

ONESOURCE INDIRECT TAX

ONESOURCE INDIRECT TAX INTEGRATION FOR SAP US/CA TAX CONFIGURATION GUIDE

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June 2012

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ABOUT THIS GUIDE

The Standard SAP Tax Interface supports tax calculations for the US and Canada (US/CA). To enable US/CA tax integration, you must install the Basic ONESOURCE Indirect Tax Integration for SAP, and then configure it as shown in this guide.

Once Integration is complete, your SAP implementation can leverage the full set of calculation, auditing, and reporting features of ONESOURCE Indirect Tax for the US or Canada.

HOW THIS GUIDE IS ORGANIZED

This guide contains the following chapters:

- **OVERVIEW (page 3)** describes the tax interface on a high level using flow diagrams, and it describes the prerequisites to support Integration between SAP and Determination.
- **CONFIGURING SAP TO USE ONESOURCE INDIRECT TAX FOR US AND CANADA TAX (page 7)** describes the steps necessary in FI, SD, MM and user exits to enable US/CA sales and purchasing transactions to calculate taxes using Determination.
- **SAMPLE ORDER-TO-CASH SCENARIO (page 57)** shows a complete sales transaction, including tax results, after implementing Integration and Determination.
- **SEPARATING RECOVERABLE AND NON-RECOVERABLE TAXES (page 67)** describes how to separate non-recoverable taxes from recoverable taxes.

PREREQUISITES

Before performing any of the tasks found in this guide, you must have installed the Basic Integration for SAP and enabled RFCs in SAP to communicate with Determination as described in ONESOURCE *Indirect Tax Integration for SAP Installation and RFC Configuration Guide*.

Before working with this guide, you must have a deep knowledge of the SAP tax features, covering all aspects of FI, MM, and SD, and have spent significant time either as an expert configurator or consultant in these areas.

ONESOURCE Indirect Tax recommends that you assemble a team to implement this product because it requires both functional and technical input. Your team should include someone who thoroughly understands business requirements and processes, as well as someone who can implement the required software changes.

WHO SHOULD USE THIS GUIDE

This guide is intended for use by SAP programmers and functional analysts having a knowledge of SAP FI, SD, and MM who are responsible for implementing ONESOURCE Indirect Tax in a customer's SAP system. These programmers and analysts must have a thorough understanding of the overall processing logic of the Standard SAP Tax Interface and the configuration needed to enable that logic. The examples in this guide are taken from SAP ECC 6.0.

OVERVIEW

To understand the configurations and technical changes proposed in this guide, you first need to know how the Standard SAP Tax Interface is designed and the methods that SAP provides to change or manipulate tax data in the Standard Tax Interface. This chapter provides an overview of these areas.

For more information, see ***PROCESS FLOWS*** (page 4).

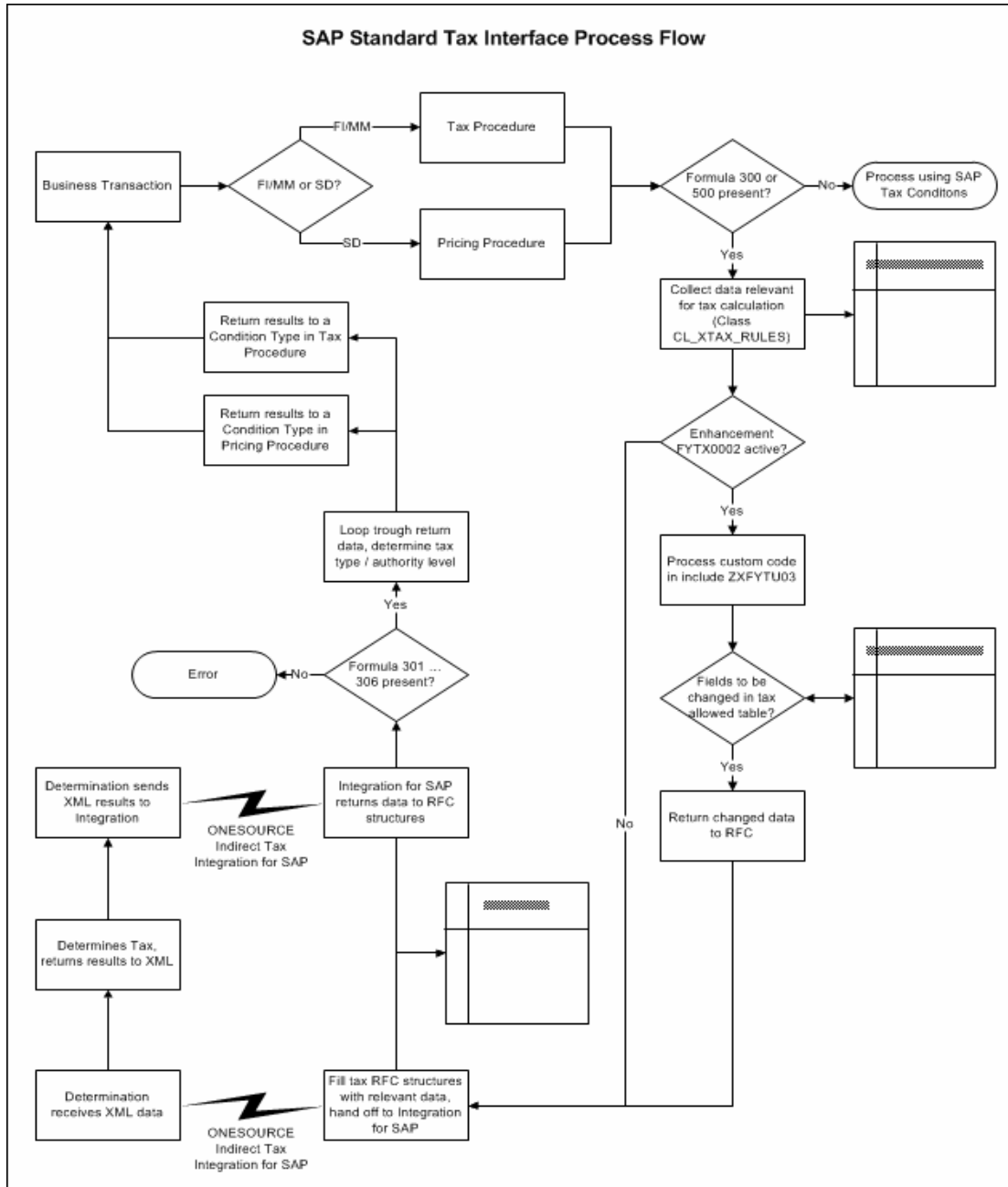


We recommend that you review all relevant notes to the SAP Tax Interface on the SAP Support Web. Our Professional Services team has compiled a list of important OSS notes that they have encountered in their support of new ONESOURCE Indirect Tax implementation projects. (page 6).

PROCESS FLOWS

STANDARD SAP TAX INTERFACE

The following process flow describes the Standard SAP Tax Interface processing logic provided out-of-the-box by SAP.



SAP Standard Tax Interface Process Flow

:Business Transaction;

if (FI/MM or SD?) then (FI/MM)

:Tax Procedure;

else (SD)

:Pricing Procedure;

if (Formula 300 or 500 present?) then (No)

:Process using SAP Tax Conditions;

else (Yes)

:Collect data relevant for tax calculation\n(Class CL_XTAX_RULES);

if (Enhancement EXIT0002 active?) then (Yes)

:Process custom code in include ZXFYTU03;

if (Fields to be changed in tax allowed table?) then (Yes)

:Return changed data to RFC;

else (No)

' no field changes, continue

else (No)

' continue without custom enhancement

:Fill tax RFC structures with relevant data,\nhand off to Integration for SAP;

:ONESOURCE Indirect Tax Integration for SAP;

:Determination receives XML data;

:Determines Tax, returns results to XML;

:ONESOURCE Indirect Tax Integration for SAP;

:Determination sends XML results to Integration;

:Integration for SAP returns data to RFC structures;

:Loop through return data; determine tax type /\nauthority level;

if (Formula 301 - 306 present?) then (No)

:Error;

else (Yes)

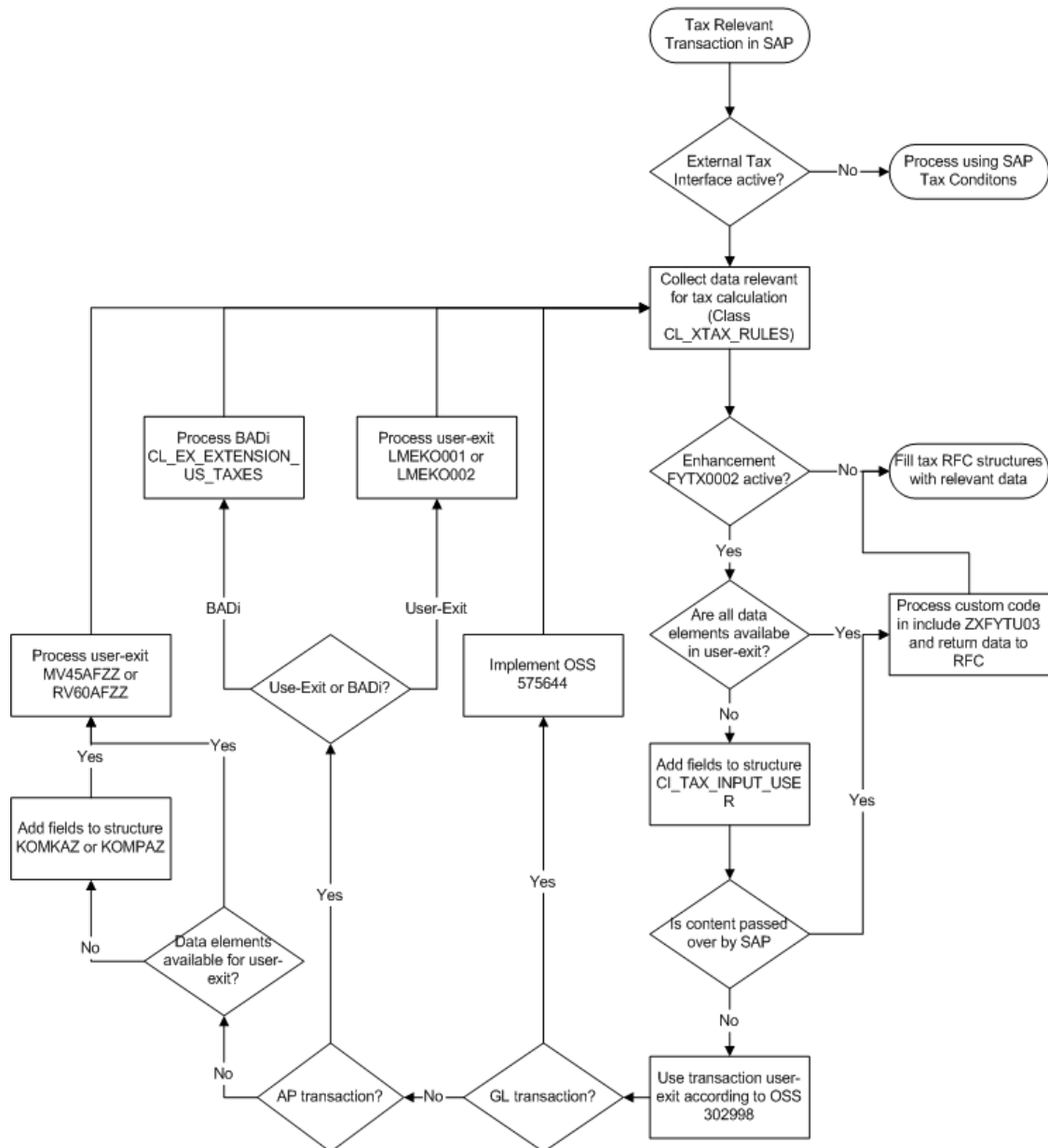
:Return results to a Condition Type\nin Tax Procedure;

:Return results to a Condition Type\nin Pricing Procedure;

USER EXIT

SAP has several areas in the tax processing logic where customers can implement their own business requirements using a user exit or a BAdI (Business Add-In). The following process flow shows the areas in which these methods could be implemented.

SAP Tax User-Exit Processing



Tax Relevant Transaction in SAP process:

if (External Tax Interface active?) then (No)

:Process using SAP Tax Conditions;

else (Yes)

:Collect data relevant for tax calculation\n(Class CL_XTAX_RULES);

if (Enhancement FYTX0002 active?) then (No)

:Fill tax RFC structures with relevant data;

else (Yes)

:Process custom code in include ZXFYU03\nand return data to RFC;

if (Are all data elements available in user-exit?) then (No)

:Add fields to structure\nCL_TAX_INPUT_USER;

if (Is content passed over by SAP) then (Yes)

: Process custom code in include ZXFYU03\nand return data to RFC;

else (No)

:Use transaction user-exit according to OSS 302998;

if (Use-Exit or BADI?) then (BADI)

:Process BADI\nCL_EX_EXTENSION_US_TAXES;

else (User-Exit)

:Process user-exit\nLMEK0001 or LMEK0002;

:Process user-exit\nMV45AFZZ or RV60AFZZ;

if (Data elements available for user-exit?) then (No)

:Add fields to structure\nKOMKAZ or KOMPAZ;

if (GL transaction?) then (Yes)

:Implement OSS 573644

else (No)

if (AP transaction?) then (Yes)

:Use Exit or BAD?

else (No)

:Data elements available for user-exit?

OSS NOTES

We recommend that you review all relevant notes to the SAP Tax Interface on the SAP Support Web. Our Professional Services team has compiled a list of important OSS notes that they have encountered in their support of new ONESOURCE Indirect Tax implementation projects.

Please review KB

https://customer.sabrix.com/app/answers/detail/a_id/1122

with a list of known possible notes relevant to integrating SAP and ONESOURCE Integration with SAP. It is also recommended that you do a search in SAP at <http://service.sap.com/notes> for tax relevant notes in the core Application Areas XX-PART-TIF, CRM-BF-TAX, AP-TTE, but there are others relevant as well.



We have provided a partial tax interface-related OSS notes list in the KB article but there may be other OSS notes which could be applicable to your installation which are not in this list. We recommend that you review all available OSS notes on the SAP support website.

CONFIGURING SAP TO USE ONESOURCE INDIRECT TAX FOR US AND CANADA TAX

This chapter addresses the configurations and master data maintenance you need to perform in the FI, SD, and MM modules of SAP to enable tax calculation using ONESOURCE Indirect Tax Determination for US and Canada (US/CA).

To enable US and Canada transactions, you must follow the steps described in the following sections:

- ***FI CONFIGURATIONS (page 8)***
- ***SD CONFIGURATIONS (page 27)***
- ***MM CONFIGURATIONS (page 36)***
- ***MAINTAINING MASTER DATA (page 41)***

REQUIRED CONFIGURATIONS

For the United States (US) and Canada (CA), SAP provides tax procedures called **TAXUSX** and **TAXCAX** respectively. These tax procedures work in conjunction with the pricing procedure called **RVAXUD**. SAP recommends that you use pricing procedure **RVAXUD** since it allows max tax calculation by the external tax engine. Max tax calculations are not possible using the SAP native tax functionality. This is another advantage of using Determination for your tax calculations.

