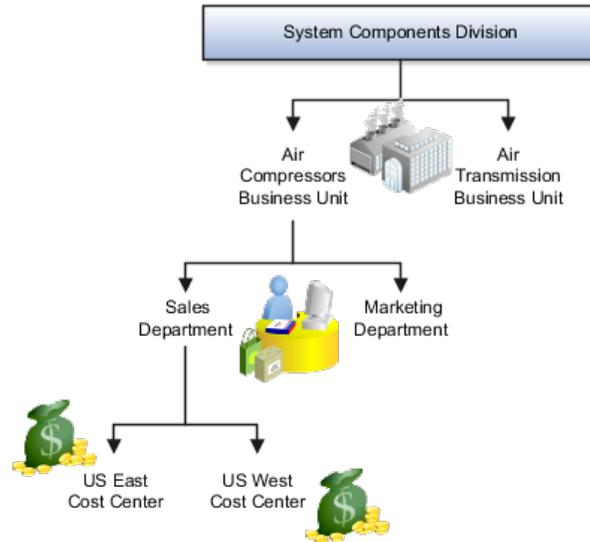
### Sales and Marketing Organization

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: Explained

As part of your initial implementation, you specify whether to use jobs and positions, or only jobs. Jobs are typically used without positions by service industries where flexibility and organizational change are key features.

### Basic Details

Basic details for a job include an effective start date, a job set, a name, and a code.

A job code must be unique within a set. Therefore, you can create a job with the code DEV01 in the US set and another job with the same code in the UK set. However, if you create a job with the code DEV01 in the Common set, then you cannot create a job with the same code in any other set.

### Benchmark Information

You can identify a job as being a benchmark job. A benchmark job represents other jobs in reports and salary surveys. You can also select the benchmark for jobs. Benchmark details are for informational purposes only. A progression job is the next job in a career ladder.

### Progression Information

Progression jobs enable you to create a hierarchy of jobs and are used to provide the list of values for the Job field in the Promote Worker and Transfer Worker tasks. The list of values includes the next three jobs in the progression job hierarchy. For example, assume that you create a job called Junior Developer and select Developer as the progression job. In the Developer job, you select Senior Developer as the progression job. When you promote a junior developer, the list of values for the new job will include Developer and Senior Developer. You can select one of these values, or select another one.

### Jobs and Grades

You can assign grades that are valid for each job. If you are using positions, then the grades that you specify for the job become the default grades for the position.

### Evaluation Criteria

You can define evaluation criteria for a job, including the evaluation system, a date, and the unit of measure for the system. One predefined evaluation system is available, and that is the Hay system. An additional value of Custom is included in the list of values for the Evaluation System field, but you must add your own criteria and values for this system.

### Uploading Jobs Using a Spreadsheet

If you have a list of jobs 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 job information to the spreadsheet, and then upload

directly to your enterprise configuration. You can upload the spreadsheet multiple times to accommodate revisions.

## Jobs: Example

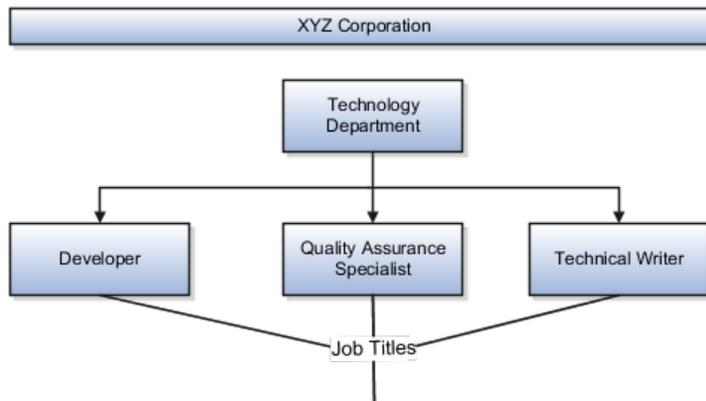
Jobs are typically used without positions by service industries where flexibility and organizational change are key features.

### 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

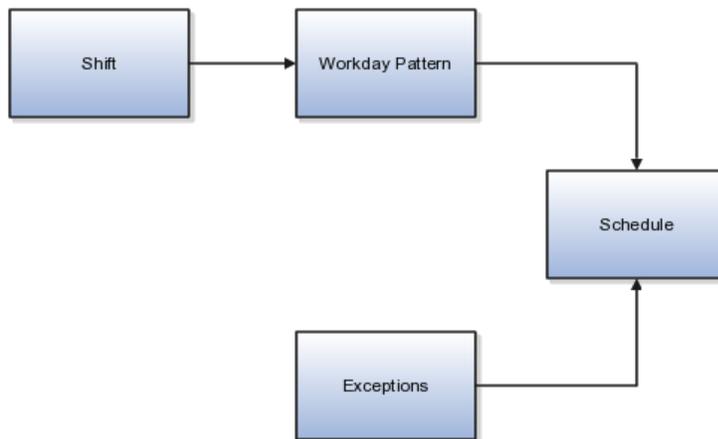
The searcher can specify a rating for a search result, and each rating is associated with a multiplying factor. On this profile option, you can specify the highest possible multiplying factor that can be applied to a search result. By default, the multiplying factor is 2. If you increase its value, you 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 at 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.

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## Note

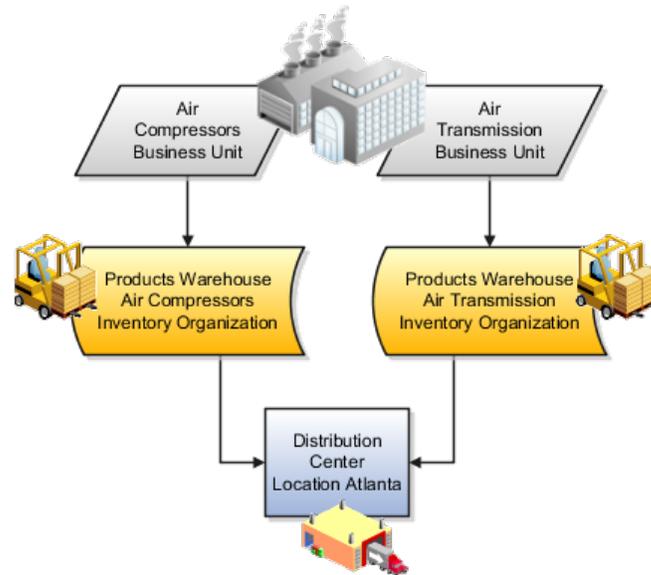
Currently, Oracle Fusion Applications do not include manufacturing capabilities, so setup your manufacturing facilities outside of Oracle Fusion applications.

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## 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.



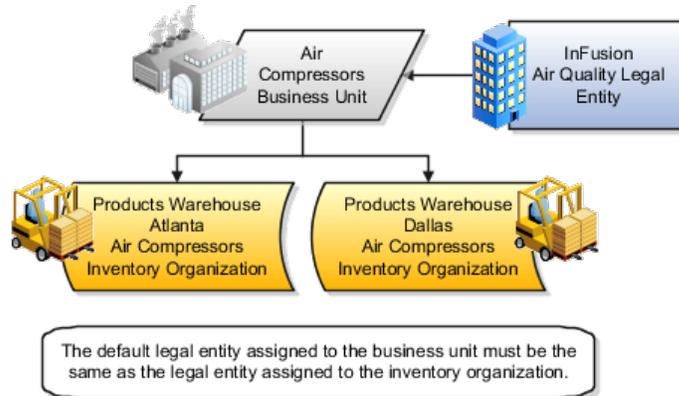
## Legal Entities Own Inventory Organizations

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.

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### Note

To round reorder quantities, you must specify a fixed lot multiple.

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### 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.

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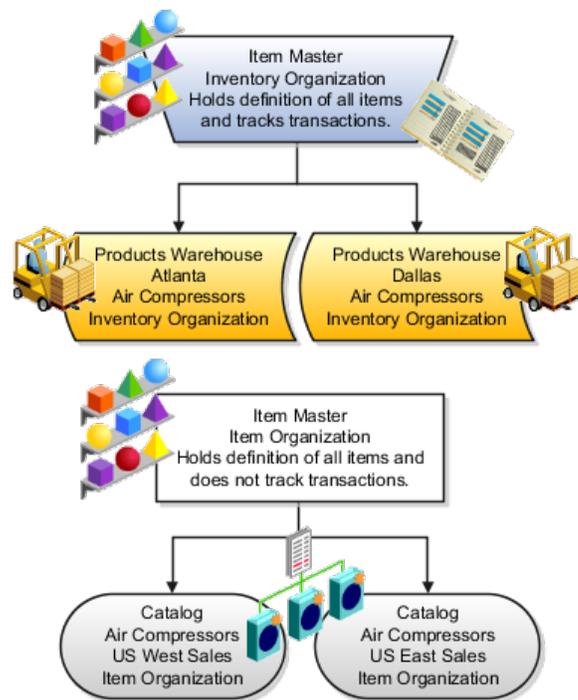
#### Note

- 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

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#### 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.

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# Common Applications Configuration: Define Security

## Security Tasks: Highlights

Security tasks include the following.

- Security setup
- Security implementation and administration

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### 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 Oracle Enterprise Governance, Risk and Compliance (GRC)

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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
- 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. For environments that are not in Oracle Cloud, use the super user account that was created during installation to sign in for the first time.

- Installation establishes the super user account. Refer to the Oracle Fusion Applications Installation Guide.

See: Identity Management Configuration

- Oracle provides an initial user for accessing your services in Oracle Cloud. For more information, refer to "Oracle Cloud Application Services Security: Explained" in Oracle Cloud documentation.
- Synchronize LDAP users with HCM user management by performing the Run User and Roles Synchronization Process task. Monitor completion of the predefined Enterprise Scheduler process called Retrieve Latest LDAP Changes.
- Refer to information about creating person records in Oracle Fusion Applications Workforce Development Implementation Guide, or 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). Refer to the Role Mappings: Explained topic in the Oracle Fusion Applications Workforce Development Implementation Guide.

See: Common Applications Configuration: Define Security for Human Capital Management

- For a complete description of the Oracle Fusion Applications security reference implementation, see the Oracle Fusion Applications Security Reference Manuals for each offering.

See: Oracle Fusion Applications Common Security Reference Manual

- 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 Oracle Enterprise Governance, Risk and Compliance (GRC), 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 Enterprise Governance, Risk and Compliance (GRC) 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 Initiate HCM Spreadsheet Load task. If user and role provisioning rules have been defined, the Initiate HCM Spreadsheet Load process automatically creates user and role provisioning requests as the workers are created.

Once the enterprise is set up, performing the Initiate HCM Spreadsheet Load 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 Initiate HCM Spreadsheet Load task results in new user accounts being created. Worker email addresses as an alternate input for the Initiate HCM Spreadsheet Load 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 Initiate HCM Spreadsheet Load task in HCM.

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### **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

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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 Initiate HCM Spreadsheet Load 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.

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### **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.

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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.

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**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.

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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.

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**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.

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**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) .

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**Note**

In AACG, segregation of duties policies are called access controls or segregation of duties controls.

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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

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#### **Note**

Go live deployment does not require lockdown or specific security tasks because security is enforced across the test to production information life cycle.

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#### **Required Roles**

The following enterprise roles are provisioned to a single super user that is set up by the Oracle Fusion Applications installation process, and to the initial user set up by Oracle for Oracle Cloud Application Services:

- Application Implementation Consultant
- IT Security Manager
- Application Administrators for the provisioned products

Initial security administration also includes provisioning the IT Security Manager role with Oracle Identity Management (OIM) roles for user and role management.

- Identity User Administrator
- Role Administrator

Additionally, the Xellerate Users organization must be assigned to the IT Security Manager role.

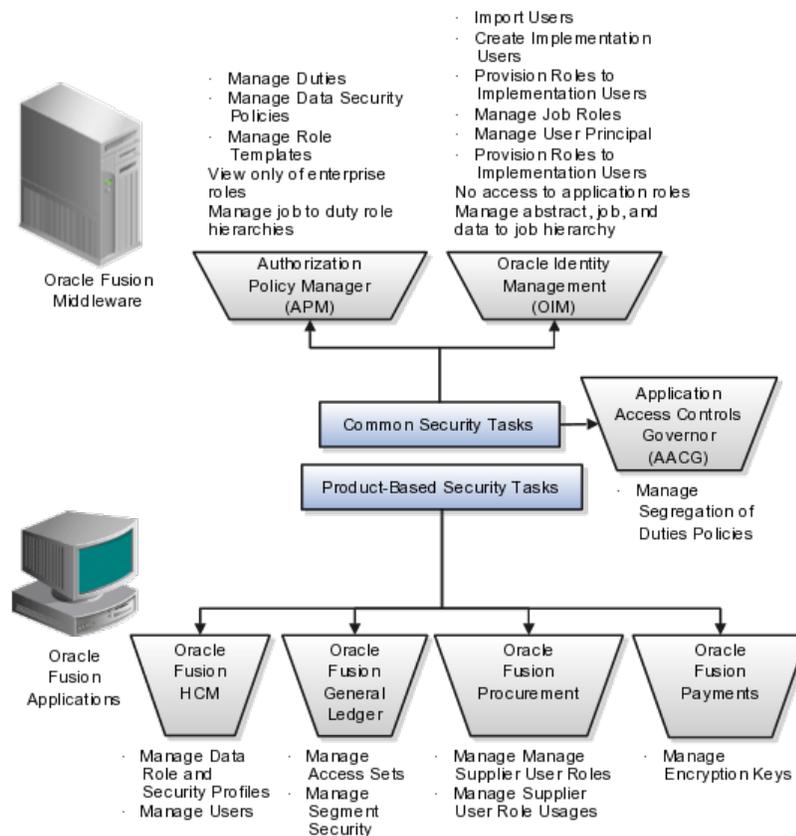
### Important

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"> <li>Authorization Policy Manager (APM)</li> </ul>	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"> <li>APM</li> </ul>	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"> <li>Oracle Identity Management (OIM)</li> </ul>	The identity store in LDAP stores enterprise roles.
Add a duty role to a role hierarchy	Manage Duties	<ul style="list-style-type: none"> <li>APM</li> </ul>	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"> <li>OIM</li> </ul>	
Create a hierarchy of (application) duty roles	Manage Duties	<ul style="list-style-type: none"> <li>APM</li> </ul>	
Create a new job role	Manage Job Roles	<ul style="list-style-type: none"> <li>OIM</li> </ul>	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"> <li>APM</li> </ul>	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"> <li>APM</li> </ul>	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"> <li>Application Access Controls Governor (AACG) in Governance, Risk, and Compliance Controls (GRCC)</li> </ul>	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"> <li>AACG in GRCC</li> </ul>	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"> <li>AACG in GRC</li> </ul>	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"> <li>APM</li> </ul>	<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"> <li>Oracle Fusion HCM</li> </ul>	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"> <li>Manage Role Templates</li> <li>Manage Data Roles and Security Profiles</li> </ol>	<ul style="list-style-type: none"> <li>APM</li> <li>Oracle Fusion HCM</li> </ul>	<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"> <li>APM</li> </ul>	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"> <li>APM</li> </ul>	
Create or edit an existing data role template	Manage Role Templates	<ul style="list-style-type: none"> <li>APM</li> </ul>	

Secure common objects such as attachment categories or profile options	Manage Data Security Policies	<ul style="list-style-type: none"> <li>• APM</li> </ul>	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"> <li>• Oracle Fusion Payments</li> </ul>	
View, create, update Data Access Sets used to secure Ledgers and Ledger Sets	Manage Data Access Sets	<ul style="list-style-type: none"> <li>• Oracle Fusion General Ledger</li> </ul>	
View, create, update accounting flexfield segment security rules	Manage Security Segments	<ul style="list-style-type: none"> <li>• Oracle Fusion General Ledger</li> </ul>	
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"> <li>• Supplier Portal</li> <li>• Sourcing</li> </ul>	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"> <li>• Supplier Portal</li> <li>• Sourcing</li> </ul>	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"> <li>• Supplier Portal</li> <li>• Sourcing</li> </ul>	These tools are in the Oracle Fusion Procurement product family
Create a new implementation user	Create Implementation Users	<ul style="list-style-type: none"> <li>• OIM</li> </ul>	
Import legacy users	<ul style="list-style-type: none"> <li>• Import Worker Users</li> <li>• Import Partner Users</li> </ul>	<ul style="list-style-type: none"> <li>• OIM</li> </ul>	
Create a new user	Manage Users	<ul style="list-style-type: none"> <li>• HCM</li> </ul>	<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"> <li>1. Provision Roles to Implementation Users</li> <li>2. Manage Users</li> </ol>	<ul style="list-style-type: none"> <li>• OIM</li> <li>• Oracle Fusion HCM</li> <li>• Oracle Fusion CRM</li> <li>• Oracle Fusion Suppliers</li> </ul>	<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"> <li>1. Manage Users</li> <li>2. Manage User Principal</li> <li>3. Provision Roles to Implementation Users</li> </ol>	<ul style="list-style-type: none"> <li>• Human Capital Management (HCM)</li> <li>• OIM</li> </ul>	<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"> <li>• HCM</li> </ul>	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"> <li>• OIM</li> </ul>	
View audit logs	Not applicable	<ul style="list-style-type: none"> <li>• Oracle Enterprise Manager</li> </ul>	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.

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#### 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.

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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.

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### **Important**

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

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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).

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**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.

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**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.

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**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.

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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.

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### **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.

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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.

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### **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.

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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.

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### Note

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

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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..

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#### **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.

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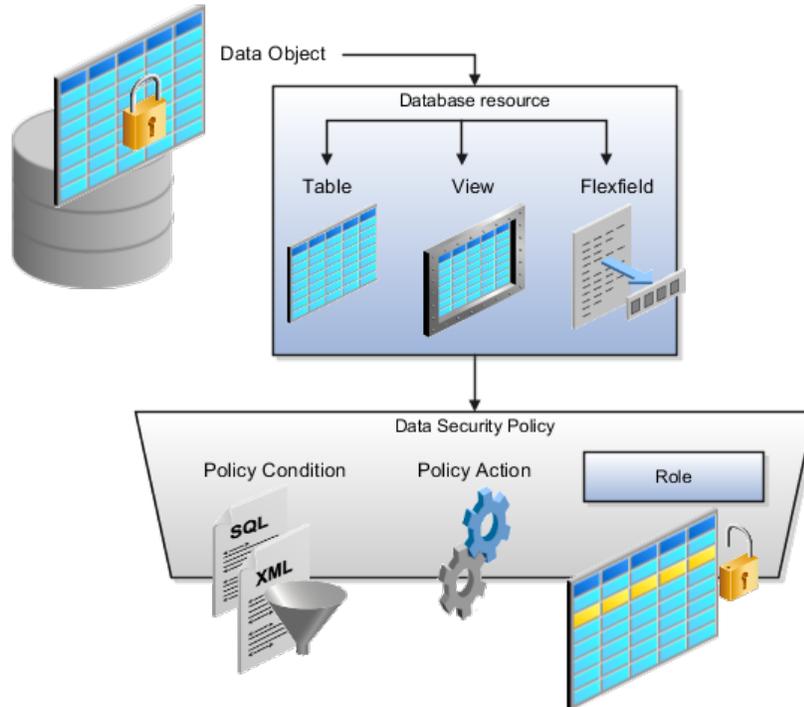
## **Manage Data Security Policies**

### **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

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### 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.

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## 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.

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**Tip**

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

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## 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).

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**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.

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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.

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**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.

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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.

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#### 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.

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#### 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.

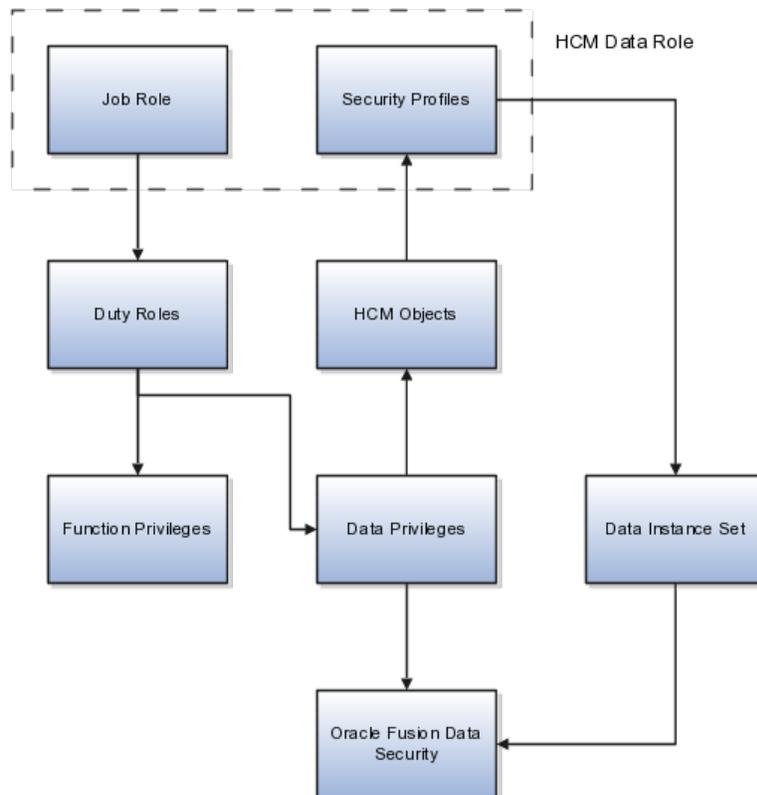
## Users with Multiple HCM Data Roles

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

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

<b>Person Security Profile</b> (Person section)	View Own Record
<b>Person Security Profile</b> (Public Person section)	View All Workers
<b>Document Type Security Profile</b>	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
<b>Organization Security Profile</b>	View All Organizations
<b>Position Security Profile</b>	View All Positions
<b>LDG Security Profile</b>	View All Legislative Data Groups
<b>Person Security Profile</b> (Person section)	View Manager Hierarchy
<b>Person Security Profile</b> (Public Person section)	View All Workers
<b>Document Type Security Profile</b>	View All Document Types
<b>Payroll Flow</b>	View All Flows
<b>Workforce Business Process</b>	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
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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.

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#### 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.

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### 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

## 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.

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#### 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 Initiate HCM Spreadsheet Load task. If user and role provisioning rules have been defined, the Initiate HCM Spreadsheet Load process automatically creates user and role provisioning requests as the workers are created.

Once the enterprise is set up, performing the Initiate HCM Spreadsheet Load 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 Initiate HCM Spreadsheet Load task results in new user accounts being created. Worker email addresses as an alternate input for the Initiate HCM Spreadsheet Load 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 Initiate HCM Spreadsheet Load task in HCM.

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### 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 Initiate HCM Spreadsheet Load 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.

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**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.

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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.

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**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.

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**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.

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**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) .

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**Note**

In AACG, segregation of duties policies are called access controls or segregation of duties controls.

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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.

## Importing Worker Users: Explained

You can import workers from legacy applications to Oracle Fusion Applications using the Import Worker Users task. By enabling you to bulk-load existing data, this task is an efficient way of creating and enabling users of Oracle Fusion Applications.

### The Import Worker Users Process

Importing worker users is a two-stage process:

1. On the Initiate Data Load page, you generate and complete the Create Worker spreadsheet. You must map your data to the spreadsheet columns and provide all required attributes. Once the spreadsheet is complete, you import the data to the HCM Data Loader stage tables.

HCM Data Loader is a generic utility for loading data to Oracle Fusion Human Capital Management from external sources.

2. In the Data Exchange work area, you run the Load Batch Data process to load data from the HCM Data Loader stage tables to the Oracle Fusion application tables.

### User-Account Creation

Oracle Fusion user accounts are created automatically for imported workers in Oracle Identity Management (OIM), unless automatic account creation is disabled.

By default, user account names and passwords are sent automatically to users when their accounts are created. This default action may have been changed at enterprise level, as follows:

- User account names and passwords may be sent to an enterprise-wide e-mail rather than to users themselves.
- Automatic sending of user account names and passwords may be disabled for the enterprise; in this case, you can notify users at an appropriate time.

### Role Provisioning

Once user accounts exist, roles are provisioned to users automatically in accordance with current role-provisioning rules. For example, current rules could provision the employee abstract role to every worker. Role provisioning occurs automatically unless it has been disabled for the enterprise.

## Importing Worker Users: Worked Example

This example shows how to import worker users from legacy applications to Oracle Fusion Applications.

The following table summarizes key decisions for this task.

Decisions to Consider	In This Example
What are my spreadsheet names? You can define your own naming convention; in this example, the names are selected to make identifying the spreadsheet contents easy.	<ul style="list-style-type: none"> <li>• WorkersMMDDYYBatchnn.xlsx</li> <li>• WorkersMMDDYYBatchnnErrorsnn.xlsx</li> </ul> For example, Workers042713Batch01.xlsx.
What is my batch name?	Workers042713Batchnn
Where will I fix Load Batch Data errors?	In the spreadsheet Workers042713BatchnnErrorsnn.xlsx

## Summary of the Tasks

Import worker users by:

1. Selecting the Import Worker Users task
2. Creating the spreadsheet
3. Entering workers in the spreadsheet

4. Importing the spreadsheet data to the HCM Data Loader stage tables
5. Loading workers to the application tables from the HCM Data Loader stage tables
6. Reviewing the results of the Load Batch Data process and correcting errors

## Prerequisites

Before you can complete this task, you must have:

1. Installed the desktop client Oracle ADF 11g Desktop Integration
2. Enabled the Trust Center setting **Trust access to the VBA project object** in Microsoft Excel

## Selecting the Import Worker Users Task

1. On the Overview page of the Setup and Maintenance work area, click the All Tasks tab.
2. In the Search region, complete the fields as shown in this table.

Field	Name
Search	Task
Name	Import Worker Users

3. Click **Search**.
4. In the search results, click **Go to Task** for the task Import Worker Users.

The task navigates to the Initiate Data Load page.

Alternatively, you can select the Import Worker Users task from an implementation project.

## Creating the Spreadsheet

1. On the Initiate Data Load page, find the entry for Create Worker in the list of business objects.

Create Worker appears after other business objects such as departments, locations, and jobs, because those business objects (regardless of how you create them) must be created before worker users.

2. Click **Create Spreadsheet** for the Create Worker entry.
3. When prompted, save the spreadsheet locally using the name Workers042713Batch01.xlsx.
4. When prompted, sign in to Oracle Fusion Applications using your Oracle Fusion user name and password.

## Entering Workers in the Spreadsheet

1. In the **Batch Name** field of the spreadsheet Workers042713Batch01.xlsx, replace the default batch name with the batch name Workers042713Batch01.

2. Enter workers in the spreadsheet.

Ensure that you provide any required values and follow instructions in the spreadsheet for creating additional rows.

## Importing the Spreadsheet Data to the HCM Data Loader Stage Tables

Use the default values except where indicated.

1. In the workers spreadsheet, click **Upload**.
2. In the Upload Options window, click **OK**.

As each row of data is uploaded to the HCM Data Loader stage tables, its status is updated.

3. When uploading completes, identify any spreadsheet rows with the status **Insert Failed**, which indicates that the row failed to upload.
4. For any row that failed to upload, double-click the status value to display a description of the error.
5. When you have corrected any errors, click **Upload** again to load the remaining rows to the same batch.

## Loading Workers to the Application Tables from the HCM Data Loader Stage Tables

Use the default values except where indicated.

1. In Oracle Fusion Applications, select **Navigator - Workforce Management - Data Exchange**.
2. In the Tasks pane of the Data Exchange work area, click **Load Batch Data**.
3. In the Search region of the Load Batch Data page, enter the batch name **Workers042713Batch01** in the **Batch Name** field.
4. Click **Search**.
5. In the Search Results region, select the batch **Workers042713Batch01** and click **Run**.
6. On the Schedule Request page, click **Submit**.

## Reviewing the Results of the Load Batch Data Process and Correcting Errors

1. On the Load Batch Data page, search again for the batch **Workers042713Batch01** and review its status in the **Batch Status** column of the Search Results region.
2. If the batch status is **Complete**, click **Done** to close the Load Batch Data page; otherwise, continue with the next step.
3. If the batch completed with errors, select the batch in the search results.
4. On the Batch Summary tab of the Batch Details region, select **Action - Extract Failed Objects to Spreadsheet**.

An errors spreadsheet with a standard name is created automatically.

5. Save the errors spreadsheet locally as **Workers042713Batch01Errors01.xlsx**.

- Leave the batch name in the errors spreadsheet as Workers042713Batch01.
- Review the error messages in the spreadsheet and correct the errors.
  - Repeat this process from the task Importing the Spreadsheet Data to the HCM Data Loader Stage Tables until all errors are fixed.

If further errors occur, increment the errors-spreadsheet suffix by 1; for example, Workers042713Batch01Errors02, Workers042713Batch01Errors03, and so on.

- Click **Done** to close the Load Batch Data page.

To load a new batch of workers on the same date, increment the batch number in the spreadsheet and batch names; for example, Workers042713Batch02.

## 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.

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#### Note

This user management functionality is available for HCM Foundation and Oracle Fusion Workforce Directory Management (WDM) users only.

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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

- 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.

## User Details System Extract Report

The Oracle BI Publisher User Details System Extract Report includes details of some or all Oracle Fusion Applications user accounts.

To run this report, you must have an HCM data role that provides view-all access to person records for the Human Capital Management Application Administrator job role.

To run the report:

1. Navigate to **Tools - Reports and Analytics**.
2. In the Contents pane of the Reports and Analytics work area, navigate to **Shared Folders - Human Capital Management - Workforce Management - Human Resources Dashboard**.
3. Select the User Details System Extract report.
4. In the report window, click **More**.
5. On the Oracle Business Intelligence page for the report, select **Open** to run the report immediately or **Schedule** to schedule the report.

### *Parameters*

#### **User Population**

Enter one of the following values to identify the group of user accounts to include in the report.

<b>Value</b>	<b>Description</b>
<b>HCM</b>	User accounts with an associated HCM person record.
<b>TCA</b>	User accounts with an associated TCA party account.
<b>OIM</b>	Accounts for users in the PER_USERS table who do not have an associated person number or party ID. OIM users are also referred to as implementation users.
<b>ALL</b>	HCM, TCA, and OIM users accounts.

#### **From Date**

Accounts for HCM and OIM users created on or after this date are included in the report. If you specify no **From Date** value, then accounts with any creation date are included, subject only to any **To Date** value that you specify.

From and to dates do not apply to the TCA user population; the report includes all TCA users if you include them in the report's user population.

#### **To Date**

Accounts for HCM and OIM users created on or before this date are included in the report. If you specify no **To Date** value, then accounts with any creation date are included, subject only to any **From Date** value that you specify.

From and to dates do not apply to the TCA user population; the report includes all TCA users if you include them in the report's user population.

#### **User Active Status**

Enter one of the following values to identify the user-account status.

<b>Value</b>	<b>Description</b>
<b>A</b>	Include active accounts, which belong to users with current roles.

I	Include inactive accounts, which belong to users with no current roles.
All	Include both active and inactive user accounts.

## Report Results

The output is an XML-formatted file where user accounts are grouped by type, as follows:

- Group 1 (G\_1) includes HCM user accounts.
- Group 2 (G\_2) includes TCA party user accounts.
- Group 3 (G\_3) includes OIM user accounts.

The information provided in the extract varies with the account type.

## HCM User Accounts

### Business Unit Name

The business unit from the primary work relationship.

### Composite Last Update Date

The date when any one of a number of values, including assignment managers, location, job, and person type, was last updated.

### Department

The department from the primary assignment.

### Worker Type

The worker type from the user's primary work relationship.

### Generation Qualifier

The user's name suffix (for example, Jr., Sr., or III).

### Hire Date

The enterprise hire date.

### Role Name

A list of roles currently provisioned to workers whose work relationships are all terminated. This value appears for active user accounts only.

### Title

The job title from the user's primary assignment.

## TCA User Accounts

### Organizations

A resource group.

### Roles

A list of job, abstract, and data roles provisioned to the user.

### Managers

The manager of a resource group.

## OIM User Accounts

### Start Date

The date from when the account existed.

### Created By

The user name of the user who created the account.

## FAQs for Manage Users

### What happens if I send the user name and password?

An e-mail containing the user name and password is sent to the user's primary work e-mail address. If the user has no primary work-email address, then the user name and password are sent to the primary work e-mail address of the user's line manager, if available; otherwise, no notification is sent.

You can select **Send user name and password** only if these details have not already been sent for this user: the user name and password can be sent once only for any user. If this option is available for selection but you do not select it, then you can run the process Send User Name and Password E-Mail Notifications later to notify users of their user names and passwords.

### Can I extract details of all Oracle Fusion Applications users?

Yes. The Oracle BI Publisher User Details System Extract report includes details of all user accounts or a specified subset. For example, you can produce a report showing inactive user accounts, accounts created between specified dates, or accounts associated with TCA parties only.

To run the report, you must have an HCM data role that provides view-all access to person records for the Human Capital Management Application Administrator job role.



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# Common Applications Configuration: Define Automated Governance, Risk, and Performance Controls

## Segregation of Duties: Explained

Segregation of duties (SOD) separates activities such as approving, recording, processing, and reconciling results so an enterprise can more easily prevent or detect unintentional errors and willful fraud. SOD policies, called access control policies in Application Access Controls Governor (AACG), exert both preventive and detective effects.

SOD policies constrain duties across roles so that unethical, illegal, or damaging activities are less likely. SOD policies express constraints among roles. Duty role definitions respect segregation of duties policies.

### Application Access Controls Governor

You manage, remediate, and enforce access controls to ensure effective SOD using the Application Access Controls Governor (AACG) product in the Oracle Enterprise Governance, Risk and Compliance (GRC) suite.

AACG applies the SOD policies of the Oracle Fusion Applications security reference implementation using the AACG Oracle Fusion Adapter.

AACG is integrated with Oracle Identity Management (OIM) in Oracle Fusion Applications to prevent SOD control violations before they occur by ensuring SOD compliant user access provisioning. SOD constraints respect provisioning workflows. For example, when provisioning a Payables role to a user, the SOD policy that ensures no user is entitled to create both an invoice and a payment prevents the conflicting roles from being provisioned. AACG validates the request to provision a user with roles against SOD policies and provides a remediating response such as approval or rejections if a violation is raised.

Use AACG to for the following.

- Define SOD controls at any level of access such as in the definition of an entitlement or role.
- Simulate what-if SOD scenarios to understand the effect of proposed SOD control changes.

- Use the library of built-in SOD controls provided as a security guideline.

## Managing Segregation of Duties

SOD policies express incompatible entitlement or incompatible access points into an application. In GRC, an access point is the lowest level access for a particular application. In GRC, entitlement is a grouping of access points. As a security guideline, group the lowest level access points or define the SOD policy at the access level causing the least amount of change. Business activities are enabled at access points. In Oracle Fusion Applications, the hierarchy of access points in descending levels is users, roles, and entitlement.

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### Note

AACG entitlements are logical groupings of security objects that represent Oracle Fusion Application access points such as roles or entitlement.

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### Note

In AACG, segregation of duties policies are called access controls.

Oracle Fusion Applications does not predefine business logic for dealing with SOD conflicts. Oracle Fusion Applications does define a set of states where role requests are suspended pending resolution of SOD violations the role request introduces. In most cases, Oracle Fusion Applications invokes OIM to handle role requests. Enterprises define SOD resolution rules when defining SOD policy.

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## Remediating Segregation of Duties Policy Violations

The risk tolerance of your enterprise determines what duties must be segregated and how to address violations.

AACG assists in remediation of violations with a guided simulation that identifies corrective action. You determine the exact effects of role and entitlement changes prior to putting them into production, and adjust controls as needed.

For information on managing segregation of duties, see the Oracle Application Access Controls Governor Implementation Guide and Oracle Application Access Controls Governor User's Guide.

## Segregation of Duties in the Security Reference Implementation: Explained

Segregation of duties (SOD) is a special case of function security enforcement. A segregation of duties conflict occurs when a single user is provisioned with a role or role hierarchy that authorizes transactions or operations resulting in the possibility of intentional or inadvertent fraud.

The predefined SOD policies result in duty separation with no inherent violations. For example, an SOD policy prevents a user from entitlement to create both payables invoices and payables payments.

However, the most common duties associated with some job and abstract roles could conflict with the predefined segregation of duties. A predefined role hierarchy or job or abstract role may include such common duties that are incompatible according to a segregation of duties policy. For example, the predefined Accounts Payable Supervisor job role includes the incompatible duties: Payables Invoice Creation Duty and Payables Payment Creation Duty.

Every single predefined duty role is free from an inherent segregation of duties violation. For example, no duty role violates the SOD policy that prevents a user from entitlement to both create payables invoices and payables payments.

Jobs in the reference implementation may contain violations against the implemented policies and require intervention depending on your risk tolerance, even if you define no additional jobs or SOD policies.

Provisioning enforces segregation of duties policies. For example, provisioning a role to a user that inherits a duty role with entitlement to create payables invoices enforces the segregation of duties policy applied to that duty role and ensures the user is not also entitled to create a payables payment. When a role inherits several duty rules that together introduce a conflict, the role is provisioned with a violation being raised in the Application Access Controls Governor (AACG). If two roles are provisioned to a user and introduce a segregation of duties violation, the violation is raised in AACG.

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#### Note

SOD policies are not enforced at the time of role definition.

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Aspects of segregation of duties policies in the security reference implementation involve the following.

- Application Access Controls Governor (AACG)
- Conflicts defined in segregation of duties policies
- Violations of the conflicts defined in segregation of duties policies

#### **Application Access Controls Governor (AACG)**

AACG is a component of the Oracle Enterprise Governance, Risk and Compliance (GRC) suite of products where segregation of duties policies are defined.

- Define SOD controls at any level of access such as in the definition of an entitlement or role.
- Simulate what-if SOD scenarios to understand the effect of proposed SOD control changes.
- Use the library of built-in SOD controls provided as a security guideline.

Your risk tolerance determines how many duties to segregate. The greater the segregation, the greater the cost to the enterprise in complexity at implementation and during maintenance. Balance the cost of segregation with the reduction of risk based on your business needs.

## Conflicts

An intra-role conflict occurs when a segregation of duties policy expresses constraints within the construct of a single role (entitlement and duties) that creates violations.

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### 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.

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## Violations

A segregation of duties violation occurs when a policy is defined that allows a segregation of duties conflict to occur.

Notifications report conflicts to the requester of the transaction that raised the violation. Oracle Identity Management (OIM) shows the status of role requests indicating if a segregation of duties violation has occurred.

For information on configuring audit policies, see the Oracle Fusion Applications Administrator's Guide.

For more information on managing segregation of duties, see the Oracle Application Access Controls Governor Implementation Guide and Oracle Application Access Controls Governor User's Guide.

## Defining Segregation of Duties Policies: Points To Consider

Segregation of duties (SOD) policies express incompatibilities enforced to control access in defined contexts.

In Oracle Fusion Applications, SOD policies protect against the following incompatibilities.

- Privilege X is incompatible with privilege Y
- Role A is incompatible with role B
- Any privileges in role A are incompatible with any privileges in role B.
- Privilege X is incompatible with any privileges in role B.

The following examples of SOD policies illustrate incompatible entitlement.

- No user should have access to Bank Account Management and Supplier Payments duties.

- No user should have access to Update Supplier Bank Account and Approve Supplier Invoice entitlement.

## Data Contexts

You can extend SOD policies to control access to specific data contexts.

For example, no single individual must be able to source a supplier in a business unit and approve a supplier invoice in the same business unit.

## Exclusion and Inclusion Conditions

SOD policies may include exclusion conditions to narrow the SOD scope and reduce false positive violations, or inclusion conditions to broaden the scope.

Conditions apply to access points globally, to policies, or to access paths defined by policies. Access path conditions can exclude a user from a role, an Oracle Fusion Applications entitlement from a role, or a permission from an Oracle Fusion Applications entitlement.

The following global exclusion conditions are predefined in Oracle Fusion Applications and available when creating SOD policies.

- User Status
- User Name
- Enterprise Role
- Action
- Business Unit
- Within Same Business Unit

## Enforcement

Oracle Fusion Applications enforces SOD policies under the following circumstances.

- When granting entitlement to a role
- When provisioning a role to a user

For information on managing segregation of duties, see Oracle Application Access Controls Governor Implementation Guide and Oracle Application Access Controls Governor User's Guide.

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### Note

SOD policies are not enforced at the time of role definition.

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A single SOD policy can include entitlement from multiple instances of a single enterprise resource planning environment. For example, one SOD policy is enforced in implementation, test, and production instances of Oracle Fusion Applications.

## Managing Segregation of Duties Risks and Violations: Critical Choices

You assess and balance the cost of duty segregation against reduction of risk based on the requirements of your enterprise.

The types of people who resolve SOD conflicts include the following.

- Administrator of an external program such as the Procurement Administrator for the supplier portal or the Partner Manager for the PRM Program
- Senior executive spanning multiple organizations in an enterprise with opposing interests
- Risk management professional implementing an Oracle Enterprise Governance, Risk and Compliance (GRC) initiative
  - Predefines a set of conditions and informs access provisioning staff to approve requests and prove the exception based on certain conditions
  - Allows defining rules to route SOD violations for approval

You view and respond to risks and violations in the Application Access Controls Governor (AACG).

You may wish to override an SOD violation. For example, the Accounts Payable Supervisor includes incompatible duties to create both invoices and payments. When you provision this job role to a user, you may waive the violation in the AACG. You may waive the violation for the currently provisioned user, for the SOD policy that raised the violation, or for the SOD policy within a particular data set, such as a business unit.

The risk tolerance of your enterprise guides how you respond to conflicts. For example, a user may be provisioned with both the role of Order Manager and Shipping Agent. The Order Manger role entitles the user to enter orders, which could result in exploitation when filling shipping quotas. You can remove the entitlement to enter orders that the Order Manger job role inherits from the Orchestration Order Scheduling Duty role. Or you could segregate the shipping and order entry duties by defining an SOD policy that allows a user to have either job role but not both.

### False Positives

False positives can be SOD policy violations that are not actually violations, or are violations within your risk tolerance and therefore do not require corrective action.

You can reduce false positives by the following methods.

- Define exclusion conditions that can be applied to individual or groups of policies.

- Define logically complex SOD policies that enforce more exacting specifications.
- Determine whether conflicts should be prevented, monitored, or subjected to approval during provisioning.

### **Path Level Detection**

Conflict analysis detects a user's multiple paths to one or more conflicting access points.

For example, a user may be able to reach a single access point through one or more roles, or by one entitlement leading to another through submenus to a function that represents a risk. The resulting conflict path shows if the conflict is generated by inappropriate role provisioning or configuration of applications. The audit shows the paths from any number of users to any number of access points involved in conflicts, which lets you visualize the root cause and remediate effectively.

AACG assigns one or more users to review all paths involved in a given conflict so that the entire conflict can be addressed in a coherent way.

### **Waiving or Accepting Violations**

AACG lets you accept or waive a violation. Your reasons may include that you accept the risk or will define compensating controls.

A waiver may apply to the current user, constraint, or constraint within a dimension such as the business unit.

### **Resolving Conflicts**

The risk tolerance of the enterprise determines whether a segregation of duties conflict must be removed from the security reference implementation.

The following approaches resolve conflicts.

- Change the segregation of duties policy.
- Ensure a job role does not contain incompatible duties.
- Define data security policies that restrict authorized access by incompatible duties.

Changing a segregation of duties policy may not be possible in most cases. For example, a policy that segregates creation of payables invoice from making payables payments should be preserved, even if the Accounts Payables Manager job role includes a duty role for each activity. To prevent an accounts payables manager from being authorized to perform both duties, or from being authorized to make payables payments to self and direct reports, the Accounts Payables Manager job role must be changed. The security implementation can be changed to include two job roles that segregate the incompatible duties. Added data security policy grants can restrict the access to at risk data.

For information on managing segregation of duties, see the Oracle Application Access Controls Governor Implementation Guide and Oracle Application Access Controls Governor User's Guide.

# Role Provisioning and Segregation of Duties: How They Work Together

Segregation of duties (SOD) checks occur when roles are assigned to users. The checks are based on Oracle Application Access Controls Governor (AACG) policies in Oracle Enterprise Governance, Risk and Compliance (GRC). The Oracle Identity Management (OIM) integration includes predefined routing rules for remediation in the Manage IT Security business process.

External users such as suppliers or partners need to be provisioned with roles to facilitate access to parent company interfaces and data. The process by which such provisioning requests are approved in Oracle Fusion Applications helps explain the request flows and possible outcomes.

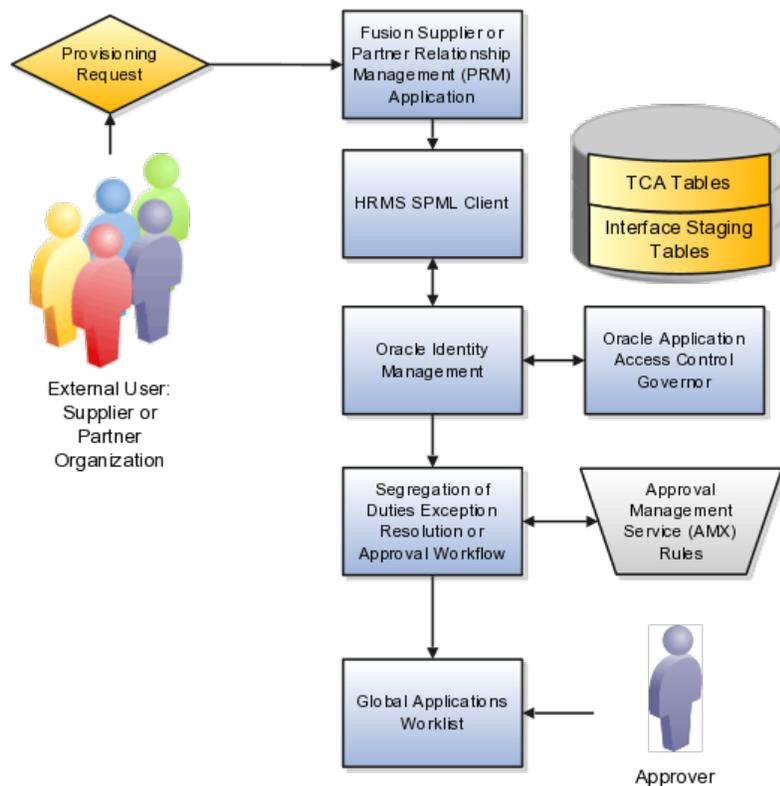
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## Note

In Oracle Identity Management (OIM), external users means users who are not specific to applications, such as enterprise roles or the absence of entitlement to access an application.

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The figure shows the role provisioning request flow. OIM uses AACG to check segregation of duties violations.



## Tables

A supplier or partner requests admission to a program using an implementation of the Supplier Portal Submission. The submission is captured in one or both of the following tables in advance of approving or rejecting the supplier or partner.

- Oracle Fusion Trading Community Model
- Interface Staging

Oracle Fusion Applications collects the employee names for the supplier or partner company at the time the company submits its request to join the program so that all employees accessing Oracle Fusion Applications on behalf of the supplier or partner are provisioned.

AACG in the Oracle Enterprise Governance, Risk and Compliance (GRC) suite is certified to synchronize with the policy and identity stores for all pillars or partitions of Oracle Fusion Applications and integrated with the Oracle Fusion Applications security approach to roll up entitlements (by means of duty roles) to the roles that are provisioned to internal users. SOD policies can be defined and enforced at any level of authorization. For external users, SOD policies use attribute information stored in the Trading Community Model tables.

## OIM and the SPML Client

Enterprise business logic may qualify the requester and initiate a role provisioning request by invoking the Services Provisioning Markup Language (SPML) client module, as may occur during onboarding of internal users with Human Capital Management (HCM), in which case the SPML client submits an asynchronous SPML call to OIM. Or OIM handles the role request by presenting roles for selection based on associated policies.

OIM recognizes the role provisioning request and initiates a call to AACG.

OIM apprises the SPML client of the current state of the role provisioning request as SOD\_CHECK\_IN\_PROGRESS.

OIM stores the SOD check result as part of OIM audit data.

OIM apprises SPML client of the current state of the SPML request. The provisioning is either still in progress with segregation of duties being checked, or conflicts were found. If conflicts exist, AACG rejects the request and notifies the application.

Status	Conflicts	Current State
SOD_CHECK_IN_PROGRESS	Unknown	Request sent to AACG and waiting for response
SOD_REMEDIATION_IN_PROGRESS	Conflict found	AACG detected violations and remediation is in progress
SOD_CHECK_APPROVED	No conflict found	No SOD violations found
SOD_CHECK_REJECTED	Conflict found	AACG detected violations that cannot be remediated
SOD_REMEDIATION_APPROVED	Conflict found	AACG detected violations that are approved

SOD_REMEDIATION_REJECTED	Conflict found	AACG detected violations that are rejected by approver
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In the absence of an SOD exception, OIM provisions all relevant users.

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**Note**

When a partner user is provisioned, all employees of the partner enterprise are provisioned. SOD checks occur when an external user requests to join a program, because SOD policies operate across Oracle Fusion Applications, not at the individual level. Supplier or partner company user requests are not approved if there is an SOD conflict against the supplier company.

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OIM provides AACG with the details of SOD exception approval workflow. AACG audits the outcome for use in future detective controls and audit processes.

**Oracle Application Access Controls Governor**

AACG may respond with the following.

- Roles may be provisioned to the external user or its employees because no SOD conflict is found
- SOD conflict is found and request is denied because the relevant SOD policy is to be strictly enforced and no exception approval should be allowed
- SOD conflict is found and the exception to the policy is allowed, so the request goes through additional processing, such as an approval process.

Supplier or Partner Relationship Management responds to an SOD exception by updating Trading Community Model tables with the current state. An enterprise may elect to implement a landing pad that offers external users a means of addressing the SOD problem by providing more information or withdrawing the request.

SOD violation checking occurs during role implementation and provisioning, and can be turned on or off if AACG is provisioned and enabled as part of the Oracle Fusion Applications deployment.

**Segregation of Duties Exception Resolution or Approval Workflow**

Depending upon status, OIM kicks off an auditable SOD exception resolution workflow. Resolution can be conditional based on approval or requirements such as contracts being met.

If one of the paths for exception resolution is to get an approval, then the SOD exception resolution drives the approval using AMX. Standard AMX rules, not business rules, resolve the approval for the SOD exception, including the following.

- Organizational hierarchies
- Multiple mandatory and optional approvers

- Rerouting and approval delegation

The approver resolution uses AMX Rules Designer to access various user attributes and organizational hierarchies managed in Oracle Fusion Applications repositories. This information is typically not available in OIM or the LDAP identity store repository. Enterprises can define additional approval rules using AMX Thin Client.

The SOD Exception Approver gets a notification through supported channels that a new request is awaiting approval. The approver signs in to the global SOA federated worklist application that aggregates all pending worklist items for the user from all Oracle Fusion applications and logical partitions or pillars of applications. The SOD exception approval tasks show up in the same list.

The SOD exception approval task shows the details of the SPML request and SOD Provisioning results in a page rendered by OIM. The approver may take one of the following actions.

- Approve the request as it is
- Reject the request

If the approver approves the request, OIM sends an `SOD_REMEDIATION_APPROVED` status to the SPML client.

If the approver rejects the request, OIM sends an `SOD_REMEDIATION_REJECTED` status to the SPML client. The provisioning request is considered completed with a failure outcome and the external users is notified. Oracle Fusion Applications updates the Trading Community Model tables with the rejected status

### **Remediation Task Assignments**

The SOD remediation tasks are assigned based on the role being requested.

1. If the role requested is Chief Financial Officer, the SOD remediation task is assigned to the IT Security Manager role.
2. If the SOD violation results from a policy where the SOD control tag is the Information Technology Management business process and the control priority is 1, the SOD remediation task is assigned to Application Administrator role.
3. In all other scenarios, the SOD remediation task is assigned to the Controller role.

For more information about configuring audit policies, see the Oracle Fusion Applications Administrator's Guide.

For information on managing segregation of duties, see the Oracle Application Access Controls Governor Implementation Guide and Oracle Application Access Controls Governor User's Guide.



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# Common Applications Configuration: 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

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# Common Applications Configuration: 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. For Oracle Cloud, always leave this feature choice selected so that your users can access the Cloud Learning Center.

---

### **Important**

For non-Cloud implementations only: 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 system administrator must download the library from Oracle Technology Network (<http://www.oracle.com/technetwork/documentation/fusion-apps-doc-1508435.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. Only users with job roles containing the Application Help Text Administration duty role have access to customize help.

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 Application 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.

---

### **Note**

Use the full URL, for example <http://www.oracle.com>, when creating links.

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## **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 Application 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 Application 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 Types: Explained

Oracle Fusion Applications Help contains various types of help content, including demos, examples, FAQs, glossary terms, help topics, and PDF guides. A business process or product can be supported by some or all of these help types.

