

# **India Localization – Value Added Tax Solution**

User's Reference Manual

Release 11*i*

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## Handling Value Added Tax

VAT will replace all the state sales taxes in India on April 01, 2005. Under Value Added Tax (VAT) Regime, an organization can avail credit arising from Input Tax paid on Purchase of goods. Thus, tax liability shall be only on Value Addition at each stage of Sale made within the State.

This document provides complete details of the Oracle India Localization solution for VAT requirements in India.

## About this Manual

The Oracle Applications-R11-*i* India Localization Value Added Tax (VAT) User Reference Manual includes information you need to use India Localization Value Added Tax solution effectively. It is organized for easy access to detailed information about each of the following:

- Overview of VAT setup
- India Localization VAT forms
- India Localization VAT related functions and features
- India Localization VAT Accounting entires
- India Localization VAT Period End Process

This manual is to be referred in conjunction with Oracle Applications -R11-*i* Reference Manuals of the respective modules and Oracle India Localization User Reference Manual.

India Localization Value Added Tax Solution addresses the needs of Indian Industry relating to Value Added Tax regime to be implemented by the States in India.

The general requirements have been incorporated in the scope of this localization, however, industry or product specific issues are not addressed.

There will be a new menu options in the following responsibilities. The navigation paths are mentioned in the relevant sections

Oracle Purchasing	→	India Local Purchasing
Oracle Payables	→	India Local Payables
Oracle Order Management	→	India Local Order Management
Oracle Receivables	→	India Local Receivables

The above India Localized responsibilities have additional menus created covering all functions of Standard Applications and additional India Localization VAT related functions.

# Audience for this Manual

This manual is a complete source of information about India Localization Value Added Tax Solution and designed to provide useful guidance and assistance to:

- Consultants implementing India Localized version of Oracle Applications
- Key user team of Oracle Applications
- Accountants
- Accounting Mangers
- Auditors
- Chief Financial Officers
- Controllers
- Data Entry Clerks
- Financial Analysts
- Line Mnagers
- MIS Professionals

The Oracle Applications India Localization Value Added Tax manual assumes you have a basic understanding of Localization requirements in India and a through understanding of India Localization features. It also assumes you have a basic familiarity with Oracle Applications in the areas of Procure to Pay (P2P) and Order to Cash Cycles (O2C). If you have never used Oracle Applications, we suggest you to attend one or some of the Oracle Applications training classes available through Oracle Education Services.



# Value Added Tax - Setup Overview

This section provides an overview of each task that needs to be completed in order to use Oracle India Localization VAT Solution.

## Setup Flowchart

To assist you to easily setup Value Added Tax using India Localization application, a flowchart is provided in figure [1 Setup Flowchart](#). Some of the steps outlined in this flowchart are **required** and some are **Optional**. Required step with **Defaults** means that the setup functionality comes with pre-seeded, default values in the application. However, to ensure a successful setup, you need to review those defaults and decide whether to change them to suit your business needs. If you need to change the default values, you should perform the corresponding setup step. You need to perform **Optional** steps only if you plan to use the related feature.

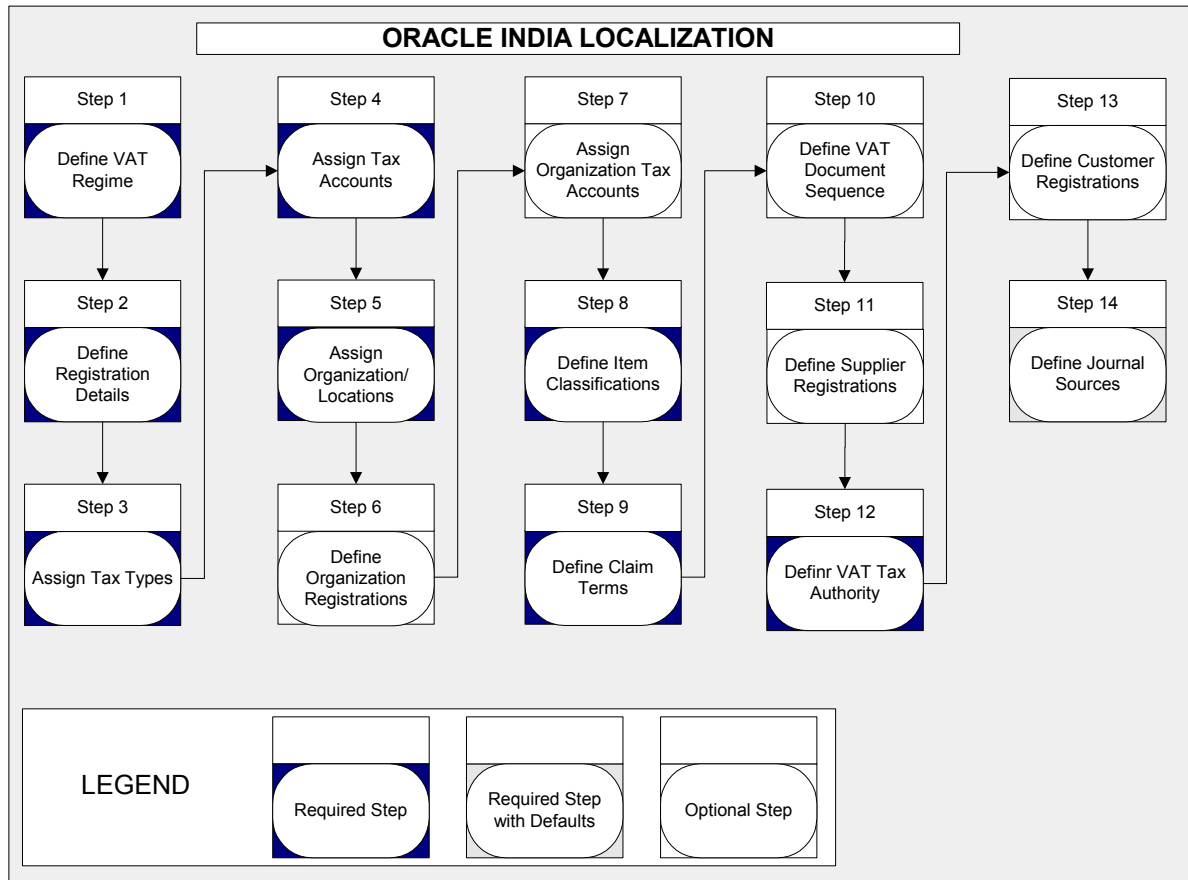


Figure 1 Setup Flowchart

# Setup Checklist

The following table lists setup steps and a reference to their location within the Application. After you log on to Oracle Applications, complete these steps to implement Oracle India Localization Value Added Tax Solution:

<b>Oracle India Purchasing</b>		
<b>Step No</b>	<b>Required</b>	<b>Step Title</b>
Step 1	Required	Define VAT Regime
Step 2	Required	Define Regime Registration Details
Step 3	Required	Assign Tax Types
Step 4	Required	Assign Tax Accounts
Step 5	Required	Assign Organization/Locations
Step 6	Optional	Define Organization registrations
Step 7	Optional	Assign Organization Tax Accounts
Step 8	Required	Define Item Classifications
Step 9	Required	Define Claim Terms
Step 10	Optional	Define VAT Invoice Sequence
Step 11	Optional	Define Supplier Registrations
Step 12	Required	Define VAT Tax Authority
<b>Oracle India Order Management</b>		
Step 13	Optional	Define Supplier Registrations
<b>General Ledger</b>		
Step 14	Required	Define Journal Sources

## Note

For an overview of each setup step refer to the 'Setup Steps' overview section of this document.

## Setup Steps

This section provides an overview of each step involved in completion of VAT Setups. For detailed information of each of these setups please see refer to the section mentioned 'against 'See Also' heading of section step.

### Step 1 Define VAT Regime

Regime would be used to define rules that would be applicable to all Taxes assigned to it. You need to complete this setup step before you move ahead with other setups.

Setups made for a regime would be applicable to all transactions created from the organizations assigned to it. Information defined here would be generic unless you assign different properties at an organization level.

To create a VAT Regime, access Regime Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations

**See Also:** Defining Value Added Tax Regime section of this document

### Step 2 Define Registration Details

Organizations have to register with the various VAT Authorities. The registration would be the basis for all recovering credit on input Tax, settling tax liability and Tax Repository updates. User can setup VAT registration details using VAT Regime.

If the VAT Registration varies by organization, user has an option to change the default values at the organization level.

To create a VAT Registration Details, access Regime Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Registrations Tab

**See Also:** Defining Value Added Tax Regime section of this document

### Step 3 Assign Tax Types

VAT Tax Types have to be assigned to the VAT regime. All transactions with taxes of these Tax Types assigned would be considered for VAT Repository updates.