There are three key SAP modules—FI, SD, and MM—where you need to make the IMG configurations. These changes will activate the tax interface so that it sends transactions from Order to Cash, Procure to Pay and FI to Determination. This guide describes required configurations, as well as master data maintenance for jurisdiction code determination and condition type maintenance for tax code selection in SD and MM.

You may require additional configurations according to your business needs. To get the most accurate tax results, you need to make sure that Determination and SAP have been configured to account for your specific business scenarios.

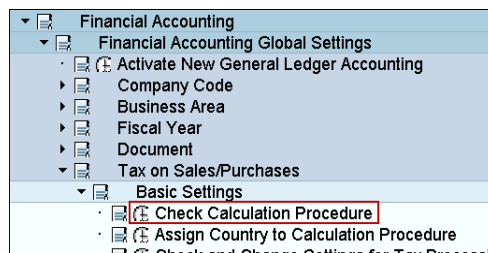
FI CONFIGURATIONS

FI configurations require successful completion of these procedures:

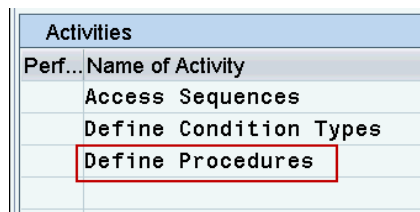
- **VERIFYING THAT TAXUSX AND TAXCAX PROCEDURES ARE ON YOUR SYSTEM** (page 8)
- **ASSIGNING THE COUNTRY TO THE TAX PROCEDURE (CALCULATION PROCEDURE)** (page 11)
- **CHECKING AND UPDATING SETTINGS FOR THE TAX PROCEDURE (ACCOUNT KEYS/PROCESSES)** (page 12)
- **SPECIFYING THE STRUCTURE FOR THE TAX JURISDICTION CODE** (page 14)
- **DEFINING NUMBER RANGES FOR EXTERNAL TAX CALCULATION** (page 16)
- **DEFINING THE PHYSICAL DESTINATION (RFC) ACCOUNT** (page 17)
- **ACTIVATING EXTERNAL TAX CALCULATION** (page 17)
- **ACTIVATING EXTERNAL UPDATING** (page 19)
- **MAINTAINING CANADIAN PROVINCES (OVK2)** (page 20)
- **DEFINING TAX CODES ON SALES AND PURCHASES** (page 21)

VERIFYING THAT TAXUSX AND TAXCAX PROCEDURES ARE ON YOUR SYSTEM

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > Check Calculation Procedure**.



2. Set the cursor on **Check Calculation Procedure** and click the clock icon. 



3. Highlight **Define Procedures** and double-click it.

4. On the following screen, click **Position**. 

5. Enter **TAXUSX** in the pop-up window.

6. Highlight **TAXUSX**.

7. Double-click the **Control Data** icon to display the details of TAXUSX tax procedure

Control Data

Procedure TAXUSX Tax USA m Jurisdictions (ext.)													
Control Data													
Reference Step Overview													
Step	Cou...	CType	Description	Fro	To	Ma...	Re...	Stat...	P.SuTot	Reqt	CalType	BasTy...	AccKe
500	0		Accrued			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>					
510	0	XR1	A/R Sales Tax 1	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			301		MW1
520	0	XR2	A/R Sales Tax 2	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			302		MW2
530	0	XR3	A/R Sales Tax 3	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			303		MW3
540	0	XR4	A/R Sales Tax 4	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			304		MW4
550	0	XR5	A/R Sales Tax 5	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			305		MW4
560	0	XR6	A/R Sales Tax 6	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			306		MW4

8. Repeat the same steps for **TAXCAX** to see the details.

Procedure <div>TAXCAX</div> Tax Canada Jurisdictions (ext.)													
Control Data													
Reference Step Overview													
Step	Cou...	CType	Description	Fro	To	Ma...	Re...	Stat...	P.SuTot	Reqt	CalType	BasTy...	AccKey
500	0		Accrued			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>					
510	0	XR1	A/R Sales Tax 1	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			301		MW1
520	0	XR2	A/R Sales Tax 2	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			302		MW2
530	0	XR3	A/R Sales Tax 3	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			303		MW3
540	0	XR4	A/R Sales Tax 4	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			304		MW4
550	0	XR5	A/R Sales Tax 5	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			305		MW4
560	0	XR6	A/R Sales Tax 6	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			306		MW4

In this example, the Canada tax procedure is the same as the **TAXUSX** procedure. If you do not have **TAXCAX** in the list of procedures available to you, you can create one like we have done here by copying the **TAXUSX** procedure. Create **TAXCAX** as in step 5 above and use step 7 to add new entries to the control data. Use the control data from **TAXUSX** and copy to **TAXCAX**. By

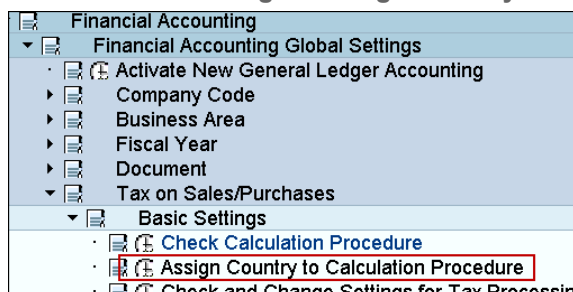
replicating the **TAXUSX** into a new procedure for Canada you are keeping a single procedure to a given company code and can later configure different G/L accounts for Canada taxes, etc.



If you need to split recoverable and non-recoverable taxes for GST or any other Canadian taxes in separate G/L accounts, see *SEPARATING RECOVERABLE AND NON-RECOVERABLE TAXES* (page 67). This tax procedure (**TAXCAX**) only brings the total GST and other tax results from ONESOURCE Indirect Tax. It does not separate recoverable from non-recoverable taxes.

ASSIGNING THE COUNTRY TO THE TAX PROCEDURE (CALCULATION PROCEDURE)

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > Assign Country to Calculation Procedure**.



2. Set the cursor on **Assign Country to Calculation Procedure** and click .

3. Click **Position**.



4. On the pop-up window, enter the **Country US**.



5. Assign the tax procedure to the **US**.

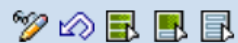

Repeat the same steps for country **Canada** and assign the tax procedure **TAXCAX** to it.




If you need to make any major modifications to the tax procedures, SAP recommends that you make a copy starting the name with the letter Z (for example, **ZUSTAX** or **ZCATAX**), as shown in the example below. You can then make the modifications. Make sure that you assign this modified tax procedure to the relevant country.

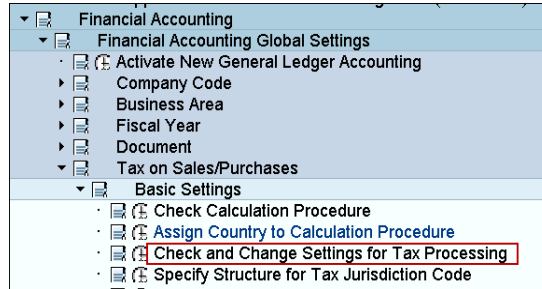


Multiple countries can call the same tax procedure depending upon your business requirements, chart of account configurations, or your need to simplify G/L posting.

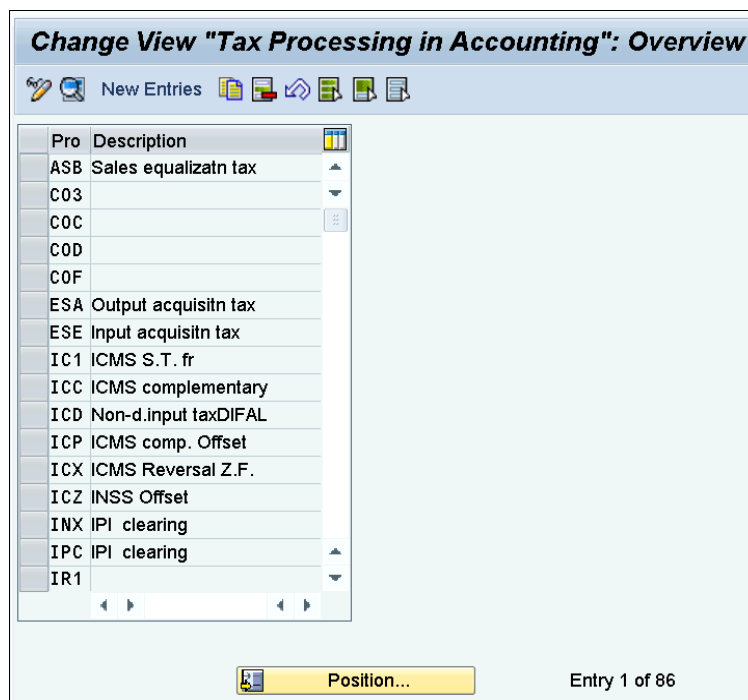
Change View "Assign Country -> Calculation Procedure"			
			
Cty	Name	Proc.	
US	United States	TAXUSX	

CHECKING AND UPDATING SETTINGS FOR THE TAX PROCEDURE (ACCOUNT KEYS/PROCESSES)

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > Check and Change Settings for Tax Processing**.
2. Set the cursor on **Check and Change Settings for Tax Processing** and click the clock icon. 



3. Click the **Position** button.



4. On the popup window, enter the relevant keys (such as NVV below) for **TAXUSX** and **TAXCAX**.



5. Highlight **NVV**.

6. Click search  to see the details. The following configuration applies to **NVV**:

For **TAXUSX** and **TAXCAX**, the following account keys are applicable: **NVV**, **VS1**, **VS2**, **VS3**, **VS4**, **MW1**, **MW2**, **MW3** and **MW4**.

7. Repeat the steps to see the details on other account keys. The following configuration applies to **VS1**, **VS2**, **VS3**, and **VS4**:

The following configuration applies to **MW1**, **MW2**, **MW3**, and **MW4**:

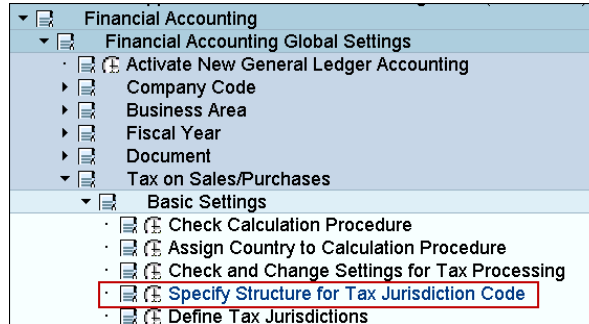



SAP has provided these account keys with out-of-the-box configurations. Please do not change the settings on these account keys. If necessary, make a copy of these account keys and then change the settings.

The default configuration for **NVV** does not enable auditing of tax amounts in ONESOURCE Indirect Tax audit database because the taxes are distributed to relevant expense revenue accounts in SAP.

SPECIFYING THE STRUCTURE FOR THE TAX JURISDICTION CODE

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > Specify Structure for Tax Jurisdiction Code**.



2. Set the cursor on **Specify Structure for Tax Jurisdiction Code** and click .
3. Find the tax procedure **TAXUSX**.
4. Modify **TAXUSX** as shown here with jurisdiction structure 4-5-4-1:

Change View "Jurisdiction Code Structure": O						
New Entries						
Schema	Name	Lg	Lg	Lg	Lg	Tx In
TAXUSX	tax calculation with Sabrix	4	5	4	1	<input checked="" type="checkbox"/>
ZTAXAR	Sales tax Argentina	2	1			<input checked="" type="checkbox"/>

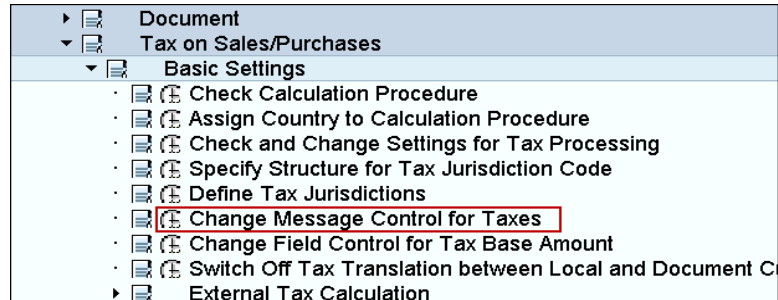
5. Find the tax procedure **TAXCAX**.
6. Modify **TAXCAX** as shown here with jurisdiction structure 2-2. If you had to create tax procedure TAXCAX, then you will also have to create this schema as a new entry to the list.


Change View "Jurisdiction Code Structure"						
New Entries						
Schema	Name	Lg	Lg	Lg	Lg	Tx In
TAXCAX	Canada Onesource structure	2	2			<input checked="" type="checkbox"/>
TAXTE		3				<input type="checkbox"/>

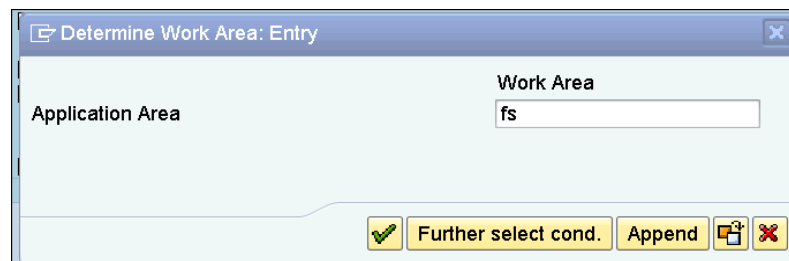
7. Save your work.

Changing the Message Control for Taxes

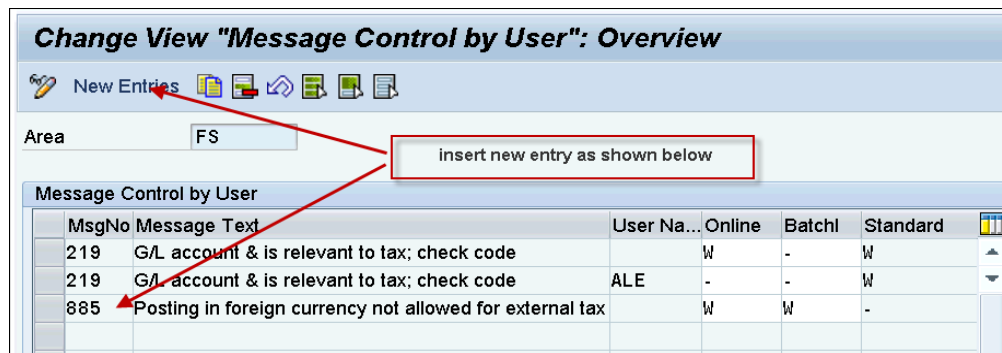
1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > Change Message Control for Taxes**.



