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# Table of Contents

NetSuite OneWorld

- Introduction to NetSuite OneWorld ........................................................................................................ 1
- OneWorld Overview ....................................................................................................................................... 2
- Subsidiaries in OneWorld ................................................................................................................................. 5
  - Elimination Subsidiaries ................................................................................................................................. 5
  - Subsidiary Hierarchy Planning ....................................................................................................................... 6
  - Subsidiary Hierarchy Structure Modification .............................................................................................. 7
- Multiple Currencies in OneWorld ..................................................................................................................... 10
- Nexuses and Taxes in OneWorld ...................................................................................................................... 11
- NetSuite Editions Overview ............................................................................................................................. 12
- Subsidiary Setup ............................................................................................................................................... 13
  - Creating Subsidiary Records ......................................................................................................................... 13
  - Editing Subsidiary Records ............................................................................................................................ 17
  - Set Subsidiary Preferences ............................................................................................................................ 19
  - Deleting Subsidiary Records .......................................................................................................................... 21
- Adding or Removing Nexuses from a Subsidiary ............................................................................................... 21
- Locking Transactions by Subsidiary .................................................................................................................. 21
- Using Subsidiary-Specific Transaction Auto-Numbering .................................................................................. 23
- Control Employee Access to Subsidiaries ........................................................................................................ 23
- Restrict Your Subsidiary View .......................................................................................................................... 24
- Set up NetSuite OneWorld .................................................................................................................................. 26
  - Account Setup in OneWorld ........................................................................................................................... 26
  - Payroll Setup in OneWorld .............................................................................................................................. 27
  - Inventory Setup in OneWorld .......................................................................................................................... 28
  - Multiple Vendors Setup in OneWorld ............................................................................................................... 28
  - Logos in OneWorld .......................................................................................................................................... 29
- Subsidiary Settings Manager ............................................................................................................................. 30
  - Subsidiary Settings for a Single Subsidiary ................................................................................................. 31
    - Defining Period End Journal Entries Settings ........................................................................................... 32
    - Defining Subsidiary Settings for the Period End Journal Entries Feature ................................................... 34
- Associate Subsidiaries with Entities and Items ................................................................................................ 38
  - Assigning a Subsidiary to an Employee ........................................................................................................ 38
  - Assigning Subsidiaries to a Vendor ................................................................................................................ 39
  - Vendor Searches for Multi-Subsidiary Vendors ............................................................................................. 39
  - Mass Create and Update Multi-Subsidiary Vendors ..................................................................................... 40
  - Customization of the Subsidiaries Subtab on the Vendor Record ................................................................. 40
  - Multi-Subsidiary Vendor Support for Automated Intercompany Management ........................................... 40
  - Multi-Subsidiary Vendor Customer Entities ............................................................................................... 41
  - Transactions Available for Multi-Subsidiary Vendors ................................................................................. 41
  - Assigning a Subsidiary to a Partner ................................................................................................................ 43
  - Assigning Subsidiaries to a Customer ............................................................................................................ 43
    - Multi-Subsidiary Customer Feature Limitations .......................................................................................... 44
    - Best Practices for Using the Multi-Subsidiary Customer Feature .............................................................. 45
    - Enable the Multi-Subsidiary Customer Feature .......................................................................................... 45
    - Customer Balances for Assigned Subsidiaries ........................................................................................... 46
    - Customer Searches for Multi-Subsidiary Customers .................................................................................. 46
    - Mass Create and Update Multi-Subsidiary Customers .............................................................................. 47
    - Customization of the Subsidiaries Subtab on the Customer Record .......................................................... 47
    - Multi-Subsidiary Customer Support for Automated Intercompany Management .................................... 48
    - Multi-Subsidiary Customer Vendor Entities ............................................................................................ 48
    - Multi-Subsidiary Customer Hierarchy ........................................................................................................ 48
    - Transactions Available for Multi-Subsidiary Customers ............................................................................ 48
  - Associate Subsidiaries with Items ................................................................................................................. 54
NetSuite OneWorld

- Introduction to NetSuite OneWorld
- Subsidiaries in OneWorld
- Subsidiary Setup
- Set up NetSuite OneWorld
- Subsidiary Settings Manager
- Associate Subsidiaries with Entities and Items
- Automated Intercompany Management
- Consolidated Reporting in OneWorld
- Subsidiary Navigator
- OneWorld ERP Accounting
- OneWorld CRM
- OneWorld and SuiteCommerce
Introduction to NetSuite OneWorld

You can use NetSuite OneWorld to manage multiple areas of your multinational, multicompany business including financials, customers, e-commerce, Services Resource Planning (SRP), business intelligence, and tax and compliance management.

**Global Enterprise Resource Planning (ERP)**

To manage financials, OneWorld enables you to adjust for currency, taxation, and legal compliance differences. You can make adjustments at the local level, with regional and global business consolidation and roll-up. This roll-up provides worldwide business visibility in real time.

**Global Customer Relationship Management (CRM)**

To manage customers, OneWorld enables you to manage a complex multinational sales organization that requires multiple languages and currencies. It provides global visibility to every aspect of CRM including quotas, forecasts, sales, customers, partners, support cases, issues, leads, and campaigns.

**Global E-commerce**

To manage e-commerce, OneWorld enables you to conduct web business around the globe. You can have multi-language, multi-currency, multi-country, and multi-brand web stores that can be run and managed from a single NetSuite account.

**Global Services Resource Planning (SRP)**

With SRP, OneWorld streamlines the complete services lifecycle. Workflows from marketing to project management, service delivery, billing, and revenue management. SRP helps you drive repeat business from existing clients.

**Global Business Intelligence**

To manage business intelligence, OneWorld provides real-time visibility across your entire enterprise. This visibility provides unprecedented access to financial, customer, and business data worldwide. It provides multiple levels of consolidated reporting, and enterprise-wide key performance indicators (KPIs) display in real time on dashboards.

**Global Tax and Compliance Management**

Growing regulatory challenges, compliance risk, financial penalties, and more frequent system-based tax audits burden businesses with ever more complex tax compliance requirements. OneWorld tax and compliance management capabilities provide a robust foundation for transparency, automation, simplicity, and controls in managing your global tax and compliance responsibilities.

For details about working with NetSuite OneWorld, see the following help topics:

- OneWorld Overview
- Subsidiaries in OneWorld
- Subsidiary Setup
- Set up NetSuite OneWorld
- Subsidiary Settings Manager
- Associate Subsidiaries with Entities and Items
- Automated Intercompany Management
- Consolidated Reporting in OneWorld
- Subsidiary Navigator
OneWorld Overview

NetSuite OneWorld supports global, multi-subsidiary organizations. OneWorld lets you use a single NetSuite account to manage records and transactions for multiple subsidiaries conducting business across multiple tax jurisdictions involving multiple currencies.

OneWorld organizes both domestic and international subsidiaries into a single hierarchical structure. Each subsidiary is treated as a unique legal entity for taxation and regulation purposes. Each subsidiary has a specific nexus (tax jurisdiction) and a specific base currency. This base currency is the currency in which the subsidiary manages its financials. Subsidiary-specific data is available for reporting. Data for multiple subsidiaries can be rolled up into consolidated reports in the currency of a parent subsidiary.

OneWorld supports local and foreign currencies for transactions with foreign companies and between subsidiaries. Consolidated reports including aggregated financial statements provide foreign currency translation and consolidation for all child subsidiaries of a selected parent subsidiary.

OneWorld Capabilities

With NetSuite OneWorld, you can manage inter-related business processes across multiple subsidiaries. Some of the capabilities that NetSuite OneWorld provides include:

- **Accounting and Financial Consolidation**
  
  Each subsidiary completes transactions in its own base currency. Subsidiaries share inventory items and have unique items. Using a single chart of accounts as well as subsidiary-specific accounts you prepare consolidated and subsidiary financial statements in the appropriate currencies. You can also enter advanced intercompany journal entries and eliminate profits for transactions among subsidiaries.

- **Tax and Regulatory Compliance**

  Each subsidiary has one or more locations unique to that subsidiary, which enables you to administer location-based tax and regulatory requirements.

- **Customer Relationship Management**

  With OneWorld, you can manage your sales organization and customer relationships. Sales quotas and forecasts span subsidiaries and sales organizations. Sales people can sell and be commissioned across subsidiaries. Marketing campaigns and the leads obtained could be shared by one or more subsidiaries.

- **Shared or Unique Web Stores**

  Subsidiaries can have dedicated or shared Web stores with unique items.

- **SuiteCloud**

  SuiteCloud supports OneWorld with Web Services, SuiteScript, SuiteBuilder (customization), and SuiteAnalytics Connect.

- **Reporting and Search**

  OneWorld supports reporting in the base currency of each subsidiary, its parent subsidiary, and the top-level, root-parent subsidiary. Financial statements, dashboards, and Key Performance Indicators Overview can display consolidated roll-ups and side-by-side comparisons of subsidiaries.
Customers Who Use OneWorld

Most companies can adapt the capabilities of NetSuite OneWorld to meet the requirements of their particular business operations and structure. However, OneWorld provides the most value to organizations with the following characteristics:

- Subsidiaries exist as separate legal entities, particularly foreign subsidiaries.
- The top-level, or root-parent subsidiary, owns 100% of all subsidiaries. Affiliates, franchisees, joint ventures, and similar shared-ownership entities require more specialized accounting treatment. For more information, see Set up NetSuite OneWorld and NetSuite Company Settings.
- All subsidiaries have similar business processes. For example, a wholesale distribution company with similar operations in multiple countries can take advantage of company-level preferences. For more information, see the help topic Set Company Preferences.
- All subsidiaries generally use the same chart of accounts and fiscal periods. However, a company could set up country-specific accounts to meet statutory or internal reporting requirements. For more information, see the help topics Chart of Accounts Management and Accounting Period Management.

OneWorld Implementation

A new NetSuite implementation can be set up to use NetSuite OneWorld, and an existing account can be upgraded to use NetSuite OneWorld. Any edition of NetSuite can be upgraded. This is a one-time upgrade to your NetSuite implementation that cannot be reversed.

If you are interested in NetSuite OneWorld, contact your account representative.

Through a well-planned and careful implementation coordinated by NetSuite Professional Services, you can take full advantage of the benefits of NetSuite OneWorld features and confidently complete a successful NetSuite OneWorld implementation.
Subsidiaries in OneWorld

NetSuite OneWorld enables you to manage data for a hierarchical structure of separate legal entities, or subsidiaries. This structure is organized as a tree that rolls up to a root, or top-level parent subsidiary. The root subsidiary is the highest-level subsidiary in your account, and all other subsidiaries are below it in the hierarchy. If your account was upgraded to OneWorld, the preexisting data is used for the root subsidiary.

**Note:** Subsidiary licenses are sold on a per-country basis. You can have 125 subsidiaries in your OneWorld account, including the root subsidiary. If you require more than 125 subsidiaries, contact your NetSuite account representative for pricing information.

License fees for subsidiaries do not include charges for elimination subsidiaries, and elimination subsidiaries do **not** count toward the maximum of 125 subsidiaries. Inactive subsidiaries also do not count toward the maximum.

Each subsidiary represents a separate company within your global organization. Subsidiaries can be international or domestic. When you create a subsidiary record in OneWorld, the country you define for its address determines the NetSuite edition. It also determines the tax nexus associated with that subsidiary.

In addition to the subsidiaries representing your organization's separate legal entities, you must create elimination subsidiaries for use in balancing consolidated financials. Each OneWorld transaction generally posts to a single subsidiary, with the exception of transactions between two or more subsidiaries. Intercompany transactions include intercompany sales and purchases, intercompany inventory transfers, and advanced intercompany journal entries. Because intercompany transactions post to two or more subsidiaries, the revenue and expenses must be eliminated at the consolidated level to maintain balanced financials. OneWorld uses elimination journal entries, associated with elimination subsidiaries, to maintain this balance. For more information, see Elimination Subsidiaries.

Elimination Subsidiaries

When subsidiaries transact, you may have to eliminate the revenue and expenses at the consolidated level to remove the effect of transactions between subsidiaries.

For example, intercompany transaction balances may require elimination for the following reasons:

- **Sales between subsidiaries**
- **Inventory transfers between subsidiaries**
Loans between subsidiaries

You use elimination subsidiaries to post journal entries that balance consolidated books. These journal entries, called elimination journal entries, reverse the impact of the intercompany transactions. Each elimination journal entry posts to an elimination subsidiary.

**Note:** Only journal entries post to elimination subsidiaries. No other transactions post to elimination subsidiaries. See the help topic Elimination Journal Entries.

You create an elimination subsidiary (as a child of the parent subsidiary) for any subsidiary that has child subsidiaries. Set the currency to the same currency as the base currency of the parent subsidiary.

The following illustration shows a sample subsidiary hierarchy that includes an elimination subsidiary.

You create elimination subsidiaries the way you create other subsidiaries except that you check the Elimination box on the subsidiary record. For more information, see Creating Subsidiary Records.

License fees for subsidiaries do not include charges for elimination subsidiaries, and elimination subsidiaries do not count toward the maximum of 125 subsidiaries.

Note the following about elimination subsidiaries and transactions:

- An elimination subsidiary must use the same base currency and country combination as their direct parent subsidiary.
- With consolidated exchange rates, an elimination subsidiary must use a consolidated exchange rate of 1 to its direct parent subsidiary.
- You can select an elimination subsidiary only for journal entries, not for other transactions.
- A journal entry that is associated with an elimination subsidiary is a normal journal entry, not an advanced intercompany journal entry. It posts to a single elimination subsidiary. For more information about journal entries in OneWorld, see the help topic Journal Entries in OneWorld.
- Elimination transactions post only to the elimination subsidiary and do not affect the general ledger.
- The system can automatically generate elimination journal entries if you enable the Automated Intercompany Management feature. See Automated Intercompany Management Overview.
- You cannot select an elimination subsidiary on a bank account record or a credit card account record.
- You cannot select an elimination subsidiary on item records.

### Subsidiary Hierarchy Planning

Before you create subsidiary records you should plan the structure of your organization's subsidiaries. For each subsidiary record you create, you must define its parent, and as you create subsidiaries, NetSuite automatically defines a hierarchical structure.
Important: NetSuite enables you to modify your subsidiary hierarchy structure if your company requires modification. Be aware that a modification may corrupt your data and reporting. For information about modifying your subsidiary hierarchy and possible consequences, see Subsidiary Hierarchy Structure Modification.

You should diagram the parent-child relationships in your subsidiary hierarchy, starting at the top with the root subsidiary. This visual representation can help you consider how you want to organize and consolidate data, for both accounting and reporting purposes.

As you diagram your subsidiary hierarchy, it is a good idea to record the country, base currency, and tax nexuses for each subsidiary.

- The country you enter on a subsidiary record automatically determines the first tax nexus and NetSuite edition associated with that subsidiary.
- A base currency is the currency in which a subsidiary manages its financials. After you define and save a base currency on a subsidiary record, you cannot change it.
- A nexus is a tax jurisdiction. You can add and change nexuses on subsidiary records.

After you diagram a hierarchy of subsidiaries, you should include one elimination subsidiary as a child of each parent subsidiary. The elimination subsidiary should use the same base currency as the parent subsidiary.

Use the subsidiary hierarchy diagram as a roadmap for setting up subsidiaries. You can refer to the base currency listed for each subsidiary to ensure that all necessary currencies are set up in NetSuite. See Multiple Currencies in OneWorld. You can refer to the country listed for each subsidiary to ensure that all tax nexuses are set up and linked to the appropriate country. See Nexuses and Taxes in OneWorld.

Use your diagram to reference the order in which to create subsidiary records, in top-down order, beginning with the root. Be aware that you cannot change several fields on the subsidiary record after you create and save the record for the first time. See Creating Subsidiary Records and Editing Subsidiary Records.

If you enable the GL Audit Numbering feature, you can apply gapless numbering sequences to all general ledger posting transactions. These numbering sequences enable companies to meet international auditing requirements. The feature also enables you to specify that a subsidiary's transactions are locked to the general ledger. This option permits NetSuite to automatically generate journal entries when changes are made to a transaction that posted to the general ledger. See the help topics GL Audit Numbering and GL Impact Locking.

Subsidiary Hierarchy Structure Modification

Please read the following license agreement to understand the consequences associated with a subsidiary hierarchy modification.

Modifying entries in the Subsidiary Hierarchy can have significant legal and financial consequences. Please be certain you are authorized to make such changes and consult with the appropriate stakeholders in your business before proceeding.

At a minimum, Oracle recommends that you read the official documentation and review and download all documents that may be relevant to these modifications, including but not limited to Financial Statements such as the Balance Sheet, Income Statement, Trial Balance, and audited reports from prior periods on both Consolidated and Subsidiary Levels, as well as Consolidated Exchange Rates.

To ensure modifications are implemented correctly, make the modifications first in a Sandbox Environment and then thoroughly review all Financial Statements and Consolidated Exchange Rates.
to ensure the modifications had the anticipated consequences before deploying the modifications in a Production Environment.

**The consequences of implemented modifications are outside the scope of any support made available to your organization by Oracle, and your organization is solely responsible for the effect of such modifications on your organization's use of the product and for any costs or expenses arising from or related to such modifications, including but not limited to the cost of any required data fixes.**

Areas of the product that may be affected by such modifications include but are not limited to the following:

- **Existing financial statements may be lost with no possibility of recovery**
- Subsidiaries may get inactivated
- Consolidated/Budget Exchange Rates may be irreversibly recalculated
- Elimination Subsidiaries may get different parent Subsidiary
- Auto-Elimination Journals may post to the incorrect Elimination Subsidiary
- The Include Children (Subsidiaries) option may include a different set of Subsidiaries than before
- Granted restrictions on roles may change
- Reporting may not provide correct results if crossing Subsidiary Hierarchy Modification change date
- Customization and scripts utilizing Subsidiary may begin to fail

If you have questions before making such modifications, you may open a support ticket to request assistance from Oracle.

I have read, understood, and agree to the above on behalf of my organization.

The **Allow Subsidiary Hierarchy to be Modified** general preference enables you to modify your subsidiary hierarchy structure, as required by your company.

The following are common reasons to modify your subsidiary hierarchy:

- You acquired a company and you must establish a new head quarter subsidiary.
- You must change the headquarter subsidiary to another subsidiary in your hierarchy.
  For example, subsidiary number two becomes the parent subsidiary.
- You want to elevate a subsidiary in the hierarchy.
  For example, subsidiary number three becomes a regional subsidiary rather than a local subsidiary.

**Important:** In addition to the known product areas listed in the license agreement, check the product areas you use that a modification may impact. The license agreement appears earlier in this topic.

**Required Permissions for Subsidiary Hierarchy Modification**

If you are an administrator, you can set the following requirements on the Role page at Setup > Users/ Roles > Manage Roles > New.

<table>
<thead>
<tr>
<th>On the Permissions subtab, click the Lists subtab.</th>
<th>You must have edit or full level Subsidiaries permission to modify the subsidiary hierarchy structure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>You must have access to all subsidiaries.</td>
<td></td>
</tr>
</tbody>
</table>
On the Permissions subtab, click the Setup subtab.

- You must have full level Set Up Company permission to set the Allow Subsidiary Hierarchy to be Modified preference. This preference is on the General Preferences page. See the help topic Set Company Preferences.
- You must have full level Subsidiary Hierarchy Modification permission to modify the subsidiary hierarchy structure.
- You must have access to all subsidiaries.

### Setting the Allow Subsidiary Hierarchy to be Modified Preference

The **Allow Subsidiary Hierarchy to be Modified** general preference is a date field. Use this field to specify the last day of the subsidiary hierarchy modification period. The modification period can be a maximum of 30 days long. After the specified day, you can no longer modify your subsidiary hierarchy. However, you can set the preference again.

**To set the Allow Subsidiary Hierarchy to be Modified preference:**

1. Go to Setup > Company > Preferences > General Preferences.
2. Next to the **Allow Subsidiary Hierarchy to be Modified** field, click the calendar icon to set the last day of the modification period.
3. Read the license agreement that includes the consequences associated with subsidiary hierarchy modification.
   - Only if you agree with the license content and are eligible to modify your subsidiary hierarchy, click Accept.
4. Click Save.

### Modifying Your Subsidiary Hierarchy

You modify a subsidiary's place in the hierarchy through that subsidiary's record. When you use the **Allow Subsidiary Hierarchy to be Modified** preference, the read-only Subsubsidiary Of field on the subsidiary record becomes a list.

**To modify your subsidiary hierarchy:**

1. Go to Setup > Company > Subsidiaries.
2. Click Edit next to the subsidiary you want to move in the hierarchy.

   **Note:** You cannot set a new parent directly on a new record. If you want to create a new record as a new parent, you must first save the record. Then, in edit mode, position the new parent within the hierarchy.

   You cannot make an elimination subsidiary the parent subsidiary.

3. In the **Subsubsidiary Of** list, move the subsidiary to the new place in the hierarchy.
4. Read the license agreement that includes the consequences associated with subsidiary hierarchy modification.
   - Only if you agree with the license content and are eligible to modify your subsidiary hierarchy, click Accept.
5. Click Save.
6. Click List in the top right corner of the page.
7. View the updated subsidiary hierarchy on the Subsidiaries list page.

Multiple Currencies in OneWorld

The Multiple Currencies feature provides support for transactions with entities that use currencies other than the currency in which your company manages its financials. The currency used to manage your company's financials is called the base currency, and other currencies used by customers and vendors are referred to as foreign currencies.

The Multiple Currencies feature is required for NetSuite OneWorld. With OneWorld, each subsidiary can have a separate base currency, which is used to manage the subsidiary's financials. You cannot change a subsidiary's base currency after the subsidiary record has been saved for the first time.

Currency Records

As you are planning your subsidiary hierarchy, you must determine the base currency of your root subsidiary, then the base currencies of all of your other subsidiaries. All subsidiary base currencies as well as any other currencies used in transactions should be set up in NetSuite. See the help topic Creating Currency Records.

When you enter a transaction for a subsidiary, the currency defined on the customer's or vendor's record determines the currency used in the transaction amounts. If a customer or vendor has a currency different from the subsidiary, the transaction must use two currencies. The foreign currency used by the customer or vendor, and the base currency used by the subsidiary.

Currency Exchange Rates

NetSuite uses currency exchange rates to convert foreign currencies to base currencies. Exchange rates provide default rates for transactions in currencies other than the base currency. Exchange rates are expressed in terms of base currency units per foreign currency units. You must set up a currency exchange rates list in NetSuite. See the help topic Currency Exchange Rates. You can enable the Currency Exchange Rate Integration feature to automatically update currency exchange rates on a nightly basis. See the help topic Currency Exchange Rate Integration.

Consolidated Exchange Rates

Consolidated reports use a separate consolidated exchange rates table to translate child subsidiaries' amounts to roll up into consolidated parent subsidiary amounts. See Consolidated Reporting in OneWorld and Consolidated Exchange Rates.

Budget Exchange Rates

Reports that include budget and actual amounts, such as some financial statements, use a separate budget exchange rates table for translation of budget amounts. See the help topics OneWorld Financial Statements and Subsidiary-Specific Budget Reports.

Exchange Rate Variance Amounts

Over time, variances in exchange rates can affect the value of foreign currency transactions. NetSuite automatically calculates and posts exchange rate variance amounts for transactions that close during...
Each accounting period. See the help topic Accounting for Fluctuation in Exchange Rates for Closed Transactions. In addition, before you close each period, you are required to revalue open balances to account for variances. See the help topic Revaluation of Open Currency Balances.

Nexuses and Taxes in OneWorld

A nexus is a tax jurisdiction. Nexuses are part of the NetSuite Advanced Taxes feature, required for NetSuite OneWorld. Each subsidiary must be associated with at least one nexus. The first nexus is automatically assigned to a subsidiary based on the country entered for the subsidiary's address. A subsidiary can have more than one nexus. A nexus and its related tax items can be shared by multiple subsidiaries.

When you edit a subsidiary record, a Nexuses subtab is available where you can add or remove nexuses. See Editing Subsidiary Records.

**Important:** For U.S. subsidiaries, a state nexus is required. For Canada subsidiaries, a province nexus is required.

It is best to create and set up taxes for nexuses before you create subsidiary records. You can create a nexus at Setup > Accounting > Nexuses > New. See the help topic Creating Tax Nexuses.

You set up taxes for nexuses at Setup > Accounting > Taxes > Set Up Taxes. When you create a subsidiary, if a nexus does not exist for the subsidiary's country, it is automatically created when you save the subsidiary record. However, all that is created for the nexus is a name and description. You must still set it up at Setup > Accounting > Taxes > Set Up Taxes.

Tax Features for Nexuses

You should understand and set up the following tax features and items to set up tax nexuses:

- **Advanced Taxes Feature** - This feature provides management of taxes for multiple tax jurisdictions and must be enabled in NetSuite OneWorld. See the help topic Enabling Advanced Taxes.

- **Tax Agency Vendors** - These vendors represent taxing authorities to whom you pay collected taxes. The system automatically creates a tax agency vendor when you create a tax nexus. See the help topic Setting Up Tax Agencies as Vendors.

  Multiple subsidiaries can pay taxes to the same tax agency. When a new subsidiary shares a tax nexus with an existing subsidiary, the system creates a copy of the preferred tax vendor for that nexus. The copy of the preferred tax vendor gets associated with the new subsidiary. The copy is necessary because you cannot share a vendor tax agency with multiple subsidiaries. You can, however, share non-tax agency vendors with multiple subsidiaries. For more information, see Assigning Subsidiaries to a Vendor.

- **Tax Control Accounts** - These are Other Current Liability Accounts that you can set up in your general ledger to post and track tax collection and payments. See the help topic Tax Control Accounts Overview.

- **Tax Types** - These types provide categories used to link each tax code or tax group to a tax control account. Available tax types depend upon the country selected for the tax code. See the help topic Tax Types Overview.

- **Tax Codes and Tax Groups** - A tax code represents a tax collected from customers in a specific geographic area and paid on their behalf to a taxing authority. The amount collected is based on a specific percentage rate. You can create tax groups that combine taxes for all tax jurisdictions relevant to a transaction. See the help topics Tax Codes Overview and Tax Groups Overview.
**Tax Schedules** - Tax schedules permit different calculations of taxes on items, for different nexuses. When you enable the Advanced Taxes feature, the system creates tax schedules for each tax code. See the help topic Creating Tax Schedules.