User can assign VAT Tax Types to VAT Regime. Balances for the Tax Types that are assigned to the regime would be considered for settlement process.

For each Tax Type, the user can also specify GL Accounts. User would have an option to change these Accounts for each organization.

To assign VAT Tax Types, access Regime Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Tax Types Tab

**See Also:** Defining Value Added Tax Regime section of this document

## Step 4 Assign Tax Accounts

For each Tax Type, the user can also specify GL Accounts. User would have an option to change these Accounts for each organization.

To create a GL Accounts for each of the Tax Types, access Regime Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Tax Types Tab → Tax Account Details

**See Also:** Defining Value Added Tax Regime section of this document

## Step 5 Assign Organization/Locations

Regime has to be assigned to all organizations to which it is applicable. Taxes defined under this regime would default only for the transactions created for these organizations.

As VAT is applicable on sale of goods, Inventory organizations and locations are considered for VAT setup. User can assign Inventory organizations and locations to the VAT Regime.

If the Registration details and the Tax Account details vary by organization, the user would have a choice to change the default values.

To assign organization/locations, access Regime Organization Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Organizations (Push Button)

**See Also:** Defining Value Added Tax Regime section of this document

## Step 6 Define Organization Registration Details

Organizations having their operations spanning across different states would register under each state VAT Act. In such cases, users will have an option to define VAT Registration number for each Inventory Organization/Location combination.

To assign organization/locations location details, access Regime Organization Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Organizations (Push Button)

**See Also:** Defining Value Added Tax Regime section of this document

## Step 7 Define Organization Tax Accounts

User can choose to have different GL code combinations for each of the organization/Location. To enable this, user will have to assign Tax Accounts for Organization/Locations.

Unless, different accounts are setup for an organization/location, the Accounts specified at Regime Registration level would be used for all organizations.

To create a GL Accounts by Organization/location access Regime Organization Registration screen from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registrations → Organizations (Push Button)

**See Also:** Defining Value Added Tax Regime section of this document

## Step 8 Define Item Classification

Under VAT Regime, items have to be classified into Capital Goods and Raw Material, Finished Goods (Non-capital Goods). User has the facility to classify the items into these categories.

Along with classification of items, this feature also provides the user to specify VAT applicability, recoverability and Classification code for each Item.

User can setup templates with possible Item classifications. Multiple items can be assigned to templates at one go. This feature enhances usability and minimizes time required to complete this setup.

To define Item Classifications, access VAT – Item Classification window from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → VAT Item Classification

**See Also:** Defining VAT Item Classification section of this document

## Step 9 Define Claim Terms

VAT taxes applicable to a purchase of capital goods can be recovered over a period of time, as specified under the VAT Act. The VAT Claim terms enables users to define VAT Recovery Term. These terms can be assigned to the VAT Item Classes.

To define Claim Terms, access VAT – Claim Terms Definition window from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → VAT Claim Terms

**See Also:** Defining VAT Claim Terms section of this document

## Step 10 Define VAT Invoice Sequence

VAT Invoice sequence can be defined for an Order/Invoice Type. The user can also specify prefixes for each series.

A default series would be defined automatically for the regime. This would be applicable to the transaction Types to which no series has been defined.

To define VAT Invoice sequence, access Document Series window from the following navigation path.

India Local Purchasing → India VAT/Service Tax → Setup → VAT Document Sequencing

**See Also:** Defining VAT Document Sequencing section of this document

## Step 11 Define Supplier registrations

Tax Identification numbers would be allotted to eligible organizations operating within the state. This identification number would be referred in all communications with the VAT Authorities. User needs to capture these details through Supplier Additional Information screen.

To enter VAT Registration number for a supplier, access Supplier Tax Information India Localization window from the following navigation path.

India Local Purchasing → Supply Base → Additional Supplier Info

## Step 12 Define VAT Authority

Ability to define VAT Authority is needed for settlement of VAT Taxes. User can identify a VAT authority by assigning the Supplier Type of "VAT Authority – IND".

To classify a supplier as a VAT Authority, access Supplier window from the following navigation path.

India Local Purchasing → Supply Base → Suppliers

## Step 13 Define Customer registrations

Tax Identification numbers would be allotted to eligible organizations operating within the state. This identification number would be referred in all communications with the VAT Authorities. User needs to capture these details through Customer Additional Information screen.

To enter VAT Registration number for a Customer, access Customer Tax Information India Localization window from the following navigation path.

India Local Order Management → Customers → Additional Info

## Step 14 Define Journal Sources

Journal Sources need to be defined to transfer VAT Related Accounting entries to General Ledger.

VAT GL entries created from PO-Receiving transactions, Source would be 'Purchasing' and Category would be 'Receiving India'. For all other VAT GL entries Journal Source would be 'VAT' with description ' VAT India'. These journal source and categories would be seeded.

## Value Added Tax – Setup Details

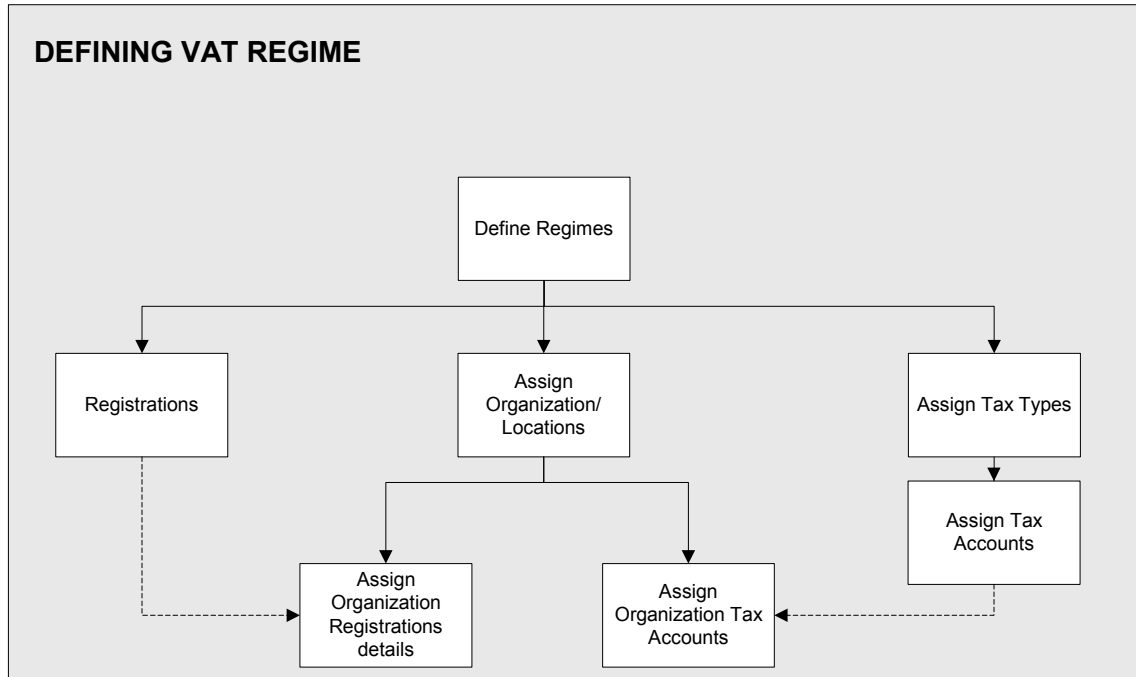
This section provides an details of each step involved in setup of Oracle India Localization VAT Solution.



# Defining Value Added Tax Regime

## Defining Value Added Tax Regime

Regime would be used to define rules that would be applicable to all Taxes assigned to it. Following figure gives a brief on the Regime structure



*Figure 2 Defining VAT Regime*

On a regime, you would define rules that would be applicable to all transactions created from the organizations assigned to it. Information defined here would be generic unless you assign different properties at an organization level.

## Value Added Tax Registration

Organizations have to register with the various Value Added Tax Authorities (specific to each state). The registration would be the basis for all recovering credit on input Tax, settling tax liability and Tax Reporting.

## Assigning Tax Types

Value Added Tax Type have to be assigned to the Value Added Tax regime. This is a logical grouping of all transactions to which these taxes are applicable. If the values assigned for a particular tax are different, these would prevail over those defined for the regime.

## Assigning Organizations

Regime has to be assigned to all organizations to which it is applicable. Taxes defined under this regime would default only for these organizations.

Tax information related to Value Added Tax Regime will be handled through a new screen called 'Regime Registration' that was introduced through the Service Tax Solution. The functionality of these forms has been enhanced so that Value Added Tax regime can be setup through them.