2. Set the cursor on **Change Message Control for Taxes** and click the  clock icon.
3. Define Application area FS as on the example below:



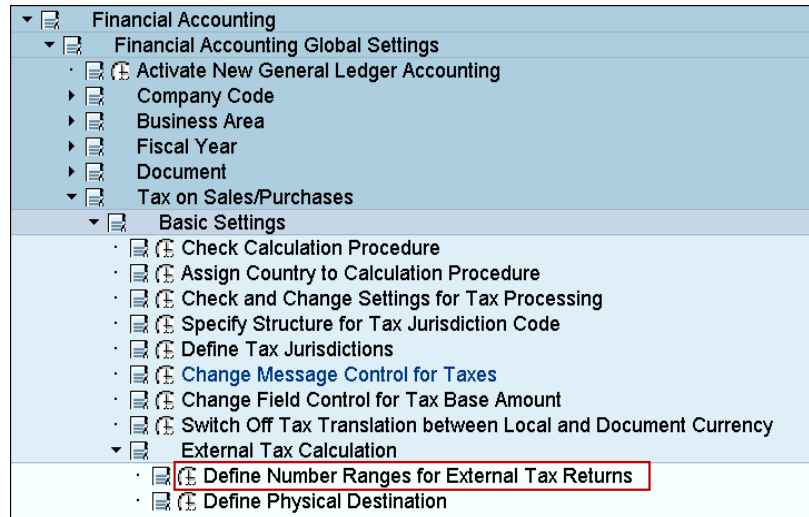
4. Define message **885** as shown below:



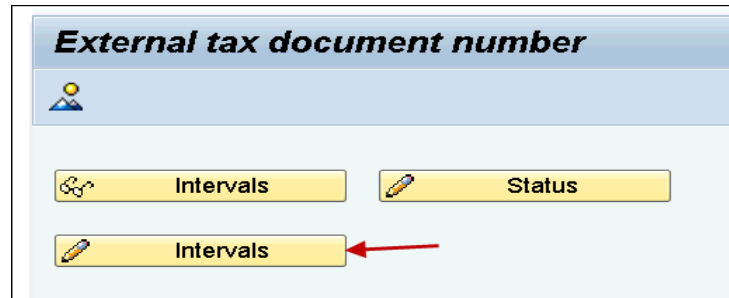
5. Save your work.

DEFINING NUMBER RANGES FOR EXTERNAL TAX CALCULATION

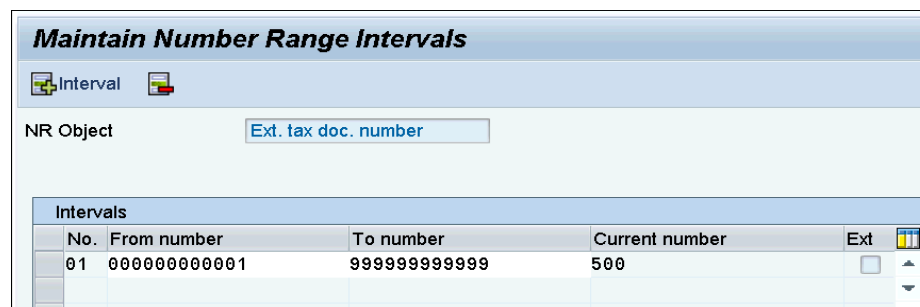
1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchase > Basic Settings > External Tax Calculation > Define Number Ranges for External Tax Returns**.



2. Set the cursor on **Define Number Ranges for External Tax Returns** and click the clock icon . The next screen is as shown here:



3. Define the number range as shown below:



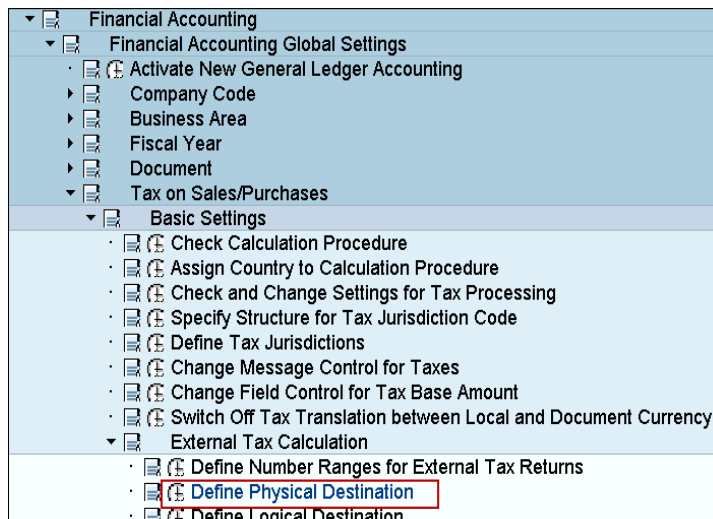
Never make this number range external by checking the **Ext** check box. Always leave blank.

4. Save your work.

DEFINING THE PHYSICAL DESTINATION (RFC) ACCOUNT

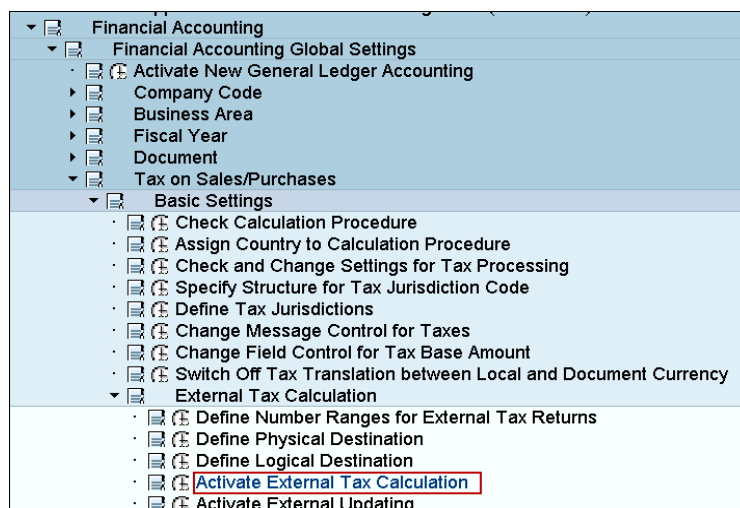
1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Basic Settings > External Tax Calculation > Define Physical Destination (RFC) Account**.

This step has been described in detail in *Integration for SAP Installation and RFC Configuration Guide*, and you should have already tested the configuration as shown in that guide. You do not need to perform any additional configuration here.



ACTIVATING EXTERNAL TAX CALCULATION

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Basic Settings > External Tax Calculation > Activate External Tax Calculation**.



2. Set the cursor on **Activate External Tax Calculation** and click the  clock icon.

3. Maintain the data as shown below for tax procedures **TAXUSX** and **TAXCAX**.

Change View "TTXD: View of External System": Overview					
TTXD: View of External System					
Schema	Ext...	tax interface vers.	RFC Destination	Update RFC destination	TC
TAXUSX	S	TAXDOC00	SABRIX		<input checked="" type="checkbox"/>
TAXCAX	S	TAXDOC00	SABRIX		<input checked="" type="checkbox"/>

Change View "TTXD: View of External System": Overview					
TTXD: View of External System					
Schema	Ext...	tax interface vers.	RFC Destination	Update RFC destination	TC
TAXCAX		TAXDOC00	SABRIX		<input checked="" type="checkbox"/>
TAXUSX		TAXDOC00	SABRIX		<input checked="" type="checkbox"/>

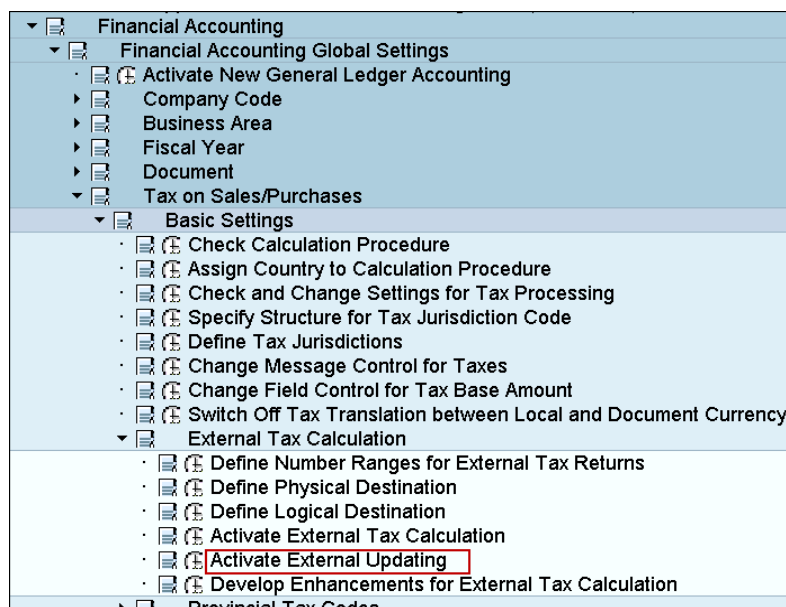
4. Save your work.



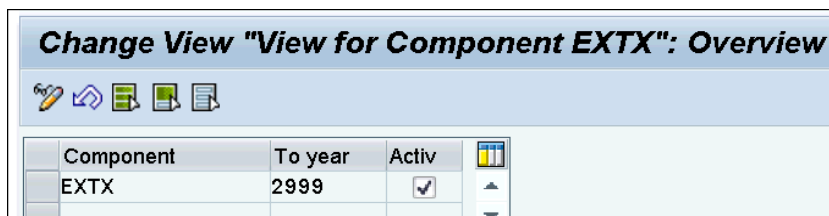
If you have configured a custom tax procedure and assigned it to a country, be sure that you have also done the configuration above. If you do not do this, the call to ONESOURCE Indirect Tax will not be made.

ACTIVATING EXTERNAL UPDATING

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Basic Settings > External Tax Calculation > Activate External Updating**.



2. Set the cursor on **Activate External Updating** and click the clock icon.
3. Check the **Active** check box.



4. Save your work.



This is only a one-time configuration, and if you do not complete this step, tax results will not be audited in Determination audit database.

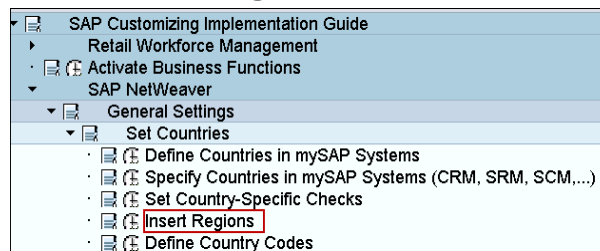
MAINTAINING CANADIAN PROVINCES (OVK2)

You must change some of the province codes in SAP to ensure compatibility with Determination. Refer to OSS note 548753.

- Change *NL* (Newfoundland) to *NF*.
- Change *NN* (Nunavut) to *NU*.

ONESOURCE Indirect Tax also recommends removing province code **ZZ** because it is not a valid Canadian Province.

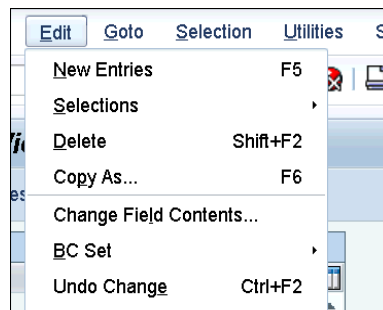
1. From IMG, navigate to **General Settings > Set Countries > Insert Region**.



2. Highlight **CA - NL** and select it.

Regions		
Country	Region	Description
CA	NL	Newfoundland

3. Select **Copy As** from the **Edit** menu.

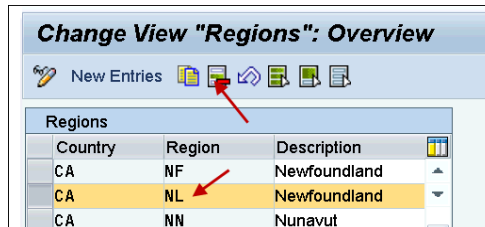


4. Replace NL with *NF*.

Change View "Regions": Overview		
New Entries		
Regions		
Country	Region	Description
CA	NF	Newfoundland

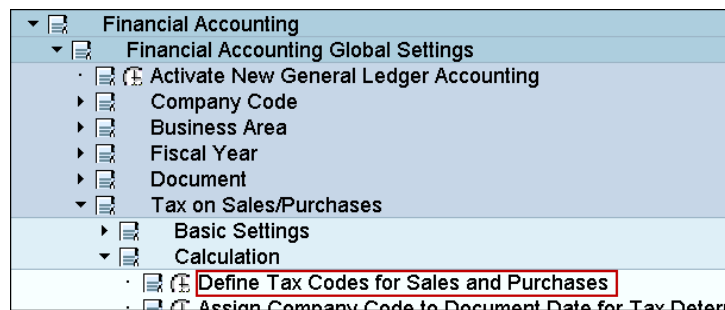
You will have two entries now: **CA - NF** and **CA - NL**.

5. Delete **CA - NL** and save your work.



DEFINING TAX CODES ON SALES AND PURCHASES

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Calculation > Define Tax Codes for Sales and Purchases**.



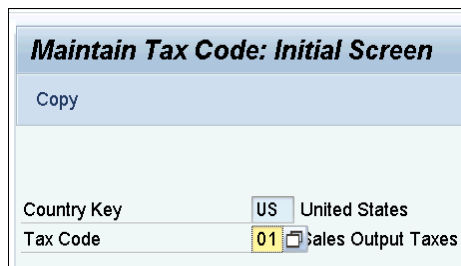
2. Click on **Define Tax Codes on Sales and Purchases** and click the  clock.

Create Tax Code O1 - A/R Taxes (Sales)

1. Select the **Country US**.



2. Enter the **Tax Code O1**.



3. Click **Properties** to open the Properties popup. Modify the fields:

- Set the **Tax Type** to A;
- Set the **Tax Category** to 0 or leave blank.

Maintain Tax Code: Tax Rates

Properties Tax accounts Deactivate line

Country Key United States
Tax Code Sales Output Taxes
Procedure
Tax type Output tax

Percentage rates

Tax Type	Acct Key	Tax Percent. Rate	Level	From Lvl	Cond. Type
Base Amount			100	0	BASB

[-] Properties

Tax Code Sales Output Taxes
Tax type Output tax
CheckID ☐
EU code ☐
Target tax code
Tgt Tax Code: Output
Tgt Tax Code: Input
Tol.per.rate
Relevant to tax ☐
Tax category

4. In the accrual block, levels **510** to **550**, you **must** set **Tax Percent** to **100**.

Maintain Tax Code: Tax Rates

Properties Tax accounts Deactivate line

Country Key United States
Tax Code Sales Output Taxes
Procedure
Tax type Output tax

Percentage rates

Tax Type	Acct Key	Tax Percent. Rate	Level	From Lvl	Cond. Type
A/P Sales Tax 2 Exp.	VS2		320	100	XP2E
A/P Sales Tax 3 Exp.	VS3		330	100	XP3E
A/P Sales Tax 4 Exp.	VS4		340	100	XP4E
A/P Sales Tax 5 Exp.	VS4		350	100	XP5E
A/P Sales Tax 6 Exp.	VS4		360	100	XP6E
*			0	0	
A/P Sales Tax 1 Use	MW1		410	210	XP1U
A/P Sales Tax 2 Use	MW2		420	220	XP2U
A/P Sales Tax 3 Use	MW3		430	230	XP3U
A/P Sales Tax 4 Use	MW4		440	240	XP4U
A/P Sales Tax 5 Use	MW4		450	250	XP5U
A/P Sales Tax 6 Use	MW4		460	260	XP6U
*			0	0	
A/R Sales Tax 1	MW1	100.000	510	100	XR1
A/R Sales Tax 2	MW2	100.000	520	100	XR2
A/R Sales Tax 3	MW3	100.000	530	100	XR3
A/R Sales Tax 4	MW4	100.000	540	100	XR4
A/R Sales Tax 5	MW4	100.000	550	100	XR5
A/R Sales Tax 6	MW4	100.000	560	100	XR6

5. Save your work.

Create Tax Code I1 - A/P Taxes (Input)

1. Repeat the prior process for Tax Code I1. Modify the **Properties** fields:

- Set the **Tax Type** to V.
- Set the **Tax Category** to 0 or leave blank.