### Demo

Demos are Oracle User Productivity Kit (UPK) topics that visually demonstrate how to use the application to complete a short task or portion of a task. Demos can also provide an introduction to complex dashboards and work areas.

## Example

Examples provide real use cases of features to illustrate how and when to use the feature, or scenarios to illustrate abstract concepts. Worked examples show exactly what you need to do to achieve a specific result, emphasizing decisions that you make and values that you enter.

## FAQ

FAQs, or frequently asked questions, provide brief answers to questions that you might have regarding a task or page. For example, they can briefly explain what a term means, why something happened, how you can perform an action, or what happens if you perform the action.

## Glossary

Glossary terms provide definitions for words or phrases used in help. You can search or browse glossary terms in the Glossary tab of Oracle Fusion Applications Help. Where the links are available, you can also see the definition when you hover over the term in help content for other help types.

## Help Topic

Help topics explain key concepts, illustrate how application components work together, or assist in decision-making by explaining points to consider or the options you have. Help topics can also provide reference, overview, and other information.

## PDF Guide

PDF guides present a collection of help content from the other help types, except demos, in an organized and logical format. For example, there are guides addressing specific business processes and setup offerings. You can see lists of all guides from the **Guides** menu in Oracle Fusion Applications Help.

# 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.

## Links in Custom Help: Points to Consider

When you create or edit custom help, follow best practices when you include links to help files or other content. If you are working on custom help created by duplicating a predefined help file, then you may see existing links from the original file in the Help Content section. The types of links that you can work with include:

- Related help links
- Standard hypertext links
- Links to documentation library content
- Glossary term links

For all link types, except the standard hypertext links, you must create or edit custom help with a Text or Desktop source type. In other words, you must type the help content directly in the application or use an HTML file that you upload to help. For standard hypertext links, the source type can also be URL.

### Related Help Links

Related help is the section at the end of help files that contains links to other help files. The syntax for related help contains a comma-separated list of title IDs that represent help files.

This figure provides an example of related links code.

```
OfaRelatedTopics(CREATE_AUTOMATIC_POSTING_CRITERIA_S_0000,  
JOURNAL_ENTRIES_HOW_THEY_RE_RECORDE_0000)
```

- You can delete this code to remove all related help, or delete title IDs to remove individual links (for example, `CREATE_AUTOMATIC_POSTING_CRITERIA_S_0000`).
- To replace existing links or add new links, you need to retain the code syntax and enter desired title IDs. To find title IDs, search for the help files on the Manage Custom Help page. Title IDs are displayed in the search results, but the **Title ID** column is hidden by default.

### Standard Hypertext Links

You can create standard hypertext links to any file or Web site as long as you ensure the stability and validity of the links, including links to other help files,

custom or not. These links can appear anywhere in the body of your help file as long as they come before any related help links.

In the Help Content section, highlight the text that you want to use as link text and click the **Add Link** icon button.

For links to other help files, open the file to which you want to link, and click the **E-Mail** link. Use the URL in the autogenerated e-mail text as the link to the file.

---

### Note

Use the full URL, for example `http://www.oracle.com`, when creating links.

---

## Links to Documentation Library Content

The syntax for links to HTML files in documentation libraries, for example the Oracle Fusion Applications Technology Library, is:

```
<span class="HP_topic-link_bridgeDocument-linkToSTDoc_"><?ofa  
linkToSTDoc(WCSUG4636) ?><span class="HP_topic-linktext_">Understanding  
Tags</span><?ofa endLink ?></span>.
```

WCSUG4636 is the anchor ID and Understanding Tags is the link text. You can:

- Modify the link by replacing the existing anchor ID or editing the link text, or both.
- Remove the link by deleting all the code for it.
- Create links to documentation library content by following the same syntax. These links can appear anywhere in the body of your help file as long as they come before any related help links.

---

### Important

To ensure that you are linking to a supported documentation library, enter anchor IDs only from documentation libraries that are linked from predefined help topics.

---

## Glossary Term Links

Glossary term links provide definitions in a note box when users hover over the term in help files.

This figure shows an example of code for a glossary term link.

```
OfaGlossaryTerm("accounting period", ACCOUNTING_PERIOD_0001)
```

In this example, `accounting period` is the link text, or glossary term, and `ACCOUNTING_PERIOD_001` is the identifier, or title ID.

- To remove the link but retain the text, delete all the code except the term itself.

- To add glossary term links, you must follow the link syntax and use the correct title ID for the glossary term. You can find title IDs in the search results of the Manage Custom Help page.

---

**Note**

If your custom help has glossary terms and the source type is Desktop File, then make sure before uploading that the quotes around the glossary term are actual quotation marks in raw HTML, not &quot;. Otherwise, quotation marks will appear when users view the help file.

---

## 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"> <li>• Search by Common Tasks navigator, under the Collaboration node</li> <li>• Search by Business Process navigator, under <b>Information Technology Management - Manage Networking and Communications - Manage Social Networking Capabilities</b></li> </ul>
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
<b>Title</b>	The name of the UPK topic.
<b>Source Type</b>	Oracle User Productivity Kit
<b>File Location</b>	The full URL of the player package folder on the Web server, for example, <code>http://&lt;your domain&gt;.com/UPKcontent/PlayerPackage.</code>

<b>Document ID</b>	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.
<b>Help Type</b>	Demo
<b>Help Security Group</b>	Unsecured
<b>Keywords</b>	Terms relevant to the demo.
<b>Description</b>	Summary of the demo.
<b>Include in New and Updated pane</b>	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. Refer to the Customizing or Adding Static Instructions, In-Field Notes, and Terminology Definitions section.

See: Oracle Fusion Applications Extensibility Guide

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# Common Applications Configuration: 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.

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### Note

The Define Application Toolkit Configuration task list is available in implementation projects only if the Application Toolkit Component Maintenance feature choice is selected.

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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.

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### 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.

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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.

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## Common Applications Configuration: Define WebLogic Communication Services Configuration

### Click-to-Dial: Explained

Use Click-to-Dial to place a call to a contact from a hyperlink on the phone number or phone icon.

Here are a few topics that are important to know when using Click-to-Dial:

- Normal call flow
- Interaction Records and Notes
- Operational Notes

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#### Note

Click-to-Dial must be enabled to make calls using the various contact information pages and pop-up UIs. When enabled, phone numbers appear as hyperlinks. Interaction logging is available if that feature is enabled. If interaction logging is available, a note indicating that fact will be displayed in the UI. See Click to Dial: Top Tasks for more information about enabling these features.

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#### Normal Call Flow

Click-to-Dial uses a call-the-caller-then-call-the-callee procedure for completing a phone call. That format and the normal flow of this procedure are described below.

- **You initiate a call**

If you see a small orange square next to a contact or customer name, click the square to display further details, including phone numbers. To place a call, place your mouse over the phone number hyperlink and click.

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#### Note

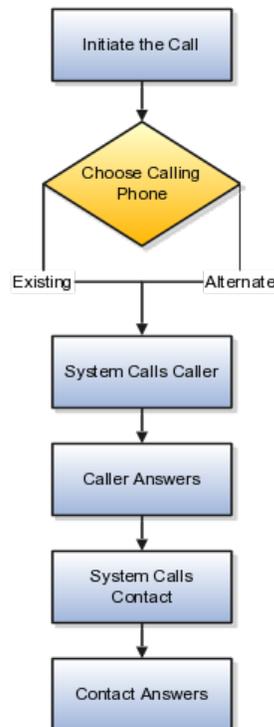
Click-to-Dial does not work on phone numbers that are marked with a Do Not Call icon.

- 
- **Select a Calling Phone**

Choose the calling phone number. Usually the calling phone is a number from your profile information. Alternately, if you need to use a phone not in your profile, you can specify a different number to originate your call.

- **Call Flow**

After you select the calling phone number, the system calls you back on that number, waits for you to answer, and then calls the person for whom the call is intended.



### **Interaction Records and Notes**

Click-to-Dial automatically creates an interaction record of the call, when that feature is enabled. The details window that provides the phone number may also show an Interaction icon that you can click to display a list of interaction records to edit, for example to provide a description of the call. The window may also provide a notes feature that you can use to record notes during the call.

### **Interaction Logging**

The interaction record is logged as soon as the call is either successfully set up or known to have failed.

The interaction log records the customer, call participants, a timestamp noting the start time of the call, the direction of the communication, in or outbound, and

the resolution code. The description is automatically updated with these three items:

- Call ID from OWLCS
- Your chosen phone number
- Contact phone number

The call resolution code is determined from OWLCS and recorded in the interaction:

OWLCS Call Status	Resolution Code in Interaction
CallConnected	CALL ANSWERED
CallAborted	FAILED
CallHangUp	FAILED
CalledPartyBusy	NOT AVAILABLE
CalledPartyNoAnswer	NOT AVAILABLE
CalledPartyNotReachable	NOT AVAILABLE
CallingPartyBusy	FAILED
CallingPartyNoAnswer	FAILED
CallingPartyNotReachable	FAILED

### Editing interactions

Once the call is established, if Interactions is available, you can use the Interactions icon on the UI to launch the interaction record list view. Select the current interaction record to edit it.

### Operational Notes

Because of the call-the-caller-then-call-the-callee format, there are some conditions that may occur due to several calling situations. Some of these conditions are described below:

- Why don't I hear a ring-back tone? As soon as you answer the system call-back, the system immediately dials the contact. You won't hear a ring-back tone as in a normal outbound phone call. However, you can tell that the call attempt is progressing because:
  - The phone indicates that the connection is active. If the call to the contact reaches a busy tone or the call attempt times out, the connection is dropped.
  - The dialing window stays on the screen while the call attempt is progressing. It disappears when the connection is either successfully established or fails.
- What if your phone is busy and the call-back goes directly to voice mail? Normally this would not happen because you would not initiate a new call when you are already busy on another call. However, this situation could occur due to a race condition, that is where another incoming call reaches your phone before the Click-to-Dial call-back. When this happens, two different scenarios could occur:

- If your phone is configured for busy-forward-all-to-voice-mail, the Click-to-Dial call would be forwarded to your voice mail, and the system thinks that the caller has answered the call and will proceed to call the contact. On answering, the contact hears your voice-mail greeting.
- If your phone is capable of presenting a second call to the user, as is supported by many office phones and mobile phones, then you can still answer the Click-to-Dial call and there is no issue.
- What if you wait too long to answer the call-back? In other words, you wait longer than the ring-no-answer-forward-to-voice-mail timer on the phone system and the call goes to voice mail. Normally, this would not happen because you are expecting the inbound call after you started the call, and would answer promptly. However, if for some reason you do not answer and allow the call to ring-no-answer-forward to voice mail, then the system would think that you have answered the call and will proceed to call the contact. On answering, the contact hears your voice-mail greeting.
- What if the contact does not answer in 30 seconds and the system abandons the call attempt? If the contact's voice mail is configured to answer after 30 seconds, you will not be able to leave a message.

## Click-to-Dial: Top Tasks

Click-to-Dial is a feature of the customer contact process. Phone communication to customers and employees is initiated with a click of the mouse, leveraging your customer contact information and the application context. The Click-to-Dial feature uses Oracle WebLogic Communication Services, OWLCS, to enable communications. Applications that provide the Click-to-Dial functionality do so primarily through contextual actions in the application.

Additionally, Click-to-Dial utilizes Oracle Fusion Interactions as an optional transaction logging feature that will track information about the call such as the customer, call participants, a timestamp noting the start time of the call, the direction of the communication, in or outbound, and the resolution code.

Click-to-Dial integrates with your telephony environment and must be manually enabled in your deployment. This topic highlights what is required to set up the Click-to-Dial feature and to implement logging of the calls made using the Click-to-Dial feature.

Terms used in setting up these communications

- PSTN: Public switched telephone network is the network of the world's public circuit-switched telephone networks.
- SIP: Session initiation protocol, an open signaling protocol standard that is used to set up phone calls
- TPCC: Third Party Call Control enables an application to control the telephony network to set up calls automatically.
- OWLCS: Oracle WebLogic Communication Services. Offers the TPCC service to Fusion applications and sets up the calls via SIP integration with the telephony network.

The set up task list Define WebLogic Communication Services Configuration delineates four tasks required for the correct configuration and implementation of Click-to-Dial. There is an optional task, separate from the set up task list, required for implementing Interaction logging.

Information about implementing Click-to-Dial can be found in the Oracle Fusion Applications Administrator's Guide. Detailed information about configuring and maintaining WebLogic Communication Services is found in the Oracle WebLogic Communication Services Administrator's Guide

### **Configure and Deploy WebLogic Server**

- Deploy WebLogic Communication Services: After the Oracle WebLogic communication server is deployed, this manual task activates the server.

See: Oracle WebLogic Communication Services Administrator's Guide

### **Integrate Communications Services**

- Integrate WebLogic Communication Services with Telephony Network: This manual task integrates communications within the telephony environment. OWLCS must be configured to interface with the specific characteristics of the telephony network.

See: Managing Oracle WebLogic Communication Services for Click-to-Dial Functionality

### **Specify the Domain and Address**

- Register a URL for the telephony gateway or soft switch for SIP domain: This task defines the Server protocol, defaulted to http, the external server host address and external server port address. The Associated Modules section is not required for setup. You can also perform this as a manual task using the Oracle Fusion Topology Manager to configure the address of the SIP Public Switched Telephone Network (PSTN) gateway or SIP soft switch serving the users within that domain. This address is needed by Click-to-Dial to correctly form the SIP addresses required by WebLogic Communication Services. See the link to Configuring PSTN Gateway Address Using Topology Manager: Worked Example.

### **Enable Click-to-Dial**

- After configuring the server and defining the SIP domain, perform the Enable Click-to-Dial task. This task sets the value of the profile option Enable Click-to-Dial to 'Yes.'

### **Call Logging via Fusion Interactions**

- To initiate the Interaction based logging for Click-to-Dial, set the profile option Call Interaction Logging Enabled to 'YES.'

## **Configuring PSTN Gateway Address Using Topology Manager: Worked Example**

This example demonstrates how, during the implementation of the **Register URL for the telephony gateway or soft switch for SIP domain** task,

you must manually configure the PSTN gateway address by registering HzCTDPstnGatewayApp to a given environment using Oracle Fusion Topology Registration

These steps configure the address of the SIP Public Switched Telephone Network (PSTN) gateway or SIP soft switch serving the users within that domain. This address is needed by Click-to-Dial to correctly form the SIP addresses required by WebLogic Communication Services.

For example: SIP:+1650-555-1212@pstn\_gateway.oracle.com;user=phone where pstn\_gateway.oracle.com is the SIP domain. The SIP domain can also be expressed in the format 10.1.1.1 (IP address).

## Configuring PSTN using the Topology Manager

1. Sign in to Oracle Fusion Applications as a user that has **application implementation consultant** and **WebLogic Services administration** roles
2. In Fusion Applications Setup and Maintenance, click Register Enterprise Applications from the regional area under **Topology Registration**
3. On the Register Enterprise Applications page, click the plus icon to add an enterprise application. An Add Enterprise Application popup appears
4. Enter the new application information: Click Search in the Enterprise Application list field. Enter **HzCTDPstnGatewayApp** in the name field and click Search. Click OK.
5. Enter the other fields in the Add Enterprise Application popup

Field	Value
Name	HzCTDPstnGatewayApp
Server Protocol	SIP  This field is ignored by click-to-dial. Oracle WebLogic Communication Service (OWLCS) always uses the SIP protocol.
External Server Host	10.143.167.91 (Used as an example)  A host name can be used instead of an IP address.
External Server Port	0 (Used as an example)  This field is ignored by Click-to-Dial.

6. Click Save and Close

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## Common Applications Configuration: Other Common Setup and Maintenance Tasks

### FAQs for Other Common Setup and Maintenance Tasks

**How can I change the web mapping service for displaying contextual addresses?**

Edit the Mapping Service for Contextual Addresses profile option value. A contextual address is marked with an orange square icon that can be clicked to display the address on a map. The profile option value represents the web mapping service used to display the map. To update this value, use the Manage Administrator Profile Values task in the Setup and Maintenance work area.



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# Common Applications Configuration: 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.
- The Oracle Social Network business objects and the Navigator menu customizations are moved using the customization sets on the Customization Migration page instead of using the export and import function in the Setup and Maintenance work area.

Business Object Name	Moved Functional Item	Effect on the Scope of Movement
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	<p>No parameters: all 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>code/applicationId</code>: only the specified document sequence category code is moved.</p>
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><b>Note</b></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><b>Note</b></p> <p>Only flexfields with a deployment status of Deployed or Deployed to Sandbox are eligible to be moved.</p> <hr/>

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><b>Note</b></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><b>Note</b></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><b>Note</b></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><b>Note</b></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><b>Note</b></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/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/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><b>Note</b></p> <ul style="list-style-type: none"> <li>• If the policies being moved contain reference to newly created roles, move the roles before moving the policies.</li> <li>• If the source and target systems use different LDAPs, manually perform the GUID reconciliation after moving the data security policies.</li> </ul>
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.

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#### 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.

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## 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.

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### Note

Only the translation in the current user language is moved.

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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.



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## Define Contracts Common Configuration

### Specifying 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.

## Specifying 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

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.

## Defining Notes: Points to Consider

A note is a record attached to a business object that is used to capture nonstandard information received while conducting business. When setting up notes for your application, you should consider the following points:

- Note Types
- Note Type Mappings

### Note Types

Note types are assigned to notes at creation to categorize them for future reference. During setup you can add new note types, and you can restrict them by business object type through the process of note type mapping.

### Note Type Mappings

After note types are added, you must map them to the business objects applicable to your product area. Select a business object other than Default Note Types. You will see the note types only applicable to that object. If the list is empty, note type mapping doesn't exist for that object, and default note types will be used. Select Default Note Types to view the default note types in the system. Modifying default note types will affect all business objects without a note type mapping. For example, you have decided to add a new note type of Analysis for your product area of Sales-Opportunity Management. Use the note type mapping functionality to map Analysis to the Opportunity business object. This will result in the Analysis note type being an available option when you are creating or editing a note for an opportunity. When deciding which note types to map to the business objects in your area, consider the same issues you considered when deciding to add new note types. Decide how you would like users to be able to search for, filter, and report on those notes.

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### Note

Extensibility features are available on the Note object. For more information refer to the article [Extending CRM Applications: how it works](#).

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## What's an Interaction?

The primary purpose of an interaction is to provide a historical view of all communications initiated by you to a customer (outbound) or by a customer to you (inbound). Interaction is intended to document **customer** communication, not internal communication, therefore Customer is a required attribute. You can record the method of communication, or channel, by which the interaction occurred. For example, you can denote that the communication was via phone, E-mail, by chat, through a web conference, a meeting in person, and so on. It also records the business objects discussed in the communication. That is, which opportunity or marketing campaign was discussed? You can summarize the interaction or outcome in the Description attribute or pick a specific value in the Outcome attribute, such as "Left Message". But, the actual content of the interaction should be attached as a separate file, especially when it is larger. Finally, you can not only list the external customer contacts but also any internal resources who were participants in the interaction.

Extensibility features are available on the Interaction object. For more details, refer to the article [Extending CRM Applications: How It Works](#)

## Managing Contract Party Roles and Sources

### Setting Up Contract Party Roles and Making Them Available in Contracts: Explained

Party roles provide a way for you to specify the roles of different parties in the contract. For example, a sales contract may include the customer, a partner, and the internal business unit selling the product and service. Your application comes with predefined party roles, but you can create additional roles and you can specify how the roles are used in sales, purchasing, and project contracts.

This topic:

- Lists the predefined party roles and explains how you can add your own.
- Explains how you make those party roles available for use in buy-intent and sell-intent contracts.

#### Managing Party Roles

The application comes with the following predefined party role names in the lookup type OKC\_PARTY\_ROLE. You can add additional lookup codes in the Setup and Maintenance work area by selecting the **Manage Contract Party Roles** task.

Lookup Code	Meaning
CUSTOMER	Customer
INTERCOMPANY	Internal party
PARTNER	Partner
SUPPLIER	Supplier
THIRD_PARTY	Third party

## Making Party Roles Available for Use in Contracts

To make party roles available for use in contracts, you must:

1. Associate each party role to the appropriate party source by selecting the **Manage Contract Roles Sources** task in the Contracts work area.
2. While managing contract types using the **Manage Contract Types** task in the Setup and Maintenance work area, add each party role to the contract types where you want the party role to be used. You can add a party role either as one of the two primary contract parties (the Buyer Role and the Seller Role) or as a secondary party. You can only have one Seller Role and one Buyer Role in a contract. You can have multiple secondary parties with the same role.

The application includes the following party sources which you cannot modify:

Party Source Code	Name	Description
OKX_PARTY	Customer	Parties in the Trading Community Architecture (TCA) where the party usage is External Legal Entity.
OKX_OPERUNIT	Business Unit	Internal business units.
OKX_VENDOR	Supplier	Parties in TCA where the party usage is Supplier.
OKX_INT_COMP_PARTY	Internal party	Internal parties available for Oracle Fusion Projects interproject billing.
OKX_PARTNER	Partner	Partners. This source is reserved for Oracle Fusion Partner Relationship Management.

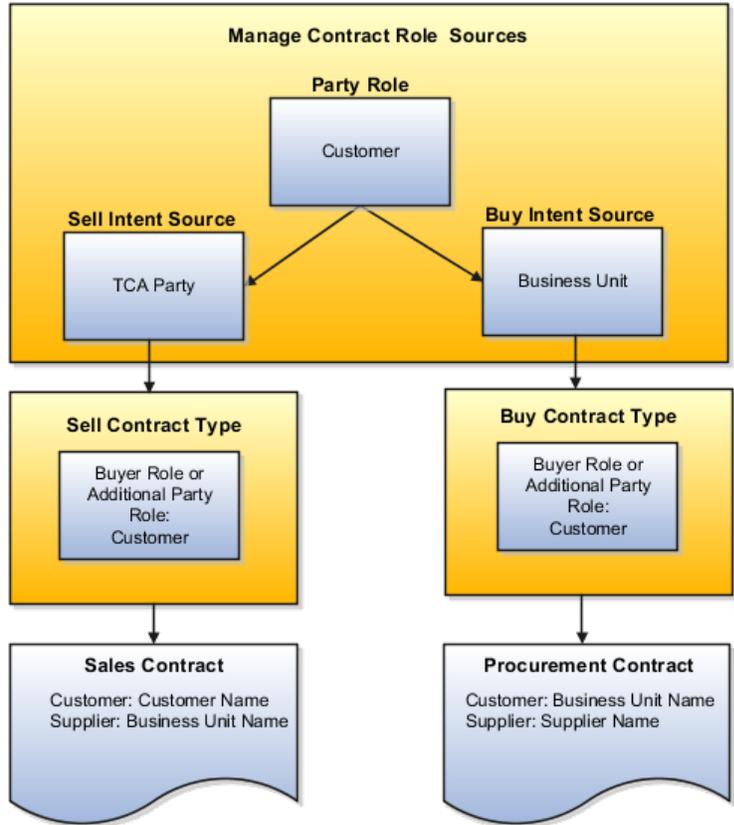
You can use the same party role for both buy-intent and sell-intent contracts by associating the party role to different sources. This figure shows how you can reuse the role Customer in both buy and sell contracts. The customer for sales contracts is a TCA party (Customer). The customer for buy contracts is an internal business unit.

To reuse the same party in buy and sell contracts, you:

1. Select the **Customer** party role in the Manage Contract Role Sources page.
2. Set the **Sell Intent Source** to **Customer** and the **Buy Intent Source** to **Business Unit**.
3. To use the party role in a contract, you must also enter it in contract types where you want to use it as one of the primary contact parties or as a secondary party.

The setup in this figure will have the following effect:

- When you create a sales contract, the Customer list of values lists external parties.
- When you create a purchasing contract, the Customer list of values lists business units.



## Managing Party Contact Roles

### Setting Up Party Contact Roles and Making Them Available for Use: Explained

Contact roles specify the roles party contacts play in the contract. Your application comes with a set of predefined contact roles, but you can set up additional contact roles for use with different parties in the contract.

This topic:

- Lists the predefined contact roles and explains how you can add your own.
- Explains how you associate the contact roles with party roles and contact role sources.

#### Managing Contact Roles

The application comes with the following predefined contact roles in the extensible lookup type OKC\_PARTY\_CONTACT\_ROLE:

Lookup Code	Meaning
BUYER	Buyer
CONTRACT_ADMIN	Contract administrator
EMPLOYEE	Employee

PARTNER_CONTACT	Partner contact
PARTY_CONTACT	Customer contact
SALESPERSON	Salesperson
VENDOR_CONTACT	Supplier contact

You can add additional contact roles by selecting the **Manage Contract Contact Roles** task in the Setup and Maintenance work area .

### Making Contact Roles Available for Use in Contracts

For a contact role to be available for use in contracts, you must navigate to the Manage Contract Role Sources page by selecting the **Manage Contract Roles Sources** task in the Contracts work area and make the following entries for each of the party roles where you want the contact role to be available:

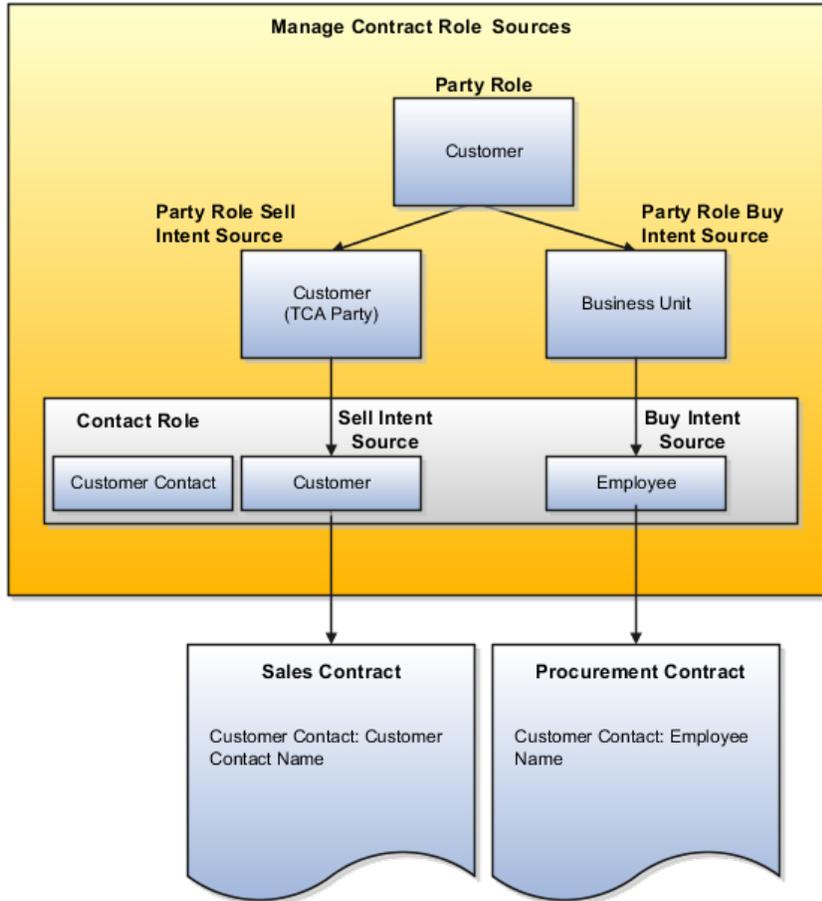
1. Select the party role.
2. Add the contact role.
3. Enter the sell-intent contact source or the buy-intent contact source or both. Which contact sources you can enter depends on the party source settings for the party role.

The following contact sources come predefined with the application in the system lookup type OKC\_PARTY\_CONTACT\_SOURCE. You cannot edit the contract role sources or add additional ones.

Lookup Code	Meaning	Description
OKX_PARTNER_CONTACT	Partner contact	Used exclusively for Oracle Fusion Partner Management contracts.
OKX_PCONTACT	Customer contact	Contacts of parties in the Trading Community Architecture (TCA) where the party usage is External Legal Entity.
OKX_RSEMP	Employee	Employees in the internal human resources database.
OKX_SALEPERS	Salesperson	Employees in the internal human resources database.
OKX_VCONTACT	Supplier contact	Contacts of parties in TCA where the party usage is Supplier.

The following figure illustrates the setup required to make a contact role available in both customer and supplier contracts:

1. The party role Customer is associated with both a sell intent and buy intent source. In a sales contract, a Customer party is a TCA party (party source Customer). In a buy-intent contract, the Customer is an internal business unit.
2. You make the contact role available in both customer and supplier contracts by specifying the **Sell Intent Source** as **Customer Contact** and to the **Buy Intent Source** as **Employee**.
3. In sales contracts, customer contacts will now be TCA party contacts. In procurement contracts, customer contacts will be employees.



## Managing Contract Types

### Contract Types: Explained

A contract type is a contract category that contract authors must select when creating a contract. It is a mandatory setup that determines the nature of the contract. For example, this step determines if the contract is a project contract, a purchasing contract, or simple nondisclosure or employment agreement. A contract type also specifies what kinds of information you can enter and what contract lines, parties, and party contacts are permitted.

This topic provides an overview of the super set of contract type setups for a broad range of contracts. When setting up individual contract types, only a subset of the fields listed here are visible. For example, the project billing option entries are visible only in contract types with a sales-intent, and the notifications fields appear only for contract types with a buy-intent.

#### Overview

Create contract types by selecting the **Manage Contract Types** action from the Setup and Maintenance work area. You can also create contract types in the Contracts work area by selecting **Contract Types** under the Setup task heading. In each contract type you can:

- Specify if the contract includes lines and what can be entered into them.
- Specify if external item masters can be referenced.

- Require contract authors to capture customer acceptance after internal contract approval.
- Specify what primary and secondary parties can be entered during contract creation.
- Specify the layout templates that will be used for printing the contract and the contract terms.
- Specify if and when the contract owner is notified before the contract expires.
- Specify the billing options for project contracts.
- Enable the capture of contract risks and interactions with contract parties.
- Enable the ability to relate a contract to other contracts.
- Permit the authoring of contract terms using the Contract Terms Library.

### Common Contract Type Entries

The following table describes the common contract type entries:

Field or Option	Description
<b>Class</b>	<p>Indicates the category of the contract you are authoring:</p> <ul style="list-style-type: none"> <li>• Enterprise Contract: Used for authoring both buy and sell contracts where you are buying or selling items and services now. Examples of contracts of this class include contract purchase agreements, project contracts, and repository contracts.</li> <li>• Partner Agreement: Used exclusively for Oracle Fusion Partner Management.</li> <li>• Purchase Agreement: Used for negotiating a future purchase of goods and services.</li> </ul> <p>You cannot change the class after the contract type is created.</p>
<b>Set</b>	Determines the data security for contracts of this type.
<b>Name</b>	The name contract authors select when authoring contracts.
<b>Description</b>	Description that is visible only for administrators managing contract types.
<b>Allow lines</b>	Selecting this option makes it possible for you to specify what line types can be added to the contract. You cannot change the setting after the contract type is created.
Use external item master	<p>Selecting this option lets you reference items from an external item source master.</p> <hr/> <p><b>Note</b></p> <p>This option is available only for sell intent contracts if Allow lines option is available and selected.</p> <hr/>
<b>Enable Automatic Numbering</b>	Enables automatic numbering of contract lines during contract authoring.

<b>Requires Acceptance</b>	Determines if customer acceptance is required before this type of contract can become active. After approval, the contract is set to the Pending Acceptance status and requires the contract author to enter the date of customer approval before the contract becomes active.
<b>Contract Numbering Method and Contract Sequence Category</b>	Specifies if the contract number is entered manually by the contract author or generated automatically based on the document sequence category you specify.
<b>Intent</b>	Contracts can have either a sell intent (project contracts and partner agreements) or buy intent (purchase contracts).  You cannot change the intent after the contract type is created.
<b>Buyer Role</b>	The party role of the recipient of the goods and services in the contract. For a sales or a project contract, this is the role you set up for the customer. For a purchasing contract, it is the role you set up for the business units in your organization. You cannot edit the entry in this field after contract type creation.
<b>Seller Role</b>	The party role of the party delivering the goods and services covered by the contract. For a sales or a project contract, this is the role you set up for one of the internal business units. For a purchasing contract, it is the role you set up for the supplier. You cannot edit this field after contract type creation.
<b>Contract Owner Role</b>	The contact role assigned to the owner of the contract. Contract ownership is automatically assigned to the employee who creates the contract. The owner is automatically assigned the role you specify here.
<b>Buyer Contact Role</b>	The role you specify in this field specifies the role of the buyer that will be copied from the contract header to the contract fulfillment lines created for contract lines.  <b>Note</b>  This option is available for purchase contracts only:
<b>Requester Contact Role</b>	In purchase contracts only: The role of employee who will be used as the creator of a requisition in Oracle Fusion Purchasing.
<b>Contract Layout Template</b>	The Oracle BI Publisher template that is used to print the entire contract.  <b>Note</b>  This option is not available if Use external item master is enabled.

Terms Layout Template	<p>The Oracle BI Publisher template used to print the contract terms.</p> <hr/> <p><b>Note</b></p> <p>This option is not available if Use external item master is enabled.</p>
<b>Notify Before Expiration, Days to Expiration, and Contact Role to be Notified</b>	<p>Selecting this option sends a notification before contract expiration to the individual with the role specified in the <b>Contact Role to Be Notified</b> the number of days specified the <b>Days to Expiration</b> field.</p> <hr/> <p><b>Note</b></p> <p>These options are not available if Use external item master is enabled.</p>

### Line Types

You can enter the line types permitted by the class you selected for the contract type and only if you selected the **Allow Lines** option during the contract type creation. The following table describes the possible line types.

Line Type	Description
Buy agreement, free-form	Enables entry of items not tracked in inventory for purchasing. You can create master agreements in the purchasing application from lines of this type.
Buy agreement, item	Enables entry of inventory items for purchasing. You can create master agreements in the purchasing application from lines of this type.
Buy intent, free-form	Enables entry of items not tracked in inventory for purchasing. You can create purchase orders in the purchasing application from lines of this type.
Buy intent, item	Enables entry of inventory items for purchasing. You can create purchase orders in the purchasing application from lines of this type.
Sell intent, free-form, project-based	Enables entry of items not tracked in inventory and displays project-related tabs and fields in a contract. You can associate and bill the line to a project in Oracle Fusion Projects.
Sell intent, item, project-based	Enables entry of inventory items and displays project-related tabs and fields in a contract. You can associate and bill the line to a project in Oracle Fusion Projects.

If you enable Use external item master when creating a contract type, you can create only the following line types:

Line Type	Description
Sell Intent, Subscription	This line type applies to sell contracts and describes the sale of subscription items that are tracked in inventory.

Sell Intent, Bundle	This line type applies to sell contracts and describes the sale of bundled items tracked in inventory. Bundles can include other bundles or items.
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### Additional Party Roles

You can add party roles that contract authors can add to a contract in addition to the primary parties specified in the **Buyer Role** and **Seller Role** fields. A contract author can add multiple additional parties with the same role to the contract.

### Project Billing Options

For contract types created for projects (sales-intent contract types of class Enterprise Contract and at least one project line type), you can set the following project billing options:

Option	Description
Intercompany	Enables project billing between internal organizations.
Interproject	Enables billing to other projects.
Enable Billing Controls and Billing Limit Type	Enables billing controls for each contract line, making it possible for you to specify a hard limit or a soft limit as the <b>Billing Limit Type</b> . A soft limit warns you if the billing limit is reached. A hard limit prevents you from billing above the limit.

### Enabling Contract Fulfillment Notifications for Purchase Contracts

For purchase contracts, you can use the Notifications tab to specify what contract fulfillment notifications will be sent to what contact role. Available notifications are slightly different for each type of contract:

For contracts with purchase order fulfillment lines, you can notify contacts with a specific role:

- A specified number of days before or after the fulfillment due date
- When a purchase order is created from a fulfillment line
- When a purchase order cannot be created from a fulfillment line
- When a fulfillment line is placed on hold
- When purchasing activity is complete on a fulfillment

For contracts with blanket purchase agreement fulfillment lines or contract purchase agreement fulfillment lines, you can notify:

- When an agreement is created from a fulfillment line
- When an agreement cannot be created from a fulfillment line
- When purchasing activity is complete on a fulfillment
- When an agreement is placed on hold
- A specified number of days before or after the agreement end date

### Enabling Contract Terms Authoring and Other Advanced Options

If you do not enable Use external item master, you can enable contract terms authoring and other advanced contract terms authoring options on the Advanced Authoring Options tab.

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#### Note

If you enable Use external item master, the Advanced Authoring Options tab is not available but Related Contracts option is automatically enabled.

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The advanced authoring options are described in the following table:

Option	Description
<b>Enable Terms Authoring</b>	<p>Displays the Contract Terms tab in contracts and enables contract terms authoring using contract terms templates from the Contract Terms Library. You must set up the content of the library from the Terms Library work area before you can take advantage of this feature.</p> <hr/> <p><b>Note</b></p> <p>When this option is disabled, contract authors can attach contract terms along with other supporting documents.</p>
<b>Enable Risk Management</b>	<p>Enables the entry of contract risks.</p> <p>You must set up contract risks selecting the <b>Manage Contracts Risks</b> task in Oracle Fusion Functional Setup Manager.</p>
<b>Enable Interactions</b>	<p>Enables the logging of interactions with customers, employees, and other parties in the contract. Interactions include meetings, phone calls, and e-mail notifications.</p>
<b>Enable Related Contracts</b>	<p>Makes it possible for contract authors to relate contracts to each other.</p>

## Key Contract Type Settings for Different Kinds of Contracts: Examples

This topic provides examples of key contract type settings for different kinds of enterprise contracts, including employment agreements, purchase contracts, purchase agreements, and sales contracts with project work.

### Employment Agreement

You want to create a standard employment agreement that can be edited during negotiations with a new employee.

Key Contract Type and Related Setups	How It Works
<p>Key contract type setups:</p> <ul style="list-style-type: none"> <li>• <b>Class:</b> Enterprise Contract</li> <li>• <b>Intent:</b> Sell or Buy</li> <li>• <b>Allow Lines</b> option: Leave unselected</li> <li>• Select the <b>Enable Terms Authoring</b> option to permit the use of the contract terms template with the employment agreement.</li> </ul> <p>In the Contract Terms Library, you create the contract terms template and set the template as the default for this contract type.</p>	<p>When you select the contract type, the contract terms template automatically populates the Contract Terms tab in the contract with the terms and conditions. You can edit them during the negotiation with the employee.</p>

### Purchase Contract

You want to create a purchase contract that can be used to create and monitor purchase orders within Oracle Fusion Purchasing.

Key Contract Type Setups	How It Works
<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add two types of lines: <ul style="list-style-type: none"> <li>• <b>Buy-intent Freeform</b> For items not tracked by inventory.</li> <li>• <b>Buy-intent Item</b> For items tracked by inventory.</li> </ul> </li> </ul>	<p>You enter the goods and services you are purchasing in contract lines. By creating contract fulfillment items for individual or multiple lines, you automatically create purchase orders in Oracle Fusion Purchasing. You can then use these deliverables to monitor the status of each purchase order from within the contract.</p>

### Purchase Agreement

You want to create a contract for future purchases which creates blanket purchasing agreements within Oracle Fusion Purchasing.

You want to create a blanket purchase agreement when you know the detail of the goods or services you plan to buy from a specific supplier and want to negotiate their price, but you do not yet know the detail of your delivery schedules.

Key Contract Type Setups	How It Works
<ul style="list-style-type: none"> <li>• <b>Class: Purchase Agreement</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add two types of lines: <ul style="list-style-type: none"> <li>• <b>Buy-intent Freeform</b> For items not tracked by inventory.</li> <li>• <b>Buy-intent Item</b> For items tracked by inventory.</li> </ul> </li> </ul>	<p>By adding deliverables for one or more contract lines, you automatically create blanket purchase agreements in Purchasing. You can use the deliverables to monitor the status of the blanket purchase agreements from within the contract.</p>

### Enterprise Sales Contract with Project Work

You want to create a sales contract that governs the billing of items and services to projects in Oracle Fusion Projects.

Key Contract Type Setups	How It Works
<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Sell</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add two types of lines: <ul style="list-style-type: none"> <li>• <b>Freeform, Project-Based</b> For entering item not tracked in inventory.</li> <li>• <b>Item, Project-Based</b> For entering inventory items.</li> </ul> </li> <li>• Use external item master: Selected for referencing an external item master.</li> </ul> <hr/> <p><b>Note</b></p> <p>If you enable Use external item master, the Advanced Options tab is not available.</p> <hr/> <ul style="list-style-type: none"> <li>• On the Advanced Options tab, leave the <b>Contract Terms Authoring</b> option unselected.</li> </ul> <hr/> <p><b>Note</b></p> <p>While nothing prevents you from using the Contract Terms Library to author contract terms for sales contracts with project work, there is no functional link between the contract terms and the Oracle Fusion Projects application. This means that you cannot monitor the adherence of a project to the terms in the contract.</p>	<p>You add contract lines to specify the goods and services sold, specify the project they are billed to, and enter billing details. The fulfillment and billing of those items is tracked within Oracle Fusion Projects.</p>

## Setting Up Contract Types for Different Kinds of Contracts: Points to Consider

This topic explains how to set up contract types for different kinds of enterprise contracts.

Your contract type setup depends on the type of contract you are setting up. The main types are:

- **Customer Contracts**  
Your organization is selling goods and services.
- **Supplier Contracts**  
Your organization is purchasing goods and services.

For these types of contracts, the key contract type settings are based on the following questions:

1. Are you selling or buying?

For **Intent**, you select either **Sell** or **Buy**.

2. Are you buying or selling now or negotiating a long-term contract with terms, such as pricing, that will govern a future purchase or sale?

For **Class**, select **Enterprise Contract** if you are buying or selling now. If you are negotiating a future purchase or sale, select one of the agreement classes, for instance **Purchase Agreement** for a future purchase.

3. Does the contract involve the purchase or sale of specific items?

If the contract involves the purchase or sale of specific items, then you can specify how those items are entered into contract lines by adding different line types to the contract type. Some line types permit contract authors to select items tracked in inventory; others permit the entry of any item as text, for example, for free-form services.

Some of the line types support integration with other Fusion applications, for example, project line types support the billing of items through Oracle Fusion Project billing. Buy-intent lines allow the capture of pricing information and support integrations to purchasing systems to create POs or blanket purchase agreements.

The combination of answers to these questions result in the numbered cases in this figure and are described in the different sections of this topic. Some functionality is planned for a future release.

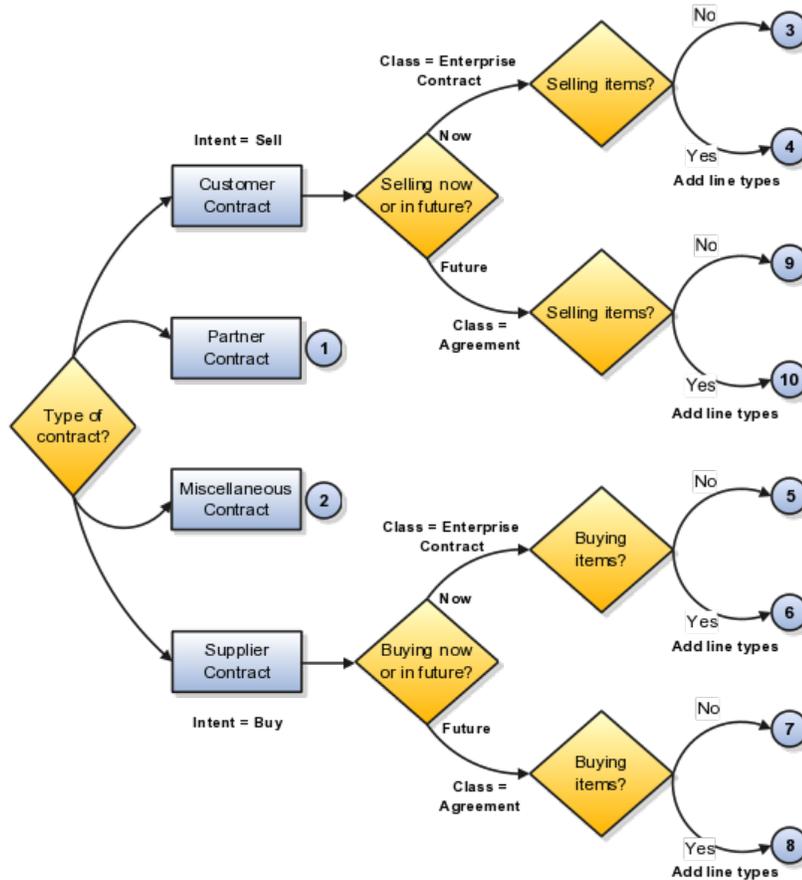
There are other special kinds of contracts where these questions are less relevant or do not apply. These include:

- Partner Agreements

Contracts with partners. See description of Case 1 for suggested contract type settings.

- Miscellaneous Contracts

Contracts such as nondisclosure agreements or employment agreements. See description of Case 2 for suggested contract type settings.



## Customer Contracts

This section describes the settings for sell-intent contracts.

### Case 3: Customer Contracts with No Lines

Use the following contract type settings to create simple sales contracts with no lines.

Purpose of Contract	Contract Type Settings
Simple customer contract with no lines.	<ul style="list-style-type: none"> <li>Class: Enterprise Contract</li> <li>Intent: Sell</li> <li>Allow Lines option: Deselected</li> </ul>

### Case 4: Customer Contracts with Lines

The following table describes the key contract type settings for sell-intent contracts for items or services. In this release, you can add lines for selling items and services that are executed as part of a project, for example, project manufactured items or professional services. Lines for selling services and regular inventory-based tangible items are planned for a future release.

Purpose of Contract	Contract Type Settings
<p>Sell items and services that are tracked and billed to one or more projects.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Sell</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add two types of lines: <ul style="list-style-type: none"> <li>• <b>Freeform - Project Based</b> For selling items not tracked in inventory.</li> <li>• <b>Item - Project Based</b> For selling inventory items.</li> </ul> </li> <li>• On the Advanced Options tab, leave the <b>Contract Terms Authoring</b> option unselected.</li> </ul> <hr/> <p style="text-align: center;"><b>Note</b></p> <p>While nothing prevents you from using the Contract Terms Library to author contract terms for project contracts, there is no functional link between the contract terms and the Oracle Fusion Projects application. This means that you cannot monitor the adherence of a project to the terms in the contract.</p>

### Supplier Contracts

This section describes contract type settings for buy-intent contracts.

#### Case 5: Supplier Contracts Without Lines

The following table describes the key contract type setups for supplier contracts where you are negotiating purchase of items or services without specifying the actual items to be purchased.

Purpose of Contract	Contract Type Settings
<p>Contract where you negotiate specific terms and conditions or a purchase without specifying the goods and services as contract lines. Contract authors can create a corresponding purchase agreement within Oracle Fusion Purchasing or another integrated purchasing application by adding a contract deliverable for the contract. You can use the deliverable to monitor the status of the agreement, but purchase orders are created and tracked in purchasing.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Leave unselected</li> </ul>

#### Case 6: Supplier Contracts with Lines

The following table describes the key contract type setups for supplier contracts for immediate purchase of specific items or services.

Purpose of Contract	Contract Type Settings
<p>Purchase goods and services. This type of contract makes it possible for contract authors to create purchase orders in Oracle Fusion Purchasing or another integrated purchasing application from individual contract lines by adding contract deliverables. You can monitor the status of each purchase order directly from the deliverables.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add two types of lines: <ul style="list-style-type: none"> <li>• <b>Buy-intent Freeform</b> For items not tracked by inventory.</li> <li>• <b>Buy-intent Item</b> For items tracked by inventory.</li> </ul> </li> </ul>

### Case 7: Contracts for Future Purchases Without Lines

This table describes the key contract type setups for future-purchase contracts without lines.

Purpose of Contract	Contract Type Settings
<p>Contract for future purchases, without specifying the goods and services as contract lines.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Agreement</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Leave unselected</li> </ul>

### Case 8: Contracts for Future Purchases with Lines

This table describes the key contract type setups for future-purchase contracts with lines.

Purpose of Contract	Contract Type Settings
<p>Create this type of contract when you know the detail of the goods or services you plan to buy from a specific supplier in a period, but you do not yet know the detail of your delivery schedules. You can use this type of contract, sometimes called a blanket purchase agreement, a standing order, or a blanket order, to specify negotiated prices for your items before actually purchasing them. Use this type of contract when you have negotiated volume discounts and want to create releases against these negotiated volumes, or when you commit to specific items, quantities, or amounts. You can issue a blanket release against a blanket purchase agreement to place the actual order (as long as the release is within the blanket agreement affectivity dates).</p> <p>Contract authors can automatically create corresponding agreements in Oracle Fusion Purchasing or other integrated purchasing applications by adding contract deliverables and monitor the execution of those agreements from the deliverables.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Agreement</b></li> <li>• <b>Intent: Buy</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add the following types of lines: <ul style="list-style-type: none"> <li>• <b>Buy-intent Freeform</b> To purchase items not tracked by inventory.</li> <li>• <b>Buy-intent Item</b> To purchase items tracked by inventory.</li> </ul> </li> </ul>

### Case 9: Contracts for Future Sales Without Lines

This table describes the key contract type setups for future-sale contracts without lines.

Purpose of Contract	Contract Type Settings
Contract for future sales, without specifying the goods and services as contract lines.	<ul style="list-style-type: none"> <li>• <b>Class: Agreement</b></li> <li>• <b>Intent: Sell</b></li> <li>• <b>Allow Lines</b> option: Leave unselected</li> </ul>

### Case 10: Contracts for Future Sales with Lines

This table describes the key contract type setups for future-sale contracts with lines.

Purpose of Contract	Contract Type Settings
<p>Create this type of contract when you know the detail of the goods or services you plan to sell to a specific customer in a period, but you do not yet know the detail of your delivery schedules. You can use this type of contract, sometimes called a blanket sales agreement, a standing order, or a blanket order, to specify negotiated prices for your items before actually selling them. Use this type of contract when the customer has negotiated volume discounts and want to create releases against these negotiated volumes, or commits to specific items, quantities, or amounts. The customer can issue a blanket release against a blanket sales agreement to place the actual order (as long as the release is within the blanket agreement affectivity dates).</p> <p>Contract authors can automatically create corresponding agreements in Oracle Fusion Purchasing or other integrated purchasing applications by adding contract deliverables and monitor the execution of those agreements from the deliverables.</p>	<ul style="list-style-type: none"> <li>• <b>Class: Agreement</b></li> <li>• <b>Intent: Sell</b></li> <li>• <b>Allow Lines</b> option: Selected</li> <li>• You can add the following types of lines: <ul style="list-style-type: none"> <li>• <b>Sell-intent Product</b> <ul style="list-style-type: none"> <li>• If item source is Product Master, item is selected.</li> <li>• If item source is Catalog, Product is selected.</li> </ul> </li> </ul> </li> </ul>

### Special Contracts

This section describes the settings you want to use for partner agreements and for miscellaneous contracts.

#### Case 1: Partner Agreements

Use the following contract type settings for partner agreements in Oracle Partner Relationship Management.

Purpose of Contract	Contract Type Settings
Partner enrollment agreement	<ul style="list-style-type: none"> <li>• <b>Class: Partner Agreement</b></li> <li>• <b>Intent: Sell</b></li> <li>• You must enable contract terms authoring by selecting the <b>Enable Terms Authoring</b> option.</li> </ul> <hr/> <p><b>Note</b></p> <p>Oracle Fusion Partner Relationship Management uses contract types only for applying contract terms templates with boilerplate contracts, so most of the contract type entries do not apply or have no effect.</p>

## Case 2: Miscellaneous Contracts

The following table lists the key contract type settings for nondisclosure, employment contracts, and other simple contracts.

Purpose of Contract	Contract Type Settings
Nondisclosure agreement or employment agreement	<ul style="list-style-type: none"> <li>• <b>Class: Enterprise Contract</b></li> <li>• <b>Intent: Sell</b></li> <li>• <b>Allow Lines</b> option: Leave unselected</li> </ul>

## FAQs About Contract Types

### Why can't I delete a contract type?

You cannot delete a contract type after it is used to create a contract. However, you can enter an end date to prevent its use in future contracts.

### Must I create contract types to author contract terms on purchase orders or sourcing documents such as RFQs?

If you want to author contract terms on individual purchase orders or other Oracle Fusion Sourcing documents, such as RFQs, you are not required to set up contract types. This is because no enterprise contracts are created. The documents themselves are the contracts. All setups to enable contract terms templates and contract terms authoring are done from within Oracle Fusion Purchasing and Sourcing applications.

## Contract Line Types: Explained

Using the **Manage Contract Line Types** task, you can rename the types of lines available for selection when you create contract types. This optional implementation task is available by selecting **Setup and Maintenance** from the Tools menu and searching on the task name.

## Line Types

Line types are names you give to the contract lines.