## Navigation:

India Local Purchasing → India VAT/Service Tax → Setup → Regime Registration

The screenshot shows the 'Regime Registrations' window. At the top, the 'Regime' is set to 'Value Added Tax' and the 'Description' is 'Value Added Tax'. Below this, the 'Regime Registration Details' section is expanded, showing two tabs: 'Registrations' and 'Tax Types'. The 'Registrations' tab is active, displaying a table with the following data:

Sequence	Registration Type	Registration Name	Registration Value
10	Primary Registration Number	Registration Number	BBBAAA000C
20	Others	Jurisdiction	Hyderabad
30	Others	Same Invoice No for Excise and VAT	N

At the bottom right of the window, there is an 'Organization' button.

Figure 3 Regime Registrations

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Header Section			In this section regime name, description and effective dates of the regime is captured
Regime	(Required)	PICK	The LOV contains 1. Service Tax 2. Value Added Tax regimes. You should pick 'Value Added Tax'.
Description	(Required)	ENTER HELP EDIT	Short description of the regime
Regime Registration Details block			
Registrations tab			This section captures the registration details of the regime. These registration details are used in the reports that are generated. You should enter the registration details in the 'registration value' column by picking up the appropriate 'registration type' and

			'registration name'. You can capture as many registration details as required.
Sequence	(Required)	PICK HELP EDIT	This is the sequence number of the registration types to be captured. This may not be serially numbered. You cannot use duplicate sequences.
Registration Type	(Required)	PICK HELP EDIT	LOV containing: 1. Primary Registration Number 2. Secondary Registration Number 3. Others Pick the appropriate RegistrationType.
Registration Name	(Required)	PICK HELP EDIT	LOV containing: 1. Registration Number 2. Jurisdiction 3. Ward No 4. Range No 5. Circle 6. Same Invoice No for Excise and VAT Regimes Pick appropriate Registration Name
Registration Value	(Required)	PICK HELP EDIT	You should enter the actual registration value in this field.

These registration details are applicable at the regime level. These registration details will default on all the organizations that are assigned to this regime. The user has the facility to change the default values at an organization level.

An illustration on how to enter the registration details is given above.

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## Important Note

For Value Added Tax regime, you need to specify value for "Same Invoice No for Excise and VAT Regimes" attribute. An 'Yes' in this field indicates that the Excise Invoice number, wherever available would be considered as VAT Invoice Number. If the value is set to 'No', setup made in the VAT Document sequence setup would be considered for VAT Invoice number generation.

For full details on this setup please refer the "VAT – Document Sequencing Setup"

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### 'Tax Types' tab of 'Regime Registration Details'

This section of the screen shows the Tax Types associated to the regime and the 4 accounts related to this regime.

Regime Registrations

Regime: **Value Added Tax** Description: **Value Added Tax**

**Regime Registration Details**

Registrations | **Tax Types**

Sequence	Tax Types	Description	Parent Tax Type	% of Parent
1	Value Added Tax	Value Added Tax		
2	Turnover Tax	Turnover Tax		
3	Purchase Tax	Purchase Tax		

**Tax Account Details**

Sequence	Account Name	Account Value
1	Interim Recovery Account	0001.0004.8933.0000.0000
2	Recovery Account	0001.0004.8934.0000.0000
3	Interim Liability Account	0001.0004.8935.0000.0000
4	Liability Account	0001.0004.8936.0000.0000

Organization

Figure 4 Regime Registrations – Tax Type

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Regime Registration Details block			
Tax Types tab			In this section of the screen Tax Types and the accounting information related to this regime are setup.
Sequence	(Required)	PICK HELP EDIT	This is the sequence number of the tax types to be captured.
Tax Types	(Required)	PICK HELP EDIT	You should associate all the tax types falling under the VAT Regime and that are applicable to your business. LOV containing: 1. Value Added Tax 2. Turnover Tax 3. Purchase Tax 4. Entry Tax 5. Octroi - IND
Description		DISPLAY	Displays the description of the Tax Type
Parent Tax Type		DISABLED	This field is not relevant for VAT regime
% of Parent		DISABLED	This field is not relevant for VAT regime
Tax Accounts Details block			Accounts that are going to be

			used for accounting of Service Tax are specified here.
Sequence	(Required)	PICK HELP EDIT	This is the sequence number of the Account to be captured.
Account Name	(Required)	PICK HELP EDIT	LOV contains: 1. Interim Recovery Account 2. Recovery Account 3. Interim Liability Account 4. Liability Account Please refer Accounting section for detailed discussion on the accounts
Account Value	(Required)	PICK HELP EDIT	Pick accounting flex fields for each of the account.

On clicking the 'Organization' button the 'Regime Organization Registration' screen will open. This screen shows the organizations that are assigned to the regime.

Figure 5 Regime Organization Registration

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Header			
Regime		DISPLAY	This field will default from 'Regime Registration' form.
Description		DISPLAY	This field will default from 'Regime Registration' form.
Organization Details block			All the organizations falling under this regime are associated to the regime here.
Organization Type	(Required)	PICK HELP EDIT	For VAT only 'Inventory Organizations' is applicable
Organization Name	(Required)	PICK HELP EDIT	Name of the organization that has to be associated to this regime.
Registrations Tab			
Registration Details block			The registration details that are given at the regime registration details are defaulted to the

			organizations. These registration details will default on all the organizations that are assigned to this regime. The user has the facility to change the default values at an organization level. You cannot delete a registration here.
Registration Type		DISPLAY	Will show default value from 'Regime Registrations' screen.
Registration Name		DISPLAY	Will show default value from 'Regime Registrations' screen.
Registration Value	(Required)	PICK HELP EDIT	Will show default value from 'Regime Registrations' screen. You can edit the information.
Default		CHECKBOX	This checkbox will be checked whenever default registration value at the regime level are retained. It gets unchecked when registration value is modified.

## 'Tax Types' Tab

This section of the screen shows the Tax Types associated to the regime and organization and the 4 accounts related to this regime and organization combination.

**Regime Organization Registration**

Regime: **Value Added Tax** Description: **Value Added Tax**

**Organization Details**

Organization Type	Organization Name	Location
Inventory Organizations	Vision India Iron and Steel Manuf Corpo	Vision India - Mumbai
Inventory Organizations	Vision India Trading - CHENNAI	Location for trading organization
Inventory Organizations	Vision India MFG - Delhi	Vision India-Delhi
Inventory Organizations	Vision India Trading-Kochi	Kochi

**Registrations** **Tax Types**

**Tax Details**

Tax Type	Description
Value Added Tax	Value Added Tax
Turnover Tax	Turnover Tax
Purchase Tax	Purchase Tax

**Account Details**

Account Name	Account Value	Default
Interim Recovery Account	0001.0004.8933.0000.0000	<input checked="" type="checkbox"/>
Recovery Account	0001.0004.8934.0000.0000	<input checked="" type="checkbox"/>
Interim Liability Account	0001.0004.8935.0000.0000	<input checked="" type="checkbox"/>
Liability Account	0001.0004.8936.0000.0000	<input checked="" type="checkbox"/>
		<input type="checkbox"/>

Figure 6 Regime Organization Registration – Tax Types

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Tax Types Tab			The tax details that are given at the regime registration details are defaulted to the organizations. These tax details will default on all the organizations that are assigned to this regime. The user has the facility to change the default values at an organization level.
Tax Details block			
Tax Type		DISPLAY	Will show default value from 'Regime Registrations' screen.
Description		DISPLAY	Will show default value from 'Regime Registrations' screen.
Account Details block			



Account Name		DISPLAY	Will show default value from 'Regime Registrations' screen.
Account Value	(Required)	PICK HELP EDIT	Will show default value from 'Regime Registrations' screen. Pick accounting flex fields for each of the account specific to the organization.
Default		CHECKBOX	This checkbox will be checked whenever default account value at the regime level are retained. It gets unchecked when account value is modified.

## VAT Item Classification

Items need to be classified in order to define recovery claim terms for them. Following are the Attributes that are to be captured for each items:

### VAT Item Attributes

Attribute Name	Attribute Value	
Applicable	This attribute defines the applicability of VAT to items. This attribute is important in determining whether VAT will be charged in the OM – AR cycle.	
	Possible Values:	
	1. Yes	VAT is applicable on the OM – AR cycle and VAT liability on these transactions will be accounted. All items on which VAT liability arises should be defined as Yes.
	2. No	VAT is not applicable for these items and you should not attach VAT taxes at the time of transactions.
Item Class	This is the item classification for the purpose of VAT. This item classification is important from the accounting and VAT claim point of view. You can define different accounting and VAT claim rules for different classes of items.	
	Possible Values:	
	1. Raw Materials	All material on which VAT needs to be claimed in PO – AP cycle should be defined as Raw Materials.
	2. Capital Goods	All capital items on which VAT needs to be claimed in PO – AP cycle should be defined as Capital Goods.
	3. Finished Goods	All items on which VAT liability arises in the OM – AR cycle should be defined as Finished Goods.