The screenshot shows the SAP 'Maintain Tax Code: Tax Rates' screen. The 'Properties' tab is active, displaying the following fields:

- Tax Code: I1
- Tax type: V
- CheckID:
- EU code:
- Target tax code:
- Tgt Tax Code: Output:
- Tgt Tax Code: Input:
- Tol.per.rate:
- Relevant to tax:
- Tax category: 0

The 'Percentage rates' table is also visible, showing the following data:

Tax Type	Acct Key	Tax Percent
Base Amount		
A/P Sales Tax 1 Inv.	NVV	100.000
A/P Sales Tax 2 Inv.	NVV	100.000
A/P Sales Tax 3 Inv.	NVV	100.000
A/P Sales Tax 4 Inv.	NVV	100.000
A/P Sales Tax 5 Inv.	NVV	100.000
A/P Sales Tax 6 Inv.	NVV	100.000

- In the accrual block, levels **210 to 260**, you must set **Tax Percent** to **100**.
- Save your work.

Tax Code: U1 - A/P Taxes (Self-Assessment)

See **Recommended Tax Codes for US and Canada** (page 24) for US and Canada tax codes.

- Create Tax Code **U1 - A/P Taxes (Self-Assessment)**.
- Modify the **Properties** fields:

- Set the **Tax Type** to V.
- Set the **Tax Category** to 1.

Maintain Tax Code: Tax Rates			
Properties Tax accounts Deactivate line			
Country Key	US	United States	
Tax Code	U1	Self Assessment	
Procedure	ZTXUSX		
Tax type	V	Input tax	
Percentage rates			
Tax Type	Acct Key	Tax Pe	
Base Amount			
*			
A/P Sales Tax 1 Inv.	NVV	100.000	210 100 XP1I
A/P Sales Tax 2 Inv.	NVV	100.000	220 100 XP2I
A/P Sales Tax 3 Inv.	NVV	100.000	230 100 XP3I
A/P Sales Tax 4 Inv.	NVV	100.000	240 100 XP4I
A/P Sales Tax 5 Inv.	NVV	100.000	250 100 XP5I
A/P Sales Tax 6 Inv.	NVV	100.000	260 100 XP6I
*			

- Set Levels **210** to **260** to a **Tax Percent Rate** of **100**.
- On the same screen, set Levels **410** to **460** to a **Tax Percent Rate** of **100.000**.

A/P Sales Tax 1 Use	MW1	100.000-	410	210	XP1U
A/P Sales Tax 2 Use	MW2	100.000-	420	220	XP2U
A/P Sales Tax 3 Use	MW3	100.000-	430	230	XP3U
A/P Sales Tax 4 Use	MW4	100.000-	440	240	XP4U
A/P Sales Tax 5 Use	MW4	100.000-	450	250	XP5U
A/P Sales Tax 6 Use	MW4	100.000-	460	260	XP6U
*					

- Save your work and then create the same tax codes for Canada.

Recommended Tax Codes for US and Canada

Use values in the following table to complete the procedure above.

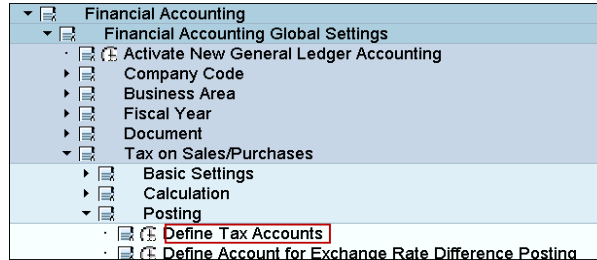
US and Canada Tax Codes					
Country	Tax Procedure	Tax Code	Description	Tax Type	Tax Category
US	TAXUSX	O1	AR - Taxes	A	0
US	TAXUSX	I1	AP - Taxes (Input)	V	0
US	TAXUSX	U1	AP - Taxes (Self Assessment)	V	1
CA	TAXCAX	O1	AR - Taxes	A	0
CA	TAXCAX	I1	AP - Taxes (Input)	V	0
CA	TAXCAX	U1	AP - Taxes (Self Assessment)	V	1

Based on the properties of the tax code, Integration provides the following Company Role (Buyer or Seller) to Determination.

Company Role based on Tax Type			
Tax Type	Description	Tax Category	ONESOURCE Indirect Tax Company Role
A	Output Tax	Must be 0 or Blank; no other flags are allowed.	S - Seller
V	Input Tax	If 0 or Blank	S - Seller
V	Input Tax	1	B - Buyer

Defining Tax Accounts

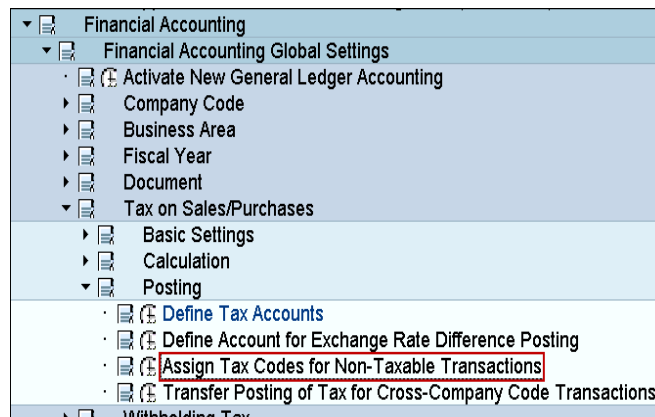
From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Posting > Define Tax Accounts**.



You will assign the G/L accounts for posting taxes, using values specific to your accounting needs. Please have your accounting department provide guidelines to complete this configuration.

Assigning Tax Codes for Non-Taxable Transactions

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Postings > Assign Tax Codes for Non-Taxable Transactions**.
2. Set the cursor on **Assign Tax Codes for Non-Taxable Transactions** and click clock.



Change View "Allocate Co.Cd. -> Non-Taxable Transactions": Overview

CoCd	Company Name	City	Input tax...	Output t...	Jurisdic. code
3000	IDES US INC	New York	10	00	US0000000000

3. For the given company set the data as shown above.

SD CONFIGURATIONS

SD configurations require several procedures:

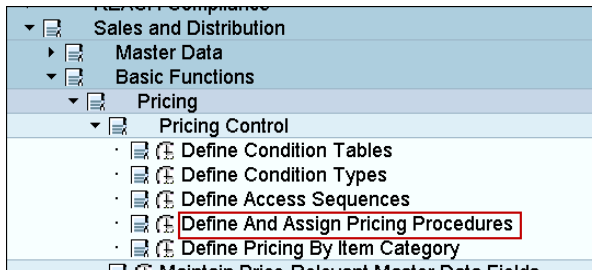
- **MAINTAINING THE PRICING PROCEDURE FOR TAX CALCULATION** (page 27)
- **DETERMINING PRICING PROCEDURE (ASSIGNING PRICING PROCEDURE)** (page 29)
- **DEFINING TAX DETERMINATION RULES** (page 31)
- **ASSIGNING DELIVERING PLANTS FOR TAX DETERMINATION** (page 32)
- **DEFINING TAX RELEVANCE OF CUSTOMER MASTER RECORDS** (page 34)
- **DEFINING TAX RELEVANCE OF MATERIALS MASTER RECORDS** (page 35)

MAINTAINING THE PRICING PROCEDURE FOR TAX CALCULATION

SAP has provided the **RVAXUD** pricing procedure to make a tax call to Determination. The essential condition types in this tax procedure are *UTXD*, *UTXE*, and *XR1-XR6*.

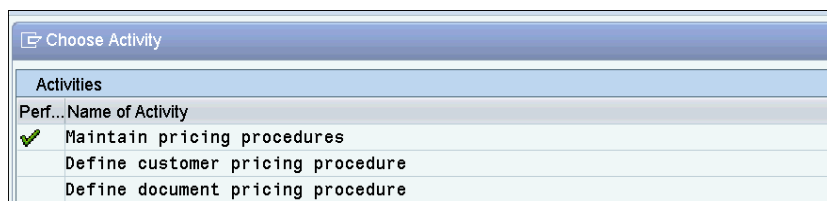
If you have already implemented SAP and are using pricing procedures, you need to decide how to add these condition types in your existing pricing procedures to enable the tax call to ONESOURCE Indirect Tax. You must use *UTXD* and *UTXE* to take the benefit of max tax calculation.

1. From IMG, navigate to **Sales and Distribution > Basic Functions > Pricing > Pricing Control > Define and Assign Pricing Procedure**.



2. Set the cursor on **Define and Assign Pricing Procedure** and click the  clock.

3. Highlight **Maintain Pricing Procedure** and double-click it.



4. Find the pricing procedure **RVAXUD**.

Change View "Procedures": Overview

New Entries | BC Set: Change Field Values

Dialog Structure
 ▼ Procedures
 Control data

Usage: A
 Application: V

Proce...	Descript.	TSP	Pricing Type
RVAXUD	Standard - USA w/with Jur. ext.		

5. Double-click **Control Data** to see the details.

Change View "Control data": Overview

New Entries | BC Set: Change Field Values

Dialog Structure
 ▼ Procedures
 Control data

Procedure: RVAXUD Standard - USA w/with Jur. ext.

Control data

Step	Cou...	CType	Description	Fro	To	Ma...	Re...	Stat...	P.SuTot	Reqt	CalType	BasTy...	AccKey	Accruals
903	0	B003	Customer Rebate	400						24			ERB	ERU
904	0	B004	Hierarchy Rebate	400						24			ERB	ERU
905	0	B005	Hierarchy rebate/mat	400						24			ERB	ERU
908	0	PI02	Intercompany %						X B	22		2	ERL	
909	0	PI01	Intercompany Price						X B	22			ERL	
910	0	UTXD	US Tax per document	900							500			
911	0	UTXE	US Tax per document	900							501			
912	0	XR1	Tax Jur Code Level 1	900							301		MWS	MWS
913	0	XR2	Tax Jur Code Level 2	900							302		MWS	MWS
914	0	XR3	Tax Jur Code Level 3	900							303		MWS	MWS
915	0	XR4	Tax Jur Code Level 4	900							304		MWS	MWS
916	0	XR5	Tax Jur Code Level 5	900							305		MWS	MWS
917	0	XR6	Tax Jur Code Level 6	900					6		306		MWS	MWS
918	0	DIFF	Rounding Off							13	16	4	ERS	



If you have business-specific needs to alter this pricing procedure or if you have an existing pricing procedure that calls Determination for tax calculation, make sure that you have all condition types shown above with this exact set-up. If you need to make major modifications, SAP always recommends that you make a copy of the original, and then alter it according to your business needs.

Once you have the pricing procedure set up correctly, make sure that you can invoke this pricing procedure from the sales transaction, as shown in the next step. Seek help from your SD expert about setting the required configurations to make sure that the correct pricing procedure gets invoked.


DETERMINING PRICING PROCEDURE (ASSIGNING PRICING PROCEDURE)

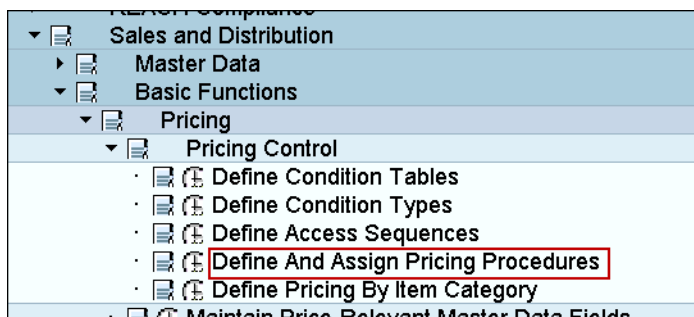
Five factors determine the pricing procedure in SD. Those factors are:

- Sales Organization
- Distribution Channel
- Division
- Order Type
- Sold-To-Party

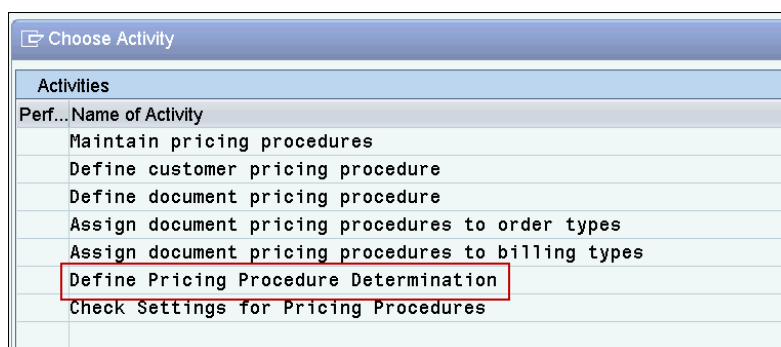
Order Type and Sold-To-Party have a pricing indicator assigned to them.

Make sure that your master data (Sold-To-Party) has the correct indicator in the **Sold-To-Party Billing** tab. The configuration in SAP exists in this location.








1. From IMG, navigate to **Sales and Distribution > Basic Functions > Pricing > Pricing Control > Define and Assign Pricing Procedures**.
2. Set the cursor on **Define Pricing Procedure** and click the  clock.



3. Double-click **Define Pricing Procedure Determination**.




- On this screen make sure that you have correctly configured your pricing procedure determination. Work with your SD Business Analyst to confirm all lines in this table are correct for all combinations of sales org, channel, etc. Multiple lines would need to be updated based on your pricing procedure structures.