**Tax Reporting Periods** - (Editions other than US and Canada) You can set up these periods to track tax reporting separately from accounting periods. In NetSuite OneWorld, the same tax reporting periods apply across all subsidiaries that use the feature. See the help topic Setting Up Tax Periods.

---

**Note:** Available tax items and features vary for different NetSuite editions. See NetSuite Editions Overview.

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## NetSuite Editions Overview

The following localized editions of NetSuite are available. Each edition has differences in the user interface and feature capabilities.

Subsidiaries within a single OneWorld implementation may use different NetSuite editions. When you create a subsidiary record in NetSuite, the country you define for its address determines the NetSuite edition.

- **NetSuite (US)**
- **NetSuite Australia (AU)**
- **NetSuite Canada (CA)**
- **NetSuite Japan (JP)**
- **NetSuite UK (UK)**
- **NetSuite International (XX)** (This edition is not country-specific and is used for countries that do not have a localized edition. You can customize tax functions for specific countries using the Advanced Taxes feature.

An important difference among editions is their different handling of taxes, as shown in the following table:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Precoded Tax?</strong></td>
<td>Requires state tax import</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Based on Subsidiary Edition</td>
</tr>
<tr>
<td><strong>Type of Tax</strong></td>
<td>Sales Tax</td>
<td>GST</td>
<td>GST, PST</td>
<td>Consumption Tax</td>
<td>VAT</td>
<td>N/A</td>
<td>Based on Subsidiary Edition</td>
</tr>
<tr>
<td><strong>Tax Reporting Periods?</strong></td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, One Set Across All Subs, unless you enable Multiple Calendars. See the help topic Enabling Multiple Calendars.</td>
</tr>
<tr>
<td><strong>Foreign Trade Settling?</strong></td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Based on Subsidiary Edition</td>
</tr>
</tbody>
</table>
Subsidiary Setup

Before you begin to set up subsidiaries for NetSuite OneWorld, ensure you review the following help topics:

- Subsidiaries in OneWorld
- Elimination Subsidiaries
- Subsidiary Hierarchy Planning
- Multiple Currencies in OneWorld
- Nexuses and Taxes in OneWorld

You must create a record for each subsidiary, including elimination subsidiaries. See Creating Subsidiary Records.

After you create and save a subsidiary record, you can edit tax nexuses and define preferences on that record. You can then associate subsidiaries with customers, employees, vendors, partners, items, and shipping items. For information and guidelines, see the following help topics:

- Assigning Subsidiaries to a Customer
- Assigning a Subsidiary to an Employee
- Assigning Subsidiaries to a Vendor
- Assigning a Subsidiary to a Partner
- Associate Subsidiaries with Items
- Associate Subsidiaries with Shipping Items

Creating Subsidiary Records

**Note:** For information about defining general company settings other than subsidiaries, see the help topic Configuring Company Information.

You should create subsidiary records in a top-down fashion. Begin with the root subsidiary, then all of its child subsidiaries, then the next level of subsidiaries, and so on. This order is best practice because you must define the parent for each child subsidiary when you create the subsidiary record.

You should create a subsidiary record for each legal entity in your organization. In addition, you should create a separate elimination subsidiary record as a child of each parent subsidiary.

When you create a subsidiary, the system creates a Subsidiary Settings page for that subsidiary. The subsidiary record has a one-to-one relationship with its Subsidiary Settings page. You can access the Subsidiary Settings page from the Subsidiary Settings Manager page. For information about Subsidiary Settings Manager, see Subsidiary Settings Manager.

When you delete a subsidiary record, the system deletes its corresponding Subsidiary Settings page.

**Important:** If you upgrade your account to NetSuite OneWorld, the preexisting data is used for the root subsidiary.

Subsidiary Licenses

Subsidiary licenses are sold on a per-country basis. You can create up to 124 subsidiary records, in addition to the root subsidiary, for a total of 125. License fees for subsidiaries do not include charges for elimination subsidiaries, and elimination subsidiaries do not count toward the maximum 125 subsidiaries. Inactive subsidiaries also do not count toward the maximum 125 subsidiaries.
Lock Transactions by Subsidiary

In certain countries, accounting regulations require you to lock transactions to prevent anyone from making changes to them. NetSuite provides the following two methods for locking transactions:

- **GL Impact Locking** - This feature locks transactions for subsidiaries located in countries where the general ledger impact of a transaction must be locked to the general ledger. For more information, see the help topic GL Impact Locking.

- **Transaction Locking SuiteApp** (Bundle ID 8791) - This SuiteApp is available at no cost from the NetSuite bundle repository. Contact NetSuite Customer Support to request access to the Transaction Locking SuiteApp. For more information, see Locking Transactions by Subsidiary.

Automatic Tax Code Provisioning

To benefit from the automatic tax code provisioning feature, you must first install the International Tax Reports in your account before you create subsidiaries. When you create a new subsidiary country, the system creates the nexus for it, as well as the VAT/GST tax codes for that nexus. If you create a subsidiary country before you install the SuiteApp, the system adds its nexus, but provides only a few default tax codes. For more information, see the help topic Automatic Tax Code Provisioning.

Intercompany Time and Expense

If you use the Intercompany Time and Expense feature, an Intercompany Account is automatically associated with a subsidiary after qualifying transactions are created in the system. Qualifying transaction include a journal entry to eliminate Time and Expense.

The subsidiary's base currency decides this account. It is used to offset the transfer of charges from intercompany time and expenses from this subsidiary to another. For more information, see the help topics Enabling Intercompany Time and Expenses and Intercompany Clearing Account.

Custom Fields and User Event Scripts

You can add custom fields and user event scripts to subsidiary records. When you customize subsidiary records enables you to add fields and business logic that are specific to the countries or regions in which your business operates. Go to Customization > Lists, Records, & Fields > Other Custom Fields. Select Subsidiary as the Record Type. Complete the fields as required and then save the custom field. For more information, see the help topic Creating a Custom Field.

**To create a subsidiary record:**

1. Go to Setup > Company > Subsidiaries > New.
2. Complete the following header information:
   a. Check the **Subsidiary is Inactive** box if this subsidiary is no longer active or used in your account. Inactivated subsidiaries no longer show in the Subsidiary field on records and transactions unless they are currently attached to a record. Websites of inactive subsidiaries are no longer available online.
   b. Enter up to 83 alphanumeric characters for the name of the subsidiary.
   c. Select the parent subsidiary in the **Subsidiary of** field. You cannot change this value after you save the subsidiary record.
   d. Check the **Always Display Subsidiary Name** box to display only the subsidiary name with your role in the upper right corner of a page. When you log in to an external account, the
Creating Subsidiary Records

The dashboard displays only the logo of the subsidiary, not the parent company logo. External accounts include the employee center, vendor center, or customer center. Clear this box to display both the parent and the subsidiary name in your account.

**You cannot change this value after you save the subsidiary record.**

e. In the **Subsidiary Logo (Forms)** field, select the logo image to use on all forms by this subsidiary.

   Click **New** to upload a logo. Logos must be in JPG or GIF format.

   **Note:** The logo you select does not affect the pages in your account. The logo that displays on pages is selected in the **Subsidiary Logo (Pages)** field.

   **You cannot change this value after you save the subsidiary record.**

   f. In the **Subsidiary Logo (Pages)** field, select the logo image to display on all pages for this subsidiary.

   Click **New** to upload a logo. Logos must be in JPG or GIF format.

   **Note:** The logo you select does not affect printed forms. The logo on printed forms is selected in the **Subsidiary Logo (Forms)** field.

   **You cannot change this value after you save the subsidiary record.**

   g. Enter the URL of this subsidiary's website.

   **You cannot change this value after you save the subsidiary record.**

   h. If you use autogenerated numbering and you also want to use subsidiary-specific numbering for documents, enter a prefix to identify this subsidiary in document numbers.

   You can enter up to 8 alphanumeric characters.

   **Note:** You must also enable subsidiary-specific transaction numbering at Setup > Company > Auto-Generated Numbers. For more information, see Using Subsidiary-Specific Transaction Auto-Numbering.

   i. Select the state or province, and country.

   **You cannot change this value after you save the subsidiary record.**

   j. Enter the legal name of this subsidiary, as it appears on tax documents.

   **You cannot change this value after you save the subsidiary record.**

   k. Enter a return email address.

   You can specify that email forms generated in NetSuite are sent using this email address. This is useful when you have many subsidiaries and you want customers or vendors to reply.
Creating Subsidiary Records

using an email address from the appropriate subsidiary. For information about setting email preferences, see the help topic Setting Email Preferences.

You cannot change this value after you save the subsidiary record.

l. Enter a fax number.

You cannot change this value after you save the subsidiary record.

m. Check the Elimination box if this subsidiary record is used for only intercompany journal entries that reverse transactions between subsidiaries.

You cannot change this value after you save the subsidiary record.

For information about elimination subsidiaries, see Elimination Subsidiaries.

For information about intercompany journal entries, see the help topic Making Intercompany Journal Entries.

n. If this subsidiary uses multiple languages, select the default language for NetSuite users in this subsidiary.

Note: You can enable multiple languages in the International section on the Company subtab at Setup > Company > Enable Features.

Individual users can choose their language at Home > Set Preferences.

o. If this subsidiary uses multiple calendars, select the calendars to roll up accounting and tax periods.

The fiscal calendar determines the start date for the accounting year.

The tax fiscal calendar determines the start date for the tax year.

Note: You can enable multiple calendars in the Advanced Features section on the Accounting subtab at Setup > Company > Enable Features.

p. Select the base currency used by this subsidiary.

This value can be the same as or different from the base currency of the parent.

Elimination subsidiaries default to the base currency of the parent subsidiary.

You cannot change this value after you save the subsidiary record.

Note: The NetSuite Edition used by the subsidiary is automatically provided based on the country entered for the subsidiary address.

The following subsidiaries are available:

- AU - NetSuite Australia
- CA - NetSuite Canada
- XX - NetSuite International (This edition is not country-specific. It is used for countries that do not have their own edition. The underlying tax engine must be customized for each country.)
- JP - NetSuite Japan
- UK - NetSuite UK
- US - NetSuite US

q. Enter the appropriate tax identification numbers for this subsidiary.

The fields that display depend on the country entered for the address.

You cannot change these value after you save the subsidiary record.
Creating Subsidiary Records

1. If use the EU Mini One Stop Shop feature:
   i. Check the MOSS Applies box if the Mini One Stop Shop (MOSS) VAT scheme applies to this subsidiary.
   ii. In the MOSS Nexus field, select the EU member state (tax nexus) where you are registered for MOSS VAT returns.
2. Check the GL Impact Locking box to automatically generate journal entries (copy and adjustment) when changes are made to a transaction that posted to the general ledger.
   When you check this box, transactions that post to the general ledger display the GL Impact subtab. This subtab records the general ledger impact of this transaction and any modifications.
   You can check and clear this box, as required.
   
   **Note:** This option is visible only when the GL Audit Numbering feature is enabled. For more information, see the help topics GL Audit Numbering and GL Impact Locking.

3. The read-only Enable Period End Journal Entries box reflects the state of the feature relative to this subsidiary. The Period End Journal Entries feature can be enabled for the primary accounting book only through the Subsidiary Settings Manager page. For information about the Subsidiary Settings Manager page, see Subsidiary Settings Manager.

4. Click Edit next to the Address field. Complete the fields, as required, and then click OK.
   
   **Note:** The address form displayed in the popup may vary according to the country where the subsidiary is located. It also depends on the custom address forms defined in your account. For more information, see the help topic Customizing Address Forms.

3. Click Save.

**Important:** If the new subsidiary exceeds the number of purchased country licenses, an error message appears. This message prompts you to inactivate an existing subsidiary, or contact your account manager to purchase additional licenses.

Editing Subsidiary Records

After you save a subsidiary record for the first time, you can edit some of the values you entered for it. In edit mode, additional subtabs are available for you to do the following:

- Define the shipping label and return addresses
- Add or remove tax nexuses associated with the subsidiary
- Set the subsidiary preferences
- Define alternate subsidiary names to display in other languages
- View the date and time fields were modified and by whom

Fields Unavailable for Edits

You cannot edit the following fields or change their selection state. If you must change the values and states of these fields, you must delete the record and create a new record with the updated values.

- Always Display Subsidiary Name state
Editing Subsidiary Records

- Subsidiary Logo (Forms)
- Subsidiary Logo (Pages)
- Web Site (URL)
- Country
- Legal Name
- Return Email Address
- Fax (number)
- Elimination state
- Currency

**Note:** If you have not entered transactions for a subsidiary, you can change the base currency. To change the base currency, perform the following tasks:

1. Delete the nexus.
2. Delete the subsidiaries related to that nexus.
3. Recreate the nexus.
4. Recreate the subsidiaries using the correct currency and then reassociate them with the nexus.

For subsidiary planning information, see [Subsidiary Hierarchy Planning](#).

- Edition
- Identification and tax numbers
- Enable Period End Journal Entries state

**Custom Fields and User Event Scripts**

You can add custom fields and user event scripts to subsidiary records. When you customize subsidiary records enables you to add fields and business logic that are specific to the countries or regions in which your business operates. Go to Customization > Lists, Records, & Fields > Other Custom Fields. Select Subsidiary as the Record Type. Complete the fields as required and then save the custom field. For more information, see the help topic [Creating a Custom Field](#).

**To edit a subsidiary record:**

1. Go to Setup > Company > Subsidiaries.
2. Click the **Edit** link next to a subsidiary.
3. **Warning:** If you use the Subsidiary Hierarchy Modification general preference, the Subsidiary Of field becomes a list, rather than a read-only field. If you must modify the subsidiary hierarchy structure, you may corrupt your data and instigate significant legal or financial consequences. For information about using this preference and its related consequences, see [Modifying Your Subsidiary Hierarchy Structure](#).
4. Edit the main fields as required.

**Note:** The subtabs that appear reflect the features enabled in your system. For example, if you use autogenerated numbering by subsidiary for specific transactions, the Numbers subtab is available. Please see the appropriate help topics for these feature-specific subtabs, or use the field level help on each subtab.

4. To define the subsidiary's shipping label and return addresses, click the **Addresses** subtab, and then click the **Edit** links next to the **Shipping Address** and **Return Address** fields.
When you complete these address fields, the system uses these addresses rather than the shipping and return addresses defined at Setup > Company > Setup Tasks > Company Information.

**Note:** You can also edit the company address on this subtab.

5. To add or remove tax nexuses associated with the subsidiary, click the **Nexuses** subtab. See Adding or Removing Nexuses from a Subsidiary.

6. To set preferences for the subsidiary, click the **Preferences** subtab and select or check the options for this subsidiary.

   For information about setting preferences, see Set Subsidiary Preferences.

7. To define alternate subsidiary names to display in other languages, click the **Languages** subtab.

8. To view changes made to this record, click the **System Notes** subtab.

9. Click **Save**.

### Set Subsidiary Preferences

With NetSuite OneWorld, most company preferences are shared by all subsidiaries in the global organization. This includes all of the preferences set on the Setup tab that are not set specifically on subsidiary records. Classes, departments, and locations are shared globally and can be linked to specific subsidiaries and their children. For more information, see the help topic Set Company Preferences.

The subsidiary-specific preferences set on this subtab take precedence over company preferences in the event that they conflict.

Any user preferences set at Home > Set Preferences take precedence over subsidiary-specific and company preferences. For more information, see the help topic Setting Personal Preferences.

The Preferences subtab is divided into additional subtabs. Select or check the options for this subsidiary.

#### General

- **Default Check Type** - Select the type of check you print by default for this subsidiary.

- Select the email templates you want used to send email to employees, customers, and partners when you grant them access to your NetSuite account. You grant them access from the **User Access Email Template**, **Customer Center Email Template**, and **Partner Center Email Template** fields.

  For more information, see the help topic Working with Email Templates.

- Select the date, time, and number formats used by this subsidiary from the various format fields.

- **Phone Number Format** - Choose the format used for phone numbers in this subsidiary.

- **Time Zone** - Select the time zone for this subsidiary.

- **First Day of Week** - Select the first day of the week for this subsidiary.

- **Search Sorting** - Select the alphabetical order to use for search results.

- **Round Time Entry Duration** - Select how you want time transactions rounded for this subsidiary.

- **Default Payable Account for Expense Reports** - Select a default payable account for expense reports for this subsidiary.

- **Default Account for Corporate Card Expenses** - Select a default payable account for corporate card expenses for this subsidiary.

- **Default Advance to Apply Account for Expense Reports** - Select a default account for advances to apply on expense reports for this subsidiary.
Vendor Prepayment Account – Select a default account for vendor prepayments. You can also configure a default vendor prepayment account at company level. For more information, see the help topic Configuring a Default Vendor Prepayment Account.

Check Default Chart Type - Select the check layout used when printing checks for this subsidiary.

Support

Default Case Profile – Select which case profile is used by default when a new support case is created.

Issues

Send Customer Notifications When – Select default criteria for when customers of this subsidiary that have cases associated with an issue should be notified by email.

Allow Customer Override - Check this box if you want customers of this subsidiary to be able to change their issue notification email settings in the Customer Center.

Customer Template – Select the template you want to use for the issue notification email sent to customers of this subsidiary.

Employee Template – Select the template you want to use for the issue notification email sent to employees of this subsidiary.

CSV

CSV Column Delimiter – Select the symbol to be used as a column separator in the CSV data you import. This option overrides the settings specified at the company level.

CSV Decimal Delimiter – Select the symbol to be used as a decimal mark in the CSV data you import. This option overrides the settings specified at the company level.

Period End Journal Entries

This read-only subtab appears only when the Period End Journal Entries feature is enabled for your account. This feature's settings are configured and edited through the Subsidiary Settings Manager page. For information about the Subsidiary Settings Manager page, see Subsidiary Settings Manager. For more information about this feature, see the help topic Period End Journal Entries.

- Create Balance Sheet Closing and Opening Journals – If checked, the system adds a step to the Create Period End Journals task on the Period Close Checklist. The Balance Sheet Closing step follows the Income Closing step at the fiscal year end of the subsidiary.

- If you use the GL Audit Numbering feature and Exclude Balance Sheet Closing Journals from GL Numbering is checked, the system skips numbering for the balance sheet closing journals.

- Create Income Summary Journals – If checked, the system creates two period end journals in the Income Statement Closing step of the Create Period End Journals task on the Period Close Checklist. The first journal reduces the income and expense accounts to zero and posts the net income to the account defined for income summary profit or loss. The second journal moves the balance from the income summary account used in the first journal to the retained earnings account.

- Require Memo on Period End Journals – If checked, period end journals cannot be submitted without a value in the Memo field. The value in the Memo field during the journal creation process populates the Memo fields in the header and lines of the period end journal.

- Group by These Segments – This multi-select list displays all the segment types that impact the general ledger. Possible segment types are class, department, location, and all custom segments with general ledger impact. The system generates separate period end journals for each selected segment type combination included in the source transactions for this subsidiary. For more information about custom segments, see the help topic Custom Fields and Segments on Period End Journals.
Deleting Subsidiary Records

You can delete a subsidiary that does not have transactions or records. For information about deleting transactions, see the help topic Voiding, Deleting, or Closing Transactions.

You can also delete a subsidiary if the only action you performed is to add tax agency addresses.

You cannot delete the subsidiary where the ID is equal to 1.

To delete an existing subsidiary record:

1. Go to Setup > Company > Subsidiaries.
2. Click the Edit link next to a subsidiary record that you want to delete.
3. From the Subsidiary page, under Actions, click Delete.
4. At the prompt to confirm the action, click OK.

Adding or Removing Nexuses from a Subsidiary

Add a nexus to a subsidiary if the subsidiary has a valid registration to collect tax in that nexus (tax jurisdiction).

Remove a nexus from a subsidiary only if the subsidiary does not have any transactions associated with the nexus. If the subsidiary has transactions associated with the nexus, the system displays an error message containing a list of those transactions. To remove the nexus from the subsidiary, you must delete or modify those transactions. Click each transaction in the error message to view the transaction record.

For information about nexuses, see Nexuses and Taxes in OneWorld.

To add or remove nexuses from a subsidiary:

1. Go to Setup > Company > Subsidiaries.
2. Click the Edit link next to a subsidiary.
3. Click the Nexuses subtab.
4. To add a nexus:
   a. Select a nexus from the list on an empty row.
   b. Click Add.

Only nexuses that have been created in NetSuite are listed.

5. To remove a nexus:
   a. Click the row for the nexus.
   b. Click Remove.
6. Click Save.

Locking Transactions by Subsidiary

In certain countries, accounting regulations require you to lock transactions to prevent anyone from making changes to them. NetSuite provides the following two methods for locking transactions:
GL Impact Locking - This feature locks transactions for subsidiaries located in countries where the general ledger impact of a transaction must be locked to the general ledger. For more information, see the help topic GL Impact Locking.

Transaction Locking SuiteApp (Bundle ID 8791) - This SuiteApp is available at no cost from the NetSuite bundle repository. Contact NetSuite Customer Support to request access to the Transaction Locking SuiteApp.

The Transaction Locking SuiteApp locks transactions by hiding the Edit and Delete buttons from the following transaction records:

- Invoice
- Cash Sale
- Credit Memo
- Vendor Bill
- Vendor Credit
- Journal
- Vendor Payment
- Customer Payment
- Customer Refund
- Customer Deposit
- Cash Refund

This transaction locking affects transaction records only in subsidiaries set up for the following countries:

- Austria
- Brazil
- Denmark
- Germany
- Israel
- Sweden
- Switzerland
- Czech Republic

**Warning:** After you install this SuiteApp, all roles lose access to the Edit and Delete buttons on those transaction records.

To install the Transaction Locking SuiteApp:

1. Go to Customization > SuiteBundler > Search & Install Bundles.
2. On the Install Bundle page, enter the following search criteria:
   - **Location**: Repository
   - **Availability**: Public
   - **Keywords**: Transaction Locking, or the bundle ID 8791
3. Click **Search**.
4. On the search result page, click **Transaction Locking**.
5. Click **Install**.
6. Review the Preview Bundle Install page.
7. Click **Install Bundle**.

For more information, see the help topic **Installing a Bundle**.

Using Subsidiary-Specific Transaction Auto-Numbering

With NetSuite OneWorld, each subsidiary can use individual numbering sequences for transactions. For example, transactions associated with Subsidiary A can use the numbering prefix SubA.

Numbering transactions by subsidiary is useful for users with access to only one subsidiary because they do not encounter numbering gaps for another subsidiary’s transactions.

Be aware that some countries require unique numbering without gaps for each legal entity.

**Note:** A transaction inherits its subsidiary from its entity (customer or vendor). See **Associate Subsidiaries with Entities and Items**.

To set up or update auto numbering for a subsidiary:

1. Go to Setup > Company > Subsidiaries and then click **List**.
2. Click **Edit** next to the subsidiary record.
3. In the **Transaction Prefix** field, enter the prefix.
   For example, for Subsidiary A, enter **SubA**.
4. If you have enabled auto-generated numbering by subsidiary for specific transactions, click the **Numbers** subtab to specify the initial number for each transaction type.

   **Note:** To enable auto-generated numbering by subsidiary for specific transactions, go to Setup > Company > Auto-Generated Numbers. Click the **Transactions** subtab and then check the **Use Subsidiary** box for any transaction that should use the subsidiary’s numbering.

   **Important:** If you choose to auto-number by subsidiary, you cannot auto-number by location.

5. Click **Save**.

Control Employee Access to Subsidiaries

By default, an employee has access to data for the subsidiary assigned on the employee record. See **Assigning a Subsidiary to an Employee**. However, you can grant an employee access to data for additional subsidiaries. Go to Setup > Users/Roles > User Management > Manage Roles. For the employee’s assigned role, use the multi-select Subsidiaries list to customize the role. Press and hold the Ctrl key to select multiple subsidiaries.

The Role page also includes the Allow Cross-Subsidiary Record Viewing option. Check this box to permit users logged in with that role to see data from subsidiaries other than those selected in the Subsidiaries list.
Control Employee Access to Subsidiaries

Note: Users with the Book Record Restriction option enabled override permissions granted by the Allow Cross-Subsidiary Record Viewing option.

Important: The records and transactions that employees can view and edit for subsidiaries are limited by the complete set of permissions defined for their assigned roles. For example, by default, employees of a specific subsidiary are able to view and edit data only for that subsidiary. If you customize a role to include multiple subsidiaries (Subsidiaries list), employees assigned this role can view and edit data for these subsidiaries. If you also checked the Allow Cross-Subsidiary Record Viewing box for the customized role, employees assigned this role can view data for all subsidiaries.

Note: Employees with access to all active subsidiaries but not to one or more inactive subsidiaries are considered to have access to all subsidiaries.

The following choices are dependent on the subsidiaries selected for the user’s assigned role, or on the subsidiary assigned to the employee record:

- Available subsidiaries in the Subsidiary field when the user creates new entity and item records
  See Associate Subsidiaries with Entities and Items and Associate Subsidiaries with Items.
- Available entities when the user creates new transactions
  Generally, users can create transactions only for entities associated with subsidiaries to which they have access. Time and expense entry forms are exceptions to this general rule. These forms permit creation of transactions for customers or projects associated with other subsidiaries, as long as they are not billable.
- Available subsidiaries in Subsidiary Context list when the user runs reports
- Available classes, departments, and locations in footer filters on reports

A user can restrict the records displayed in NetSuite to those for a single subsidiary. Go to the Restrict View subtab at Home > Set Preferences. See Restrict Your Subsidiary View.

Important: To generate automated intercompany adjustments for expenses, supported by the Intercompany Time and Expense feature, a user must have access to all subsidiaries. For information about this capability, see the help topic Enabling Intercompany Time and Expenses.

Restrict Your Subsidiary View

Important: If you are using the Advanced Employee Permissions feature, restrictions set on the Role page are applicable only to the Employees and Employee Administration permissions. The Employee Public and Employee Confidential permissions ignore the restrictions set on this page. For more information, see the help topic Advanced Employee Permissions.

If you are assigned a role with access to multiple subsidiaries, you may want to limit the data with which you are working. For example, you may want to restrict data to one subsidiary. For many reports, you can select a subsidiary after you run the report from the Subsidiary Context list in the footer of the results page. These reports support consolidation, or rollup of subsidiary results. See Subsidiary Context for Reports. However, for reports that do not support consolidation, you must set your user preferences to view a single subsidiary before you run the report.