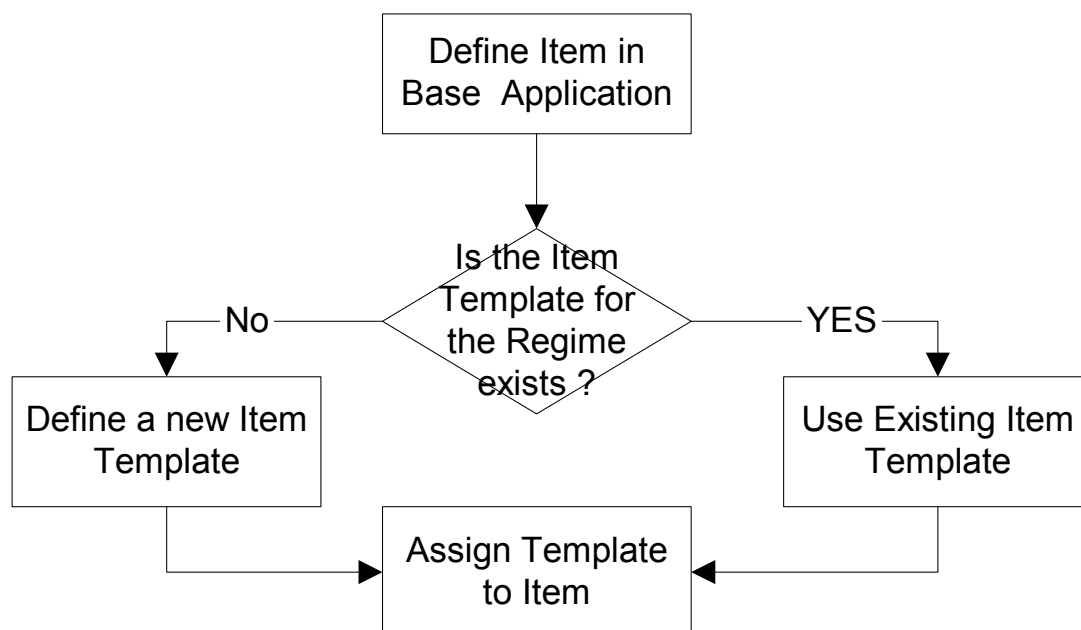
	4. Other Goods	This is the residuary category. Items may be defined as Other Goods and accounting rules can be defined for these as well.
<b>Recoverable</b>	This attribute defines whether input tax claim of VAT taxes can be availed. This attribute is important in determining whether VAT claim can be made for an item in the PO – AP cycle.	
	Possible Values:	
	1. Yes	Input VAT claim in PO – AP cycle can be availed based on this attribute. All input material on which input VAT claim has to be made should be defined as Yes.
	2. No	Input VAT claim is not applicable if this attribute set to No.
<b>Item Folio</b>	This is dummy attribute where users can store any requisite data which can be used in future for custom needs.	

## VAT Item Attribute Definition Process

As part of the VAT solution, we have introduced functionality of defining templates for items attributes and assigning them to items.

The user can define an Item Template wherein he defines a Template name along with combination of the Tax regime, the Applicability, Item class and other common attributes. This defined template can then be attached to multiple items thereby reducing the need to go to individual item and defining the same attributes again and again. Users will also have the flexibility to assign the same template to various organizations for that item.

Following is the process that should be used to define items attributes:



*Figure 7 VAT Item Attribute definition process*

## Assigning Item Attributes

Navigation: India Local Purchasing → India/VAT Service Tax → Setup → VAT – Item Classification

This will navigate you to the Find Item / Template / Assignment screen. With this find window you can find:

1. Item Attributes for a single Item
2. Attribute Template for a single template
3. Template Assignments currently made

### Find Item Attribute

Figure 8 Find Item Attributes

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Item / Template	(Required)	DISPLAY	You will choose this to find the Item attributes of a single item
Regime	(Required)	PICK HELP EDIT	You will have to pick the Regime here. Currently only Value Added Tax is available here.
Organization	(Required)	PICK HELP EDIT	You will have to choose the organization here.
Item Name	(Required)	PICK HELP EDIT	You will have to choose the item for which you want to view the Item Attributes

You can find an existing item for which these attributes are setup by clicking the “Find” button. If you want to give attributes to a single item then you can use the “New” button to navigate to Item / Template Attribute Registration Form.

Figure 9 Item Attributes Registration

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Header Section			
Regime	(Required)	PICK HELP EDIT	You will have to pick the Regime here. Currently only Value Added Tax is available here.
Organization	(Required)	PICK HELP EDIT	You will have to choose the organization here.
Item Name	(Required)	PICK HELP EDIT	You will have to choose the item for which you want to define the Item Attributes
Attributes Registration Section			On entering the header information, the 3 Attribute Names will appear in this block. You will have to choose the Attribute Values from the LOV provided. For details of the Attribute Names, possible Attribute Values and their meaning please refer the detailed discussion above.

## Defining Item Templates

### Find Attribute Template

Figure 10 Find Attributes Template

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Item / Template	(Required)	DISPLAY	You will choose this to find the Item attributes of a single item
Regime	(Required)	PICK HELP EDIT	You will have to pick the Regime here. Currently only Value Added Tax is available here.
Organization			This field is disabled.
Item Name	(Required)	PICK HELP EDIT	You will have to choose the item for which you want to view the Item Attributes.

You can use the “New” button to create a new template without giving any details in the find window.

If you have already defined a template after entering the 3 mandatory fields above you should click on the “Find” button that takes you to the Item / Template Attribute Registration screen

Figure 11 Template Attributes Registration

The screen layout and its feature are described below.

Field Description	Type	Action	Description
<b>Header Section</b>			
Regime	(Required)	PICK HELP EDIT	You will have to pick the Regime here. Currently only Value Added Tax is available here.
Template Name	(Required)	PICK HELP EDIT	You should give a name to the template. An easily identifiable name should be given to the template.
<b>Attributes Registration Section</b>			
			On entering the header information, the 3 Attribute Names will appear in this block. You will have to choose the Attribute Values from the LOV provided. For details of the Attribute Names, possible Attribute Values and their meaning please refer the detailed discussion above.

It is recommended that you define the following templates before hand & the same can be then attached to items as necessary.

Template Name	Item Class	Applicable	Recoverable
Raw materials Vatable Recoverable Template	RM	Y	Y
Capital Goods Vatable Recoverable Template	CG	Y	Y
Finished Goods Vatable Recoverable Template	FG	Y	Y
Other Goods Vatable Recoverable Template	OT	Y	Y
Raw materials Vatable NonRecoverable Template	RM	Y	N
Capital Goods Vatable NonRecoverable Template	CG	Y	N
Finished Goods Vatable NonRecoverable Template	FG	Y	N
Other Goods Vatable NonRecoverable Template	OT	Y	N
Raw materials NonVatable Recoverable Template	RM	N	Y
Capital Goods NonVatable Recoverable Template	CG	N	Y
Finished Goods NonVatable Recoverable Template	FG	N	Y
Other Goods NonVatable Recoverable Template	OT	N	Y
Raw materials NonVatable NonRecoverable Template	RM	N	N
Capital Goods NonVatable NonRecoverable Template	CG	N	N
Finished Goods NonVatable NonRecoverable Template	FG	N	N
Other Goods NonVatable NonRecoverable Template	OT	N	N



## Template Assignment

### Find Template Assignments

Figure 12 Find Template Assignments

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Item / Template	(Required)	DISPLAY	You will choose this to find the Item attributes of a single item
Regime	(Required)	PICK HELP EDIT	You will have to pick the Regime here. Currently only Value Added Tax is available here.
Organization		PICK HELP EDIT	You will have to choose the organization here.
Item Name		PICK HELP EDIT	You will have to choose the item for which you want to view the Item Attributes.

You can create a new Template assignment for items not already assigned. You can find template assignment for a combination of regime / organization / template. Regime field is mandatory above. On defining a template, you should press the “Find” button. You have to query find an existing template and assign items to that.

On clicking the “Find” button the Template Assignment form will be opened for existing items assignments.