You must associate each line type name with one of the fixed set of predefined line sources. A line source defines what item you can enter in a contract line and enables functionality of one of the integrated applications to that line. For example, project line sources expose Oracle Fusion Projects fields in contracts and make it possible for contract authors to relate lines to projects. Buy sources make it possible to create contract deliverables for the line and use those contract deliverables to create and manage purchase orders and purchase agreements in Oracle Fusion Purchasing or other integrated purchasing systems.

The application already includes a full set of predefined line type names for all of the available line sources. You can create additional names for use in different contract types, if desired.

The predefined line types names are the same as the names of the lines sources they are associated with.

## Line Sources

The application includes the following predefined line sources. These line sources cannot be modified or extended.

If you do not enable the Use external item master option, you can create the following line sources only:

Line Source	Description
Buy agreement, free-form	Enables entry of items not tracked in inventory. You can create master agreements in the purchasing application from lines of this type.
By agreement, item	Enables entry of inventory items. You can create master agreements in the purchasing application from lines of this type.
Buy intent, free-form	Enables entry of items not tracked in inventory. You can create purchase orders in the purchasing application from lines of this type.
Buy intent, item	Enables entry of inventory items. You can create purchase orders in the purchasing application from lines of this type.
Sell intent, free-form, project-based	Enables entry of items not tracked in inventory. You can associate and bill the line to a project in Oracle Fusion Projects.
Sell intent, item, project-based	Enables entry of inventory items. You can associate and bill the line to a project in Oracle Fusion Projects.

If you enable Use external item master, you can create the following line sources only:

Line Source	Description
Sell Intent, Subscription	This line type applies to sell contracts and describes the sale of subscription items that are tracked in inventory.

Sell Intent, Bundle	This line type applies to sell contracts and describes the sale of bundled items tracked in inventory. Bundles can include other bundles or items.
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## Managing Contract Risks

### How can I set up contract risk?

You can set up the list of contract risks by selecting the Manage Risks task from the Setup and Maintenance work area. Contract authors use this list during contract authoring to record contract risks.

Recording contract risks helps your organization prepare for potential problems. It does not affect contract processing.

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#### Note

Risk names must be unique.

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## Enabling Different Levels of Contract Terms Editing During Contract Authoring: Explained

The level of editing a contract author can perform on contract terms depends on the privileges granted to them during security setup. This topic describes the different levels of editing privileges that system administrators can assign a contract author from the basic to the most advanced.

### Privilege Levels and What They Permit

The following table lists the privileges which grant different levels of editing abilities from the basic to the most advanced. Each privilege adds additional authoring capabilities to the privileges before it, but the privileges are not cumulative. The contract author must also be granted all of the privileges below the level they need. For example, a contract author with a level 3 privilege must be granted the level 1 and level 2 privileges as well.

Level	Privilege	Description
1	Author Standard Contract Terms and Conditions	Restricts contract authoring to applying contract terms templates, validating the contract, and running Contract Expert when required. It includes the ability to change the template or attach the contact terms as a file.
2	Author Additional Standard Contract Terms and Conditions	Adds the ability to add, delete, and move the standard clauses and sections after the contract terms template is applied. This includes the ability to select alternate clauses.

3	Author Nonstandard Contract Terms and Conditions	Allows authoring of nonstandard terms and conditions in the contract. This includes editing standard clauses, creating nonstandard clauses, removing contract terms, and importing edits made offline in Microsoft Word.
4	Override Contract Terms and Conditions Controls	Adds the ability to edit protected clauses and delete mandatory clauses and sections in contract terms.

## Setting Up Contract Text Search: Highlights

If you have implemented the Oracle Enterprise Crawl and Search Framework, you can enable text searches of contracts and their attachments from within the contracts application by running the following indexing schedules:

Indexing Schedule Name	Description
Enterprise Contracts	Indexes and enables text search on contracts created in Oracle Fusion Enterprise Contracts.
Purchasing Contracts	Indexes and enables text search in the POs and agreements within Oracle Fusion Purchasing.
Sourcing Contracts	Indexes and enables text search in the RFIs and other negotiation documents in Oracle Fusion Sourcing.
Contract Documents	Indexes and enables text search in documents attached to Oracle Fusion Enterprise Contracts.
Purchasing Contract Documents	Indexes and enables text search in documents attached to Oracle Fusion Purchasing POs and agreements.
Sourcing Contract Documents	Indexes and enables text search in the documents attached to Oracle Fusion Sourcing RFIs and other negotiation documents.

### Running Indexing Schedules

The management of indexing schedules is fully described in the Managing Search with Oracle Enterprise Crawl and Search Framework chapter in the Oracle Fusion Applications Administrator's Guide.

- Deploying and starting indexing schedules.

See: Managing Index Schedules



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## Define Project Contracts Configurations: Define Customer Contracts Billing

### 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 Line 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

## 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 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.

## **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.

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## Note

The last transaction number on the transaction source is an approximation only, due to caching.

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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.

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### 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.

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## 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.

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**Note**

Use Value if you intend to use the transaction source to import data from a non-Oracle system.

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- 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 Salesperson Reference Accounts

### 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.

## Define 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.

## Specify Customer Contract Management Business Function Properties

### Bill Plan and Revenue Plan Components: How They Work Together

Bill plans and revenue plans provide you with the ability to create a consolidated set of billing attributes that can be shared across contract lines within a contract. Create bill plans and revenue plans within a contract, and associate them to one or more contract lines.

Configure the regions of a bill plan and revenue plan according to your invoicing and revenue recognition requirements. The regions are:

- Hold option
- Invoice or Revenue Method Name
- General Information
- Billing Extensions
- Schedules and Overrides

#### Hold Option

Enable the hold option to prevent transactions associated with contract lines using the bill plan or revenue plan from being included in invoice or revenue generation.

#### Invoice or Revenue Method

Determine how you want to invoice or recognize revenue for the contract lines that use the bill plan or revenue plan. Select the invoice method or revenue method that has a method classification with the invoicing or revenue recognition instructions that meet your requirements.

#### General Information

Define customer information, invoicing instructions and invoice summarization options for the bill plan. Select the associated contract lines for the bill plan or revenue plan.

The following table explains the options.

Feature	Description
Customer Information	The invoice customer, site, and contact person that receives the invoice for project-related work on contract lines that use the bill plan.
Invoice Information	Instructions for the billing currency, billing cycle, payment terms, billing offset days, and the bill set number for the invoices. Enter any specific comments that you want to appear on the customer invoice. Also enter any instructions for the billing administrator to follow during invoice preparation.
Invoice Summarization Options	Select the labor, nonlabor, and event formats that group transactions on invoice lines.
Associated Contract Lines	Select the contract lines that you want to use the bill plan or revenue plan. Each bill plan or revenue plan can be associated with multiple contract lines within a contract. However, a contract line can only be linked to one bill plan or revenue plan.
	<p><b>Note</b></p> <p>Associate contract lines to the bill plan or revenue plan when the contract is in Draft status. After the contract is approved, you must place the contract under amendment to change or add contract lines.</p>

### Billing Extensions

Optionally, add a billing extension to calculate the invoice or revenue event amounts for contract lines using the bill plan or revenue plan. If the invoice or revenue method uses a billing extension, it is automatically copied onto the bill plan or revenue plan.

The billing extension status must be Active for the invoice or revenue generation process to call the billing extension.

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#### Important

Select whether you want the billing extension to calculate an event for either the Associated Project or the Contract Line. If you select Contract Line, the event amount will be for all projects associated with a contract line.

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### Schedules and Overrides

Select the labor and nonlabor schedules that determine the origin of the standard bill rates, burdening, or transfer prices for contract lines associated with the bill plan. Enter any applicable discount information for standard bill rate schedules.

Optionally, enter any overrides or multipliers that will take precedence over the standard bill rate schedules, if applicable.

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#### Note

Schedules and overrides are only available for bill plans and revenue plans that use a rate-based invoice or revenue method classification.

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## Contract Components for Internal Billing: How They Work Together

To use intercompany billing or interproject billing, your implementation team must configure a number of distinct features within Oracle Fusion Enterprise Contracts. These features work in cohesion with financial and project features to create internal invoices and transfer revenue between organizations.

### Contract Type for Intercompany Billing

Select the intercompany billing option on a contract type to identify a contract as enabled for intercompany billing. This option permits editing of the internal billing options of contracts of that contract type. These internal billing options include the attributes required to create the intercompany payables invoice such as expenditure type, expenditure organization, receiver project, receiver task, and the provider business unit.

### Contract Type for Interproject Billing

Select the interproject billing option on a contract type to identify a contract as enabled for interproject billing. This option permits editing of the internal billing options of contracts of that contract type. These internal billing options include the attributes required to create the interproject payables invoice such as expenditure type, expenditure organization, receiver project, and the receiver task.

### Contract Business Unit Internal Billing Options

Review and update the customer contract management business function options to control the processing of interproject billing. This table lists the internal billing options that must be defined for the contract business unit.

Feature Name	Description
Invoice Numbering Method	<ul style="list-style-type: none"><li>• If you want to enter invoice numbers manually, select the manual option and either the alphanumeric or numeric invoice number type.</li><li>• If you want the application to create invoice numbers automatically, select the automatic option, and enter a starting invoice number.</li></ul>
Invoice Batch Source	Specify the invoice batch source for the interproject contract invoices that are transferred to Oracle Fusion Receivables.

### Contract Line and Receiver Project

After you create an internal contract, link a contract line to the receiver project and task. This allows for the cross-charge transactions that are charged to the

project and task to be billed from the provider business unit to the receiver business unit.

By default, the receiver project is also the associated project for the contract line, and you cannot add another associated project or change the associated project for that contract line. However, the associated task and receiver task can be different, so you can select another associated task for the project if necessary.

The receiver project must have the same legal entity as the internal customer.

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**Note**

Only one receiver project can be linked to a contract line. The intercompany invoice generation process automatically groups invoice lines by the contract lines. Interproject invoices have a fixed format.

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## 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.

## **FAQs About Project Contracts**

### **Why can't I see the internal billing details on a contract?**

If you do not see the internal billing features on a contract, check the attributes on the contract type. The internal billing options of a contract are only visible if the contract type is designated as either intercompany or interproject.

## **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.



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# Define Project Contract Configurations: 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"> <li>• What you do: Use transaction fiscal classifications.</li> <li>• What products you buy or sell: Use product fiscal classifications.</li> <li>• Who your customers and suppliers are: Use party fiscal classifications.</li> </ul>
<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"><li>• Manage Tax Regimes</li><li>• Manage Taxes</li><li>• Manage Tax Jurisdictions</li><li>• Manage Tax Statuses</li><li>• Manage Tax Rates</li><li>• Manage Tax Recovery Rates</li><li>• Manage Tax Rule Type tasks</li></ul>
Tax	Define Taxes	<ul style="list-style-type: none"><li>• Manage Taxes</li><li>• Manage Tax Jurisdictions</li><li>• Manage Tax Statuses</li><li>• Manage Tax Rates</li><li>• Manage Tax Recovery Rates</li><li>• Manage Tax Rule Type tasks</li></ul>
Tax Status	Define Tax Statuses	<ul style="list-style-type: none"><li>• Manage Tax Statuses</li><li>• Manage Tax Rates</li></ul>
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"> <li>Share tax content among legal entities and business units.</li> <li>Enable partner integration.</li> <li>Associate fiscal classifications.</li> <li>Define tax reporting types and codes.</li> <li>Define features to influence setup task list.</li> </ul>	<ul style="list-style-type: none"> <li>Define configuration owner tax options.</li> <li>Define application tax options.</li> <li>Define party tax profiles.</li> </ul>	CA GST & HST
Tax	<ul style="list-style-type: none"> <li>Enable controls to influence tax behavior.</li> <li>Specify defaults that are commonly applicable.</li> <li>Define applicability tax rules.</li> <li>Define customer exemptions.</li> <li>Specify party registrations.</li> </ul>	<ul style="list-style-type: none"> <li>Share tax content.</li> <li>Define integration with partners.</li> </ul>	<ul style="list-style-type: none"> <li>CA GST</li> <li>CA HST</li> </ul>
Tax Jurisdictions	<ul style="list-style-type: none"> <li>Define location-based tax rates.</li> <li>Define customer exemptions and rate exceptions.</li> </ul>	Specify tax rule defaults.	<ul style="list-style-type: none"> <li>CA Alberta GST</li> <li>CA BC HST</li> </ul>
Tax Status	<ul style="list-style-type: none"> <li>Define common rules for tax rates.</li> <li>Drive reporting needs.</li> <li>Allow manual override to tax rates.</li> </ul>	<ul style="list-style-type: none"> <li>Specify tax rule defaults.</li> <li>Define customer exemptions.</li> <li>Specify party registrations.</li> </ul>	<ul style="list-style-type: none"> <li>GST Standard</li> <li>HST Standard</li> <li>HST Reduced</li> </ul>

Tax Rates	<ul style="list-style-type: none"> <li>• Define tax rates by effective periods.</li> <li>• Specify tax account variations.</li> <li>• Define tax rate exceptions.</li> <li>• Define tax recovery rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Define customer exemptions.</li> <li>• Define applicability tax rules.</li> <li>• Define taxable calculation formulas.</li> <li>• Share tax content.</li> </ul>	<ul style="list-style-type: none"> <li>• CA GST Standard</li> <li>• CA GST Reduced</li> <li>• CA GST Exempt</li> <li>• CA HST Standard</li> </ul>
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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](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.

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### Tip

Use the highest level of geography, typically country, wherever possible.

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## 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.

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**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.

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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.

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**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.

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## 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.

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#### 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.

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Feature	Description	Impact of Not Selecting Feature
Multiple Tax Jurisdictions	Create tax jurisdictions for a particular tax in more than one geographic region.	The <b>Allow multiple jurisdictions</b> 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 <b>Set as offset tax</b> 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 <b>Allow tax exemptions</b> 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 <b>Allow tax exceptions</b> 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 <b>Allow tax recovery</b> 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 <b>Tax Registration Status</b> field is not available for party tax profiles. You cannot use the tax registration status of <b>Agent, Registered, or Not Registered</b> 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 <b>Classifications</b> 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

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## Note

The enable tax settings are not selected, in the same way that they are not selected when you access the Create Tax page.

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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.

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#### 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

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### 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.

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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.

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#### 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.

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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.

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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"> <li>• Tax</li> <li>• Tax registration</li> </ul>	None
Collecting Tax Authority	The default tax authority to whom the tax is remitted	None	<ul style="list-style-type: none"> <li>• Tax</li> <li>• Tax registration</li> </ul>	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

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### 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.

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### 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.

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### 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.

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## 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

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#### 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.

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## 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"> <li>• The tax determination process uses only the tax content owned by the global configuration owner.</li> <li>• 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.</li> </ul>
Party-specific configuration	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <hr/> <p><b>Note</b></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"> <li>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.</li> <li>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.</li> </ul>
Parent first party organization with party overrides	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>

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"> <li>• US STATE SALES TAX</li> <li>• US COUNTY SALES TAX</li> <li>• US CITY SALES TAX</li> </ul>
NAM	Canada	CA HST & GST	<ul style="list-style-type: none"> <li>• CA HST</li> <li>• CA GST</li> </ul>

## 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

<b>Parent First Party Organization</b>	EMEA LE
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	AU GST
<b>Configuration for Taxes and Rules</b>	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
<b>Parent First Party Organization</b>	Blank
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	AU GST
<b>Configuration for Taxes and Rules</b>	Parent first party with party overrides
<b>Configuration for Product Exceptions</b>	Parent first party organization
<b>Parent First Party Organization</b>	APAC LE
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	SI VAT
<b>Configuration for Taxes and Rules</b>	Parent first party with party overrides
<b>Configuration for Product Exceptions</b>	Parent first party organization
<b>Parent First Party Organization</b>	APAC LE
<b>Effective Start Date</b>	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.

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#### 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.

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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 Luxembourg, 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 Luxembourg 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 Luxembourg 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.

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### 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

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**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.

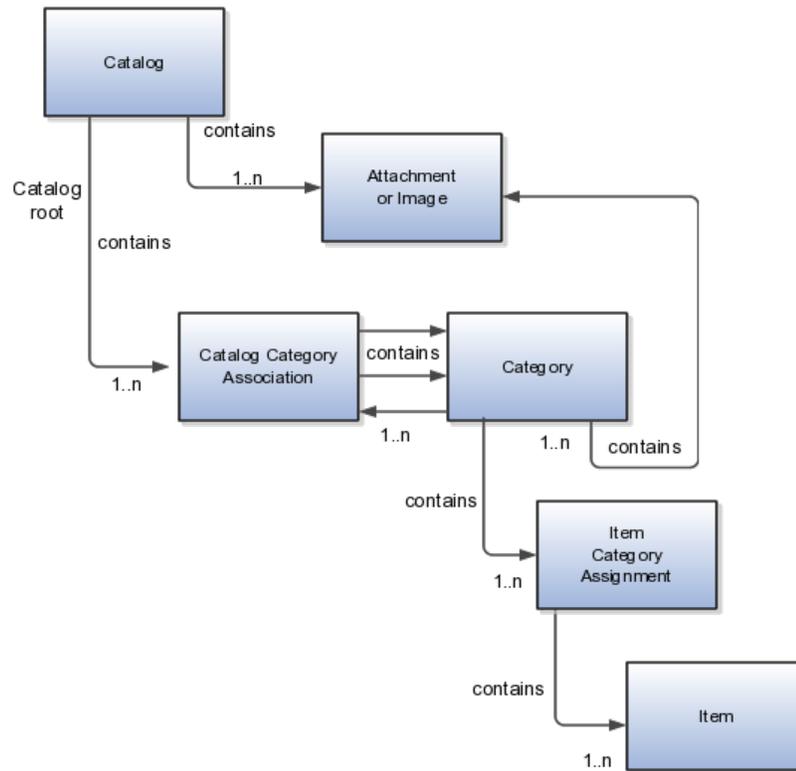
## Define Basic Catalogs

### 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.

## **Catalog Formatting: 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

### Catalog Edits: 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 does 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:

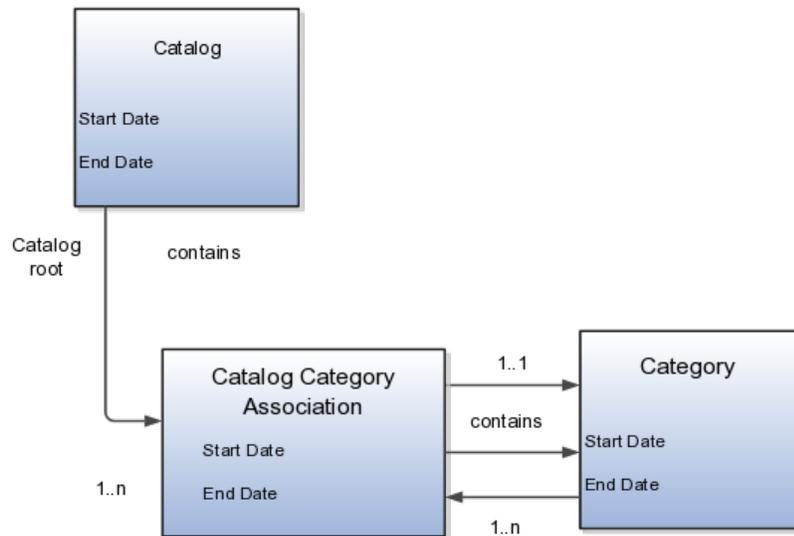
- **Active** An object is active when the current date is later than or equal to the value of the start date, but earlier than or equal to value of the end date.
- **Inactive** An object is inactive when the current date is later than the value of the end date.
- **Future dated** An object is future 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.

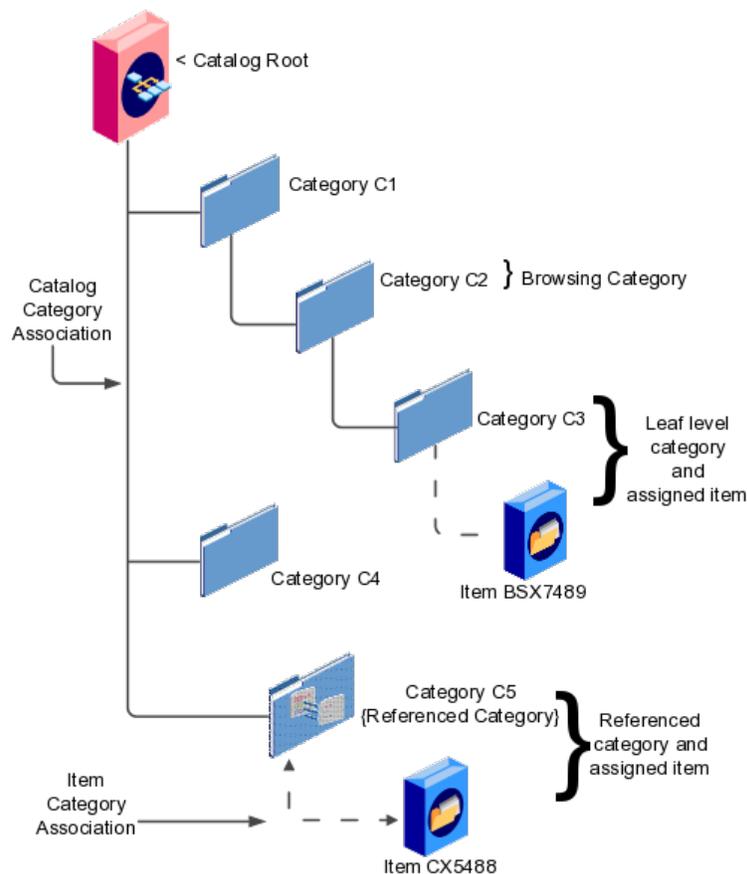
When a catalog is future dated the following rules apply:

- 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 diagram 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.

## Category Edits: 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.

## Catalog Category Association: 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.

## 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.

## 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.

## **Category Moves: 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.

## **Import 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.

## **Catalog or Category Attachments: 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.

## **Items to Categories Assignment: 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.

## **Catalog Publishing: 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.

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**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.

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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.

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**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.

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### **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.

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### 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.

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### 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.

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## 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.

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**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.

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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.

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**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.

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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_TRANSACT	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.

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**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.

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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.

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### 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

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#### 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.

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#### 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.

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## 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.

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#### 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.

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## 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.

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### 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.

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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

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#### 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.

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#### 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.

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### 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.

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#### 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.

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#### **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.

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## **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

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**Note**

The enable tax settings are not selected, in the same way that they are not selected when you access the Create Tax page.

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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.

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#### 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

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### 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.

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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.

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#### 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.

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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.

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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.

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### 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 defaults 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 <b>Recalculated</b>	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"> <li>• <b>Standard noninclusive handling:</b> This option calculates the taxes as exclusive of the given transaction line amount</li> <li>• <b>Standard inclusive handling:</b> This option calculates the taxes as inclusive of the given transaction line amount</li> <li>• <b>Special inclusive handling:</b> This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process</li> </ul>	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 <b>Allow override of calculated tax lines</b> 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 <b>Allow entry of manual tax lines</b> 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 <b>Tax Accounts Source</b> field	None	None	When the value is: <ul style="list-style-type: none"> <li>• <b>Create tax accounts:</b> Create tax accounts for this tax</li> <li>• <b>Use tax accounts from an existing tax:</b> Enter the tax account source to be used at transaction time</li> </ul>
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 <b>Tax Accounts Creation Method</b> field is <b>Use tax accounts from an existing tax</b>

#### 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 <b>Tax Exemptions Source</b> 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 <b>Use Tax Exemption from an existing tax</b> option is selected	None	None	Used in conjunction with the <b>Use tax exemptions from an existing tax</b> 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

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#### Note

The Summary Tax Lines component is applicable only to Oracle Fusion Payables.

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#### 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.

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### 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.

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### 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.

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**Note**

On canceling the invoice or invoice lines, tax lines are automatically canceled.

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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.

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**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.

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## 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

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**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.

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## 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"> <li>• State tax</li> <li>• City tax</li> </ul>	<ul style="list-style-type: none"> <li>• 395.80</li> <li>• 418.42</li> </ul>	<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>	<ul style="list-style-type: none"> <li>• 0.01</li> <li>• 0.02</li> </ul>		<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>• State tax: 12.5%</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.975</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>			<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>

Line 2	1679	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 55.910</li> <li>• 125.92</li> </ul>	<ul style="list-style-type: none"> <li>• 55.91</li> <li>• 125.92</li> </ul>			<ul style="list-style-type: none"> <li>• 55.91</li> <li>• 125.92</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.52</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.52</li> </ul>		<ul style="list-style-type: none"> <li>• 0.01</li> <li>• 0.02</li> </ul>	<ul style="list-style-type: none"> <li>• 173.28</li> <li>• 192.54</li> </ul>

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"> <li>• State tax</li> <li>• City tax</li> </ul>	<ul style="list-style-type: none"> <li>• 395.8082</li> <li>• 418.425</li> </ul>		<ul style="list-style-type: none"> <li>• 395.82</li> <li>• 418.44</li> </ul>	<ul style="list-style-type: none"> <li>• 395.82</li> <li>• 418.44</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>• State tax: 12.5%</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 166.625</li> <li>• 99.975</li> </ul>	<ul style="list-style-type: none"> <li>• 166.63</li> <li>• 99.98</li> </ul>		<ul style="list-style-type: none"> <li>• 166.63</li> <li>• 99.98</li> </ul>
Line 2	1679	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 55.9107</li> <li>• 125.925</li> </ul>	<ul style="list-style-type: none"> <li>• 55.92</li> <li>• 125.93</li> </ul>		<ul style="list-style-type: none"> <li>• 55.92</li> <li>• 125.93</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 173.2725</li> <li>• 192.525</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.53</li> </ul>		<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.53</li> </ul>

### 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.

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#### 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.

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## 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"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Bill from</li> <li>• Bill to</li> <li>• Point of acceptance</li> <li>• Point of origin</li> <li>• Ship from</li> <li>• Ship to</li> </ul>	Geography type from Oracle Fusion Trading Community Model	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Equal to determining factor</li> <li>• Not equal to</li> <li>• Not equal to determining factor</li> <li>• Range</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	Trading Community Model geography names of the geography type belonging to the location identified by the class qualifier, for example, country or state.  If the operator is Equal to determining factor or Not equal to determining factor then the values are: <ul style="list-style-type: none"> <li>• Bill from</li> <li>• Bill to</li> <li>• Point of acceptance</li> <li>• Point of origin</li> <li>• Ship from</li> <li>• Ship to</li> </ul> The available values do not include the tax class qualifier value.
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Party	Legal Party Classification	Legal party fiscal classification	First party	Legal activity codes for: <ul style="list-style-type: none"> <li>• Chile</li> <li>• Colombia</li> <li>• Peru</li> <li>• United Kingdom</li> <li>• Venezuela</li> </ul>	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Bill-from party</li> <li>• Bill-to party</li> <li>• Point of acceptance party</li> <li>• Point of origin party</li> <li>• Ship-from party</li> <li>• Ship-to party</li> </ul>	Party fiscal classification type	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Bill-from party</li> <li>• Bill-to party</li> <li>• Ship-from party</li> <li>• Ship-to party</li> </ul>	Registration Status	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Equal to determining factor</li> <li>• Not equal to</li> <li>• Not equal to determining factor</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Bill-from party</li> <li>• Bill-to party</li> <li>• Ship-from party</li> <li>• Ship-to party</li> </ul>
Process	Transaction Fiscal Classification	Transaction fiscal classification		Transaction fiscal classification type	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Equal to</li> <li>• Not equal to</li> </ul>	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"> <li>• Equal to</li> <li>• Not equal to</li> </ul>	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"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	Product intended use fiscal classification codes
Product	Line Class	Transaction input factor		Line Class	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	<p>Transaction event classes and activities</p> <p>Code list of line transaction types such as:</p> <ul style="list-style-type: none"> <li>• Procure-to-pay</li> <li>• Credit memo order-to-cash</li> <li>• Miscellaneous cash</li> </ul>

Process	Product Type	Transaction input factor		Product Type	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	Predefined goods or services
Process	Tax Classification Code	Transaction input factor		Tax Classification Code	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	Tax classification codes
Process	User-Defined Fiscal Classification	Transaction input factor		User-Defined Fiscal Classification	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Not equal to</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	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"> <li>• Bill from</li> <li>• Bill to</li> <li>• Point of acceptance</li> <li>• Point of origin</li> <li>• Ship from</li> <li>• Ship to</li> </ul>	Tax zone types	<ul style="list-style-type: none"> <li>• Equal to</li> <li>• Equal to determination factor</li> <li>• Not equal to</li> <li>• Not equal to determination factor</li> <li>• Is blank</li> <li>• Is not blank</li> </ul>	Tax zones of the tax zone type belonging to the location identified by the class qualifier

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**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.

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**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.

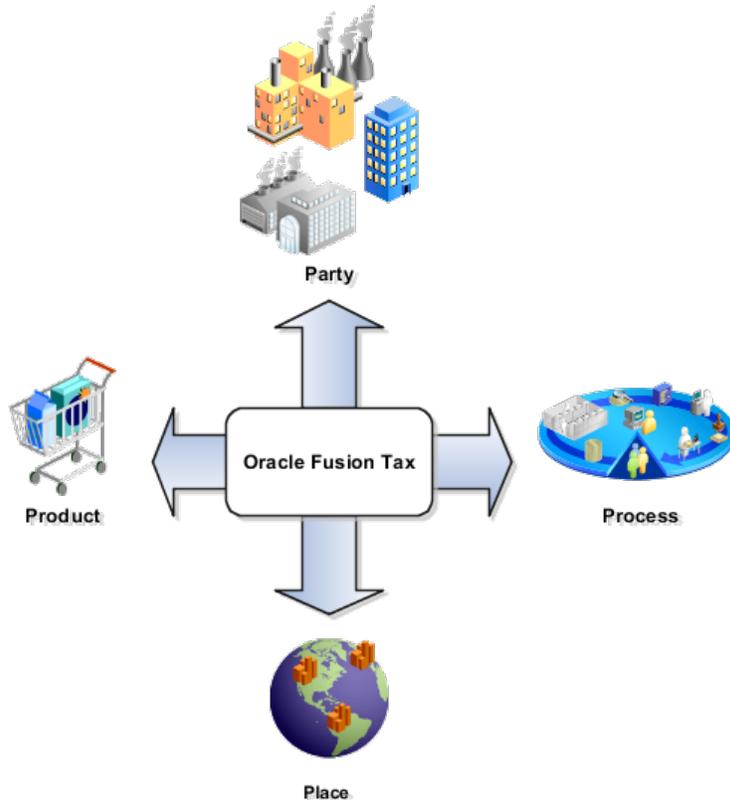
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You can use multiple party and product fiscal classifications at the same time. However, only the primary product fiscal classification, as defined in the country defaults is displayed on the transaction line. When you override the product fiscal classification 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"> <li>• Ship from</li> <li>• Ship to</li> <li>• Bill from</li> <li>• Bill to</li> <li>• Point of acceptance</li> <li>• Point of origin</li> </ul>	<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"> <li>• First party legal entities</li> <li>• Ship from or ship to parties and bill from or bill to parties</li> <li>• Tax registration and registration statuses of each party</li> <li>• Type or classification of a party</li> </ul>	<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"> <li>• Designation of physical goods or services</li> <li>• Type or classification of a product</li> </ul>	<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"> <li>• Procure-to-pay transactions, such as purchases, prepayments, and requisitions</li> <li>• Order-to-cash transactions, such as sales, credit memos, and debit memos.</li> <li>• Type of sale or purchase, such as retail goods, manufactured goods, intellectual property, and resales.</li> </ul>	<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.

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### Important

It is important to carefully evaluate condition set order as a change in order can impact the result of a tax rule.

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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.

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### 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.

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### 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 Oracle Fusion Trading Community Model 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.

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### Note

The application does not assign the tax classification codes to the global set of COMMON for any of these scenarios.

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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.

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#### 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.

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## 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"> <li>• <b>Percentage:</b> The tax rate is a percentage based on the line value</li> <li>• <b>Quantity:</b> The tax rate is based on the currency per UOM such as USD per kilo</li> </ul>	None	None	Defines whether the tax rate is either percentage or quantity based
Tax Classification Code Set Assignments <ul style="list-style-type: none"> <li>• Order to cash</li> <li>• Procure to pay</li> <li>• Expenses</li> </ul>	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"> <li>• <b>Standard noninclusive handling:</b> This option calculates the taxes as exclusive of the given transaction line amount</li> <li>• <b>Standard inclusive handling:</b> This option calculates the taxes as inclusive of the given transaction line amount</li> <li>• <b>Special inclusive handling:</b> This option calculates the taxes as inclusive of the given transaction line amount, but the calculation methodology differs from the standard inclusive process</li> </ul>	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 <b>Allow override of calculated tax lines</b> and <b>Allow override and entry of inclusive tax lines</b> 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 <b>Allow exemptions</b> 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 <b>Allow override of calculated tax lines</b> 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 <b>Allow ad hoc tax rate</b> option	None	None	When the <b>Allow ad hoc tax rate</b> 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 facilitates 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.

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#### Note

Tax exemptions are specific to the order-to-cash event class while tax exceptions are applicable across event classes.

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### 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.

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**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.

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**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.

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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.

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**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.

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### **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"> <li>• Determine the first party of the transaction.</li> <li>• Identify location types to derive candidate tax regimes.</li> <li>• Identify tax regimes.</li> <li>• Identify taxes using subscriber configuration option.</li> </ul>	<ul style="list-style-type: none"> <li>• Party tax profile</li> <li>• Regime determination set</li> <li>• Configuration options</li> </ul>
2	Determine Place of Supply and Tax Jurisdiction	<ul style="list-style-type: none"> <li>• Identify location type.</li> <li>• Identify tax jurisdiction.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax rule: Determine Place of Supply, or the default value for Place of Supply for the tax.</li> <li>• Tax jurisdictions</li> </ul>
3	Determine Tax Applicability	<ul style="list-style-type: none"> <li>• Consider candidate taxes from the previous process.</li> <li>• Eliminate taxes based on tax applicability rule for each tax.</li> </ul>	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"> <li>• Tax rule: Determine Tax Registration, or the default value for the tax.</li> <li>• Party tax profile</li> <li>• Tax registration</li> </ul>
5	Determine Tax Status	<ul style="list-style-type: none"> <li>• Consider tax statuses of applicable taxes.</li> <li>• Consider tax status rules or use default tax status.</li> </ul>	Tax rule: Determine Tax Status, or the default value defined for the tax.

6	Determine Tax Rate	<ul style="list-style-type: none"> <li>• Consider tax rates of each applicable tax status of each applicable tax.</li> <li>• Determine the tax rate code to use for the tax status, for each applicable tax.</li> <li>• Determine the tax rate percentage or per-unit tax amount for a quantity based tax.</li> <li>• If a tax exception applies, update the tax rate for each applicable tax.</li> <li>• If a tax exemption applies, update the tax rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax rule: Determine Tax Rate, or the default value defined for the tax status derived in the previous process.</li> <li>• Tax rates</li> <li>• Product tax exceptions</li> <li>• Customer tax exemptions</li> </ul>
7	Determine Taxable Basis	<ul style="list-style-type: none"> <li>• Identify the taxable basis formula for each applicable tax.</li> <li>• Determine the taxable basis and compounding details based on the taxable basis formula.</li> <li>• Consider the tax inclusive settings of the applicable taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax rule: Determine Taxable Basis, or the default value for the tax.</li> <li>• Taxable basis formula</li> <li>• Tax inclusive settings at the tax rate level</li> </ul>
8	Calculate Taxes	<ul style="list-style-type: none"> <li>• Identify the tax calculation formula.</li> <li>• Calculate taxes using the tax calculation formula.</li> <li>• Perform applicable tax rounding.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax rule: Calculate Tax Amounts</li> <li>• Calculate tax formula, if applicable</li> <li>• Tax rounding rule from tax registration, party tax profile, or tax</li> <li>• Configuration owner tax options</li> </ul>

If tax recovery is applicable	Determine Recovery Rate	<ul style="list-style-type: none"> <li>• Allocate tax amount per item distributions.</li> <li>• Determine tax recovery types.</li> <li>• Determine tax recovery rates.</li> <li>• Determine the tax recoverable amounts.</li> <li>• Determine the nonrecoverable amount.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax rule: Determine Recovery Rate, or the default value defined for the tax.</li> <li>• Tax recovery rates</li> </ul>
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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.

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**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.

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## 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.

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### 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.

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## 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"> <li>• CS-1</li> <li>• CS-2</li> <li>• CS-3</li> </ul>	<ul style="list-style-type: none"> <li>• 10</li> <li>• 20</li> <li>• 30</li> </ul>	<ul style="list-style-type: none"> <li>• VAT10%</li> <li>• VAT12%</li> <li>• VAT15%</li> </ul>
20	Purchase invoice	<ul style="list-style-type: none"> <li>• Location type: Bill from</li> <li>• Geography name: California</li> </ul>	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"> <li>Location type: Bill from</li> <li>Geography name: California</li> </ul>	CS-4	10	VAT12.5%	<ul style="list-style-type: none"> <li>Condition set: Not evaluated</li> <li>Tax rule: Fail, because the bill-from party state is Texas</li> </ul>	Move to next tax rule
30	Purchase invoice	Blank	CS-5	10	VAT13%	<ul style="list-style-type: none"> <li>Condition set: Evaluated and passed</li> <li>Tax rule: Passed because the condition set values match with the transaction details</li> </ul>	Condition set result considered and exit rule evaluation
10	Blank	Blank	<ul style="list-style-type: none"> <li>CS-1</li> <li>CS-2</li> <li>CS-3</li> </ul>	<ul style="list-style-type: none"> <li>10</li> <li>20</li> <li>30</li> </ul>	<ul style="list-style-type: none"> <li>VAT10</li> <li>VAT12</li> <li>VAT15</li> </ul>		

#### 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"> <li>• Location type: Bill from</li> <li>• Geography name: California</li> </ul>	CS-4	10	VAT12.5%	<ul style="list-style-type: none"> <li>• Condition set: Not evaluated</li> <li>• Tax rule: Fail, because the event class criteria does not match</li> </ul>	Move to next tax rule
30	Purchase invoice	Blank	CS-5	10	VAT13%	<ul style="list-style-type: none"> <li>• Condition set: Not evaluated</li> <li>• Tax rule: Fail, Passed because the event class criteria does not match</li> </ul>	Move to next tax rule

10	Blank	Blank	<ul style="list-style-type: none"> <li>• CS-1</li> <li>• CS-2</li> <li>• CS-3</li> </ul>	<ul style="list-style-type: none"> <li>• 10</li> <li>• 20</li> <li>• 30</li> </ul>	<ul style="list-style-type: none"> <li>• VAT10</li> <li>• VAT12</li> <li>• VAT15</li> </ul>	<p>For CS-1:</p> <ul style="list-style-type: none"> <li>• Condition set: Fail</li> <li>• Tax rule: In process because the condition set values do not match with transaction details</li> </ul> <p>For CS-2:</p> <ul style="list-style-type: none"> <li>• Condition set: Pass</li> <li>• Tax rule: Pass, because the condition set values match with transaction details</li> </ul>	<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.

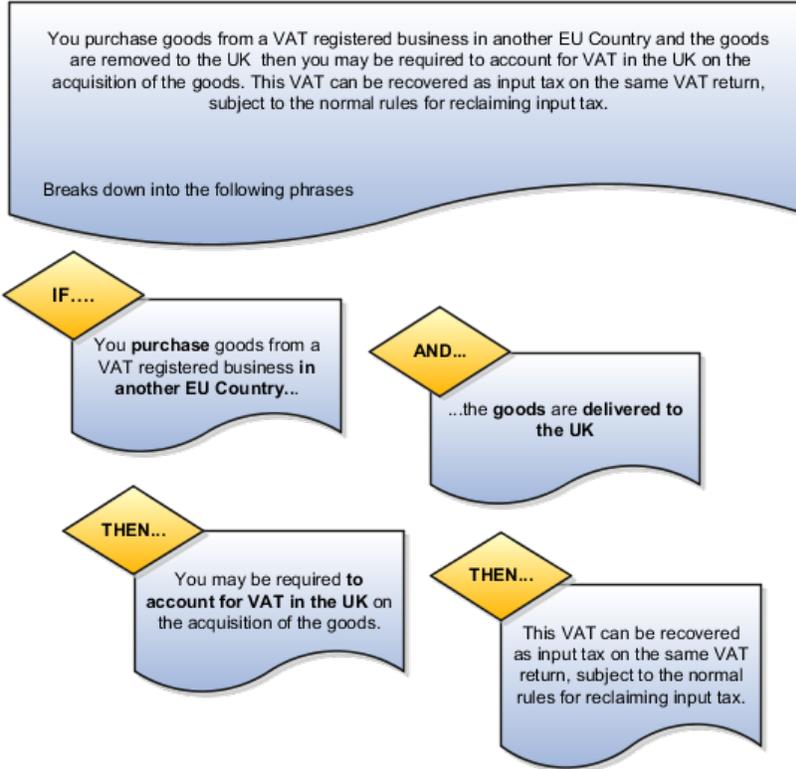
### HMRC Tax Regulation

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

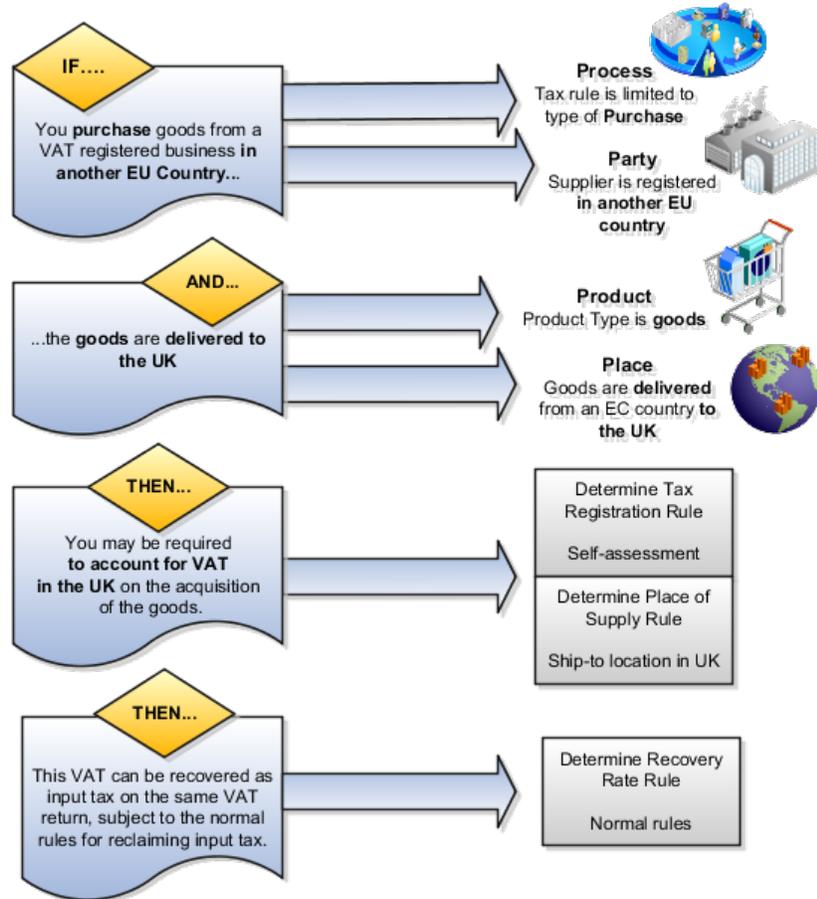
Analyze the text of the legislation and identify the key phrases in the legislation. The following figure shows an extract of the UK HMRC VAT guide regarding the Intra-EU Supply legislation.

Extract of the UK Her Majesty Revenue and Customer VAT Guide web site information.



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:

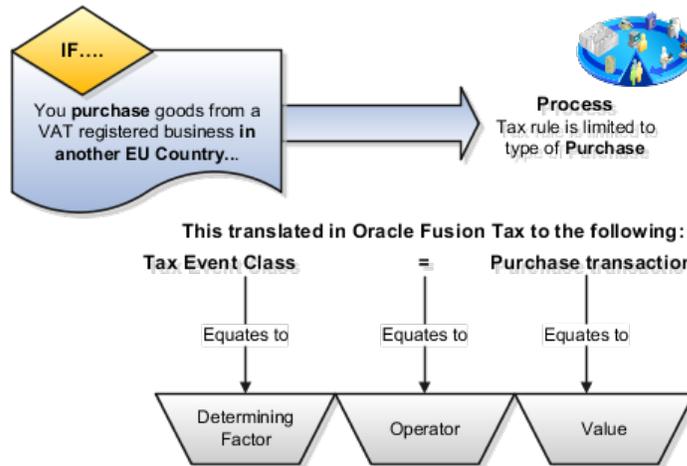
Legislation Phrase	Text	Requirement
1	If you <b>purchase</b> goods...	The tax rule is limited to purchase transactions.
2	...from a <b>VAT-registered business in another European Community country</b> ...	The tax rule requires that the supplier be registered in another EU country.
3	...and the <b>goods</b> are removed...	The tax rule is limited to the Goods product type.
4	...are removed to the <b>United Kingdom</b> ...	The tax rule refers to goods delivered to the United Kingdom from another country in the EU country.
5	...you may be <b>required to account for</b> ...	The party must reverse charge (self-assess) the tax.
6	...for <b>VAT in the United Kingdom</b> ...	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.

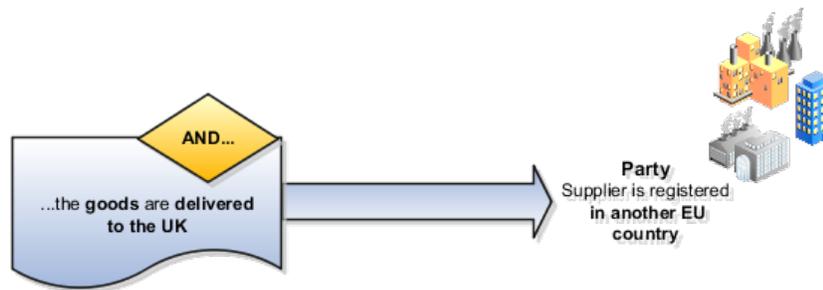
It is determining factors like this that allows you to define tax rules that are only applicable to specific types of transactions. The previous approach allows you a convenient way of splitting order-to-cash and procure-to-pay transactions. By using event class you can make a more detailed refinement 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

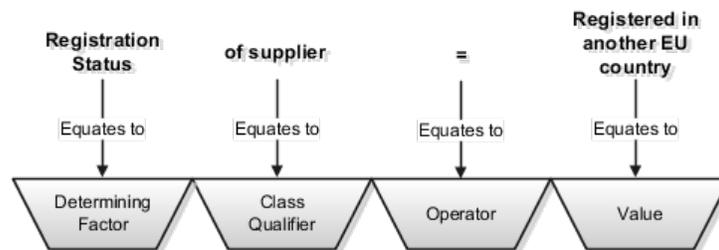
Tax legislation phrase 2 indicates that the determining factor that defines the supplier is registered in another EU. There are several ways of modeling this but the approach that is recommended for you to take is to use a registration

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

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### 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.

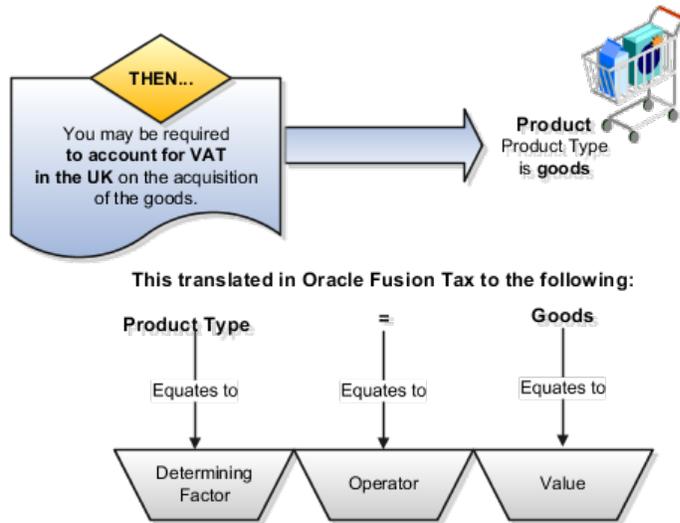
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### Legislation Phrase 3

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

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### 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.

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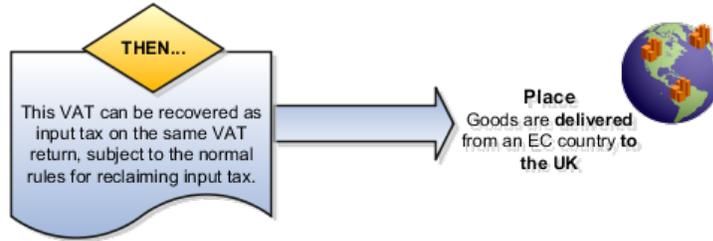
### Legislation Phrase 4

Tax legislation phrase 4 indicates that the determining factors that define the supply is from another EU country. This is modeled by:

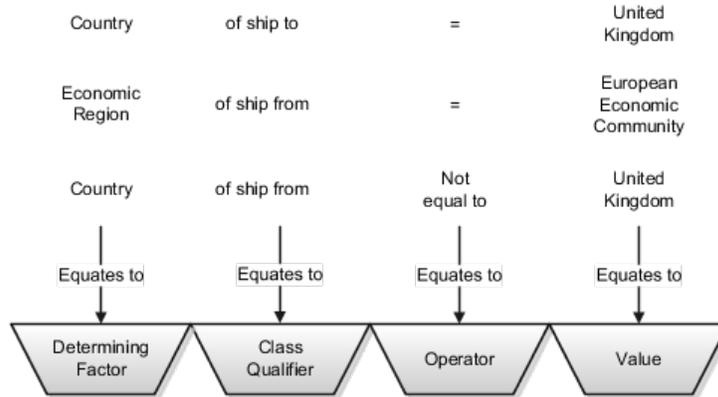
1. Goods are being shipped to UK
2. Goods are being shipped from an EU country
3. The shipped from country is not UK

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.

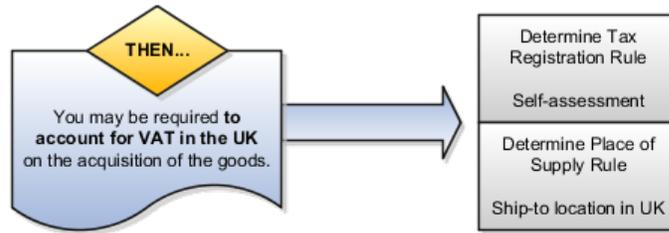
### Legislation Phrases 5 and 6

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.

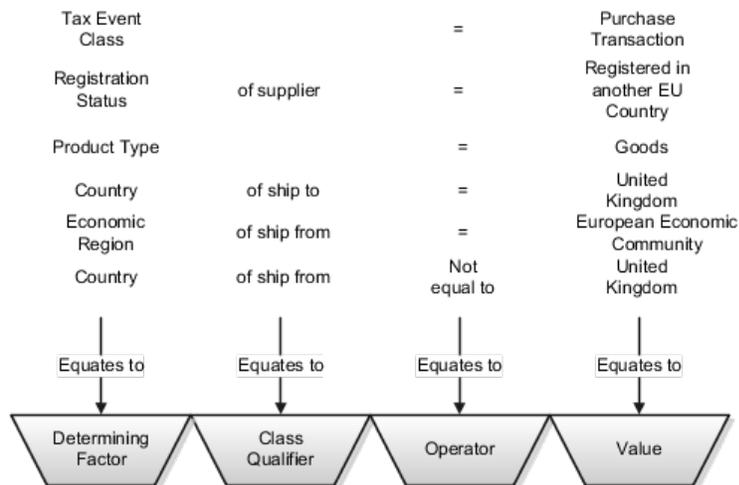
Tax legislation phrase 6 indicates how the determining factors discussed previously are brought together as the basis for the Place of Supply tax rule. This tax rule changes the normal place of supply to be the ship-to location,

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.

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## 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.

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### 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.

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## 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.

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#### **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

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### **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
<b>Set as self-assessment (reverse charge)</b>	Automatically self-assess taxes on purchases.
<b>Rounding Level</b>	Perform rounding operations on the: <ul style="list-style-type: none"> <li>• <b>Header:</b> Applies rounding to calculated tax amounts once for each tax rate per invoice.</li> <li>• <b>Line:</b> Applies rounding to the calculated tax amount on each invoice line.</li> </ul>
<b>Rounding Rule</b>	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. <hr/> <b>Note</b> 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.
<b>Set Invoice Values as Tax Inclusive</b>	This first party intends to send or receive invoices with invoice line amount inclusive of the tax amount. <hr/> <b>Note</b> This option overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.