You can restrict the data shown in the current login session including the user interface, searches, and reports. Go to the Restrict View subtab at Home > Set Preferences.
To restrict the view to a parent subsidiary and its children, select the parent subsidiary from the Subsidiary list and check the Include Sub-Subsidiaries box.

To restrict the view to a single subsidiary, select it from the Subsidiary list and do not check the Include Sub-Subsidiaries box.

When you restrict your subsidiary view, the departments, locations, and classes available to you are limited to those associated with the selected subsidiary.

The view restrictions you set apply only to the current login session for current role. The next time you log in with this role, your normal settings are applied.

**Note:** If you select your root subsidiary in the Subsidiary list, all subsidiaries are included. Therefore, you need not check the Include Sub-Subsidiaries box.

For more information about restricting subsidiary viewing, see the following help topics:

- Assigning Roles to an Employee
- Customizing or Creating NetSuite Roles
- Personal Preferences for Restricting Views
- Consolidated Reporting in OneWorld
Set up NetSuite OneWorld

You must complete the following steps to set up NetSuite OneWorld.

1. Ensure that you have a thorough understanding of how subsidiaries, including elimination subsidiaries are organized in OneWorld. See Subsidiaries in OneWorld and Elimination Subsidiaries.

2. Plan your subsidiary hierarchy and create a visual representation of this structure. See Subsidiary Hierarchy Planning.

3. Ensure that currencies to be used by subsidiaries are set up in your account.
   For an overview of how OneWorld uses multiple currencies, see Multiple Currencies in OneWorld.
   For details about setting up currencies and exchange rates, see the help topics Creating Currency Records and Currency Exchange Rates.

4. Ensure that tax jurisdictions (nexuses) to be used by subsidiaries and related tax items are set up in your account.
   - For an overview of how OneWorld uses nexuses, see Nexuses and Taxes in OneWorld.
   - For details about setting up taxes, see the help topic Enabling and Setting Up Taxation Features.

5. Create subsidiary records. Start from the top-level or root subsidiary, and work your way down through child and grandchild subsidiaries.
   - You can create subsidiaries representing both legal entities and elimination subsidiaries. For instructions, see Creating Subsidiary Records.
   - After you save each subsidiary record, you can edit its nexuses and set preferences, as needed. See Editing Subsidiary Records.
   - You can delete a subsidiary if there are no associated transactions or records. See Deleting Subsidiary Records.

6. Complete the following, as needed:
   - Account Setup in OneWorld
   - Setting Up Automated Intercompany Management
   - Payroll Setup in OneWorld
   - Inventory Setup in OneWorld
   - Multiple Vendors Setup in OneWorld
   - Associate Subsidiaries with Entities and Items
   - Associate Subsidiaries with Items
   - Associate Subsidiaries with Shipping Items
   - Control Employee Access to Subsidiaries
   - Locking Transactions by Subsidiary

Account Setup in OneWorld

If you use NetSuite OneWorld, you can associate an account with one or more specific subsidiaries. This association limits availability of the account to the selected subsidiaries only.
Account Setup in OneWorld

Each account is assigned the following exchange rate types:

- **General Rate Type** - This rate type is used for the income statement, balance sheet, and other general purposes.
- **Cash Flow Rate Type** - This rate type is used for the cash flow statement.

Go to Setup > Accounting > Manage G/L > Chart of Accounts. Click an Edit link next to account. Set up the account record as follows:

1. In the **General Rate Type** field, select Current, Average, or Historical to determine which consolidated rate to use in all cases except cash flow.

   ![Tip: Current](image)

   **Tip**: Current – Also referred to as “ending rate,” the system uses this rate for all balance sheet accounts that do not use historical rates.

   **Average** – The system uses this rate for all income statement accounts.

   **Historical** – The system uses this rate for equity accounts and fixed asset accounts on the balance sheet.

2. In the **Cash Flow Rate Type** field, select Current, Average, or Historical to determine which consolidated rate to use.

   For example, long-term assets use the Historical rate type on the cash flow statement. Balance sheet uses the Current rate type on the cash flow statement.

3. If necessary, select one or more subsidiaries in the **Subsidiaries** field.

   - If the root subsidiary is selected and the Include Children box is checked, then all subsidiaries can access the account.
   - If one or more subsidiaries are selected, then the account can be selected for records and transactions associated with those subsidiaries.

For more details about rate types, see the help topic Consolidated Exchange Rate Types.

For more information about setting up accounts, see the help topic Creating Accounts.

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**Note:** If the Intercompany Time and Expense feature is enabled in your account, an intercompany clearing account is automatically created when there is an associated transaction. For more information, see the help topic Intercompany Clearing Account.

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Payroll Setup in OneWorld

With NetSuite OneWorld, you can run payroll only for U.S. subsidiaries. You must designate a subsidiary each time you set up payroll preferences, update payroll information, or create a payroll. The Subsidiary list on these pages includes only subsidiaries with valid U.S. addresses, based on zip code. Each subsidiary must have the following:

- Unique Employer Identification Number (EIN) from the U.S. Internal Revenue Service (IRS)
- Unique NetSuite vendor record per tax agency

For example, if your organization includes two subsidiaries located in California, you must set up the following vendor records:
Payroll Setup in OneWorld

- two differently named NetSuite vendor records for the IRS
- two differently named vendor records for the California Franchise Tax Board

Only employees assigned to a U.S. subsidiary designated to process payroll can be included in payroll processing. Employees assigned to subsidiaries other than the one designated for payroll cannot be processed for payroll. See the following help topics for more information:

- Payroll Preferences
- Updating Payroll Information
- Processing Payroll Batches
- Advanced Taxes

Inventory Setup in OneWorld

In NetSuite OneWorld, the Inventory feature functions the same way as the Multi-Location Inventory feature. If you enable Inventory, Multi-Location Inventory enables automatically. For information about this feature, see the help topic Multi-Location Inventory.

After you enable the Inventory feature, you must associate each location with only one subsidiary. If you do not use the Inventory feature, you have the option to associate each location with no subsidiary, one subsidiary, or multiple subsidiaries.

In OneWorld, you cannot enter initial quantities on hand when you create an item record. You must first create the item record, and then afterward, you must enter an inventory adjustment to specify the initial quantities in each location. See the help topics Creating Item Records and Adjusting Inventory for more details.

Import Inventory Data into OneWorld

NetSuite does not support importing historical data that is dated prior to the date of the OneWorld upgrade. Importing historical data may cause inaccuracies in your inventory data. Best practice is to import data that is dated after the date of OneWorld upgrade. In addition, you should set the initial Multi-Location Inventory distribution to maintain accurate inventory information.

Multiple Vendors Setup in OneWorld

If you use the Drop Shipments & Special Orders feature in OneWorld, you are required to use the Multiple Vendors feature.

When you use Multiple Vendors, on each item record you must specify a preferred vendor for each subsidiary. The preferred vendor enables you to drop ship or special order items for that subsidiary.

When you use the Order Items form, the preferred vendor associated with the subsidiary defaults on the form for each line.

When you view the item list, the preferred vendor associated with the root subsidiary (highest-level parent) shows by default.

If an item has a preferred vendor, the purchase price shows on the item record in the root subsidiary’s preferred vendor currency.

For more information about vendor records, see the help topic Vendor Records Overview.
Logos in OneWorld

When you set up subsidiaries in OneWorld, you can choose the logo that displays for each subsidiary when viewing pages or printing transactions. Each subsidiary can use an individual logo to distinguish itself from the others.

To use the subsidiary logo and address from the transaction record when you print, use advanced templates. For more information, see the help topic Advanced PDF/HTML Templates. If you print transactions using basic layouts, the logo and address are sourced from the vendor’s primary subsidiary.

On each subsidiary record, use the following fields to determine which logos display on pages and which are printed on transactions.

To set up subsidiary logos:

1. Go to Setup > Company > Subsidiaries, click List, and then click the Edit link for a subsidiary.
   - In the Subsidiary Logo (Forms) field, select the logo image for all forms for this subsidiary.
     Click New to upload a logo. Logos must be in JPG or GIF format.
   - In the Subsidiary Logo (Pages) field, select the logo image for all pages for this subsidiary.
     Click New to upload a logo. Logos must be in JPG or GIF format.
2. Go to Setup > Company > Setup Tasks > Company Information.
3. Check the Display Logo Internally box to display the logo selected in the Subsidiary Logo (Pages) field when someone logs in to an internal center. The logo shows on all pages of your NetSuite account next to the Oracle | NetSuite logo.
   External centers in your NetSuite account are the Partner Center, Vendor Center, and Customer Center. These external centers display the logo selected in the Company Logo (Pages) field. All other internal centers display the logo selected at Subsidiary Logo (Pages) when you enable the preference to display the logo (Company Information page).
4. Go to Home > Set Preferences.
5. Click the Analytics subtab to set preferences that display the subsidiary logo on reports you view or print.
   Check Print Company Logo and Display Report Title on Screen. The logo selected in the Subsidiary Logo (Forms) field displays on reports you view or print.

If logo options are not configured for a subsidiary, NetSuite checks each parent subsidiary in hierarchical order to find a subsidiary with logo options configured. If no subsidiary has logo settings configured, NetSuite pages display logos based on the company settings at Setup > Company > Setup Tasks > Company Information.
Subsidiary Settings Manager

The Subsidiary Settings Manager page enables you to manage subsidiary-specific features that require additional setup before you can use them. After you enable a subsidiary-specific feature on the Enable Features page, that feature is available on the Subsidiary Settings Manager page. From the Subsidiary Settings Manager page, you can enable features and define their additional settings for one or multiple subsidiaries. You can also view the state of subsidiary-specific features relative to the list of subsidiaries.

You can access the Subsidiary Settings Manager page by going to Setup > Company > Setup Tasks > Subsidiary Settings Manager.

Tip: If you have permission to enable features, you can also access the Subsidiary Settings Manager page from the Enable Features page. Go to Setup > Company > Enable Features. At the top of the page is a message about subsidiary-specific features. This message includes a link to the Subsidiary Settings Manager page.

- Filters
- Column Sorting
- Settings Icons
- Subsidiary Settings Manager Permissions

Filters

The Subsidiary Settings Manager page lists the active and inactive subsidiaries to which you have access, and their respective country and currency. You can filter the subsidiaries that display in the list by searching for a subsidiary name in the Subsidiary field. The Subsidiary field supports a partial name search. You can also filter the subsidiaries list by selecting a country, currency, and whether the subsidiary is inactive.

Column Sorting

You can sort the subsidiaries list by clicking the Subsidiary, Country, Currency, Inactive, and feature column headers. One click sorts a column in ascending order. A second click sorts the column in descending order. A third click resets the column to the default sort order. The Inactive column appears when the Inactive filter does not contain a value.

Settings Icons

The Settings column displays a settings icon for each subsidiary. When you click a settings icon, the Subsidiary Settings page for that subsidiary opens. Each subsidiary-specific feature appears on its own subtab, where you can enable the feature and define its additional settings. For example, the Period End Journal Entries subtab enables you to define the additional settings for that feature.

NetSuite lists subsidiary-specific features in individual columns. The feature columns display a settings icon in the column header. When you click a feature's settings icon, the Subsidiary Settings page for that feature opens. You can enable that feature for one or more subsidiaries, and then define unique
settings for each selected subsidiary. Each subsidiary-specific feature opens its own page. For example, the Subsidiary Settings for Period End Journal Entries page.

Note: Feature columns do not appear on the Subsidiary Settings Manager page until you enable a subsidiary-specific feature at the company level. If you have permission to enable features, go to Setup > Company > Enable Features. Enable a subsidiary-specific feature, and then save. For information about enabling features, see the help topic Enabling Features.

After you enable a subsidiary-specific feature at the company level, you can enable the feature at the subsidiary level.

If you enable a subsidiary-specific feature for at least one subsidiary, you cannot disable that feature on the Enable Features page.

You cannot define a subsidiary-specific feature's additional settings for elimination subsidiaries.

Subsidiary Settings Manager Permissions

Your user role must have the Subsidiary Settings Manager permission to use the Subsidiary Settings Manager page. This permission enables you to view or edit subsidiary-specific features and their additional settings for subsidiaries to which you have access.

- The Subsidiary Settings Manager Edit level permission is assigned to the standard CFO role.
- The Subsidiary Settings Manager View level permission is assigned to the standard Accountant role.

To add the Subsidiary Settings Manager permission to a custom role:

You can add the Subsidiary Settings Manager permission to any role when you customize a role on the Manage Roles page.

1. Go to Setup > Users & Roles > Manage Roles.
2. On the Role page, click the Permissions > Setup subtab.
3. Set the permission level (edit or view) for Subsidiary Settings Manager.
4. Click Save.

Note: The Subsidiary Settings Manager permission is independent from the Subsidiary permission located on the Permissions > Lists subtab. These two permissions support the separate responsibilities for maintaining subsidiary information and configuring features on the subsidiary level.

NetSuite displays the Change Role page if you attempt to use the Subsidiary Settings Manager page without adequate permission.

NetSuite displays a permission violation if you attempt to access a subsidiary record to which you are not granted access.

Subsidiary Settings for a Single Subsidiary

The Subsidiary Settings page for a subsidiary gives you the ability to enable or disable subsidiary-specific features. Each subsidiary-specific feature appears on its own subtab, where you define that
feature's additional settings. For example, the Period End Journal Entries subtab enables you to define the additional settings for that feature.

The Subsidiary Settings page has a one-to-one relationship with its subsidiary record. When you create a subsidiary, NetSuite creates a Subsidiary Settings page for that subsidiary. When you delete a subsidiary, NetSuite deletes its corresponding Subsidiary Settings page.

The Subsidiary Settings page displays the subsidiary name, country, and currency, and whether the subsidiary is active. The subsidiary name is a link to the subsidiary record. The subsidiary record provides a link back to the Subsidiary Settings page. At any time you can return to the Subsidiary Settings Manager page by clicking the List link in the top right corner of the page.

The System Notes subtab tracks any change made to the Subsidiary Settings page. It also tracks changes made to this subsidiary from the Subsidiary Settings for feature pages. For example, NetSuite automatically tracks changes made to a subsidiary on the Subsidiary Settings for Period End Journal Entries page on this subtab.

To ensure you have permission to access the Subsidiary Settings Manager page, see Subsidiary Settings Manager Permissions.

Defining Period End Journal Entries Settings

The Period End Journal Entries feature requires additional setup before you can use it. You can define the additional settings on the Subsidiary Settings page for a specific subsidiary.

⚠️ Important: If you enable the Period End Journal Entries feature for at least one subsidiary, you cannot disable that feature on the Enable Features page.

To enable Period End Journal Entries for one subsidiary and define additional settings:

1. Go to Setup > Company > Setup Tasks > Subsidiary Settings Manager.
2. In the Settings column for a specific subsidiary, click the settings icon.
   
   If you have permission to edit this Subsidiary Settings page, you can define the feature's additional settings.
3. Click Edit.

   Note: If you use Workflows, the Workflow subtab is the default subtab.

4. Click the Period End Journal Entries subtab.
   
   For details about the Period End Journal Entries feature, see the help topic Period End Journal Entries.
5. Check the Enable Period End Journal Entries box.
Important: If you use Multi-Book Accounting, you can enable Period End Journal Entries for each accounting book and subsidiary combination to which you have access. When you enable the Period End Journal Entries feature for a subsidiary, you can edit the accounting books assigned to that subsidiary. However, you may not be able to disable Period End Journal Entries for the subsidiary. If you cannot, it is because another user selected an accounting book that you cannot access. Accounting books that you cannot access do not appear for selection or exclusion.

When you save changes to one of your subsidiary's settings, NetSuite applies the changes across all accounting books, including those you cannot access.

Note: You can enable the use of primary and secondary accounting books with this feature through the Subsidiary Settings page for a specific subsidiary. You can also enable secondary accounting books on the accounting book's record, and on the subsidiary record on the Accounting Books subtab. NetSuite updates the Subsidiary Settings Manager pages, subsidiary record, and accounting book record with any change. NetSuite tracks any changes in system notes on the Subsidiary Settings for subsidiary page, and both records. The Subsidiaries list page and the subsidiary record in edit mode provide a link to the Subsidiary Settings Manager page.

6. Check the Create Balance Sheet Closing and Opening Journals box.
   When you check this box, NetSuite adds a step to the Create Period End Journals task on the Period Close Checklist. The Balance Sheet Closing step follows the Income Closing step at the fiscal year end of the subsidiary. This step creates a balance sheet closing journal. This journal reduces the balance of balance sheets accounts to zero and posts any necessary balance amount to the account you specify. This balance sheet closing journal is the last period end journal in the fiscal year. Unless you have selected segments in the Group by These Segments list, the amount posted to the balance sheet closing account should be zero. To reopen the balance sheet, NetSuite reverses the balance sheet closing journal on the first day of the next fiscal year. For information about the Period Close Checklist, see the help topic Using the Period Close Checklist.
   When you check this box, you must select values for Balance Sheet Closing Account and Balance Sheet Opening Account.

   Note: The accounts that you can select must be of Equity account type.

   a. In the Balance Sheet Closing Account list, select the appropriate account.
   b. In the Balance Sheet Opening Account list, select the appropriate account.

7. Check the Create Income Summary Journals box.
   When you check this box, NetSuite creates two period end journals in the Income Statement Closing step. This step is part of the Create Period End Journals task on the Period Close Checklist. (NetSuite creates more journals when you create period end journals by segment.) The first journal (or journals) reduces the income and expense accounts to zero. It posts the net income to the account defined for income summary profit or loss. If the net income is a gain, the offset posts to the income summary profit account. If the net income is a loss, the offset posts to the income summary loss account. The second journal (or journals) moves the balance from the income summary profit account used in the first journal, to the retained earnings account.
   When you check this box, you must select values for Income Summary Profit Account and Income Summary Loss Account.

   Note: The accounts that you can select must be of Equity account type.

   a. In the Income Summary Profit Account list, select the appropriate account.
b. In the **Income Summary Loss Account** list, select the appropriate account.

8. Check the **Require Memo On Period End Journals** box.
   When you check this box, period end journals cannot be created or saved without a value in the **Memo** fields in the header and lines. The value entered in the **Memo** field during the journal creation process automatically populates the **Memo** fields in the header and lines of the period end journal.

9. In the **Group By These Segments** list, select the appropriate segment.
   This multi-select list displays all the segment types that impact the general ledger. Possible segment types are class, department, location, and all custom segments with general ledger impact. Select the segment types for which you want to generate separate period end journals, if any. NetSuite generates separate period end journals for each selected segment type combination included in the source transactions for this subsidiary. For more information about custom segments, see the help topic Custom Fields and Segments on Period End Journals.

10. When the GL Audit Numbering feature is enabled, the **Exclude Balance Sheet Closing Journals from GL Numbering** box appears. Check this box to skip numbering for the balance sheet closing journals.

11. Click **Save**.

   **Note:** On the subsidiary record, the **Preferences** subtab includes the read-only **Period End Journal Entries** subtab. NetSuite automatically updates this subtab with the values you define on the Subsidiary Settings page.

   The values you define on the Subsidiary Settings for a subsidiary page are available to SuiteAnalytics Workbook. Search for the Subsidiary Settings record type. For information about SuiteAnalytics Workbook, see the help topic SuiteAnalytics Workbook Overview.

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## Defining Subsidiary Settings for the Period End Journal Entries Feature

The Period End Journal Entries feature requires additional setup before you can use it. You can define the additional settings on the Subsidiary Settings for Period End Journal Entries page.

To ensure you have permission to access the Subsidiary Settings Manager page, see Subsidiary Settings Manager Permissions.

**Important:** If you enable the Period End Journal Entries feature for at least one subsidiary, you cannot disable the feature on the Enable Features page.

**To enable Period End Journal Entries for subsidiaries and define additional settings:**

1. Go to Setup > Company > Setup Tasks > Subsidiary Settings Manager.
2. Click the settings icon in the **Period End Journal Entries** column header.
   If you have permission to edit the Subsidiary Settings for Period End Journal Entries page, you can enable the feature for multiple subsidiaries. You can then define unique settings for each selected subsidiary.
3. Click **Edit**.
4. The state of the accounting preference **Use Consolidation With Period End Journal Entries** is set on the Accounting Preferences page. If you have the **Set Up Accounting** permission, you can alter the state of this preference.
   a. Go to Setup > Accounting > Accounting Preferences.
b. Click the **General** subtab.

c. Check the **Use Consolidation With Period End Journal Entries** box.

d. Click **Save**.

e. Return to the Subsidiary Settings for Period End Journal page.

When you check the **Use Consolidation With Period End Journal Entries** box, NetSuite creates consolidation journals each period for each parent subsidiary that uses the **Period End Journal Entries** feature. NetSuite consolidates each subsidiary in the enabled parent subsidiary's hierarchy to the parent. For example, in a grandparent-parent-child hierarchy, NetSuite creates consolidation journals for grandparent-parent and for grandparent-child.

5. (Optional.) You can filter the subsidiaries that display in the list by those that have Period End Journal Entries enabled. You can also filter by a specific subsidiary, country, currency, and whether the subsidiary is inactive. For information about filtering, see **Filters**.

6. (Optional.) You can sort columns to find specific data. For information about column sorting, see **Column Sorting**.

7. Complete or view the following information, as needed.

   a. In the **Enable Period End Journal Entries** column, check the boxes next to the subsidiaries for which you want to enable the feature.

      When you check a box, the row becomes editable.

      For details about the Period End Journal Entries feature, see the help topic **Period End Journal Entries**.

   b. If you use Multi-Book Accounting, select one or more accounting books from the **Accounting Books** column.

      **Important:** If you use Multi-Book Accounting, you can enable Period End Journal Entries for each accounting book and subsidiary combination to which you have access. When you enable the Period End Journal Entries feature for a subsidiary, you can edit the accounting books assigned to that subsidiary. However, you may not be able to disable Period End Journal Entries for the subsidiary. If not, it is because another user selected an accounting book that you cannot access. Accounting books that you cannot access do not appear for selection or exclusion.

      When you save changes to one of your subsidiary's settings, NetSuite applies changes across all accounting books, including those you cannot access.

   c. The **Subsidiary** column provides a link to the subsidiary record. The subsidiary record provides a link to the Subsidiary Settings page for that subsidiary. Values you define for a subsidiary automatically update the read-only **Period End Journal Entries** subtab. This subtab appears on the **Preferences** subtab on the subsidiary record.

   d. The **Country** and **Currency** columns display values specific to the subsidiary row.
e. The last column displays the status of the row.
   - A check mark ✓ displays when there are no errors in the fields on the row.
   - A circling arrow ❒ displays when the row is loading.
   - An alert ⚠ displays when there is an error in the one of the fields on the row. Point to the icon to read the tooltip, which provides information about how to correct the error.

8. Check the **Create Balance Sheet Closing and Opening Journals** box.

When you check this box, NetSuite adds a step to the Create Period End Journals task on the Period Close Checklist. The Balance Sheet Closing step follows the Income Closing step at the fiscal year end of the subsidiary. This step creates a balance sheet closing journal. This journal reduces the balance of balance sheet accounts to zero and posts any necessary balance amount to the account you specify. This balance sheet closing journal is the last period end journal in the fiscal year. Unless you have selected segments in the **Group by These Segments** list, the amount posted to the balance sheet closing account should be zero. In the same step, to reopen the balance sheet, NetSuite reverses the balance sheet closing journal on the first day of the next fiscal year. For information about the Period Close Checklist, see the help topic **Using the Period Close Checklist**.

When you check this box, you must select values for **Balance Sheet Closing Account** and **Balance Sheet Opening Account**.

**Note:** The accounts that you can select must be of Equity account type.

a. In the **Balance Sheet Closing Account** list, select the appropriate account.

b. In the **Balance Sheet Opening Account** list, select the appropriate account.

When the GL Audit Numbering feature is enabled, an additional column lets you skip GL numbering for balance sheet closing journals. Check the **Exclude Balance Sheet Closing Journals from GL Numbering** box to skip numbering for the balance sheet closing journals.

9. Check the **Create Income Summary Journals** box.

When you check this box, NetSuite creates two period end journals in the Income Statement Closing step. This step is part of the Create Period End Journals task on the Period Close Checklist. (NetSuite creates more journals when you create period end journals by segment.) The first journal (or journals) reduces the income and expense accounts to zero. It posts the net income to the account defined for income summary profit or loss. If the net income is a gain, the offset posts to the income summary profit account. If the net income is a loss, the offset posts to the income summary loss account. The second journal (or journals) moves the balance from the income summary account used in the first journal to the retained earnings account.

When you check this box, you must select values for **Income Summary Profit Account** and **Income Summary Loss Account**.

**Note:** The accounts that you can select must be of Equity account type.

a. In the **Income Summary Profit Account** list, select the appropriate account.

b. In the **Income Summary Loss Account** list, select the appropriate account.

10. In the **Group By These Segments** list, select the appropriate segment.

This multi-select list displays all the segment types that impact the general ledger. Possible segment types are class, department, location, and all custom segments with general ledger impact. Select the segment types for which you want to generate separate period end journals, if any. NetSuite generates separate period end journals for each selected segment type combination included in the source transactions for this subsidiary. For more information about custom segments, see the help topic **Custom Fields and Segments on Period End Journals**.
11. In the **Require Memo On Period End Journals** column, check the box to require a memo on period end journals.

When you check this box, you cannot create or save period end journals without a value in the **Memo** fields in the header and lines. The value entered in the Memo field during the journal creation process automatically populates the **Memo** fields in the header and lines.

12. Click **Save**.

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**Note:** NetSuite tracks changes made to a subsidiary's defined values on the **System Notes** subtab of the Subsidiary Settings page for that specific subsidiary. For information about the Subsidiary Settings page for a subsidiary, see **Subsidiary Settings for a Single Subsidiary**.
Associate Subsidiaries with Entities and Items

In NetSuite OneWorld, you must assign a subsidiary to each entity record before you can enter transactions for the entity. A transaction inherits its subsidiary from its entity. Other records referenced on the transaction, such as items or departments, are limited by values associated with that subsidiary.