Regime: Value Added Tax

Template Name: VAT Template

Master Organization:

Code	Name	Template
IN5	Vision India Trading-Kochi	VAT Template
IN6	Vision India MFG - HYD 2	VAT Template
IN4	Vision India Trading - CHENNAI	VAT Template

Item Registration

Items Like: Find Items Clear

Item Name	Description	Assign Template
LocTRAD	Localization Trading Item	<input checked="" type="checkbox"/>
LocCCIN	CCIN item class	<input checked="" type="checkbox"/>
LocOSP	OSP item	<input checked="" type="checkbox"/>
LocFGKG	FGIN item with UOM as KG	<input checked="" type="checkbox"/>
Loc Paper	Paper with UOM as Square Meter	<input checked="" type="checkbox"/>

Show Attributes Uncheck All

Figure 13 Template Assignments

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Header Section			
Regime		DISPLAY	The regime will be displayed here.
Template Name		DISPLAY	The template name will be displayed here.
Master Organization			This field will display the Master Organization when you query a template assignment. You can enter the Master Orgazation when you are creating a new template assignment.
Organizations Section			
Code		PICK / DISPLAY	The organization code is displayed here.
Name		PICK / DISPLAY	Organization name will be displayed here.
Template	LOV	PICK	Will show you a LOV of Templates defined and

			available for picking up.
Item Registration Section			You can select items here and assign them to the template
Items Like			This is a query find facility to find items by name.
Find Item	BUTTON		You can use this button to find the items after entering value in "Items Like" field.
Clear	BUTTON		Use this button to clear the query find criteria.
Item Name		DISPLAY	This field shows the items queried.
Description		DISPLAY	This field shows item description
Assign Template		CHECKBOX	Click this this checkbox to assign the template to the item
Show Attributes	BUTTON		On clicking this button you can see and change attributes for that particular item. However changes to a item would result in the same being removed from the template assignment.
Check all / Uncheck All	BUTTON		This is a toggle key which will enable you to assign or unassign all the selected items.

## How To

### 1) Create a New Template :

---

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification



Find Item/Template/Assignment

Item / Template: Attribute Template

Regime: Value Added Tax

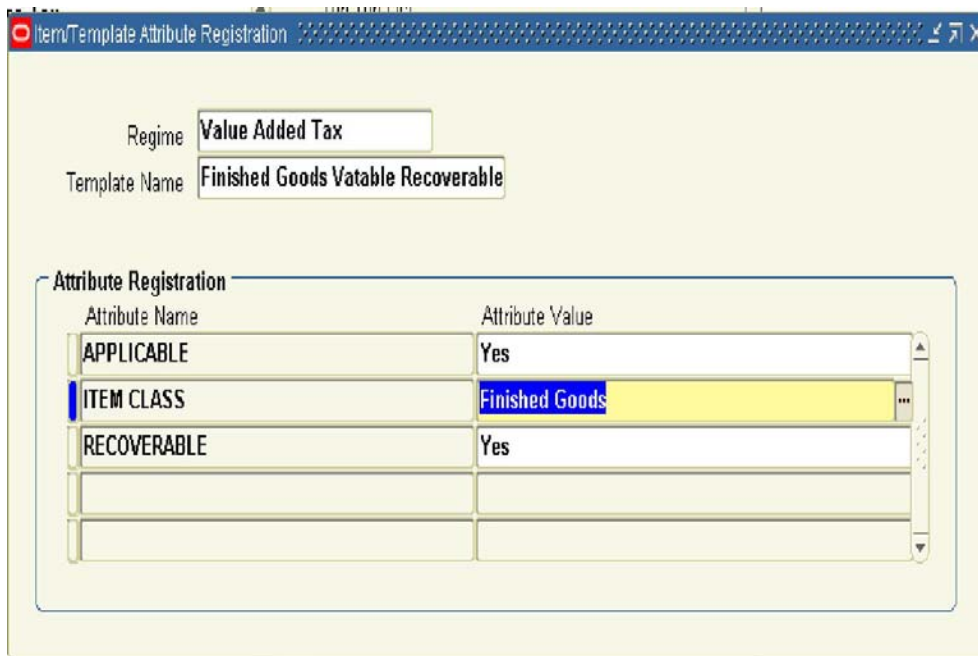
Organization:

Template Name:

Clear New Find

Figure 14 Find Template Assignment

Select 'Attribute Template'  
 Select the Regime as 'Value Added Tax'  
 Click on New



Item/Template Attribute Registration

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recoverable

Attribute Name	Attribute Value
APPLICABLE	Yes
ITEM CLASS	Finished Goods
RECOVERABLE	Yes

Figure 15 Template Attribute Registration

Enter the Regime as 'Value Added Tax'  
 Enter the Template Name & the Attribute Values as shown above.  
 Save the record.

### 2) Assignment of a template to items.

---

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Find Item/Template/Assignment

Item / Template: Template Assignment

Regime: Value Added Tax

Organization:

Template Name:

Clear New Find

Figure 16 Find Template Assignments

Select 'Template Assignment'  
 Select the Regime as 'Value Added Tax'  
 Click on New

Template Assignment

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recover

Master Organization: Vision India Item Master Manufacturing organization - IN

Code	Name	Template
IN5	Vision India Trading Kochi	Finished Goods Vatable Recover

Organizations

Item Registration

Items Like: Find Items Clear

Item Name	Description	Assign Template
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Show Attributes Uncheck All

Figure 17 Template Assignments

Enter the Regime as 'Value Added Tax'  
 Enter the Template Name  
 Enter Master Organization  
 Select the Inventory Organization for which setup is to be carried out as shown above.  
 Click on Find Items after giving criteria as shown

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recover

Master Organization: Vision India Item Master Manufacturing organization - N

Code	Name	Template
IN5	Vision India Trading-Kochi	Finished Goods Vatable Recover

Item Registration

Items Like: %FGIN% Find Items Clear

Item Name	Description	Assign Template
FGIN for RG 1 Trx	FGIN for RG 1 Trx	<input checked="" type="checkbox"/>
LocFGIN	FGIN item class	<input checked="" type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Show Attributes Uncheck All

Figure 18 Template Assignments

and Save the record.

### 3) Removal of a assigned template

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Item / Template: Template Assignment

Regime: Value Added Tax

Organization: Vision India Trading-Kochi

Template Name: Finished Goods Vatable Recover

Clear New Find

Figure 19 Find Template Assignments

Select 'Template Assignment'

Select the Regime as 'Value Added Tax'

Select the Organization

Select the Template name

Click on Find

The screenshot shows the 'Template Assignment' window. At the top, there are three input fields: 'Regime' with the value 'Value Added Tax', 'Template Name' with the value 'Finished Goods Vatable Recover', and 'Master Organization' which is empty. Below these is the 'Organizations' section, which contains a table with three columns: 'Code', 'Name', and 'Template'. The first row is highlighted with a blue selection bar. Below the 'Organizations' section is the 'Item Registration' section. It includes an 'Items Like' input field, a 'Find Items' button, and a 'Clear' button. Below these are two buttons: 'Show Attributes' and 'Uncheck All'. The 'Item Registration' section also contains a table with three columns: 'Item Name', 'Description', and 'Assign Template'. The first two rows are checked, and the last two are unchecked.

Code	Name	Template
IN5	Vision India Trading-Kochi	Finished Goods Vatable Recoverable Template

Item Name	Description	Assign Template
FGIN for RG 1 Trx	FGIN for RG 1 Trx	<input checked="" type="checkbox"/>
LocFGIN	FGIN item class	<input checked="" type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Figure 20 Template Assignments

Uncheck the item for which you want to remove assignment as shown below

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recover

Master Organization:

Code	Name	Template
IN5	Vision India Trading-Kochi	Finished Goods Vatable Recoverable Template

Item Registration

Items Like: %FGIN% Find Items Clear

Item Name	Description	Assign Template
FGIN for RG 1 Trx	FGIN for RG 1 Trx	<input type="checkbox"/>
LocFGIN	FGIN item class	<input checked="" type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Show Attributes Uncheck All

Figure 21 Template Assignments

Save the changes

#### 4) Adding new items to an existing template which has other items already attached

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Item / Template: Template Assignment

Regime: Value Added Tax

Organization: Vision India Trading-Kochi

Template Name: Finished Goods Vatable Recover

Clear New Find

Figure 22 Find Template Assignments

Select 'Template Assignment'

Select the Regime as 'Value Added Tax'

Select the Organization



Select the Template name  
Click on Find

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recover

Master Organization:

Code	Name	Template
IN5	Vision India Trading-Kochi	Finished Goods Vatable Recoverable Template

Item Registration

Items Like:  Find Items Clear

Item Name	Description	Assign Template
FGIN for RG 1 Trx	FGIN for RG 1 Trx	<input checked="" type="checkbox"/>
LocFGIN	FGIN item class	<input checked="" type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Show Attributes Uncheck All

Figure 23 Template Assignments

In the item Registration Block click on clear which will clear all items & then post entry of data in 'Items Like' field click on 'Find Items' Button.

This will give a list of items which are not yet assigned to any template & do not have standalone attributes associated.