## 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"> <li>• Tax rate: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax registration party: Not applicable</li> <li>• Party site registration: Not applicable</li> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Legal reporting unit registration: Not applicable</li> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• 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 <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<p>Apply to all taxes defined for a tax regime for certain transacting third party sites</p>	<ul style="list-style-type: none"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<p>Apply to all taxes and all tax regimes for certain transacting third party sites</p>	<ul style="list-style-type: none"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party site tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: No record</li> <li>• Party site tax profile: Set the inclusive option to <b>Blank</b></li> <li>• Party tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• 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 <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: No record</li> <li>• Legal reporting unit tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> <li>• Tax registration party: Third party or first party</li> <li>• Party site registration: No record</li> <li>• Party registration: No record</li> <li>• Party site tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Party tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Legal reporting unit registration: No record</li> <li>• Legal reporting unit tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Tax: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> </ul> <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

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### 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.

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# 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"> <li>• State tax</li> <li>• City tax</li> </ul>	<ul style="list-style-type: none"> <li>• 395.80</li> <li>• 418.42</li> </ul>	<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>	<ul style="list-style-type: none"> <li>• 0.01</li> <li>• 0.02</li> </ul>		<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>• State tax: 12.5%</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.975</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>			<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>

Line 2	1679	<ul style="list-style-type: none"> <li>State tax</li> <li>City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>55.910</li> <li>125.92</li> </ul>	<ul style="list-style-type: none"> <li>55.91</li> <li>125.92</li> </ul>			<ul style="list-style-type: none"> <li>55.91</li> <li>125.92</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>State tax</li> <li>City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>173.27</li> <li>192.52</li> </ul>	<ul style="list-style-type: none"> <li>173.27</li> <li>192.52</li> </ul>		<ul style="list-style-type: none"> <li>0.01</li> <li>0.02</li> </ul>	<ul style="list-style-type: none"> <li>173.28</li> <li>192.54</li> </ul>

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"> <li>State tax</li> <li>City tax</li> </ul>	<ul style="list-style-type: none"> <li>395.8082</li> <li>418.425</li> </ul>		<ul style="list-style-type: none"> <li>395.82</li> <li>418.44</li> </ul>	<ul style="list-style-type: none"> <li>395.82</li> <li>418.44</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>State tax: 12.5%</li> <li>City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>166.625</li> <li>99.975</li> </ul>	<ul style="list-style-type: none"> <li>166.63</li> <li>99.98</li> </ul>		<ul style="list-style-type: none"> <li>166.63</li> <li>99.98</li> </ul>
Line 2	1679	<ul style="list-style-type: none"> <li>State tax</li> <li>City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>55.9107</li> <li>125.925</li> </ul>	<ul style="list-style-type: none"> <li>55.92</li> <li>125.93</li> </ul>		<ul style="list-style-type: none"> <li>55.92</li> <li>125.93</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>State tax</li> <li>City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>173.2725</li> <li>192.525</li> </ul>	<ul style="list-style-type: none"> <li>173.27</li> <li>192.53</li> </ul>		<ul style="list-style-type: none"> <li>173.27</li> <li>192.53</li> </ul>

## 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.

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### 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.

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## 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.

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### Tip

Instead of including the condition for the transaction input factor, you can specify the event class constraint at the tax rule header.

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- 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.

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### 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.

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## 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 line 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"> <li>• The tax determination process uses only the tax content owned by the global configuration owner.</li> <li>• 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.</li> </ul>
Party-specific configuration	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <hr/> <p><b>Note</b></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"> <li>• 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.</li> <li>• 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.</li> </ul>
Parent first party organization with party overrides	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

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"> <li>• US STATE SALES TAX</li> <li>• US COUNTY SALES TAX</li> <li>• US CITY SALES TAX</li> </ul>
NAM	Canada	CA HST & GST	<ul style="list-style-type: none"> <li>• CA HST</li> <li>• CA GST</li> </ul>

## 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

<b>Parent First Party Organization</b>	EMEA LE
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	AU GST
<b>Configuration for Taxes and Rules</b>	Party-specific configuration
Configuration for Product Exceptions	Party-specific configuration
<b>Parent First Party Organization</b>	Blank
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	AU GST
<b>Configuration for Taxes and Rules</b>	Parent first party with party overrides
<b>Configuration for Product Exceptions</b>	Parent first party organization
<b>Parent First Party Organization</b>	APAC LE
<b>Effective Start Date</b>	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
<b>Tax Regime Code</b>	SI VAT
<b>Configuration for Taxes and Rules</b>	Parent first party with party overrides
<b>Configuration for Product Exceptions</b>	Parent first party organization
<b>Parent First Party Organization</b>	APAC LE
<b>Effective Start Date</b>	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
<b>Tax Regime</b>	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.
<b>Registration Type</b>	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.
<b>Registration Number</b>	<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 <b>Allow duplicate tax registration numbers</b> 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.
<b>Registration Status</b>	<p>Enter the party's tax registration status. Oracle Fusion Tax provides these predefined registration statuses:</p> <ul style="list-style-type: none"> <li>• <b>Agent:</b> The party acts as a withholding agent for the tax authority for the applicable tax.</li> <li>• <b>Registered:</b> The party is registered for the applicable tax.</li> <li>• <b>Not registered:</b> The party is not registered for the applicable tax.</li> </ul>	Use the tax registration status as a determining factor in tax rules.

<b>Source</b>	Identify if this party is: <ul style="list-style-type: none"> <li>• <b>Explicit:</b> 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.</li> <li>• <b>Implicit:</b> 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.</li> </ul>	If the source is <b>Explicit</b> the tax registration number is required. If the source is <b>Implicit</b> the tax registration number is not required.
<b>Rounding Rule</b>	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.
<b>Set as self-assessment (reverse charge)</b>	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.
<b>Set Invoice Values as Tax Inclusive</b>	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.

<b>Collecting Tax Authority and Reporting Tax Authority</b>	Enter the name of the tax authorities for: <ul style="list-style-type: none"> <li>• <b>Collecting Tax Authority:</b> The tax authority responsible for managing the administration of tax remittances.</li> <li>• <b>Reporting Tax Authority:</b> The tax authority responsible for receiving and processing all company transaction tax reports.</li> </ul>	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.

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#### **Note**

You must set up the tax reporting configuration prior to running the Tax Selection Process.

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- 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.

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**Note**

Ensure that you define tax registrations for all legal reporting units that have the applicable VAT tax requirement.

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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

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#### **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

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#### **Note**

Germany is required to declare the arrival of goods from France.

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## 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.

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### Note

You can provide either the Fiscal regime attribute or the Statistical procedure attribute.

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- 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.

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#### Note

You can provide either the Fiscal regime attribute or the Statistical procedure attribute.

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- 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

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### 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.

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## 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.

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#### **Note**

You can only define either a Fiscal Regime Code or a Statistical Procedure Code for a particular transaction.

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### **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.

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#### **Note**

You can only define either a Statistical Procedure Code or a Fiscal Regime Code for a particular transaction.

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### **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.

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#### **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.

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### **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

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**Note**

The Summary Tax Lines component is applicable only to Oracle Fusion Payables.

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**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.

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**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.

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## 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.

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#### 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.

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#### 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.

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## 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 <b>STCC</b> or full regime determination using the predefined rule of <b>TAXREGIME</b> 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 <b>Allow entry of manual tax lines</b> 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 <b>Allow override of calculated tax lines</b> option for the tax. When all options are selected you can update the calculated tax line, excluding the update of the <b>Inclusive</b> 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 <b>Allow override of calculated tax lines</b> option for the configuration owner tax options, and the <b>Allow override and entry of inclusive tax lines</b> option for the tax rate to allow you to update the <b>Inclusive</b> 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 <b>STCC</b> or full regime determination using the predefined rule of <b>TAXREGIME</b> 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 <b>Allow entry of manual tax lines</b> 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 <b>Allow override of calculated tax lines</b> option for the tax. When all options are selected you can update the calculated tax line, excluding the update of the <b>Inclusive</b> 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 <b>Allow override of calculated tax lines</b> option for the configuration owner tax options, and the <b>Allow override and entry of inclusive tax lines</b> option for the tax rate to allow you to update the <b>Inclusive</b> 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.

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## Note

The default is **Exempted Amount**, which is the only type that prints an exemption limit amount on the letter.

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## 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.

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#### **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

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### **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
<b>Allow tax applicability</b>	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.
<b>Allow offset taxes</b>	<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 <b>Set as offset tax</b> option at the tax level and selecting the offset tax basis in the configuration owner tax options.</p>
<b>Rounding Level</b>	<p>Perform rounding operations on the:</p> <ul style="list-style-type: none"> <li>• <b>Header:</b> Applies rounding to calculated tax amounts once for each tax rate per invoice.</li> <li>• <b>Line:</b> Applies rounding to the calculated tax amount on each invoice line.</li> </ul>
<b>Rounding Rule</b>	<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><b>Note</b></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>
<b>Set Invoice Values as Tax Inclusive</b>	<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><b>Note</b></p> <p>This option overrides the tax inclusive handling setting at the tax level, but not at the tax rate level.</p>
<b>Country, Registration Number, and Tax Registration Type</b>	Set defaults for all tax reporting for tax registrations of this third party or third party site. You must complete the tax registration setup.

## **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.

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#### 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

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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"> <li>• Tax rate: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax registration party: Not applicable</li> <li>• Party site registration: Not applicable</li> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Legal reporting unit registration: Not applicable</li> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• 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 <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<p>Apply to all taxes defined for a tax regime for certain transacting third party sites</p>	<ul style="list-style-type: none"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party registration: Not applicable</li> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<p>Apply to all taxes and all tax regimes for certain transacting third party sites</p>	<ul style="list-style-type: none"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party site tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax jurisdiction level, for example, for tax regime, tax, and tax jurisdiction, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Party site tax profile: Not applicable</li> <li>• Party tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: Third party</li> <li>• Party site registration: Set the inclusiveness option to <b>Blank</b> or no record</li> <li>• Party registration: No record</li> <li>• Party site tax profile: Set the inclusive option to <b>Blank</b></li> <li>• Party tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• 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 <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: Registration record at tax level, for example, for tax regime and tax, with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>

<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: Registration record at tax regime level with the option for inclusiveness set to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Legal reporting unit tax profile: Not applicable</li> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Blank</b> for the tax inclusion method</li> <li>• Tax registration party: First party</li> <li>• Legal reporting unit registration: No record</li> <li>• Legal reporting unit tax profile: Set the inclusiveness option to <b>Yes</b></li> </ul> <p>Process complete</p> <ul style="list-style-type: none"> <li>• Tax: Not applicable</li> </ul>
<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"> <li>• Tax rate: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> <li>• Tax registration party: Third party or first party</li> <li>• Party site registration: No record</li> <li>• Party registration: No record</li> <li>• Party site tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Party tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Legal reporting unit registration: No record</li> <li>• Legal reporting unit tax profile: Set the inclusiveness option to <b>Blank</b></li> <li>• Tax: Select <b>Standard inclusive handling</b> or <b>Special inclusive handling</b> for the tax inclusion method</li> </ul> <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

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### 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.

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## 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"> <li>• State tax</li> <li>• City tax</li> </ul>	<ul style="list-style-type: none"> <li>• 395.80</li> <li>• 418.42</li> </ul>	<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>	<ul style="list-style-type: none"> <li>• 0.01</li> <li>• 0.02</li> </ul>		<ul style="list-style-type: none"> <li>• 395.81</li> <li>• 418.43</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>• State tax: 12.5%</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.975</li> </ul>	<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>			<ul style="list-style-type: none"> <li>• 166.62</li> <li>• 99.97</li> </ul>

Line 2	1679	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 55.910</li> <li>• 125.92</li> </ul>	<ul style="list-style-type: none"> <li>• 55.91</li> <li>• 125.92</li> </ul>			<ul style="list-style-type: none"> <li>• 55.91</li> <li>• 125.92</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.52</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.52</li> </ul>		<ul style="list-style-type: none"> <li>• 0.01</li> <li>• 0.02</li> </ul>	<ul style="list-style-type: none"> <li>• 173.28</li> <li>• 192.54</li> </ul>

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"> <li>• State tax</li> <li>• City tax</li> </ul>	<ul style="list-style-type: none"> <li>• 395.8082</li> <li>• 418.425</li> </ul>		<ul style="list-style-type: none"> <li>• 395.82</li> <li>• 418.44</li> </ul>	<ul style="list-style-type: none"> <li>• 395.82</li> <li>• 418.44</li> </ul>
Line 1	1333	<ul style="list-style-type: none"> <li>• State tax: 12.5%</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 166.625</li> <li>• 99.975</li> </ul>	<ul style="list-style-type: none"> <li>• 166.63</li> <li>• 99.98</li> </ul>		<ul style="list-style-type: none"> <li>• 166.63</li> <li>• 99.98</li> </ul>
Line 2	1679	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 55.9107</li> <li>• 125.925</li> </ul>	<ul style="list-style-type: none"> <li>• 55.92</li> <li>• 125.93</li> </ul>		<ul style="list-style-type: none"> <li>• 55.92</li> <li>• 125.93</li> </ul>
Line 3	2567	<ul style="list-style-type: none"> <li>• State tax</li> <li>• City tax: 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>• 173.2725</li> <li>• 192.525</li> </ul>	<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.53</li> </ul>		<ul style="list-style-type: none"> <li>• 173.27</li> <li>• 192.53</li> </ul>

### 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.

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#### 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.

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## 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.

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### 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.

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#### 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.

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## 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"> <li>• REPORTING_STAT</li> <li>• Y</li> </ul>	Tax	Used to track tax lines that are not yet finally reported
Italy and Spain	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPOF</li> <li>• VAT</li> </ul>	Tax	Used in the EMEA VAT selection process
Italy	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPOF</li> <li>• Custom bill</li> </ul>	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize customs invoices
Italy	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPOF</li> <li>• Self invoice</li> </ul>	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize self invoices
Italy	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPOF</li> <li>• Nontaxable</li> </ul>	Tax rate code	Used in the Italian Purchase VAT Register definition program to recognize nontaxable invoices
Italy	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPOF</li> <li>• Exempt</li> </ul>	Tax rate code	Used to identify invoice lines with exemption limit groups

Spain	<ul style="list-style-type: none"> <li>• EMEA_VAT_REPO</li> <li>• Services</li> </ul>	Tax rate code	Used for VAT reporting
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## 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 <b>Inclusive</b> option and tax rate on the tax line.  Use this option in conjunction with the <b>Allow override and entry of inclusive tax lines</b> option on the tax record to allow you to override the <b>Inclusive</b> 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

## 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. Open the Tax Line Details page by clicking the **View Tax Lines** button on the Simulator Transaction pages from the Manage Simulator Transactions task.

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. Open the Tax Line Details page by clicking the **View Tax Lines** button on the Simulator Transaction pages from the Manage Simulator Transactions task.

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.

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### 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.

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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.

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#### Note

Tax calculation integration with third party service providers is currently not available in Oracle Cloud implementations. However, Oracle Cloud

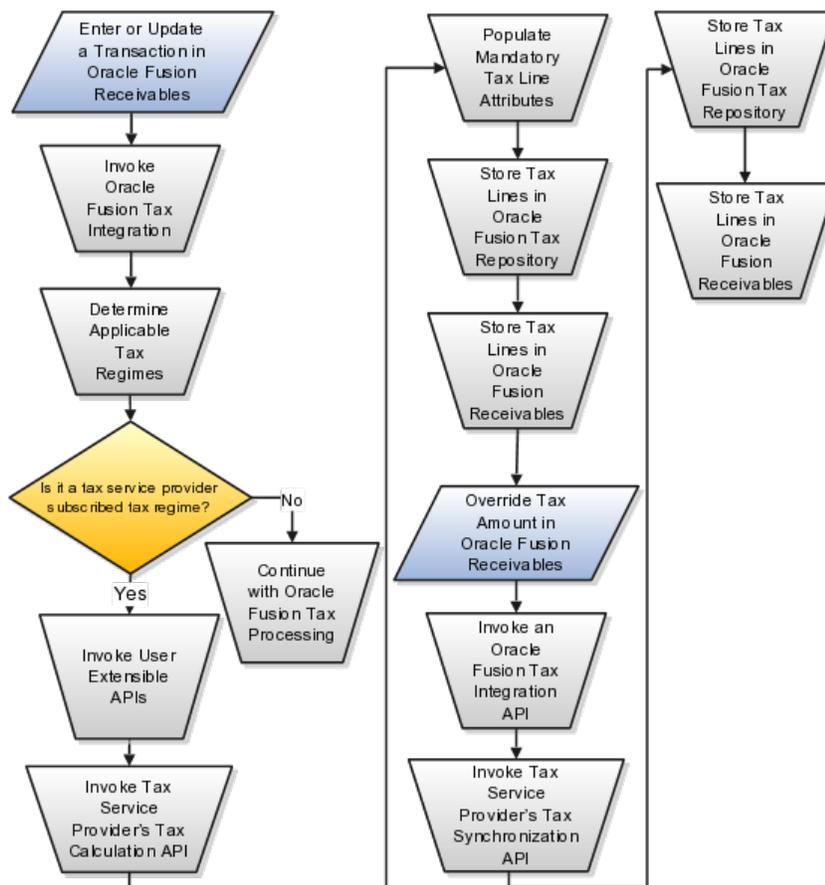
implementations can still use Oracle Fusion Tax functionality to meet transaction tax calculation needs.

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 <b>Country</b> or <b>Tax Zone</b>. 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	<p>Create at least one tax status for each tax. Each tax must have one default tax status.</p>
Tax service provider party	<p>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.</p>
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	<p>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 <b>Allow ad hoc tax rate</b> option.</p>

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 <b>Standard</b> 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"> <li>• Party fiscal classifications</li> <li>• Legal fiscal classifications</li> <li>• Product fiscal classifications</li> <li>• Product category classifications</li> <li>• Transaction business categories</li> <li>• Transaction fiscal classifications</li> <li>• Document fiscal classifications</li> <li>• Intended use fiscal classifications</li> <li>• User-defined fiscal classifications</li> <li>• Multiple tax jurisdictions</li> <li>• Tax exemptions</li> <li>• Tax rate exceptions</li> <li>• Tax recovery</li> <li>• Tax registration statuses</li> <li>• Offset taxes</li> </ul>

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**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.

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# 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.

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### 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.

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## 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.



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## Define Procurement Contracts Configurations

### 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

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.

## Contract Fulfillment: How It Works

Contract fulfillment makes it possible for you to track goods, services, reports and other fulfillment items you are purchasing in buy-intent contracts. Depending on the type of contract you are creating, you can use contract fulfillment to initiate the creation purchase orders or purchase agreements within Oracle Fusion Purchasing or in other integrated purchasing applications and monitor their fulfillment from within the contract. This topic explains how you create and work with contract fulfillment.

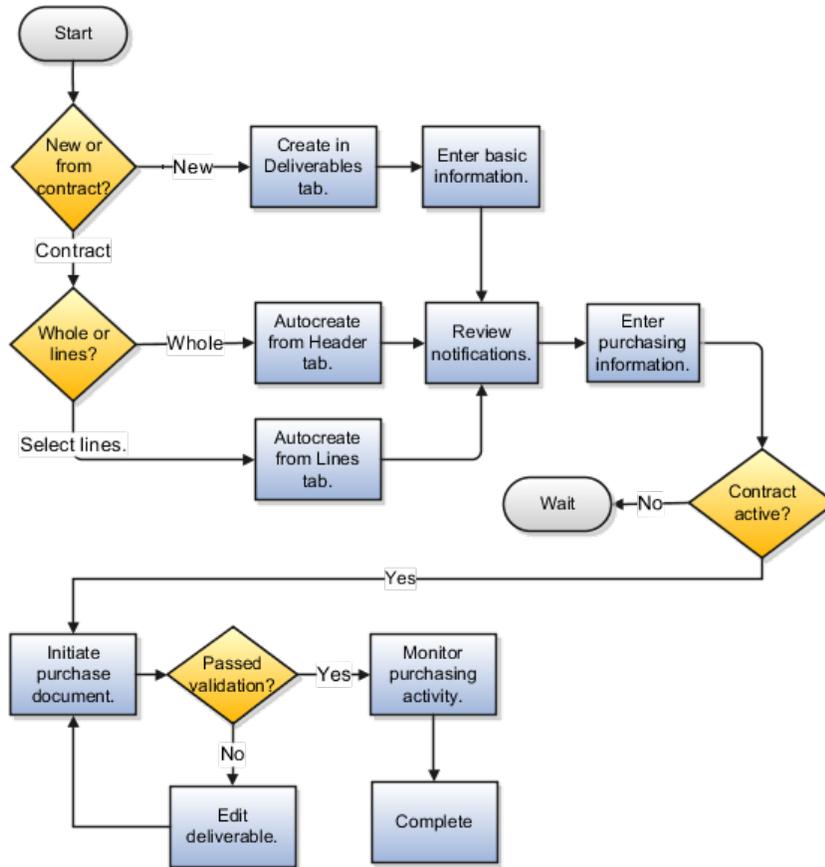
This figure illustrates how you can create and work with both contractual and noncontractual fulfillment lines and how you can initiate purchasing activity from those fulfillment lines:

1. You can create a fulfillment either on the contract header or on individual contract lines by selecting either the **Autocreate Fulfillment Lines** or the **Create fulfillment** actions. The Autocreate Fulfillment Lines action creates the fulfillment line and copies the contract basic header or contract line information to the fulfillment line so you do not have to enter it manually.

Selecting the **Autocreate Fulfillment Lines** action from the header automatically creates one fulfillment line per contract line. If there are no contract lines, then the application creates one fulfillment based on the header details provided the contract type is of class Purchase Agreement. You cannot autocreate fulfillment lines for contracts without contract lines if the contract type class is Enterprise Contract.

2. Review the notifications that are sent automatically to interested parties regarding fulfillment progress and deadlines. The contract type can be set up to automatically specify who gets notified and when. You can change and add additional notifications for the contract.
3. If you are using the fulfillment to initiate the purchase of goods and services using the integrated purchasing applications, then you must enter the required purchasing details. For autocreated fulfillment, these details are copied automatically from the corresponding contract lines.

4. When the contract is approved and becomes active, you can initiate the creation of the purchasing documents in one of the purchasing applications. When you do, the application validates the information you entered to make sure it meets all the requirements of the purchasing application and creates the purchasing document. If it does not you must edit the fulfillment to enter additional information.
5. After the purchasing document is created in the purchasing application, you can monitor the progress of its execution.
6. You can mark a fulfillment as complete after execution of the purchasing document is completed.



### Creating a Contract Fulfillment

If the fulfillment you are creating is related to the information entered in the contract, then you can select the **Autocreate Fulfillment Lines** action to create a fulfillment line in either the contract Header tab or the Lines tab. Using Autocreate Fulfillment Lines on the contract header creates a single fulfillment line for each contract line. On the Lines tab, you can select individual contract lines where you want to create a fulfillment.

Select the **Create fulfillment** action in the Fulfillment tab to create a completely new fulfillment.

---

#### Tip

You can create multiple fulfillment lines for a single contract line if you need the fulfillment line items to be shipped to different destinations, for example. This is

accomplished by autocreating a fulfillment line, duplicating it, and then editing the fulfillment line information.

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## Setting Up Fulfillment Notifications

You can specify which internal contacts are automatically notified about contract fulfillment milestones and when.

You can notify internal contacts:

- A specified number of days before or after the fulfillment due date
- When the fulfillment line is placed on hold
- When a purchasing document is created from one or more fulfillment lines
- When purchasing document creation fails for the fulfillment
- When purchasing activity is complete for a fulfillment line

Different notification types are available for different fulfillment types. Some notifications may already be specified for you by the contract type you selected to create your contract.

## Creating the Purchasing Document

Before you initiate the purchasing document by selecting either the **Create Purchase Order** or **Create Purchase Agreement** actions, you must enter all purchasing information required by the purchasing document you are creating and wait until the contract is approved.

You can create one purchase document from multiple contract fulfillment lines. For example, selecting all the fulfillment lines created from contract lines when creating a purchase order, creates one PO with lines corresponding to each of the fulfillment lines.

The application validates your entries to make sure you have entered all the required information. You must correct any errors you receive and resubmit your request. You know that the purchase document is successfully created when the fulfillment status changes to the **PO Created** or **Agreement Created** status.

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### Note

Purchase orders are created automatically in Oracle Fusion Purchasing, but agreements are created only when you run the Import Blanket Agreements and Import Contract Agreements processes from the Purchasing work area as described in a related topic.

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## Monitoring Purchasing Activity

You can monitor the status of the purchasing activity for the fulfillment on the Purchasing Activity tab.

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### Note

For all agreements and purchase orders created in Oracle Fusion Purchasing, the tab information is updated each time you run the Track Purchasing Activity process as described in a related topic.

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### **Specifying Purchasing Activity for a Fulfillment is Complete**

You can specify the purchasing activity on a fulfillment is complete by selecting the **Complete** action on the Fulfillment tab. You also use this action to indicate fulfillment lines with no purchasing documents are complete.

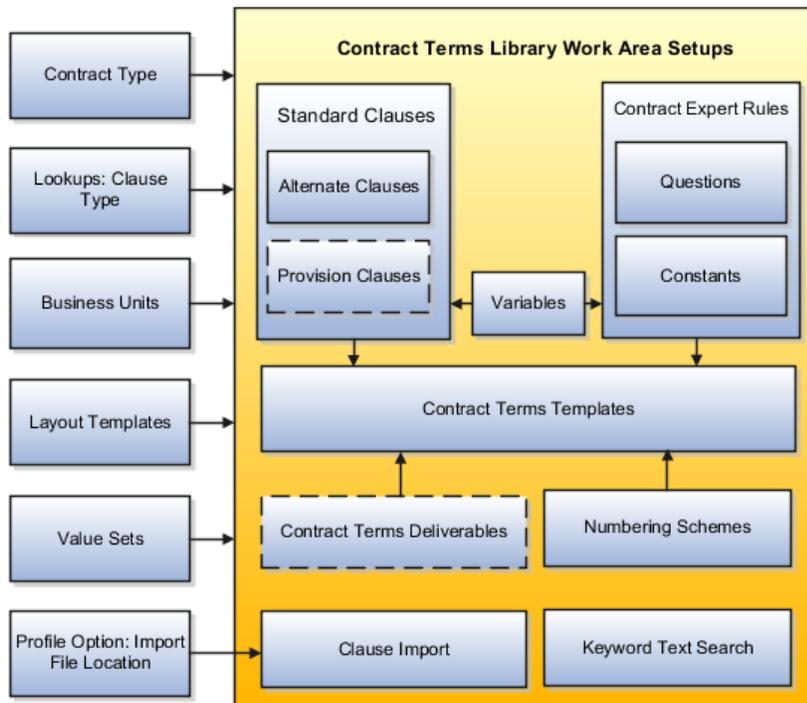
## Define Contract Terms and Clause Library Configuration

### Contract Terms Library Setup Overview

### Contract Terms Library Setups: How They Work Together

This topic provides a brief overview of setups for the Contract Terms Library.

The following figure outlines the main setups for the Contract Terms Library which are described in the sections of this topic. The setups on the left are accomplished using tasks from the Setup and Maintenance work area. To set up most of the Contract Terms Library features, including clauses and contract terms templates, you must navigate to the Terms Library work area. Dashed boxes highlight features that are available only in procurement contracts.



## Setups in Oracle Fusion Functional Setup Manager

Different Oracle Fusion Functional Setup Manager tasks enable or affect Contract Terms Library features. These setups include:

- **Setting Up Contract Types to Work with the Contract Terms Library**  
Contract types specify properties of different contracts including the type of permitted contract lines, party roles, contract validation checks, and the contract acceptance and signature requirements. For the Contract Terms Library, you can use the **Manage Contract Types** task to:
  - **Enable contract terms authoring**  
You must enable contract terms authoring for a contract type to use any of the library features for contracts of that type.
  - **Specify the Oracle BI Publisher layout template that will be used to format the printed contract terms for contracts of this type.**
- **Defining Clause Types**  
If you want to categorize the clauses in the library, select the **Manage Contract Clause Types** task to set up clause types.
- **Configuring Business Units for Contracts**  
The use of most of the Contract Terms Library content is restricted to the business unit where you create it. This includes clauses, contract terms templates, and Contract Expert business rules. Using either the **Specify Customer Contract Business Function Properties** or the **Specify Supplier Contract Business Function Properties** tasks, you can:
  - **Enable content adoption between business units and automatic approvals for content**
  - **Specify the Contract Terms Library administrator, the employee who will receive approvals and other notifications regarding library content.**
  - **Enable the Contract Expert feature for the business unit.**
- **Creating Contract Layout Templates**  
Using Oracle BI Publisher, you can set up layout templates that determine the formatting of clauses, contract terms template previews, the contract deviations report, and the contract itself.  
Download the sample layout templates provided with your application from the Oracle BI Publisher library. You can copy and edit the sample layout templates and upload them.
- **Creating Contract Terms Value Sets**  
Select the **Manage Contract Terms Value Sets** task to set up value sets for use in contract terms variables and Contract Expert questions.
- **Specifying the Location of the File Used for Clause Import**  
You can import legacy clauses into the Contract Terms Library, either from a file or from an interface table using Oracle Fusion Enterprise Scheduler processes.

If you are importing clauses from a file, then you must specify the location of the file by setting the system profile option **Specify Contract Clause Import XML File Location** by selecting the **Manage Clause and Template Management Profiles** task.

## Contract Terms Library Work Area Setups

The Contract Terms Library is built using the tasks within the Terms Library work area:

- **Creating Clauses**

Create standard clauses for use during contract terms authoring, including alternate clauses, clauses included by reference, and provision clauses. By specifying different clause properties, you can modify clause behavior. For example, you can make clauses mandatory in contracts or protect them from editing by contract authors.

- **Creating Variables**

You can use variables in the Contract Terms Library to represent information within individual clauses and for use within Contract Expert rule conditions. Your application comes with predefined variables, called system variables. You can create additional variables, called user variables, with or without programming.

- **Creating Numbering Schemes**

You can set up additional clause and section numbering for contract terms. You can select which numbering scheme you want to use with each contract terms template.

- **Creating Contract Terms Templates**

Create contract terms templates to insert boilerplate terms and conditions into contracts during contract authoring. Contract authors can apply the templates manually, or the application can apply the templates automatically using defaulting rules you set up.

- **Creating Contract Expert Business Rules**

Set up business rules that ensure compliance of contracts with corporate standards.

Contract Expert makes it possible for you to set up business rules that can:

- **Apply the appropriate contract terms template to a contract**

For example, apply the contract terms template Software License and Service Agreement if the contract is authored in the North America Operations business unit and the contract amount exceeds one million dollars.

- **Insert additional clauses into the contract**

For example, add an audit clause if an audit is required.

- **Report contract deviations from corporate policies**

For example, report a contract worth one million dollars or more that includes payment terms greater than 90 days.

You can base Contract Expert rule conditions on the values of variables in the contract, the presence of other clauses, or you can set up questions that contract authors must answer during authoring.

For example, you can ask authors a series of questions about the nature of the materials being shipped to customers and insert additional liability clauses based on their answers.

If you are setting up business rules with numeric conditions (for instance, insert a special payment terms clause if the contract amount exceeds \$1 million) then you must set up constants to hold the numeric values. You cannot enter the numeric values directly.

- **Contract Terms Deliverables**

Contract terms deliverables track both contractual and non-contractual commitments that must be fulfilled as part of negotiations and purchasing contracts between businesses and their partners. These deliverables can be used only in purchasing and sourcing documents that include contract terms. They cannot be used in enterprise contracts. They are outlined in a dashed box in the figure for this reason.

- **Importing Clauses**

You can import clauses from legacy applications by running Oracle Fusion Enterprise Scheduler (ESS) processes from the Terms Library work area by selecting the **Import Clauses** task or from the Setup Manager by selecting the **Manage Processes** task.

- **Setting Up and Maintaining the Index for Clause Text Searches Using the Keyword Field**

By selecting the **Manage Processes** task in the Terms Library work area, you can also run the ESS processes required to set up and maintain the text index required for searches of clauses and contract terms templates using the Keyword field.

## How the Contract Terms Library Supports Translation: Explained

You can set up your contract terms library to handle the translation of clauses, templates, and other content in multiple languages.

This topic discusses the features included in Oracle Fusion Enterprise Contracts that support translation, making it possible for you to

- Indicate a localized clause is a translation of another
- Manage contract terms template translations

These two features are only a small part of a translation solution, however. The rest of the setup is very much open-ended. For instance, when you have different business units that operate in different languages, you can use the adoption and localization feature of contracts to keep separate libraries in different languages. Alternately if you are using only one business unit, you can create separate numbering or naming schemes to keep the content in multiple languages separate.

## Indicating a Localized Clause is a Translation of Another

If you have set up the multiple business unit structure that supports clause adoption and localization, you can use the localization feature to translate clauses. The global clause you create in the global business unit becomes the clause you are translating from. To translate the global clause, you localize it using the localize action and enter the translation on the Localize Clause page. The Localize Clause page displays both the original and translated text. You can indicate the localized clause is a translation-only clause by selecting a check box. This check box is for informational purposes only and can be used to generate reports.

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### Note

Unlike contract terms templates, clauses have no language field that tracks the language of the clause.

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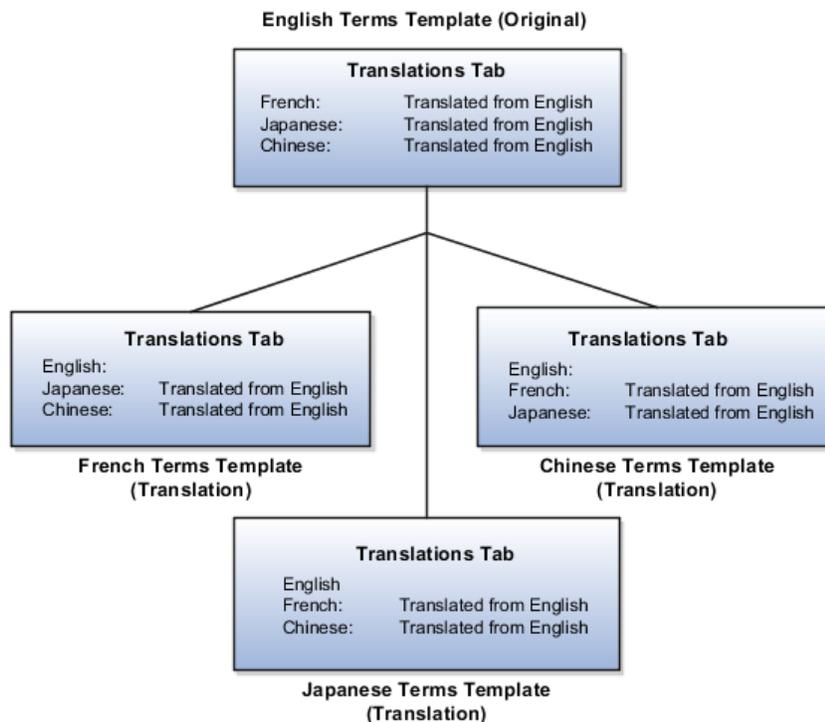
## Tracking Contract Terms Template Translations

For each contract terms template you can specify the template language and the template it was translated from, if it is a translation.

The Translations tab in the contract terms template edit page shows all of the templates related by translation. For instance, if you translate an English template into French, Japanese, and Chinese, then each of the templates lists the translations as shown in the following diagram.

All of the templates listed display the source template in the Translated From column. For the source template, this column is blank.

In this example, you can tell the English template is the source template for the French, Chinese, and Japanese translations because there is no entry in the Translated From column.



To manage the translated templates, you can search for all of the templates in a particular language and for all templates translated from a specific template.

## Setting Up Business Units for the Contract Terms Library

### 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.

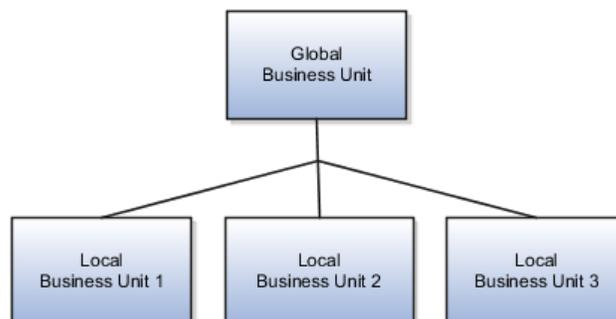
- The contract deviations report

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.

## How the Selection of a Business Unit Affects Clauses and Other Objects in the Library

The choice of a business unit while creating many Contract Terms Library objects restricts where you can use these objects. Objects affected include clauses, contract terms templates, and Contract Expert rules. Objects created in a local business unit can only be used in that local business unit. Objects created in a global business unit can be adopted or copied over to other business units provided they are specified as global. This topic details the impacts of the business unit choice on the different library objects.

The following figure shows a hypothetical implementation with four business units: one global business unit and three local business units. You can designate one business unit as global during Business Unit setup. The other business units are local business units.



## How Business Units Affect Terms Library Objects

This table details how the selection of a business unit affects different objects in the Contract Terms Library.

Terms Library Object	Impact of Business Unit
Clauses	<p>Different restrictions apply depending on business unit type:</p> <ul style="list-style-type: none"> <li>Local Business Unit Use restricted to the local business unit where it is created.</li> <li>Global Business Unit Clauses created in the global business unit, can be made available to other business units by selecting the Global check box. Local business units can either adopt the clause as is or localize it.</li> </ul>
Contract terms templates	<p>Different restrictions apply depending on business unit type:</p> <ul style="list-style-type: none"> <li>Local Business Unit Use restricted to the local business unit where it is created.</li> <li>Global Business Unit Contract terms templates created in the global business unit, can be made available to other business units by selecting the Global check box. Local business units can copy the templates to their business units.</li> </ul>
Contract Expert rules	Use of rules is restricted to the business unit where you create them.
Contract Expert questions	Use of questions is restricted to the business unit where you create them.
Contract Expert constants	Use of constants is restricted to the business unit where you create them.
User variables	<p>No effect.</p> <p>User variables created in any business unit and are available across all business units.</p>
Contract terms sections	<p>No effect.</p> <p>Contract terms sections can be created in any business unit and are available across all business units.</p>
Clause numbering schemes	<p>No effect.</p> <p>Numbering schemes can be created in any business unit and are available across all business units.</p>

## FAQs for Setup Overview

### How can I set up the content of the Contact Terms Library?

You must navigate to the Terms Library work area to set up the content of the Contract Terms Library.

### What drafts display in the Terms Library Overview page?

The Drafts region of the Contract Terms Overview page displays drafts or revisions that you either created or last updated.

## Managing Clauses in the Contract Terms Library

### Contract Terms Library Clauses: Explained

You can create different types of clauses for different uses and use clause properties to specify if a clause is protected from edits by contract authors, if it is mandatory, and if it is related to or incompatible with other clauses. A clause you create in the Contract Terms Library is available for use within the business unit where you create it after it is approved.

The types of clauses you can create include:

- Standard clauses
- Clauses included by reference
- Provision clauses for contracts with a buy intent

Using different clause properties you can:

- Make a clause mandatory in a contract.
- Protect it from edits by contract authors.
- Specify that a clause can be selected by contract authors as an alternate of another clause.
- Specify that the clause cannot be in the same document as another clause.
- Make a clause created in a global business unit available for use in other business units.

### Creating Standard Clauses

Any clause you create in the library becomes a standard clause that can be used in the business unit where you create it after it is approved. Unless you specify that the clause is protected, contract authors can edit the clause in a specific contract. Any edits they make are highlighted in a clause deviations report when the contract is approved. Similarly, contract authors can delete the clause from a contract, unless you specify the clause is mandatory.

## Including Clauses by Reference

For clauses, such as Federal Acquisition Regulation (FAR), you can print the clause reference in the contract instead of the clause text itself. During contract creation, you enter the reference on the Instructions tab of the clause edit page and select the **Include by Reference** option.

## Creating Provision Clauses for Contracts with a Buy Intent

For contracts with a buy intent, you can create provision clauses, clauses that are included in contract negotiations but are removed after the contract is signed. Provision clauses are used primarily in Federal Government contracting.

## Altering Clause Behavior with Clause Properties

Using different clause properties, you can alter the behavior of a clause, You can:

- Make a clause mandatory.

A mandatory clause is highlighted by a special icon during contract terms authoring and cannot be deleted by contract authors without a special privilege. You can make a clause mandatory for a particular contract terms template by selecting the Make Mandatory action after you have added the clause to the template. A clause is also become mandatory if it is added by a Contract Expert rule and you have selected the Expert Clauses Mandatory option in the template.

- Protect it from edits by contract authors.

A protected clause is highlighted by a special icon during contract terms authoring and cannot be edited by contract authors without a special privilege. You can protect any clause by selecting the protected option during clause creation or editing.

- Specify that a clause can be selected by contract authors as an alternate of another clause.

You can specify clauses to be alternates of each other on the Relationships tab of the create and edit clause pages. When editing contract terms, contract authors are alerted by an icon that a particular clause includes alternates and can select an alternate to replace the original clause.

- Specify that the clause cannot be in the same document as another clause

You can use the Relationship tab to specify a clause you are creating is incompatible with another clause in the library. The application highlights incompatible clauses added by contract authors in the contract deviations report and during contract validation.

- Make a clause available for use in other business units.

Clauses you create in the library are normally available only within the same business unit where you create them. If you create the clause in the business unit that is specified as global during business unit setup, then you can make the clause available for adoption in other business units

by selecting the **Global** option during clause creation or edit. This option appears only in the one business unit specified as global.

## Clause Versioning: Explained

To make changes in an approved clause, you must create a new version. Versioning permits you to make changes to outdated clause text in contracts.

You create a new version of a clause by making a selection from the Actions menu in the clause search page. Keep in mind that:

- Clause versioning is restricted by status.
- A new clause version is not effective until it is approved.
- Not all attributes are versioned.
- Creating a new version does not affect the setup of contract terms templates or rules.
- You can view all clause versions and compare version text but you cannot restore an old version.

### Clause Versioning is Restricted by Status

You can create versions for clauses in the approved or expired statuses only. You do not create new versions to edit clauses that were rejected in the approvals process. These should be edited and resubmitted for approval.

### A New Version Is Not Effective Until Approved

When you create a new version of an approved clause, your edits do not take effect until the new version is approved. In the meantime, contract authors can continue to use the last approved version if there is one.

### Not All Attributes Are Versioned

Not all clause attributes are versioned, so editing them immediately affects all versions, even those currently in use in contracts. These attributes are:

- Clause relationships
- Folders
- Templates
- Translations

### Viewing Versions and Comparing Text

You can view and compare clause versions, but you cannot restore a previous version.

- If you want to view the different clause versions that are available in the library, select the **Include All Versions** check box in the clause search page.

- If you want to compare the text of the old versions of a clause with the current version, open the clause in the edit page and select the History tab.

## Changing the Title of a Clause After the Clause Is Approved: Example

While you cannot change the entry you make in the Clause Title field after a clause is approved, you can change the title that is printed in contracts in subsequent versions by making an entry in the Display Title field. The display title overrides the original title in contracts.

### Scenario

Suppose you want to change the title of the clause Liability to Limited Liability, but the clause is already approved and in use.

In this case, you:

1. Create a new clause version.
2. Enter Limited Liability in the Display Title field.
3. Submit the new version for approval.

Contract authors can start using the new version of the clause after it is approved.

## Different Ways of Removing a Clause from Use: Points to Consider

You can remove a clause from use by deleting it, putting it on hold, or entering an end date. Each of these actions is available and appropriate in different circumstances.

### Deleting a Clause

You can delete a clause only when it is in the **Draft** or **Rejected** status. If the clause already exists in an approved version, then that original version can continue to be used in contract terms templates, Contract Expert rules, and in contracts.

### Putting a Clause On Hold

You can place an approved clause temporarily on hold by selecting the **Apply Hold** action and remove the hold by selecting **Remove Hold**.

You can still add a clause that is on hold can to contract terms templates and to Contract Expert rules, but you receive a warning when you try to activate them. Similarly, contract authors receive a warning when they validate a contract with a clause that was placed on hold and the hold is also recorded in the contract deviations report.

## Entering an End Date

Enter a past date as the end date while editing a clause in the Contract Terms Library to remove an approved clause from use permanently. This sets the clause to the **Expired** status. You can search for and view the most recent expired version of a clause in the Contract Terms Library and copy it to create a new clause.

## Setting Up Numbering for Clauses in the Contract Terms Library: Explained

For each business unit, you can specify either automatic or manual numbering for clauses stored in the Contract Terms Library.

You specify the clause numbering method individually for each business unit during business unit setup by selecting either the **Specify Customer Contract Business Function Properties** or the **Specify Supplier Contract Business Function Properties** tasks from the Setup and Maintenance work area. If you specify manual numbering, requiring users to enter a unique number manually each time they create a clause in the library, then no further setup is required. If you want the clauses to be numbered automatically, then you must create a document sequence category and a document sequence as described in related topics before setting up the numbering method in the business unit. Use the following values for your setup.

### Values to Use for Document Sequence Categories

When creating document sequence categories for numbering clauses in the Contract Terms Library, use the following values:

- Application: Enterprise Contracts
- Module: Enterprise Contracts
- Table: OKC\_ARTICLES\_ALL

### Values to Use for Document Sequences

When creating document sequences, use the following values:

- Application: Enterprise Contracts
- Type: Automatic
- Module: Enterprise Contracts
- Determinant Type: Ledger

## Including a Clause by Reference: Example

This example illustrates how to create a clause that is printed in contracts as a reference.

## Scenario

Suppose you want to include a Federal Acquisition Regulations clause 52.202-1 by reference. In this case, you would fill in the following information.

Selecting the Include by Reference option prints the clause reference instead of the clause text.

Field	Entry
Number	52.202-1
Title	52.202-1
Display Title	Definitions
Description	Clauses About Definitions
Instructions	As prescribed in 2.201, insert the following clause:
Text	Definitions (July 2004) (a) When a solicitation provision or contract clause uses a word or term that is defined in the Federal Acquisition Regulation (FAR).
Reference	<a href="http://www.acqnet.gov/far/">http://www.acqnet.gov/far/</a>
Reference Description	This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: <a href="http://www.acqnet.gov/far/">http://www.acqnet.gov/far/</a>
Include by reference	Select this option.

## Importing Clause Text from Microsoft Word: Points to Consider

To enter the text of a clause in the Contract Terms Library, you can use the built-in rich text editor or import the text from a file created with Microsoft Word 2007 or later.

### Entering Clause Text Using the Built-In Rich Text Editor

Use the built-in rich text editor to enter and edit clause text whenever possible. Doing so supports all of the application features.

### Importing Clause Text from Microsoft Word 2007 or Later Version

Import clause text from a document created in Word instead of entering the text directly into the application if you want to preserve complex formatting not supported by the application's editor or if using Word is more convenient.

Note the following:

- The file you are importing must be saved in the XML file format.

- The built-in text editor is disabled after you import the text for the first time. To modify the clause, you must download it to a file, edit the clause in Word 2007 or later, and upload again.
- Contract authors must also use Word 2007 or later if they want to edit the clause during contract authoring.
- Importing clause text prevents contract authors from using some features of this application. For example, contract authors cannot compare the text between two clause versions or control clause formatting with a layout template.

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**Note**

If you want to import large numbers of clause records rather than the text of individual clauses, use the Import Clauses from XML File concurrent program instead.

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## Managing Clause Relationships

### Alternate and Incompatible Clause Relationships: How They Work

While creating or editing a clause you can specify its relationship to other clauses in the Contract Terms Library.

There are two clause relationships to choose from:

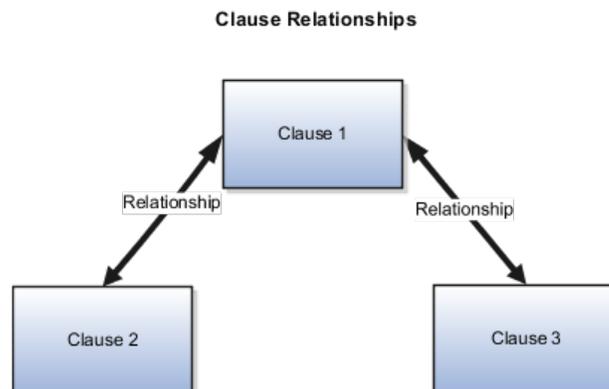
- Alternate

Use the alternate relationship to indicate clauses that authors can substitute for a standard clause in a contract.

- Incompatible

Use the incompatible relationship to highlight clauses that cannot be present in the contract at the same time.

Both of the relationships you establish are bidirectional but not transitive as illustrated in the following figure:



Other relationship properties include:

- Relationships you create are valid for all future clause versions.
- You can only establish relationships between clauses of the same intent and within the same business unit.
- Provision clauses used in procurement applications can only have relationships with other provision clauses.
- For clause adoption, the relationships are copied from the global business unit to the local business unit automatically only if you are adopting clauses as is.

### Setting Up the Alternate Relationship

Set up alternate clauses if you want to let contract authors decide when to substitute an alternate clause for a standard clause in a contract.

The following figure illustrates alternate clause setup:

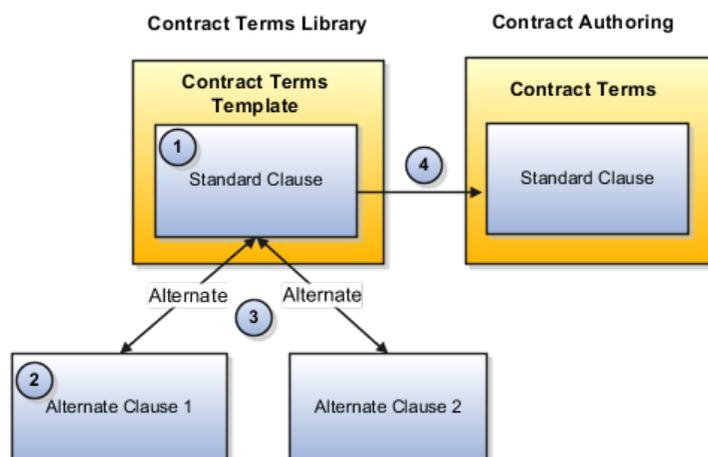
1. Create the standard clause and include it in a contract terms template.
2. Create the alternate clause or clauses.

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#### Tip

By using variables to represent differences between clauses, you can reduce the number of alternate clauses you must create.

3. Specify the alternate relationships between the standard clause and the alternate clauses.
4. During contract authoring, the contract terms template applies the standard clause in the contract terms, but the contract author can replace it with either one of the alternate clauses.



During contract terms authoring, contract authors are alerted to the presence of alternate clauses by a special clause icon. If they choose to substitute one of the alternate clauses for a standard clause, the substitution is recorded as a clause deviation in the contract deviations report.

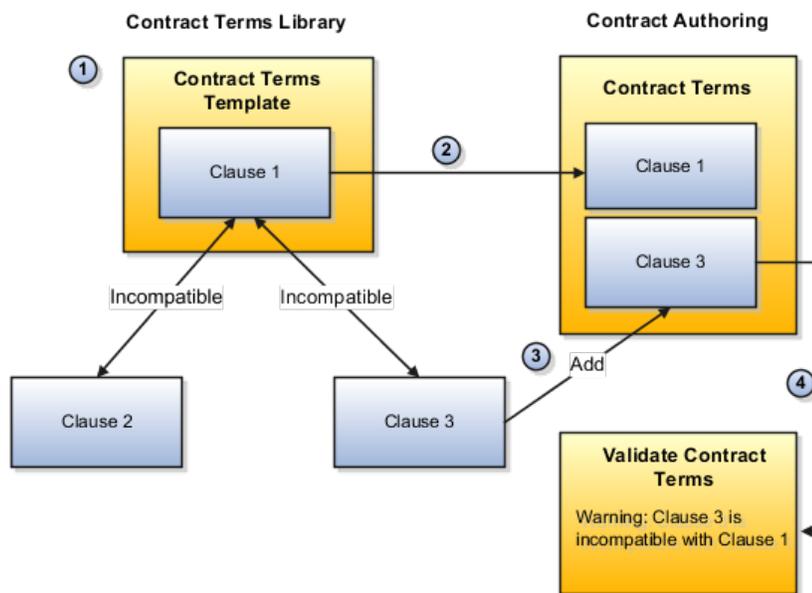
In addition, by selecting the **Analyze Clause Usage** action, you can determine which contracts are using alternate clauses.

### Setting Up the Incompatible Relationship

When you specify a group of clauses to be incompatible, the presence of more than one incompatible clause in a contract results in a warning during contract terms validation.

The following figure uses an example to illustrate the setup of incompatible clauses.

1. During setup, you specify Clause 2 and Clause 3 as incompatible to Clause 1 and associate Clause 1 to a contract terms template.
2. The contract author or a Contract Expert rule applies the contract terms template (including Clause 1) to a contract.
3. The contract author or a Contract Expert rule adds Clause 3 to the contract terms.
4. The application displays a warning during validation.



### Setting Up Alternate Clauses: Examples

This topic uses the example of jurisdiction clauses to illustrate two different ways of setting up alternate clauses.