This requirement applies to the following records:

- Employee - See Assigning a Subsidiary to an Employee
- Vendor - See Assigning Subsidiaries to a Vendor
- Partner - See Assigning a Subsidiary to a Partner
- Customer - See Assigning Subsidiaries to a Customer

To assign an entity to a subsidiary, open the record, and select a subsidiary in the Subsidiary field. The selected subsidiary determines the fields visible on the form, the address format, tax fields, and other information.

You can assign a single subsidiary to employee and partner entities. If these entities have relationships with multiple subsidiaries, you must create a record for each subsidiary relationship. You can assign a primary and multiple secondary subsidiaries to vendor and customer entities.

You can associate entities from one subsidiary to an entity associated with a different subsidiary in these cases:

- Contacts on Customer, Partner, Vendor, Group, Competitor, and Project records
- Employees and Contacts on Group records
- Employees on Project records

**Note:** After a transaction is posted for the entity, you cannot change the primary subsidiary selected on the entity record.

For more information associating subsidiaries with entities, see the following help topics:

- Customers
- Adding a Vendor Record
- Entering Address Information for an Employee
- Creating a Partner Record
- Enabling Intercompany Time and Expenses

In OneWorld, you can add fields to item records so that items can be shared by several subsidiaries. You can also assign a shipping item to a subsidiary so that it can be used for transactions. See Associate Subsidiaries with Items and Associate Subsidiaries with Shipping Items.

Assigning a Subsidiary to an Employee

After you specify a subsidiary on an employee record, by default that employee can access only those records associated with that subsidiary. To give an employee access to other subsidiaries' records, you can set up subsidiary access for the employee's assigned role. See Control Employee Access to Subsidiaries.
To assign a subsidiary to an employee:

1. Go to Lists > Employees > Employees, and then click the Edit link next to an employee.
2. In the Classification section, select from the Subsidiary list, and click Save.

Assigning Subsidiaries to a Vendor

You can assign a primary subsidiary and an unlimited number of secondary subsidiaries to a vendor record. The primary subsidiary assigned to a vendor is generally associated with any transactions involving that vendor. However, you can also associate transactions with any secondary subsidiary assigned to the vendor in the procure-to-pay workflow. For detailed instructions about assigning subsidiaries to a vendor record, see Adding a Vendor Record.

When you view a multi-subsidiary vendor record, you can see the vendor's total outstanding balance. You can also see the total unbilled balance (sum of all of the assigned subsidiaries' balances) in the primary subsidiary's currency.

You can designate a credit limit for the primary subsidiary and each of the secondary subsidiaries on the vendor record. You can also associate vendors and multiple subsidiaries with items, assigning a specific item price for each subsidiary purchasing from the vendor.

For tax agency vendor records, it is important to set the subsidiary to match the subsidiary linked to the nexus using that tax agency.

You specify the tax code at the line-level on the Subsidiaries subtab. Tax code is not available in the US edition for accounts that are not OneWorld.

**Important:** You can define multiple secondary subsidiaries through the user interface and SuiteScript. To use SuiteScript to define secondary subsidiaries on a vendor record, use the Vendor-Subsidiary Relationship record type. To mass create and update vendor records through CSV files, see the help topic Vendor-Subsidiary Relationship Import.

If you have enabled the Multi-Subsidiary Customer feature, you can share a vendor record that is also paired with a customer record. Such pairings display on the Relationships subtab on the vendor record.

To use the subsidiary logo and address from the transaction record when printing, use advanced templates. For more information, see the help topic Advanced PDF/HTML Templates. If you print transactions using basic layouts, the logo and address are sourced from the vendor’s primary subsidiary.

Vendor Searches for Multi-Subsidiary Vendors

When you create vendor searches and vendor saved searches, you can obtain results for all of the secondary subsidiaries assigned to the multi-subsidiary vendor. On the Available Filters subtab, select Subsidiary Fields, and then choose the fields to include as filters. On the Results > Columns subtab, select Subsidiary Fields, and then choose the fields to display as columns in the results.

You can also create simple and saved searches for vendor-subsidiary information. The new search type, Vendor-Subsidiary Relationship, is based on a record type of the same name. The vendor-subsidiary relationship record is not visible in the user interface, however, the fields on this record are available to search.

To create a simple search, go to Reports > New Search. For information about simple searches, see the help topic Defining a Simple Search.

To create a new saved search, go to Reports > Saved Searches > All Saved Searches > New, or Lists > Search > Saved Searches > New. For information about saved searches, see the help topic Saved Searches.
Mass Create and Update Multi-Subsidiary Vendors

NetSuite enables users with the Import CSV File permission to import the Vendor-Subsidiary Relationship record type. The vendor-subsidiary relationship record is not visible in the user interface, however, the fields are available when you map your CSV file. The Vendor-Subsidiary Relationship import enables you to add multiple subsidiaries to vendor records, and update those records, as needed.

To use the Import Assistant to create or update multi-subsidiary vendors, go to Setup > Import/Export > Import Tasks > Import CSV Records. Choose the Relationships import type, and then the Vendor-Subsidiary Relationship record type. After you upload your file and choose import options, you can begin file and then field mapping, and finally import your file.

Tip: Upload a simple CSV file, and then refine that file when you map fields.

For information about using the Import Assistant, see the help topic Importing CSV Files with the Import Assistant. For information about the Vendor-Subsidiary Relationship import record type, see the help topic Vendor-Subsidiary Relationship.

Customization of the Subsidiaries Subtab on the Vendor Record

If you have permission to customize record types, use the Vendor-Subsidiary Relationship record type to customize the Subsidiaries subtab on the vendor record. This record type is not visible in the user interface. However, the fields on this record are available through the Other Record Fields page at Customization > Lists, Records, & Fields > Other Record Fields > New.

On the Other Record Fields page, select the Vendor-Subsidiary Relationship record type. Define the fields to be added to the Subsidiaries subtab. When the vendor record is in Edit mode, you can modify the values in those fields.

The Custom Records and Custom Segments features must be enabled to customize the Subsidiaries subtab. If you use the Multiple Currencies feature, you can add currency-specific fields to the Subsidiaries subtab.

For information about custom record fields, see the help topics Other Record Fields and Creating a Custom Field.

Note: Users must have permission to edit vendor records to customize the Subsidiaries subtab.

Multi-Subsidiary Vendor Support for Automated Intercompany Management

The Automated Intercompany Management feature enables you to manage intercompany transactions and automatically generate elimination journal entries. With this feature enabled, NetSuite automatically generates elimination journal entries based on the intercompany transaction lines and intercompany journal lines marked to be eliminated. As part of the period close process, NetSuite evaluates the activity in your intercompany accounts and then creates the journal entries to eliminate artificial profit and loss amounts.

When you create intercompany transactions, the Subsidiaries list on the transaction provides all of the subsidiaries assigned to the vendor.

For information about the Automated Intercompany Management feature, see Automated Intercompany Management.
Multi-Subsidiary Vendor Customer Entities

If you use the Multi-Subsidiary Customer feature, you can create a multi-subscription customer record from a multi-subscription vendor record. This vendor customer relationship produces a single entity, which is useful when you want to use one entity to represent both a customer and a vendor.

**Note:** The vendor and customer records must share the same primary subsidiary to create a multi-subscription vendor customer relationship.

For information about creating relationships between record types, see the help topic Records as Multiple Types.

Transactions Available for Multi-Subsidiary Vendors

Refer to the following table to learn how you can use multi-subscription vendors with core transactions.

<table>
<thead>
<tr>
<th>Task</th>
<th>What You Can Do</th>
<th>Help Topic Links</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Schedules</td>
<td>Specify that the source account and destination account belong to any of the vendors to which the selected subsidiaries are assigned</td>
<td>Creating Expense Allocation Schedules&lt;br&gt;Creating Intercompany Allocation Schedules</td>
</tr>
<tr>
<td>Automated Intercompany Management</td>
<td>Manage intercompany transactions and automatically generate elimination journal entries</td>
<td>Automated Intercompany Management</td>
</tr>
<tr>
<td>Bill Purchase Orders</td>
<td>View all unbilled purchase orders associated with the subsidiaries assigned to the selected vendor&lt;br&gt;Bill any or all purchase orders that share the same subsidiary and currency</td>
<td>Billing Purchase Orders</td>
</tr>
<tr>
<td>Checks</td>
<td>Change the subsidiary from the primary subsidiary to a secondary subsidiary&lt;br&gt;Confirm the prompt to change the bank account, if required</td>
<td>Writing Checks</td>
</tr>
<tr>
<td>Company Credit Card Deposits</td>
<td>Select any subsidiary assigned to the selected entity in the Vendor field&lt;br&gt;Confirm the prompt to change Nexus, if required</td>
<td>Entering Company Credit Card Charges&lt;br&gt;Making Deposits</td>
</tr>
<tr>
<td>Drop Shipment</td>
<td>Create a sales order for an assigned secondary subsidiary that includes an item marked for drop ship and NetSuite automatically creates a purchase order based on the preferred vendor for that drop shipped item</td>
<td>Drop Shipment and Special Order Purchases&lt;br&gt;Mark an Item for Drop Shipment</td>
</tr>
<tr>
<td>Item Pricing</td>
<td>Specify a different item price per subsidiary for the same item record</td>
<td>Associating Vendors with Items&lt;br&gt;Associating Multiple Vendors with an Item</td>
</tr>
</tbody>
</table>
### Assigning Subsidiaries to a Vendor

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>Related Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entering Purchasing/Inventory Information on Items</strong></td>
<td>See the help topic Vendors.</td>
<td></td>
</tr>
<tr>
<td><strong>Nexuses</strong></td>
<td>Change the default subsidiary to a secondary subsidiary and NetSuite automatically changes the tax nexus to the nexus associated with the selected secondary subsidiary</td>
<td>Nexuses and Subsidiaries, Nexuses and Taxes in OneWorld, Setting Up Vendors as Sales Tax Agencies</td>
</tr>
<tr>
<td><strong>Order Requisitions</strong></td>
<td>Create purchase orders for requisitions, selecting a subsidiary and any shared vendor to which that subsidiary is assigned</td>
<td>Order Requisitions</td>
</tr>
<tr>
<td><strong>Purchase Orders and Intercompany Purchase Orders</strong></td>
<td>Select any subsidiary assigned to the selected entity in the Vendor field At the Items line level, select any vendor assigned to the subsidiary associated with the selected entity</td>
<td>Entering a Purchase Order</td>
</tr>
<tr>
<td><strong>Reconciliation</strong></td>
<td>For New Charges on bank statements, selecting a shared vendor payee enables you to enter line items for all of the vendor's open transactions and the open transactions belonging to the selected subsidiary For New Deposits on bank statements, selecting a shared vendor payor enables you to enter deposits for the vendor and the selected subsidiary For New Charges on credit card statements, selecting a shared vendor payor enables you to enter charges for the vendor and the selected subsidiary For New Credits on credit card statements, selecting a shared vendor payee enables you to enter credits for the vendor and the selected subsidiary</td>
<td>Reconciling Bank Statements, Reconciling Credit Card Statements</td>
</tr>
<tr>
<td><strong>Requisitions (Administrator)</strong></td>
<td>Select the subsidiary associated with the requisition At the Items line level, select any vendor assigned to the selected subsidiary</td>
<td>Entering a Requisition</td>
</tr>
<tr>
<td><strong>Tegatas</strong></td>
<td>Change the default primary subsidiary to any of the secondary subsidiaries assigned to a shared vendor</td>
<td>Using Tegatas</td>
</tr>
<tr>
<td><strong>Vendor Bill Variances</strong></td>
<td>Post item records that belong to the combination of the selected vendor and assigned subsidiary</td>
<td>Posting Vendor Bill Variances</td>
</tr>
</tbody>
</table>
Assigning a Subsidiary to a Partner

The subsidiary you assign to a partner limits the records that the partner can access to those associated with that subsidiary.

**To assign a subsidiary to a partner:**

1. Go to Lists > Relationships > Partners, and then click the **Edit** link next to a partner.
2. Select from the **Subsidiary** list and click **Save**.

Assigning Subsidiaries to a Customer

The Multi-Subsidiary Customer feature permits you to share customer and sub-customer records with multiple subsidiaries, and then select those subsidiaries on core transactions. The primary subsidiary assigned to a customer is generally associated with any transactions involving that customer. However, you can also associate transactions with any secondary subsidiary assigned to the customer. The subsidiary you select on transactions persists throughout the transaction workflow. For example, when you select a subsidiary on a sales order, that subsidiary appears on the invoice. For detailed instructions about assigning subsidiaries to a customer record, visit the Customers section.

The Multi-Subsidiary Customer feature enables you to save a multi-subsidary customer as a multi-subsidary vendor to create a single entity. It is useful when you want to have one entity represent both a customer and a vendor. You can also view a multi-subsidary customer's hierarchy (primary subsidiary, any assigned secondary subsidiary, and any subcustomer).

<table>
<thead>
<tr>
<th>Vendor Bills</th>
<th>Select any subsidiary associated with a vendor bill</th>
<th>Vendor Bills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Blanket Purchase Order</td>
<td>Select any assigned subsidiary to associate with a vendor blanket purchase order</td>
<td>Blanket Purchase Orders</td>
</tr>
<tr>
<td>Vendor Credit</td>
<td>Associate a vendor credit with any of the subsidiaries assigned to a shared vendor</td>
<td>To entering a vendor credit manually:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Creating a Vendor Credit Directly from a Vendor Bill</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Creating a Vendor Credit Directly from a Vendor Return</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Crediting an Authorized Vendor Return</td>
</tr>
<tr>
<td>Vendor Payments</td>
<td>Associate a vendor payment with a vendor bill from an assigned subsidiary</td>
<td>Vendor Payments Overview</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pay Bills to a Single Vendor</td>
</tr>
<tr>
<td>Vendor Purchase Contract</td>
<td>Select any assigned subsidiary to associate with a vendor purchase contract</td>
<td>Creating Purchase Contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Using Purchase Contracts on Purchase Orders</td>
</tr>
<tr>
<td>Vendor Return Authorization</td>
<td>Select the vendor who should receive the return authorization</td>
<td>Entering a Vendor Return Authorization</td>
</tr>
<tr>
<td></td>
<td>Change the subsidiary where the vendor return is authorized</td>
<td></td>
</tr>
</tbody>
</table>
Assigning Subsidiaries to a Customer

Note: In the customer hierarchy, users can view only those subsidiaries to which they are granted access.

The Multi-Subsidiary Customer feature also enables you to view the following:

- Customer balance information on the customer record
- Secondary subsidiary information on core reports
- Customer Statement by currency and by subsidiary

When a lead or contact is generated from an online form, the country associated with the form is matched to the country of the subsidiary, and that subsidiary is associated with the new record. If multiple subsidiaries are related to a country or no country is entered, the root subsidiary is the primary subsidiary with the new entity.

Note: If you use the Accept Payment Through Top Level Customer preference, parent customers and their sub-customers must be associated with the same subsidiaries and must both use the same currencies.

Important: You can define multiple secondary subsidiaries though the user interface and SuiteScript. To define secondary subsidiaries in SuiteScript, use the Customer-Subsidiary Relationship record type. To mass create and update customer records through CSV files, see the help topic Customer-Subsidiary Relationship Import.

If you have shared multiple subsidiaries with a vendor record, you can share a customer record that is also paired with a vendor record. Such pairings display on the Relationships subtab on the customer record.

To use the subsidiary logo and address from the transaction record when printing, use advanced templates. For more information, see the help topic Advanced PDF/HTML Templates. If you print transactions using basic layouts, the logo and address are sourced from the customer’s primary subsidiary.

Multi-Subsidiary Customer Feature Limitations

Following are limitations in the Multi-Subsidiary Customer feature:

- Incompatible Features:
  - Consolidated Payments
  - Mini EU One Stop Shop (MOSS)

  Important: Incompatible features cannot be enabled when the Multi-Subsidiary Customer feature is enabled. The Multi-Subsidiary Customer feature cannot be enabled when incompatible features are enabled.

- Unsupported Functionality:
  - Bank Account (supports data related to the primary subsidiary only)
  - Credit Limit per Subsidiary
  - Customer Center (supports data related to the primary subsidiary only)
  - Customer Dashboard
  - My Account connected to SuiteCommerce
Assigning Subsidiaries to a Customer

- Limited Functionality:
  - Customer specific budgets can be created only for the primary subsidiary of the customer
  - Communication subtab on the customer record
    Messages, Activities, Files, and User Notes added to the customer record are available only for the primary subsidiary.

- Tax Limitations:
  - All tax information from the customer record defaults only to the primary subsidiary, and is ignored when a secondary subsidiary is selected.
  - On the Financial subtab on the customer record, the Tax Rounding fields apply to all of the subsidiaries to which the customer is assigned.
  - On the Financial subtab on the customer record, the value in the Tax Item field is the default for the primary subsidiary only. For a customer with a default tax item, the tax engine attempts to return that tax item and does not perform an additional tax lookup. However, when you select a secondary subsidiary, the tax engine ignores the default tax item and performs a tax lookup.
  - The PST Exempt and Taxable fields on the customer record are inverse to each other. Even though both fields are never visible on the record at the same time, when one field is True, the other field is False.

  **Note:** The PST Exempt (Taxable) field is visible on the customer record only when the customer falls under a Canadian nexus.

- Unsupported Transactions:
  - Issue Tegata
  - Pay Tegata

- Technical Limitations:
  - To ensure that dynamic mode scripts and workflows perform as expected, the selected entity or customer (depending on the transaction) determines the default subsidiary.

Best Practices for Using the Multi-Subsidiary Customer Feature

Following are best practices for using the Multi-Subsidiary Customer feature:

- If you use anonymous customers with Web Store workflows, assign only one subsidiary to the anonymous customer record.
- Set up tax rounding at the Nexus level rather than for individual customers with multiple different subsidiaries. For details, see the help topic Setting Tax Preferences.

Enable the Multi-Subsidiary Customer Feature

Administrators can enable the Multi-Subsidiary Customer feature on the Enable Features page. If you choose to stop using the Multi-Subsidiary Customer features, you must perform specific tasks before you can clear the feature check box.

**To enable the Multi-Subsidiary Customer feature:**

1. Go to Setup > Company > Enable Features (Administrator) > Company subtab.
2. In the ERP General section, check the **Multi-Subsidiary Customer** box and click **Save**.

**Important:** You cannot enable the **Multi-Subsidiary Customer** feature if any incompatible feature or functionality is enabled. See the Incompatible Features list in **Multi-Subsidiary Customer Feature Limitations**.

**To stop using the Multi-Subsidiary Customer feature:**

1. Reverse or delete all transactions related to customers and their secondary subsidiaries.
2. Remove all secondary subsidiaries from customer records.
4. In the ERP General section, clear the **Multi-Subsidiary Customer** box and click **Save**.

**Customer Balances for Assigned Subsidiaries**

You can view the basic customer balances for each subsidiary assigned to that customer. Balance and Unbilled Orders fields are located on the Subsidiaries subtab on the customer record. Subsidiary transactions are recalculated from the subsidiary's transaction currency into the customer's primary currency. Recalculation is performed using the Direct method, which retrieves daily foreign exchange rates directly from the rate provider. The currency label of the customer's primary currency appears near the Balance and Unbilled Orders fields.

For example, you have a customer where the primary subsidiary is in Canada. Two secondary subsidiaries, one in the U.S. and one in Germany are assigned to this customer. The respective subsidiary currencies are CAN as the primary currency, and USD and euro as secondary subsidiary currencies. There is an invoice for the U.S. subsidiary for 1000 euro. Based on the daily foreign exchange rate, it posts as 1200 USD in the U.S. subsidiary. The value in the Balance field on the customer record is 1500 CAN (1000 euro translated into CAN through a 1.5 Direct rate).

- **Balance** – The value in the Balance field represents the total customer balance for the subsidiary. An approved customer invoice in an open status increases the value in the Balance field. A customer payment decreases the value in the Balance field. A customer credit also decreases the value in the Balance field. A cash sale does not alter the value in the Balance field.
- **Unbilled Orders** – The value in the Unbilled Orders field represents the sum of the orders not yet billed for the subsidiary. The tax on a sales order increases the value in the Unbilled Orders field because the tax does not have to be approved. When the sales order becomes a customer invoice, the tax value in the Unbilled Orders field is moved into the Balance field.
- **Deposit Balance** – The value in the Deposit Balance field represents the unapplied deposit amount from a customer deposit transaction.

The customer balance information on the Financials subtab appears in the customer's primary currency. For information about the Financials subtab, see the help topic *Entering Customer Financial Information*.

**Customer Searches for Multi-Subsidiary Customers**

When you create customer searches and customer saved searches, you can obtain results for all of the secondary subsidiaries assigned to the multi-subsidiary customer. On the Available Filters subtab, select Subsidiary Fields, and then choose the fields to include as filters. On the Results > Columns subtab, select Subsidiary Fields, and then choose the fields to display as columns in the results.

You can also create simple and saved searches for customer-subsidiary information. The new search type, Customer-Subsidiary Relationship, is based on a record type of the same name. The customer-subsidiary
Assigning Subsidiaries to a Customer

relationship record is not visible in the user interface, however, the fields on this record are available to search.

To create a simple search, go to Reports > New Search. For information about simple searches, see the help topic Defining a Simple Search.

To create a new saved search, go to Reports > Saved Searches > All Saved Searches > New, or Lists > Search > Saved Searches > New. For information about saved searches, see the help topic Saved Searches.

Note: Before you publish a saved search to Webshop, you should validate the results by clicking any linked data content. The default Webshop user is not restricted from viewing subsidiary data, and may have access to unintended or irrelevant data. You must adjust user restrictions to limit data viewing.

Mass Create and Update Multi-Subsidiary Customers

NetSuite enables users with the Import CSV File permission to import the Customer-Subsidiary Relationship record type. The customer-subsidiary relationship record is not visible in the user interface, however, the fields are available when you map your CSV file. The Customer-Subsidiary Relationship import enables you to add multiple subsidiaries to customer records, and update those records, as needed.

To use the Import Assistant to create and update multi-subsidiary customers, go to Setup > Import/Export > Import Tasks > Import CSV Records. Choose the Relationships import type, and then the Customer-Subsidiary Relationship record type. After you upload your file and choose import options, you can begin file and then field mapping, and finally import your file.

Tip: Upload a simple CSV file, and then refine that file when you map fields.

For information about using the Import Assistant, see the help topic Importing CSV Files with the Import Assistant. For information about the Customer-Subsidiary Relationship import record type, see the help topic Customer-Subsidiary Relationship.

Customization of the Subsidiaries Subtab on the Customer Record

If you have permission to customize record types, use the Customer-Subsidiary Relationship record type to customize the Subsidiaries subtab on the customer record. This record type is not visible in the user interface. However, the fields on this record are available through the Other Record Fields page at Customization > Lists, Records, & Fields > Other Record Fields > New.

On the Other Record Fields page, select the Customer-Subsidiary Relationship record type. Define the fields to be added to the Subsidiaries subtab. When the customer record is in Edit mode, you can modify the values in those fields.

The Custom Records and Custom Segments features must be enabled to customize the Subsidiaries subtab. If you use the Multiple Currencies feature, you can add currency-specific fields to the Subsidiaries subtab.

For information about custom record fields, see the help topics Other Record Fields and Creating a Custom Field.
Note: Users must have permission to edit customer and vendor records to customize the Subsidiaries subtab.

Multi-Subsidiary Customer Support for Automated Intercompany Management

The Automated Intercompany Management feature enables you to manage intercompany transactions and automatically generate elimination journal entries. With this feature enabled, NetSuite automatically generates elimination journal entries based on the intercompany transaction lines and intercompany journal lines marked to be eliminated. As part of the period close process, NetSuite evaluates the activity in your intercompany accounts and then creates the journal entries to eliminate artificial profit and loss amounts.

When you create intercompany transactions, the Subsidiaries list on the transaction provides all of the subsidiaries assigned to the customer.

For information about the Automated Intercompany Management feature, see Automated Intercompany Management.

Multi-Subsidiary Customer Vendor Entities

The Multi-Subsidiary Customer feature enables you to create a multi-subsidiary vendor record from a multi-subsidiary customer record. This customer vendor relationship produces a single entity, which is useful when you want to use one entity to represent both a customer and a vendor on core transactions.

Note: The customer and vendor records must share the same primary subsidiary to create a multi-subsidiary customer vendor relationship.

For information about creating relationships between record types, see the help topic Records as Multiple Types.

Multi-Subsidiary Customer Hierarchy

The Multi-Subsidiary Customer feature enables you to view a multi-subsidiary customer's hierarchy (primary subsidiary, any assigned secondary subsidiary, and any subcustomer). The customer hierarchy is located on the Customers list page at Lists > Relationships > Customers.

Note: In the customer hierarchy, users can view only those subsidiaries to which they are granted access.

Transactions Available for Multi-Subsidiary Customers

Refer to the following table to learn how you can use the Multi-Subsidiary Customer feature with core transactions.