Save the items by ensuring that the check box of 'Assign Template' is checked only for items which you want to be attached to the mentioned template.

Regime: Value Added Tax

Template Name: Finished Goods Vatable Recover

Master Organization:

**Organizations**

Code	Name	Template
IN5	Vision India Trading-Kochi	VAT Template

**Item Registration**

Items Like:  Find Items Clear

Item Name	Description	Assign Template
FGIN for RG 1 Trx	FGIN for RG 1 Trx	<input checked="" type="checkbox"/>
LocFGIN	FGIN item class	<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Show Attributes Uncheck All

Figure 24 Template Assignments

Save the record.

### 5) Change of a assigned template to a group of items

To Change assigned template, you need to first remove existing template assignment as shown in Point # 3 'Removal of a assigned template' and then add items to new template as shown in Point # 2 'Assignment of a template to items' or point # 4 'Adding new items to an existing template which has other items already attached'

### 6) Querying a Item to check which template / attributes is assigned to it

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Figure 25 Find Item Attributes

Select 'Item Attributes'  
 Select the Regime as 'Value Added Tax'  
 Select the Organization  
 Select the Item name  
 Click on Find

Figure 26 Item Attributes Registration

System will show the attribute values along with Template that is currently assigned.

## 7) Assigning attributes to a item without a template

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Find Item/Template/Assignment

Item / Template: **Item Attributes**

Regime:

Organization:

Item Name:

Clear New Find

Figure 27 New Item Attributes

Select 'Item Attributes'  
Click on New

Item/Template Attribute Registration

Regime: **Value Added Tax** Organization: **Vision India Trading-Kochi**

Item Name: **Loc Paper**

Attribute Registration	
Attribute Name	Attribute Value

Figure 28 Item Attributes Registration

Enter the Regime as 'Value Added Tax'  
Select the Organization  
Select the Item name  
Navigate to Attribute Registration block

Item/Template Attribute Registration

Regime: Value Added Tax      Organization: Vision India Trading-Kochi

Item Name: Loc Paper

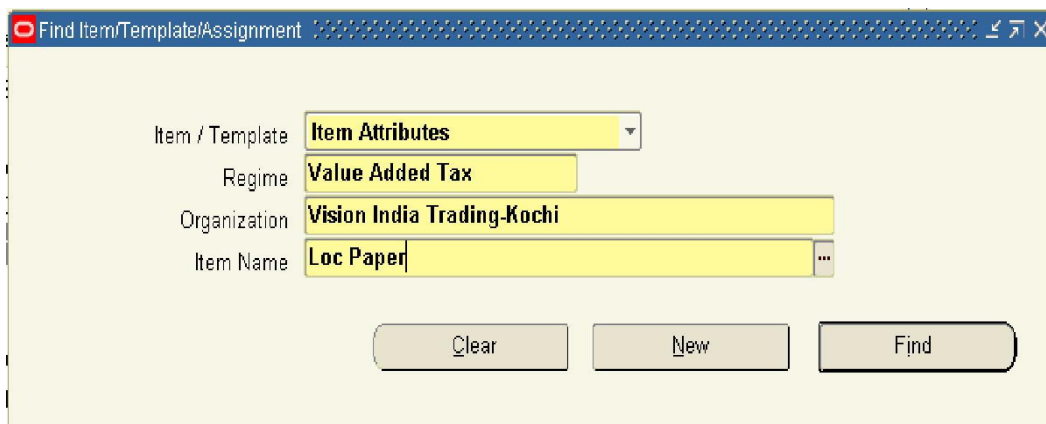
Attribute Name	Attribute Value
APPLICABLE	Yes
ITEM CLASS	Finished Goods
RECOVERABLE	Yes

Figure 29 Item Attributes Registration

Three Attribute Names get defaulted  
Enter values against each name & save the record.

## 8) Change of Assigned attributes to a item

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification



Find Item/Template/Assignment

Item / Template: Item Attributes

Regime: Value Added Tax

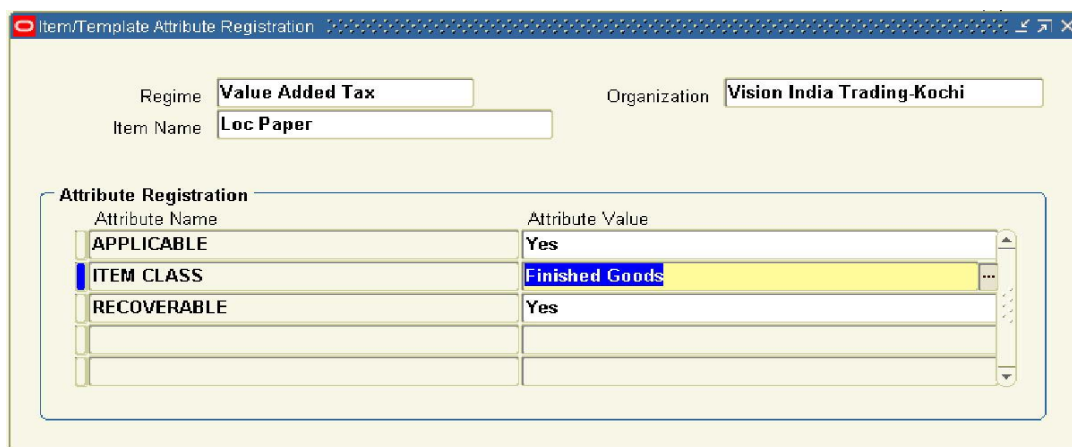
Organization: Vision India Trading-Kochi

Item Name: Loc Paper

Buttons: Clear, New, Find

Figure 30 Find Item Attributes

Select 'Item Attributes'  
 Select the Regime as 'Value Added Tax'  
 Select the Organization  
 Select the Item name  
 Click on Find



Item/Template Attribute Registration

Regime: Value Added Tax

Organization: Vision India Trading-Kochi

Item Name: Loc Paper

Attribute Name	Attribute Value
APPLICABLE	Yes
ITEM CLASS	Finished Goods
RECOVERABLE	Yes

Figure 31 Item Attributes Registration

Make necessary Changes  
 Save the record.

## 9) Removal of Assigned attributes of an item

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

Figure 32 Find Item Attributes

Select 'Item Attributes'  
 Select the Regime as 'Value Added Tax'  
 Select the Organization  
 Select the Item name  
 Click on Find

Figure 33 Item Attributes Registration

Keep the cursor on the item & click the delete button  
 System will prompt the following decision box

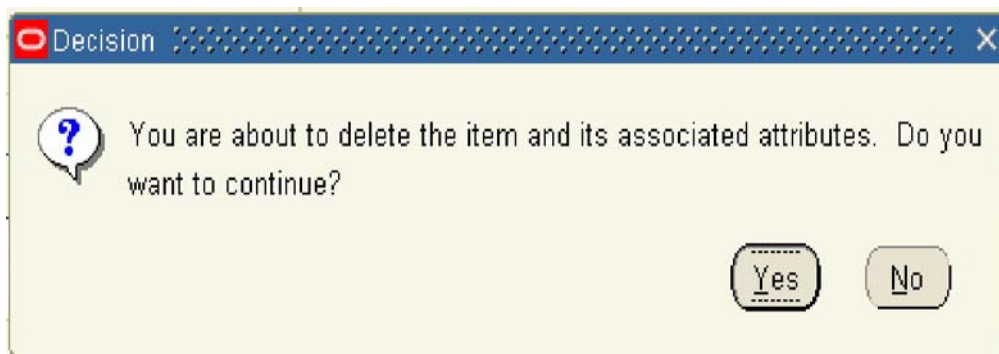


Figure 34 Decision

Click on Yes and Save the deletion.

**Note :** The above deletion is allowed only for Item attributes that have been manually added as demonstrated in Point # 6 & a item for which template is assigned cannot be deleted using the above path. To remove template assignment user needs to go through Point # 4 which shows how to remove a template.