Suppose for example, that the standard jurisdiction for your contracts is the State of Delaware but you want to permit contract authors to select the following jurisdictions:

- San Jose, California
- San Mateo, California,
- Miami-Dade County, Florida

There are two ways of setting up the alternate clauses:

- Create a separate alternate clause for each jurisdiction

During authoring agents must find and select the clause they want to use.

- Create one alternate clause and use a variable to supply the different alternate jurisdictions

During authoring, agents select the alternate clause and then supply the jurisdiction by entering the variable value while running Contract Expert.

### **Creating Separate Alternate Clauses**

Use this method to create one clause for each jurisdiction. Here is the setup for this example:

1. Create the standard jurisdiction clause for State of Delaware.
2. Associate the standard clause with a Contract Terms Template that will be used to default it into contracts.
3. Create the three alternate clauses:
  - Alternate Clause 1: San Jose, California
  - Alternate Clause 2: San Mateo, California
  - Alternate Clause 3: Miami-Dade County, Florida

Because you want each alternate clause to have the same title, Jurisdiction, you must use both the Clause Title and the Display Title fields when you create each alternate. Your entry in the Clause Title must be unique, for example, Jurisdiction\_1, Jurisdiction\_2, and Jurisdiction\_3. But you can enter Jurisdiction in the Display Title field to make the same title appear in the printed contract for all the clauses.

4. Specify the alternate relationship between the different clauses:
  - The standard clause is an alternate of Alternate Clause 1
  - The standard clause is an alternate of Alternate Clause 2
  - The standard clause is an alternate of Alternate Clause 3
  - Alternate Clause 1 is an alternate of Alternate Clause 2
  - Alternate Clause 2 is an alternate of Alternate Clause 3
  - Alternate Clause 1 is an alternate of Alternate Clause 3

During authoring, agents are alerted to the presence of the alternate clauses by an icon and can select any one of the alternate clauses to replace the standard clause.

### **Creating one Alternate Clause with Variables**

If you want to minimize the number of alternate clauses you must create to just one, use this alternate setup:

1. Create the standard jurisdiction clause for Delaware.
2. Associate the standard clause with a Contract Terms Template that will be used to default it into contracts.
3. Create one alternate clause with two variables: one for the county and one for the state: This agreement is governed by the substantive and procedural laws of [@State of Jurisdiction@] and you and the supplier agree to submit to the exclusive jurisdiction of, and venue in, the courts in [@County of Jurisdiction@] County, [@State of Jurisdiction@], in any dispute arising out of or relating to this agreement.
4. Specify the alternate relationship between the standard clause and the alternate clause.

During authoring, agents are alerted to the presence of the alternate clause by an icon. Agents who select the alternate clause must run Contract Expert and enter the state and county variable values.

## FAQs About Managing Clauses

### What are the clause statuses and what do they mean?

Clause statuses in the Contract Terms Library reflect the state of the current version you are editing and restrict what actions you can take.

The following table describes the clause statuses and explains their implications

Status	Description	Effect
Draft	A clause is automatically set to the Draft status after you create a clause initially or when you create a new version.	<ul style="list-style-type: none"> <li>• Available for authoring and adoption? Not available.</li> <li>• Effect contract approval? No effect. Contracts do not include draft clauses.</li> <li>• Editing? No restriction.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? You can include a draft clause version, but the templates or rules cannot be activated until the clause version is approved.</li> <li>• Deletion? Yes. You can delete versions in the Draft and Rejected statuses</li> </ul>

<p>Pending Approval</p>	<p>The status of a clause after it is submitted for approval.</p>	<ul style="list-style-type: none"> <li>• Available for authoring and adoption? Not available.</li> <li>• Effect on contract approval? None. Contracts do not include clause versions in this status.</li> <li>• Editing? Limited to description and the end date.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? You can include clauses with their latest versions pending approval, but the templates and rules cannot be activated until the clause version is approved.</li> <li>• Deletion? No.</li> </ul>
<p>Rejected</p>	<p>The approvers rejected the clause version. You can edit clauses in this status and resubmit them for approval.</p>	<ul style="list-style-type: none"> <li>• Available of version for authoring and adoption? Not available.</li> <li>• Effect contract approval? Contracts do not include clause versions in this status.</li> <li>• Editing? Unrestricted.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? You cannot add a clause with its latest version rejected.</li> <li>• Deletion? Yes.</li> </ul>

<p>Approved</p>	<p>The clause was approved.</p>	<ul style="list-style-type: none"> <li>• Available for authoring and adoption? Yes.</li> <li>• Effect contract approval? None.</li> <li>• Editing? Edits restricted to end date and description.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? Yes.</li> <li>• Deletion? No.</li> </ul>
<p>Expired</p>	<p>The clause is past its end-date.</p> <p>The application automatically enters a clause end date in the old version when a new version is approved. You can also manually enter an end date in an approved clause.</p>	<ul style="list-style-type: none"> <li>• Available for authoring and adoption? No.</li> <li>• Effect contract approval? Creates an error during contract approval validation. The clause must be removed before submitting the contract for approval.</li> <li>• Editing? No edits permitted.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? You cannot add an expired clause.  If the latest version of a clause becomes expired when it is already in a template or rule, then the application displays an error during template or rule activation.</li> <li>• Deletion? No.</li> </ul>

On Hold	Another Contract Terms Library administrator placed a hold on the clause version.	<ul style="list-style-type: none"> <li>• Available for authoring and adoption? No.</li> <li>• Effect contract approval? Creates an error during contract approval. The clause must be removed before submitting the contract for approval.</li> <li>• Editing? No.</li> <li>• Inclusion in contract terms templates and Contract Expert rules? Cannot add clauses with the latest version on hold. Existing templates and rules use the previously approved version, if one exists.</li> <li>• Deletion? No deletion possible.</li> </ul>
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### How can I find clauses that I drafted or that require my action?

You can view clauses that you drafted and clauses that require your action on the Terms Library Overview page.

### How do I use the Clause Title and Display Title fields?

The title you enter in the Clause Title field must be unique for each clause within a business unit and cannot be changed after the clause is approved. You can use the Display Title field, which has no uniqueness requirement, to modify the title that appears in contracts or to specify the same title for multiple alternate clauses.

### How can I create clauses with the same title?

You cannot have two clauses with the same title entered in the **Clause Title** field in the Contract Terms Library, but by entering the same title in the **Display Title** field for each clause, you can create multiple clauses with the same printed title. The **Display Title** overrides the **Clause Title** in printed contracts.

### How can I search for a clause in the library by its text?

You can search for clause text using the **Keyword** field. This field also searches clause title, display title, and description.

## How can I set up the clause title to include the clause number?

You can have the clause number automatically added to the front of the clause title as a prefix in printed contracts by selecting the **Include Clause Number in Display** option during business unit setup. You will want to do this only if the clause number is meaningful in some way, for example when it refers to a number of a government regulation. The clause number is a number of the clause in the Contract Terms Library and it is usually generated by the application automatically. It is not the number of the clause in the contract generated by the numbering scheme.

## How does Contract Expert use the default section for inserting clauses into contracts?

If you are using a Contract Expert rule to insert clauses into a contract, then Contract Expert inserts the clause into the section that is specified in the Default Section field in the General Information region on the create and edit clause pages. If you do not specify a default section for the clause, then Contract Expert uses the default section specified in the Contract Expert region on the General tab in the create and edit contract terms template pages. If the section doesn't already exist in the contract where the clause is being inserted, Contract Expert adds the section along with the clause.

## How does creating a new version of a Contract Expert rule affect contracts?

Activating a new version of a rule makes that new version effective whenever the contract author runs Contract Expert. Authors who validate or submit for approval contracts that used a previous version of the rule receive an error asking them to run Contract Expert again. Approved contracts are not effected.

## What can I use clause analysis for?

Use clause analysis to find out how the Contract Terms Library clauses, contract terms templates, and Contract Expert rules are used in contracts:

Use clause analysis to:

- Identify which contracts make use of a legal concept.
- Identify contracts that use a given set of clauses.
- Research the effectiveness of standard policies and standards defined in the Contract Terms Library.

For example, you can find out if you need to revise a standard clause by searching for the nonstandard versions of the standard clause.

## What do I enter as the clause text if I plan to include the clause reference instead?

Even if you are printing the clause reference instead of the clause text in a contract, you must still enter text in the clause text field. The text you enter in

this field is not printed in the contract, but it is used for searching clauses by text. For this reason, it is preferable if you enter the text of your referenced clause.

### **What information is copied over when I duplicate a clause?**

Duplicating a clause copies all information about the clause except for its historical information (the templates where it is used and adoption history). You can edit all of the information about the new clause except for its business unit.

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#### **Note**

To copy a clause to another business unit, you must recreate the clause in that business unit.

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### **Why can't I find a clause when I search by clause text?**

You may not be able to find a clause by searching for its text if the clause text has not been indexed. The application administrator must periodically index clause text by running two processes: Build Keyword Search Index for Contract Clauses and Optimize Keyword Search Index for Contract Clauses.

### **How can I find clauses that are adopted by other business units?**

If you are in the global business unit, you can search clauses that have been localized or adopted by other business units using the Search Clauses page (you select the business unit and the adoption type). In a local business unit, you can use the analyze clause usage action instead.

### **What's the difference between the clause Instructions and the clause Description fields?**

Use the clause **Instructions** field to enter instructions for contract authors on clause use.

Use the clause **Description** field to enter any information about a clause.

Both text fields are visible to contract authors during contract terms authoring and the text of both can be searched using the **Keyword** field. Neither field is printed in contracts.

### **What's a clause intent?**

The clause intent specifies if the clause is going to be used for sales or procurement contracts. You can only create a clause for one intent.

### **What's the difference between saving a clause and submitting a clause?**

Saving a clause saves it as a draft.

Submitting a clause triggers validation checks and submits the clause for approval. While a clause is in the approval process, you cannot make any edits. The clause must be either approved or rejected for you to edit it again.

**What's the difference between setting up multiple alternate clauses and one with a variable?**

There are two ways of setting up alternate clauses:

- You create multiple separate alternate clauses
- You create just one alternate clause and include variables to supply the different variants

This table highlights the differences between the two setup methods:

Setup Method	Advantages	Disadvantages
Multiple Alternate Clauses	<ul style="list-style-type: none"> <li>• You can use clause analysis to track usage of the clause and its alternates</li> <li>• One-step selection: Contract authors select the clause from a list.</li> <li>• Language of the alternate clauses you create can vary.</li> </ul>	<ul style="list-style-type: none"> <li>• Must create and maintain a large number of clauses.</li> <li>• Authors are restricted to the alternates you create.</li> <li>• Authors may have to search for the clause they want if there are many.</li> </ul>
Single Alternate Clause with Variables	<ul style="list-style-type: none"> <li>• Permits you to create and maintain just one alternate clause.</li> <li>• Supports unlimited number of alternates.</li> </ul>	<ul style="list-style-type: none"> <li>• Two-step selection: Authors select the alternate and then run Contract Expert to fill in the variable values.</li> <li>• Language of the alternate clause cannot change. The only difference is the information supplied by the variables.</li> </ul>

**Who can edit protected and mandatory clauses?**

Only users with the Override Contract Terms and Conditions Controls privilege can edit mandatory and protected clauses. Contact your application administrator with questions about the privileges granted to you.

**Why can't I edit the clause information?**

You cannot edit clause information if you lack the proper privileges or if the clause is not in the draft status. When the clause is pending approval, the

approvers must approve or reject the clause before you can edit it. If the clause is rejected or approved, you must create a new version before editing.

### **Why can't I edit the clause text?**

You cannot edit the clause text if it was imported from a Word document or if you do not have adequate privileges assigned to you. To edit imported clause text, download the clause text, use Word 2007 or later version to make your edits, and then import your changes. To edit protected or mandatory clauses, you must obtain the Override Contract Terms and Conditions Controls privilege from the application administrator.

### **Why can't I edit the clause title?**

You cannot edit the clause title after you first save the clause. However, you can change the clause title in printed contracts by entering a new title in the Display Title field. The display title replaces the clause title in printed contracts.

## **Managing Contract Terms Templates**

### **Contract Terms Templates: How They Work**

You can create contract terms templates in the Contract Terms Library to insert appropriate terms and conditions into contracts during contract authoring. Contract authors can apply the templates manually or the application can apply the templates automatically using defaulting rules you set up.

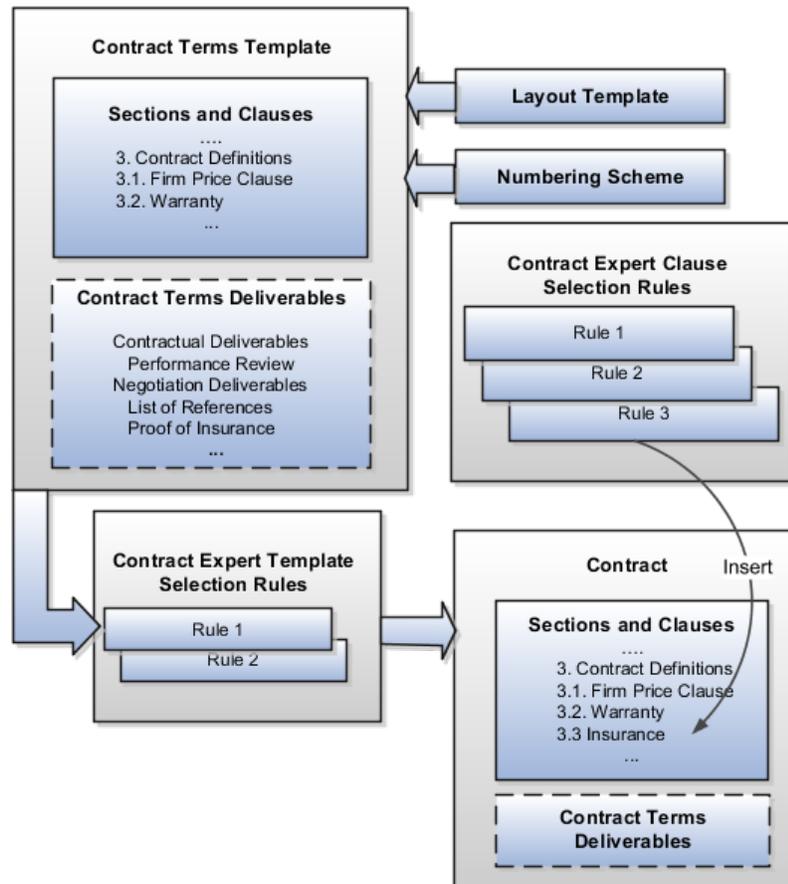
Contract terms templates:

- Contain sections and clauses from the Contract Terms Library.
- Are created in the Contract Terms Library separately. You cannot create them directly from an existing contract.
- Are specific to one business unit.
- Apply to enterprise contracts of the contract types you specify in the template.
- Are specific to either sell-intent or buy-intent contracts.
- For buy-intent contracts, you can use contract terms templates to default contract terms directly on purchase orders and sourcing documents. For these documents, contract terms templates can also include contract terms deliverables which can be used to track the completion of contractual tasks in the contract.

In addition, for a contract terms template you can:

- Set up Contract Expert rules to recommend additional clauses for contracts that use the template.

- Associate a layout template for previewing the template.
- Specify a contract terms numbering scheme for the template.
- Set up template selection rules to default the template into a contract automatically.



## Adding Sections

You can add sections that you have created in the library or create sections that are specific to the template itself.

## Adding Clauses

You can add clauses in one of two ways:

- Add a clause from the Contract Terms Library directly into a section in the template.
  - You can create the clause in the library from the template if the library does not have what you need.
- Create Contract Expert rules to add clauses to the contract terms in a contract depending on the specifics of the contract.

For example, you may want to add a boilerplate jurisdiction clause directly into the template, but use a Contract Expert rule to insert the appropriate liability

clause. This way a contract that calls for the shipment of hazardous materials will get a liability clause that's different from a contract that does not include any, for example.

The properties that you set up in the clause apply automatically. If you set up a clause as mandatory, contract authors will not be able to delete the clause after it is inserted by the template unless they have the special Override Contract Terms and Conditions Controls privilege. If you set up a clause with alternates, then authors can substitute any of the alternate clauses in the contract.

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**Note**

You are not required to add any sections or clauses to a template directly. You can use Contract Expert rules exclusively, if appropriate.

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**Enabling Contract Expert on the Template**

If you want to use Contract Expert in a contract where the template is applied, you must enable the template for Contract Expert by selecting the **Enable** option in the Contract Expert region in the Create Terms Template or Edit Terms Template pages.

When Contract Expert rules enabled for the template suggest additional clauses, these additional clauses are presented for review by contract authors before they are inserted in the default section specified in each clause. Depending on their level of privileges, some contract authors can choose which clauses to insert and which to omit. If you make Contract Expert suggestions mandatory for the template, then only users with the special Override Contract Terms and Conditions Controls privilege can reject the recommendations.

**Adding Contract Terms Deliverables to Purchase Orders and Sourcing Contracts**

For Oracle Fusion Purchasing purchase orders and Oracle Fusion Sourcing contracts, you can track compliance of tasks that the contract parties have agreed to execute as part of the agreement by adding contract terms deliverables.

You can use the deliverables to record the status of the tasks, keep everyone notified of past and future deadlines, and as a repository of the deliverable documents themselves. For example, vendors agreeing to supply a monthly report can log in to their sourcing portal and attach the report or ask for an extension. If they fail to respond by the specified deadline, the deliverable can trigger an automatic notification that the deliverable is overdue.

**Assigning a Layout Template for Previewing the Contract Terms Template**

You must assign a layout template with the contract terms template to make it possible for contract authors to get a preview of the template content, when they need to make a template selection, for example. The layout template, which you select on the General tab while editing the contract terms template, specifies what gets displayed in the preview, including the fields displayed, graphics such as a company logo, page numbering, headers and footers, and boilerplate text. This layout template is not used for printing the contract.

The layout template is an RTF file stored in the Enterprise Contracts folder in the Business Intelligence Presentation Catalog. A sample layout template is provided

with your application. You can copy the sample template and edit it to create your own as described in a related topic.

## **Specifying a Numbering Scheme**

You can associate a numbering scheme to the template that will automatically number sections and clauses in the contract. Several predefined numbering schemes are available with your application, and you can create additional numbering schemes of your own.

## **Defaulting the Template on Contracts**

You can have a contract terms template apply automatically in all contracts based on:

- Contract type
- Contract Expert rules that select the template based on the specific information in the contract itself

If you enabled the feature Enable Contract Terms in Fusion Procurement for the option Procurement Contracts during implementation, then you can also apply templates to procurement documents based on document type.

The following document types become available:

- Auction
- Bid
- Blanket Purchase Agreement
- Contract Purchase Agreement
- Standard Purchase Order
- RFI
- RFI Response
- RFQ
- Sourcing Quote

While editing the contract terms template, you specify a template to be the default for a contract type or document type in the Document Types region. You can set up only one template as the default for each contract type or document type. You set up the Contract Expert template selection rules separately as described in a related topic. You can have multiple rules recommend the same template.

Here is how the defaults you enter in the Document Types region and the Contract Expert template selection rules interact to select and apply a template during contract authoring:

- Contract Expert template selection rules always take priority. If the rules specify a single template for a contract, then it gets applied regardless of the default you entered in the Document Type region.

- If the Contract Expert rules recommend different templates, then the application uses the default from the Document Type region as a tiebreaker.
- If no Contract Expert selection rule applies and you specified a default, then the application uses the default.
- If no rule or default was set up for a contact type or document type, then contract authors must select the template they want from a list.

## Activating and Revising Contract Terms Templates: Explained

For a contract terms template to be available for use by contract authors, it must pass an automatic validation check and be approved by the contract terms administrator. If you need to make changes after the template is approved and in use, you can create a new version by editing the approved template and submitting it for approval. After the revision is approved, it replaces the original automatically.

This topic discusses:

- The validation checks for common errors that you must correct
- The approvals process
- Contract terms statuses, what they mean, and how they affect what actions you can take
- The creation of new template versions

### Validation Checks

The application performs the following validation checks for all contract terms templates. You must fix all errors before templates can be sent for approval. Fixing warnings is optional.

Validation Check	Type	Action
The template contains incompatible clauses.	Warning	Remove one of the incompatible clauses.
A clause you added to the template is in the draft status.	Error	<p>While you can add draft clauses when creating a contract terms template, these clauses must be approved before the template can be sent for approval.</p> <hr/> <p><b>Note</b></p> <p>If you create the draft clauses as part of the contract terms template, then these clauses are submitted for approval along with the template.</p> <hr/>

A clause in the template is in inactive, on hold, or rejected status.	Error	You must obtain approval for the clause and resubmit the template for approval.
<b>Note</b> If a previous approved version of the clause is available, then this message does not appear. The template continues to use the previously approved version.		
The template contains more than one alternate clause.	Error	You must remove one of the alternates.
If the template is a translation of another template, then the template it was translated from must be valid on the date you validate the translation.	Error	Obtain approval of the template you are translating before resubmitting.
Template contains no clauses.	Warning	Clauses are not required in a template.

For buy-intent templates that contain contract terms deliverables, the application performs the following additional checks:

Validation Check	Type	Action
The requester or the internal and escalation contacts in the deliverable are invalid.	Error	You must enter different requester or contacts. The internal contact and requester must be employees with e-mail addresses to receive notifications.
Supplier contact is invalid.	Error	The supplier must be entered as a contact with an e-mail address.
Deliverable dates are missing.	Error	Enter the missing dates.

### Template Approval

After you submit a template for approval and it passes validation, the application sends a notification to the approvers specified in the Oracle BPEL Process Manager notification service process. If you have created clauses as part of the contract terms template, then the clauses are automatically submitted for approval and approved along with the template.

### Template Statuses

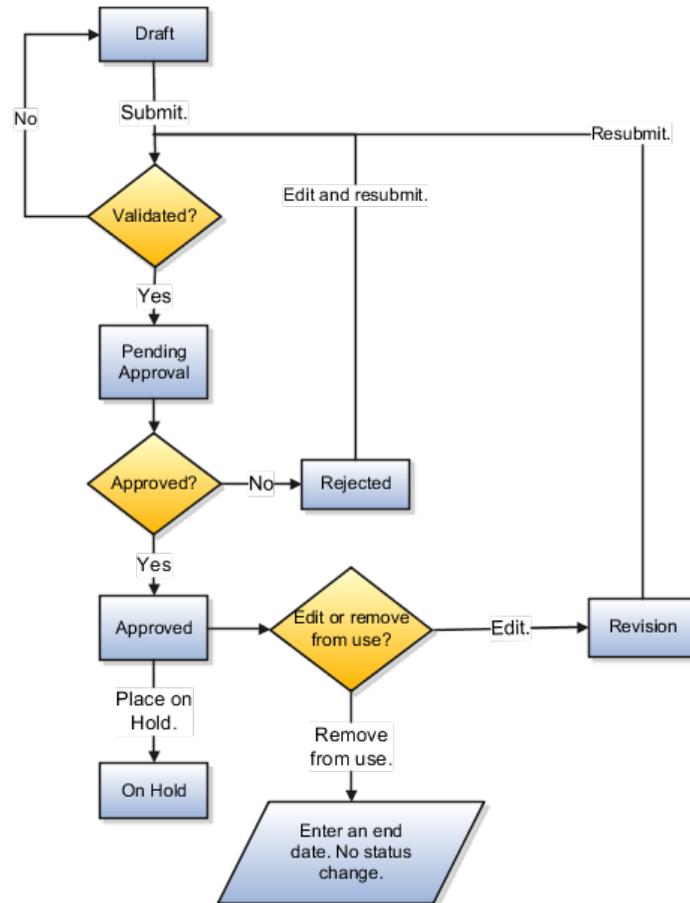
Contract terms template statuses are set automatically during the template lifecycle.

This diagram shows the available statuses and the permitted transitions and actions in each:

- When you create a contract terms template it is automatically set to the Draft status.

You can edit and delete templates in this status.

- When you submit a draft template for approval and it is successfully validated, it is set to the Pending Approval status. You cannot edit, delete, or enter an end date for templates in this status. The approvers must either approve or reject the template first.
- An approved template is automatically available for use in the business unit where it is created.
- You can edit an approved template to create a new version. The edited version is set to the Revision status until it is validated and approved.
- If the approvers reject the template revision, you can edit it and resubmit it for approval.
- You can place an active template on hold, temporarily removing it from use until the hold is removed. You cannot edit templates in this status.
- You can remove an approved template from use permanently by entering an end date. You cannot edit a template that is past its end date. The only available action is to copy it to create a new one. Entering an end date does not change the status of the template even past the end date.



## Creating New Contract Terms Template Versions

You can create a new version of a contract terms template by editing an active template. After the new version is approved, it automatically replaces the current

version in the Contract Terms Library. The application does not save previous versions of templates.

If the template is a global template that was adopted by other business units, those business units must copy over the new version. The new template version appears in the Available for Adoption region of the Terms Library Overview page.

## FAQs About Contract Terms Templates

### How can I add a clause to a contract terms template?

You can add sections and clauses to a contract terms template on the **Clauses** tab while editing the template. Alternately, you can set up Contract Expert rules to suggest clauses based on the circumstances of each contract.

Use outline region on the left of the Clauses tab to add sections and clauses that will be present in all contracts created with the template. You must add at least one section using the Actions menu before you can add clauses. If you do not find the clause you need while adding clauses, you can create one from the Add Clauses window. You must refresh the preview of your template by clicking the **Refresh** icon on the right side of the tab to see your latest edits.

Create Contract Expert rules to add clauses that vary contract to contract. Contract Expert can add clauses based on variable values and answers to questions contract authors supply when they author the contract.

### What's a default contract terms template?

A contract term template that is specified as the default template for a document type. A document type can be a buy or sell document that is considered a contract, such as a purchase order or a blanket sales agreement.

### What's the difference between document types and contract types?

While both document types and contract types are contracts, document types encompass all purchasing and sales documents that are deemed contracts. Contract types include only enterprise contracts.

For sales, the list of document types is restricted to contract types, those contracts created within the Oracle Fusion Enterprise Contract Management (ECM) application itself. If you enabled the Enable Contract Terms in Fusion Procurement feature for the option Procurement Contracts during implementation, then the following procurement document types are available:

- Auction
- Bid
- Blanket Purchase Agreement
- Contract Purchase Agreement
- Standard Purchase Order
- RFI

- RFI Response
- RFQ
- Sourcing Quote

Contract type is an administrator-created classification for enterprise contracts which determines contract functionality, including the presence of lines and contract terms. You create contract types during contract setup by selecting the **Create Contract Types** task.

### What validation checks get performed for contract terms templates?

The application performs the following validation checks for all contract terms templates. You must fix all errors before templates can be sent for approval. Fixing warnings is optional.

Validation Check	Type	Action
The template contains incompatible clauses.	Warning	Remove one of the incompatible clauses.
A clause you added to the template is in the draft status.	Error	While you can add draft clauses when creating a contract terms template, these clauses must be approved before the template can be sent for approval.  <b>Note</b> If you create the draft clauses as part of the contract terms template, then these clauses are submitted for approval along with the template.
A clause in the template is in inactive, on hold, or rejected status.  <b>Note</b> If a previous approved version of the clause is available, then this message does not appear. The template continues to use the previously approved version.	Error	You must obtain approval for the clause and resubmit the template for approval.
The template contains more than one alternate clause.	Error	You must remove one of the alternates.
If the template is a translation of another template, then the template it was translated from must be valid on the date you validate the translation.	Error	Obtain approval of the template you are translating before resubmitting.
If a new version of the clause is created while the current version is still in the approval process.	Warning	Optionally substitute the new version.

Template contains no clauses.	Warning	Clauses are not required in a template.
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For buy-intent templates that contain contract terms deliverables, the application performs the following additional checks:

Validation Check	Type	Action
The requester or the internal and escalation contacts in the deliverable are invalid.	Error	You must enter different requester or contacts. The internal contact and requester must be employees with e-mail addresses to receive notifications.
Supplier contact is invalid.	Error	The supplier must be entered as a contact with an e-mail address.
Deliverable dates are missing.	Error	Enter the missing dates.

### What's a global contract terms template?

A contract terms template that is created in a business unit designated during setup as the global business unit. A global template is automatically listed in the Term Library Overview page in the local business units and can be adopted by duplicating it.

### What's a layout template?

RTF document that contains the contract layout for printing and preview.

The templates, which can include both formatting, graphics, text, and other layout elements, are stored in the Oracle BI Publisher library. You must specify layout templates when you create a contract type to enable contract printing and the preview of contract terms templates.

### When do I create a clause as part of a contract terms template?

If you are creating a contract terms template and a clause you want to add does not exist in the Contract Terms Library, then you can quickly create the missing clause by clicking the **Create Clause** button. Creating a clause in this way automatically associates it to the terms template. While this abbreviated creation method does not permit the entry of some details, including clause instructions, references, and relationships to other clauses, you can always add any missing information later by editing the clause.

### When do I need to make a contract terms template the default for a document type?

Specify a contract terms template as the default for a document type when you want that template to be automatically applied to a contract of that type.

You can also apply contract terms templates to contracts using Contract Expert rules. If a Contract Expert rule specifies a default contract terms template, the application ignores the document type default you specify here. However,

should the Contract Expert rules you set up pick multiple templates, then the application uses the document type default you set here as a tiebreaker.

### **Why am I reviewing draft clauses when submitting a contract terms template for approval?**

A contract terms template can be approved for authoring only when all of its clauses are approved as well. If any of the clause versions you added to the template are drafts, then the application lets you review a list of those drafts and submit them for approval along with the contract terms template. The draft clauses can include any draft clause versions as well as clauses drafted specifically as part of the contract terms template using the **Create Clause** button.

If any of the clauses are already available in an approved version, then you can choose to use the approved version in the template instead of submitting the drafts for approval. You can make the substitution on the review page by deselecting the draft.

### **Why are some clauses missing from a contract terms template I copied over for use in a local business unit?**

You can copy a contract terms template from a global business unit for use in a local business unit. Before you do, you must ensure that any clauses you want copied along with the template are either adopted or localized. Any clauses in the copied template that are not adopted or localized in the local business unit are automatically removed.

### **Why can't I edit the contract terms template?**

You cannot edit the contract template if you have insufficient privileges or the contract terms template is in a status that does not permit you to make modifications.

### **Why can't I add clauses to the contract terms template?**

You must add at least one section to the contract terms template before you can add clauses and the template must be in a status that permits editing.

### **Why do I want to enable Contract Expert in a contract terms template?**

You must enable Contract Expert in a contract terms template if you want to use Contract Expert rules with the template. Contract Expert rules can default the template to a new contract, recommend additional clauses, and flag any policy deviations in contracts that use the template.

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#### **Note**

If you do not enable Contract Expert on a template, contract authors cannot run Contract Expert in contracts that use the template and no Contract Expert rules apply, not even those you specify as valid for all templates.

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## **Setting Up Contract Expert**

# Contract Expert: How It Works

Use Contract Expert to enforce corporate policies and standards for all types of contracts, including enterprise contracts, purchase orders, and sourcing contracts.

Contract Expert makes it possible for you to set up business rules that can:

- Apply the appropriate contract terms template to a contract  
For example, apply the contract terms template Software License and Service Agreement if the contract is authored in the North America Operations business unit and the contract amount exceeds one million dollars.
- Insert additional clauses into the contract  
For example, add an audit clause if an audit is required.
- Report contract deviations from corporate policies  
For example, report a contract worth one million dollars or more that includes payment terms greater than 90 days.

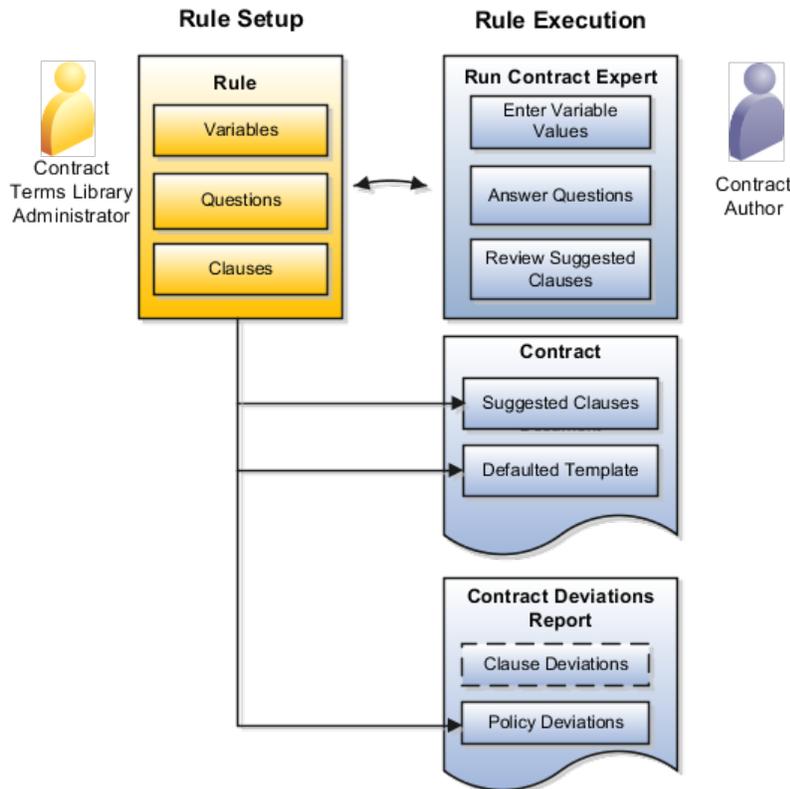
Contract Expert consists of two components.

- Rule Setup  
Administrators create the rules that are stored in the Contract Terms Library. A rule can be based on the following types of conditions:
  - The values of variables in the contract  
For example, recommend an additional clause if the shipment date on an order is greater than 90 days.
  - Answers that contract authors provide to questions  
For example, recommend an additional liability clause depending on a response to a question about hazardous materials.
  - The presence of clauses in the contract.  
For example, if the contract includes a hazardous materials clause, then insert additional insurance clauses.

The first two condition types require contract author input during authoring.

- Rule Execution  
During contract authoring, Contract Expert evaluates the rules. For rules with conditions that require author input, Contract Expert asks authors to provide missing variable values and to answer questions when the authors select the Run Contract Expert action. Authors can then evaluate any recommended clauses for insertion in the contract.  
Authors can review any policy and clause deviations by selecting the **Review Contract Deviations** action. Clause deviations are shown in a dashed box because they do not require Contract Expert rules.

The following figure illustrates the two components:



### Contract Expert Rule Setup

Depending on the type of rule that you are creating, you can base rule conditions on:

- **Variables**  
This condition is based on the value of a variable in the contract. The application either derives the value automatically from the contract, or contract authors enter the value when they run Contract Expert.
- **Questions**  
This condition is based on answers to questions contract authors supply when they run Contract Expert.
- **Clauses**  
This condition is based on the presence of a specific clause in the contract.

Contract Expert rules apply only to contract terms templates where Contract Expert is enabled. You can specify if you want a rule to apply to all or selected templates.

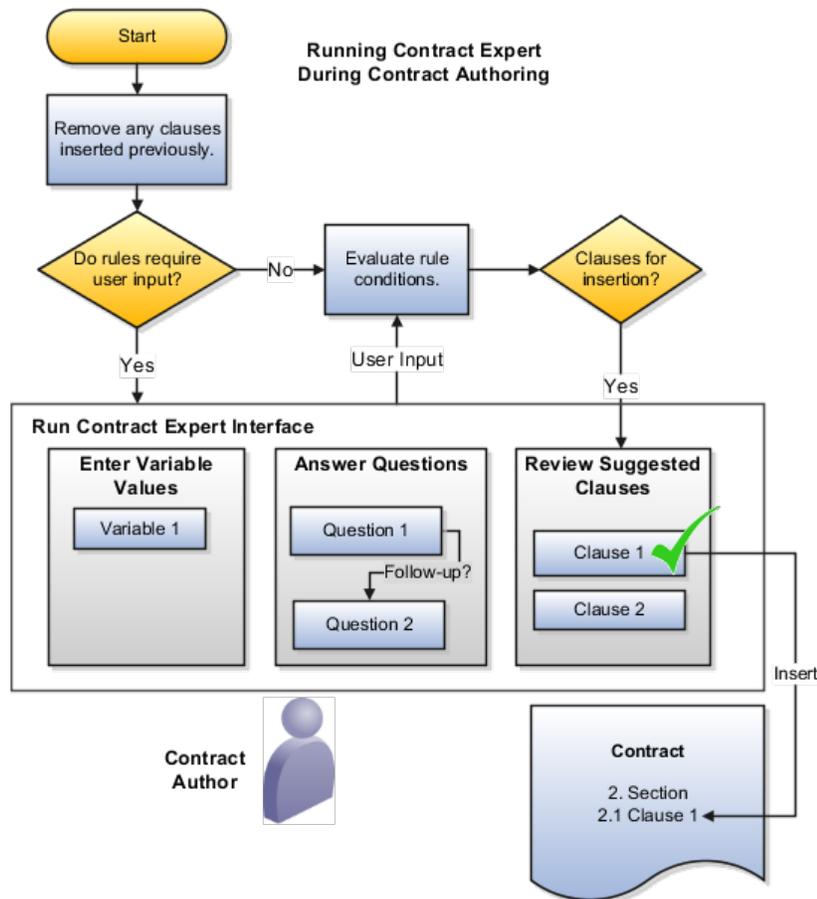
### Contract Expert Rule Execution During Contract Authoring

Depending on their type, all active rules for the contract terms template used in a contract are evaluated automatically during contract terms authoring or when a contract author runs Contract Expert in the Contract Terms tab.

The following figure illustrates what happens when Contract Expert is run during contract authoring:

1. If rule conditions require user input, Contract Expert prompts the contract author to enter variable values and answer questions. Answers to questions can trigger follow-up questions. In this figure, the answer to Question 1 triggered the follow-up Question 2.

2. Contract Expert displays any recommended clauses for review by the author. Authors can choose which of the recommended clauses to insert into the contract provided that they have sufficient privileges.
3. Contract Expert inserts the clauses in the contract terms section specified during clause setup in the Contract Terms Library. If no section is specified in the clause, the application uses the default section specified in the contract terms template. Contract Expert automatically inserts the default section if it does not already exist in the contract.
4. On subsequent runs, Contract Expert first removes any clauses that it inserted into the contract in earlier runs, including clauses that have been moved or have been made nonstandard.



Authors who do not make all the required entries or forget to run Contract Expert altogether receive warnings when they validate the contract terms or when they review the contract deviations report.

## Contract Expert Rules: How They Work

You can set up Contract Expert rules to apply contract terms templates automatically to contracts, to suggest additional clauses for insertion during contract terms authoring, and to flag any contract deviations from company policy.

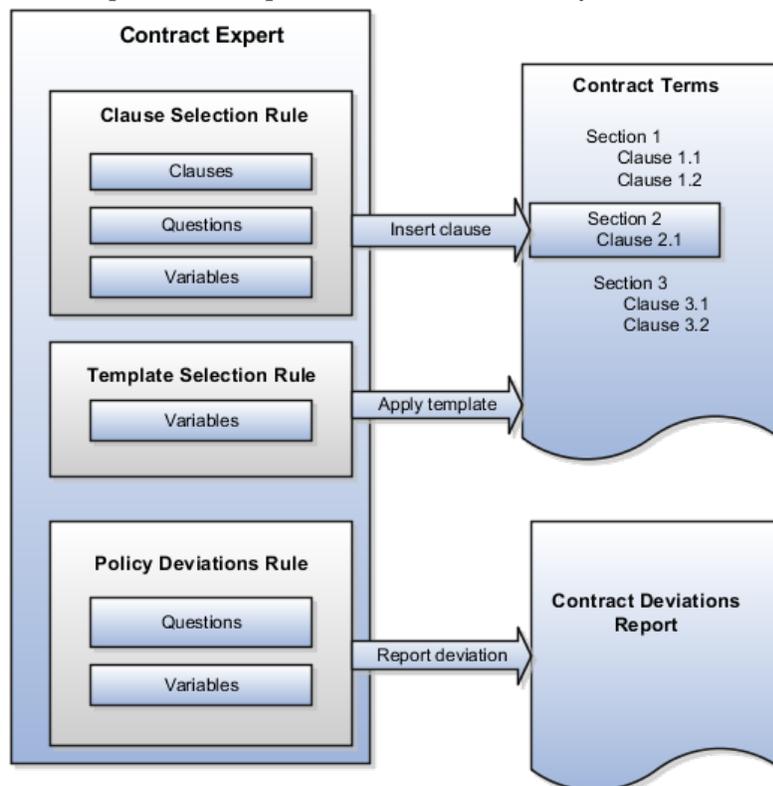
Each rule comprises conditions that must be met and the rule results. You can base rule conditions on:

- The presence of another clause already in the contract
- The value of a system variable or a user variable

- Questions that the contract author must answer

Different Contract Expert rule types support different condition types, as illustrated in the following figure.

- Clause selection rules, which can default individual clauses and sections into a contract, can be based on clauses, questions, and variables.
- Template selection rules, which identify the default contract terms template for the contract, can be based on variables only.
- Policy deviation rules, which flag contract deviations from company policies, use questions and variables only.



Key rule properties include:

- All rules can use multiple conditions linked together with either the AND or OR logical operators.
- The values of non-numeric conditions are supplied by value sets.
- The values for numeric conditions are supplied by constants.
- Rule types that permit the inclusion of questions can trigger follow-up questions, permitting you to chain rules together.
- Rules are restricted to the specific business unit and the contract intent where you create them.
- Rules do not get copied when you copy a global contract terms template to another business unit.
- Conditions support both logical and numeric operators:
  - IS
  - IS NOT
  - IN (allows the selection of multiple values)
  - NOT IN (allows the selection of multiple values)

- >=: (greater than or equal to)
- <=: (less than or equal to)
- =: (equal to)
- > (greater than)
- < (less than)

### Clause Selection Rules

Clause selection rules permit you to insert one or more clauses and sections into a contract.

The following table describes the rule properties.

Rule Property	Details
Rule outcomes	<p>The rule can:</p> <ul style="list-style-type: none"> <li>• Recommend one or more clauses for insertion into the contract</li> </ul> <p>Contract authors can review the Contract Expert recommendations before the clauses get inserted into the contract. By setting the <b>Expert Clauses Mandatory</b> option when creating a contract terms template, you can specify if you want the clause insertion to be mandatory or if the authors can ignore the recommendations .</p> <p>If you make the insertion mandatory, then only contract authors with the Override Contract Terms and Conditions Controls privilege, a special privilege that allows deleting mandatory clauses from the contract, can reject the recommendations. Similarly, if the recommended clauses are standard clauses, then the authors must have the Author Additional Standard Contract Terms and Conditions privilege to reject the recommendations. This privilege allows the deletion of standard clauses from the contract.</p> <p>Contract Expert inserts each clause in the section specified as the default for the clause in the Contract Terms Library. If no default section is specified in the clause, then Contract Expert inserts the clause into the default section specified in the contract terms template. Contract Expert automatically inserts the default section if it does not already exist in the contract.</p> <ul style="list-style-type: none"> <li>• Ask follow-up questions</li> </ul> <p>You can ask follow-up questions by adding them in the Additional Questions region of the Results tab. Any additional question that you add must be part of another rule. Adding the follow-up question chains the rules together.</p>

When the rule is evaluated	<p>The rule is evaluated every time that a user runs Contract Expert.</p> <p>Users receive an warning message during contract validation if they fail to run Contract Expert.</p>
Conditions	<p>Conditions can be based on:</p> <ul style="list-style-type: none"> <li>• clauses</li> <li>• questions</li> <li>• variables</li> </ul> <p>You can use both predefined system variables and user variables. Both types of user variables are supported: those that require entry by contract authors and those where the values are supplied by a Java procedure.</p>
Where it applies	<p>The rule applies only within the business unit and for the intent that you specify. You can have the rule apply to one of the following:</p> <ul style="list-style-type: none"> <li>• Specific contract terms templates</li> <li>• All contract terms templates for the business unit</li> </ul>

### Contract Terms Template Selection Rules

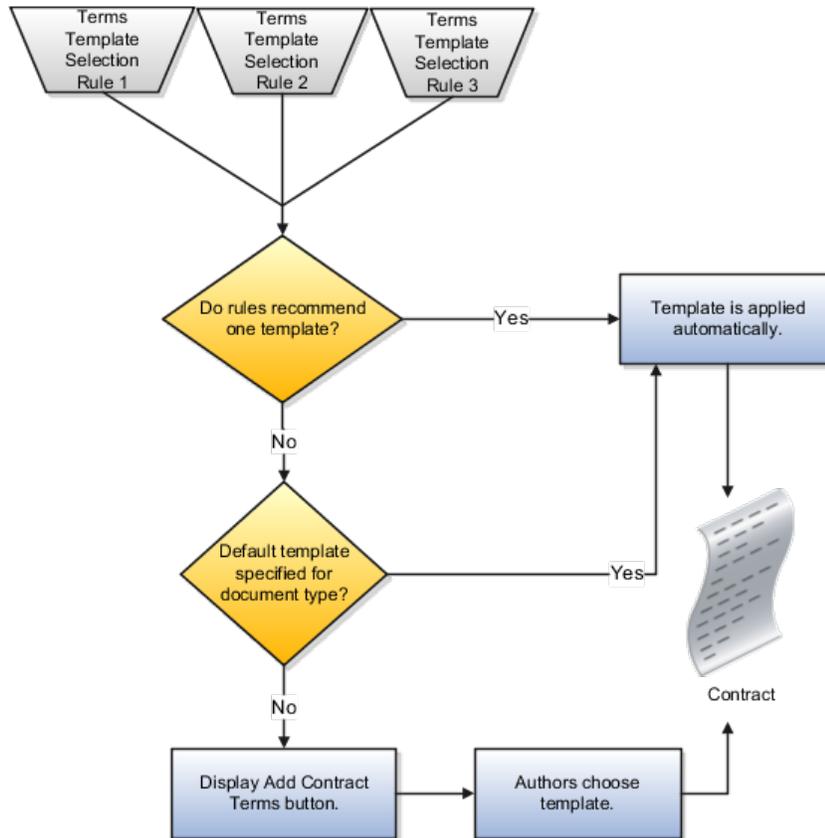
Contract terms template selection rules permit you to automatically apply a contract terms template to a contract.

The following table describes the rule properties.

Rule Property	Details
Rule outcomes	<p>The application automatically applies a contract terms template to a contract. Or, if the author removed the contract terms using the Actions menu, the template displays the template name as the default when applying a new template.</p>
When the rule is evaluated	<p>The application evaluates the rule whenever the author navigates to the Contract Terms tab as long as no contract terms template is applied. If a contract terms template is applied to the contract, the template selection rules are not executed again, even if changes to the contract would result in a different rule outcome.</p> <p>The rule is also evaluated to determine if the contract contains the recommended template whenever the contract author:</p> <ul style="list-style-type: none"> <li>• runs the clause deviations report</li> <li>• validates the contract terms or the contract</li> </ul> <p>In both cases, the rule generates a warning if the author applied a different template from that recommended by the rule.</p>

Conditions	Variables only  You can use predefined system variables and those user-defined variables where the values are supplied by a Java procedure.
Where it applies	The rule applies only within the business unit and for the intent specified in the rule.

Contract Expert does not apply a contract terms template if the contract terms template defaulting rules you set up recommend multiple terms templates for a single contract. Instead, Contract Expert applies the contract terms template specified as the default for the business document type during contract terms template setup. If no document type default is specified, then the application displays the **Add Contract Terms** button and permits authors to select a template of their own choice. The choices are restricted to the templates specified for the contract type.



### Policy Deviation Rules

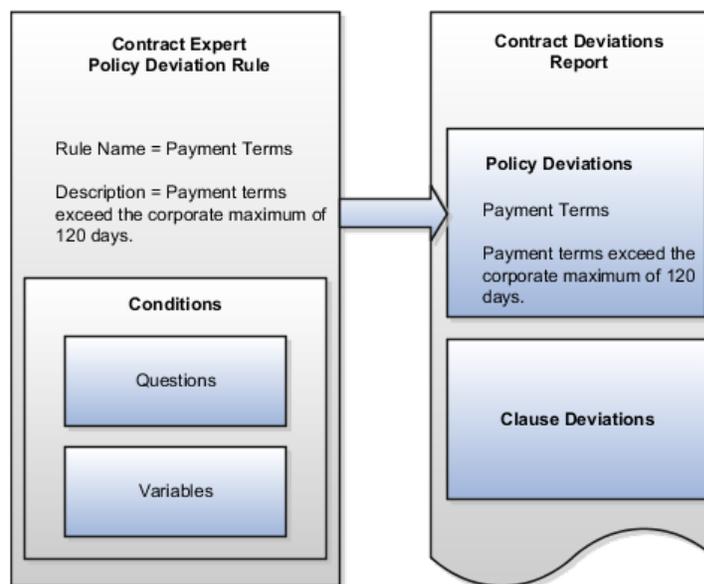
Policy deviation rules flag deviations from company policies on the contract deviations report. This report is run by the contract author before submitting a contract for approval.

The following table lists the rule properties.

Rule Property	Details
Rule results	The rule displays a deviation in the contract deviations report.  The rule name becomes the deviation.

When the rule is evaluated	The rule is evaluated whenever the user: <ul style="list-style-type: none"> <li>• Runs the contract deviations report</li> <li>• Validates the contract terms or the contract</li> </ul>
Conditions	Conditions can based on: <ul style="list-style-type: none"> <li>• Questions</li> <li>• Variables</li> </ul> <p>Both predefined system variables and those user-defined variables where the values are supplied by a Java procedure.</p>
Where it applies	The rule applies only for the contract terms templates within the business unit and for the intent that you specify.

The following figure illustrates the policy deviation rule setup. You can build rule conditions out of both questions and variables. In the contract deviation report, your entry in the **Rule Name** field becomes the deviation name and your entry in the rule **Description** field becomes the deviation description.



Policy deviation rules list policy deviations in the contract deviations report, along with any clause deviations that are flagged automatically by the application. Contract authors can run the report before submitting the contract for approval and enter comments to explain the deviation to the approver. The report is rerun automatically when the author submits the contract for approval and a copy of the report is attached to the approval notification.

### Activating and Validating Rules

After you set up a rule, you must activate it using the Activate Rule action. Rules do not require approval before activation, but the contract terms templates that they apply to do.

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#### Note

In order to activate a rule, you must assign it to at least one contract terms template. The template does not have to be approved at the time that you make the assignment, but it does have to be approved before the rule can be used.

Activating a rule triggers an automatic validation process. You must correct all errors before the rule gets activated.

## Contract Expert Rule Statuses and Available Actions: Explained

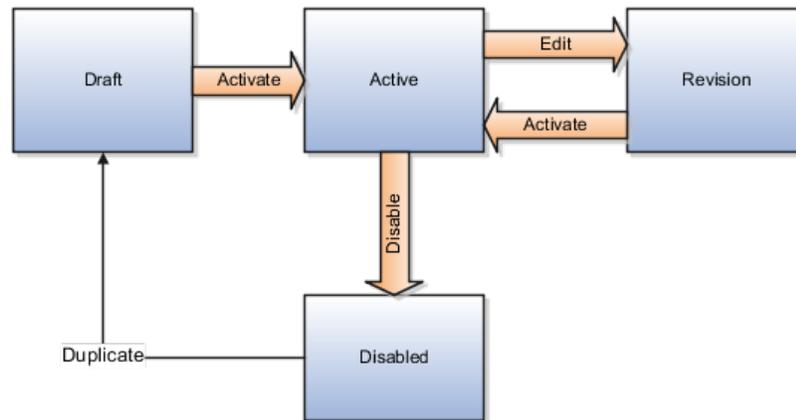
Statuses track the life-cycle of a Contract Expert rule from creation through activation and versioning and restrict available actions.

### Contract Expert Statuses and Available Actions

This table describes available rule statuses and lists the permitted actions for each.

Status	Description	Available Actions
Draft	When you first create a rule, it remains in the Draft status until you activate it and it passes all the validation checks without error.	<ul style="list-style-type: none"> <li>• Activate</li> <li>• Edit</li> <li>• Delete</li> <li>• Duplicate</li> </ul>
Active	The rule was activated and passed validation.	<ul style="list-style-type: none"> <li>• Edit</li> </ul> <p>You can edit an Active rule, to create a new version. This version remains in the Revision status until you activate it and it passes all the validation checks. Until it does, the old version remains active. Once the new version is in the Active status, it automatically replaces the old version.</p> <ul style="list-style-type: none"> <li>• Disable</li> <li>• Duplicate</li> </ul>
Revision	The status of an active rule that was edited. The new version of the rule remains in this status until it passes validation and become active.	<ul style="list-style-type: none"> <li>• Activate</li> <li>• Edit</li> <li>• Delete</li> <li>• Duplicate</li> <li>• Disable</li> </ul>
Disabled	The rule was disabled using the Disable action.	Duplicate

The following diagram illustrates the rule statuses and main actions.