<table>
<thead>
<tr>
<th>Task</th>
<th>What You Can Do</th>
<th>Help Topic Links</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>Supports Multi-Subsidiary Customer</td>
<td>Amortization Feature Overview</td>
</tr>
<tr>
<td>Automated Intercompany</td>
<td>Manage intercompany transactions and automatically generate</td>
<td>Automated Intercompany Management</td>
</tr>
<tr>
<td>Management</td>
<td>elimination journal entries</td>
<td></td>
</tr>
<tr>
<td>Scenario</td>
<td>Description</td>
<td>Related Sections</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Cash Refund</td>
<td>Select any subsidiary assigned to the customer record</td>
<td>Refunding a Cash Sale</td>
</tr>
<tr>
<td></td>
<td>The account is selectable and dependent on the currency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The subsidiary cannot be changed after the transaction is saved</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If the refund is created from the Cash Sale, the subsidiary selection remains the same through the transaction workflow</td>
<td></td>
</tr>
<tr>
<td>Cash Sale</td>
<td>Select any subsidiary assigned to the customer record</td>
<td>Entering a Cash Sale</td>
</tr>
<tr>
<td></td>
<td>Confirm the prompt to change Nexus, if required</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The subsidiary cannot be changed after the transaction is saved</td>
<td></td>
</tr>
<tr>
<td>Checks</td>
<td>Change the subsidiary from the primary subsidiary to a secondary subsidiary</td>
<td>Writing Checks</td>
</tr>
<tr>
<td></td>
<td>Confirm the prompt to change the bank account, if required</td>
<td></td>
</tr>
<tr>
<td>Commission (Employee)</td>
<td>To associate a sales transaction with a multi-subsidiary customer, create a commission schedule for each subsidiary at Lists &gt; Commissions &gt; Employee Schedules &gt; New</td>
<td>Creating an Employee Commission Schedule, Creating an Employee Commission Plan</td>
</tr>
<tr>
<td></td>
<td>Include the commission schedule in the commission plan assigned to the employee</td>
<td></td>
</tr>
<tr>
<td>Commission (Partner)</td>
<td>Partner has been configured in NetSuite to receive commission</td>
<td>Creating a Partner Commission Plan, Assigning Partners to a Commission Plan, Partner Commission Schedules</td>
</tr>
<tr>
<td></td>
<td>Commission plan with a commission schedule is assigned to the partner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales transactions relevant to the commission plan and commission schedule are associated with the partner through the Entity field in the header of the sales transaction record</td>
<td></td>
</tr>
<tr>
<td>Company Credit Card</td>
<td>Select any subsidiary assigned to the selected entity in the Vendor field</td>
<td>Entering Company Credit Card Charges</td>
</tr>
<tr>
<td></td>
<td>Confirm the prompt to change Nexus, if required</td>
<td></td>
</tr>
<tr>
<td>Credit Card Refund</td>
<td>Select any subsidiary assigned to the customer record</td>
<td>Refunding an Open Balance</td>
</tr>
<tr>
<td></td>
<td>The subsidiary cannot be changed after the transaction is saved</td>
<td></td>
</tr>
<tr>
<td>Custom Transaction</td>
<td>Custom Transactions is enabled at Setup &gt; Company &gt; Enable Features &gt; SuiteCloud in the SuiteGL section</td>
<td>Custom Transactions</td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Description</td>
<td>Link</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
<td>------</td>
</tr>
<tr>
<td>Custom transactions have been configured at Customization &gt; Lists, Records &amp; Field &gt; Transaction Types &gt; New&lt;br&gt;Configure transaction type to include subsidiary and entity&lt;br&gt;On the custom transaction, associate the entity with the selected subsidiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Charge (Statement Charge)</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Statement Charges</td>
</tr>
<tr>
<td>Customer Credit Memo</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;Confirm the prompt to change Nexus, if required&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Issuing a Customer Credit Memo</td>
</tr>
<tr>
<td>Customer Deposit</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Recording a Customer Deposit</td>
</tr>
<tr>
<td>Customer Payment</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Applying a Payment on the Customer Payment Page</td>
</tr>
<tr>
<td>Customer Refund</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;The account is selectable and dependent on the currency&lt;br&gt;The A/R account is associated with the selected subsidiary&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Refunding an Open Balance</td>
</tr>
<tr>
<td>Deposits</td>
<td>For Other Deposits, choose from all of the customers assigned to the subsidiary associated with the selected bank account</td>
<td>Making Deposits</td>
</tr>
<tr>
<td>Estimate</td>
<td>Select any subsidiary assigned to the customer record&lt;br&gt;The subsidiary cannot be changed after the transaction is saved</td>
<td>Preparing an Estimate</td>
</tr>
<tr>
<td>Expense Report</td>
<td>At the Expenses line level, select any customer assigned to the subsidiary associated with the selected employee</td>
<td>Entering an Expense Report</td>
</tr>
<tr>
<td>Fulfillment</td>
<td>The subsidiary is derived from the Sales Order</td>
<td>Creating Fulfillment Requests</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Gift Certificate</td>
<td>Click the New Gift Certificates button at Lists &gt; Accounting &gt; Gift Certificates</td>
<td>Gift Certificates</td>
</tr>
<tr>
<td>Invoice</td>
<td>Select any subsidiary assigned to the customer record</td>
<td>Creating an Invoice</td>
</tr>
<tr>
<td>Item Fulfillment</td>
<td>The subsidiary is specified on the Sales Order and cannot be changed</td>
<td>Fulfilling Orders</td>
</tr>
<tr>
<td>Journal Entries</td>
<td>Make general, statistical, intercompany, book-specific general, and book-specific intercompany journal entries for any of the customers to which a selected subsidiary is assigned</td>
<td>Making Journal Entries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Making Statistical Journal Entries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Making Intercompany Journal Entries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Making Advanced Intercompany Journal Entries</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Select any subsidiary assigned to the customer record</td>
<td>Creating an Opportunity Record</td>
</tr>
<tr>
<td>Purchase Orders and Intercompany Purchase Orders</td>
<td>Select any subsidiary assigned to the selected entity in the Vendor field</td>
<td>Entering a Purchase Order</td>
</tr>
<tr>
<td></td>
<td>At the Items line level, select any customer assigned to the subsidiary associated with the selected entity</td>
<td></td>
</tr>
<tr>
<td>Reconciliation</td>
<td>For New Charges on bank statements, selecting a shared customer payee enables you to enter line items for all of the customer’s open transactions and the open transactions belonging to the selected subsidiary</td>
<td>Reconciling Bank Statements</td>
</tr>
<tr>
<td></td>
<td>For New Deposits on bank statements, selecting a shared customer payor enables you to enter deposits for the customer and the selected subsidiary</td>
<td>Reconciling Credit Card Statements</td>
</tr>
<tr>
<td></td>
<td>For New Charges on credit card statements, selecting a shared customer payor enables you to enter charges for the customer and the selected subsidiary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For New Credits on credit card statements, selecting a shared customer payee enables you to enter credits for the customer and the selected subsidiary</td>
<td></td>
</tr>
<tr>
<td>Requisitions</td>
<td>Select the subsidiary associated with the requisition</td>
<td>Entering a Requisition</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td></td>
<td>At the Items line level, select any customer assigned to the selected subsidiary</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return Authorization</th>
<th>Select any subsidiary assigned to the customer record</th>
<th>Entering a Standalone Return Authorization Enter a Linked Return Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The subsidiary cannot be changed after the transactions is saved</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Return Authorizations can also be created from the Sales Order or Invoice. In these two cases, the subsidiary value is copied from the transaction that created the Return Authorization.

<table>
<thead>
<tr>
<th>Revenue Arrangement</th>
<th>The revenue arrangement is listed on the transaction's Related Records subtab</th>
<th>Revenue Arrangement Management Creating Sales Orders Creating an Invoice Entering a Cash Sale Refunding a Cash Sale Entering a Standalone Return Authorization Entering a Linked Return Authorization Issuing a Customer Credit Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue arrangements are created for the following types of transactions after the transaction is approved:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales Orders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Invoices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash Sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash Refunds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Return Authorizations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit Memos</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Commitment and Revenue Commitment Reversal</th>
<th>Supports Multi-Subsidiary Customer</th>
<th>Using the Generate Revenue Commitment Page Using the Generate Revenue Commitment Reversals Page</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Revenue Recognition</th>
<th>Supports Multi-Subsidiary Customer</th>
<th>Using Revenue Recognition</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Sales Order</th>
<th>Select any subsidiary assigned to the customer record</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Confirm the prompt to change Nexus, if required</td>
</tr>
<tr>
<td></td>
<td>The subsidiary cannot be changed after the transaction is saved</td>
</tr>
</tbody>
</table>

**Creating Sales Orders**

- **Drop Shipment from Sales Order** - An approved sales order that contains a drop shipment item automatically generates a purchase order for the item. Vendor ships item to the selected customer. **Selling a Drop Ship Item**
- **Drop Shipment Intercompany Sales Order** - Warehouse subsidiary generates an intercompany sales order at Transactions > Sales > Manage Intercompany Sales Orders (Administrator). Warehouse subsidiary fulfills the order and sends the item to the customer. **Intercompany Inventory Drop Ship**
Assigning Subsidiaries to a Customer

- **Intercompany Sales Order (Transactions > Sales > Manage Intercompany Sales Orders)** - Create an intercompany purchase order. Select a customer and a currency to display the unlinked intercompany purchase order that can be paired with the sales order for this customer. Select any subsidiary assigned to the customer record.

  - **Managing Intercompany Orders**

- **Special Order Purchase** - An approved sales order that contains a special order item automatically generates a purchase order for the item. The sales order is fulfilled only when the special order item is received by the vendor. The vendor then ships the item to the customer. *Drop Shipment and Special Order Purchases*

- **Store Pickup** - Store Pickup enables you to create Store Pickup Fulfillment transactions from an existing sales order. Store Pickup Fulfillment transactions permit customers to pick up their orders from a retail location at a later time or date. When Store Pickup Fulfillment transactions exist, the navigation path is Transaction > Sales > Manage Store Pickup. On the Store Pickup Fulfillment transaction, the subsidiary defaults to the subsidiary selected on the sales order.

  - **Important:** The Store Pickup feature requires Advanced Order Management.

<table>
<thead>
<tr>
<th>Sales Order Revenue Forecasting</th>
<th>Supports Multi-Subsidiary Customer</th>
<th>Using Sales Order Revenue Forecasting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vendor Bills</strong></td>
<td>Select any subsidiary associated with a Vendor Bill At the Items line level, select any customer assigned to the selected subsidiary</td>
<td><strong>Vendor Bills</strong></td>
</tr>
<tr>
<td><strong>Vendor Credit</strong></td>
<td>Select the vendor who should receive the credit Change the subsidiary associated with the credit At the Items line level, select any customer assigned to the selected subsidiary</td>
<td><strong>Entering a Vendor Credit Manually</strong></td>
</tr>
<tr>
<td><strong>Vendor Return Authorization</strong></td>
<td>Select the vendor who should receive the return authorization Change the subsidiary where the vendor return is authorized At the Items line level, select any customer assigned to the selected subsidiary</td>
<td><strong>Entering a Vendor Return Authorization</strong></td>
</tr>
<tr>
<td><strong>VSOE</strong></td>
<td>Supports Multi-Subsidiary Customer</td>
<td>Using the VSOE Feature</td>
</tr>
</tbody>
</table>

NetSuite OneWorld Guide
Assigning Subsidiaries to a Customer

| Work Order | Select the customer and any assigned subsidiary associated with the work order | Entering an Individual Work Order |

### Associate Subsidiaries with Items

In NetSuite OneWorld, the item record has additional fields that permit you to share items with several subsidiaries. For example, the Subsidiary field enables you to select one or multiple subsidiaries. To select multiple subsidiaries, press and hold the Ctrl key and select each subsidiary. You can also check the Include Children box to share the item with all of the sub-subsidiaries associated with the subsidiaries selected in the Subsidiary field.

**Note:** When you share items with multiple subsidiaries, the options selected on the item record must be compatible with the subsidiaries sharing the items. For example, when you enter an inventory item to share with multiple subsidiaries, you must select income and asset accounts that are assigned to those same subsidiaries.

You must associate a subsidiary with an item to add that item to a transaction related to that subsidiary. For example, you enter a sales order and select a customer associated with the Wolfe US subsidiary on the transaction. When you select an item to add to the sales order, you can add only those items associated with Wolfe US.

**Important:** When you create a Gift Certificate item record, the Income Account and the Liability Account fields display a list of accounts assigned to the selected subsidiary. If you select multiple subsidiaries, only those accounts common to all of the selected subsidiaries appear in the list.

In NetSuite that is not OneWorld, when you create an item record, you can enter initial quantities on hand in each location. However, in NetSuite OneWorld, when you create an item record, you cannot enter initial quantities on hand in each location. You must first create the item record and save. Then you must enter an inventory adjustment to specify the initial quantities in each location.

### Associate Subsidiaries with Shipping Items

In NetSuite OneWorld, you assign a shipping item to a subsidiary so that it can be used for transactions. You can associate only one subsidiary with a shipping item, but you can create multiple shipping items for the same shipping service. You can then use the shipping services across multiple subsidiaries. The shipping services respect currencies and post to the appropriate subsidiary accounts.

Shipping items for the same service have a unique Ship Name but share the same Display/Code name. Shipping items use real-time rates and shipping label integration features associated with the carrier.

For example, you have two subsidiaries, one for your operations in the United States and one for operations in Canada. You use UPS Ground service for shipping needs in both subsidiaries. Create a shipping item for each subsidiary with a Ship Name that identifies the subsidiary where it is to be used:

<table>
<thead>
<tr>
<th>US Subsidiary</th>
<th>Canada Subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ship Name</td>
<td>UPS Ground - US</td>
</tr>
<tr>
<td>Display Name /Code</td>
<td>UPS Ground</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
</tr>
</tbody>
</table>
When you select a customer on a transaction, only shipping items for the subsidiary attached to that customer display in the list for Shipping Method.

In the Web store, an unregistered shopper without a customer record can choose shipping items associated with the subsidiary website being viewed. When a registered customer logs in to your Web store, the shopper can see only those shipping items associated with the customer’s record. For example, a shopper in Canada sees only those shipping items associated with the Canadian subsidiary.

**To associate a subsidiary with a shipping item:**

Follow the instructions for creating a shipping item at Creating Shipping Items, which include a step to select the subsidiary for the shipping item. You can select only one subsidiary for a shipping item.

**To create multiple shipping items for the same shipping service:**

1. Edit an existing shipping item at Lists > Accounting > Shipping Items. Click Edit next to the shipping item you want to modify.
   Create a new shipping item at Lists > Accounting > Shipping Items > New.
2. In the **Ship Name** field, enter an internal name for the shipping item. To identify the shipping item by subsidiary, include the subsidiary in the name, for example, **UPS Ground - U.S.**
3. The **Display Name/Code** defaults from the shipping service you select as the real-time rate on the Shipping Rate subtab. This is the shipping method name as it appears to customers visiting your Web store, on printed invoices, and in centers such as the Customer Center. You cannot modify the Display Name/Code.
4. In the **Subsidiaries** field, select the subsidiary you want to offer this shipping item in.
5. Click **Save**.

For information about shipping items, see the help topic Shipping Items.
Automated Intercompany Management

Following are the sections included in the Automated Intercompany Management chapter:

- Automated Intercompany Management Overview
- Intercompany Preferences
- Setting Up Automated Intercompany Management
- Intercompany Sales and Billing Transactions Overview
- Managing Intercompany Inventory Transfers - Arm’s Length
- Intercompany Elimination Overview
- Using Automated Intercompany Management for Elimination
- Working with Elimination Reports

Automated Intercompany Management Overview

The Automated Intercompany Management feature in NetSuite OneWorld enables you to manage intercompany transactions and automatically generate elimination journal entries. Previously known as Intercompany Auto Elimination, the feature has been expanded to include intercompany sales and purchases and intercompany inventory transfers.

With this feature enabled, NetSuite automatically generates elimination journal entries based on the intercompany transaction lines and intercompany journal lines marked to be eliminated. As part of the period close process, NetSuite evaluates the activity in your intercompany accounts. It then creates the journal entries to eliminate artificial profit and loss amounts. Without this feature enabled, you must manually create and track all intercompany transactions and manually create and post elimination journal entries.

The Automated Intercompany Management process involves the following activities:

- Create intercompany purchase orders per subsidiary, as needed. See the help topic Entering a Purchase Order.
- Generate intercompany sales orders from intercompany purchase orders. See Managing Intercompany Orders.
- Manage intercompany inventory transfers. See Managing Intercompany Inventory Transfers - Arm’s Length.
- Enter advanced intercompany journal entries for other intercompany transactions. See the help topic Making Advanced Intercompany Journal Entries
- Reconcile intercompany transactions. See Intercompany Reconciliation Report.
- Run Intercompany Elimination from the Period Close Checklist. See Intercompany Elimination Overview.
- View the Intercompany Elimination report. See Intercompany Elimination Report.

Intercompany Preferences

Users with the Setup Accounting permission can set Automated Intercompany Management preferences at Setup > Accounting > Preferences > Intercompany Preferences. These preferences should be defined after an administrator enables the Automated Intercompany Management feature.
### Intercompany Preferences

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>Select the intercompany receivables account you prefer to use, by default. You can use intercompany accounts to record and post intercompany purchase and sale transactions across subsidiaries. Financial consolidations can automatically eliminate these intercompany accounts, which enables the values to negate each other at related nodes.</td>
</tr>
<tr>
<td>Income Account</td>
<td>Select the intercompany income account you prefer to use, by default. You can use intercompany accounts to record and post intercompany purchase and sale transactions across subsidiaries. Financial consolidations can automatically eliminate these intercompany accounts, which enables the values to negate each other at related nodes.</td>
</tr>
<tr>
<td>Expense Account</td>
<td>Select the intercompany expense account you prefer to use, by default. You can use intercompany accounts to record and post intercompany purchase and sale transactions across subsidiaries. Financial consolidations can automatically eliminate these intercompany accounts, which enables the values to negate each other at related nodes.</td>
</tr>
<tr>
<td>COGS Account</td>
<td>Select the intercompany Cost Of Goods Sold (COGS) account you prefer to use, by default. You can use intercompany accounts to record and post intercompany purchase and sale transactions across subsidiaries. Financial consolidations can automatically eliminate these intercompany accounts, which enables the values to negate each other at related nodes.</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>Select the account to use as the default value for the Intercompany Deferred Revenue Account on item records. The intercompany account is used to record transactions between subsidiaries in NetSuite OneWorld. To eliminate intercompany transactions correctly, you must select an account that has the box checked for Eliminate Intercompany Transactions.</td>
</tr>
</tbody>
</table>

### Setting Up Automated Intercompany Management

Complete the following steps to begin using the Automated Intercompany feature.

For information about how to run intercompany elimination, see Using Automated Intercompany Management for Elimination.

**Prerequisite:** You must have NetSuite OneWorld.

1. Create elimination subsidiaries, if needed.
   - Your NetSuite OneWorld hierarchy can include an elimination subsidiary for each level in the hierarchy. Your subsidiary hierarchy must include one or more elimination subsidiaries under the root subsidiary level before you enable this feature. See Elimination Subsidiaries.

2. Enable the **Automated Intercompany Management** feature at Setup > Company > Enable Features > Accounting > Advanced Features > Automated Intercompany Management.

   **Warning:** You cannot disable the Automated Intercompany Management feature after you enable it. This is true even if you have not created any intercompany entities or transactions.

When you enable this feature, NetSuite adds the following fields, accounts, and more:

- The system-generated Cumulative Translation Adjustment-Elimination (CTA-E) account is added to your chart of accounts after a user enters a qualifying transaction. For example, a user must first run the elimination process so that NetSuite creates an elimination journal entry that uses this account. See Cumulative Translation Adjustment-Elimination (CTA-E).
- **Eliminate Intercompany Transactions** is added as the last task in the Period Close Checklist.
- **Eliminate** box displays for journal lines on standard and advanced intercompany journal entries.
Note: You can use journal entries rather than advanced intercompany journal entries to record intercompany transactions. However, you must customize the standard journal entry form to display the Eliminate box. See Customizing Standard Journal Entries for Intercompany Elimination.

- **Represents Subsidiary** field is added to Customer and Vendor records.
- **Intercompany Status** and **Paired Intercompany Transactions** fields are added to Sales Order, Purchase Order, Return Authorization, and Vendor Return Authorization pages.
- **Eliminate Intercompany Transactions** box is added to the Account form.

3. Create intercompany accounts. See Intercompany Accounts.
5. Review the guidelines for inventory items for intercompany transfers. See Intercompany Inventory Items Guidelines.
6. For arm's length intercompany inventory transfers, verify that the Use Item Cost as Transfer Cost preference is not enabled. Go to Setup > Accounting > Preferences > Accounting Preferences > Order Management > Transfer Orders.

### Intercompany Accounts

Intercompany accounts are general ledger accounts used to record transactions such as intercompany payments, loans, and funds transfers between subsidiaries. These accounts track the intercompany amounts to be eliminated. When you run the intercompany elimination process (period end close), amounts posted to intercompany accounts eligible for elimination are eliminated for consolidated financial statements. Posting occurs during the period close process.

An intercompany account is an account that has the Eliminate Intercompany Transactions box checked. For accounts that cannot be used for intercompany transactions, the Eliminate Intercompany Transactions box is dimmed. You can post both intercompany transactions and non-intercompany transactions to most intercompany accounts. Intercompany Accounts Receivable and intercompany Accounts Payable accounts, however, can be used only for recording amounts that are candidates for eliminations. **NetSuite requires an intercompany customer or intercompany vendor for intercompany A/R and A/P accounts.**

### Double-Entry Bookkeeping

NetSuite enforces double-entry bookkeeping, so journal entries post changes to accounts using offsetting debits and credits. Each posting transaction in NetSuite posts to at least two accounts. Each journal entry includes at least one debit amount and at least one credit amount. For information about journal entries, see the help topic **Journal Entries.**
Important: When NetSuite released the Intercompany Time and Expenses feature, the first set of accounts created were named Intercompany Payable/Receivable XXX, where XXX denoted the currency ISO code. In 2013.1, NetSuite OneWorld introduced the Intercompany Clearing XXX account. This account replaced the Intercompany Payable/Receivable XXX account for new implementations. In 2014.1, NetSuite OneWorld introduced new intercompany clearing accounts for payable and receivable that are not currency locked. These clearing accounts are used for intercompany transactions. All existing currency-locked intercompany clearing accounts (the Intercompany Payable/Receivable accounts) are now child accounts of the clearing account. For more information, see the help topics Enabling Intercompany Time and Expenses and Intercompany Elimination Overview.

Account Groups

You can create an intercompany account for the following groups of accounts:

- Accounts Receivable and Accounts Payable
- Equity, Income Statement, and Inventory Accounts
- Balance Sheet Accounts

You cannot create intercompany accounts for the following system-generated accounts:

- Unrealized Matching Gain/Loss
- Unrealized Gain/Loss
- Realized Gain/Loss
- Rounding Gain/Loss
- Exchange Rate Variance
- Cumulative Translation Adjustment-Elimination
- Cumulative Translation Adjustment
- Undeposited Funds
- Intercompany Clearing XXX (deferred Cost of Goods Sold (COGS))

For more information about features and system-generated accounts, see the help topic Feature-Specific, System-Generated Accounts.

Account Types

You can create more than one intercompany account for each account type, as needed in your organization. For a list of account types and accounts that cannot be used for elimination, see Other Account Types and Exceptions.

Best practice is to create new intercompany A/R and intercompany A/P accounts for intercompany transactions. Existing A/R and A/P accounts have accumulated balances from non-intercompany transactions that cannot be combined with future intercompany transactions to be eliminated.

To use existing item income and expense accounts for new intercompany transactions, check the Eliminate Intercompany Transactions box.

You must check the Eliminate Intercompany Transactions box for all income and expense accounts associated with items used in intercompany transactions.
Setting Up Automated Intercompany Management

Note: If you modify an existing account to be an intercompany account, existing transactions posted to the account are not automatically marked for elimination. You must edit any historical transaction to be included for elimination. When you save the transaction with an intercompany entity, transaction lines associated with the intercompany account are marked for elimination.

Account Types and Intercompany Transactions

Most types of accounts can be used for intercompany transactions, but may have different rules depending on the account type. Information about the differences related to intercompany transactions for different account types follows.

- Accounts Receivable and Accounts Payable
- Equity, Income Statement, and Inventory Accounts
- Balance Sheet Accounts
- Other Account Types and Exceptions
- Intercompany Accounts for Cross-Subsidiary Purchases and Sales

Note: For arm’s length intercompany inventory transfers, intercompany clearing accounts are not returned to zero during the Eliminate Intercompany Transactions task on the Period Close Checklist. Reporting at the subsidiary level displays the intercompany clearing account with an accumulated balance.

Accounts Receivable and Accounts Payable

Transactions posted to the following accounts are eliminated during the period close process. Eliminations are automatically reversed in the following period. When you check the Eliminate Intercompany Transactions box for an Accounts Receivable or Accounts Payable account, the account can be used only for intercompany transactions. After transactions post to an intercompany A/R or A/P account, you cannot clear the Eliminate Intercompany Transactions box. NetSuite requires an intercompany customer or intercompany vendor for intercompany A/R and A/P accounts.

Note: If an existing A/R or A/P account has balances from non-intercompany transactions, you cannot make it eligible for intercompany transactions.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Eliminate Intercompany Transactions</th>
<th>Restricted to Intercompany Transactions</th>
<th>Reverse Elimination Automatically</th>
<th>Revalue Foreign Currency Open Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Equity, Income Statement, and Inventory Accounts

You can set up intercompany accounts for this group of account types. Transactions posted to these accounts can be candidates for intercompany elimination. When set up as intercompany accounts,
these accounts do not have to be used exclusively for intercompany transactions. Check the Eliminate Intercompany Transactions box for all income and expense accounts associated with items used in intercompany transactions. If you do not check this box, transactions with those items are not candidates for elimination.

Open balances for foreign currency transactions posted to these accounts are never revalued.

Inventory accounts, created by checking the Inventory box for an Other Current Asset account belong to this group. However, you should use advanced intercompany journal entries to record intercompany inventory transfers. For information on advanced intercompany journal entries, see the help topic Making Advanced Intercompany Journal Entries.

### Balance Sheet Accounts

Transactions posted to this group of account types are eligible for both intercompany elimination and foreign currency revaluation. Intercompany eliminations for these accounts are reversed in the next period. When set up as intercompany accounts, you do not have to use these accounts exclusively for intercompany transactions.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Eliminate Intercompany Transactions</th>
<th>Restricted to Intercompany Transactions</th>
<th>Reverse Elimination Automatically</th>
<th>Revalue Foreign Currency Open Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Current Asset - Non-Inventory</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Setting Up Automated Intercompany Management

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Eliminate Intercompany Transactions</th>
<th>Restricted to Intercompany Transactions</th>
<th>Reverse Elimination Automatically</th>
<th>Revalue Foreign Currency Open Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Asset</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Deferred Expense</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Unbilled Receivable</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

When the Advanced Revenue Management and Automated Intercompany Management features are enabled, the Eliminate Intercompany Transactions box is automatically checked on the system deferred revenue and unbilled receivable accounts. You must check the Eliminate Intercompany Transactions box on these accounts if you are using the Revenue Recognition and Revenue Commitment features. You can clear the Eliminate Intercompany Transactions box if no intercompany transactions use these accounts.

Other Account Types and Exceptions

The following account types are not eligible for intercompany elimination. For these account types, the Eliminate Intercompany Transactions box cannot be checked.

- Bank
- Credit Card
- Nonposting
- Fixed Asset

In addition, the balances for the following system-generated accounts can never be eliminated. The Eliminate Intercompany Transactions box is disabled for these accounts. NetSuite creates these accounts for a specific feature or type of user account after. For more information about features and system-generated accounts, see the help topic Feature-Specific, System-Generated Accounts.