## 10) Change of Assigned attributes of an item which is attached to a template

---

Navigate to India VAT/Service Tax -> Setup -> VAT – Item Classification

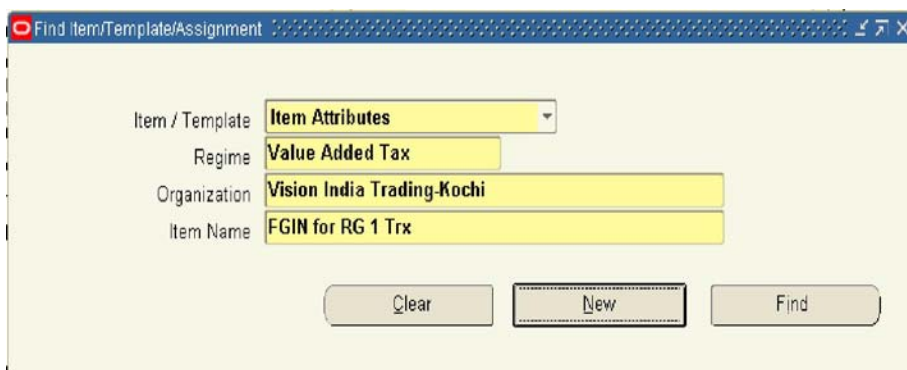


Figure 35 Find Item Attributes

Select 'Item Attributes'  
 Select the Regime as 'Value Added Tax'  
 Select the Organization  
 Select the Item name  
 Click on Find



Attribute Name	Attribute Value
APPLICABLE	Yes
ITEM CLASS	Finished Goods
RECOVERABLE	Yes

Figure 36 Item Attributes Registration

System will show the attribute values along with Template that is currently assigned. Making a change to any of the values of the above will show the following decision box.

Decision

? This action will detach the template from Item and will create a new item attribute registration. Do you want to continue?

Yes No

Figure 37 Decision

To save the changes click on Yes & save the record.  
If you close the form & requery you will see that the item is no longer assigned to a template but has been stored as a standalone attribute values as would happen in Point # 6.

**Important Note:**

- 1) Please note that if a item is not marked as VAT Applicable and there is a shipment Transaction which has VAT Taxes attached to Order system will stop shipment with the following error message :

QUOTE

Unexpected Error: Error in Routine WSH\_NEW\_DELIVERY\_ACTIONS.setInTransit, Oracle Error - -20001  
ORA-20001: APP-: An item which is not Vatable has VAT Taxes attached.

Please correct the item attribute or remove the VAT type of taxes

ORA-06512: at "APPS.APP\_EXCEPTION", line 70

ORA-06512: at "APPS.JA\_IN\_WSH\_DLR\_Y\_AU\_REL\_STAT\_TRG", line 385

ORA-04088: error during execution of trigger 'APPS.JA\_IN\_WSH\_DLR\_Y\_AU\_REL\_STAT\_TRG'

UNQUOTE

To proceed with shipment of such items you need to either define Item Attribute with Applicable as 'Yes' or alternatively remove VAT type of taxes from the sales order.

- 2) Please note that when saving a Manual AR transaction where VAT Type of taxes would default and the above mentioned item attribute is not made, would result in the following error & not allow you to save the transaction :

QUOTE

ORA-06502: PL/SQL: numeric or

-----  
FRM-40735: ON-INSERT trigger r

UNQUOTE

- 3) Please note that if you try to manually attach VAT type of taxes to an Manual AR Transaction where for the item the above mentioned item attribute is not setup, system will show the following error & not allow you to save the tax line.

QUOTE

ORA-20130: Given item is eithe

-----  
FRM-40509: ORACLE error: unabl

UNQUOTE

The above is the expected behaviour to ensure that Incorrect VAT accounting does not happen due to missing & improper setups.

## VAT Claim Terms Definition

Defining claim term for VAT is an important setup in the PO – AP cycle. The claim term defined here determines the VAT claim amount in the VAT – Tax claim form.

You can define flexible claim terms for a combination of the following:

1. Regime
2. Item Class
3. Regime Registration Number
4. Organization (location)

Please note that the combination of the above has to be unique. Based on the above setup, Claim Terms will be defaulted in the VAT – Tax Claim form.

Flexibility provided in defining the periods of the claim terms:

The user has the flexibility of defining timing of first claim (first instalment / start period) the number of claims (number of instalments) and the timing of next instalments (subsequent instalments)

### Number of instalments – Number of claims

You can define as many number of instalments for a particular claim term. Based on these number of instalments, the VAT tax claim on the receipt will be deferred over a period of time and will be claimed in equal instalments based on the 'subsequent instalments' setup.

The number of instalments are the total instalments and includes the first instalments and subsequent instalments.

### First instalment / start period – Timing of the first claim

This setup determines when the first VAT claim can be availed.

Following are the options that are available

Sr. No.	Option	Remarks
1	Immediate	Claims the first instalment of VAT immediately
2	Next Month	Claims the first instalment of VAT in the next month from the receipt date
3	Next Quarter	Claims the first instalment of VAT in the first month occurring after 3 months from the receipt date
4	Next Financial Year	Claims the first instalment of VAT in the first month occurring after 12 months from the receipt date

For option other than 'Immediate', you can define the day of the month on which you wish to claim the first instalment. The options available to you are:

Sr. No.	Option	Remarks
1	Same Day	Claims the first VAT instalment on the same day as the receipt
2	Last Day	Claims the first VAT instalment on the last day of the month
3	First Day	Claims the first VAT instalment on the first day of the

		month
4	Other Day	Claims the first VAT instalment on any other day of the month as specified by you. In case a month does not have the specified date, the claim will be made on the last day of that month. For e.g. if you specify 30, claim for February will be made on 28 <sup>th</sup> / 29 <sup>th</sup> as the case may be.

### Subsequent instalments – Timing of next instalments

This setup determines when the subsequent VAT claims can be availed.

You can define the periodicity of the subsequent instalments.

The interval / frequency (n) between two consecutive instalments can be setup in the ' Every ' field.

You have the following options to define the periodicity between two instalments:

Sr. No.	Option	Remarks
1	Month	Claims the subsequent instalment(s) of VAT every n <sup>th</sup> month after claiming the first instalment.
2	Quarter	Claims the subsequent instalment(s) of VAT in every first month of the n <sup>th</sup> quarter after claiming the first instalment. Here quarter refers a duration of 3 months.
3	Year	Claims the subsequent instalment(s) of VAT in every first month of the n <sup>th</sup> year after claiming the first instalment. Here year refers to a duration of 12 months.

The date of subsequent claim is based on the following setup:

Sr. No.	Option	Remarks
1	Same Day	Claims the subsequent VAT instalment(s) on the same day as the receipt.
2	Last Day	Claims the subsequent VAT instalment(s) on the last day of the month
3	First Day	Claims the subsequent VAT instalment(s) on the first day of the month
4	Other Day	Claims the subsequent VAT instalment(s) on any other day of the month as specified by you. In case a month does not have the specified date, the claim will be made on the last day of that month. For e.g. if you specify 30, claim for February will be made on 28 <sup>th</sup> / 29 <sup>th</sup> as the case may be.

## Claim Terms Definiton Form

**Claim Terms - Definition**

Term Name  No. of Instalments

**First Instalment - Start Period**

Start Period  on ☐ Same Day  
☐ Last Day  
☒ First Day  
☐ Other Day Day Of Month

**Subsequent Instalments**

Every  -  on ☐ Same Day  
☐ Last Day  
☒ First Day  
☐ Other Day Day Of Month

**Assignment**

Regime	Item Class	Regime Registration Number	Organization
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Figure 38 Claim Term - Definition

The screen layout and its feature are described below.

Field Description	Type	Action	Description
<b>Header Section</b>			
Term Name	(Required)	PICK HELP EDIT	You can enter a name for the template
No. of Instalments	(Required)	PICK HELP EDIT	You can enter the number of instalments here
<b>First Instalment – Start Period Block</b>			
Start Period	(Required)	PICK HELP EDIT	Choose the Start Period here LOV Containing: 1. Immediate 2. Next Month 3. Next Quarter 4. Next Financial Year
Same Day	(Required)	CHECK	Check to select Same Day

Last Day	(Required)	CHECK	Check to select Last Day
First Day	(Required)	CHECK	Check to select First Day
Other Day	(Required)	CHECK	Check to select Other Day
Day of the Month	(Required)	PICK HELP EDIT	Enter the day of the month on which you wish to claim the first instalment
Note : Please note that you will be able to select only on of the above buttons			
Subsequent Instalments Block			
Every	(Required)	PICK HELP EDIT	Enter interval / frequency of the subsequent instalments here.
Same Day	(Required)	CHECK	Check to select Same Day
Last Day	(Required)	CHECK	Check to select Last Day
First Day	(Required)	CHECK	Check to select First Day
Other Day	(Required)	CHECK	Check to select Other Day
Day of the Month	(Required)	PICK HELP EDIT	Enter the day of the month on which you wish to claim the subsequent instalment(s)
Note : Please note that you will be able to select only on of the above buttons			
Assignments Block			
Regime	(Required)	PICK HELP EDIT	Select Value Added Tax Regime here
Item Class	(Optional)	PICK HELP EDIT	Select Item Class here LOV containing: 1. Raw Materials 2. Capital Goods 3. Finished Goods 4. Other Goods
Regime Registration Number	(Optional)	PICK HELP EDIT	Select Regime Registration Number
Organization	(Optional)	PICK HELP EDIT	Select Organization here. This list is based on the Regime Registration Number.
Party Type	(Optional)	DISPLAY	Displays the Organization type here.
Location	(Optional)	PICK HELP EDIT	Select Location here. This list is based on Organization.