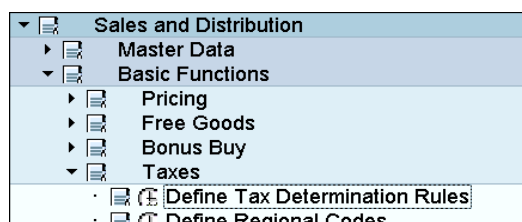
Change View "Pricing Procedures: Determination in Sales Docs									
 New Entries      									
SOrg.	DChI	Dv	DoPr	CuPP	PriPr.	Pricing procedure	CTyp	Condition type	
3000	10	00	A	+	ZMKTPR	Market Price			
3000	10	00	A	0	ZPMM	Standard - USA /with J			
3000	10	00	A	1	RVAXUD	Standard - USA /with J	PR00	Price	
3000	10	00	A	E	ZTR - 01	TR:Basic Price/CostPlu	PR00	Price	

DEFINING TAX DETERMINATION RULES

In SD, your tax code determination is based on the tax category and its corresponding indicator. Both the tax category and its indicator are maintained on the Sales Organization view of the customer master.

The following configuration is required to assign an appropriate indicator to a tax category:

1. From IMG, navigate to **Sales and Distribution > Basic Functions > Taxes > Define Tax Determination Rules**.
2. Set the cursor on **Define Tax Determination Rules** and click the  clock.



3. Assign the Tax Category *UTXJ* to the country **US**.

Change View "Taxes: Tax Categories by Country": Overview					
New Entries					
Tax count.	Name	Seq.	Tax categ.	Name	
US	United States	1	UTXJ	Tax Jurisdict.Code	
ZA	South Africa	1	MWST	Output Tax	

4. Assign the Tax Category *UTXJ* as shown above to the country **CA**.

Change View "Taxes: Tax Categories by Country": Overview					
New Entries					
Tax count.	Name	Seq.	Tax categ.	Name	
CA	Canada	1	UTXJ	Tax Jurisdict.Code	



Make sure that you have only one entry in this configuration for a given country.

ASSIGNING DELIVERING PLANTS FOR TAX DETERMINATION

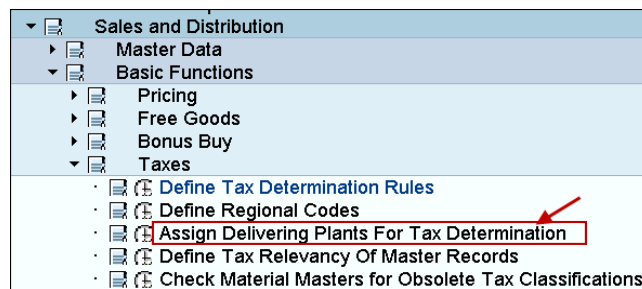
In SD, SAP uses plant as a ship-from location (by default). In MM, plant is used as a ship-to location for tax calculation. Therefore, make sure that every active plant in your company has been assigned a jurisdiction code.

Determination plays a key role in determining the tax jurisdiction code for any given address based on the City, ZIP and ZIP+4 address data.

You have already completed all prerequisite configurations so that Determination determines tax jurisdiction codes for your plant addresses. This is a good test to make sure that SAP is calling Determination through the installed Integration and receiving jurisdiction codes for US and CA addresses back from ONESOURCE Indirect Tax.

If you do not receive a jurisdiction code for some of your US or CA addresses, the prerequisite configurations were incorrectly done.


1. From IMG, navigate to **Sales and Distribution > Basic Functions > Taxes > Assign Delivering Plants for Tax Determination**.




2. Set cursor on **Assign Delivering Plants for Tax Determination** and click the clock.

Change View "Plants": Overview		
New Entries		
Plnt	Name 1	Name 2
3000	New York	New York
3001	California	California

3. Highlight the **Plant** code on which you want to maintain the jurisdiction code.

4. Click the address icon  to get to the address details.
5. Provide the address and press **ENTER**. ONESOURCE Indirect Tax must return the jurisdiction code.

 Edit address: 3000

Name			
Title	<input type="text"/>		
Name	New York		
	New York		
Search Terms			
Search term 1/2	<input type="text"/>		
Street Address			
Street/House number	Broadway		691
District	New York		
Postal Code/City	10463 - 7625	New York	
Country	US	United States	Region NY New York
Time zone	CST	Jurisdic. code	USNY1046376250
P.O. Box Address			

6. Save your work.
7. Repeat for all applicable plants you use for end-to-end testing.

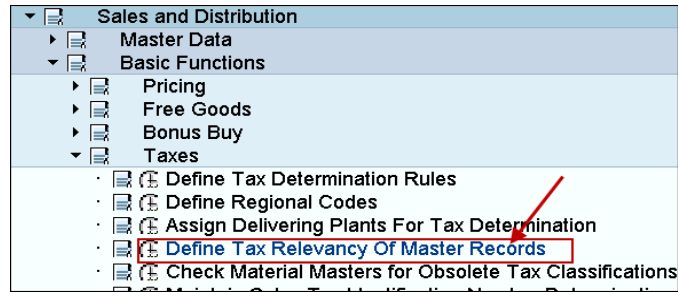


ONESOURCE Indirect Tax recommends that you provide the complete Postal Code, including the +4 portion, to get the unique jurisdiction code.

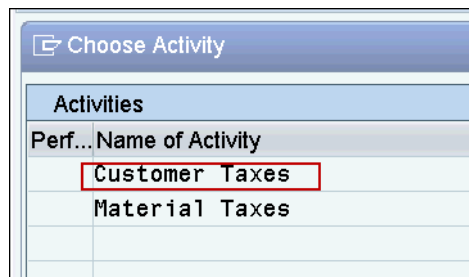
DEFINING TAX RELEVANCE OF CUSTOMER MASTER RECORDS

This configuration is required to set up a tax-relevant flag which you will use in the Customer Master. You will maintain those flags here. ONESOURCE Indirect Tax recommends that you use 1 as the Taxable flag. ONESOURCE Indirect Tax also recommends that you maintain every customer and material as taxable in SAP and let Determination decide taxability.







1. From IMG, navigate to **Sales and Distribution > Basic Functions > Taxes > Define Tax Relevancy of Master Records**.



2. Click on **Define Tax Relevancy of Master Records** and click the clock. 



3. Double-click **Customer Taxes**.
4. Maintain the **Tax Class** as shown below.

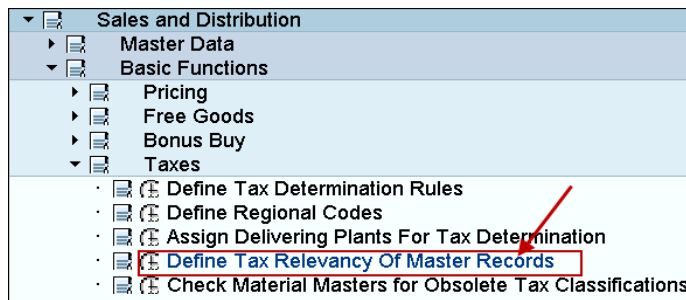
Change View "Customer Taxes": Overview			
 New Entries     			
Tax categ.	Name	Tax class.	Description
UTXJ	Tax Jurisdict.Code	1	Liable for Tax

5. Save your work.

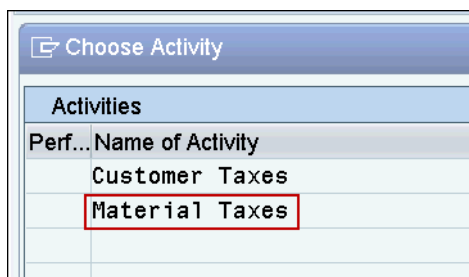
DEFINING TAX RELEVANCE OF MATERIALS MASTER RECORDS

This configuration is required to set up a tax-relevant flag you use in the Sales Organization view of the Material Master. You will maintain those flags here. ONESOURCE Indirect Tax recommends that you use 1 as the Taxable flag. ONESOURCE Indirect Tax also recommends that you maintain every customer and material as taxable in SAP and let Determination decide taxability.

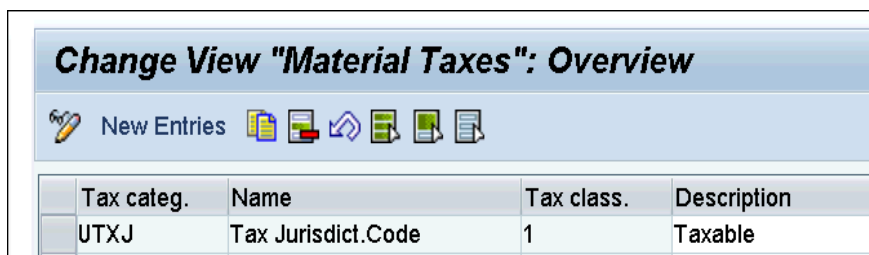
1. From IMG, navigate to **Sales and Distribution > Basic Functions > Taxes > Define Tax Relevancy of Master Records**.



2. on **Define Tax Relevancy of Master Records** and click the clock. 



3. Highlight **Material Taxes** and then double-click it.
4. Assign the tax indicator UTXJ.



5. Save your work.

MM CONFIGURATIONS

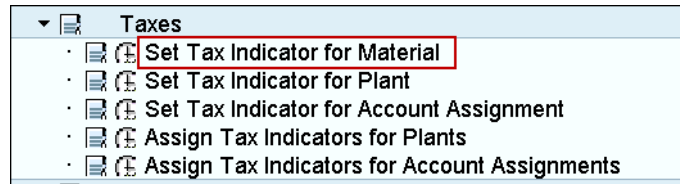
MM configurations require the following procedures:

- **SETTING THE TAX INDICATOR FOR MATERIALS** (page 36)
- **SETTING THE TAX INDICATOR FOR PLANT** (page 37)
- **SETTING THE TAX INDICATOR FOR ACCOUNT ASSIGNMENT** (page 38)
- **ASSIGNING THE TAX INDICATOR FOR PLANT** (page 39)
- **ASSIGNING THE TAX INDICATOR FOR ACCOUNT ASSIGNMENT** (page 40)

SETTING THE TAX INDICATOR FOR MATERIALS

This configuration assigns a tax indicator on the purchasing view of material master. This flag will be used to determine the tax code.

1. From IMG, navigate to **Materials Management > Purchasing > Taxes > Set Tax Indicator for Material**.



2. Set the cursor on **Set Tax Indicator for Material** and click the clock.
3. Assign the tax indicator as shown below to country **US**.

Change View "Determination of Tax		
New Entries		
Dst.Cntry	Material	Description
US	1	taxable

4. Assign the tax indicator as shown below to country **CA**.

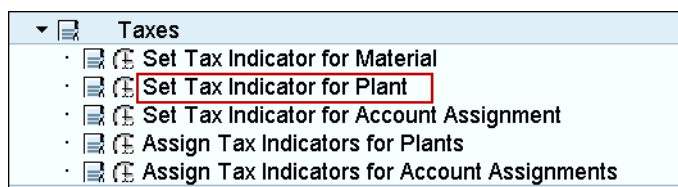
Change View "Determination of Tax		
New Entries		
Dst.Cntry	Material	Description
CA	1	Taxable


5. Save your work.








SETTING THE TAX INDICATOR FOR PLANT

In this configuration, you maintain the taxable flags for all countries to which your plants belong.








1. From IMG, navigate to **Materials Management > Purchasing > Taxes > Set Tax Indicator for Plant**.



2. Set the cursor on **Set Taxes Indicator for Plant** and click the clock. 
3. Assign the taxable indicator 1 as shown below for the country **US**.

Change View "Determination of Tax Indicator: Maintain Plant Indicator			
 New Entries     			
Dst.Cntry	Plant Tax ID	Description	
US	1	Taxable	


4. Assign the taxable indicator 1 as shown below for the country **CA**.

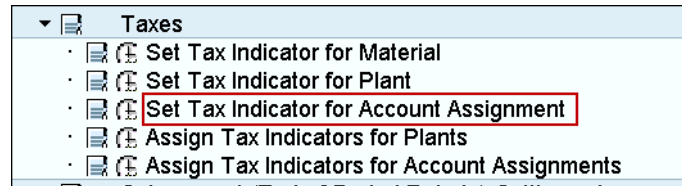
Change View "Determination of Tax Indicator: Maintain Plant Indicator			
 New Entries     			
Dst.Cntry	Plant Tax ID	Description	
CA	1	Taxable	

5. Save your work.









SETTING THE TAX INDICATOR FOR ACCOUNT ASSIGNMENT

This configuration is required to set a taxable indicator for account assignment.









1. From IMG, navigate to **Materials Management > Purchasing > Taxes > Set Tax Indicator for Account Assignment**.
2. Set the cursor on **Set Tax Indicator for Account Assignment** and click the  clock.



3. Set the tax indicator for **US** as shown below

Change View "Determine Tax Code: Maintain Account Assignment Indicator			
 New Entries      			
Dst.Cntry	Tax Ind. AccAss.	Description	
US	1	Taxable	

4. Set the tax indicator for **CA** as shown below.

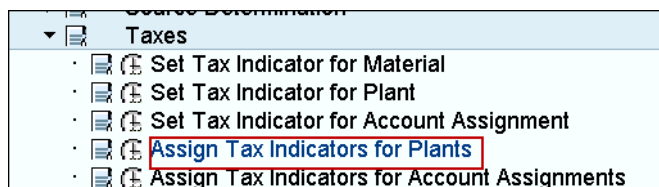
Change View "Determine Tax Code: Maintain Account Assignment Indicator			
 New Entries      			
Dst.Cntry	Tax Ind. AccAss.	Description	
CA	1	Taxable	

5. Save your work.

ASSIGNING THE TAX INDICATOR FOR PLANT

In this configuration you assign the tax indicator to the plant that you created in the previous configuration. You can use this indicator to determine the tax code.

1. From IMG, navigate to **Materials Management > Purchasing > Taxes > Assign Tax Indicator for Plant**.



2. Set the cursor on **Assigning the Tax Indicator for Plant** and click the clock.
3. Assign the tax indicator to the plant as shown below. Remember to complete this for all plants.

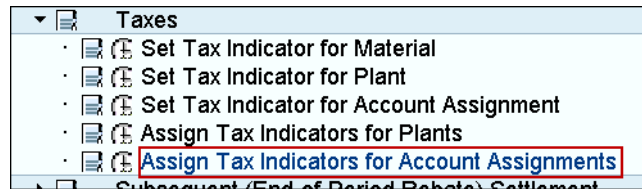
Change View "Assignment of Tax Indicator to Plant": Overview				
Plnt	Name 1	Plant Tax ID	Description	
3000	New York	1	Taxable	


4. Save your work.






ASSIGNING THE TAX INDICATOR FOR ACCOUNT ASSIGNMENT

In this configuration, you assign the tax indicator to the account.

1. From IMG, navigate to **Materials Management > Purchasing > Taxes > Assign Tax Indicator for Account Assignments**.



2. Set the cursor on **Assign the Tax Indicators for Account Assignments** and click the  clock.
3. Assign the tax indicator as shown below to each of the combinations of Account Assignment code and destination country. Set Tax Ind. AccAss. to code 1 (taxable) for each combination.

New Entries: Overview of Added Entries					
    					
AAC	Dst.Cntry	Description	Name	Tax Ind. AccAss.	
	CA		Canada	1	
	US		United States	1	

4. Save your work.

MAINTAINING MASTER DATA

Once you have done the necessary configurations in SD and MM with tax indicators, you need to assign those tax indicators in the material master and customer master.