- Realized Gain/Loss
- Unrealized Gain/Loss
- Rounding Gain/Loss
- Unrealized Matching Gain/Loss
- Undeposited Funds
- Intercompany Clearing XXX (for Intercompany Time and Expense feature)
- Cumulative Translation Adjustment (for NetSuite OneWorld using the Multiple Currencies feature)
- Cumulative Translation Adjustment - Elimination (for Automated Intercompany Management feature)
- Exchange Rate Variance

Intercompany Accounts for Cross-Subsidiary Purchases and Sales

In NetSuite OneWorld, you may find that non-inventory items and finished products must be routinely shipped between various countries and legal entities or subsidiaries. You can use intercompany accounts to record and post intercompany purchase and sale transactions across subsidiaries. Intercompany accounts lets you distinctly track from other existing profit and loss accounts. Financial consolidations
can automatically eliminate these intercompany accounts, which allows the values to cancel each other at related nodes.

Non-Inventory Items must be a Resale item type and also have the Can Be Fulfilled/Received setting enabled for intercompany transactions.

After you enable the Automated Intercompany Management feature, configure intercompany preferences. Go to Setup > Accounting > Preferences > Intercompany Preferences. Choose settings for the following preferences:

- Default Intercompany Expense Account
- Default Intercompany Income Account
- Default Intercompany Receivables Account
- Default Intercompany COGS Account
- Default Intercompany Deferred Revenue Account

An intercompany account is an account that has the Eliminate Intercompany Transactions box checked. For more information, see Intercompany Accounts.

If any of these intercompany account values is left blank, the Use Default Account option is selected for items.

**Important:** NetSuite uses these accounts for all intercompany transactions. You can make new account selections at any time, but NetSuite does not change the accounts of historical transactions.

### Creating Intercompany Accounts

You can create intercompany accounts by adding a new account or by modifying an existing account, when permitted. Before you create intercompany accounts, ensure that you understand the different types of accounts that can be used to record intercompany transactions. For information, see Account Types and Intercompany Transactions.

Note that you cannot create intercompany accounts for the following system-generated accounts:

- Unrealized Matching Gain/Loss
- Unrealized Gain/Loss
- Realized Gain/Loss
- Rounding Gain/Loss
- Exchange Rate Variance
- Cumulative Translation Adjustment-Elimination
- Cumulative Translation Adjustment
- Undeposited Funds
- Intercompany Clearing XXX (deferred Cost of Goods Sold (COGS))

For more information about features and system-generated accounts, see the help topic Feature-Specific, System-Generated Accounts.

At a minimum, to properly account for and eliminate intercompany transactions, you need the following accounts:
To add a new intercompany account:

1. Go to Setup > Accounting > Manage G/L > Chart of Accounts > New.
2. Select the type of account to create based on the account purpose.
   The following table shows the account types used for intercompany A/R and A/P:

<table>
<thead>
<tr>
<th>Account for</th>
<th>Account Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercompany Receivables</td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>Intercompany Payables</td>
<td>Accounts Payable</td>
</tr>
</tbody>
</table>

Note: NetSuite requires an intercompany customer or intercompany vendor for intercompany A/R and A/P accounts.

3. Enter a name for the account.
4. Check the Eliminate Intercompany Transaction box.
5. Complete other fields, as needed.
6. For Subsidiaries, select the parent or top level subsidiary and then check Include All Children.
7. Click Save.

To modify an existing account for intercompany transactions:

1. Go to Setup > Accounting > Manage G/L > Chart of Accounts.
2. Select Edit for the account you want to modify.
   The following table shows the account types for intercompany revenue and expense accounts:

<table>
<thead>
<tr>
<th>Account for</th>
<th>Account Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercompany Revenue</td>
<td>Revenue, Other Income</td>
</tr>
<tr>
<td>Intercompany Expense</td>
<td>Expense, Other Expense, Cost of Goods Sold (COGS)</td>
</tr>
</tbody>
</table>

3. Check the Eliminate Intercompany Transactions box.
4. Click Save.

Creating Intercompany Customers and Vendors

Intercompany customers and vendors are entity records with one or more assigned subsidiaries that are used only for intercompany transactions. They represent the buyer and seller in transactions between subsidiaries. The Default Receivable Account for an intercompany customer must be an intercompany receivable account. For intercompany vendors, the Default Payable Account must be an intercompany payable account.
Enter intercompany entities on sales orders and purchase orders to create intercompany transactions. You can also identify an intercompany customer or vendor on journal lines when you create an intercompany journal entry. You must enter an intercompany entity for lines that include an intercompany receivable or intercompany payable account. For information on setting up intercompany accounts, see Intercompany Accounts.

An intercompany entity is a customized entity record with an additional field: Represents Subsidiary. The Represents Subsidiary field indicates that this entity acts as an agent for a selected subsidiary. An intercompany entity can be used only for intercompany transactions.

- For customer records, the Represents Subsidiary field identifies the subsidiary this customer represents as a customer or buyer.
- For vendor records, the Represents Subsidiary field identifies the subsidiary this vendor represents as a vendor or seller.

**Note:** The Represents Subsidiary field is not available for customization on the popup Customer / Vendor window.

Create an intercompany customer and corresponding intercompany vendor for each subsidiary-to-subsidiary relationship that has intercompany transactions in your organization. For example, if Subsidiary U.K. purchases a product from Subsidiary U.S., create the following entities to represent the subsidiaries:

- Create a customer record in Subsidiary U.S. to represent Subsidiary U.K. (the buyer).
  - Subsidiary = U.S. Subsidiary
  - Represents Subsidiary = Subsidiary U.K.
- Create a vendor record in Subsidiary U.K. to represent Subsidiary U.S. (the seller).
  - Subsidiary = Subsidiary U.K.
  - Represents Subsidiary = Subsidiary U.S.

An entity record can act as an agent for only one subsidiary. If Subsidiary U.K. also purchases from Subsidiary EU, you must:

- Create a customer record in Subsidiary EU to represent Subsidiary U.K. (the buyer).
  - Subsidiary = EU Subsidiary
  - Represents Subsidiary = Subsidiary U.K.
- Create a vendor record in Subsidiary U.K. to represent Subsidiary EU (the seller).
  - Subsidiary = Subsidiary U.K.
  - Represents Subsidiary = Subsidiary EU

Before you create intercompany customers and vendors, you must customize the customer and vendor forms to include the Represents Subsidiary field. To customize forms, go to Customization > Forms > Entry Forms (Administrator). Add the Represents Subsidiary field to the standard customer form and a vendor form. For information on customizing forms, see the help topics Creating Custom Entry and Transaction Forms and Configuring Fields or Screens.

**To create intercompany customers:**

2. In Custom Form, select your custom intercompany customer form.
3. Enter the information for the intercompany customer including:
Setting Up Automated Intercompany Management

- **Company Name:** Use a naming convention to identify this as an intercompany entity such as U.S. Customer in Canada Sub.
- **Subsidiary:** Select the subsidiary to which this entity belongs.
- **Represents Subsidiary:** Select the subsidiary that the entity represents.

4. On the **Financial** subtab, for **Default Receivables Account**, select an intercompany receivable account from the list.
   
   This is the default intercompany receivables account for the customer.

5. Complete other information as needed for the customer.

6. Click **Save**.

For information multiple subsidiaries assigned to a customer record, see **Assigning Subsidiaries to a Customer**.

**To create intercompany vendors:**

2. In **Custom Form**, select your custom intercompany vendor form.
3. Enter the information for the intercompany vendor including:
   - **Company Name:** Use a naming convention to identify this as an intercompany entity such as U.S. Vendor in Canada Sub.
   - **Subsidiary:** Select the subsidiary to which this entity belongs.
   - **Represents Subsidiary:** Select the subsidiary that the entity is representing.
4. On the **Financials** subtab, or **Default Payables Account**, select an intercompany payable account from the list.
   
   This is the default intercompany payable account for the vendor.

5. Complete other information as needed for the vendor.

6. Click **Save**.

For information multiple subsidiaries assigned to a vendor record, see **Assigning Subsidiaries to a Vendor**.

**Intercompany Inventory Items Guidelines**

You can transfer inventory items between subsidiaries. Inventory items do not need to be marked exclusively for intercompany transfers. You must, however, identify an inventory location on intercompany purchase orders and sales orders.

- **Arm's length Inventory Transfers** - Use the purchase order/sales order workflow for arm's length transfers. Both the source and destination subsidiaries must have access to the inventory item.

- **Non-Arm's Length Inventory Transfers** - (Transactions > Inventory > Enter Intercompany Transfer Orders) On the Accounting subtab of the Item record, check the Eliminate Intercompany Transactions box for the account selected as the Gain/Loss Account. When the item cost is not used as the transfer cost, any difference between the cost and the transfer price posts to this account. NetSuite eliminates the gain/loss amount when you run intercompany elimination.

- **Intercompany Drop Ship** - If you use the Automated Intercompany Drop Ship feature, the Dropship Expense Account on Item Record defaults to a value. The value is the account specified in the Default Expense Account field on the Accounting Preference page. You can override this account on an item record, if needed. The account used for the DropShip Expense Account must have the Eliminate Intercompany Transactions box checked.
Customizing Standard Journal Entries for Intercompany Elimination

You should use advanced intercompany journal entries (AICJE) to record intercompany transactions. If you want use journal entries, you must customize the standard journal entry form to display the To Subsidiary and Eliminate fields. When you add a journal line posting to an intercompany account, the system flags the line to be eliminated during the period close process. See Enter Intercompany Transactions for Elimination.

To customize the journal entry form for intercompany elimination:

1. Go to Customization > Forms > Transaction Forms.
2. Click Customize next to Standard Journal Entry.
3. Enter a name for the custom journal entry form.
4. On the Screen Fields subtab, on the Main subtab, check the Show box next to the To Subsidiary field.
5. In the Field Group list, select Classification.
6. On the Lines subtab, check the Show box for the Eliminate label.
7. Click Save.

Intercompany Sales and Billing Transactions Overview

The Automated Intercompany Management feature lets you manage intercompany sales and billing transactions. You can create, manage, and eliminate intercompany transactions between the subsidiaries in your organization. The Automated Intercompany Management feature reduces the manual work associated with tracking intercompany transactions and calculating elimination amounts.

You can generate an intercompany sales order from an existing intercompany purchase order, which pairs the transactions and sets the Intercompany Status to Linked. The Paired Transaction field provides a link to the paired transaction. When the orders are billed or invoiced, the intercompany amounts are eliminated during the period close process.

With the intercompany transaction workflow you can:

- create intercompany purchase orders
- detect the need for corresponding intercompany sales orders by subsidiary
- generate intercompany sales orders from intercompany purchase orders
- manually create matching intercompany sales orders, when needed
- reject intercompany purchase orders for a subsidiary, if needed

You can perform these tasks, except creating purchase orders, from the Manage Intercompany Sales Order page. See Managing Intercompany Orders.

For information about creating intercompany purchase orders per subsidiary, see the help topic Entering a Purchase Order.
Managing Intercompany Orders

The Manage Intercompany Sales Order page shows intercompany purchase orders that have an intercompany transaction status of Pending or Rejected.

Intercompany orders can have the following statuses:

- **Pending** indicates that the intercompany order has not been paired with a corresponding order in another subsidiary. Order pairs are Sales Order/Purchase Order and Vendor Return Authorization/Return Authorization.

  **Note:** Intercompany orders that are pending approval do not appear on this page.

- **Rejected** indicates that the intercompany purchase order or vendor return authorization cannot be paired with a sales order or return authorization. Usually this is because it contains incorrect information such as subsidiary, currency, amount, or other detail.

- **Linked** indicates that the intercompany order has been paired with an intercompany order in another subsidiary. Order pairs are Sales Order/Purchase Order and Vendor Return Authorization/Return Authorization. The Manage Intercompany Sales Order page does not display linked orders.

Intercompany Order Status appears only on intercompany sales orders, intercompany purchase orders, intercompany return authorizations, and intercompany vendor return authorizations.

Select a customer and a currency on the Manage Sales Order page to filter the list of displayed purchase orders. This is the list of intercompany purchase orders not paired with intercompany sales orders. Setting the filter also determines the customer, subsidiary, and currency for the sales order to be created.

Access to subsidiary data is controlled by your user role. If you have not been assigned the Administrator role, you can use the Manage Intercompany Sales Order page if you have been granted the required permission. To view a Purchase Order in another subsidiary, your user role must have the Allow Cross-Subsidiary Record Viewing enabled option enabled. Your user role also must have view access to Purchase Order. To automatically generate and create a Sales Order, you must have create or full access to Sales Order. For more information, see Control Employee Access to Subsidiaries.

From the Manage Intercompany Sales Orders page, you can:

- generate sales orders for select purchase orders
- manually create a sales order for a purchase order
- reject intercompany purchase orders
- view rejected intercompany purchase orders

**To generate an intercompany sales order:**

**Prerequisite:** Create an intercompany purchase order. For more information, see the help topic Entering a Purchase Order.

1. Go to Transactions > Sales > Manage Intercompany Sales Orders.
2. Select a customer and a currency to display the unlinked intercompany purchase orders that can be paired with sales orders for this customer.
   
   The **Subsidiary** field for the vendor on these purchase orders matches the **Represents Subsidiary** field for the customer selected. This field also determines the customer and currency for the sales order to be generated.
3. From the list of intercompany purchase orders displayed, select the purchase order for which you want to create a sales order.
4. Click **Generate Sales Order**.
5. The Processed Intercompany Transactions Results page displays the links to the purchase order and paired sales order.

If Classes, Departments, or Locations values are mandatory, you cannot auto generate sales orders or return authorizations. Set these values at Setup > Accounting > Accounting Preferences > General > Classifications.

**To manually create a paired intercompany sales order:**

1. Go to Transactions > Sales > Manage Intercompany Sales Orders.
2. Select a customer and a currency.
   - This determines the customer and currency for the sales order you want to create.
   - If you do not provide data in the required fields, the manually created sales order does not include all of the expected data.
3. Click **Generate Sales Order**.
4. On the Sales Order page, review the sales order and complete any required fields.
5. Click **Save** to create the intercompany sales order.
   - The Intercompany Management section of the sales order displays the intercompany status and the purchase order with which it is paired. This is the corresponding intercompany transaction.

**Tip:** You can delete the paired transactions after generating the intercompany sales order if the order does not contain an inventory item. First, edit the sales order by clearing the Paired Transaction box. Save the sales order. Then, delete the purchase order and sales order as you would delete any transaction record. On the transaction record, from the Actions menu, click Delete. Note that this option appears only if the Void Transactions Using Reversing Journals preference is not enabled. For more information, see the help topic Voiding, Deleting, or Closing Transactions.

**To reject an intercompany purchase order:**

You can reject an intercompany purchase order if has incorrect information or any reason it should not be paired with an intercompany sales order. Rejecting the intercompany purchase order removes it from the list of pending intercompany purchase orders.

1. Go to Transactions > Sales > Manage Intercompany Sales Orders.
2. Select a customer and currency.
3. From the list of intercompany purchase orders displayed, select one or more purchase orders.
4. Click **Reject Purchase Order**.
5. The Processed Intercompany Transactions Results page shows the results with links to the rejected purchase orders.

You can review rejected intercompany transactions by choosing **Rejected** for the Intercompany Status filter on the Manage Intercompany Sales Order page. After you review rejected purchase orders and make changes as necessary, you can generate or manually create intercompany sales orders.

**Managing Intercompany Inventory Transfers - Arm's Length**

Use the Automated Intercompany Management feature to manage and coordinate arm's length intercompany inventory transfers including intercompany drop ship orders. With this feature you can:
Automate the end-to-end intercompany inventory workflow. Use intercompany inventory purchase and sales orders, intercompany item fulfillments and receipts, and inventory sales invoices and vendor bills.

Use intercompany auto-elimination to automatically revalue the period-end inventory and Cost of Goods Sold (COGS) balances.

Important: For arm's length intercompany inventory transfer, do not mark the COGS account as Elimination.

Automatically process intercompany elimination entries for intercompany inventory.

Use intercompany inventory transfer and sales activity reports for a detailed audit trail.

Automated Intercompany Management supports month end elimination for arm's length and non-arm's length intercompany inventory transfers.

Create intercompany purchase orders and sales orders to manage intercompany arm's length inventory transfers, returns, and intercompany inventory drop shipments. See:

- Intercompany Inventory Transfers - Arm's Length
- Intercompany Inventory Returns - Arm's Length
- Intercompany Inventory Drop Ship

For non-arm's length intercompany inventory transfers, create an intercompany transfer order. See the help topic Intercompany Inventory Transfers - Non-Arm's Length.

Enter advanced intercompany journal entries for other adjustments to inventory accounts. See the help topics Making Intercompany Journal Entries and Enter Intercompany Transactions for Elimination.

Key Points for Intercompany Inventory Transfers

- For arm's length intercompany inventory transfers, returns, and drop shipments, the item rate or transfer price must be the same on all transactions.
- You cannot modify the originating transaction (purchase order or vendor return authorization) when you generate the intercompany sales order or return authorization.
- For arm's length intercompany inventory transfers, the Use Item Cost as Transfer Cost preference must be disabled.
- The currency for all transactions created for intercompany inventory transfers and drop shipments is always the base currency of the purchase order. The base currency of the purchase order eliminates the need for foreign currency revaluation for the transactions at period end close.
- Ownership of the item transfers from the source subsidiary to the destination subsidiary when the order is fulfilled.
- The quantity received cannot be greater than the quantity shipped.
- There is a one-to-one relationship between the intercompany purchase order and the intercompany sales order. There is a one-to-one relationship between the intercompany vendor return authorization and intercompany return authorization.
- You cannot generate multiple sales orders for one intercompany purchase order. You cannot generate one sales order for multiple intercompany purchase orders.
- You must generate an intercompany sales order using the Manage Intercompany Sales Orders page for an order with an intercompany vendor and an inventory item. You cannot manually create an intercompany sales order.
- You must generate an intercompany return authorization using the Manage Intercompany Return Authorization page for a return authorization with an intercompany vendor and an inventory item. You cannot manually create an intercompany return authorization.
The return process for an intercompany inventory transfer reverses the original transfer transaction. It originates when the subsidiary that purchased the item (the original destination subsidiary) creates a vendor return authorization for the original purchase order. The original source subsidiary (the subsidiary that sold the item) cannot create a credit memo to initiate the return of an intercompany inventory transfer. Instead, the source subsidiary automatically generates a return authorization for the vendor return authorization. Then, each subsidiary completes their part of the return process. **NetSuite does not process changes made to any line.**

**Note:** For arm’s length intercompany inventory transfers, intercompany clearing accounts are not returned to zero when you eliminate intercompany transactions at period end close. Reporting at the subsidiary level displays the intercompany clearing account with an accumulated balance.

### Intercompany Inventory Transfers - Arm's Length

Intercompany inventory transfers begin with the creation of an intercompany purchase order. Subsidiaries are the trading entities for the inventory transfer. You must create intercompany customers and vendors to represent the subsidiaries involved in the transaction. See Creating Intercompany Customers and Vendors.

The purchasing subsidiary is the destination for the transfer. The selling subsidiary is the source for the transfer. All intercompany transactions related to the inventory transfer must be in the base currency of the purchasing subsidiary (destination). Inventory items must be accessible by both subsidiaries involved with the transfer.

The workflow for intercompany inventory transfers involves these steps:

1. **Destination Subsidiary**
   - **Purchase Order**
   - **Item Receipt**
   - **Vendor Bill**

2. **Source Subsidiary**
   - **Sales Order**
   - **Item Fulfillment**
   - **Sales Invoice**

   1. Destination subsidiary creates an intercompany purchase order.
   2. Source subsidiary generates an intercompany sales order through the Manage Intercompany Sales Orders page. Go to Transactions > Sales > Manage Intercompany Sales Orders.
   3. Source subsidiary fulfills the order and creates an item fulfillment.
4. Destination subsidiary receives the order and creates an item receipt. The quantity received cannot be greater than the quantity shipped.

5. After the order is fulfilled and received, subsidiaries can generate the vendor bills and invoices.

6. At period end, run the intercompany elimination process to automatically revalue inventory and inventory costing balances.

⚠️ **Important:** For arm’s length intercompany inventory transfer, do **not** mark the COGS account as Elimination.

For information about the general ledger impact for the posting transactions involved in arm’s length intercompany inventory transfers, see Arm’s Length Intercompany Inventory Transfer Example.

### Intercompany Inventory Returns - Arm's Length

The return process for an intercompany inventory transfer reverses the original transfer transaction. It originates when the subsidiary that purchased the item (the original destination subsidiary) creates a vendor return authorization for the original purchase order. The original source subsidiary (the subsidiary that sold the item) cannot create a credit memo to initiate the return of an intercompany inventory transfer. Instead, the source subsidiary automatically generates a return authorization for the vendor return authorization. Then, each subsidiary completes their part of the return process. **NetSuite does not process changes made to any line item.**

The transaction currency for the return is the base currency of the vendor return authorization. The currency for the return authorization matches the currency for the vendor return authorization. It is the same currency used for the paired intercompany sales order and purchase order for the original inventory transfer.

You cannot manually create a vendor return for an intercompany inventory transfer order.

The workflow for arm’s length inventory returns involves the following steps. In this diagram, the Destination Subsidiary is the subsidiary that originally ordered the item. The Source Subsidiary is the subsidiary that originally shipped the item.
1. Destination subsidiary, the subsidiary that initially purchased the item, creates an intercompany vendor return authorization to return an item.

2. Source subsidiary generates an intercompany return authorization through the Manage Intercompany Return Authorizations page. Go to Transactions > Customers > Manage Intercompany Return Authorizations.

3. Destination subsidiary fulfills the vendor return and creates an item fulfillment.

4. Source subsidiary receives the order and creates an item receipt. The quantity received cannot be greater than the quantity shipped.

5. After the return is fulfilled and received, the subsidiaries can generate the credit memo and vendor credit.

6. At period end, run the intercompany elimination process to automatically revalue inventory and inventory costing balances.

For information about the general ledger impact for the posting transactions involved in an intercompany inventory return, see Arm’s Length Intercompany Inventory Return Example.

**Note:** NetSuite does not support returns for intercompany drop-ship orders. You must complete the following:

* Create a standalone return authorization between the external customer and the purchasing subsidiary.

* Create an intercompany transfer order between the purchasing subsidiary and the selling subsidiary. See Intercompany Inventory Transfers - Arm’s Length.

### Intercompany Inventory Drop Ship

You can use Automated Intercompany Management to manage intercompany inventory drop ship orders. With the intercompany inventory drop ship order, one subsidiary sells an inventory item to an external customer and a different subsidiary fulfills the order. See the help topic [Drop Ship Items](#).

To manage intercompany drop ship orders, you must enable Automated Intercompany Drop Ship. Go to Setup > Company > Enable Features > Accounting subtab. The following features are also required to use the Intercompany Drop Ship feature:

- Automated Intercompany Management
- Drop Shipments & Special Orders
- Advanced Shipping
- Advanced Receiving

When you enable the Automated Intercompany Drop Ship feature, NetSuite automatically sets the following accounting preferences. Go to Setup > Accounting > Preferences > Accounting Preferences > Order Management > Drop Shipments. These settings are required for the intercompany drop ship workflow to properly function. You cannot change these settings.

- **Update Drop Ship Order Quantities Automatically Prior to Shipment** - This preference is checked and disabled. Quantities, prices, and amounts on linked transactions for intercompany drop ship orders must match.

- **Drop Ship Fulfillment Quantity Validation** - set to **Do not allow unequal quantities**. This preference enforces matching quantities for intercompany drop ship transactions.
Allow Both Mark Shipped Fulfillments and Receipts on a Drop Shipment Line - set to Do not allow. For intercompany drop ship orders, you must mark the order the sales subsidiary as shipped (dummy fulfillment).

The workflow for intercompany drop ship orders follows these steps:

1. Sales subsidiary creates a sales order for an external customer, and specifies an intercompany vendor that represents the warehouse subsidiary.
2. Sales subsidiary creates an intercompany purchase order for the sale with an intercompany vendor that represents the warehouse subsidiary.
3. Warehouse subsidiary generates an intercompany sales order through the Manage Intercompany Sales Orders page. Go to Transactions > Sales > Manage Intercompany Sales Orders.
4. Warehouse subsidiary fulfills the order and sends the item to the external customer.
5. Warehouse subsidiary creates an intercompany sales invoice, and bills the Sales subsidiary. This intercompany sales invoice debits Intercompany A/R and credits Intercompany Revenue.
6. Sales subsidiary marks the external sales order as shipped, and creates a dummy item fulfillment, completing the order.
7. Sales subsidiary bills the intercompany purchase order. This intercompany vendor bill debits Intercompany Dropship Expense and credits Intercompany A/P.
8. Sales subsidiary invoices the external customer for the item shipped.

For information about the general ledger impact for the posting transactions involved in intercompany drop ship orders, see Intercompany Drop Ship Example.
**Note:** NetSuite does not support returns for intercompany drop-ship orders. You would must complete the following:

* Create a standalone return authorization between the external customer and the purchasing subsidiary.
* Create an intercompany transfer order between the purchasing subsidiary and the selling subsidiary. See Intercompany Inventory Transfers - Arm's Length.

### Intercompany Inventory Transfer Examples

- Arm's Length Intercompany Inventory Transfer Example
- Arm's Length Intercompany Inventory Return Example
- Intercompany Drop Ship Example

### Arm's Length Intercompany Inventory Transfer Example

This scenario illustrates an intercompany inventory transfer between two subsidiaries, U.K. and EU.

- The EU subsidiary is the destination subsidiary and submits a purchase order for inventory item with transfer price of EUR 200. The base currency of the EU subsidiary is EUR.
- The U.K. subsidiary is the source subsidiary and creates a corresponding sales order through the Manage Intercompany Sales Orders page. The inventory item is accessible by both subsidiaries. In the U.K. subsidiary, the Cost of Goods Sold (COGS) amount for the item is GBP 100.
- The U.K. subsidiary (source) fulfills the order and ships the item.
- The EU subsidiary (destination) receives the item into inventory. On the Item Receipt, the receiving standard cost is EUR 160.
- The EU subsidiary records a vendor bill.
- The U.K. subsidiary creates a sales invoice.