## Contract Expert Question Setup: Explained

You can set up Contract Expert questions in the Contract Terms Library to solicit contract author input during contract authoring.

Contract Expert presents the questions to authors when they are part of a Contract Expert rule. The questions you create are restricted to one intent and their names must be unique within that intent. Questions can be reused across all business units.

### Question Response Types

Question responses can be one of the following:

- Yes or no

These questions appear to contract authors with a choice list with two values: Yes and No. This question type supplies the choice list automatically without additional setup.

- Numeric

Contract authors enter responses to numeric questions directly using the keyboard.

- Selection from a list of values

For questions that require users to make a selection from a list of values, you must set up a value set with the **Char** format type and one of the following validation types: **Independent**, **Translatable Independent**, or **Table**.

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### Note

Contract Expert does not permit you to provide default responses to user questions. However, the application sets numeric questions without a user response to 0.

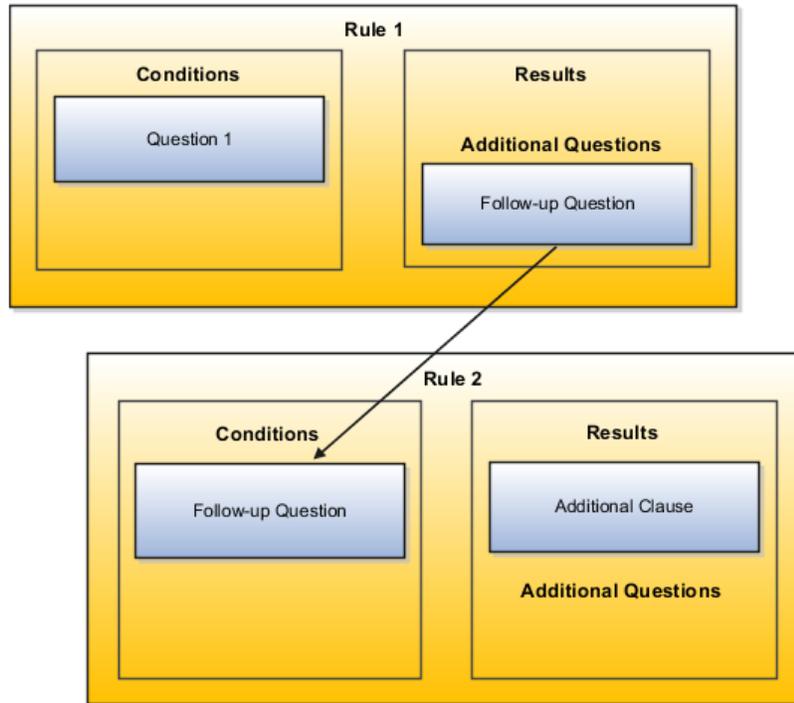
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# Inserting Additional Clauses Based on Follow-up Questions : How It Works

You can ask follow-up questions and insert additional clauses into the contract terms based on the answers the contract author gives.

The following diagram illustrates how you can ask a follow-up question using the follow-up question to link two rules.

**Asking a Follow-up Question to Insert an Additional Clause**



## Asking Follow-up Questions

To ask follow-up questions, you:

1. Include the follow-up question as an additional question on the Results tab of a rule.

In this example, contract authors get the follow-up question if they provide an answer that satisfies the condition with Question 1 (the only condition in Rule 1).

2. Create a second rule with the follow-up question in a condition.

In this example, the application inserts the additional clause if the contract author satisfies the condition based on the Follow-up Question (the only condition in Rule 2).

## Contract Expert Constants: Examples

Contract Expert constants supply numerical values to numeric conditions in Contract Expert rules. The same constant can supply the value in multiple rules. Constants are specific to one intent, but can be used in all business units.

### Scenario

For example, to default a payment terms clause when the contract amount is greater than \$1 million, you create a Contract Expert rule with the condition: `Contract Amount > 1,000,000`.

Instead of entering the number directly into the condition, you create the constant `Contract Amount Threshold` and set its value to 1,000,000. The condition in your rule becomes: `Contract Amount > Contract Amount Threshold`.

You can use this same constant in multiple conditions. This way, if the threshold is later increased later to \$2 million, you need only to update the constant instead of every rule that uses the condition.

## Contract Expert Clause Selection Rules and Asking Follow-up Questions: Examples

Two examples illustrate how you can set up a Contract Expert clause selection rule to insert additional clauses and sections into a contract and how you can set up rules to ask follow-up questions.

### Scenario

Suppose, that you want to add two additional insurance clauses under the section `Additional Insurance` when a shipment of hazardous materials is to be delivered within 30 days. You can handle this scenario by setting up one clause selection rule with two conditions:

- **Condition 1: Delivery < 30**  
This condition will be evaluated when contract authors enter the delivery period by updating a user variable when they run Contract Expert.
- **Condition 2: Hazardous Materials = Yes**  
This condition will be evaluated when contract authors answer the question "Is hazardous material involved?" by selecting Yes or No.

Here is how you set up the rule:

1. Ensure that both of the clauses that you want to add are created in the `Contract Terms Library` with the default section `Additional Insurance`. This guarantees that both appear in the contract under that section. If the section is not already in the contract, Contract Expert inserts it automatically.

---

### Note

If you do not set up the clauses with a default section, Contract Expert inserts the clauses in the default section specified in the contract terms template.

2. For condition 1, you must create a constant called `Shipping` and set its value to 30.  
This is because numerical values for conditions must be entered using constants rather than directly.

3. Set up a question that requires a yes or no answer for the prompt "Is hazardous material involved?" for Condition 2.
4. Create the clauses that you want to add to the contract in the Contract Terms Library.

---

**Note**

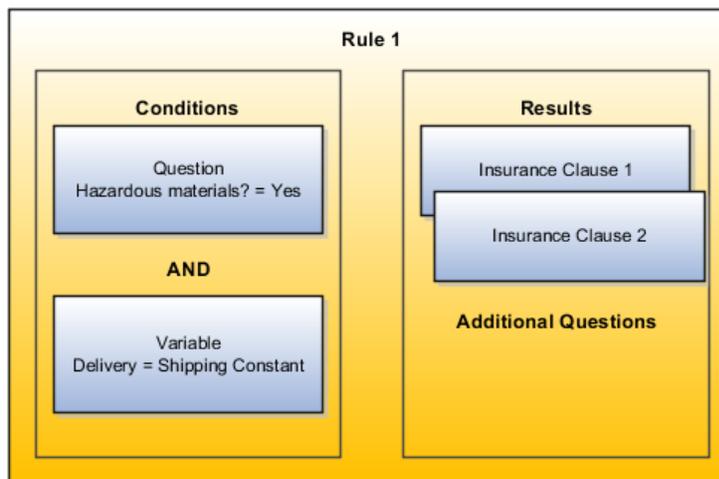
The clauses must be approved before the rule can be used.

---

5. Create the Contract Expert rule with the two conditions.  
Selecting the Match All option means both conditions must be evaluated before the rule is true.
6. Associate the rule with the contract terms templates where you want the rule to apply.  
You can assign the rule to individual templates or all templates with the same intent and within the same business unit.
7. Activate the rule by clicking the **Activate** button while editing the rule.

The rule is evaluated for only those contracts that use templates that have been assigned to the rule. When both conditions in the rule are true, Contract Expert defaults the two insurance clauses.

This diagram illustrates the clause selection rule example.

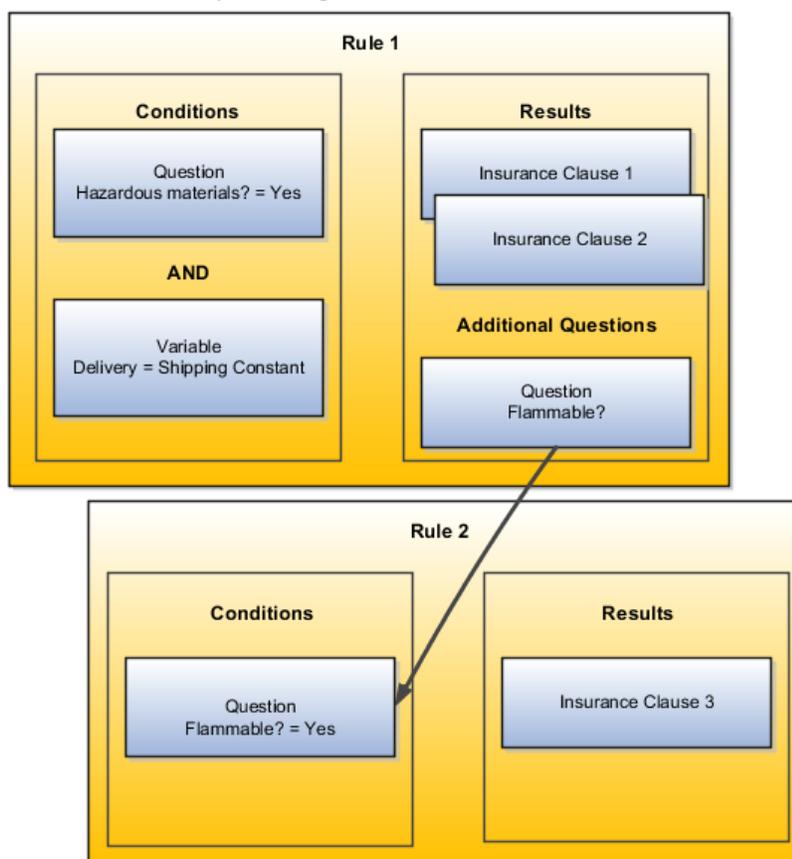
**Scenario**

Now suppose you want to add an additional clause to the previous example if the hazardous material in the shipment is flammable. To do this, you create:

- The follow-up question:
- A rule where the follow-up question is a condition.
- You link the rules together by entering the follow-up question the Additional Questions region on the Results tab of the first rule.

The following diagram illustrates the setup:

### Example of Using Two Rules to Chain Questions



Here are the steps in detail:

1. Set up the follow-up question "Is the material flammable?" with yes and no answers.
2. Create the additional insurance clause that you want to add to the contract in the Contract Terms Library.
3. Create a new Contract Expert rule, Rule 2, with the follow-up question as the condition. The rule will be true if the author answers yes.
4. Associate Rule 2 with the same contract terms templates where Rule 1 applies.
5. Edit Rule 1 to add the newly created question in the Additional Questions region on the Results tab.
6. Activate both rules using the Actions menu.

Contract authors see the question from Rule 2 in Contract Expert only if Rule 1 is true. Rule 2 inserts the additional clause in the contract if authors answer yes.

## FAQs About Contract Expert Setup

### What are Contract Expert questions?

Questions contract authors answer when running Contract Expert while authoring the contract. The answers can trigger Contract Expert to suggest

additional clauses or ask follow-up questions, depending on how you set up the Contract Expert rules.

### **What does it mean to make clauses suggested by Contract Expert mandatory in a contract terms template?**

When contract authors run Contract Expert on a contract, Contract Expert displays a list of any clauses that it recommends for insertion.

Contract authors can review the Contract Expert recommendations before the clauses get inserted into the contract. By setting the **Expert Clauses Mandatory** option when creating a contract terms template, you can specify if you want the clause insertion to be mandatory or if the authors can ignore the recommendations .

If you make the insertion mandatory, then only contract authors with the Override Contract Terms and Conditions Controls privilege, a special privilege that allows deleting mandatory clauses from the contract, can reject the recommendations. Similarly, if the recommended clauses are standard clauses, then the authors must have the Author Additional Standard Contract Terms and Conditions privilege to reject the recommendations. This privilege allows the deletion of standard clauses from the contract.

### **What happens if the clause to be inserted by the Contract Expert rule is versioned or removed from use?**

If the current clause version is not approved or removed from use, Contract Expert automatically uses the previous approved version. If none exists, the contract author receives an error when validating the contract.

### **What happens to existing contracts if I disable a Contract Expert rule?**

The change applies to all new contracts and to existing contracts whenever the contract authors run Contract Expert. Approved contracts are not affected. If you disable a clause selection rule, for instance, Contract Expert removes the suggested clause the next time Contract Expert is run. If you disable a contract terms template selection rule, the application does not make changes to the templates that are already applied to contracts, but does flag the change during contract validation and on the contract deviations report.

### **What validations get performed when I activate a Contract Expert rule?**

The application automatically validates a Contract Expert rule when you attempt to activate it. You must correct any errors before the rule can become active.

The application performs the following checks:

- Circular references between questions used in the rule
- The presence of clauses that are in the Draft, Expired, or On Hold status
- Invalid or absent Java procedures associated with a variable used in the rule
- Disabled questions
- Invalid SQL in the value set associated to a question or variable used in the rule

- Invalid value in a value set associated to a question or variable used in the rule
- Other invalid rules associated to the contract terms template
- Question or variable using a deleted value set
- Expired or on-hold templates that are a part of template selection rules

### **What's a system variable?**

A predefined variable that gets its value from an attribute of the contract.

For buy-intent contracts, system variables include payment terms, the purchase order number, and the purchase order amount. For sales-intent contracts, they include the customer name, the ship-to address, and the payment terms. System variables are supplied with your application and cannot be modified or deleted.

### **When does a Contract Expert rule become effective?**

A Contract Expert rule becomes effective after you activate it and associate it to a contract terms template.

### **Why are some conditions unavailable for creating my Contract Expert rule?**

Rule conditions are restricted by rule type. For example, rules for selecting default contract terms templates must be based on variables. However, clause selection rules can be based on variables, questions, or clauses.

### **Why can't I assign a Contract Expert rule to a contract terms template?**

For you to assign a Contract Expert rule to a contract terms template, the template must be in a Draft or Approved status; it must be enabled for Contract Expert; and it must belong to the same intent as the rule.

### **Why doesn't a Contract Expert question display during authoring?**

A question does not display during contract terms authoring if the rule is not activated or if the rule is not assigned to an active contract terms template. If you chain contract terms rules to ask follow-up questions, then the display also depends on the answer the contract author gives to the previous question.

### **Are Contract Expert rules affected by the relationships between clauses?**

The alternate and incompatible relationships you specify for clauses do not affect the execution or setup of Contract Expert rules. However, the presence of more than one incompatible and alternate clause show up as warnings when the contract author validates the contract.

### **How are Contract Expert questions presented during contract authoring?**

Contract authors see all of the activated Contract Expert questions that apply to a specific contract terms template on a single page when they run Contract Expert during authoring. Use the **Reorder** button on the View Question Sequence page to specify the order in which the questions are displayed. If you chained rules

to ask additional follow-up questions, then each follow-up question appears underneath the previous question after the contract author answers it.

### **How can I find all the Contract Expert rules that use a question?**

Use the Search Rule page to find all the Contract Expert rules that contain a particular question.

### **How can I find out which questions contract authors see when they run Contract Expert?**

The Rules tab on the contract terms template edit page displays all of the possible questions contract authors may be required to answer when they run Contract Expert and in the order they are asked. A contract author may see only a subset of the questions, depending on what variable values they enter and how they answer the Contract Expert questions. You can view and change the order of questions from the Terms Template search page by selecting the **Manage Question Sequence** action.

### **How does creating a new version of a Contract Expert rule affect contracts?**

Activating a new version of a rule makes that new version effective whenever the contract author runs Contract Expert. Authors who validate or submit for approval contracts that used a previous version of the rule receive an error asking them to run Contract Expert again. Approved contracts are not effected.

## **Setting Up Variables**

### **Variables: Explained**

You can use variables in the Contract Terms Library to represent information within individual clauses and for use within Contract Expert rule conditions.

Your application comes with predefined variables, called system variables. You can create additional variables, called user variables, with or without programming.

#### **Predefined System Variables**

Your application comes with predefined system variables that you cannot modify. These include:

- System variables

These variables make it possible for you to use information that is entered in integrated procurement, sales, and projects applications. For example, you can use the purchase order amount from procurement contracts or the payment terms from sales in Contract Expert rules that insert additional clauses to a contract as necessary.

- Deliverable variables

These variables, which are available in buy-intent contracts only, permit you to list the titles of contract terms deliverables within a clause in the

contract terms. For instance, if a vendor must deliver a monthly quality report as part of the contract terms, you can create a deliverable to ensure compliance. But creating the deliverable does not automatically print that deliverable in the contract terms. To ensure that the deliverable name is printed, you must include a clause with the appropriate deliverable variable inserted.

- Table variables

Table variables make it possible for you to print in a contract all of the values in a list such as a price list. Table variables are available only in sales-intent contracts.

To obtain a list of the predefined variables and the information that they represent, navigate to the Search Variables page and filter your search on the Variable type. Select the Document Association tab to view the application and document where the variable information originates. Alternately, you can search for variables by document type.

## User Variables

There are two types of user variables that you can create:

- Java Method
- Manual

Java Method user variables require you to create Java methods to capture attribute values. Sample code is provided in a related topic.

While Java Method user variables require programming knowledge, you can create manual user variables without programming. To do so, you:

1. Create a value set using Oracle Fusion Application Setup Manager to validate the value entry for the variable.

A value set can either specify the list of values that users must choose from or merely specify the variable format and length. Value sets are common application components described in the Oracle Fusion Applications Flexfields Guide.

2. Navigate to the Create Variable page.
3. Select the variable intent.

Variables can be created for either buy (procurement) or sell contracts.

4. Select the value set, and enter the name and the description that will help users identify the variable when they are inserting into a clause or entering its value in Contract Expert.
5. If you are creating a variable for buy intent, then you can make the variable updatable by vendors in the Oracle Fusion Sourcing application by selecting the Updatable by External Parties option.

## How User Variables Are Used

The user variables that you create can be:

- Inserted in the Contract Terms Library clauses

- Inserted into individual nonstandard clauses created by contract authors during contract authoring.
- Used in Contract Expert rule conditions

When contract authors run Contract Expert during authoring, they are prompted to enter the variable value. The value is automatically substituted in the contract terms and any rules where the variable is used are evaluated.

## Using Value Sets for User Variables and Contract Expert Rules: Explained

You can use value sets to determine what entries contract authors can make in user variables and in Contract Expert feature questions. You can use them either to specify the format an entry must take, or to create a list of values contract authors must choose from.

Value sets are a common application component which you can set up by navigating to the **Setup and Maintenance** work area and searching for the **Manage Contract Terms Value Sets** task. This topic highlights value sets nonprogrammers can set up for Oracle Fusion Enterprise Contracts.

This topic covers:

- Using value sets for creating user variables
- Restrictions for values sets used in Contract Expert feature rules

### Using Value Sets for User Variables

You use value sets in the setup of user variables for one of the two following purposes:

- To set up the list of values the contract author must choose from to enter the value
- To specify only the length and format of the information the author must enter manually

Suppose, for example, that you need to create a user variable contract authors can use to enter the name of one of your warehouses into a clause during contract authoring. Without any knowledge of programming, you can:

- Create the list of values the contract author will use to select one of the warehouses.

You create the values first and then enter them into an independent value set.

- Create a format only value set that restricts the entry to a specified number of characters.

Other value set features are also available for use by nonprogrammers. If you want to restrict the entry of the available warehouses by country, then you can make the above value set dependent on a second value set of countries, for instance.

## Restrictions for Using Value Sets in Contract Expert Rules

If you are using the value set for a variable that will be used in Contract Expert rules or to specify the values used in responses to a question used in such a rule, then you only use a subset of the value set features as described in the following table.

Value Set Format Type	Value Set Validation Type	Supported?
Char	Independent	Yes Valid operators are: Is, Is Not, In, and Not In
Char	Table	No
Char	Translatable Independent	Yes Valid operators are: Is, Is Not, In, and Not In
Char	None	No
Char	Pair	No
Char	Special	No
Char	Dependent	No
Number	None	Yes Numeric operators.
Standard Date / Standard Date Time	Not Applicable	No
Date / Date Time	Not Applicable	No

## Creating Java Methods for User Variables: Examples

If you want to use attribute values captured in application documents and these attributes are not defined as existing system variables, then you can create user variables that obtain these values from Java methods you write based on the sample code in this topic.

This topic provides two sample methods with comments to help you write such Java methods. The sourcing of the Java variable value in these methods are different based on the database table and view object (VO).

If the Java user variable is an attribute of the Document Header VO (for example, Contract Header VO or PO Header VO) then use the first method. Use the second method if the Java user variable is an attribute on any child table of the document header VO.

### Sample Java Method 1

This sample assumes that `CurrencyCode` is an attribute on the PO Header VO. This Contract Expert Java variable works even if the header information is not saved during document authoring. In this scenario, `getCurrencyCode()` is the method name associated with the user-defined Java variable in the variable definition page.

---

## Note

Because Java is case sensitive, be careful when entering VO attribute names. Do not change the signature of any method or the parameter names.

---

1. Using JDeveloper 11g, create an application and a project within that application.
2. Within the project, create a Java file with the method for the Java user variable.
3. Create a temporary folder and copy the `ContractsTermsLibraryPublicModel` JAR file from the `fusionapps/jlib` directory to this folder.
4. Right click the project in jDeveloper and in the **Project Properties**:
  - a. Select **Libraries and Classpath**.
  - b. Add the `ContractsTermsLibraryPublicModel` JAR from the temporary folder.
5. Create a JAR for the current project, by right-clicking on the project and selecting **Project Properties** and **Deployment profile**.
6. Copy this new JAR to the following directory: `mw_home_standalone/user_projects/domains/fusion_domain/servers/AdminServer/upload/ContractManagementApp/V2.0/app/ContractManagementApp/APP-INF/lib`
7. Bounce the server.

The following is a sample Java class to implement Java user variables. To customize, change the class name (`MyPurchaseUDV`). Do not change or remove any of the import statements.

```
/**
 */
MyPurchaseUDV.java
package
    oracle.apps.contracts.termsLibrary.publicModel.Attributes.model.java;
import java.math.BigDecimal;
import java.sql.*;
import java.util.Collection;
import java.util.HashMap;
import java.util.Iterator;
import
    oracle.apps.contracts.termsLibrary.publicModel.variables.model.java.ProgrammaticUDV;

/**
This class extends the abstract class ProgrammaticUDV.
TO CUSTOMIZE: Change the Class name only (MyPurchaseUDV).
 */

public class MyPurchaseUDV extends ProgrammaticUDV {

/**
CASE 1: For achieving CASE 1 use the methods registerAttributes() and
getCurrencyCode().
 */
```

```

/**
The following method registers the Java variable present in the Header
VO. The name of the variable should be the same as the name of the
attribute in the Header VO.
TO CUSTOMIZE: Change only the VO attribute name of the variable (in this
case CurrencyCode) to match the attribute name in the Header VO.
Do not change the method name or scope of the method. The only thing can
be changed is the VO attribute name of the user variable.
*/

protected void registerAttributes() {
    registerAttribute("CurrencyCode");
}

/**
The following method obtains the value of java variable used in the
Header VO. The attribute name of the java variable used in this method
is CurrencyCode. This method returns the value of the CurrencyCode.
The value of the variable which we are trying to get using this
method (getCurrencyCode) should be registered in the previous method
registerAttributes().
TO CUSTOMIZE: Change the name of the method (getCurrencyCode()). Do not
change the scope of the method.
The return type can be changed. To get the value of the variable we have
to use the getAttributeValue() method only.
*/

public String getCurrencyCode() throws Exception {

    String retVal = null;

    retVal = getAttributeValue("CurrencyCode");

    return retVal;
}

```

## Sample Java Method 2

The following method is used to get the value of Java variable through SQL queries. In this scenario, we want to add clauses to the contract terms if the contract has any sales credit. Sales credit information is stored in a different table from the contract header. To work this scenario, the document must be saved before invoking Contract Expert. Java variable used is in this case is `Sales Credit`. Use method `getSalesCredit()` if the Java user variable is an attribute on any child table of the document header VO.

To customize, change the name of the method `getSalesCredit()` and the return type of the method. The other attribute values, such as document ID and document type, which might be needed while executing the query, can be obtained from the getter methods `getDocumentId()`, `getDocumentType()`, and `getDocumentVersion()`.

The `executeQuery` method:

- Will always return a scalar value which is present in the first row and first column in the result set.
- Will always return a string value:
  - If you are expecting an integer value, then you must do a conversion before returning value.

- No conversion is required if you are expecting a string.
- In the following example, an ID value of a Yes or No value set value is returned based on whether the contract has sales credits entries or not.

```

*/

public int getSalesCredit() throws SQLException, Exception {
    int retVal = 0;
    int value = 0;
    String s1 = null;
    BigDecimal id = getDocumentId();
    s1 = executeQuery("SELECT to_char(count(*)) FROM OKC_K_SALES_CREDITS
where dnz_chr_id = " + id);
    value = Integer.parseInt(s1);

    if(value > 0) {
        retVal = 271230; // Value Set id for "YES"
    } else {
        retVal = 271229; // Value Set id for "NO"
    }

    return retVal;

}

}

/*****
The following file content is provided here only for reference.
DO NOT INCLUDE THE FOLLOWING CODE IN ANY USER METHOD.
*****/
ProgrammaticUDV.java
package
    oracle.apps.contracts.termsLibrary.publicModel.variables.model.java;

import java.math.BigDecimal;

import java.sql.ResultSet;

import java.sql.SQLException;
import java.sql.Statement;

import java.util.ArrayList;
import java.util.HashMap;

import oracle.jbo.server.DBTransaction;

public abstract class ProgrammaticUDV {

    private HashMap attributesData;
    private DBTransaction dbTransaction;
    private Statement statement;
    protected BigDecimal documentId;
    protected String documentType;
    protected BigDecimal documentVersion;
    private ArrayList<String> attributeNamesUsed = new ArrayList<String>();

    public ProgrammaticUDV(){
        registerAttributes();
    }

    protected abstract void registerAttributes();

    protected void registerAttribute(String attributeName) {
        attributeNamesUsed.add(attributeName);
    }
}

```

```

protected String getAttributeValue(String attributeName) throws Exception
{
    if(attributesData.get(attributeName) == null){
        throw new Exception("Attribute name '" + attributeName + "' is either
invalid or not registered.");
    }
    return (String)attributesData.get(attributeName);
}

public HashMap getAttributesData() {
    return attributesData;
}

public void setAttributesData(HashMap variableData) {
    this.attributesData = variableData;
}

public ArrayList getAttributesUsed() {
    return attributeNamesUsed;
}

public void setDBTransaction(DBTransaction dbTransaction) {
    this.dbTransaction = dbTransaction;
}

protected String executeQuery(String query) throws SQLException {
    ResultSet rs = null;
    String s =null;
    if (statement != null) {
        statement.close();
    }
    statement = dbTransaction.createStatement(0);
    rs = statement.executeQuery(query);
    if(rs.next()){
        s = rs.getString(1);
    }
    statement.close();
    return s;
}

protected void closeQuery() throws SQLException {
    if (statement != null) {
        statement.close();
        statement = null;
    }
}

public void setDocumentId(BigDecimal documentId) {
    this.documentId = documentId;
}

public void setDocumentType(String documentType) {
    this.documentType = documentType;
}

public void setDocumentVersion(BigDecimal documentVersion) {
    this.documentVersion = documentVersion;
}

public BigDecimal getDocumentId() {
    return documentId;
}

public String getDocumentType() {
    return documentType;
}

```

```
public BigDecimal getDocumentVersion() {  
    return documentVersion;  
}  
}
```

## FAQs About Variables

### How can I obtain a list of system variables for use in Contract Expert rules?

Use the Search Variables page to create a list of system variables you can use in Contract Expert rules. You can use the Document Type field to narrow down your search by contract document type, such as a purchase order or Request for Quote.

### How do I enable, disable, and delete variables?

When you create a variable, it is immediately available for use in clauses and Contract Expert rules. While there is no activation process or validation for a variable, variable setup is validated when you use variables in rules.

You can delete any variable as long as it is not being used in a clause or a Contract Expert rule. If it is in use, you can only disable it. Disabling a variable by selecting the **Disabled** option in the Edit Variable page prevents a variable from being used. The application displays an error for all clauses and rules that already use the variable.

## Setting Up Adoption of Content Between Libraries

### Adoption of Content from Global to Local Terms Libraries: How It Works

Much of the content in the Contract Terms Library is available only in the business unit where you create it. When you designate one of the business units as global during business unit setup, however, the content you create within that business unit can be copied over by other business units, a process known as adoption.

Different kinds of content in the global library can be adopted for use in a local library in different ways, as outlined in the following figure.

- Clauses designated as global can be adopted by selecting either the **Adopt** or the **Localize** action in local business units.

**Adopt** adopts the clause as is. **Localize** permits the local business unit to edit the clause text.

- Local clauses are visible only in the business unit where they are created.
- Contract terms templates designated as global are visible to the local business units and can be copied over using the duplicate command.

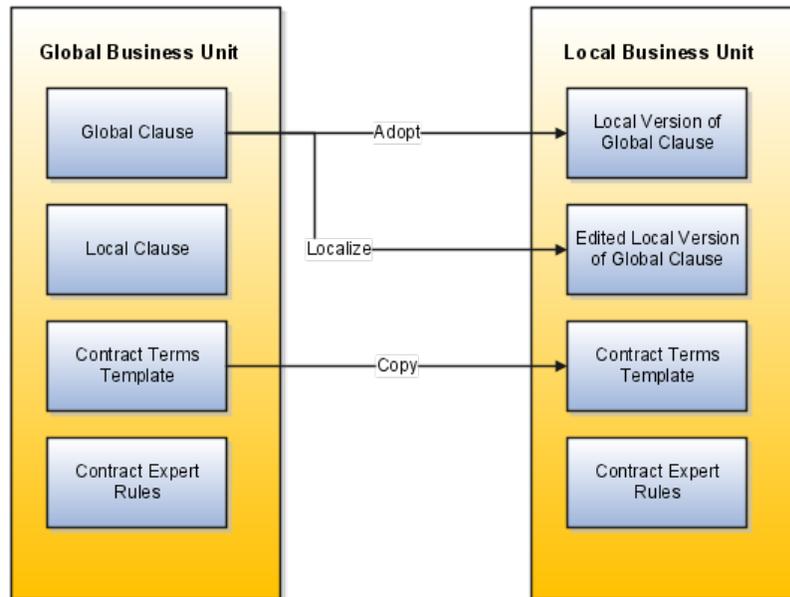
- Contract Expert rules are visible only in the business unit where they are created.

---

**Note**

Sections, folders, and numbering schemes do not need to be adopted or copied. They are automatically available across all business units.

---



### Clause Localization and Adoption

Here is how you adopt and localize clauses:

1. In the global business unit, you create a clause with the **Global** option selected.
2. After the global clause is approved, it is automatically listed as available for adoption on the Terms Library Overview pages in the local business units.
3. Contract Terms Library administrators in local business units select **Adopt** or **Localize** from the Actions menu to adopt the clauses.
4. Both adopted and localized clauses now exist as independent clauses in the local library and must be approved before they can be used in contracts.

---

**Note**

During the local business unit setup, you can make clause approvals automatic.

---

5. When a new version of one of the adopted or localized global clauses is approved in the global business unit, the terms library administrators in the local business units are notified automatically

---

**Note**

You specify the administrator to receive the notification during the local business unit setup.

---

6. Administrators in the global business unit can create a clause analysis report that details the adoption and localization of the global clauses in the local business units.

### **Contract Terms Template Adoption**

You adopt contract terms templates by copying them:

1. In the global business unit, you create a contract terms template with the **Global** option selected.
  2. After the global template is approved, it is automatically available for copying in the local business units.
  3. Contract Terms Library administrators can search for the global templates available for adoption by selecting the **Global** option in the Search Templates page.
  4. Global templates are copied over by selecting the **Duplicate** action.
- 

#### **Note**

Clauses in the copied templates must be first adopted or localized in the local business unit.

---

5. The copied contract terms template must be approved in the local business unit before it can be used.

## **FAQs About Adoption**

### **How can I find clauses that are available for adoption?**

Clauses that are available for adoption are listed in the Clauses for Adoption region on the Terms Library Overview page. You can also search for them using the Search Clauses page by selecting the Available for Adoption from the Adoption Type drop-down list.

### **What happens if the global library publishes a new version of the clause I localized?**

The new version of the clause appears as available for adoption in the Terms Library Overview page and in clause searches. The Contract Terms Library administrator receives an automatic notification.

### **What's the difference between an adopted clause and a localized clause?**

Adopt a global clause to reuse it without change in a local business unit.

Localize a global clause to use it with edits in a local business unit.

All clauses you adopt and localize must be approved within your local business unit before they can be used for contract authoring. You can set up approvals to be automatic for adopted clauses, but not for localized clauses.

## Creating Folders to Organize Clauses

### Folders: Explained

You can use folders to organize clauses in the Contract Terms Library.

#### Folder Properties

Folders have the following properties

- A single folder can contain clauses with both buy and sell intent.
- Folders can be used only in the business unit where you create them.
- Folders cannot be copied to other business units.
- Folder names must be unique within the business unit where you create them.

## Setting Up Contract Preview and Printing

### Contract Printing and Layout Templates: Explained

Previewing and printing clauses, reports, contracts, and contract terms uses a number of Oracle Business Intelligence (BI) Publisher layout templates which specify what information is displayed in the contract and supply the headers, footers, text style, and pagination. The layout templates are RTF files stored in the BI Presentation Catalog. Samples of all the required layout templates are included with the application. You can copy the sample layout templates described here, and edit the copies to add your own boilerplate text, font styles, and logos.

You can copy and edit layout templates used for:

- Printing enterprise contracts, including partner agreements
- Printing purchasing and sourcing documents
- Printing the report of contract deviations that can be attached to contract approval notifications
- Previewing contract terms templates
- Previewing and importing clauses into the Contract Terms Library

The sample layout templates are available in different subfolders within the Enterprise Contracts folder in the catalog. You can navigate to the folders in the

catalog either from the Reports and Analytics pane or by selecting the **Reports and Analytics** link in the Navigator. Contact your system administrator to grant you the appropriate BI duty roles if these are not available.

You can download the sample templates, copy them, and edit the copies. When you upload your edited copy to the same directory, it becomes immediately available for use within the application.

---

### Restriction

The catalog includes additional layout templates which are used internally by the application. You can edit only the layout templates listed below.

---

### Printing Enterprise Contracts

The application uses two layout templates for printing enterprise contracts, including partner agreements:

- The contract layout template

This layout template provides the layout for printing the contract except for the contract terms.

There are two sample layout templates available for you to copy and edit. Both sample layout templates are stored in the same directory.

Sample Layout Template Name	Description	Location in BI Publisher Catalog Directory
SupplierContract	Layout of contract information for buy-intent contracts.	Enterprise Contracts/ Contract Printing/ Contract Preview
CustomerContract	Layout of contract information for sell-intent contracts, including partner agreements.	Enterprise Contracts/ Contract Printing/ Contract Preview

- The contract terms layout template

This template provides the layout of the structured terms for printing and for downloading the contract terms for editing offline in Microsoft Word.

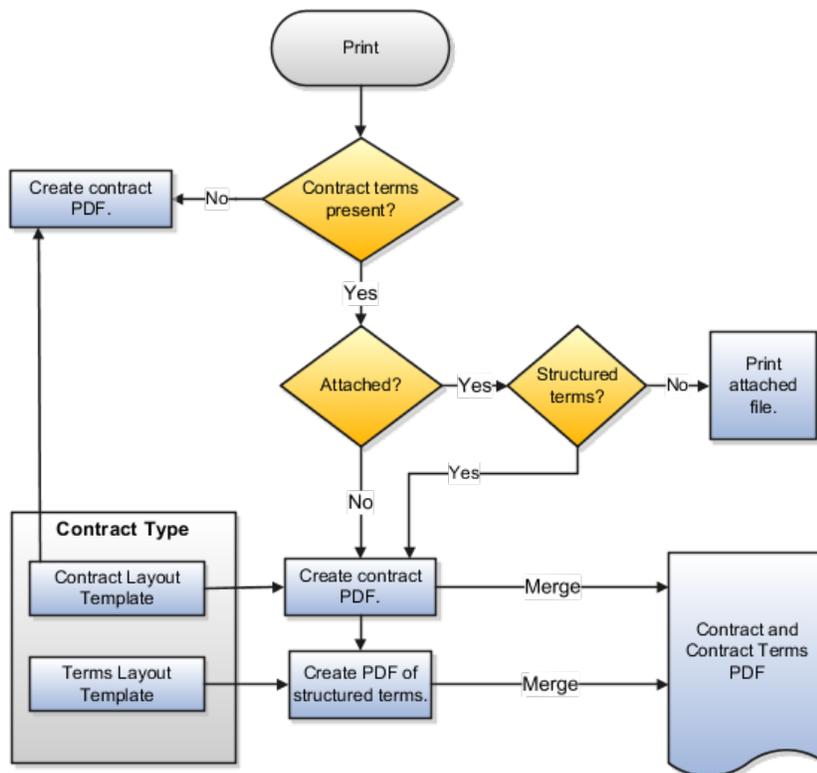
File Name	Description	Location in BI Publisher Catalog Directory
ContractTermsECM	Layout for printing the contract terms in enterprise contracts when the contract terms are authored in the application.	Enterprise Contracts/ Contract Terms Printing/Contract Terms Download and Preview

You specify which templates you want to use during contract type setup. This means that you can create different layout templates for each contract type. To

set up contract types, select **Manage Contract Types** action from the Setup and Maintenance work area or **Contract Types** under the Setup task heading in the Contracts work area.

The following figure outlines how the application uses the layout templates when you print an enterprise contract:

1. The application uses the contract layout template, specified in the **Contract Layout** field of the contract type, to create a PDF of the contract. If the contract does not include any contract terms, this is the only layout template used.
2. If the contract includes structured terms, then the application uses the contract terms layout template specified in the **Terms Layout Template** field to create the contract terms PDF. To create the contract terms PDF, you must set the terms layout template in contract type.
3. If the contract terms are attached as a file and the file retains the structured terms format, the application creates the contract terms PDF from the file. Contract terms attached as a file can retain the structured XML format if the file was downloaded from the application using the **Download Contract** action.
4. The application merges the two generated PDFs into a single PDF.
5. If the contract terms are attached in a file that is not structured, then the application prints only the contents of the file. It does not print the contract information in the application or use either layout template. If you need help in editing the layout templates, download the sample XML file provided in Enterprise Contracts > Contract Printing > ContractPrintDm.



## Printing of Contract Terms on Purchase Orders and Sourcing Documents

For printing purchasing documents with structured terms, Oracle Fusion Procurement uses two layout templates.

- The document layout template supplied by Oracle Fusion Procurement which is located in the Procurement folder.
- The contract terms layout template.

The sample file provided is:

File Name	Description	Location in BI Publisher Catalog Directory
ContractTermsProcurement	Layout for printing the contract terms in enterprise contracts when the contract terms are authored in the application.	Enterprise Contracts/Contract Terms Printing/Contract Terms Download and Preview

You select both of these templates while setting up business unit properties using the **Configure Procurement Business Function** task available by navigating to the Setup and Maintenance work area.

If the contract terms are attached rather than authored in the application and the attached file is not structured, then Procurement uses a third layout template which includes a brief sentence explaining that the contract terms are contained in a separate document.

File Name	Description	Location in BI Publisher Catalog Directory
ContractTermsNoMerge	<p>This layout template includes the following text: The contract terms for this {doc type} are listed in a separate document which is either attached to the e-mail you received or sent separately. These contract terms should be read in conjunction with this {doc type}.</p> <p>The document type name is substituted in the printed contract.</p>	Enterprise Contracts/Contract Terms Printing/Attached Contract Preview

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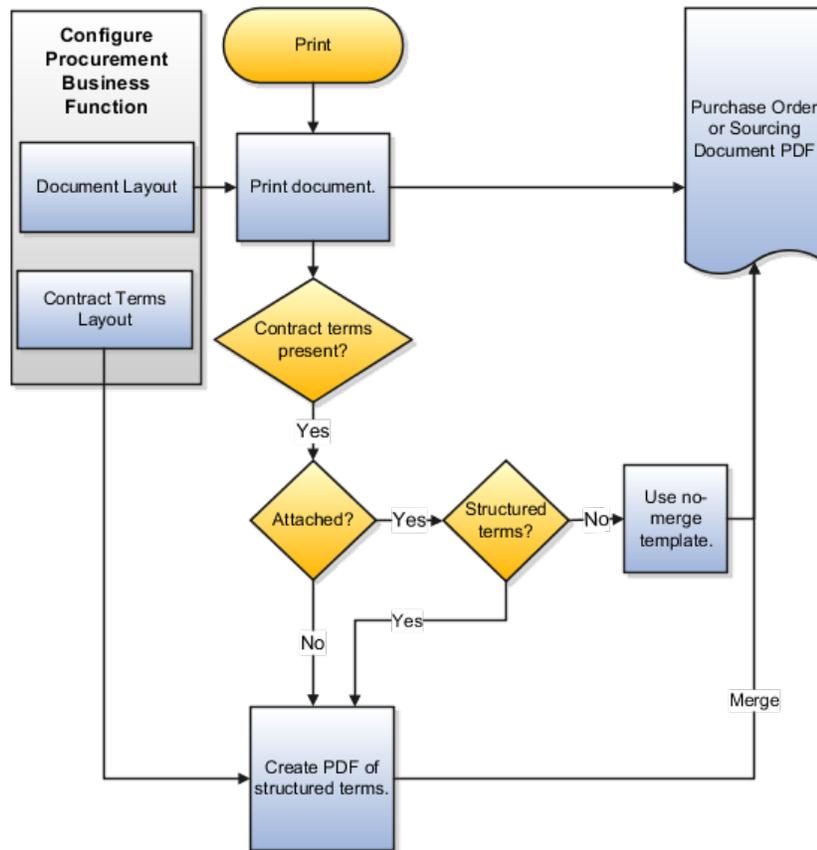
### Important

If you edit the ContractTermsNoMerge layout template, then you must save it under the same name in the same directory.

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The following figure outlines how the procurement application uses these layout templates for printing

1. The application uses the document layout template specified in the Document Layout field in the PO or purchase agreement to create the PDF.
2. If the contract includes structured terms, then the application uses the contract terms layout template to generate the contract terms PDF.
3. If the contract terms are attached as a file and the file retains the structured terms format, then the application creates the contract terms PDF from the file. Contract terms attached as a file can retain the structured XML format if the file was downloaded from the application using the **Download Contract** action.
4. If the contract terms are attached as a file that is not structured, then the application creates a small PDF of the message contained in the layout template ContractTermsNoMerge.
5. The application merges the two PDFs into a single document PDF.



### Printing the Contract Deviations Report

The application uses the contract deviations layout template to generate a PDF report of deviations of a contract from company standards. This report can be automatically attached to the notification sent to the contract approvers during contract authoring. You can create different layout templates for each business unit. You specify which layout template you want to use in a specific business unit using either the **Specify Customer Contract Business Function Properties** or the **Specify Supplier Contract Business Function Properties** tasks. These tasks are available in the Setup and Maintenance work area.

Separate sample layout files are available for buy-intent and sell-intent contracts. Both are located in the same directory:

File Name	Description	Location in BI Publisher Catalog Directory
SupplierContractDeviations	Layout for printing the contract deviations for all buy-intent contracts.	Enterprise Contracts/Deviations Report/Deviations Report
CustomerContractDeviations	Layout for printing the contract deviations for all sell-intent contracts.	Enterprise Contracts/Deviations Report/Deviations Report

### Previewing Contract Terms Templates

Contract Terms Library administrators as well as contract authors can preview the content of a template by selecting the preview icon. For example, a contract author may want to preview a template to verify they are selecting the correct one. The preview lists all the clauses and sections the template contains and any boilerplate included in the layout template. It does not list any additional clauses inserted by Contract Expert rules.

You can create different layout templates for each contract terms template. You specify the layout template to be used for the preview on the General tab while editing the contract terms template. The sample layout template is:

File Name	Description	Location in BI Publisher Catalog Directory
ContractTermsTemplate	This layout template specifies the layout of the contract terms template preview.	Enterprise Contracts/Contract Terms Printing/Contract Terms Download and Preview

### Previewing and Importing Clauses

The application uses the clause layout template for:

- Formatting individual clauses for preview  
Library administrators can use the preview icon to view preview of individual clauses on the clause search page.
- Formatting clauses imported from outside the application  
You can either load clause data directly into interface tables using SQL\*Loader, PL/SQL scripts, or JDBC or you can import the data from an XML file.

You can specify which template you want to use in a specific business unit using either the **Specify Customer Contract Business Function Properties** or the **Specify Supplier Contract Business Function Properties** tasks. These tasks are available in the **Setup and Maintenance** work area.

The sample layout template provided is:

File Name	Description	Location in BI Publisher Catalog Directory
ContractTermsLibraryClause	Specifies the layout of clause text in the Contract Terms Library.	Enterprise Contracts/Contract Terms Printing/Clause Export and Preview

## FAQs About Contract Preview and Printing

### **Can you still print the contract if there are no layout templates specified for a contract type?**

No, you cannot print or create a PDF of a contract if no contract layout template is specified in the contract type that was used to create the contract. If you do not specify the terms layout template, then you cannot preview the contract terms as a PDF.

## Setting Up Contract Terms Deliverables for Procurement

### Contract Terms Deliverables: Explained

Contract terms deliverables establish and track both contractual and noncontractual commitments that must be fulfilled as part of negotiations and contractual agreements between businesses and their partners. These deliverables can be used only in procurement contracts and in negotiations. They cannot be used in enterprise contracts.

This topic provides an overview of:

- How you can use contract terms deliverables
- Creating and managing contract terms deliverables
- One-time and repeating deliverables
- Where you can create and use contract terms deliverables
- The different deliverable types
- Fixed and relative due dates
- Deliverable notifications

### Using Contract Terms Deliverables

You can use contract terms deliverables:

- To communicate with your suppliers about deliverables they are responsible for.

When your employees create or update a deliverable in their procurement application that change is automatically visible to suppliers accessing their Oracle Fusion Supplier Portal and vice versa. The party responsible for the deliverable must be external and the supplier contact must be defined as an external contact on the deliverable.

- To submit any required documents

A supplier required to produce an environmental compliance report, for example, can log into their supplier portal, submit the report, and change the deliverable status to indicate the they have fulfilled the obligation.

- As a repository of documents submitted in the negotiations

All documents you and the suppliers submit as attachments are stored in the deliverable history and can be accessed from the deliverable itself.

- To track a deliverable from the initial stages of a negotiation to the signed contract

The application can automatically copy the appropriate deliverables from the negotiation document to the final contract.

- To automatically calculate deliverable due dates

You can set deliverable due dates relative to contract events, for example, a week before the contract is signed or comes into effect. The application automatically calculates the actual date the deliverable is due. You can also create multiple instances of a deliverable to track repeating deliverables, such as monthly reports.

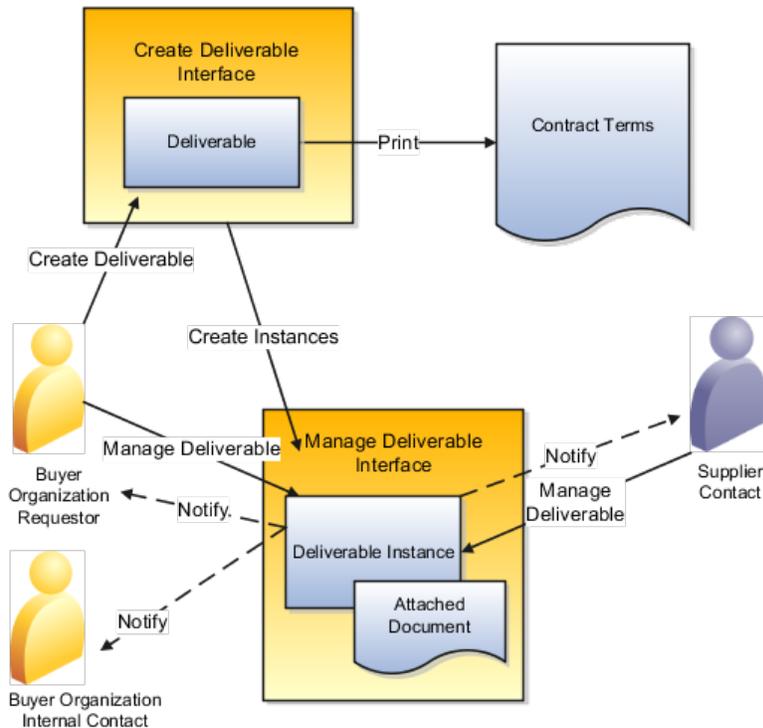
- To automatically notify interested parties when the deliverable is due or overdue

You can set up the deliverable to automatically notify parties of an upcoming deadline or when the deliverable is overdue.

### **Creating and Managing Contract Terms Deliverables**

You create and manage the deliverables in two separate interfaces. You create the deliverables while the contract is in negotiations. You manage the deliverables while the contract is active and in the process of being executed. Here is how it works:

1. You create the deliverable as part of a contract terms template or in an individual contract entering the responsible party, the deliverable deadlines, and what notifications you need.
2. If deliverables are present in a contract terms template you apply to a contract, then the deliverables get copied to the contract automatically. The type of deliverables that are applied automatically can vary based on the document type.
3. The application creates deliverable instances with the calculated deadlines based on your setups at the time the contract becomes active. For instance, if you created a deliverable that calls for the supplier to submit a report every week after the contract is signed, then the application creates a separate instance of the deliverable for each week based on the date the contract was signed.
4. You and the suppliers use the Manage Deliverables page to access and update each deliverable instance. In the above example, each week the supplier updates the deliverable instance that is due that week and attaches any collateral. Both internal employees and suppliers logging into their supplier portals use the same interface to communicate the deliverable progress and to attach required documents.
5. Based on your setups, the parties are automatically notified when the deliverable is due or overdue, or when one of the parties changes its status (dashed lines).
6. The contractual deliverables you set up are listed in the printed contract terms when you add the deliverable variable to a clause.



## One-Time and Repeating Deliverables

You can create both one-time and repeating deliverables.

A one-time deliverable tracks the performance and deadlines for an individual required action that must be performed by one of the parties in the contract.

A repeating deliverable tracks a deliverable that must be performed periodically, for instance a progress report that must be submitted every week after the agreement is signed.

The following diagram uses an example to illustrate the two variable types:

- A one-time deliverable (Report 1) that the supplier must provide that is due one week after the agreement is signed.
- A repeating deliverable (Report 2) that the supplier must provide weekly after the contract is signed.

After the contract is signed, the application automatically creates the instances of the two deliverables which can be viewed and updated both by the internal party and the supplier using the Manage Contract Terms Deliverables task. The due dates for each deliverable in this example are based on the date the contract was signed.

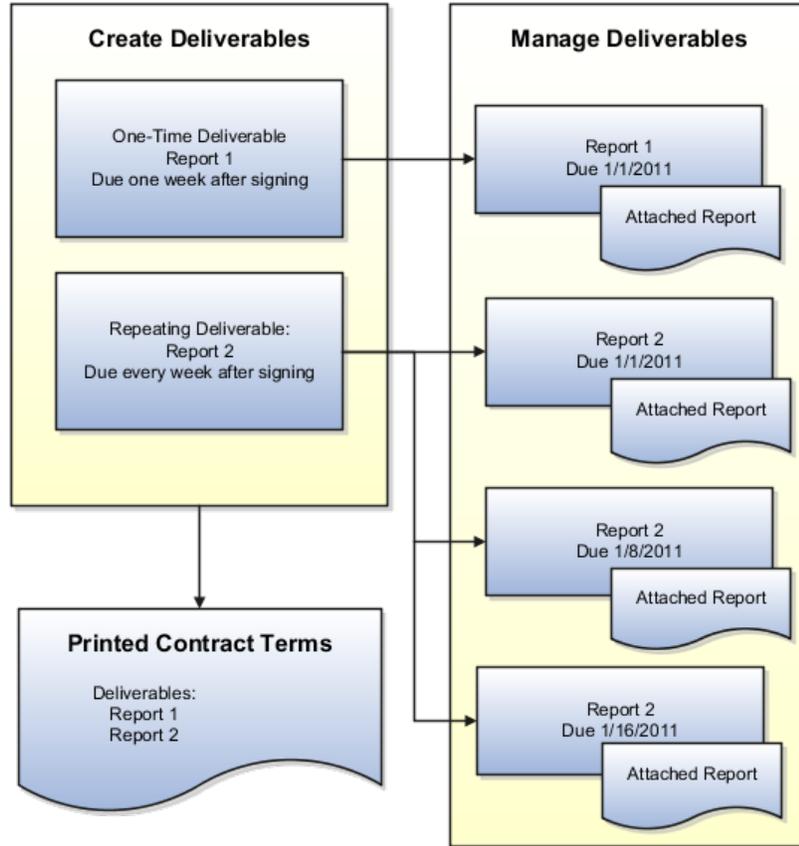
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### Note

Note that the name of each deliverable instance for a repeating deliverable is the same. The only difference is the due date.

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The supplier attaches the report file to the appropriate instance of the deliverable and changes its status to complete to indicate that it has been fulfilled.