In SD, based on these tax indicators, tax codes are determined in the pricing procedure. You also need to maintain the condition type *UTXJ* with the appropriate tax codes based on these indicators. *UTXJ* is the condition type used in the pricing procedure for tax code determination.

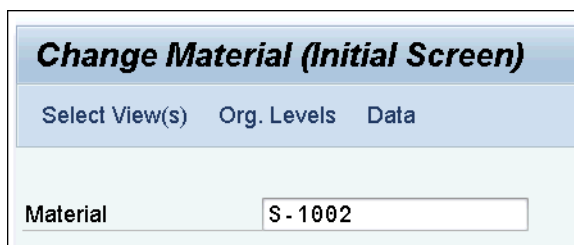
The following procedures describe how to assign tax indicators and maintain the condition type for tax code determinations:

- **ASSIGNING TAX INDICATORS IN THE MATERIAL MASTER SALES ORGANIZATION VIEW (page 41)**
- **ASSIGNING TAX INDICATORS IN THE MATERIAL MASTER PURCHASING VIEW (page 43)**
- **ASSIGNING TAX INDICATORS IN THE CUSTOMER MASTER (page 45)**
- **MAINTAINING JURISDICTION CODES (page 46)**
- **MAINTAINING CONDITION TYPE UTXJ TO DETERMINE THE TAX CODE (page 48)**
- **MAINTAINING COMMODITY CODES ON THE MATERIAL MASTER (page 53)**

ASSIGNING TAX INDICATORS IN THE MATERIAL MASTER SALES ORGANIZATION VIEW

Transaction: MM01/MM02

1. Enter the **Material** number.

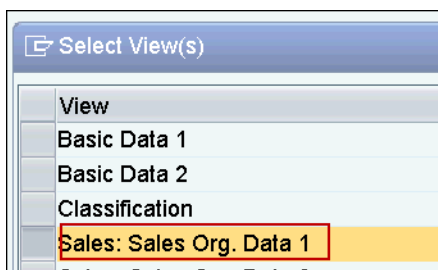


Change Material (Initial Screen)

Select View(s) Org. Levels Data

Material S-1002

2. Select **Sales: Sales Org. Data 1** and press ENTER.



Select View(s)

View
Basic Data 1
Basic Data 2
Classification
Sales: Sales Org. Data 1
Sales: Sales Org. Data 2

3. Enter the **Sales Organization** and **Distribution Channel**.

4. Hit Enter.

Co...Country	Tax...	Tax category	T...Tax classification
US	United States	UTXJ Tax Jurisdict.Code	1 Taxable

5. Save your work and repeat this for all of the sales area and country codes extended to this material. Make sure you have a line for both US and Canada country codes on each part number for this procedure.

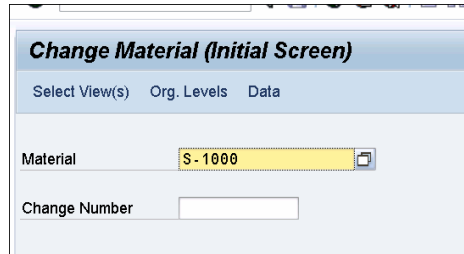


There are tools available that your Professional Services Representative can offer for mass update of all part number and sales organization extensions. Talk to your ONESOURCE Indirect Tax representative for more details and assistance in this maintenance process.

ASSIGNING TAX INDICATORS IN THE MATERIAL MASTER PURCHASING VIEW

Transaction: MM01/MM02

1. Enter the **Material** number.



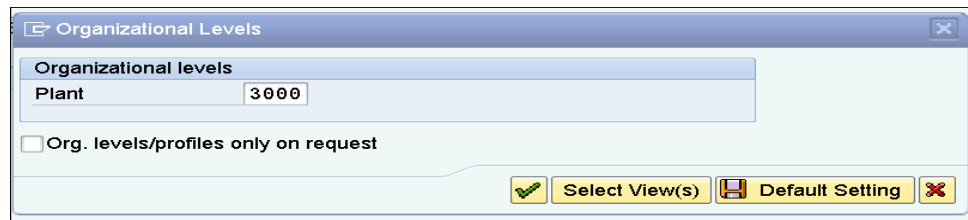
The screenshot shows the 'Change Material (Initial Screen)' dialog box. It has three tabs: 'Select View(s)', 'Org. Levels', and 'Data'. The 'Material' field is populated with 'S-1000' and has a magnifying glass icon to its right. The 'Change Number' field is empty.

2. Select the **Purchasing** view.



The screenshot shows the 'Select View(s)' dialog box. It contains a list of views: 'View', 'Basic Data 1', 'Basic Data 2', 'Classification', 'Sales: Sales Org. Data 1', 'Sales: Sales Org. Data 2', 'Sales: General/Plant Data', 'Foreign Trade: Export Data', 'Sales Text', 'Purchasing', 'Foreign Trade: Import Data', and 'Purchase Order Text'. The 'Purchasing' view is highlighted in yellow.

3. Enter the **Plant** code.



The screenshot shows the 'Organizational Levels' dialog box. It has a tab labeled 'Organizational levels'. The 'Plant' field is populated with '3000'. There is a checkbox labeled 'Org. levels/profiles only on request' which is currently unchecked. At the bottom right, there are three buttons: a green checkmark icon, 'Select View(s)', and a 'Default Setting' button with a red 'X' icon.

4. Enter the **Tax Ind F. Material**.

Change Material S-1000 (Finished product)

Additional Data Org. Levels Check Screen Data

Sales text **Purchasing** Foreign trade import Purchase order text MRP 1 MRP 2

Material: S - 1000 Pump PRECISION 100

Plant: 3000 New York

General Data

Base Unit of Measure	EA	Each	Order Unit		Var. OUn
Purchasing Group			Material Group	00120	
Plant-sp.matl status			Valid from		
Tax ind. f. material	2		Qual.f.FreeGoodsDis.		
Material freight grp			<input type="checkbox"/> Autom. PO		
			OB Management		

5. Save your work and repeat this procedure for all of the plants extended to this material.

ASSIGNING TAX INDICATORS IN THE CUSTOMER MASTER

Transaction: XD01/XD02

1. Enter the **Customer** number, **Sales Organization**, **Distribution Channel**, and **Division**.

Customer Change: Initial Screen

Customer: 3001 US Auto Services Ltd

Company code:

Sales area

Sales Organization: 3000 USA Philadelphia

Distribution Channel: 10 Final customer sales

Division: 00 Cross-division

Buttons: All sales areas... Customer's sales areas...

2. To maintain the tax indicators, you must be in the **Sales Area Data > Billing Tab**.

Change Customer: Sales Area Data

Other Customer General Data Additional Data, Emptyies Additional Data, DSD Sales Area Information

Customer: 3001 US Auto Services Ltd Burbank

Sales Org.: 3000 USA Philadelphia

Distr. Channel: 10 Final customer sales

Division: 00 Cross-division

Billing Documents

☐ Sub. invoice processing ☐ Rebate ☐ Price determin.

Invoicing dates: InvoicingListDates:

Delivery and payment terms

Incoterms: CIF Cost, Insurance and Freight

Terms of payment: 0001 Special Payment Terms 0001 Paym.guar.proc.:

Credit ctrl area:

Accounting

Acct assgmt group:

Taxes

Country	Name	Tax category	Name	Tax c...	Description
US	United States	UTXJ	Tax Jurisdict.Code	1	Liabel for Tax

3. Save your work and repeat this process for all of the sales areas to which this customer has been extended. You will need to enter lines for both US and Canada as shown above in the taxes table.



There are tools available that your Professional Services Representative can offer for mass update of all part number and sales organization extensions. Talk to your ONESOURCE Indirect Tax representative for more details and assistance in this maintenance process.

MAINTAINING JURISDICTION CODES

Any address location used for tax calculation must contain a jurisdiction code. Based on the address, Determination determines the jurisdiction code and returns it to the calling transaction.

1. Here is an example on a Customer Master: Transaction **XD01/XD02**.

2. Enter the **Customer Master Number** and press **ENTER**.
3. You must be in the address tab to maintain the jurisdiction code. Type the complete address and press ENTER.

4. ONESOURCE Indirect Tax will determine the jurisdiction code for you.

Change Customer: General Data

Other Customer Additional Data, Empties Additional Data, DSD Sales Area Information, DSD Data

Customer 3001 US Auto Services Ltd Burbank

Address Control Data Payment Transactions Marketing Unloading Points Export Data Contact

Preview Internat. versions

Name

Title

Name US Auto Services Ltd

Search Terms

Search term 1/2 SABRIX

Street Address

Street/House number 2130N Glenoaks Blvd

District Los Angeles

Postal Code/City 91504 - 2827 Burbank

Country US United States Region CA California

Time zone PST Tax Jurisdiction **USCA9150428270**

Transportation zone 0000000004 Pacific

5. Save your work.

Be sure to maintain the jurisdiction code on all the address elements in your transaction, such as plant, sales organization, cost center, vendor, and customer.



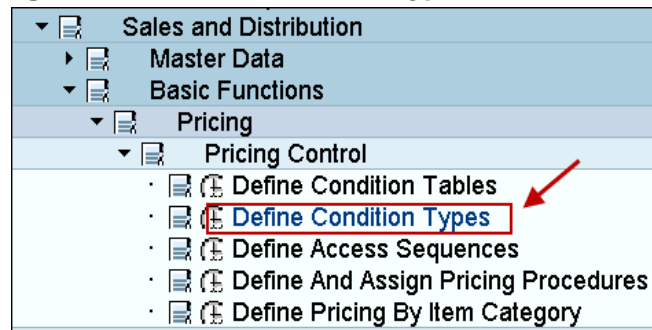
An ABAP code can do mass maintenance of jurisdiction codes. Refer to OSS Note 409562 *Mass adjustment of jurisdiction codes in address data*. Contact ONESOURCE Indirect Tax Professional Services for information on using this code.

MAINTAINING CONDITION TYPE UTXJ TO DETERMINE THE TAX CODE

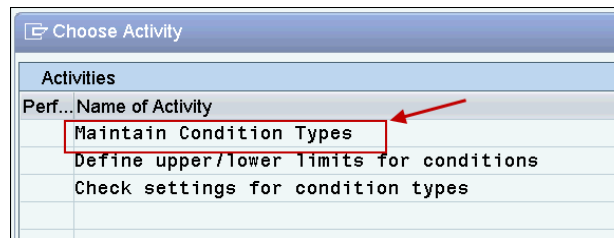
SAP determines the tax code in SD (A/R) transactions through the condition Type *UTXD* in the pricing procedure, using an access sequence of *UTX1*. *UTXD* refers to the *UTXJ* condition type; *UTXJ* has the same access sequence as *UTXD* (*UTX1*). Maintain your tax codes using the *UTXJ* condition type, with the access sequence *UTX1*. Use the condition table **2 - Domestic Taxes** to maintain your Tax Codes.

Because ONESOURCE Indirect Tax determines taxability and non-taxability, it is a best practice to maintain your customers and materials as taxable in SAP.

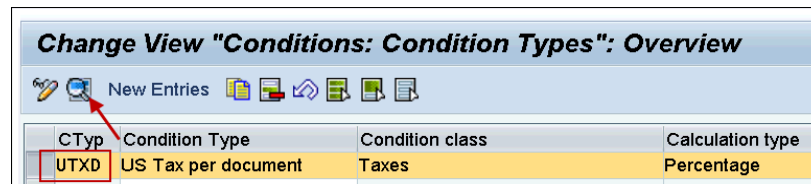
1. From IMG customizing (SPRO), navigate to **Sales and Distribution > Basic Functions > Pricing > Pricing Control > Define Condition Types**.



2. Double-click Maintain Condition types.



3. From the Condition Type screen use the Position button to go to UTXD and display the record.



4. Select the line and hit the details button to display the detail screen as shown above. This shows *UTXD* referring to the *UTXJ* condition type.

Change View "Conditions: Condition Types": Details

New Entries

Condit. type **UTXD** **US Tax per document** Access seq. **UTX1** State Tax USA (PST CN) **Records for access**

Control data 1

Cond. class **D** Taxes Plus/minus ☐ positive a
 Calculat.type **A** Percentage
 Cond.category **1** Tax JurDic level 1 (with license check)
 Rounding rule ☐ Commercial
 StrucCond. ☐

Group condition

☒ Group cond. GrpCond.routine ☐
☐ RoundDiffComp

Changes which can be made

Manual entries **D** Not possible to process manually
☐ Header condit. ☐ Amount/percent ☐ Qty relation
☒ Item condition ☐ Delete ☐ Value

Master data

valid from ☐ Today's date PricingProc ☐
 Valid to ☐ 31.12.9999 delete fr. DB ☐ Do not delete (set the deletion fla...
 RefConType **UTXJ** ☐ Condition index
 RefApplicatio **V** ☐ Condit.update

Scales

5. Make sure that the detail screen for *UTXD* is as shown above and save your work.
6. Go to **IMG Sales and Distribution > Basic Functions > Pricing > Price Control > Define Access Sequences**.
7. Display the access sequence *UTX1* by selecting it from the list of table entries. Highlight it and click on the access sequence option on the left of the screen to display the table below. Make sure it is set correctly. It should appear as shown below.

This shows the access sequence *UTX1* with the condition tables it uses.

Change View "Accesses": Overview

New Entries

Access sequence **UTX1** State Tax USA (PST CND)

Dialog Structure

- Access sequences
- Accesses**
- Fields

Overview Accesses

No.	Tab	Description	Requiremnt	Exclusive
8	78	parture Country / Destination Country	8	<input checked="" type="checkbox"/>
10	40	Country/State/Customer Classif.1/Material Classification 1		<input checked="" type="checkbox"/>
20	2	Domestic Taxes		<input checked="" type="checkbox"/>

8. Next highlight the domestic taxes line and select the fields option to display the table. This shows the fields of the condition table 2. Again make sure this table shows conditions ALAND, TAXK1, and TAXM1 or make changes and save your work. Entry should display as seen here.

Change View "Fields": Overview

Access 20 State Tax USA (PST CND)
Table Domestic Taxes

Condition	I/O	Docmt	Struc...	Doc.field	Long field label	Spec. Val. Source
ALAND	←	KOMK		ALAND	Country	
TAXK1	←	KOMK		TAXK1	TaxClass1-Cust.	
TAXM1	←	KOMP		TAXM1	Tax class. material	

9. You can use transaction **VK11/VK12** to maintain the tax code on condition type **UTXJ**.

Change Condition Records

Condition Information Key Combination Select Using Index

Condition type

Key Combination

☐ Departure Country / Destination Country
☐ Country/State/Customer Classif.1/Material Classification 1
☒ Domestic Taxes

10. Enter **Condition Type UTXJ** and select **Domestic Taxes** (Condition Table 2)

11. Maintain the tax code of 1 Liable for Tax Taxable.

Change Tax Jurisdict.Code Condition (UTXJ) : Overview

Country United States
Valid On

T. T. Name	Amount	Unit	Valid From	Valid to	Tax...	WA...	L
1 1 Liable for Tax Taxable	100.000		08/23/2010	12/31/9999	01		

12. Save your work.

DETERMINING TAX CODE THROUGH PRICING

In MM (A/P) transactions, the tax code can be determined through the pricing procedure. The pricing procedure must have a condition type *NAVS* with Access Sequence *0003* (Access Sequence *0003* has several condition tables).