The following table presents the general ledger impact for each of the posting transactions involved in the inventory transfer.

**Note:** The general ledger impact for COGS and Inventory lines post in the currency of the source subsidiary (GBP). All of the transactions for the transfer are in the currency of the destination subsidiary (EUR).

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item Fulfillment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Cost of Goods Sold (COGS)</td>
<td>GBP 100</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Inventory</td>
<td></td>
<td>GBP 100</td>
</tr>
<tr>
<td>EU</td>
<td>Inventory In Transit</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany Clearing</td>
<td></td>
<td>EUR 200</td>
</tr>
<tr>
<td><strong>Item Receipt</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Purchase Price Variance</td>
<td>EUR 40</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Inventory</td>
<td></td>
<td>EUR 160</td>
</tr>
</tbody>
</table>
Arm's Length Intercompany Inventory Return Example

In this scenario, the EU subsidiary returns the item from the previous example back to the U.K. subsidiary. The return is a complete reversal of the accounting impact of the original transfer.

- The EU subsidiary creates a vendor return authorization to initiate the return. The vendor return authorization must be created from the original purchase order and be linked to it. It must be in the same currency as the original intercompany purchase order and sales order pair.
- The U.K. subsidiary creates the return authorization through the Manage Intercompany Return Authorizations page.
- The EU subsidiary returns the item and records an item fulfillment.
- The U.K. subsidiary receives the item and records an item receipt. The U.K. subsidiary restock the item or discard it as an expense.
- The EU subsidiary records a vendor credit.
- The U.K. subsidiary issues a credit memo.

The following table presents the general ledger impact for each of the posting transactions involved in the inventory return.

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
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<tbody>
<tr>
<td>EU</td>
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<td></td>
</tr>
<tr>
<td>EU</td>
<td>Accrued Purchases</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany A/R</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany Revenue</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Accrued Purchases</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany A/P</td>
<td>EUR 200</td>
<td></td>
</tr>
</tbody>
</table>

For more information about arm's length inventory transfers, see Intercompany Inventory Transfers - Arm's Length.

### Arm’s Length Intercompany Inventory Return Example

In this scenario, the EU subsidiary returns the item from the previous example back to the U.K. subsidiary. The return is a complete reversal of the accounting impact of the original transfer.

- The EU subsidiary creates a vendor return authorization to initiate the return. The vendor return authorization must be created from the original purchase order and be linked to it. It must be in the same currency as the original intercompany purchase order and sales order pair.
- The U.K. subsidiary creates the return authorization through the Manage Intercompany Return Authorizations page.
- The EU subsidiary returns the item and records an item fulfillment.
- The U.K. subsidiary receives the item and records an item receipt. The U.K. subsidiary restock the item or discard it as an expense.
- The EU subsidiary records a vendor credit.
- The U.K. subsidiary issues a credit memo.

The following table presents the general ledger impact for each of the posting transactions involved in the inventory return.

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<tr>
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<td>EU</td>
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<td></td>
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<td>Accrued Purchases</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany A/R</td>
<td>EUR 200</td>
<td></td>
</tr>
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</tbody>
</table>

For more information about arm's length inventory transfers, see Intercompany Inventory Transfers - Arm's Length.

### Arm’s Length Intercompany Inventory Return Example

In this scenario, the EU subsidiary returns the item from the previous example back to the U.K. subsidiary. The return is a complete reversal of the accounting impact of the original transfer.

- The EU subsidiary creates a vendor return authorization to initiate the return. The vendor return authorization must be created from the original purchase order and be linked to it. It must be in the same currency as the original intercompany purchase order and sales order pair.
- The U.K. subsidiary creates the return authorization through the Manage Intercompany Return Authorizations page.
- The EU subsidiary returns the item and records an item fulfillment.
- The U.K. subsidiary receives the item and records an item receipt. The U.K. subsidiary restock the item or discard it as an expense.
- The EU subsidiary records a vendor credit.
- The U.K. subsidiary issues a credit memo.

The following table presents the general ledger impact for each of the posting transactions involved in the inventory return.

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>Inventory</td>
<td></td>
<td>EUR 200</td>
</tr>
<tr>
<td>EU</td>
<td>Inventory In Transit</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany Clearing</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Accrued Purchases</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany A/R</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany Revenue</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Accrued Purchases</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany A/P</td>
<td>EUR 200</td>
<td></td>
</tr>
</tbody>
</table>

For more information about arm's length inventory transfers, see Intercompany Inventory Transfers - Arm's Length.
Managing Intercompany Inventory Transfers - Arm's Length

Intercompany Drop Ship Example

This scenario illustrates an intercompany drop ship order involving two subsidiaries, U.K. and EU.

- The EU subsidiary is the sales subsidiary selling an item to Customer that is to be shipped from a warehouse in the U.K. subsidiary. The base currency of the EU subsidiary is EUR. The EU subsidiary creates a sales order in the amount of EUR 200 and identifies the U.K. subsidiary as the vendor for the transaction.
- The EU subsidiary submits a purchase order for inventory item with transfer price of EUR 200.
- The U.K. subsidiary is the warehouse subsidiary and creates a corresponding intercompany sales order through the Manage Intercompany Sales Orders page. The inventory item is accessible by both subsidiaries. In the U.K. subsidiary the Cost of Goods Sold (COGS) amount for the item is GBP 100.
- The U.K. subsidiary fulfills the order and ships the order directly to Customer.
- The U.K. subsidiary creates a sales invoice to bill the EU subsidiary.
- The EU subsidiary marks the dummy fulfillment for the intercompany purchase order as Marked Shipped.
- The EU subsidiary creates a vendor bill from the intercompany purchase order to bill the U.K. subsidiary.

The following table presents the general ledger impact for each of the transactions involved in the intercompany drop shipment.

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>Cost of Goods Sold (COGS)</td>
<td>GBP 100</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Inventory (Expense if received as scrap)</td>
<td>GBP 100</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Inventory In Transit</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany Clearing</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Purchases Returned Not Credited</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany A/P</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany A/R</td>
<td>EUR 200</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany Revenue</td>
<td>EUR 200</td>
<td></td>
</tr>
</tbody>
</table>

For more information about intercompany inventory returns, see Intercompany Inventory Returns - Arm's Length.

Note: The general ledger impact for COGS and Inventory lines post in the currency of the sales subsidiary (GRP). All of the transactions for the transfer are in the currency of the destination subsidiary (EUR).
Managing Intercompany Inventory Transfers - Arm’s Length

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>Cost of Goods Sold (COGS)</td>
<td>GBP 100</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Inventory</td>
<td></td>
<td>GBP 100</td>
</tr>
</tbody>
</table>

**Dummy Item Fulfillment**
- Non-posting

**Sales Invoice**
- U.K. Intercompany A/R EUR 200
- U.K. Intercompany Revenue EUR 200

**Vendor Bill**
- EU Inventory Dropship Expense EUR 200
- EU Intercompany A/P EUR 200

**External Sales Invoice**
- EU Accounts Receivable EUR 200
- EU Revenue EUR 200

See [Intercompany Inventory Drop Ship](#) for more information.

## Intercompany Inventory Reports

These reports let you manage intercompany inventory transfer activity:

- **Intercompany Reconciliation Report** - Use this report to identify and reconcile any mismatched intercompany transactions. This report displays unlinked orders, mismatched orders, mismatched fulfillments and receipts, mismatched billing, and standalone transactions. Run this report before completing month-end elimination at period end close. For information on using this report, see [Intercompany Reconciliation Report](#).

- **Inventory Activity Detail Report** - This report displays the activity associated with your inventory items and the quantity per transaction of inventory items. Use this report to facilitate manual adjustment of the inventory balance at the end of a period. For intercompany inventory transfers, ownership of the item is considered transferred when the order is fulfilled. If the transferred item is not fully consumed (being sold to an external customer or used in an assembly), you must manually adjust inventory balances. Run this report as part of the period close process to review inventory balances and identify items that must be adjusted. See the help topic [Inventory Revenue Detail Report](#).

## Intercompany Elimination Overview

When you enter intercompany transactions and advanced intercompany journal entries to record business activity between subsidiaries, the system identifies transaction lines that require elimination:

- Intercompany sales and billing transaction lines are identified by default, based on the intercompany account with which the line is associated. An intercompany sales order is a nonposting transaction, a transaction that has no general ledger impact. However, when the sales order is invoiced, the system
identifies the transaction lines that require elimination for posting to intercompany accounts. The same is true for intercompany purchase orders. An intercompany purchase order is a nonposting transaction. However, when the purchase order is billed, the system identifies transaction lines that require elimination for posting to intercompany accounts.

- Intercompany inventory transfers and intercompany drop shipments are identified by default. They are based on the intercompany account associated with the line on related purchase orders and sales orders.
- Journal lines that require elimination at period end are identified either by default. They are based on the intercompany account entered for the line, or by manually checking the line for elimination.

At the end of the accounting period, complete the tasks in your Period Close Checklist. The last task on the checklist is Eliminate Intercompany Transactions. You can complete this task only after completing the Revalue Open Foreign Currency Balances and Calculate Consolidated Balances tasks. You must complete these two tasks first to ensure that foreign currency adjustment amounts have been calculated for transactions in the period. See the help topic Using the Period Close Checklist.

When you run intercompany elimination, NetSuite creates elimination journal entries for all intercompany transaction journal lines that have the Elimination box checked. Adjustments that result from the difference in the foreign currency exchange rates post to the Cumulative Translation Adjustment-Elimination (CTA-E) account. These differences occur from the originating intercompany journal entry and the elimination journal entry. NetSuite also creates a reversing journal entry for all intercompany journal lines that post to Intercompany Receivables and Intercompany Payables. See Cumulative Translation Adjustment-Elimination (CTA-E).

If you use Multi-Book Accounting, you can run intercompany elimination on any accounting book.

### Key Points for Running Intercompany Elimination

- You can run intercompany elimination only from the Period Close Checklist.
- You can run intercompany elimination multiple times for a period.
- You can drill down from elimination results to view the elimination journal entries' details.

**Note:** If you use the Use Journal Entry Summarization on Intercompany Elimination accounting preference, similar elimination journal entries are grouped into a single, summarized journal entry. See Summarized Intercompany Elimination Journal Entries.

- You must have the administrator role or a financial user role with period closing privilege at the parent-level to run intercompany elimination.
- When you run intercompany elimination, the system runs the process for all subsidiaries in your organization. You cannot eliminate intercompany transactions by subsidiary.
- In hierarchies with multiple levels and elimination subsidiaries, NetSuite posts elimination journal entries to the elimination subsidiary for the least common parent node of both subsidiaries.
  - If one subsidiary is a parent subsidiary of another, NetSuite uses the elimination subsidiary under the parent subsidiary.
  - If two subsidiaries do not have a parent-child relationship, NetSuite uses the elimination subsidiary for the first level parent they have in common.
- NetSuite eliminates reversal advanced intercompany journal entries (AICJE) in the same period in which they post. If you post an AICJE and its reversal AICJE in the same period, the net amount from the pair of elimination journal entries is 0.
Cumulative Translation Adjustment-Elimination (CTA-E)

The Cumulative Translation Adjustment-Elimination (CTA-E) account is a general ledger equity account required for processing intercompany eliminations in organizations that operate in multiple currencies. NetSuite adds CTA-E to your chart of accounts when you enable the Automated Intercompany Management feature. CTA-E has two purposes:

- Acts as the clearing account for intercompany elimination journal entries
- Tracks the foreign currency translation adjustment amounts that result from elimination journal entries

During intercompany eliminations, gains and losses from currency exchange rate fluctuation between the originating advanced intercompany journal and elimination journal entries automatically post to CTA-E.

You cannot delete the CTA-E account. The account has the following attributes:

- Type - Equity
- General Rate Type - Historical
- Cash Flow Rate Type - Historical
- Subsidiaries - Parent, including children

Summarized Intercompany Elimination Journal Entries

If you use the Journal Entry Summarization on Intercompany Elimination accounting preference, NetSuite groups similar elimination journal entries into a single, summarized journal entry line. If you do not use the accounting preference, each elimination journal entry appears on a single journal entry line. You can change the state of the preference, as required.

If the accounting preference is enabled, elimination journal entries are grouped into a single journal entry if they meet the following conditions:

- Same elimination subsidiary
- Same elimination period
- Same accounting book
- Same Class, Department, Location, Custom Segment combinations
- Same general ledger account

**Note:** The CTA-E line consists of a single detail line with a link to the History associated with the account.

The state of the accounting preference determines the information accessible on the Lines subtab of the journal entry record. When you use the accounting preference, the Source Transactions column provides the number of rows that contributed to the single journal entry line. Click the Rows link to open a details page that displays all of the journal entries that were grouped into the single journal entry. On the details page, click a journal entry link in the Created From column to open the related source transaction. The details page also provides the Consolidated Exchange Rate column. If you do not use the accounting preference, this information is not available because the journal entries are not grouped.

Intercompany Elimination Example

This example involves intercompany transactions for a global organization with multiple subsidiaries and currencies. The organization has four subsidiaries in a three-level hierarchy that roll up to the consolidated parent subsidiary.
The hierarchy is based on geography and represents the following organizational relationships:

- U.S. Subsidiary (HQ), currency USD
  - U.K. Subsidiary, currency GBP
  - EU Subsidiary, currency EUR
    - France Subsidiary, currency EUR
    - Germany Subsidiary, currency EUR
    - EU Elimination Subsidiary, currency EUR (the same currency as its parent, EU Subsidiary)
  - U.S. Elimination Subsidiary, currency USD (the same currency as its parent, Global HQ-US)

In this example, the U.K. subsidiary transfers funds to the EU subsidiary using the following parameters:

- U.K. subsidiary transacting with EU subsidiary.
- Elimination subsidiary is the U.S. Elimination Subsidiary.
- Parent subsidiary is Global HQ-US.
- Original and elimination journal entries roll up to the Global HQ-US subsidiary using the consolidated exchange rate.
- Revenue and expense balances roll up using the average rate.

The journal entry for the intercompany transfer of funds is as follows:

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Transaction Currency GL Impact</th>
<th>Subsidiary Base Currency GL Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>U.K.</td>
<td>Intercompany Expense</td>
<td>100 GBP</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>Cash U.K.</td>
<td></td>
<td>100 GBP</td>
</tr>
<tr>
<td>EU</td>
<td>Cash EU</td>
<td>100 GBP</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Intercompany Revenue</td>
<td>100 GBP</td>
<td></td>
</tr>
</tbody>
</table>

When the funds transfer occurred, the currency exchange rate was 1.5 EUR to 1.0 GBP. The base currency of the U.S. Elimination subsidiary is USD. At the end of the month, the currency rate is 2 USD to 1 GBP.

Because the foreign currency exchange rate fluctuated during the period, the resulting gain or loss posts to the cumulative translation adjustment - elimination (CTA-E) account. When you run the intercompany elimination process at period close, NetSuite eliminates the revenue and expense directly to the CTA-E...
account. The consolidated exchange rates used by the income statement accounts are different from the consolidated exchange rates used by the balance sheet accounts:

- **Income statement accounts - average rates**
  - 2 USD to 1 EUR
  - 2.5 USD to 1 GBP
  - 1.25 EUR to 1.0 GBP

- **Balance sheet accounts - current rates**
  - 1.2 USD to 1.0 EUR
  - 2.0 USD to 1.0 GBP
  - 1.67 EUR to 1.0 GBP

**Note:** Not all balance sheet accounts use current rates. Most asset and liability accounts use current rates. Equity accounts use historical rates.

Running intercompany elimination produces two results:

1. The elimination journal entries post to the U.S. Elimination subsidiary to eliminate revenue and expense from the consolidated financials.
2. The original and elimination journal entries roll up to the Global HQ-US subsidiary. Any unbalanced currency adjustment gain and loss amounts accumulate in the CTA-E account.

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Account</th>
<th>Elimination JE in Original Offset Currency</th>
<th>HQ Consolidation Currency GL Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Elimination</td>
<td>Intercompany Revenue</td>
<td>Dr 150 EUR</td>
<td>Dr 300 USD (Eliminate revenue at HQ)</td>
</tr>
<tr>
<td>U.S. Elimination</td>
<td>CTA-E</td>
<td>Cr 150 EUR</td>
<td>Cr 300 USD</td>
</tr>
<tr>
<td>U.S. Elimination</td>
<td>CTA-E</td>
<td>Dr 100 GBP</td>
<td>Dr 250 USD</td>
</tr>
<tr>
<td>U.S. Elimination</td>
<td>Intercompany Expense</td>
<td>Cr 100 GBP</td>
<td>Cr 250 USD (Eliminate expense at HQ)</td>
</tr>
</tbody>
</table>

After running intercompany elimination, the CTA-E account has a translation adjustment balance of 50 USD.

**Warning:** Setting different exchange rate types for different accounts can result in balance sheet discrepancies, particularly discrepancies in consolidated reports.

### Using Automated Intercompany Management for Elimination

There are two steps to eliminate intercompany transactions with Automated Intercompany Management:

1. Enter intercompany transactions as intercompany sales invoices and vendor bills. These transactions automatically post to intercompany accounts, and have transaction lines marked as candidates for intercompany elimination.
   
   You can also enter advanced intercompany journal entries (AICJE) for transactions during a period, and identify the journal lines that require elimination.
2. Run intercompany elimination to during period close to automatically generate elimination journal entries. NetSuite creates elimination journal entries for all flagged transaction and journal entry lines. NetSuite also creates auto-reversing journal entries in the next period for all flagged journal lines posted to the Intercompany Receivables and Intercompany Payables accounts.

**Note:** NetSuite does not generate elimination journal entries for any AICJEs posted to future periods (periods after the period being closed).

See the following help topics for information about eliminating intercompany transactions using Automated Intercompany Management:

- Enter Intercompany Transactions for Elimination
- Run Intercompany Elimination
- View Intercompany Elimination Results
- Processed Intercompany Elimination Records

**Enter Intercompany Transactions for Elimination**

During an accounting period, you can enter the intercompany transactions for elimination by:

- posting vendor bills and sales invoices
- entering advanced intercompany journal entries (AICJE)

Create intercompany vendor bills and sales invoices from paired intercompany purchase orders and sales orders. Intercompany vendor bills and sales invoices are transactions for intercompany entities. Intercompany entities use intercompany A/R and intercompany A/P accounts as their default A/R and A/P accounts. The income, expense, A/R, and A/P lines on the intercompany vendor bills and sales invoices are automatically marked for elimination. There is no Elimination flag on these transactions lines.

The following account types should be used only for elimination purposes:

- Other Current Asset (Non-Inventory)
- Other Asset
- Defer Expense
- Defer Revenue
- Other Current Liability
- Long Term Liability

**Journal Entries for Intercompany Transaction Activity**

Use advanced intercompany journal entries (AICJE) to enter intercompany transactions and flag journal lines to be eliminated. In an AICJE, adding an intercompany account to a journal line automatically sets the Eliminate flag for the line to Yes. This setting defaults from the value set for the Eliminate Intercompany Transactions box on the intercompany account record. Advanced intercompany journal entries force you to have balanced elimination lines.

**Warning:** Regular journal entries used for intercompany transaction activity do not automatically balance lines to be eliminated. If you do not balance the lines, NetSuite posts the journal lines without validating the accounts used and the elimination flags.

Advanced intercompany journal entries require balanced debits and credits across subsidiaries for journal line pairs that use balance sheet accounts (A/R, A/P). These journal entries also require balanced debits.
Using Automated Intercompany Management for Elimination

and credits for lines using income statement accounts (Income, Expense, Cost of Goods Sold (COGS)). NetSuite validates the journal lines when you save an AICJE and displays an error if the debit and credits do not balance for the line pairs.

Customers That Use Multiple Currencies

If you have customers who use multiple currencies, create the AICJE in the base currency of the sales subsidiary (the vendor for the transaction). For more information about account types and intercompany transactions, see Intercompany Accounts and Account Types and Intercompany Transactions.

You cannot check the Eliminate Intercompany Transactions box on AICJE lines posting to non intercompany accounts or to equity type accounts.

Classifying Intercompany Transactions

Some elimination type accounts such as Other Current Asset and Other Current Liability are eliminated based on cumulative amounts. Therefore, these accounts cannot be isolated into distinct class, department, and location based on source transactions.

You can specify a class, department, and location on the Intercompany Eliminations page when you run intercompany eliminations. The class, department, and location you select populates the corresponding fields on the elimination journal entries.

Important: If you use the Make Locations Mandatory accounting preference, Location is a mandatory field on the Intercompany Eliminations page. The Location list defaults to the Default Elimination Subsidiary Location option, but you can select any location that has been associated with elimination subsidiaries.

If you use the Multi-Location Inventory feature, Location is a mandatory field on the Intercompany Eliminations page.

The location you select on this page overrides the location entered on the source transaction, and becomes the location specified on the elimination journal entry.

If you do not use the Make Locations Mandatory accounting preference or the Multi-Location Inventory feature, the Location list defaults to the blank option. You can, however, select the Default Elimination Subsidiary Location option, or any location that has been associated with elimination subsidiaries.

Run Intercompany Elimination

You can run the intercompany elimination process only from the Period Close Checklist. Ensure that you have completed all other period closing tasks before you run elimination. The Revalue Open Foreign Currency Balances and Calculate Consolidated Exchange Rates determine the gains and losses to post to the Cumulative Translation Adjustment - Elimination (CTA-E) account.

When you run elimination, NetSuite posts elimination journal entries. You can run intercompany elimination for a period multiple times, as needed. NetSuite does not support running multiple the intercompany elimination process at the same time.

To run intercompany elimination:

1. From the Period Close Checklist, click the Eliminate Intercompany Transactions icon.
2. Verify the Period is correct.
3. Click Run Intercompany Elimination.
   Select a class, department, and location, if used. Optionally, add a memo.
   If you use the Automated Intercompany Management and Multi-Location Inventory features and
   the Make Location Mandatory accounting preference, assign a default elimination location to each
   elimination subsidiary. Then, on the Task: Eliminate Intercompany Transactions page, select the
   elimination subsidiary from the Location list. The default value is the Default Elimination Subsidiary
   Location. NetSuite assigns the elimination subsidiary to each intercompany elimination journal
   entry generated through completing this task.
   If you use the Multi-Book Accounting feature, the read-only Accounting Book field displays the
   accounting book for which you are running intercompany transaction elimination.
4. Click Save to run intercompany elimination and post the elimination journal entries for the period.

   **Note:** If there is an amount not eliminated due to a currency delta, make a manual journal
   entry to eliminate the amount.

When the process completes, the Task: Eliminate Intercompany Transactions page appears. To return to
the task page during the time in which the process is running, click Back to Period Close.

The Task: Eliminate Intercompany Transactions page has the following subtabs:
- **Notes** - displays system and user notes for all eliminations run for the period
- **Results** - displays a line for each intercompany elimination process run (number of runs)
  Information displayed includes the elimination subsidiary, currency, amount, and a link to elimination
  journal. You can drill down to view the elimination journal entry created. See View Intercompany
  Elimination Results.
- **Status** - displays the date submitted, submitted by, submission status, any message, and percent
  complete of each intercompany elimination request
  When the submission status is in the initializing state, the **Message** column shows the number of lines
  processing. This number increases as the initialization detects more lines that require processing.
  In the **Submission Status** column, click the **Complete** link to open the Processed Records page. This
  page provides the results of that elimination request. For information about this page, see Processed
  Intercompany Elimination Records.

   **Important:** If you use the Use Journal Entry Summarization for Intercompany
   Elimination accounting preference, the **Records** column does not display values for
   summarized Other Current Asset and Other Current Liabilities accounts.

   **Note:** The percent complete is an estimate of overall elimination progress. It does not
   represent progress in terms of time.

**View Intercompany Elimination Results**

Run the Intercompany Elimination Report to view an audit trail of the source transactions and the
elimination results for a period. For more information, see Intercompany Elimination Report.

You can also drill down to view the journal entry created when you run intercompany elimination for a
period.

**To view intercompany elimination results for an open period:**
1. Go to Setup > Accounting > Manage G/L > Manage Accounting Periods.
2. Click the Checklist icon for the period you want to view.
3. Click the Eliminate Intercompany Transactions icon.
4. On the Task: Eliminate Intercompany Transactions page, click the Results subtab.
5. Click the link in the Elimination Journal column to view the generated journal entry.
6. On the Lines subtab, drill down to view account and source transaction details.

To view intercompany elimination results for a closed period:
1. Go to Setup > Accounting > Manage G/L > Manage Accounting Periods.
2. Click the Checklist icon for the period you want to view.
3. In the page header of the checklist page, click Notes.
4. On the Accounting Period page, click the Results subtab.
5. Click the link in the Elimination Journal column to view the generated journal entry.
6. On the Lines subtab, drill down to view the account and source transaction details for the journal entry.

Processed Intercompany Elimination Records
You access the Processed Records page from the Status subtab on the Task: Eliminate Intercompany Transactions page. For information, see Run Intercompany Elimination.

On the Status subtab in the Submission Status column, click the Complete link for a specific intercompany elimination request.
The Processed Records page provides a source link for each processed record. Click a source line link to open its source transaction.

**Note:** Balance Sheet accounts that are not AR and AP are summarized. Therefore, there is no link to the source transaction.

The Processed Records page also lists the elimination journal entry for each line. If you re-run intercompany elimination for the period, the process deletes all of the existing elimination journal entries and creates new journal entries.

Working with Elimination Reports
The following reports for intercompany elimination are available:
- Intercompany Reconciliation Report
- Intercompany Elimination Report

Intercompany Reconciliation Report
Use the Intercompany Reconciliation report to identify unmatched or incorrectly matched intercompany transactions. This includes intercompany transactions that have not been paired with a corresponding transaction in another subsidiary, and paired transactions that have different amounts or currencies. To produce this report, NetSuite scans all transactions submitted for intercompany customers and vendors including:
- purchase orders and sales orders
Working with Elimination Reports

- item fulfillments and item receipts
- vendor bills and invoices
- vendor return authorizations and return authorizations
- vendor credits and credit memos
- customer payments and vendor payments

If you use the Multi-Book Accounting feature, you can run the Intercompany Reconciliation report for any accounting book enabled for consolidation.

The Automated Intercompany Management feature automatically generates intercompany elimination journal entries during the period close process. If you use this feature, the intercompany journal form includes an Eliminate box to identify lines to be eliminated. For more information, see Automated Intercompany Management Overview.