### Where You Can Create and Use Contract Terms Deliverables

You can create contract terms deliverables both in buy-intent contract terms templates and in individual Oracle Fusion Purchasing and Oracle Fusion Sourcing contracts.

For purchasing, you can create and use deliverables on documents which include:

- Blanket Purchase Agreement
- Contract Purchase Agreement
- Standard Purchase Order

For sourcing, the documents include:

- Auction
- Bid
- RFI
- RFI Response
- RFQ
- Sourcing Quote

### Contract Terms Deliverable Types

Deliverable types restrict where a deliverable is available and where it can be printed. There are three deliverable types:

Fulfillment Type	Where Available	Description	Where It Prints
Contractual Deliverables	Purchasing and sourcing	Deliverables that must be fulfilled as part of the contract.	Prints in all documents: <ul style="list-style-type: none"> <li>As part of the Contract Terms Template preview</li> <li>Procurement contracts</li> <li>Sourcing documents</li> </ul>
Negotiation Deliverables	Sourcing only	Deliverables that are a part of a negotiation document but are not part of the final contract.	Prints as part of: <ul style="list-style-type: none"> <li>As part of the Contract Terms Template preview</li> <li>Sourcing documents</li> </ul>
Internal Purchasing Deliverables	Purchasing only	Purchasing deliverables that are used to track internal schedules and commitments.	Not printed as part of the contract terms.

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#### Note

If you create a deliverable as part of a contract terms template and that deliverable is of a type that is not compatible with the contract where the template is applied, then the deliverable does not get created in that contract. For instance, a negotiation deliverable in a template is dropped when that template is applied to a purchase order but added when that same template is used for an RFQ.

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#### Fixed and Relative Due Dates

You can specify a deliverable to be due on a fixed date, such as the first of the month, or relative to a contract event, such as one week after the contract is signed.

The available events include:

- The contract start and end dates
- The dates the negotiations are opened and closed
- The date the contract is signed
- The date you receive a response from the supplier

The available contract events differ depending on where you create the deliverable and the deliverable type. For instance, for contractual deliverables you create in a contract terms templates, you can base the due dates on: Contract Canceled, Contract Closed, Contract Signed, Contract Start Date, and Contract End Date. Negotiation deliverables can be based on: Negotiation Closed, Negotiation Opened, and Response Received.

## Deliverables Notifications

You can notify interested parties using Oracle BPEL Process Manager via e-mail, voice message, instant messaging (IM), or short message service (SMS).

You can send automatic notifications:

- Prior to the due date
- When one of the parties changes the status of the deliverable
- When a deliverable is overdue
- When a deliverable needs to be escalated after the due date

Who receives the notification depends on a combination of the notification type and the party who is responsible for the deliverable as listed in the following table. The requester is an internal party. The external contact is a supplier contact.

Notification Type	Responsible Party	Recipients
Prior to due date	Internal	Internal Contact
Prior to due date	External	External Contact
Overdue	Internal	Requester, Internal Contact
Overdue	External	Requester, Internal Contact, External Contact
Status Change	Internal	Requester, Internal Contact
Status Change	External	Requester, Internal Contact, External Contact
Escalation	Internal and External	Requester, Internal Contact, Escalation Contact

## FAQs About Contract Terms Deliverables

### What does it mean to change the printing sequence for contract terms deliverables?

Contract terms deliverables can be listed by title in a clause in your terms and conditions. You can change the sequence in which the titles appear on this list by modifying the print sequence.

### What's the difference between contract terms deliverables and contract deliverables?

Contract terms deliverables establish and track both contractual and noncontractual commitments that must be fulfilled as part of negotiations and contractual agreements between businesses and their partners. These deliverables can be used only in procurement contracts and in negotiations. They cannot be used in enterprise contracts.

Contract deliverables are contract fulfillment lines that track contractual and noncontractual commitments, but in procurement enterprise contracts. In addition, you can use contract fulfillment to initiate and monitor purchasing

activity in integrated procurement applications. For example, you can use a contract fulfillment to create a purchase order in Oracle Fusion Purchasing for items in a contract line and then monitor the purchasing activity on that purchase order as it is being executed.

## Indexing Clauses for Keyword Searches

### Building and Maintaining the Text Index for Keyword Searches: Explained

In the Contract Terms Library, you can use the **Keyword** field to search the text of clauses and contract terms templates. You can automatically build and maintain the text index by running the processes listed in this topic.

#### Setting Up and Maintaining the Text Index

You can set up the processes listed in this table to automatically build and optimize the text index at desired intervals. How frequently depends on how often your clauses and contract terms templates are updated. New clause and template versions become available for searching after they are indexed.

Process	Description
Build Keyword Search Index for Contract Clauses	Builds the index for clauses. The process indexes the text in the following fields: Clause Text, Clause Title, Display Title, Description, and Instructions.
Optimize Keyword Search Index for Contract Clauses	Optimizes the clause search.
Build Keyword Search Index for Contract Terms Templates	Builds the index for clauses in contract terms templates. The process indexes the text in the following fields: Template Name, Description, and Instructions.
Optimize Keyword Search Index for Contract Terms Templates	Optimizes the clause search in contract terms templates.

To run the processes:

1. Select the **Manage Processes** task link in the Terms Library work area.
2. In the Managed Scheduled Processes page, click **Schedule New Process**.

## Managing Clause and Section Numbering Schemes

### Numbering Schemes: Explained

Use a numbering scheme to number sections and clauses in a contract terms template or in an individual contract. In addition to the preset numbering schemes that come with your application, you can create additional numbering schemes in the Terms Library work area.

#### Numbering Scheme Properties

Numbering schemes include the following properties:

- Numbering schemes are available in all business units.
- You can create numbering schemes with up to five levels.
- Numbering clauses is optional.
- You can add the numbering of the previous level to the front of the current level by selecting the Concatenate with Child option.
- You can skip the numbering of specific sections and clauses for printing and display of contract terms by selecting the Skip Numbering printing option. This automatically moves up the numbering of subsections and clauses in the section and following sections and clauses in the contract.
- Edits you make to an existing numbering scheme in the Contract Terms Library are not automatically applied to contracts using that numbering scheme. You must reapply the scheme on each contract.
- You cannot delete any of the numbering schemes that come with your application.
- You cannot delete a numbering scheme if it is used in an existing contract.

## FAQs About Numbering Schemes

### How can I change the numbering scheme for sections and clauses?

You can apply a numbering scheme for sections and clauses by selecting the **Change Numbering Scheme** action on the Contract Terms tab while creating a contract terms template or authoring a contract. You can also change the numbering sequence for the printing and display of subsequent subsections and clauses in a section or sections and clauses in a contract by selecting the Suppress Title or Skip Numbering printing options for a section or clause. If you need to create additional numbering schemes, you can do so using the **Create Numbering Scheme** action on the Terms Library Overview page.

## Importing Clauses into the Contract Terms Library: Explained

You can import clauses, values sets, and manual user variables from external sources into the Contract Terms Library by using interface tables. You can either load your data directly into the interface tables using SQL\*Loader, PL/SQL scripts, or JDBC or you can import the data from an XML file by running the processes described in this topic.

This topic describes:

- What data you can import
- The interface tables
- Importing clauses by loading them into the interface tables
- Importing clauses from an XML file
- Purging the interface tables

### What You Can Import

You can import:

- Clauses
- Clause relationships

- Manual user variables
- Value sets that are used for the variables
- Value set values

Details about the fields and valid values for import are available in the import schema file OKCXMLIMPDEFN.xsd which you can download from the following file location: fusionapps/crm/components/contractManagement/okc/termsLibrary/publicModel/src/oracle/apps/contracts/termsLibrary/publicModel/libraryImport/model/resource.

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### Note

Clause status determines when the clause becomes available for use in contract terms authoring:

- Draft: The clause can be edited and submitted for approval.
- Pending Approval: The clause is automatically routed to approvers.
- Approved: The clause is available for use immediately after import.

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### Interface Tables

The same interface tables are used whether you are importing clauses using an XML file or loading data directly into the interface tables. The following are the database tables used for clause import:

Table	Description
OKC_ART_INTERFACE_ALL	The main interface table for loading clause data from external systems.
OKC_ART_RELS_INTERFACE	Table that stores information about clause relationships.
OKC_VARIABLES_INTERFACE	Table used to import variables used in clauses.
OKC_VALUESETS_INTERFACE	Table used to import value sets that are used by variables.
OKC_VS_VALUES_INTERFACE	Table that stores value set values.
OKC_ART_INT_ERRORS	Table that stores errors that are reported during import validation or import
OKC_ART_INT_BATPROCS_ALL	The internal system table that stores the batch run details. This includes the processing status as well as all the parameters that are used for each import.

### Importing Clauses by Loading Them Into the Interface Tables

To import clauses by loading them directly into the interface tables:

1. Format the data in a form that is suitable for loading into the interface tables. For example, if you are using SQL\*Loader to load data into the interface tables, then you can use a comma separated data file (.csv) and a control file that describes the data format.
2. Select the **Manage Processes** task link from the Terms Library work area.
3. In the Managed Scheduled Processes page, click **Schedule New Process** and run the Import Clauses from Interface Tables process. It is

recommended that you run the process first in the validation mode to review any errors. The following table describes the process parameters:

Parameter	Possible Values	Mandatory	Description
Batch Name	A name for identification purposes.	Yes	Provides a way for you to identify the records you are importing.
Run in Validation Mode	Yes or No	No	Set to Yes if you want to identify potential errors before you import.
Commit Size	1 to 300		Indicates the maximum number of records that the process commits to the database at one time. For example, if you are importing 1,000 records and set the commit size to 100, then the process will commit records each time it processes 100 records without error. If an error occurs on the 150th record, then the process will not reprocess the first 100 the next time that you run the program. Consult your database administrator for the appropriate value.

4. Use the **Manage Process** task available in the Terms Library work area to monitor the progress of your import and review the log for any error messages. Records with errors remain in the interface tables until you purged them or correct them.
5. To improve performance, periodically purge the interface tables used in the import by running the Purge Contract Clause Import Tables process.

### Importing Clauses From an XML File

To import clauses from a file:

1. Prepare the XML file as specified in the schema file OKCXMLIMPDFN.xsd and the sample file OKCXMLIMPDFN.xml. You can download both files from the following location: fusionapps/crm/components/contractManagement/okc/termsLibrary/publicModel/src/oracle/apps/contracts/termsLibrary/publicModel/libraryImport/model/resource.
2. Specify the location of the import file in the system profile Location of XML File for Importing Clauses. You can set this profile in the Oracle Fusion Setup Manager using the Manage Clause and Template Management Profiles task.
3. Select the **Import Clauses** task link in the Terms Library work area and enter the following parameters for running the Import Clauses from XML File process:

Parameter	Description
XML File Name	The name of the file you are importing. The file must be uploaded to the location specified in the system profile Clause Import XML File Location.
Default Business Unit	The business unit where clauses are assigned when no specific business unit is included in a clause record you are importing. If the import file includes business units for all clause records, then you can leave this field blank.
Create as Global Clause	You can specify clauses imported into the global business unit as global clauses. This means they will be available for adoption by other business units.
Default Clause Status	The status you enter here is used to specify the status of clause records where no status is specified.
Mode	Use the Validate option to test the quality of your data. Use the Import option to import the clauses.

4. Use the **Manage Process** task available in the Terms Library work area to monitor the progress of your import and review the log for any error messages. Records with errors remain in the interface tables until you purged them or correct them.
5. To improve performance, periodically purge the interface tables used in the import by running the Purge Contract Clause Import Tables process.

### Purging the Interface Tables

To optimize import performance, periodically run the Purge Contract Clause Import Tables process. This process purges records in all of the interface tables. The following table describes the parameters you can use to restrict the extend of the purge. If you do not enter any parameters, the process purges all records.

<b>Parameter</b>	<b>Mandatory</b>	<b>Description</b>
Start Date and End Date	No	Use the start and end dates to identify the date range for the interface records you want to purge.
Process Status	No	Enter a status if you want to purge interface records with that status. The possible values are Error, Success, and Warning.
Batch Name	No	You can restrict the purge to a specific batch by entering its name.



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## Define File-Based Data Import

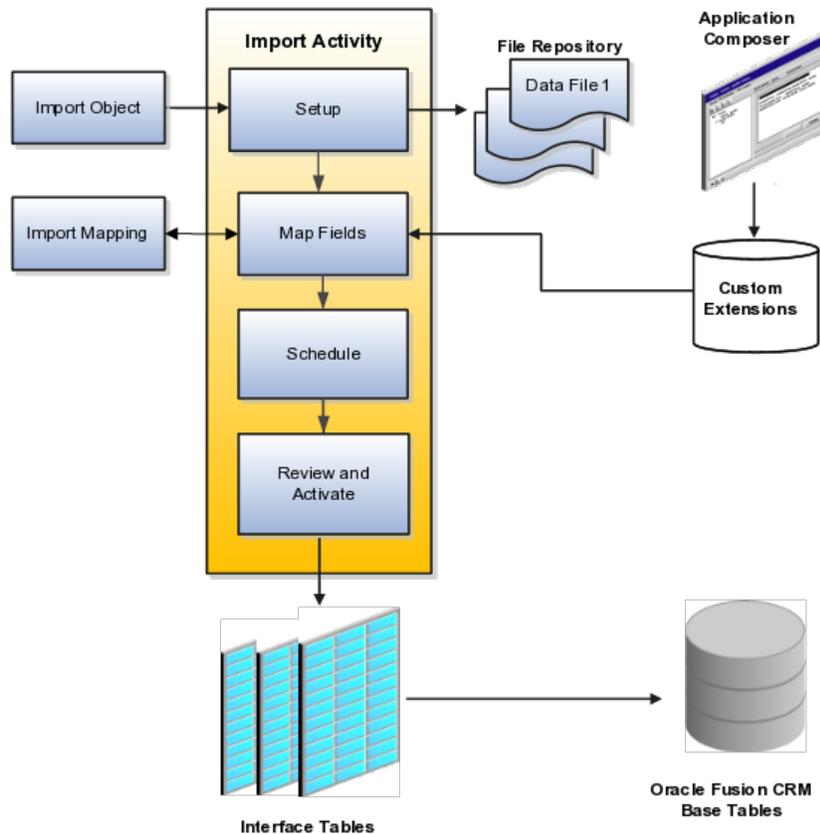
### Overview of File-Based Data Import

### File-Based Data Import: How It Works

The Define File-Based Data Import group of tasks relies on integration with different Oracle Fusion Applications and architecture components, such as interface tables and application base tables. This topic provides an overview of these components to help you understand the import process and the different import activity statuses.

The following figure provides an overview of the major application components used when you import data from a file. These components include

- Import object
- Import mapping
- Import activity
- File repository
- Oracle Fusion CRM Application Composer
- Interface tables
- Application tables



### Import Objects, Import Mapping, and Import Activity

The import objects you select when you create an import activity are provided by Oracle. They are managed using the Manage File Import Objects task.

When you create an import activity, you must specify a mapping of the fields in your file to the attributes of the import object. You can create the mapping either while creating an import activity or separately using the Manage File Import Mappings task. The mapping is stored and managed as a separate object.

### File Repository

The text or XML data file you upload for import is stored in a file repository so that it is available for import processing when you schedule an import activity. Any attachments you upload are stored in the same repository.

### Application Composer and Customer Extensions

When you create additional attributes for import using Oracle Fusion CRM Application Composer, these extensions are stored in a separate repository and are available when you create your mapping.

### Interface Tables

The import activity populates the application interface tables with your data. This is an intermediate holding area for your data that permits you to correct any import errors. Oracle Fusion CRM application data is not changed at this point.

### Application Tables

The import activity loads your data into Oracle Fusion CRM application tables to complete the import.

## Understanding File-Based Data Import: Getting Started

Using the **Define File-Based Data Import** group of tasks available from the **Setup and Maintenance** work area, you can import application data from text

or XML files. Your import can be used to create or update records. The data you can import ranges from geography reference data, used to validate addresses in your application, to CRM transaction or legacy data, including customers, accounts, opportunities, and leads. This topic provides an overview of what you must understand to plan your import and prepare your import files. You must read the help topics for each specific import object to learn how to import it.

This topic covers:

- What objects you can import
- Tasks involved in import
- Application business logic associated to the object you are importing
- How data is split into objects and what IDs you must include in your file
- What attributes are available for you to import and their validation

### Objects You Can Import

Using file import, you can import a wide range of data listed in the following table. Which of these objects are available to you for selection when you import depends on the applications you have licensed and your security permissions.

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#### Note

To obtain specific information on how to import each of these objects, search help on the term import followed by the object name.

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Import Object	Description
Advertising Marketing Activity	Specific instances of an advertising activity for a marketing campaign.
Agreement	Legacy service agreements for use in opportunities and the Oracle Fusion Sales Prediction Engine.
Asset	Legacy customer assets for use in opportunities and the Oracle Fusion Sales Prediction Engine.
Campaign	Marketing campaigns.
Campaign Members	The contacts identified to receive the marketing message for an instance of a marketing campaign activity.
Click-to-Dial Agents	Click-to-Dial agents, including telemarketers, salespersons, and customer service representatives, who use the Click-to-Dial feature.
Click-to-Dial Agents Connector Parameters	Agent connection parameters to access Click-to-Dial functionality.
Consumer	Individuals who are customers or prospects.
Contact	Individuals who are contacts for an existing customer or consumer, or contacts that do not yet have an established association with a customer or a consumer.
Contract	Contracts header information for Oracle Fusion Enterprise Contracts.
Country Structure	Geographical structures for a country.
Customer	Organizations who are sales accounts or prospects.
Customer Hierarchy	Hierarchical structures for customers, such as branches, subsidiaries, and paying relationships.
Customer Hierarchy Member	Identifies the members of the hierarchical structures for customers.

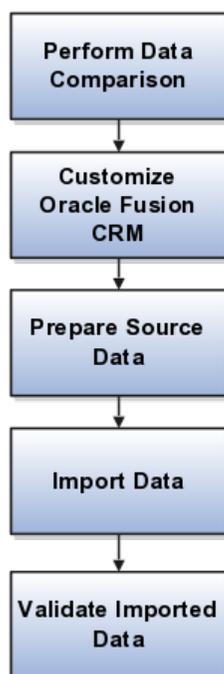
Employee Resource	Use this object to import new users into your CRM organization. You must create users as resources to make it possible for them to participate in CRM business processes.
Event Marketing Activity	Specific instances of a marketing event for a marketing campaign.
Geography	The geographical data for a country.
Group Customer	A group of organizations or persons, such as a household or co-op, with whom you have a selling relationship or a prospective selling relationship.
Incentive Compensation Transactions	Sales compensation data.
Interaction	Records of contacts or communications between internal and external contacts.
Interaction Marketing Activity	Specific instances of an outbound marketing message for a marketing campaign.
Lead	The interest or the potential interest of prospects or existing customers in a product or service being sold.
Legal Entity	Legal entities that have rights and responsibilities under commercial law through the registration with the country's appropriate authority. A legal entity can represent your internal legal structure or dependent authorities such as tax authorities.
Marketing Budget	Business objects that are used to manage funds set aside to fund partner incentives.
Note	Notes associated with objects, such as leads, customers, and opportunities.
Opportunity	Pending sales stored in the application. Opportunities are based on customer interest in a product or service, and can be forecasted.
Partner	Sales partners: independent companies that provide sales and services on behalf of the vendor. In Oracle Fusion Partner Relationship Management, a partner must also be enrolled in a partner program and must be active.
Partner Contact	Contacts for a sales partner.
Product Group	Product group hierarchies that represent the sales catalog for marketing and sales.
Program Enrollments	The enrollment of partners in partner programs, selling programs that provide benefits and incentives for partners.
Promotion	Promotions and coupons which are used to track the effectiveness of marketing campaigns.
Resource Team	Temporary group of resources formed to complete a business task. A resource team can contain both individual resources and resource organizations. A resource team cannot be hierarchically structured and is not intended to implement an organization.
Response	Responses to a marketing campaign.
Sales Account Resource	Employee or partner resources assigned to a customer.

Task	Task that can be assigned to a resource for business objects that support tasks.
------	--

### Tasks Involved in Import

Importing data involves multiple tasks including the mapping of your data to Oracle Fusion CRM and preparation of the data files to make them ready for import.

The following figure lists the tasks you must perform to import data into Oracle Fusion CRM:



You must:

- Perform a data comparison.  
Compare the data you are importing with the attributes and valid values expected by Oracle Fusion CRM.
- Customize Oracle Fusion CRM if required.  
If you want to import attributes that do not have an equivalent in Oracle Fusion CRM, then you may be able to add additional fields by using Oracle Fusion CRM Application Composer. For some validated fields, you can change the range of values available for import by editing the lookup types where those values are stored.
- Prepare the source data.  
This includes cleaning the data, removing duplicates, and splitting your data into files that correspond to the available import objects. You must ensure that the data meets the specifications required by the attributes in Oracle Fusion CRM, and that the files include the appropriate unique IDs required for import of the object.
- Import the data.  
This involves creating import activities by using the Manage File Import Activities task from the **Setup and Maintenance** work area and

creating maps between the columns in your files and the attributes in the application.

- Validate the imported data  
After the data is imported, you must validate the import by viewing the data in the application.

### **Understanding Application Business Logic for the Object You Are Importing**

You must understand how the data you want to import is used in Oracle Fusion CRM by reviewing the user interfaces, data sheets, and application documentation. If you are importing geography information, for example, you must understand how that geography information is used to validate addresses and what role it plays in sales territories. If you are importing customer data, then you must understand that a sales account in Oracle Fusion applications is a customer with a sell-to address. A customer without a sell-to address is considered a prospect.

---

#### **Tip**

Some of the key business logic pertinent to import is described in the help topics that you can review by searching help or implementation guides on the term import followed by the object name.

Applications help is available as a selection in the **Help** menu on any application page.

---

### **Understanding How Data Is Split into Objects and What IDs You Must Include**

Before you import, you must also understand how the information you import is represented in Oracle Fusion CRM application objects. Some objects have a simple structure, but others include many child objects, which can be shared with other objects. You must review documentation for each object to understand how to import it.

Importing geography information that forms the basis of address validation, for example, is relatively simple because the relationships between the geographical data is determined within the data itself and the number of attributes that determine an address is small.

Importing customer data is much more complex, requiring you to understand how customer information is broken down into different objects and how those objects must reference each other in your file.

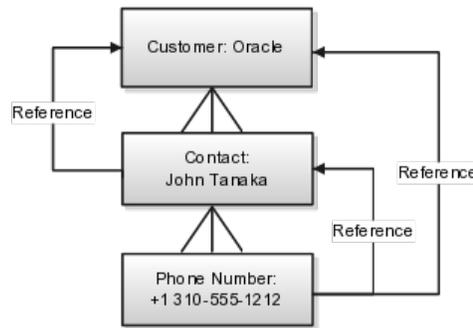
Some legacy applications store information about customers and competitors as separate entities. If a competitor becomes a customer, you have to copy the information about the organization and create a customer record. In Oracle Fusion, you indicate a competitor is now a customer. Similarly, contact information is often part of the customer information so you must reenter the information about that person each time he changes employers. In Oracle Fusion, every individual and organization is a party in the model. If a contact moves to work for a different customer, you simply indicate that the contact works for someone else. You get to keep all the information you have about that contact. This means that customer data is split into many objects that all have to reference each other.

For example, customer contacts with phone numbers are made up of a hierarchy of three objects: the customer, the contact, and the phone number. Each object must have a unique ID and has to refer to the objects above it in the hierarchy when you import.

The following figure provides an illustration with a simple example.

- Oracle is the customer at the top of the hierarchy with its unique organization ID.

- The Oracle contact, John Tanaka, has its own unique ID and must also reference the organization ID for Oracle.
- The contact's phone number, +1310-555-1212, must have its own ID and reference both the contact and the customer.



Splitting data into multiple objects impacts the content of the import file:

- Your file must include many columns of IDs  
If your legacy data does not already contain the required IDs, you can create them manually in Microsoft Excel.
- Each row of your file must include the unique ID of the object you are importing and the IDs of all the parent objects.
- You must import data in a specific order to make sure that a parent object exists before you import the child object or you must include the parent object information in the same file.

For example, if you want to import customer contacts, then you must ensure that all the customer records already exist or that you include the customer data in the same file.

Having multiple reusable objects also affects the way you create the mapping between your file and the application attributes:

- When you create an import activity and map the attributes in your file to the attributes in the application, you must select the child objects you are importing before selecting the attributes.
- You will need to review separate documentation for each object to find out which attributes are available for import and what values are accepted.

### **Understanding What Attributes Are Available for Import and Their Validation**

You must also understand what attributes you can import for each object, which attributes are required and must be present in your file, and what attributes values are permitted.

The list of attributes, their descriptions, and information about valid values are provided in application help topics by import object and in documentation available in the Oracle Enterprise Repository.

---

#### **Note**

The valid values that must be present in your import file are not necessarily the same as those you see in the application. For example, values stored in lookup types, require you to include the lookup code for each value rather than the meaning displayed in the user interface.

To obtain the list of valid import values for validated fields, you must consult the lookup types where those values are set. If the lookup type is extensible, then you can edit it to match the values you are importing.

Some import objects permit you to add additional attributes using Oracle Fusion CRM Application Composer. For these objects, you first create the additional attributes in the composer and then create your mapping.

## Importing Data from a File: Getting Started

Using the **Define File-Based Data Import** group of tasks available from the **Setup and Maintenance** work area, you can import a wide range of application data from text or XML files. Your import can create or update application records. Use the steps outlined in this topic as a general guide only. Import options and other details differ by the type of data you are importing. Before you import, you must also understand how the data in your file will map to the attributes in the application and what values are expected as described in the related topics.

To help you get started, you can use the example templates provided in Document ID 1503223.1 on My Oracle Support. The templates include columns for the most common application attributes and reference numbers. To simplify mapping of source data to the target table columns, each template column is labeled with the combination of the target object and attribute you must select.

### General Steps for Importing Data from a File

To import data from a file:

1. In the **Navigator** menu, click the **Setup and Maintenance** link located under the **Tools** heading.  
The Setup and Maintenance work area appears.
2. From the **All Tasks** tab in the **Overview** region, search for the Manage File Import Activities task.
3. Click the **Go to Task** button for the task.  
The Manage Import Activities page appears.

---

### Tip

You can also navigate to the Manage Import Activities page by selecting the import task in the work areas for objects that support importing data.

- 
4. Click the **Create** button.  
The Create Import Activity: Enter Import Options page appears.
  5. In the **Name** field, enter a name for your import.
  6. In the **Object** field, select the object you are importing.
  7. In the **Source File** region, select one of the **Upload From** options.

---

### Note

If you are importing a file into one of the Oracle Cloud services, then you must upload files from your desktop.

- 
- **Desktop**  
After you select this option, you must browse for the file.

- **URL**
- **Network**

Enter the path with the following preface file://

For example, if the file is located at /tmp/sample.csv , then your entry is file:///tmp/sample.csv. Note the extra slash in the entry.

8. If your data file includes a header row, then select the **Header Row Included** option.

While you can upload files without header rows, doing so makes it more difficult to complete the mapping between the data in your file and the application.

9. If your file does not use a comma to separate values, then select the correct delimiter in the **Data Type** field.
10. The import requires you to create a mapping between the data in the import file and the target attributes in the application. If you previously imported a file with the same format as the file you are importing now, then select an existing mapping from the **Import Mapping** list. By default, the application saves the import mapping under the import activity name appended with the activation date and time. If you are importing a file in this format for the first time, then you must create the mapping in the next step.
11. If you are importing one of the following objects, you can import attachments by selecting the **Browse** option in the **Attachments** region and selecting a Zip or JAR file of the attachments.

The following import objects support the import of a single attachment for each record:

- Assets
- Interactions
- Opportunities
- Partners

The following import objects support multiple attachments for each record:

- Leads
- Tasks

---

#### Note

You must include a column with the names of individual attachments in your import file as described in the Importing Attachments with File-Based Data Import: Explained topic.

---

12. In the Import Options region, some of the options in the following table may be available depending on the object you are importing

Option	Description
Import Mode	For importing leads and employee resources only, you have the option of specifying if you want to create and update records or update only.  If you select update, then any new records will be ignored by the import process.  For all other import objects, both create and update are available.
Allowable Error Count	The maximum number of errors before you terminate import. Below the threshold, all records without errors are imported. Above the threshold, no records are imported.
Notification E-Mail	The e-mail address of the individual who will receive import processing notifications.
Customer Data Management Duplicates	This option is available only if you have licensed Oracle Fusion Trading Community Data Quality. You can select different options for handling duplicates when you are importing customers, consumers, and legal entities either alone or as part of another object.
Decimal Separator	Decimal separator used in your import file.
Date Format	The formatting of the date fields in your file.
Time Stamp Format	The formatting of time fields in your file.
File Encoding	The overall encoding for your file.

13. Click **Next**.

The Create Import Activity: Map Fields page displays the attributes in your file with some sample data. If you are reusing an import mapping, then both the **Source** and **Target** columns are already populated. The **Source** columns represent your file. If you are creating a new mapping, then the **Target Object** and **Attribute** columns are blank.

14. For each column in your file that you want to import, select the target object and one of its attributes. Each import object comes with its own set of attributes.

You can choose not to import a column in your file by selecting the **Ignore** check box.

15. If you want to specify a constant value for an attribute in the application, you can add the object, the attribute, and its value in the **Set Constant Values** region.

---

**Note**

If you are importing data using the import templates provided on My Oracle Support, then each column header in your template includes the names of both the target object and the target attribute to simplify your mapping process.

- 
16. Click **Next**

The Create Import Activity: Schedule page appears.

17. By default, the import will start immediately after you click **Activate** in step 19. You can instead start the import at a time you specify by selecting **Specific Date** from the **Schedule** list and entering a start date.

18. Click **Next**.

The Create Import Activity: Review and Activate page appears.

19. Click **Activate**.

You return to the Manage Import Activities page where you can view the status of your import.

An import activity with the status of **Completed** indicates that your data was loaded into the application tables.

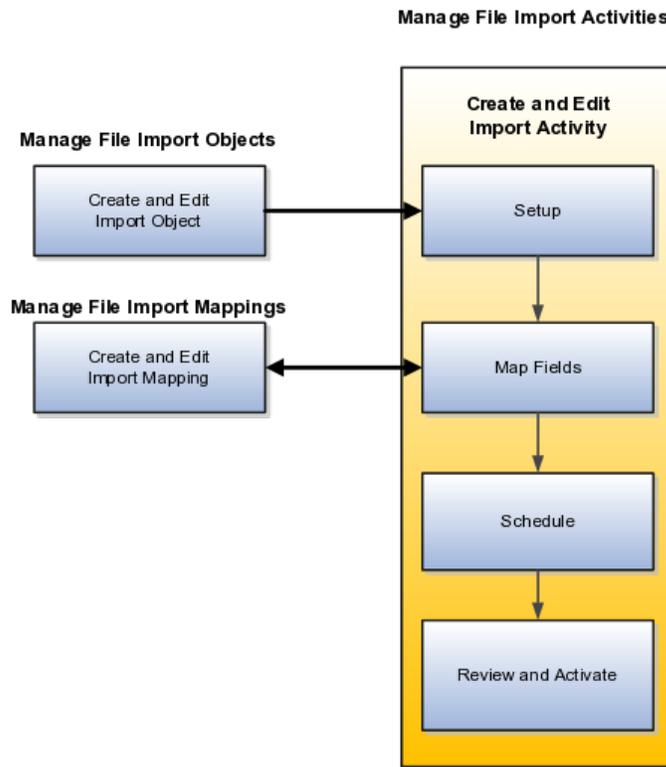
20. If the process completes with the status of **Completed with Errors**, click the status link.

You can view the errors at the bottom of the View Import Status page and by selecting the Attachments link in the Files Processed region.

## File-Based Data Import Tasks: How They Work Together

The tasks in the **Define File-Based Data Import** task group, available from the **Setup and Maintenance** work area, enable you to import data from text or XML files. This topic explains the role each task plays in the import process.

The following figure provides an overview of the File-Based Data Import group of tasks and their relationships. Each task is explained in the sections that follow.



## Manage File Import Activities Task

Use this task to import your data by creating import activities and monitoring their progress. Creating an import activity involves completing the following steps:

1. Set up the import options.

You select the object you are importing, specify the file format and different import options, and upload the file with your data. The options that are available depend on the object you are importing. Some import objects, for example, permit you to upload a ZIP or Java archive (JAR) file of attachments that will be attached to the records in the application after the data file import is complete.

2. Map the fields.

For this task, you create a mapping of the data in your file and the attributes in the application. You can also reuse a mapping you have created in past import activities or use the Manage File Import Mappings task. Any mapping you create in an activity is automatically saved and can be reused in subsequent imports and managed using the Manage File Import Mappings task.

3. Schedule the import.

You can schedule to run the import at a time you specify or run it immediately.

4. Review and activate the import activity.

You activate the import activity by clicking the **Activate** button.

### Manage File Import Mappings Task

This task permits you to do the following:

- Manage existing mappings between the data in your import file and the application attributes. For example, you can lock a mapping so that it cannot be modified or edit the mapping to skip attributes during import.
- Create new mappings without a data file.

Creating a mapping using the Manage File Import Mappings task is equivalent to creating it in the import activity, but you must enter any import file column names manually. When you create a mapping as part of the import activity, you upload the file, and the column headings in your file are populated automatically.

### Manage File Import Objects Task

This task lets you view all the import objects that have been created for you. All of the objects you can import are already created for you, so you do not have to create more import objects. Creating new objects is reserved for programmers.

## File Import Activity Statuses: Explained

This topic explains the meaning of the different import activity statuses when you import data from a file using the Manage File Import Activities task.

The following table lists and describes the import activity statuses.

Status	Description
No status displayed for the activity	The new import activity definition is not complete.
New	The import activity definition is complete, but the activity is not yet scheduled to run.
Scheduled	The import activity definition is complete and scheduled to run later.
Interface table upload in progress	The data file is being loaded into the interface tables.
Base table upload in progress	The data file is being loaded from the interface tables into the application tables.
Completed	All records were processed and loaded into the application tables.
Completed with errors	The import activity found errors in the data file that you must correct. You can view details about the errors by clicking the status link.

## Importing Attachments Using File-Based Data Import: Explained

When you import data from a file using the **Manage File Import Activities** task, you can include attachments for a subset of import objects, including leads, opportunities, tasks, and other objects. This topic lists the objects that support attachment import, explains how the import works, and provides guidelines.

### Objects That Support Importing Attachments

A subset of import objects supports importing attachments. Some objects permit you to import only one attachment for each record. A few objects permit the import of multiple attachments.

The following table lists the import objects that support the import of attachments. A subset of these supports the import of multiple attachments for each record, as indicated in the following table.

Import Object	Single or Multiple Attachments for Each Record
Assets	Single
Interactions	Single
Leads	Multiple
Opportunities	Single
Partners	Single
Tasks	Multiple

## How You Import Attachments

To import attachment, you:

1. Create a ZIP or JAR file of the attachment files.

---

### Note

The attachments can be organized in nested folders.

2. Add an additional column to the data file you are importing, and enter the names of the attachment files. The header of this column must always be: ATTACHMENT\_FILE\_NAME.

This reference column specifies which attachment file belongs to which record. Other optional columns listed in the following table can be used to upload other attachment information, such as a brief description.

The following table lists all of the available attributes with the header names you must use.

Column Header	Required or Optional	Description
ATTACHMENT_FILE_NAME	Required	Captures the file names in the ZIP file.
ATTACHMENT_FILE_DESC	Optional	Short description of the file.
ATTACHMENT_FILE_TITLE	Optional	File title. If you do not import a file title, then the application uses the file name as the title.
ATTACHMENT_CATEGORY_NAME	Optional	Attachment category.

3. Upload the ZIP or JAR file with the attachments when you create the file import activity.

You do not map the attachment attributes. The application identifies the special names in the column headers.

---

**Note**

You must upload one ZIP file of all the attachments. You cannot upload attachments in multiple files or add additional attachments after you upload the ZIP file the first time.

---

**Importing Single Attachments**

The following example illustrates the steps required for importing one attachment for each record.

1. Create a ZIP or Java archive (JAR) file of all of your attachments, for example: myfiles.zip:
    - file\_1.doc
    - file\_2.doc
    - file\_3.doc
    - file\_4.doc
- 

**Note**

The numbers in the file names are provided for this example. They are not required.

---

2. In the import file, add the additional columns to capture the attachment information.

At a minimum, you must include a column with the header name: **ATTACHMENT\_FILE\_NAME** to capture the attachment file names. You must use this header name without variation so that the application will identify it.

Unlike the other attributes in your import file, you do not map the attachment columns to import objects and attributes when you create an import activity. The application does the mapping automatically. The mapping is based on the column name.

Your import file might contain data similar to that shown in the following table.

LeadName	StatusCD	Score	ATTACHMENT_FILE_NAME
Lead 1	QUALIFIED	7	file_1.doc
Lead 2	QUALIFIED	8	file_2.doc
Lead 3	QUALIFIED	3	file_3.doc
Lead 4	QUALIFIED	7	file_4.doc

3. When you create the import activity to import your file, you upload the ZIP or JAR file from your desktop by clicking the **Browse** button in the Attachments region in the Import Options page.

The ZIP or JAR file is imported at the same time as the data file.

Note the following:

- If a record does not have an attachment, then leave the column value blank.
- You can specify a single file to be the attachment for more than one or for all records you are importing. For example, if you wanted the same file to be attached to all the four leads, then your import file structure would be like the data in the following table.

LeadName	StatusCD	Score	ATTACHMENT_FILE_NAME
Lead 1	QUALIFIED	7	file_1.doc
Lead 2	QUALIFIED	8	file_1.doc
Lead 3	QUALIFIED	3	file_1.doc
Lead 4	QUALIFIED	7	file_1.doc

### Importing Multiple Attachments

For import objects that support multiple attachments, you repeat the column header names.

---

#### Note

If you are adding any of the optional attachment columns, then you must repeat all the columns in the same order.

---

Suppose you are importing four leads:

- Lead 1 includes attachments file\_1.doc, file\_2.doc, file\_3.doc.
- Lead 2 includes the attachment file\_4.doc.
- Lead 3 includes attachments file\_5.doc, file\_6.doc, file\_7.doc.
- Lead 4 has no attachments.

Your data file might look like the data in the following table.

LeadName	StatusCD	ATTACHMENT_FILE_NAME	ATTACHMENT_FILE_NAME	ATTACHMENT_FILE_NAME
Lead 1	QUALIFIED	file_1.doc	file_2.doc	file_3.doc
Lead 2	QUALIFIED	file_4.doc		
Lead 3	QUALIFIED	file_5.doc	file_6.doc	file_7.doc
Lead 4	QUALIFIED			

## File-Based Import Processing: How it Works

The file-based data import process includes processing the source file data and inserting it into the interface tables, moving the interface table data into the destination application tables, and then processing the attachments for the imported objects. Processing factors are subject to the settings defined for the Import Activity, Mapping, and Import Object. You can monitor the processing steps and view process reports for each Import Activity.

This topic describes the following:

- Inserting Data in the Interface Tables
- Interface Table Data Validation and Error Counts

- Interface Table to Destination Application Table Processing
- Importing Attachments
- Viewing Import Results

### Inserting Data in the Interface Tables

Data exists in various sources and in various formats. The file import processing starts with reading the source data, parsing the data, and inserting into the appropriate interface tables. The source of the data comes from the following:

- Source file values mapped to target object attributes in the Import Activity.
- Constant values defined for target object attributes in the Import Activity.
- Default values defined for target object attributes in the Import Object.

### Interface Table Data Validation and Error Counts

The data is initially validated against the predefined Import Mapping and the Import Object settings as the interface tables are being populated by the initial file import process. The interface table data is validated again before importing into the destination application tables.

- Validation includes:
  - Missing required values
  - Values that exceed the attribute length
  - Invalid values
  - Duplicates to existing records in the destination application tables based on the combination of attributes selected for duplicate validation in the predefined Import Mapping.

---

#### Note

For the Lead import object, the duplicate checking is only done for existing leads created within the look back days setting of the Import Activity.

- 
- Duplicates to existing records in the destination application tables for Customer Data Management objects based on Matching Configurations.
  - Errors
 

Most validation issues are recorded as errors, with the exception of Customer Data Management duplicates found during the Matching Configuration process. In this case, matched records are only considered as errors if:

    - Customer Management Duplicates option is set to **Do Not Import** for the Import Activity and
    - The main object of the Import Activity is a consumer, customer, or legal entity object
  - Allowable Error Count Threshold
 

The validation of the interface table occurs before any records are imported into the destination application tables. Once the validation

process has completed, the count of records with errors is compared to the Allowable Error Count Threshold value specified for the Import Activity. A count above the threshold will stop the import process for all records. If the count is below the threshold, records without errors will import. In either case, records with errors will be reported in the Error and Exception files.

### Interface Table to Destination Application Table Processing

The import process orchestrates the import for each of the component objects that make up the overall main objects of the Import Activity.

### Importing Attachments

Once the objects have imported successfully, the attachments are processed. The import process matches the source file attachment name to the file name included in the compressed file entered on the Import Activity. The attachment file is imported into Universal Content Manager and then associated as an attachment to the imported object.

### Viewing Import Results

You can monitor all file-based Import Activities that are currently scheduled to run, have completed successfully, or failed with errors. For each Import Activity, you can view the details pertaining to each underlying process. Once an Import Activity process has completed, the following processing reports are added as attachments to the process:

- Log file. Includes the records that were successfully imported plus the unique destination application table identifiers for the objects.
- Exception file. Includes the records that were not imported plus a reference to an error for each record that failed validation.
- Error file. Includes all the errors for each record that failed validation.

## File-Based Import Objects: Explained

Import objects represent the application and attribute information for business objects that can be imported using external source files.

This topic describes the following:

- Import object management options
- Custom objects

### Import Object Management Options

A single import object can have multiple associated components that are considered objects by themselves. An object and associated objects that can be imported within the same source file are grouped together within the application module class.

---

#### Note

Each object includes the Import Activity object (MktImpJobs1). The Import Activity object is a required component of the application module but is not mapped to a source file. All values for this object are derived from the Import Activity definition. Consequently, do not update the **Map**, **Required**, and **Default Value** settings for the Import Activity object.

---

The following table includes information about the import object:

Option	Description
Attributes	A view-only listing of object attributes that represent each column in the interface table for the object.

Length	A view-only listing of widths for the columns in the interface tables. If the source file values for the attribute have more characters than the attribute length, the source file row will not be imported.
Default Value	Optionally, specify an attribute value to use if a value is not available from the source file or Import Activity constant value.
Map	Enable the list of attributes that can be mapped to a source file or constant value in the Import Mapping and Import Activity Map Fields step.
Required	Specify the list of attributes that must be mapped to source file columns. Consequently, if you have selected an attribute as required, you must also enable the <b>Map</b> option for that attribute.  When mapping the external source file, the required target attribute defined for the object are displayed with an asterisk.

### Custom Objects

To use the file-based import feature for custom objects, you must first generate the artifacts required for import. You generate these required artifacts within Oracle Fusion CRM Application Composer, after making your object model extensions.

## File-Based Import Mapping: Explained

Import mapping enables you to predefine a mapping between the columns provided in a source file and the attributes pertaining to the objects being imported. Once you create a mapping, it can be reused in the Import Activity definition.

This topic contains the following sections:

- Import options
- Source file options
- Target options

### Import Options

The following attributes pertain to the import mapping.

Attribute	Description
Object	The business object to be imported.
Name	The name that identifies the mapping in the Import Mapping and Import Activity UIs. If the mapping was initially created while mapping fields directly in the Import Activity user interface and automatically saved without providing a user-defined mapping name, the mapping name is derived from the Import Activity name and date.
Decimal Separator	The format of the fractional portion of numerical values in columns mapped to attributes with a decimal attribute type.
Date Format	The format of values in columns mapped to attributes with a date attribute type.

Timestamp Format	The format of values in columns mapped to attributes with a time stamp attribute type.
Lock	If selected, prevents any user, other than the creator of the mapping, from editing the mapping.

### Source File Options

Map each column that the source file is expected to contain with a specific attribute.

The following table describes the details pertaining to columns provided in the source file:

Source Column	Description
Sequence	The sequence number in which the columns are expected to be provided in the source file. Two rows cannot have the same sequence number.
Column Name	The column name expected in the source file if a header row is included, or more generic values such as Column A, Column B, and so on, if the header row is not included for Text file types.  The tagging structure is represented for XML file types.
Column Width	Use when the delimiter value is fixed width for Text file types only.
Ignore	Ignore the source file column to exclude the data from being imported.
Required	If selected, a value must exist in the source file or the row will not be imported.

### Target Options

The following table describes the details pertaining to corresponding attributes in the target application table:

Target Attributes	Description
Object	The group of import objects that represent the components of the business object being imported.
Attribute	The attribute name that represents the corresponding interface table column for the object.
Duplicate Validation	If selected, the attribute, along with other selected attributes, determines what constitutes a duplicate object when comparing objects in the interface tables and existing objects in the target application tables. For example, to validate the uniqueness of an object in the target application tables by the combination of an object's name and date, select <b>Duplicate Validation</b> for both attributes in the mapping.

## Import Activity Import Options: Explained

This topic describes the import options available while creating import activities.

## Source File Data Transformation

The following options are used to identify the formatting of source file data so the data can be correctly interpreted and transformed by the import process:

Option	Description
Decimal Separator	The format of the fractional portion of numerical values in columns mapped to attributes with a decimal attribute type.
Date Format	The format for values in columns mapped to attributes with a date attribute type.
Time Stamp Format	The format for values in columns mapped to attributes with a time stamp attribute type.
File Encoding	The overall encoding of the characters within the file.

## Interface to Target Import Options

Depending on the object you are importing and the application modules you have implemented, you can select one or more of these options.

Option	Description
Import Mode	<p>For importing leads and employee resources only, you have the option of specifying if you want to create and update records or update only.</p> <p>If you select update, then any new records will be ignored by the import process.</p> <p>For all other import objects, both create and update are available.</p>
Allowable Error Count	<p>An error count above the threshold will stop the import process for all records. If the error count is below the threshold, records without errors are imported. In either case, records with errors will be reported in the Error and Exception files.</p> <p>Validation errors include:</p> <ul style="list-style-type: none"><li>• Missing required values</li><li>• Values that exceed the attribute length</li><li>• Invalid identifiers and lookup codes</li><li>• Duplicates to existing records in the destination tables based on the combination of attributes selected for duplicate validation in the predefined Import Mapping</li></ul> <p>Duplicates found using matching configurations for Customer Data Management objects do not contribute to the error count.</p>
Notification E-Mail	The e-mail of the intended recipient of import processing notifications.

Customer Data Management Duplicates	<p>Using this option, which is available only if you have licensed Oracle Fusion Trading Community Data Quality, you can select different options for handling duplicates when you are importing customers, consumers, and legal entities either alone or as part of another object.</p> <p>The duplicates are determined using the following matching configurations:</p> <ul style="list-style-type: none"> <li>• Batch Location Basic Duplicate Identification</li> <li>• Batch Person Basic Duplicate Identification</li> <li>• Batch Organization Basic Duplicate Identification</li> </ul> <p>You can select from one of the following:</p> <ul style="list-style-type: none"> <li>• Do Not Import Duplicate Records</li> </ul> <p>If the main object of the Import Activity is a consumer, customer, or a legal entity object, rows that are matched to existing records will not be imported. These duplicate records are reported in the Exception and Error reports.</p> <p>If the Customer Data Management objects are components of another object and one or more matches are found, the existing duplicate records are evaluated to determine the most recent record. The most recent record will be associated with the main object being imported.</p> <p>For example, when importing a marketing response object, the consumer object is also a component of the response. If the consumer is matched to an existing record, the consumer in the interface tables is not imported. However, the response object will import and the most recent existing consumer record will be associated to the response.</p> <ul style="list-style-type: none"> <li>• Import Duplicate Records</li> </ul> <p>The Customer Data Management objects will be imported even if matched records exist.</p> <ul style="list-style-type: none"> <li>• Import Duplicate Records and Create Resolution Request</li> </ul> <p>The Customer Data Management objects will be imported even if matched records exist. In addition, a duplicate resolution request is created and displayed in the Customer Data Management, Duplicate Resolution work area.</p>
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Duplicate Look Back Days	This option applies only to the Lead import object. Only existing leads created within the period determined by the look back days value are evaluated for duplicates based on the attributes selected for duplicate validation in the predefined import mapping. If a duplicate is found, the lead will not be imported and the duplicate record will be reported on the Exception report. Duplicate leads are included in the calculation of the allowable error count threshold.
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## Import Activity Field Mapping: Explained

After entering your import options, the second step of the import activity process is to map fields in the source file to the corresponding target attributes.

This topic explains:

- Map Fields
- Saving the Import Mapping
- Constant Values

### Map Fields

The Map Fields section can be subdivided into source file columns and target attribute columns.

The source column header value is derived from one of the following:

- Predefined mapping, if one is selected
- The source file, if the **Header Row Included** option is selected in the first step of the Import Activity definition (for Text file type only)
- Generic values of Column A, Column B, and so on, if the **Header Row Included** option is not selected (for Text file type only)
- XML tagging structure (for XML file type only)

The following table outlines the source columns:

Source Column	Description
Column Header	Represents the column header for Text file types and the tagging structure for XML file types.
Example Value	Values are derived from the first source file saved with the predefined mapping. If you did not select a predefined mapping, the example values are taken from the first data row in the source file selected in the first step of the Import Activity definition.
Ignore	Select this option if you do not want to import the source file data in that column.

The following table outlines the target columns:

Target Column	Description
Object	The group of import objects that represent the components of the business object being imported.
Attribute	The attribute name that represents the corresponding interface table column for the object.

### Saving the Import Mapping

The mapping between source file information and target attributes is saved as a reusable mapping when the Import Activity is saved, using the import activity name and date to derive a mapping name. If you selected a predefined mapping, modifications made in the Import Activity to an unlocked mapping will update and save to the predefined mapping. If the predefined mapping is locked, a modified mapping will be saved as a new mapping. To specify a mapping name for new mappings, select the **Save As** option from the Map Fields **Actions** menu.

### Constant Values

Constant values provide a way to specify a value for a target attribute that all imported objects will inherit. For example, if a source file does not contain a column for business unit and all of the objects in the file belong to the same business unit, enter a constant value for the object and business unit attribute.

## File-Based Import Monitoring: Explained

You can monitor all file import activities that are currently scheduled to run, have completed successfully, or failed with errors. For each import activity, you can view the details pertaining to each underlying process and make necessary updates for any failed records to import again.

You can view the list of import activities from the Manage Import Activities page. Select the import activity that you want to monitor by clicking on the hyperlink in the corresponding Status column. The View Import Status results page is displayed which contains the following sections:

- Files Processed
- Import Processes

### Files Processed

The Files Processed section displays a row for each source file that is processed.

The import processing details are summarized and displayed for each source file and include the following:

File Processing Summary Information	Description
Records Read From File	The number of records read from the source file.
Format Errors	The number of errors found when processing data to insert into the interface tables from the source file, Import Activity constants, and Import Object value default values. View the error details in the Exception and Error files attached to the process.

Load Errors	The number of errors found when importing data from the interface tables to the destination application tables. View the error details in the Exception and Error files attached to the process.
Successfully Loaded	The number of import objects imported to the application destination tables. If the import object is made up of multiple components, each component is counted as successfully loaded. Consequently the Successfully Loaded count may be larger than the Records Read From File count. View the successful record details in the Log file attached to the process.
Attachments	Once an Import Activity process has completed, processing reports are included in the Attachments column. The Log file includes the records that were successfully imported plus the unique destination application table identifiers for the objects. The Exception file includes the records that were not imported plus a reference to one of the errors for each record that failed. The Error file includes all the errors for each record that failed validation.

### Import Processes

From the Import Processes section, you can view details pertaining to each process involved in importing the objects in the source file. A listing of brief messages provides information on processing steps within each underlying process.

## Frequently Asked Questions for File-Based Data Import

### What determines the list of objects displayed?

A single import object can have multiple associated components that are considered objects by themselves. Whether or not an associated object can be grouped as a component of another object for the purpose of file import is determined by the complexity of the object structure and how it is stored in the data model. Oracle Fusion provides import objects predefined to meet the file processing import requirements. Consequently, in some cases, more than one source file may be required to capture all associated components of an object.

### What happens if I inactivate an Import Activity?

The Import Activity will not stop the currently running process. However, it will stop the next process that has not started plus any future repeating file import activities. You can always activate the process at a later stage.

### What happens if I add a marketing list in the Import Activity definition?

File-based data import enables you to record consumers and organization contacts in a marketing list when importing consumer, lead, and response import objects. Select an existing list or create a new one. A marketing list is assigned the list type value of Imported if created while defining an import activity. After the objects are imported successfully, the consumers and contacts are added as members of the marketing list.