1. In IMG navigate to **Materials Management > Purchasing > Conditions > Define Price Determination Process > Define Condition Types**. Locate *NAVS* in the table list and display the details. The record should look like example below.
2. This example shows the Condition Type *NAVS* with Access Sequence *0003*.

Change View "Conditions: Condition Types": Details			
New Entries			
Condit. type	NAVS Non-Deductible Tax	Access seq.	0003 Tax Classification
		Records for access	
Control data 1			
Cond. class	D Taxes	Plus/minus	<input type="checkbox"/> positive a
Calculat.type	B Fixed amount		
Cond.category	N Input Tax not Deductible		
Rounding rule	<input type="checkbox"/> Commercial		
StrucCond.	<input type="checkbox"/>		
Group condition			
<input type="checkbox"/> Group cond.		GrpCond.routine <input type="checkbox"/>	
<input type="checkbox"/> RoundDiffComp			
Changes which can be made			
Manual entries	D Not possible to process manually		
<input type="checkbox"/> Header condit.	<input type="checkbox"/> Amount/percent	<input type="checkbox"/> Qty relation	
<input checked="" type="checkbox"/> Item condition	<input type="checkbox"/> Delete	<input type="checkbox"/> Value	
Master data			
valid from	<input type="checkbox"/> Today's date	PricingProc	<input type="checkbox"/>
Valid to	31.12.9999	delete fr. DB	Do not delete (set the deletion flag)
RefConType	<input type="checkbox"/>	<input type="checkbox"/> Condition index	
RefApplicatio	<input type="checkbox"/>		
Scales			
Scale basis	<input type="checkbox"/>	Scale formula	<input type="checkbox"/>
Check value	<input type="checkbox"/> None	Unit of meas.	<input type="checkbox"/>
Scale type	<input type="checkbox"/> can be maintained in con		

Control data 2			
<input type="checkbox"/> Currency conv.	<input type="checkbox"/> Promotion Cond.	Exclusion	N Tax code
<input type="checkbox"/> Accruals	<input type="checkbox"/> Variant cond.	Pricing date	<input type="checkbox"/> Standard (KOMK-PRSDT; ta
<input type="checkbox"/> Inv.list cond.	<input type="checkbox"/> Qty conversion	Rel.Acc.Assig	<input type="checkbox"/> Relevant for account ass
<input type="checkbox"/> Int-comBillCond			
Sales pricing			
<input type="checkbox"/> Rel. to pricing		<input type="checkbox"/> Pricing on/off	
Text determination			
TextDetPrc	<input type="text"/>	Text ID	<input type="text"/>

3. To review the Access Sequence 0003 navigate in IMG to: **Materials Management > Purchasing > Conditions > Define Price Determination Process > Define Access Sequence.**
4. Select from the list 0003 and double click on Accesses within the Dialog Structure. Next select line 50 and double click on Fields within the Dialog Structure
5. This example shows Access Sequence 0003 with Condition Table 80 and its relevant fields.

Access	0003	50	Tax Classification			
Table	80	Taxes: Material				
Field Overview						
	Condition	I/O	Docmt Struc...	Doc.field	Long field label	Spec. Val. Source
	LLAND	←	KOMK	LAND1	Destination Country	
	TAXIM	←	KOMP	TAXIM	Tax ind. f. material	

6. You can use transactions **MEK1** and **MEK2** to maintain tax codes on Condition Type **NAVS**.

Change Condition Records

Condition Information
 Key Combination
 Select Using Index

Condition type

NAVS

Key Combination

☐ Taxes: Material, Plant, Acc. Assignment, Origin and Region
☐ Taxes: Material, Plant, Origin and Region
☐ Taxes: Plant, Account Assignment Origin and Region
☐ Taxes: Material, Plant and Origin
☒ Taxes: Material

7. Enter **Condition Type** **NAVS** and select **Taxes: Material** (Condition Table 80).

Create Non-Deductible Tax Condition (NAVS) : Fast Entry

Destination Country

US

United States

Taxes: Material

Tax ind.	Name	Amount	Unit	Valid From	Valid to	Tax Code	W/1...	Li
1		100.00			12/31/9999	I1		

8. Maintain the tax code as shown above.
9. Save your work.



You can also use other Condition Tables to maintain the tax codes depending upon your business needs.

MAINTAINING COMMODITY CODES ON THE MATERIAL MASTER

There are various ways you can configure product mappings when you are using Determination.

If you want to pass a Commodity Code from SAP to Determination, you must maintain the Commodity Code in the **Foreign trade export** on the Material Master view.

1. In the **MM01** or **MM02** transaction, enter the **Material Number** and **Plant** and access the **Foreign trade export** page:

Change Material S-1001 (Finished product)

Additional Data | Org. Levels | Check Screen Data

Sales: General/Plant | **Foreign trade export** | Sales text | Purchasing

Material: S-1001 | Pump SUPPER POWER 107
Plant: 3000 | New York

Foreign trade data

Comm./imp. code no.	89987654
Export/import group	0009
CAS number (pharm.)	
PRODCOM no.	
Control code	



You need to include ABAP code in the Tax user exit to query this code from the Material Master and populate one of ONESOURCE Indirect Tax Custom Attributes. Within Determination, you then need to create a TransEditor to move the Custom Attribute to the Commodity Code field.

DEVELOPING ENHANCEMENTS FOR EXTERNAL TAX CALCULATION

You may need to make enhancements in the Tax user exit to provide required data elements to Determination for accurate tax calculation.

To ensure proper tax calculation, we recommend that you add the following code to the Tax user exit in enhancement **FYTX0002**. Consult Appendix C of the *R/3 Tax Interface Configuration Guide* for additional information about using this enhancement.

All of these changes depend on your organization's needs and processes. Please consult ONESOURCE Indirect Tax Professional Services for assistance if needed.

1. Derive Point of Order Origin (POO) address from Sales Organization of the order:

- Add the field **VKORG** to table **CI_TAX_INPUT_USER** in transaction **SE11**.
- Add the following code to program **ZXFYTU03** in transaction **SE38**:

```
* Get jurisdiction of sales org. for POO
data: adrn timer tvko-adrn timer,
      txjcd timer sadr-txjcd.
* Find address number of sales org.
select single adrn timer from tvko into adrn timer
      where vkorg = i_input_user-vkorg.
* Read tax jurisdiction code of sales org.
if sy-subrc = 0.
  select single taxjurcode from adrc into txjcd
        where adrn timer = adrn timer
        and date_from <= sy-datum
        and nation = ' '.
* Replace tax jur. code with sales org. one
if sy-subrc = 0.
  ch_user_changed_fields-txjcd_poo = txjcd.
endif.
endif.
```

Instead of using the Sales Organization, your organization might like to use the Sales Office or Sales Employee instead. Please consult your IT expert or ask our Professional Services department to assist you if needed.

2. Provide freight amount of sales order to tax interface for accurate tax calculation:

- Add the field **KZWI4** to table **CI_TAX_INPUT_USER** in transaction **SE11**.
- Add the following code to program **ZXFYTU03** in transaction **SE38**:

```
ch_user_changed_fields-freight_am = i_input_user-kzwi4.
```

For additional information on freight handling in the SAP interface see Appendix D of the *R/3 Tax Interface Configuration Guide*.

3. Create Point of Title Transfer (PoTT) Mapping:

- Add the field **INCO1** to table CI_TAX_INPUT_USER in transaction **SE11**.
- Use this user exit code to map Incoterms to PoTT.

```

CASE I_INPUT_USER-INCO1.
  WHEN 'DAF' or 'DES' or 'DEQ' or 'DDU' or 'DDP'.
    CH_USER_CHANGED_FIELDS-PTP_IND = 'D'.      "Destination
  WHEN 'EXW'.      "Ex works
    CH_USER_CHANGED_FIELDS-PTP_IND= 'O'.      "Origin
  WHEN 'FCA' OR 'FAS' OR 'FOB' OR 'CFR' OR 'CIF' OR 'CPT' OR 'CIP'.
    CH_USER_CHANGED_FIELDS-PTP_IND= 'I'.      "In transit
  WHEN OTHERS.
    CH_USER_CHANGED_FIELDS-PTP_IND = 'I'.      "In transit
ENDCASE.

```


SAMPLE ORDER-TO-CASH SCENARIO

This chapter provides a simple example of the complete Order-to-Cash process once Determination and Integration have been integrated with SAP.

- *CREATING A SALES ORDER (page 57)*
- *CREATING A BILLING DOCUMENT (page 60)*
- *VIEWING TAXES IN SAP TABLES (page 62)*
- *COPYING THE DOCUMENT CONDITION (page 62)*
- *POSTING THE BILLING DOCUMENT TO THE GL (page 64)*

CREATING A SALES ORDER

This process uses Transaction **VA01** to create a sales order for company 3000.

Create Sales Order: Initial Screen

Create with Reference

Sales

Item overview

Ordering party

Order Type

or

Organizational Data

Sales Organization

3000

Distribution Channel

10

Division

00

Sales Office

Sales Group

1. Select the line item.

Create Standard Order: Overview

Standard Order: Net value: 100.00 USD

Sold-To Party: 3001 US Auto Services Ltd / 2130N Glenoaks Blvd / Burbank CA 91504-28;

Ship-To Party: 3001 US Auto Services Ltd / 2130N Glenoaks Blvd / Burbank CA 91504-28;

PO Number: PO date:

Sales | Item overview | Item detail | Ordering party | Procurement | Shipping | Reason for rejection

Req. deliv.date: D 12/29/2011 Deliver.Plant:

☐ Complete dlv. Total Weight: 125 LB

Delivery block: Volume: 50 L

Billing block: Pricing date: 12/19/2011

Payment card: Exp.date:

Card Verif.Code:

Payment terms: 0001 Special Payment Term Incoterms: CIF Cost, Insurance and Freight

Order reason:

All items

Item	Material	Order Quantity	Un	Description	S	Customer Material Numb
	10 S - 1001		1 EA	Pump SUPPER POWER	<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	

2. Select **GoTo > Header > Conditions** to view the taxes calculated by the Determination.

Create Standard Order: Header Data

Standard Order: Purchase order no.:
Sold-to party: US Auto Services Ltd / 2130N Glenoaks Blvd / Burbank CA 91504-

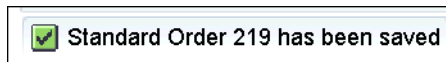
Sales Shipping Billing Document Payment cards Accounting **Conditions** Account assignment Partner

Net: USD
Tax:

Pricing Elements									
N...	CnTy	Name	Amount	Crcy	per	UoM	Condition value	Curr.	St
PR00		Price					100.00	USD	
		Gross Value					100.00	USD	
		Discount Amount					0.00	USD	
		Rebate Basis					100.00	USD	
		Rebate Basis					100.00	USD	
		Net Value for Item					100.00	USD	
		Net Value 2					100.00	USD	
UTXD		US Tax per document	100.000	%			100.00	USD	
UTXE		US Tax per document	0.000	%			0.00	USD	
XR1		Tax Jur Code Level 1					6.25	USD	
XR2		Tax Jur Code Level 2					0.00	USD	
XR3		Tax Jur Code Level 3					1.00	USD	
XR4		Tax Jur Code Level 4					0.00	USD	
XR5		Tax Jur Code Level 5					1.50	USD	
XR6		Tax Jur Code Level 6					0.00	USD	

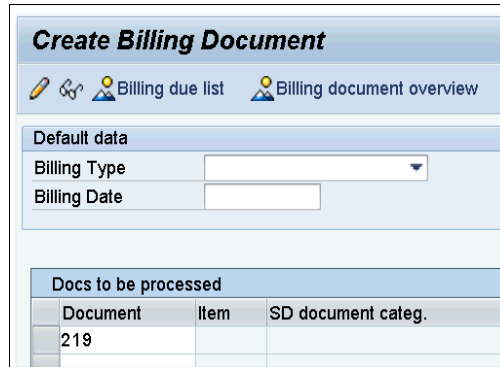
Condition rec. Activate Update

3. Click **Save** to create a Sales Order.



CREATING A BILLING DOCUMENT

This process uses Transaction **VF01**. The last created order number is displayed by default. Hit Enter. Select the line item and then from the menu bar, select **GoTo > Header > Pricing Conditions Header** to view the taxes calculated by Determination.



Create Billing Document

Billing due list
 Billing document overview

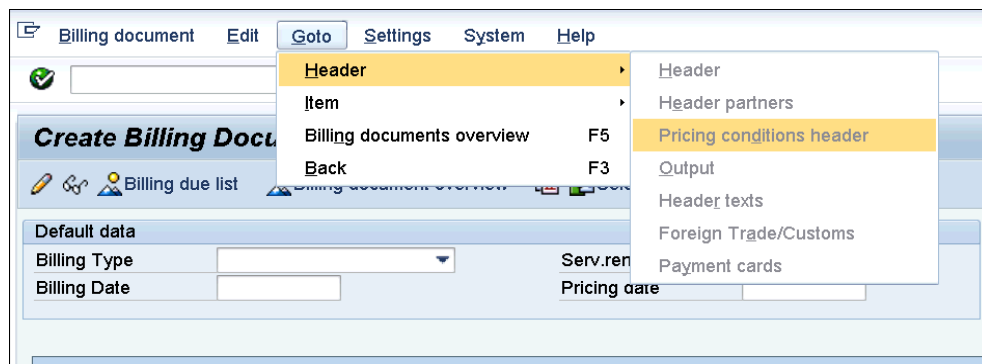
Default data

Billing Type

Billing Date

Docs to be processed

Document	Item	SD document categ.
219		



Billing document Edit **Goto** Settings System Help

Header
 Item
 Billing documents overview F5
 Back F3

Header

Header partners

Pricing conditions header

Output

Header texts

Foreign Trade/Customs

Payment cards

Default data

Billing Type

Billing Date

Serv. ren

Pricing date

Billing Invoice (F2) (F2) Create : Header data

Billing items

Output

Invoice (F2)

\$000000001

Payer

3001

US Auto Services Ltd / 2130N Glenoaks Blvd / US - 91504-2827 Bur

Created by

RICKP

Created on

12/19/2011

Time

16:26:57

Header

Head.prthrs

Conditions

ForTrade/Customs

Head.text

Net

100.00

USD

Tax

8.75

Pricing Elements

N...	CnTy	Name	Amount	Crcy	per	UoM	Condition value	Curr.
<input checked="" type="checkbox"/>	PR00	ce					100.00	USD
		Gross Value					100.00	USD
		Discount Amount					0.00	USD
		Rebate Basis					100.00	USD
		Rebate Basis					100.00	USD
		Net Value for Item					100.00	USD
		Net Value 2					100.00	USD
<input checked="" type="checkbox"/>	UTXD	US Tax per document	100.000	%			100.00	USD
<input checked="" type="checkbox"/>	UTXE	US Tax per document	0.000	%			0.00	USD
<input checked="" type="checkbox"/>	XR1	Tax Jur Code Level 1					6.25	USD
<input checked="" type="checkbox"/>	XR2	Tax Jur Code Level 2					0.00	USD
<input checked="" type="checkbox"/>	XR3	Tax Jur Code Level 3					1.00	USD
<input checked="" type="checkbox"/>	XR4	Tax Jur Code Level 4					0.00	USD

Condition rec.