Before you run elimination for the period, run this report as part of your period end process to identify any problems associated with intercompany transactions. You can then correct the discrepancies to synchronize sales and billing information across subsidiaries before you run intercompany elimination.

Best practices is to run the report periodically to catch problems with transactions before the month end process.

The Intercompany Reconciliation report has five sections and lists the mismatched intercompany transactions for:

1. **Unlinked Orders and Returns** - intercompany transactions not paired with a corresponding intercompany transaction in another subsidiary
   This section includes purchase orders, sales orders, return authorizations and vendor return authorizations.

2. **Mismatched Amount** - paired intercompany transactions with amounts that do not match
   This section includes purchase orders, sales orders, return authorizations, and vendor return authorizations.

3. **Mismatched Inventory Item Quantities** - paired intercompany transactions with item quantities that do not match
   This section includes only item quantities that do not match. Item rates on paired intercompany inventory orders are always the same.
   The **Inventory Item Quantity** columns identify the differences in quantities per item for the following:
   - **Item Fulfillment and Sales Invoice** - the quantity fulfilled for an item on a sales order is different from the quantity billed for the item on the sales invoice
     NetSuite creates the sales invoice from the sales order.
   - **Item Receipt and Vendor Bill** - the quantity received for an item on a purchase order is different from the item quantity on the vendor bill
     NetSuite creates the vendor bill from the purchase order.
   - **Item Receipt and Item Fulfillment** - the quantity fulfilled for an item on a sales order is different from the quantity received for the paired purchase order
     Note: The **Inventory Item: Display Name** column displays the **Item's Display Name** for any item that appears in the **Mismatched Inventory Item Quantities** section. If the **Item's Display Name** is blank, the column does not display anything.

4. **Mismatched Billing** - paired intercompany transactions with billed amounts that do not match
The amount billed (vendor bill) for the purchase order does not match the amount billed (invoice) for a sales order.

5. **Standalone Transactions** - billing and payment transactions that are not associated with a sales order or purchase order

   This section includes vendor bills, invoices, credit memos, vendor credits, customer payments, and vendor payments.

**To view the Intercompany Reconciliation Report:**

Go to Reports > Financial > Intercompany Reconciliation.

The following filters are available in the report footer:

- **Date Range** - view results for transactions in a date range

  For paired transactions, the results are based on the posting period or date of the purchase order. For unmatched orders, (sales orders not linked to a purchase order), results are based on the sales order date. For stand-alone bills, (bills without referenced purchase order or sales order), the results are based on the date of the invoice, bill, or payment.

**Note:** The Period filter is not available for this report because it can include nonposting transactions. To run this report, set your Report by Period preference to Financials Only or Never. See, Analytics Personal Preferences.

- **Subsidiary Context** - view results for all subsidiaries or one subsidiary

A message appears indicating that your report is loading. The status bar in the footer of the report indicates the progress as your report loads. You can click Cancel Report next to the status bar to stop the report from loading.

The Intercompany Reconciliation report displays the following columns:

- Purchasing Subsidiary
- Vendor
- Purchasing Trans - transaction number with drill down to source record
- Purchasing Trans Type - purchase order, return authorization, vendor bill, vendor credit
- Purchasing Trans Date
- Purchasing Trans Currency
- Purchasing Amount - amount is negative for reversed transactions such as return authorizations, credit memos, and refunds
- Purchasing Billed Amount
- Sales Subsidiary
- Customer
- Sales Trans - transaction number with drill down to transaction record
- Sales Trans Type - sales order, invoice, vendor return authorization, credit memo
- Sales Trans Date
- Sales Trans Currency
- Sales Amount - amount is negative for reversed transactions such as vendor return authorizations, bill credit
- Sales Amount Billed
Using the Intercompany Reconciliation Report

Run the Intercompany Reconciliation report before you run intercompany elimination. Set the filter for the report for the dates or period you are about to close. Review the transactions listed in each section of the report and determine if you need to make any corrections before running elimination. You can drill down to view the transaction records from the report.

Intercompany Elimination Report

The Intercompany Elimination report provides an audit trail of intercompany eliminations for a period. Run this report after posting intercompany elimination for a period. This report provides the source transactions marked for elimination, and the generated elimination journal entries.

If you use the Multi-Book Accounting feature, you can run the Intercompany Elimination report for any accounting book enabled for consolidation.

To view the Intercompany Elimination Report:

Go to Reports > Financial > Intercompany Elimination.

The following filters are available in the report footer:

- **Date Range** - view results for transactions in a date range or period range
- **Subsidiary Context** - view results for all subsidiaries or one subsidiary
  
  To filter the report by subsidiary, select an elimination subsidiary with posted elimination journal entries.

A message appears indicating that your report is loading. The status bar in the footer of the report indicates the progress as your report loads. You can click Cancel Report next to the status bar to stop the report from loading.

The Intercompany Elimination report displays source transactions and elimination lines. It groups the data by elimination subsidiary, then by sales order and purchase order pair. Source transactions include sales invoice, vendor bill, credit memo, vendor credit, journal entry, advanced intercompany journal entry. Transactions from the same paired transaction are grouped. For example, all invoices and vendor bills that originate from the same sales order, purchase order pair are grouped together.

The Intercompany Elimination report displays the following columns:

- Source Trans Type
- Subsidiary - the subsidiary where the transaction is created:
  - the selling subsidiary for a sales invoice
  - the purchasing subsidiary for a vendor bill
  - the From subsidiary for an advance intercompany journal entry (AICJE)
- Paired Subsidiary - the subsidiary the transaction targets
  - the Other subsidiary for AICJE
- Source Trans Date
- Source Trans Account - the account on the source transaction marked for intercompany elimination
- Source Trans Amount (Trans Currency) - source transaction line amount in transaction currency. Shows as positive for a debit, negative for a credit. For A/R and A/P accounts, this is the open balance after month-end revaluation.
- **Source Trans Currency**
- **Source Trans Amount (Base Currency)** - source transaction line amount in base currency. Shows as positive for a debit, negative for a credit. For A/R and A/P accounts, this is the open balance after month-end revaluation.
- **Subsidiary Base Currency**
- **Consolidated Exchange Rate** - the consolidated exchange rate used to translate the source subsidiary base currency to elimination subsidiary base currency
- **Elimination JE** - links to the elimination journal entry
- **Elimination JE Date**
- **Elimination JE Amount**
- **Elimination Subsidiary Currency**
Consolidated Reporting in OneWorld

With NetSuite OneWorld, you can view data consolidated from multiple subsidiaries on many reports.

**Important:** Some reports do not support consolidation and can return results for only one subsidiary at a time. Before you can run one of these reports, you must set your user preferences to restrict your view to a single subsidiary, at Home > Set Preferences on the Restrict View subtab.

If a report can show consolidated information, the Subsidiary Context field in the footer of the report includes options appended with (Consolidated). For example, the report titled HEADQUARTERS (Consolidated). When you select a consolidated subsidiary on a report, the data displayed is for the selected subsidiary and its child subsidiaries including elimination subsidiaries. For example, if you choose Subsidiary Context HEADQUARTERS (Consolidated), the report displays consolidated data for the UK and its child subsidiaries, Germany and Italy.

When you select a subsidiary that is not consolidated, the data displayed is for that selected subsidiary. For example, selecting Subsidiary Context UK displays only the UK subsidiary data. For more description and examples of the Subsidiary Context filter, see Subsidiary Context for Reports.

**Note:** If you are using Multi-Book Accounting, you can run consolidated reporting on any accounting book enabled for consolidation.

When the data displayed is for a single subsidiary, the system uses the base currency of that subsidiary for amounts. When the data displayed is consolidated for multiple related subsidiaries, the system uses the base currency of the parent subsidiary for amounts. Consolidated reports use the Consolidated Exchange Rates table to translate child subsidiaries’ amounts to roll up into consolidated parent subsidiary amounts. See the help topic Consolidated Exchange Rates.

Reports that include budget and actual amounts, such as some financial statements, use a separate Budget Exchange Rates table for translation of budget amounts. See the help topic Subsidiary-Specific Budget Reports.

Financial statements have other specialized capabilities in OneWorld, including subsidiary-specific layouts. See the help topic OneWorld Financial Statements.

Consolidated balance sheet and cash flow statement reports use a special account called Cumulative Translation Adjustment (CTA). The CTA account achieves balance when there is more than one currency. This account is necessary because the rate types of accounts may differ, which results in different rates being used that can cause an imbalance. The CTA account is also used wherever consolidation across accounts with different rate types occurs, such as the consolidated trial balance. See the help topic Cumulative Translation Adjustment (CTA) Overview.

**Subsidiary Context for Reports**

If you have access to multiple subsidiaries, you can view the data for all subsidiaries at one time. You can also view data for individual subsidiaries. In the report footer, select the subsidiary in the Subsidiary Context filter.

**Note:** If you use Multi-Book Accounting, you can run consolidated reports for any accounting book enabled for consolidation. Use the Accounting Book list to choose the primary or secondary accounting book that correlates with the selected subsidiary context.

When you select a subsidiary, including elimination subsidiaries, the system filters the report data to display data only from the selected subsidiary. In the case of consolidated subsidiaries, the data
that displays is for all child subsidiaries of the consolidated parent subsidiary, including elimination subsidiaries.

For example, if a company has the following subsidiary hierarchy:

```
Wolfe US (Consolidated)
  Wolfe US
  Wolfe Germany
  Wolfe UK (Consolidated)
    Wolfe UK
    Wolfe Japan
    Wolfe Singapore
```

The Subsidiary Context filter on reports would be organized as follows:

Wolfe US (Consolidated)
  Wolfe US
  Wolfe Germany
  Wolfe UK (Consolidated)
    Wolfe UK
    Wolfe Japan
    Wolfe Singapore

The system inserts a virtual consolidated node for each parent. When you select a consolidated node, the data returned is a summary of all transactions associated with the node's child subsidiaries, including elimination subsidiaries.

If you use a role that is restricted to specific subsidiaries, the data returned is based on your level of access.

Using the preceding example hierarchy, if you have access to only the Japan subsidiary, the Subsidiary Context filter would be organized as follows:

Wolfe US (Context)
  Wolfe UK (Context)
    Wolfe Japan

You would see the following for each selection:

<table>
<thead>
<tr>
<th>Selection</th>
<th>Transactions Included</th>
<th>Currency Shown</th>
<th>Financial Statement Layout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wolfe UK (Context)</td>
<td>Wolfe Japan</td>
<td>British pound (GBP)</td>
<td>Wolfe UK</td>
</tr>
<tr>
<td>Wolfe Japan</td>
<td>Wolfe Japan</td>
<td>Japanese yen</td>
<td>Wolfe Japan</td>
</tr>
</tbody>
</table>
Because this role is restricted to a single subsidiary, the results do not include consolidated data. However, you can still see the data in Wolfe Japan as it would appear in the currencies and layouts of parent subsidiaries.

**Important:** Some reports do not support consolidation and return results for only one subsidiary at a time. These reports do not include the Subsidiary Context filter in the report footer. Before you can run one of these reports, you must set your user preferences to restrict your view to a single subsidiary. Go to Home > Set Preferences > Restrict View subtab. See Restrict Your Subsidiary View.

## Currency for Multiple Subsidiary Search Results

When you view search results for multiple subsidiaries, results are converted (consolidated exchange rates) into the currency of the lowest common parent (LCP).

For example, a business hierarchy looks like this:

```
Wolfe US
  └── Wolfe UK
      └── Wolfe Japan
  └── Wolfe Germany
      └── Wolfe Singapore
```

For example, a user with access to the Singapore and Japan subsidiaries runs a search. The search results display all currency amounts in UK pounds because Wolfe UK is the LCA for these subsidiaries. If the user had access to Japan and Germany, currency amounts would display in US dollars.

You can limit the data returned to a single subsidiary. Go to Home > Set Preferences > Restrict View subtab. See Restrict Your Subsidiary View.

**Tip:** You can select the type of exchange rate applied to and advanced search or saved search of transactions. Choose the Consolidated Exchange Rate option for search results. See the help topic Consolidated Exchange Rate Types for Transaction Searches.
Subsidiary Navigator

Subsidiary Navigator enables you to limit the information displayed on your dashboard, searches, and reports to a specific subsidiary or group of subsidiaries. The portlet contains a chart from which you can select the subsidiary whose records you want to display. Choosing a subsidiary is equivalent to setting the Restrict View to a subsidiary option in Home > Set Preferences.

Note: Subsidiary Navigator works only for NetSuite OneWorld.

Install Subsidiary Navigator

Before you install Subsidiary Navigator, make sure that the following NetSuite features are enabled:

- Client SuiteScript
- Server SuiteScript
- Subsidiary

Subsidiary Navigator is available for installation as a SuiteApp:

- Name – Subsidiary Navigator
- Bundle ID – 44281
- Location – Production (Account ID 3802169)

Subsidiary Navigator is a managed SuiteApp and is automatically updated whenever there are changes. These issue fixes and enhancements are available after the SuiteApp is updated in your account.

For information on installing SuiteApps, see the help topic Installing a Bundle.

Set Up Subsidiary Navigator and Change Display Settings

Follow the steps below to set up Subsidiary Navigator.

To set up Subsidiary Navigator:

1. From your dashboard, click Personalize.
2. You can set up Subsidiary Navigator as a Dashboard SuiteApp or as a custom portlet.
   - To set up Subsidiary Navigator as a dashboard SuiteApp, go to the Dashboard SuiteApps section, and then click the Subsidiary Navigator icon.
     - The Subsidiary Navigator portlet will be added to the dashboard.

     Note: Dashboard SuiteApps are available only from the home page dashboard.

   - To set up Subsidiary Navigator as a custom portlet:
     1. Go to the Standard Content section, and then click the Custom Portlet icon.
     2. On the Custom Portlet, click the Set Up link.
3. On the **Source** field, select **Subsidiary Navigator** from the list.

4. Click **Save**.

**To change display settings for Subsidiary Navigator:**

1. On the Subsidiary Navigator portlet, click **Settings** on the upper left corner.

2. Set values for the following:
   - **Enable Tooltip** – Click to enable or disable the company information tooltip for each subsidiary. When you point your mouse on a subsidiary, the tooltip displays the country, currency, and address of the subsidiary.
   - **Show Logo** – You can choose to display or hide the company logos on the Subsidiary Navigator portlet. Check the box to display subsidiary logos on the current user's account. Click the slider to show or hide company logos for all users on this account.

   **Note:** The **Enable Tooltip** setting and the **Show Logo** slider option is available only on the Administrator's account.

Changes to these settings are applied immediately. Click anywhere outside the settings area to hide the settings.

**Restrict Subsidiary Access Using the Subsidiary Navigator**

You can restrict your view to a particular subsidiary or group of subsidiaries. You can do this in one of two ways:

- Click a subsidiary from the portlet.
- Click the **Change Subsidiary** link below the centers tabs.

The system highlights the selected subsidiary and all of the sub-subsidiaries. Portlets on the dashboard update automatically to show records for the selected subsidiaries.
Restrict Subsidiary Access Using the Subsidiary Navigator

Note: The settings apply for the duration of your current session. Normal settings are restored on the next login.

When logged in using a custom role, the Subsidiary Navigator Portlet displays the subsidiaries assigned for that particular role.

Below is an example of the subsidiaries selected for a custom role:

For this example, the Subsidiary Navigator displays the selected sub-subsidiaries and the parent subsidiary only.
**Note:** Users must have access to more than one subsidiary for Subsidiary Navigator to work.

If a custom role has no subsidiary selected for it, the restriction defaults to the subsidiary of the user.

If a custom role has only sub-subsidiaries selected for it, the Subsidiary Navigator displays the sub-subsidiaries. It also displays its parent subsidiary and any other subsidiaries that connect it to the root subsidiary. Users can click the parent subsidiary but doing so does not affect the behavior of the portlets on the dashboard. The portlets display only records for the sub-subsidiaries selected for the role.

**Important:** If a custom role has the Allow Cross-Subsidiary Record Viewing option enabled, clicking a subsidiary node in the Subsidiary Navigator portlet displays all relevant records. Included in these records are those to which the role is not granted access. Users with the role can open all displayed records, but can edit only those to which the user has edit rights.
OneWorld ERP Accounting

See the following help topics for details about how NetSuite OneWorld affects accounting, ERP functions:

- Defining Subsidiaries for OneWorld Transactions
- Journal Entries in OneWorld
- Locking Accounting Periods in NetSuite OneWorld
- Enabling Intercompany Time and Expenses
- Creating Intercompany Allocation Schedules
- Subsidiary Budgets in OneWorld
- Working with Project Management in OneWorld
- Intercompany Inventory Transfers - Non-Arm's Length
- Cost Estimate Types in NetSuite OneWorld
OneWorld CRM

NetSuite OneWorld enables you to run your global sales force within a single NetSuite account. Each customer, or other entity, is associated with a single subsidiary, enabling you to track forecasts and quotas on a subsidiary basis.

For more information on specific tasks, see the following:

- Consolidated Quotas and Forecasts in OneWorld
- Employee and Partner Commission in OneWorld
- Set Subsidiaries on Online Forms in OneWorld

Consolidated Quotas and Forecasts in OneWorld

With NetSuite OneWorld, you can track sales totals across subsidiaries, set quotas, and analyze the sales forecasts for your global organization.

Consolidated Quotas

When establishing a sales quota, you must select a subsidiary or a consolidated subsidiary. This subsidiary or consolidated subsidiary determines which sales count towards the quota.

To create a quota, go to Transactions > Quota/Forecast > Establish Quotas, and select a sales rep. In the Subsidiary field, select the subsidiary or consolidated subsidiary on which you want to base this quota.

If you select a consolidated subsidiary, sales made by this sales rep for the parent subsidiary and all of its child subsidiaries are counted toward the quota. If you select a single subsidiary, only the sales made for that subsidiary count toward the quota.

Consolidated Sales Forecasting

When sales reps save their forecasts, they can choose the subsidiaries for which they are saving their forecasts.

When you select a subsidiary, the sales forecast represents the rep's forecast for the parent subsidiary and all of its child subsidiaries. The sales rep's quota for that subsidiary is shown in the Quota field.

Employee and Partner Commission in OneWorld

With NetSuite OneWorld, employees and partners can earn commission for sales made for any subsidiary.

Commission schedules have a subsidiary field. Commission plans can include any commission schedules regardless of the subsidiary chosen on those schedules.

If you base a commission schedule on a quota, you must have a quota entered for the selected subsidiary.

Transactions made for the selected subsidiary, or for any child subsidiaries, are used to calculate commissions for sales reps assigned to the commission schedule. Commission schedule amounts are entered in the base currency of the selected subsidiary. The consolidated exchange rates table is used to calculate values for transactions for other subsidiaries with different base currencies.
When employees or partners make sales for an unassigned subsidiary, the system generates commission based on the following:

- You have a commission schedule in the currency of one subsidiary. A sales rep makes a sale for one of the child subsidiaries. The system converts the commission calculation to the sales rep's currency through the consolidated exchange rate table.
- The system performs the commission calculation based on the currency of the subsidiary assigned to the commission schedule. All values on reports and KPIs display the commission in that currency, regardless of the currency assigned to the partner or employee's subsidiary.
- The generated commission transaction is always in the base currency of the subsidiary assigned to the employee or partner (partner's vendor record). If necessary, the system converts a commission for a schedule assigned to another subsidiary. The system uses the exchange rates on the transaction to the currency of the employee or partner.
- After a commission is approved, the commission expense and payable impact the accounting books of the subsidiary assigned to the employee or partner. This impact is true even if the transaction that generated the commission is related to a subsidiary different from the employee or partner. It is also true if the commission schedule is assigned to another subsidiary.

Sales reps from different subsidiaries can be assigned to sales managers from the same or other subsidiaries. The sales for subordinate sales reps roll up to the sales manager. The system uses the consolidated exchange rates between the subsidiaries for the period in which the sales transaction is booked.

For more information about employee and partner commissions in NetSuite OneWorld, see the following help topics:

- Commissions
- Partner Commissions & Royalties
- Consolidated Exchange Rates

**Consolidated Exchange Rates with Commissions**

When the system converts commission amounts to the base currency of the employee or partner's subsidiary, it uses consolidated exchange rates. You can view consolidated exchange rates at Lists > Accounting > Consolidated Exchange Rates.

For example, if a company has the following subsidiary hierarchy:

![Subsidiary Hierarchy Diagram]

Three invoices qualify for commission:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Subsidiary</th>
<th>Currency</th>
<th>Commission Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice 1</td>
<td>U.S.</td>
<td>USD</td>
<td>$100</td>
</tr>
</tbody>
</table>
The estimated commission reports, commission plan, and commission transaction display the commission amounts converted to USD. This conversion is based on the consolidated exchange rates table for the period in which each transaction was booked:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Exchange Rate</th>
<th>USD Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>U.S. to U.S.: 1</td>
<td>$100</td>
</tr>
<tr>
<td>£100</td>
<td>U.K. to U.S.: 2</td>
<td>$200</td>
</tr>
<tr>
<td>€100</td>
<td>EURO to U.S.: 5</td>
<td>$50</td>
</tr>
</tbody>
</table>

**Note:** The system stores the exchange rates used for commission calculations. If the rate on the consolidated exchange rates table changes, the schedule must be recalculated to reflect the change.

A quota for a sales rep associated with the U.S. subsidiary would include sales made for the U.S. subsidiary and its child subsidiaries.

### Quota-Based Commission Schedules in OneWorld

A quota-based schedule for a subsidiary that has child subsidiaries includes the transactions from those child subsidiaries in the quota amount used for commission.

For example, if your company has the following subsidiary hierarchy:

- Wolfe US
  - Wolfe UK
  - Wolfe Germany

If you establish a quota for the U.S. parent subsidiary and for Wolfe U.K.:

- Sales made for the U.S., U.K., or Germany subsidiaries are included toward the U.S. quota.
- The U.K. quota would include only sales made on behalf of the U.K. subsidiary.

Following this example, a rep is assigned a commission plan with a schedule that is associated with the U.S. subsidiary. This schedule pays 10% of all sales exceeding quota.

The rep has a quota of $3000 for this period, and makes the following sales:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Subsidiary</th>
<th>Currency</th>
<th>Amount</th>
<th>Rate</th>
<th>Amount in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice 1</td>
<td>U.S.</td>
<td>USD</td>
<td>$1000</td>
<td>U.S. to U.S.: 1</td>
<td>$1000</td>
</tr>
</tbody>
</table>
The rep exceeded his quota by $500 and receives a commission payout equal to 10% of $500, or $50 USD.

**Note:** If changes are made to the consolidated exchange rates, the commission schedule must be recalculated.

## Authorize Commissions in OneWorld

The Authorize Commission page has a subsidiary list that filters the display based on the subsidiary of the employee or partner.

The accounts you select on this page must be accessible to the chosen subsidiary.

When you authorize commission in bulk, the currency rate used is the most recent transaction currency in the currency exchange rate table. For example, if a Canadian rep earns commission on a U.S. commission schedule, the schedule generates the commission transaction in U.S. dollars. This commission must be posted to the Canadian subsidiary's books in Canadian dollars. The rate used for this conversion is based on the rate stored in the consolidated exchange rate table.

The currency rates used during authorization are the most recent exchange rates in the currency exchange rate table. To view currency exchange rates, so to Lists > Accounting > Currency Exchange Rates.

The By Transaction and By Period subtabs on the individual commission pages include the following columns:

- **Currency** – This is the currency of the commission transaction (which is the same as the currency of the subsidiary assigned to the employee or partner).
- **Subsidiary** – This is the subsidiary to which the commission transaction is posted.
- **Exchange Rate** – This column appears only for partner commission. It determines the rate from the base currency of the subsidiary assigned to the partner to the partner's transaction currency.

For example, assume that you have a partner that is paid in Canadian dollars. The partner is assigned to a U.K. subsidiary that sells for a U.S. subsidiary. The commission schedule would be in U.S. dollars. The exchange rate on each line of the commission transaction would use a rate to convert the amount from USD to GBP. The exchange rate in the header would convert the amount from GBP to the partner's currency, CAD.

## Set Subsidiaries on Online Forms in OneWorld

With NetSuite OneWorld, online forms include the Subsidiary field.

The Subsidiary field is always considered when determining if the records created by a form is a duplicate. You cannot clear the box in the Search column for this field. This field is also hidden by default.

If a customer fills out an online form and the information matches a customer record for another subsidiary, the system creates a new record. A customer is considered a duplicate if there is a customer record with the same subsidiary as the one selected on the online form.
You can set the subsidiary on an online form in the following ways. If you use more than one method, subsidiary selection follows the order of precedence below:

- Add the Subsidiary field to the form, and allow those that fill out the form to select a subsidiary.
- Pass the subsidiary through the URL with the `&subsidiary` parameter. This parameter lets you hide the field on the form.
- Select the subsidiary included in the visitor ID of the person submitting the form. The system tracks the visitor ID in the cookie issued when someone visits your website.
- Set the default subsidiary in the Default Subsidiary field on the Set Up Workflow subtab of the online form record.

If you use online customer forms to create contact records, the system assigns the contact the subsidiary associated with the customer record.
OneWorld and SuiteCommerce

When you use SuiteCommerce in a NetSuite OneWorld account, you can associate multiple subsidiaries to a Site Builder or to a SuiteCommerce Advanced website. In Site Builder each subsidiary has its own version or view of the website. Website visitors can choose the subsidiary site they want to view from a list displayed on the site. In SuiteCommerce Advanced, the subsidiary selected as the default is the one that shows on website. For more information, read the help topics SuiteCommerce and OneWorld and Site Builder and OneWorld.

Credit Card Gateways and Multiple Subsidiaries

You can associate a credit card processor with a subsidiary. When a shopper visits your web store, selects a subsidiary, and places an order, only that credit card processor is used. For example, the parent company Wolf Electronics US operates a website associated with subsidiaries in the UK and Japan. Each subsidiary uses a different payment gateway. On the Web Site Setup page, the Administrator or store manager can select a credit card processor for each subsidiary.

For more information about linking credit card gateways with subsidiaries for web orders, read the help topic Selecting a Credit Card Gateway for a Subsidiary Website.

For more information about setting up credit card processing gateways in NetSuite, read the help topic Setting Up Customer Credit Card Processing.