# Import Objects for Contracts

## Importing Contracts: Explained

You can import contracts into the application from a source file using file-based import. To initially set up file-based import for importing contract data, select the **Manage File Import Objects** and **Manage File Import Mappings** tasks. To schedule your contract imports, select the **Manage File Import Activities** task. These tasks are available by selecting **Setup and Maintenance** from the Tools menu and searching on the task name.

File-based import supports the import of data from an external text or xml file to interface tables and then from interface tables to target application tables.

This topic describes:

- What you can import
- The interface table
- The import process

### What You Can Import

Contracts for import can be in Draft, Active, or Expired status but must not have lines. The import file can use names as well as IDs to identify data, for example, Party ID or Party Name. You can import only one version for each contract, with the following data:

- Contract header
- Primary party (supplier, customer, or partner)
- One contract owner: depending on the owner role, this is either an employee or salesperson of the contract's business
- One primary contract party: a supplier or partner or customer
- Primary contract document as an attachment
- Additional attachments: the import file lists the attachments which are imported using the file import UI, either individually or as a ZIP file.

You can import new contracts, but you cannot update or delete existing contracts through imports.

### Interface Table

The application uses the following database table for importing contracts:

Table	Description
OKC_IMP_CONTRACT_HEADERS	The interface table used to load contract data from external systems. This table maps to logical contract data: contract header, contract party, contract party contact, contract terms, and contract attachments.

Details about the fields and valid values for import are available from the Oracle Enterprise Repository for Oracle Fusion Applications.

### **Importing Contracts From a Source File**

To import contracts, use the file-based import feature and upload contract data into the interface table. To access this feature, select the **Manage File Import Activities** task, available by selecting **Setup and Maintenance** from the Tools menu and searching on the task name. A detailed description of how to import data using file-based import is described in a related topic.

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#### **Note**

An import mapping, which details the mapping between source file columns and contract attributes, is provided in the Edit Import Activity: Map Fields page for your use, but you can define additional import mappings if required.

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## **Importing Contracts Using File-Based Import: Explained**

This topic explains how to prepare and import contract data from an external data source into Oracle Fusion Applications using the File-Based Data Import feature.

A contract is a business object that is used to capture the terms and conditions of a legally binding or valid agreement between two or more entities in which there is an offer and an acceptance of that offer. To create new contracts in Oracle Fusion Applications, you can either enter your contract information directly using the Create Contracts task in the Contracts work area, or you can import legacy contracts with no lines using the Enterprise Contracts: Define File-Based Data Import tasks in the Setup and Maintenance work area.

Consider the following when importing data for this business object:

- How does your legacy system or source system represent the contract compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- Do you need to customize Oracle Fusion Applications to capture additional attributes that are critical to the way you do your business?
- What import features are available for importing your business object?
- How do you verify your imported data?

### **Comparing Business Object Structures**

You must understand how your contract data corresponds with the data in Oracle Fusion Applications to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a contract.

In Oracle Fusion Applications, one table stores the contract definition or header information and another table optionally stores line details for that contract. A contract line is an entitlement to a specific valuable consideration with its

own terms and conditions, which businesses offer to their customers as part of a contract. Zero, one, or many contract lines can be associated with any given contract.

You can, however, import only contract header information and contract party information. Contract header information contains basic information about the contract, such as the name and number, start and end dates, type, amount, and status.

## Import Objects for the Contract

To facilitate the import of contracts, Oracle Fusion Applications incorporate the structure of the contract into import objects. The import object for the contract is Contract.

## Comparing Business Object Data

Each import object is a collection of attributes that help to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the contract.

A good understanding of the attribute details of the import objects is critical to preparing your import data. Details about the Oracle Fusion Applications attributes are available for your reference in the Oracle Enterprise Repository. The reference guide files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correspond to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area where you can define your values. For additional information, including a list of reference guide file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
Contract	Contract Import Objects: How They Work Together

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### Note

You can use the keyword `importing contracts` to search for related topics in Oracle Fusion Applications Help.

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## Extensible Attributes

If you need to extend the Oracle Fusion object to import your legacy or source data, you must use Oracle Fusion CRM Application Composer to design your object model extensions and to generate the required artifacts to register your extensions and make them available for importing. The corresponding import object is updated with the extensible attributes, which can then be mapped to your source file data.

You can use the same source file to import both extensible custom attributes and the standard import object attributes.

## Importing Contracts Using File-Based Data Import

For the contract business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new contract, you import the Contract object.

To access and submit import activities for contracts, you must map your predefined job roles to the Contract File Import Duty role or the Contract Import from File Setup Duty role. Predefined job roles can be the generic one of Customer Relationship Management Application Administrator or job roles that are specific to Oracle Fusion Enterprise Contracts.

The Oracle Fusion Enterprise Contracts application has the following predefined job roles:

- Customer Contract Manager
- Customer Contract Administrator
- Enterprise Contract Manager
- Enterprise Contract Administrator
- Supplier Contract Manager
- Supplier Contract Administrator
- Business Practices Director

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which can be used to verify imported data. Users with the Contract File Import Duty role or the Contract Import from File Setup Duty role can also navigate to the Contracts work area to view the imported contracts.

## Contract Import Objects: How They Work Together

You use the Contract import object to import your contract by submitting a file-based import activity. This topic describes the Contract import object.

This topic introduces the following:

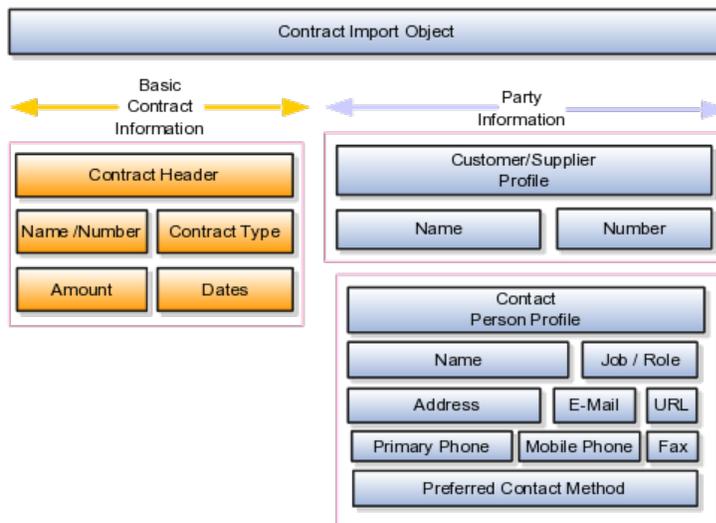
- Target import object concepts
- Target objects for the Contract import object
- Target import object attributes
- Target object attribute reference guide files

## Target Import Objects

The Contract import object is used to import basic contract information and party information about the customer or supplier, the contract organization and party contacts. The Contract target import object organizes the individual attributes of the contract and party information. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand the target object and the attributes that are included in the target object.

### Contract Target Import Objects

The target import object in the Contract import object usually contains information about the contract and information about the parties. The party information can include the customer or supplier organization, a person who is a consumer or vendor and a person who is a contact of the customer or supplier. The following figure shows the information that forms the Contract import object and the familiar names for them.



A single contract includes specific information about the products that are to be exchanged between the customer or supplier and the contract-owning organization. The contract can include one or more goods or services. The Contract target object includes the attributes that are required to import this information.

If the customer or supplier is an organization and an existing party, then you can associate the customer or supplier with the contract by using the Contract target object.

### Target Import Object Attributes

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

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#### Note

If any of the attributes you want to import do not have an equivalent target object attribute, then review the Oracle Fusion CRM Application Composer extensibility features for the contract.

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### Target Import Objects Attributes Resources

To access the reference guide file for the contract target import object, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

The following table lists the reference guide file that is available from the Documentation tab for the Contract File-Based Data Import asset.

Target Import Object	Description	OER Attribute Reference File Name
Contract	Contract and party information	OKC_IMP_CONTRACT_HEADERS_Reference

## Importing Employee Resources Using File-Based Import: Explained

This topic explains how to prepare and import employee resource data from an external data source into Oracle Fusion Applications using the File-Based Data Import feature.

Employee resources are employees within the deploying company who can be assigned work objects. You must create or import employee resources before you can associate them with resource organizations, resource teams, or work objects. You enter your employee resource information using the Setup and Maintenance work area, Manage Resources task, or you can import data to create new or update existing employee resources.

Consider the following questions when importing your data:

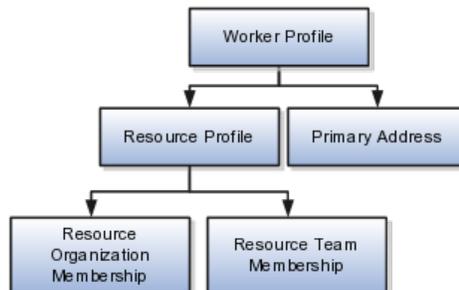
- How does your legacy system or source system represent the employee resource compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- Do you have to customize Oracle Fusion Applications to capture additional attributes that are critical to the way you do business?
- What import features are available for importing your business object?
- How do you verify your imported data?

## Comparing Business Object Structures

You must understand how your employee resource data corresponds with the data in Oracle Fusion Applications in order to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for an employee resource.

In Oracle Fusion Applications, one table stores the employee resource definition and other tables optionally store profile details for that employee resource. Profile details for a resource include information about an employee resource's organization and team memberships.

The following figure illustrates the structure of the Employee Resource object.



The worker profile contains basic information about the employee resource, such as the employee resource's primary address and resource profile details.

## Import Objects for the Employee Resource

To facilitate the import of employee resources, Oracle Fusion Applications incorporate the structure of the employee resource into import objects. The import object for the employee resource is Employee Resource.

## Comparing Business Object Data

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the employee resource.

A good understanding of the attribute details of the import objects is critical to preparing your import data. The reference guide files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion

Applications. For example, if you have values in your data that correlate to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area where you can define your values. For additional information, including a list of reference guide file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
Employee Resource	Employee Resource Import Objects: How They Work Together

Hint: You can use the keyword importing employee resources to search for related topics in Oracle Fusion Applications Help.

### Extensible Attributes

If you need to extend the Oracle Fusion Applications object to import your legacy or source data, you must use Oracle Fusion CRM Application Composer to design your object model extensions and to generate the required artifacts to register your extensions and make them available for importing. The corresponding import object is updated with the extensible attributes, which can then be mapped to your source file data. You can use the same source file to import both extensible custom attributes and the standard import object attributes.

### Importing Employee Resources Using File-Based Data Import

For the employee resource business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new employee resource, you import the Employee Resource import object.

You must be assigned the Master Data Management Administrator job role to access and submit the import activities for employee resources.

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which can be used to verify imported data. Users with either the Master Data Management Administrator job role can also navigate to the Manage Resources work area to view the imported employee resources.

## Employee Resource Import Objects: How They Work Together

Employee resources are employees to whom you can assign work objects, for example, service agents, sales managers, and so on. You can import all your

employee resource information using the Employee Resource import object. This topic describes this import object.

This topic introduces the following:

- Target import object concepts
- Target objects for the Employee Resource import object
- Target import object attributes
- Target import object attribute reference guide files

## **Target Import Object Concepts**

The Employee Resource import object is used to import an employee resource's worker profile information, such as first name, last name, address, and so on, and the employee resource's resource profile information, such as resource organization and resource team memberships. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

## **Employee Resource Target Import Objects**

The target import objects included in the Employee Resource import object are grouped into information about the employee resource's profile and the employee resource's address information. The Worker profile is the target import object containing attributes to import information about the employee resource.

When updating an existing employee resource, you must provide the parent reference information of the existing employee resource. When importing an employee resource's resource team information, you must provide relationship reference information in addition to the parent reference, because an employee resource can belong to more than one team simultaneously.

To update the information for an existing employee resource or to create an employee resource record, you can import employee resource profile information and addresses. The following target import objects are for creating and updating employee resource information: WorkerProfile, ResourceProfile, and PrimaryAddress.

To update or create an employee resource's resource profile, use the following target import objects: ResourceOrganizationMembership and ResourceTeamMembership.

## **Target Import Objects Attributes**

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

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**Note**

If any of the attributes you want to import do not have an equivalent target object attribute, then review the Oracle Fusion CRM Application Composer extensibility features for the marketing response.

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**Target Import Objects Attributes Resources**

To access the reference guide files for the employee resource's target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

The following table lists the reference guide files that are available from the Documentation tab for the Employee Resource File-Based Data Import asset.

Target Import Object	Description	Reference Guide File Names
WorkerProfile	<p>Contains information that identifies an employee.</p> <p>Sample attributes: ResourceProfile and PrimaryAddress.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HRC_LOADER_BATCH_LINES_Reference
ResourceProfile	<p>Contains information about a resource.</p> <p>Sample attributes: PartyId, FirstName, LastName, Department, and JobCode.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HZ_IMP_RESOURCES_Reference
PrimaryAddress	<p>Indicates the address of a resource. If the resource has multiple addresses, then the first address is designated as the primary address.</p> <p>Sample attributes: Address1, Address2, City, Country, County, State, and PostalCode.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HZ_IMP_PARTYSITES_T_Reference

ResourceOrganizationMembership	<p>Contains the employee resource's resource organization membership information.</p> <p>Sample attributes: RequestId, PartyId, ParentOrganizationName, OrganizationId, OrganizationName, and OrganizationUsage.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HZ_IMP_GROUP_MEMBERS_Reference
ResourceTeamMembership	<p>Contains the employee resource's resource team membership information.</p> <p>Sample attributes: RequestId, TeamMemberId, TeamId, and TeamNumber.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HZ_IMP_TEAM_MEMBERS_Reference

## Importing Geographies Using File-Based Import: Explained

This topic describes the tasks you must perform to import geography information. A geography is any region with a boundary around it, regardless of its size. It might be a state, a country, a city, a county, or a ward. You must create or import geographies before you can associate them with custom zones and addresses.

Consider the following questions when importing your data:

- How does your legacy system or source system represent the geography compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- What import features are available for importing your business object?
- How do you verify your imported data?

### Comparing Business Object Structures

You must understand how your geography data corresponds with the data in Oracle Fusion Applications in order to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a geography.

You must import a separate country structure import object for each country. Each of these import objects must contain the geography types that are used in the country's structure, organized in a hierarchy using geography level numbers. For example, if you are importing the country structure of Australia, the country structure could be the following: 1: Country, 2: State, 3: County, 4: Town, 5: ZIP.

## Import Objects for the Geography

To facilitate the import of geographies, Oracle Fusion Applications incorporate the structure of the geography into import objects. The import object for the geography is ImpGeography.

### Comparing Business Object Data

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the geography.

A good understanding of the attribute details of the import objects is critical to preparing your import data. For information about the Oracle Fusion Applications attributes, see the Oracle Enterprise Repository. The reference files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correlate to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area where you can define your values. For additional information, including a list of reference file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
ImpGeography	Geography Import Objects: How They Work Together

Hint: You can use the keyword importing geographies to search for related topics in Oracle Fusion Applications Help.

### Extensible Attributes

Oracle Fusion Applications do not support extensible attributes for geographies. You can only import data for attributes provided by Oracle Fusion Applications.

### Importing Geographies Using File-Based Data Import

For the geography business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new geography, you import the Geography object. You must be assigned the Master Data Management Administrator job role to access and submit the import activities for geographies.

When importing geography information, you must provide the parent reference information for all parent levels for the entity.

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which can be used to verify imported data. Users with the Master Data Management

Administrator job role can also navigate to the Manage Geographies work area to view the imported geographies.

## Geography Import Objects: How They Work Together

This topic describes the Geography import object. You use the Geography import object to import geography information.

This topic introduces the following:

- Target import object concepts
- Target objects for the Geography import object
- Target import object attributes
- Target import object attribute reference guide files

### Target Import Object Concepts

The Geography import object is used to import geography hierarchy information to create or update the geography data of a country. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

### Geography Target Import Objects

The target import objects in the Geography import object contain information about the geography hierarchy. When updating an existing geography, you must provide the parent reference information of the existing geography, which connects the geography to the country of which it is a part.

Use the ImpGeography target import object to create and update geography information.

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#### Note

Before you import geography data for a country, you must define the country's geography structure.

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### Target Import Objects Attributes

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference guide file includes attribute descriptions, default values, and validations performed by the import process. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

### Target Import Objects Attributes Resources

To access the reference guide files for the geography's target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

For detailed information on importing geographies using file-based import, refer to Document No. 1481758.1, Importing Master Reference Geography Data, on the Oracle Support site.

The following table lists the reference guide files that are available from the Documentation tab for the Geography File-Based Data Import asset.

Target Import Object	Description	Attribute Reference Guide File Names
ImpGeography	<p>Contains information that captures a country's geography hierarchy details.</p> <p>Sample attributes: CountryCode, GeoDataProvider, GeographyType, PrimaryGeographyCode, PrimaryGeographyCodeType, and PrimaryGeographyName.</p> <p>Reference attribute: CountryCode</p>	HZ_IMP_GEOGRAPHIES_T_Reference

## Importing Group Customers Using File-Based Import: Explained

This topic explains how to prepare and import group customer data from an external data source into Oracle Fusion Applications, using the File-Based Data Import feature.

A group customer is a party consisting of a collection of persons and organizations. A group, similar to a person or organization, can enter into a business relationship with other parties and can be assigned to opportunities and leads. A group can have members of party type person or organization. You can maintain group customers information in Oracle Fusion Applications CRM to create leads and opportunities for a group, or capture information about a group to know them better. However, maintaining this information may not let you assign all sales and marketing activities to a group.

You must consider the following questions before importing group customer information:

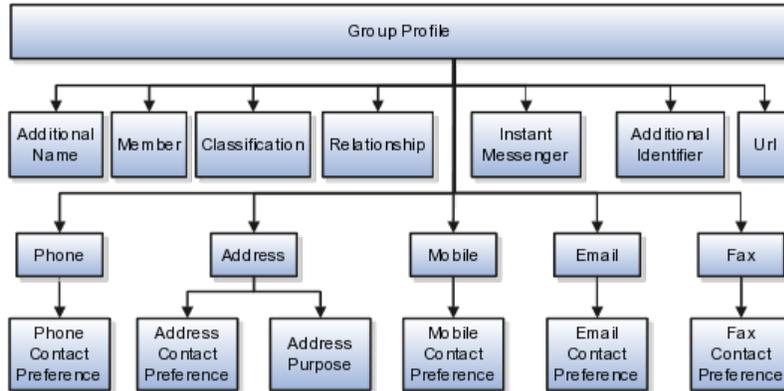
- How does your legacy or source system represent the group customer information compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map your existing data values to the Group Customer import object?
- Do you have to customize Oracle Fusion Applications to capture additional attributes that are critical to the way you do business?
- What import features are available for importing your business object?
- How do I verify my imported data?

### Comparing Business Object Structures

You must understand how your group customer data corresponds with the data in Oracle Fusion Applications to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a group customer.

The Oracle Fusion Applications Group Customer structure is hierarchical. At the top level is the group profile, which must exist before you can import lower-level components, such as classifications, additional names, additional identifier, and members. These child entities can have other entities as their child entities. This hierarchical structure supports one-to-many relationships between the components that make up the group customer.

The following figure shows the Group Customer import object and its child entities.



The group customer profile contains basic information about the group customer, such as the group name, group type, and the group-party usage. For each group customer, you can assign classifications, members, relationships, additional identifier, and additional names.

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**Note**

All entities referring to contact information, such as primary phone or e-mail, include a child entity that captures the contact preference. For example, the Phone Contact Preference entity captures the contact preference of the group for the phone contact method.

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**Comparing Business Object Data**

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the group customer.

A good understanding of the import objects and attribute details is critical to preparing your import data. Oracle Fusion Applications attribute details are available for your reference in the Oracle Enterprise Repository. The reference guide files contain descriptions, default values, and validations for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correspond to a choice list in Oracle Fusion Applications, then the validation information for that attribute will provide the task name in the Setup and Maintenance work area where you can define your values.

**Extensible Attributes**

If you want to extend the Oracle Fusion Applications object data to import your legacy or source data, then you must use Oracle Fusion Applications CRM

Application Composer to design your object model extensions and to generate the required artifacts to register your extensions and make them available for importing. The corresponding import object is updated with the extensible attributes, which can then be mapped to your source file data. You can use the same source file to import both extensible custom attributes and the standard import object attributes.

## Importing Group Customers Using File-Based Data Import

For the group customer business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks that are required to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. An import activity defines the instructions for processing import data, including the source file, import mapping from the source file to the Oracle Fusion Applications object and attribute, and the import schedule.

When importing group customer information, you must first import the basic group customer profile information, followed by the child entities for the group customer. When importing child entities, you must provide the parent reference information for all parent levels for the entity. You must provide the PartyOrigSystem and PartyOrigSystemReference of the group customer when importing contacts for the group customer. PartyOrigSystem is the source system code that identifies the source of the information being imported. PartyOrigSystemReference is unique for each row of data within a single import, and is a combination of PartyOrigSystem and a unique reference. For example, you first import basic profile details, such as first name, last name, party type, and party usage. You then import contact information, such as phone, address, contact points, and fax for the group customer.

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which you can use to verify imported data. You can view the list of import activities from the Manage Import Activities page. You can verify the status of the import activity by clicking the **Status** column for your import activity. Alternatively, you can also navigate to the Party Center work area to view the customer information that you have imported.

## Group Customer Import Objects: How They Work Together

The Group Customer import object allows you to import group customers, their basic information, and members of the group. This topic describes the Group Customer import object and introduces the following:

- Target import object concepts
- Target objects for the Group Customer import object
- Target import object attributes

- Target import object attribute reference guide files for evaluating and mapping source file data

## **Group Customer Target Import Objects Concepts**

The Group Customer import object imports group customers and its members. The Group Customer import object is split into separate target import objects for organizing the individual attributes for the different aspects of the group customer. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

## **Group Customer Target Import Objects**

The target import objects in the Group Customer import object are grouped into information about the group customer and information about the member. The group profile is the target import object containing attributes to import information about the group customer. You can have multiple members associated with a group customer. You can assign only an organization or a person as a member of a group. You cannot assign a group as a member of another group.

When updating an existing group customer with additional information, you must provide the parent reference information for the existing group customer. When importing contacts or contact information for a group customer, you must provide relationship reference information in addition to the parent reference. When importing information about a member, you must refer to the specific relationship that you want to import information for. For example, you might want to import information for John Smith the employee or John Smith the board member. If you do not include the reference information for a relationship, then the import process will create a relationship.

To update the information for an existing group customer or to create a group customer record, you can import group customer profile information, addresses, and contact points, such as phone and fax. The following target import objects are for creating and updating the group customer information: GroupProfile, Fax, Mobile, Phone, e-mail, InstantMessenger, Relationship, Member, Address, Classification, AdditionalName, and AdditionalIdentifier.

All contact-related entities, such as phone or e-mail, include a child entity that captures the contact preference. For example, the Phone Contact Preference entity captures the contact preference of the group customer for the contact method primary phone. Additionally, the Address import object for a group customer includes another child entity, AddressPurpose, that captures the purpose of the current group customer address.

## **Target Import Objects Attributes**

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference guide file includes attribute descriptions, default values, and validations performed by the import process. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can

predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

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**Note**

If any of the attributes you want to import do not have an equivalent target object attribute, then review the Oracle Fusion Applications CRM Application Composer extensibility features for the group customer.

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**Target Import Objects Attributes Resources**

To access the reference guide files for the group customer target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

The following table lists the reference guide files that are available from the Documentation tab for the Group Customer File-Based Data Import asset.

Target Import Object	Description	Reference Guide File Names
GroupProfile	<p>Includes detailed group customer information, such as, group name and group type. The default party usage for a group customer is SALES_PROSPECT.</p> <p>Sample attributes: AnnualIncome, NumOfDependents, MedianAge, and CertificationLevel.</p> <p>Reference attributes: PartyOrigSystem, PartyOrigSystemReference, and PartyId.</p>	HZ_IMP_PARTIES_T_Reference
Relationship	<p>Includes information about the relationship between the group customer and the group member. You must enter a relationship code in the RelationshipCode column, when creating a relationship.</p> <p>Sample attributes: RelationshipCode and RelationshipType.</p> <p>Reference attributes: RelOrigSystem RelationshipID, and RelOrigSystemReference.</p>	HZ_IMP_RELSHIPS_T
Member	<p>Includes information about the group customer member.</p> <p>Sample attributes: ObjectKey and SubjectId.</p> <p>Reference attributes: RelOrigSystem RelationshipID, and RelOrigSystemReference.</p>	HZ_IMP_RELSHIPS_T

Classification	<p>Includes classification information for a group customer. Classification allows you to categorize entities such as parties, projects, tasks, and orders as hierarchies.</p> <p>Sample attributes: ClassificationCode, ClassificationCategory, PrimaryFlag, and Rank.</p> <p>Reference Attributes: ClassificationOrigSystem and ClassificationOrigSystemReference.</p>	HZ_IMP_CLASSIFICS_T
AdditionalIdentifier	<p>Includes detailed information about an additional identifier for the group customer.</p> <p>Sample attributes: IdentifierValue, IdentifierType, Country, and IssuingAuthorityName.</p> <p>Reference attributes: IdentifierValue, AdditionalIdentifierOrigSystem, and AdditionalIdentifierOrigSystemRef</p>	HZ_IMP_ADDTNLPARTYID_T
AdditionalName	<p>Indicates alternative name of a group customer.</p> <p>Sample attributes: Additional Name, Additional Name Type, and GlobalPreferredNameFlag.</p> <p>Reference Attributes: AdditionalNameOrigSystem and AdditionalNameOrigSystemRefere</p>	HZ_IMP_ADDTNLPARTYNAMES_T
Url	<p>Indicates the Url of the group customer.</p> <p>Sample attributes: ContactPointType, PrimaryFlag, Url, and WebType.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference</p>	HZ_IMP_CONTACTPTS_T_Reference

InstantMessenger	<p>Indicates the instant messenger or social networking information of a customer contact.</p> <p>Sample attributes: ContactPointPurpose, EndDate, InstantMessagingAddress, and InstantMessengerType.</p> <p>Reference attributes: CpOrigSystem, CpOrigSystemReference, and Objectkey.</p>	HZ_IMP_CONTACTPTS_T_Reference
Fax	<p>Indicates the fax of the group customer.</p> <p>Sample attributes: PhoneAreaCode, PhoneCountryCode, PhoneExtension, PhoneLineType, and PhoneNumber.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPTS_T_Reference
FaxContactPreference	<p>Indicates the group customer preference about being contacted through fax.</p> <p>Sample attributes: ContactType, PreferenceCode, PreferenceEndDate, PreferenceStartDate, and ReasonCode.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPREFS_Reference
Mobile	<p>Indicates the mobile number of group customer.</p> <p>Sample attributes: ContactPointPurpose, ContactPointType, PhoneAreaCode, PhoneCountryCode, PhoneExtension, PhoneLineType, PhoneNumber, and PrimaryFlag.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPTS_T_Reference

MobileContactPreference	<p>Indicates the group customer's preference about being contacted through mobile phone.</p> <p>Sample attributes: ContactType, PreferenceCode, PreferenceEndDate, PreferenceStartDate, and ReasonCode.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPREFS_Reference
Phone	<p>Indicates the primary phone number of the group customer. If the group has multiple phone numbers, one of the phone numbers is designated as the primary phone number.</p> <p>Sample attributes: PhoneAreaCode, PhoneCountryCode, PhoneExtension, PhoneLineType, and PhoneNumber.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPTS_T_Reference
PrimaryPhoneContactPreference	<p>Indicates the group customer's preference about being contacted through phone.</p> <p>Sample attributes: ContactType, PreferenceCode, PreferenceEndDate, PreferenceStartDate, and ReasonCode.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPREFS_Reference
Email	<p>Indicates the e-mail of the group customer.</p> <p>Sample attributes: ContactPointPurpose, EmailAddress, and StartDate.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPTS_T_Reference

EmailContactPreference	<p>Indicates the group customer's preference about being contacted through e-mail.</p> <p>Sample attributes: ContactType, PreferenceCode, PreferenceEndDate, PreferenceStartDate, and ReasonCode.</p> <p>Reference attributes: CpOrigSystem and CpOrigSystemReference.</p>	HZ_IMP_CONTACTPREFS_Reference
Address	<p>Indicates the address of a group customer. If the group has multiple addresses, one of the addresses is designated as the primary address.</p> <p>Sample attributes: Address1, Address2, City, Country, County, State, and PostalCode.</p> <p>Reference attributes for location: LocationOrigSystem, LocationOrigSystemReference, and LocationId1.</p> <p>Reference attributes or party sites: SiteOrigSystem, SiteOrigSystemReference, and PartysiteId1.</p>	HZ_IMP_LOCATIONS_T, HZ_IMP_PARTYSITES_T
AddressContactPreference	<p>Indicates the group customer's preference about being contacted at the primary address.</p> <p>Sample attributes: ContactType, PreferenceCode, PreferenceEndDate, PreferenceStartDate, and ReasonCode.</p> <p>Reference attributes: CpOrigSystem, CpOrigSystemReference.</p>	HZ_IMP_CONTACTPREFS_Reference
AddressPurpose	<p>Indicates the purpose of a group customer's address.</p> <p>Sample attributes: SiteUseType, EndDate, and StartDate.</p> <p>Reference attributes: SiteOrigSystem and SiteOrigSystemReference.</p>	HZ_IMP_PARTYSITEUSES_T

## Importing Resource Teams Using File-Based Import: Explained

This topic explains how to prepare and import resource team data from an external data source into Oracle Fusion Applications using the File-Based Data

Import feature. A resource team is a temporary group of resources that is formed to work on work objects. A resource team may contain a resource organization or resources or both. A resource team cannot be hierarchically structured and is not intended to implement an organization. You enter your resource team information using the Setup and Maintenance work area, Manage Resource Teams task, or you can import data to create new or update the existing resource teams.

Consider the following questions when importing your data:

- How does your legacy system or source system represent the resource team compared to how Oracle Fusion Applications represent the same data?
- Do you have to configure values in Oracle Fusion Applications to map to your data values?
- Do you have to customize Oracle Fusion Applications to capture additional attributes that are critical to the way you do business?
- What import features are available for importing your business object?
- How do you verify your imported data?

### **Comparing Business Object Structures**

You must understand how your resource team data corresponds with the data in Oracle Fusion Applications in order to be able to map your legacy data to the data needed by Oracle Fusion Applications. First, you must understand how Oracle Fusion Applications represent the structure of the data for a resource team.

In Oracle Fusion Applications, one table stores the resource team definition and other tables optionally store profile details for that resource team. Profile details for a resource include information about a resource team's organization and team memberships.

### **Import Objects for the Resource Team**

To facilitate the import of resource teams, Oracle Fusion Applications incorporate the structure of the resource team into import objects. The import object for the resource team is Resource Team.

### **Comparing Business Object Data**

Each import object is a collection of attributes that helps to map your data to the Oracle Fusion Applications data and to support one-to-many relationships between the structural components that make up the resource team.

A good understanding of the attribute details of the import objects is critical to preparing your import data. The reference guide files contain descriptions, logic used to choose default values, and validation information for each of the Oracle Fusion Applications attributes. The validation information includes the navigation to the task where you can define values in Oracle Fusion Applications. For example, if you have values in your data that correlate to a choice list in Oracle Fusion Applications, then the validation information for that attribute provides the task name in the Setup and Maintenance work area

where you can define your values. For additional information, including a list of reference guide file names and locations that you need to complete this task, see the following table.

Import Object	Related Import Object Topic
Resource Team	Resource Team Import Objects: How They Work Together

Hint: You can use the keyword importing resource teams to search for related topics in Oracle Fusion Applications Help.

### Extensible Attributes

If you need to extend the Oracle Fusion Applications object to import your legacy or source data, you must use Oracle Fusion CRM Application Composer to design your object model extensions and to generate the required artifacts to register your extensions and make them available for importing. The corresponding import object is updated with the extensible attributes, which can then be mapped to your source file data. You can use the same source file to import both extensible custom attributes and the standard import object attributes.

### Importing Resource Teams Using File-Based Data Import

For the resource team business object, you must use the File-Based Data Import feature. You prepare XML or text source data files in a form that is suitable for file-based import. The file-based import process reads the data included in your source file, populates the interface tables according to your mapping, and imports the data into the application destination tables.

The Define File-Based Data Import Setup and Maintenance task list includes the tasks needed to configure the import objects, to create source-file mappings, and to schedule the import activities. You submit file-based import activities for each import object. When creating a new contact, you import the Resource Team object.

You must be assigned the Master Data Management Administrator job role to access and submit the import activities for resource teams.

### Verifying Your Imported Data

Oracle Fusion Applications provide File-Based Import activity reports, which can be used to verify imported data. Users with the Master Data Management Administrator job role can also navigate to the Manage Resource Teams work area to view the imported resource teams.

## Resource Team Import Objects: How They Work Together

This topic describes the Resource Team import object. You use two main import objects, ResourceTeam and ResourceTeamUsage, when you submit a file-based import activity to import resource team information.

This topic introduces the following:

- Target import object concepts
- Target objects for the Resource Team import object
- Target import object attributes
- Target object attribute reference guide files

## Target Import Object Concepts

The Resource Team import object is used to import resource teams and information to create or update associated organizations or persons. The Resource Team import object is split into separate target import objects for organizing the individual attributes of the different aspects of the resource team and the resource team's usage. To map the source data in your import file to the target attributes in Oracle Fusion Applications, you must understand how the target objects are related and what attributes are included in each target object.

## Response Target Import Objects

The target import objects in the Resource Team import object are generally grouped into information about the resource team and its usage. The ResourceTeam target import object contains information that identifies the resource team, such as the team's name, ID, active dates, and so on. The ResourceTeamUsage target import object contains information that captures the usage of the resource team.

To import or update a resource team, use the ResourceTeam target import object. To import or update a resource team's usage, use the ResourceTeamUsage target import object.

## Target Import Objects Attributes

You must compare the attributes that you want to import with the target object attributes that are available and their valid values. To evaluate your source data and Oracle Fusion Applications attributes for mapping and validation, you use an Oracle Enterprise Repository reference guide, which is available for each target import object. The reference guide file includes attribute descriptions, default values, and validations performed by the import process. Review the validation for each attribute to determine whether there are functional prerequisites or setup tasks that are required.

To import your source file data, you define a mapping between your source file data and the combination of the target object and target object attribute. You can predefine and manage import mappings using the File-Based Import Mapping task, or you can define the mapping when you define the import activity using the File-Based Import Activity task. Both tasks are available in the Setup and Maintenance work area.

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### Note

If any of the attributes you want to import do not have an equivalent target object attribute, then review the Oracle Fusion CRM Application Composer extensibility features for the marketing response.

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## Target Import Objects Attributes Resources

To access the reference guide files for the resource team's target import objects, see the File-Based Data Import assets in Oracle Enterprise Repository for Oracle Fusion Applications (<http://fusionappsoer.oracle.com>).

The following table lists the reference guide files that are available from the Documentation tab for the Resource Team File-Based Data Import asset.

Target Import Object	Description	Reference Guide File Names
ResourceTeam	Captured information that identifies a resource team.  Sample attributes: TeamId, TeamName, TeamDescription, and Language.	HZ_IMP_TEAMS_Reference
ResourceTeamUsage	Contains information that indicates the usage of the resource team.  Sample attributes: RequestId, TeamUsageId, TeamId, and Usage.	HZ_IMP_TEAM_USAGES_Reference



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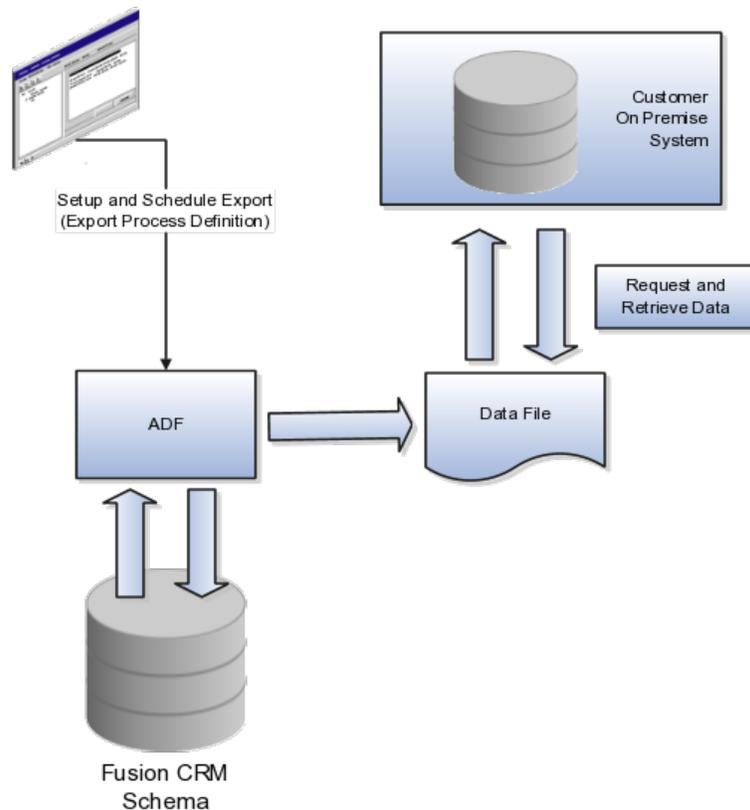
## Manage Bulk Data Export

### Manage Export Objects

### Bulk Export: Overview

The Bulk Export application provides a mechanism to extract large volumes of data from Fusion CRM objects. These extracts can be the full set of records for an object or incremental extracts. For example, data extracted for a specific period of time, from the hosted CRM system to an on-premise database that resides behind a user's fire-wall. The system will create comma separated variable or tab delimited files with the extracted data, which will be available to users as attachments to the batch records that have been executed.

The following figure depicts the process of selecting data for export, scheduling and finally delivering the exported data file.



## Bulk Export Process Definition: Explained

This solution provides a mechanism to extract large volumes of data from Fusion CRM objects, both as extracts of a full set of records for an object as well as incremental extracts. The system will create comma or tab delimited files with the extracted data which will be available to users as attachments to the batch records that have been executed.

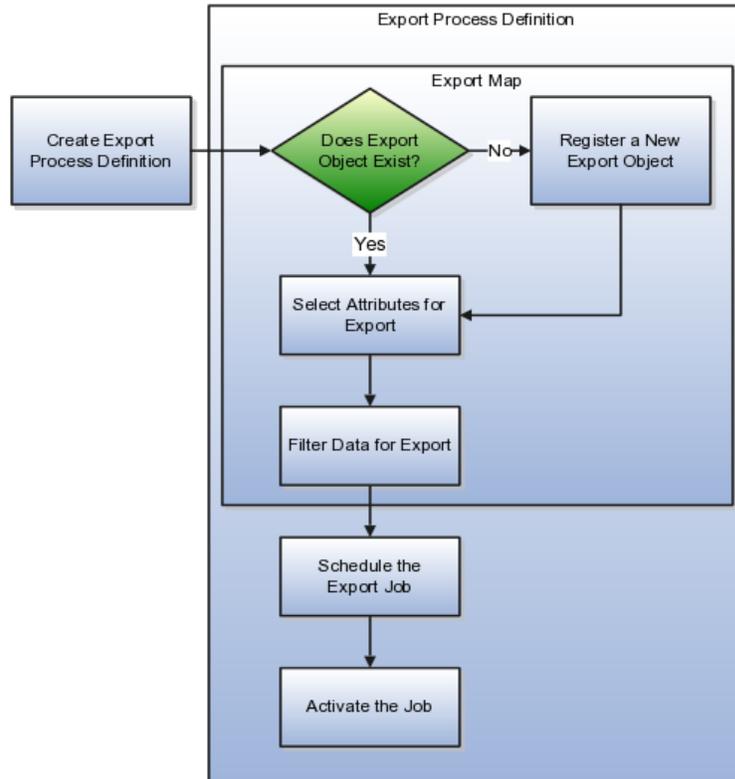
In order to create the extracts, two steps must be completed. First, mapping files for the full and incremental extract processes must be defined in the Fusion CRM system. These maps will specify which columns and filters will be applied to each export process for each export object. For the incremental extracts, filters can be created that leverage time stamps to determine which rows will be queried out of the system. All mapping files will be saved in the system and reused for each extract.

Next, the hourly and weekly data export processes are scheduled in the Fusion export tool. For any required incremental and scheduled export, the export task should either exist or be created through the UI. Oracle Web Services would only be used to schedule the export and start it. After each export process executes and completes, a comma or tab delimited data file will be created and stored in the Fusion system as an attachment. The formatted file can be downloaded by using the `getAttachment()` web service or by using the interactive UI in the export tool.

There are no transactional steps for this process in the Fusion CRM application, there are only prerequisite setup steps. Once these steps are complete the process

should run automatically. The prerequisite steps in Fusion are to create an export map and export job schedule for each object to be extracted (this only needs to be done once).

The Bulk Export Process Definition is made up of the Export Map and the processing schedule. See the steps below.



### Select the Export Object

The export object is the Fusion data base object where the data resides. It is made up of attributes. If you need to export data from a custom table, you must register the object as an export object. This is accomplished from the Manage Export Process UI, Manage Export Objects action. All the delivered tables and their attributes are available for export.

### Select Attributes

The export object is made up of attributes. These attribute may be selected for export or not included. You can edit the header text of the attribute to make its meaning more clear to other users of this process.

### Filter Criteria

Each attribute may have limits or conditions enforced. Various operators are available for selecting the data to precisely select the data required for the export. You can save the filter criteria and then modify the criteria and save it under a new name. You can then change the filter by coming here to select an alternate filter name. Because the filters are related to the export object, if you reuse a map and change the filter, you are changing it for any Export Process Definition that

uses that map. The attributes you use for the map have no bearing on what is available in the filter. All fields from the VO are available for use in the filter. For example, you can filter by TYPE but not show TYPE in the output.

### Schedule the Export Process

Once defined, the export process is scheduled. You can run the process immediately or at the time and date of your choosing. If you decide to schedule the job at a later date you can also choose to set up a recurring schedule of extracts.

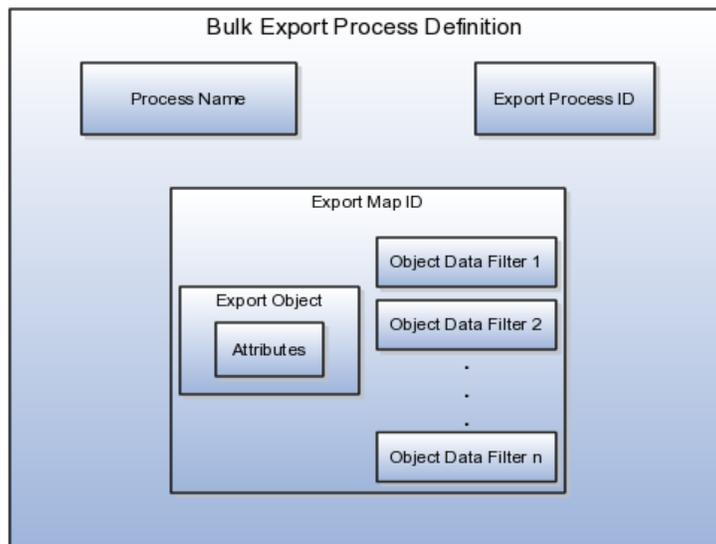
### Activate the Job

By clicking on the Activate button, you make the job available to be run. It does not start an export process.

## Bulk Export Process Components: How They Work Together

In the two step process used by Oracle Fusion Bulk Export, the first is the mapping of files for the full and incremental extract processes. The second step is the scheduling of the export. You create a process definition that includes both of these steps.

The process definition has three components that together make exporting data easier by leveraging the export maps that you have already built. The process name, the export process ID and the export map ID all serve to identify the specific process definition as well as leverage your work with reusable export maps



### **Process Name**

A user-supplied, natural language way to refer to the Export Process Definition. This enables you to refer to the export process definition easily rather than using the machine generated ID. For example, use Customer or some other meaningful name as the export process name instead of the export process ID 100000019897192.

### **Export Process ID**

A unique, system generated identifier for the export process definition that ties together the export map, with its export objects and filters, and the defined export schedule.

### **Export Map ID**

A unique identifier for the export map itself. You can name the export map or leave the field blank for a system generated map name to be entered. You can reuse the export map in different process definitions. For example, you could create a process definition to export all the data from the Customer export object. You could then reuse that export map and apply a new filter on the data to create an incremental export, such as data accrued since the last export date.

## **FAQs for Data Export**

### **How can I tell which objects to select?**

Review the requirements for the data to be exported and determine the source view object that holds the attributes you want.

### **How can I create a subset of data for export?**

Full sets of data are not always required for export. To create a subset of data, use filter criteria to determine the time frame or scope of data, based on values of the attributes. For example, to find activities for a certain period, use a project start date from 1/1/11 through 3/31/11, navigate to the Export Objects Detail Sub Page and click the filter icon. Fill in the filter criteria dialog for the project start dates to select the data to be exported. You run the export by navigating to the **Setup and Maintenance** menu, selecting **Manage Task Lists and Tasks**. Then, search for **Schedule Export Processes** and click the **Go to Task** icon on the line for this task.

### **How can I see my exported data?**

You can look on the Schedule Export Processes, Overview page to see the History subpage. The column Exported Data File shows a hyperlink to your output file. This file will be a comma separated variable or a tab delimited file. Click that link to open the file and see the exported data.

### **How can I use my own View Object for export?**

You can use your own defined view objects as a source for Bulk Export. To register your view objects for export, select **Setup and Maintenance** from the

**Tools** menu and search for the **Manage Export Objects** task. Click the **Go to Task** icon and on the **Manage Export Objects** page click the **Create** icon to add your View Object, making it available for use.

### **What happens if I change the sequence number or header text?**

Changing the sequence number changes the order of the attributes in the exported data file. Changing the header text enables you to give a more intuitive meaning to the attribute and the associated data.

### **What happens if I need data from more than one view object?**

Select as many view objects as required to be export objects for the export process. Choose the individual attributes required from each export object.

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# Glossary

**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.

**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.

**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.

**alternate clause**

A clause with an alternate relationship to another clause. Contract authors can substitute an alternate clause for the standard clause in their contracts.

**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 module**

An application module is the transactional component that UI clients use to work with application data. It defines an updatable data model and top-level procedures and functions (called service methods) for a logical unit of work related to an end-user task.

**application module class**

Includes service methods or extended code required by the application module configuration.

**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.

**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.

**balancing segment**

A chart of accounts segment used to automatically balance all journal entries for each value of this segment.

**beneficiary**

A person or organization designated to receive benefits from a compensation plan on the death of the plan participant.

**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.

**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.

**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.

**clause relationships**

Clauses in the Contract Terms Library can be incompatible with or alternates for other clauses.

**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.

**contact role source**

Source of the contact role list of values, such as employees, salespeople, and customer contacts..

**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 fulfillment**

Tracks the progress of contractual and noncontractual commitments by interested parties in a procurement enterprise contract and can initiate purchasing activity in integrated purchasing applications.

**contract terms deliverable**

A task that needs to be performed as part of the execution of a procurement contract or negotiation and is tracked as part of the contract terms and conditions.

**Contract Terms Library**

A repository of standard clauses, contract terms templates, and business rules maintained by your organization.

**Contract Terms Library**

A repository of standard clauses, contract terms templates, and business rules built using Contract Expert.

**Contract Terms Library administrator**

The employee, designated as administrator during business unit setup, who is responsible for approving Contract Terms Library content.

**contract terms template**

A template of standard clauses set up in the Contract Terms Library applied during contract authoring either automatically by the application or manually by contract authors.

**contract type**

A setup that specifies enterprise contract content, including the presence of contract terms and contract lines.

**contractual deliverable**

A contract deliverable that is covered by the terms of the contract.

**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.

**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.

**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.

**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.

**division**

A business-oriented subdivision within an enterprise. Each division is organized to deliver products and services or address different markets.

**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 sequence**

A unique number that is automatically or manually assigned to a created and saved document.

**document sequence category**

A classification that groups the documents of a particular type and stores them in a database table. When a sequence is assigned to the document sequence category, all documents that it contains are assigned that sequence.

**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.

**document type**

A categorization of contracts, including auction, blanket purchase agreement, contract purchase agreement, RFI, RFQ, standard purchase order, and enterprise contract.

**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.

**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 contract**

A contract created in the Oracle Fusion Enterprise Contracts application.

**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.

**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.

**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.

**feature choice**

A selection you make when configuring offerings that modifies a setup task list, or a setup page, or both.

**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.

**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.

**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.

**global business unit**

A business unit, designated as global during business unit setup, that can make its clauses and contract terms templates available for adoption by local business units.

**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.

**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.

**intended use fiscal classification**

A tax classification based on the purpose for which a product is used.

**intent**

Specifies if an object in the Contract Terms Library is used for procurement contracts or for sales contracts.

**intercompany billing**

A feature that enables you to bill an internal customer for work done on a receiver project and formalizes an internal revenue or cost transfer between provider and receiver organizations.

**interface table**

A database table used for transferring data between applications or from an external application or data file.

**interproject billing**

A feature that enables you to bill an internal customer for work done on a provider project. Cost of work performed is not reflected on the receiver project until the project receives an invoice for the work.

**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.

**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.

**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.

**layout template**

RTF document that contains the contract layout for printing and preview.

**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.

**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.

**local business unit**

A business unit, not designated as global during business unit setup, which can adopt global clauses created in the global 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.

**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.

**mandatory clause**

Clause from the Contract Terms Library that you cannot edit or delete without special permission.

**manufacturing facilities**

Employed in the making of goods for sale such as a factory or plant.

**marketing list**

A static selection of contacts for the purpose of communicating a marketing message by e-mail, direct mail or phone.

**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.

**noncontractual fulfillment**

Contract fulfillment lines that are not negotiated as part of the contract but are used to monitor the progress or quality of contractual fulfillment.

**nonstandard clause**

A clause created during contract terms authoring by editing a standard clause or by creating a new clause that is not in the Contract Terms Library.

**numbering scheme**

The style of numbering used for the sections and clauses in contract terms.

**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.

**OWLCS**

Abbreviation for Oracle WebLogic Communication Services. Offers the TPCC service to Fusion applications and sets up the calls via SIP integration with the telephony network.

**party**

A physical entity, such as a person, organization or group, that the deploying company has an interest in tracking.

**party fiscal classification**

A classification used by a tax authority to categorize a party for a tax.

**party source**

Source of the list of values for entering contract parties, such as business units, customers, suppliers, and partners.

**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.

**person number**

A person ID that is unique in the enterprise, allocated automatically or manually, and valid throughout the enterprise for all of a person's work and person-to-person relationships.

**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.

**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 contract document**

A file containing the contract terms and conditions. This file can be generated automatically by the application from the structured terms or attached to the contract by the contract author.

**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.

**protected clause**

Standard clause that you cannot edit unless you are granted special permission by the Contract Terms library administrator.

**provider business unit**

The business unit whose resources provide services to another project (provider project) or business unit. For cross-charge transactions, the provider business unit is the expenditure business unit; the project business unit owns the intercompany billing project.

**provision clause**

A clause that is used only in negotiations and is dropped when the negotiation is converted to a contract.

**PSTN**

Abbreviation for public switched telephone network which is the network of the world's public circuit-switched telephone networks.

**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.

**purchasing document**

A document such as a purchase order, a purchase agreement, or a blanket purchase agreement created in an integrated purchasing application from a contract deliverable.

**receiver project**

A project for which work is performed by another (provider) project. In interproject billing, the receiver project incurs costs from an Oracle Fusion Payables invoice generated by the Update Invoice from Oracle Fusion Receivables process performed for the provider project.

**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 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.

**repository contract**

An enterprise contract with no lines or contract deliverables, such as a nondisclosure agreement or an employment agreement.

**resource**

People designated as able to be assigned to work objects, for example, service agents, sales managers, or partner contacts. A sales manager and partner contact can be assigned to work on a lead or opportunity. A service agent can be assigned to a service request.

**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.

**service provider model**

A business unit that provides specific business functions for another business unit.

**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.

**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.

**SOA**

Abbreviation for service-oriented architecture.

**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.

**standard clause**

Legally approved language that is part of the terms and conditions in the Contract Terms Library.

**storage facilities**

Commercial building for storage of goods such as a warehouse.

**structured terms**

Contract terms that are authored within the Oracle Fusion Enterprise Contracts application.

**system person type**

A fixed name that the application uses to identify a group of people.

**system variable**

A predefined variable that gets its value from an attribute of the contract or other document.

**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.

**transaction business category**

A business classification used to identify and categorize an external transaction into a tax transaction.

**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.

**translation-only clause**

A clause with text that was translated but not edited.

**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.

**user rate type**

Rate you enter at journal entry time to convert foreign currency transactions to your functional currency.

**user variable**

A variable that can be created by the Contract Terms Library administrator for use within clause text or in Contract Expert rules.

**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.

**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.

**worker type**

A classification selected on a person's work relationship, which can be employee, contingent worker, pending worker, or nonworker.

**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**

Abbreviation for eXtensible markup language.

**XML filter**

A type of condition using XML to constrain the data secured by a data security policy.