Activate

Update

4. Click **Save** to create a Billing Document. You will see a message similar to your document is saved:

☒ Document 90000187 has been saved

ONESOURCE INDIRECT TAX INTEGRATION FOR SAP

US/CA TAX CONFIGURATION GUIDE - VERSION 5.2.0.0E

VIEWING TAXES IN SAP TABLES

This process uses Transaction **SE16** and Table **VBRK**.

Data Browser: Initial Screen

Table Name

1. Copy the billing document (in this scenario, 90000187).

Data Browser: Table VBRK: Selection Screen

Billing Doc. to

Billing Type to

BillingCategory to

Document cat. to

Doc. Currency to

Sales Org. to

Distr. Channel to

2. Click **Execute**. The following screen appears.

Data Browser: Table VBRK Select Entries 1

Table: VBRK
Displayed Fields: 18 of 99 Fixed Columns: 2 List Width 6256

	Client	Billing Doc.	Billing Type	BillingCategory	Document cat.	Doc. Currency	Sales Org.	Distr. Channel	Pric. procedure	Doc. condit
<input type="checkbox"/>	400	00900000187	F2	L	M	USD	3000	10	RVAXUD	0000000465

COPYING THE DOCUMENT CONDITION

This process uses Transaction **SE16** to see that data stored in the **ZZ** fields in table **KONV**.

Data Browser: Initial Screen

Table Name

1. Copy the **Document Condition** (in this scenario, 0000000465).

Data Browser: Table KONV: Selection Screen

Number of Entries

Doc. condition to

Item to

Step number to

Counter to

Width of Output List

Maximum No. of Hits

2. Click on **Execute**. The following screen appears.

Data Browser: Table KONV Select Entries 12

Check Table...

Table: KONV
Displayed Fields: 18 of 65 Fixed Columns: 5 List Width 0250

	Client	Doc. condition	Item	Step number	Counter	Application	Condition type	CondPricingDate	Calc
<input type="checkbox"/>	400	0000000465	000010	011	01	V	PR00	12/19/2011	C
<input type="checkbox"/>	400	0000000465	000010	910	01	V	UTXD	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	911	01	V	UTXE	12/19/2011	A
<input type="checkbox"/>	400	0000000465	000010	912	01	TX	XR1	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	913	01	TX	XR2	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	914	01	TX	XR3	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	915	01	TX	XR4	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	916	01	TX	XR5	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	917	01	TX	XR6	12/29/2011	A
<input type="checkbox"/>	400	0000000465	000010	930	01	V	SKT0	12/19/2011	A
<input type="checkbox"/>	400	0000000465	000010	931	01	V	ZDIC	12/19/2011	A
<input type="checkbox"/>	400	0000000465	000010	960	01	V	EDI1	12/19/2011	C

3. Select on any line item to see the data stored in detail.

Table KONV Display

Check Table...

Client

Doc. condition

Item

Step number

Counter

Application

Condition type

CondPricingDate

Calculat.type

Cond.base value (KAWRT)

Amount

Currency

Cond.exch.rate

Pricing unit

Condition unit

Numer.for conv.

Table KONV Display	
Check Table...	
Den. for conv.	1
Condit.category	
Statistical	
Scale type	
Accruals (KRUEK)	
Inv.list cond.	
Condit.origin	A
Group condition	
Condit.update	
Access	10
Cond.record no.	0000035105
SequNo of cond.	1
Account key	ERL
GL Account	800666
Tax Code	01
Accruals (KVSL2)	
Provision acc.	800500
W/tax code	
Vendor	
Customer	
CondRoundDiff.	0.00
Condition value (KWERT)	100.00
Cond.control	D
Inactive	

POSTING THE BILLING DOCUMENT TO THE GL

This process uses Transaction **VF02**. To post the billing document to General Ledger, release the document to accounting and then post to GL.

Change Billing Document

Release to Accounting

Billing document 90000187

More Search Criteria

Document Number
Company Code
Fiscal Year
Reference

Search

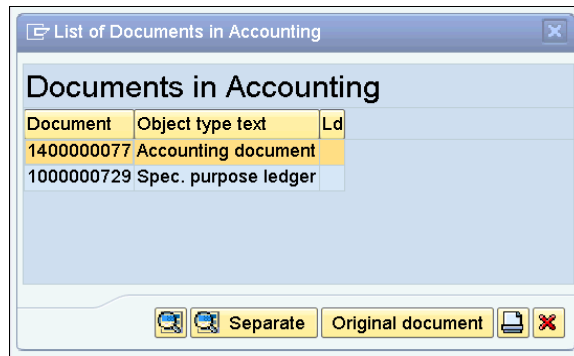
1. Click on Release to Accounting **ReleaseToAccounting (Shift+F4)** to release the document to accounting.

You will see a message stating document is passed to accounting.


☒ The document has already been passed on to accounting




2. Click on **Accounting** to post to the GL. 

3. Select the **Accounting Document** and double click it.



4. The document is now posted to the GL.

 **Display Document: Data Entry View**

 Taxes
  Display Currency
  General Ledger View

Document Number	1400000077	Company Code	3000	Fiscal Year	2011
Document Date	12/29/2011	Posting Date	12/29/2011	Period	12
Reference	0090000187	Cross-CC no.			
Currency	USD	Texts exist	<input type="checkbox"/>	Ledger Group	

CoCd	Item	PK	S	Account	Description	Amount	Curr.	Tx	Cost Cent
3000	1	01		3001	US Auto Services Ltd	108.75	USD	O1	
	2	50		800666	Sales Revenue	100.00-	USD	O1	
	3	50		175001	Sales Tax Level 1	6.25-	USD	O1	
	4	50		175003	Sales Tax Level 3	1.00-	USD	O1	
	5	50		175004	Sales Tax Level 4	1.50-	USD	O1	

SEPARATING RECOVERABLE AND NON-RECOVERABLE TAXES

ONESOURCE Indirect Tax can separate non-recoverable taxes from recoverable taxes. This feature is most applicable to EU VAT, but can be applied conceptually to any VAT regime, such as Canada GST.

This chapter describes the SAP configurations needed to post the recoverable and non-recoverable taxes in separate G/L accounts. Your configurations on account key and G/L may differ according to your business needs.

Please test transactions end-to-end to ensure that G/L accounts and ONESOURCE Indirect Tax audit database are updated correctly.

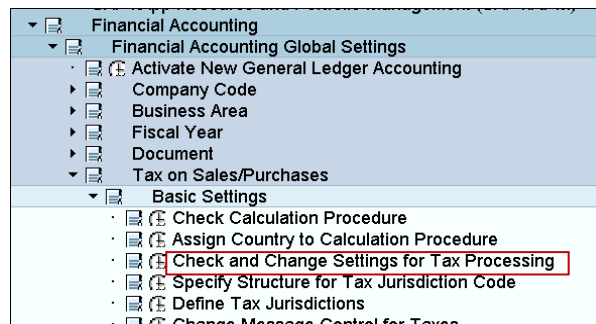
SEPARATING CANADIAN NON-RECOVERABLE TAXES FROM RECOVERABLE TAXES




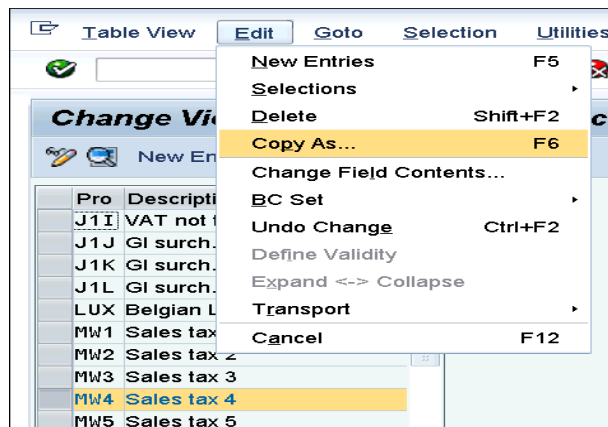
In addition to following the procedures described here, ONESOURCE Indirect Tax recommends that you obtain accounting and consulting help from your SAP IT team to ensure that these configurations meet your needs and that G/L posting is performed correctly.

DEFINING THE NEW ACCOUNT KEY MW5

1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Basic Settings > Check and Change Settings for Tax Processing**



2. Select **Check and Change Settings for Tax Processing** and click the clock. 
3. Select the account key **MW4** and select **Edit > Copy As** from the menu.



4. Change *MW4* to *MW5* and save your work.

Change View "Tax Processing in Accounting"

Process

General details

Description

Tax type Output tax

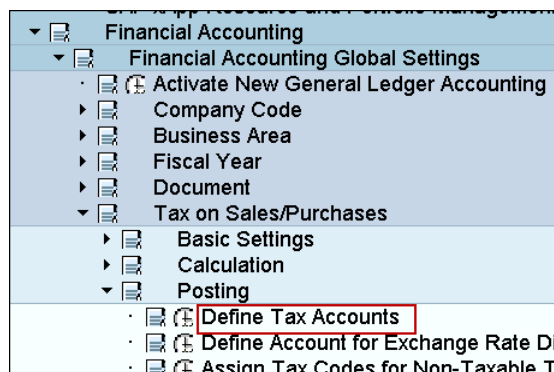
Not deductible ☐

Posting indic. Separate line item

Not discont rel. ☐

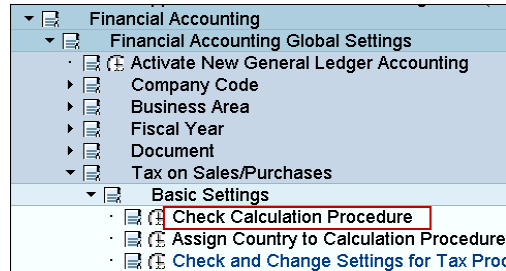
ASSIGNING THE G/L ACCOUNT NUMBER TO THE ACCOUNT KEY

1. Verify that your accounting department has provided the correct account number to complete this configuration.
2. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Posting > Define Tax Accounts**.

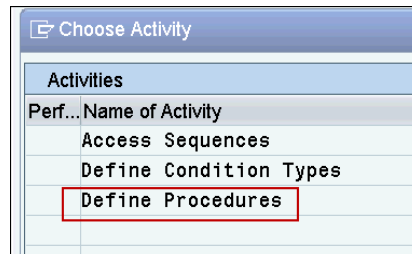


REPLACING MW4 WITH MW5 ON CONDITION TYPE XP5U IN THE TAX PROCEDURE

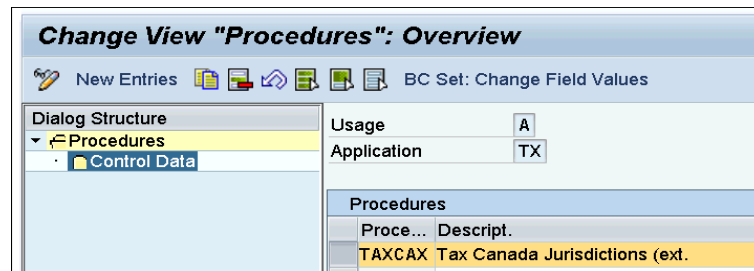
1. From IMG, navigate to **Financial Accounting > Financial Accounting Global Settings > Tax on Sales/Purchases > Basic Settings > Check Calculation Procedure**




2. Select **Check Calculation Procedure** and click the clock. 



3. Double-click **Define Procedure**.



4. Select **TAXCAX** and double-click **Control Data** in the left hand portion of this screen.

Procedure TAXCAX Tax Canada Jurisdictions (ext.)													
Control Data													
Reference Step Overview													
Step	Cou...	CTyp	Description	Fro	To	Ma...	Re...	Stat...	P.SuTot	Reqt	CalType	BasTy...	AccKeyAccrue
350	0	XP5E	A/P Sales Tax 5 Exp	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			305		VS4
360	0	XP6E	A/P Sales Tax 6 Exp	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			306		VS4
400	0		Self-assessment			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
410	0	XP1U	A/P Sales Tax 1 Use	210		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			311		MW1
420	0	XP2U	A/P Sales Tax 2 Use	220		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			312		MW2
430	0	XP3U	A/P Sales Tax 3 Use	230		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			313		MW3
440	0	XP4U	A/P Sales Tax 4 Use	240		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			314		MW4
450	0	XP5U	A/P Sales Tax 5 Use	250		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			315		MW4 
460	0	XP6U	A/P Sales Tax 6 Use	260		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			316		MW4
500	0		Accrued			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>					
510	0	XR1	A/R Sales Tax 1	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			301		MW1
520	0	XR2	A/R Sales Tax 2	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			302		MW2
530	0	XR3	A/R Sales Tax 3	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			303		MW3
540	0	XR4	A/R Sales Tax 4	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			304		MW4

5. Locate the condition type **XP5U** and replace **MW4** with **MW5**

Procedure TAXCAX Tax Canada Jurisdictions (ext.)

Control Data

Reference Step Overview

Step	Cou...	CType	Description	Fro	To	Ma...	Re...	Stat...	P.SuTot	Reqt	CalType	BasTy...	AccKey	Accruals
330	0	XP3E	A/P Sales Tax 3 Exp.	100							303		VS3	
340	0	XP4E	A/P Sales Tax 4 Exp.	100							304		VS4	
350	0	XP5E	A/P Sales Tax 5 Exp.	100							305		VS4	
360	0	XP6E	A/P Sales Tax 6 Exp.	100							306		VS4	
400	0		Self-assessment											
410	0	XP1U	A/P Sales Tax 1 Use	210							311		MW1	
420	0	XP2U	A/P Sales Tax 2 Use	220							312		MW2	
430	0	XP3U	A/P Sales Tax 3 Use	230							313		MW3	
440	0	XP4U	A/P Sales Tax 4 Use	240							314		MW4	
450	0	XP5U	A/P Sales Tax 5 Use	250							315		MW5	
460	0	XP6U	A/P Sales Tax 6 Use	260							316		MW4	
500	0		Accrued											
510	0	XR1	A/R Sales Tax 1	100							301		MW1	
520	0	XR2	A/R Sales Tax 2	100							302		MW2	

Position... Entry 13 of 30



ONESOURCE Indirect Tax has already mapped Non-Recoverable taxes to the fifth bucket in the *taxMappings.xml* file, which is a integral part of Integration code. If you are using this jurisdiction level for any other purpose, you must configure a different condition type to receive the non-recoverable taxes. You must also do a corresponding mapping in the *taxMappingsExtension.xml* file.