## Recommended Setups

We recommend the following generic setups that will help you in setting up the VAT Claim Terms:

### 1. Raw Materials – Immediate Claim (To be used for VATable inputs for receiving)

Name	No. of Instalments	First Instalment / Start Period - On	Regime	Item Class
Online Claim / Immediate Claim for Raw Material	1	'Immediate' – on 'Same Day'	Value Added Tax	Raw Materials

### 2. Capital Goods – Claim over 24 months, first claim immediately, subsequent instalments on last day of the month (To be used for Capital Goods on which VAT claim is allowed)

Name	No. of Instalments	First Instalment Start Period – On	Subsequent Instalments Every – Period – On	Regime	Item Class
24 Months deferred claim for Capital Goods	24	'Immediate' – on 'Same Day'	1 – Month – Last Day	Value Added Tax	Capital Goods

### 3. Capital Goods – Claim over 36 months, first claim first day of the next month, subsequent instalments on first day of the every month (To be used for Capital Goods on which VAT claim is allowed)

Name	No. of Instalments	First Instalment Start Period – On	Subsequent Instalments Every – Period – On	Regime	Item Class
24 Months deferred claim for Capital Goods	36	'Next Month' – on 'First Day'	1 – Month – First Day	Value Added Tax	Capital Goods

### 4. Finished Goods – Immediate Claim (To be used for FG returns on RMA)

Name	No. of Instalments	First Instalment / Start Period - On	Regime	Item Class
Online Claim / Immediate Claim for Finished Goods	1	'Immediate' – on 'Same Day'	Value Added Tax	Finished Goods

## Define VAT Document Sequencing

You can define document sequencing using the following form.

VAT Invoice sequence generation depends upon the setup made for the Value Added Tax Regime.

You have to setup whether you want to generate same invoice sequence for VAT and Excise using the “Same Invoice No for Excise and VAT Regimes” attribute. This is a mandatory setup that you need to perform irrespective of the value of “Same Invoice No for Excise and VAT Regimes” attribute.

For e.g.

When a shipment for Non-excisable but VATable item is made, and the value of “Same Invoice No for Excise and VAT Regimes” attribute is set to YES, VAT invoice generation program will pick up the document sequence from the VAT document sequencing setup

Figure 39 Document Sequencing Setup

The screen layout and its feature are described below.

Field Description	Type	Action	Description
<b>Regime Block</b>			
Regime Code	(Required)	PICK HELP EDIT	You should select VAT regime here.
Regime Description		DISPLAY	This field will display regime description
<b>Header Block</b>			
Registration Number	(Required)	PICK	You should select a registration



		HELP EDIT	number
Organization Name			You can pick the organization here. LOV contains Organizations related to the registration number selected above
Organization Type		DISPLAY	Organization Type will be displayed here.
Location		PICK HELP EDIT	You can pick the location related to the organization selected above
Effective From	(Required)	PICK HELP EDIT	You should pick the effective from date here. This cannot be lesser than the system date.
Effective To		PICK HELP EDIT	You can give a effective to date to disable the VAT document sequencing.
Assignment Block			
Document Type	(Required)	PICK HELP EDIT	<p>You can pick the document type here. LOV contains:</p> <ol style="list-style-type: none"> <li>1. Order</li> <li>2. Invoice</li> <li>3. RTV</li> <li>4. Default</li> </ol> <p>You can define different document sequences for different types of documents above. If you select default the document sequence applies to all the documents.</p>
Document Type Name	(Required)	PICK HELP EDIT	The document type name depends upon the document type selected above.
Start Number	(Required)	PICK HELP EDIT	You should enter the start number here. If you wish to start the document sequencing from 1, then you should enter 0 as the start number.
Current Number		DISPLAY	This field will display the current document sequences that is used.
Prefix			You can give a prefix to the invoice number that is generate.
End Number			You can specify an end number for the document sequences. If the document sequence is exhausted, the VAT invoice generation program will end into an error

---

## Important Note

When VAT document sequence is exhausted, you will get following error:

QUOTE

+++ After call to jai\_rgm\_doc\_seq\_pkg.Gen\_Invoice\_number with lv\_inv\_gen\_process\_flag = EEIv\_inv\_gen\_process\_message Document Numbers are exhausted. Please set the End number to a larger value+++

UNQUOTE

You will have to make setup additions in such cases.

---

## Define Supplier Registrations

You can specify VAT Registration number for each Supplier. If this registration number varies by Supplier Site, you can specify this number for each Supplier Site.

Along with the VAT Registration Number you also assign a Assessable Price list to the supplier. This price list would be used in calculating the VAT Taxes.

To access Supplier Tax Information India Localization Screen, using the following navigation path:

India Local Purchasing → Supply Base → Additional Supplier Info

The screen layout as relevant for VAT Setup and the corresponding feature are described below.

Figure 40 Supplier Tax Information India Localization

Field Description	Type	Action	Description
Reg No	(Optional)	EDIT	Specify the VAT Registration Number applicable to the Supplier Site
Assessable Value	(Optional)	PICK EDIT	You can select from the list of Price Lists. The price specified in the list here would replace the Line Amount while calculating VAT Taxes



## Define VAT Authority

You need to define a Supplier and classify the same as VAT Authority. While settlement of VAT Taxes you will have to select the appropriate Tax Authority. Only those Suppliers who are classified, as 'VAT Authorities-IND' would be listed in the Tax Settlement window.

To access Suppliers window, using the following navigation path:

India Local Purchasing → Supply Base → Suppliers

The screen layout as relevant for VAT Setup and the corresponding feature are described below.

The screenshot shows the 'Suppliers (Vision India - OU1: INR)' window. The 'Classification' tab is active. The 'Supplier Name' field contains 'VAT Authority' and the 'Supplier Number' field contains '5092'. The 'Taxpayer ID' field contains '58654'. The 'Type' field is set to 'VAT Authorities-IND'. The 'Employee Name' field is empty, and the 'Number' field is empty. The 'SIC' field is empty. The 'Minority Owned' checkbox is unchecked. The 'Small Business' and 'Woman Owned' checkboxes are also unchecked. The 'One Time' checkbox is unchecked. The 'Sites' button is visible at the bottom right.

Figure 41 Suppliers

### Creating VAT Authority

Create a new supplier.

Select **VAT Authorities-IND** in the Type field.

Field Description	Type	Action	Description
Type	(Optional)	EDIT PICK	For the Supplier identified as VAT Authority select 'VAT Authorities-IND' in the Type field

## Define Customer Registrations

You can specify VAT Registration number for each Customer. If this registration number varies by Customer Site, you can specify this number for each Customer Site.

Along with the VAT Registration Number you also assign a Assessable Price list to the Customer. This price list would be used in calculating the VAT Taxes.

To access Customer Tax Information India Localization Screen, using the following navigation path:

India Local Order Management → Customers → Additional Information

The screen layout as relevant for VAT Setup and the corresponding feature are described below.

**Customer**

Name: **AT & T India** Number: **1001**

Address: **4th Floor, South wing, Cyber Gateway, Hyderabad, Andhra Pradesh, 500081, India**

Item Category List: **VAT Item Category**

---

**Excise**

☐ Exempt

Range: **Hyderabad** Division: **Hyderabad Division**

Registration No: **RG/1234** Zone: **Hyderabad**

Region: **Hyderabad** Circle: **Hyderabad**

Collectorate: **Hyderabad** EC Code: **EC Code**

Assessable Price: **Assessable Price List**

---

**Sales Tax**

CST Reg No: **CST 9876 Dt 15/8/2003** LST Reg No: **LST 5432 Dt 25/9/2003**

---

**VAT**

Reg No: **12345/india/world/globe** Assessable Price: **VAT Assessable Value**

---

**Service Tax**

Reg No: **12345/india/world/Service Tax**

---

**Income Tax**

PAN No: **TEST PAN** TAN No: **TEST TAN**

Figure 42 Customer Tax Information India Localization

Field Description	Type	Action	Description
Reg No	(Optional)	EDIT	Specify the VAT Registration Number applicable to the Customer, Customer Site
Assessable Value	(Optional)	PICK EDIT	You can select from the list of Price Lists. The price specified in the list here would replace the Line Amount while calculating VAT Taxes



## Defining VAT Journal Sources and Categories

Journal Sources need to be defined to transfer VAT Related Accounting entries to General Ledger.

VAT GL entries created from PO-Receiving transactions, Source would be 'Purchasing' and Category would be 'Receiving India'. For all other VAT GL entries Journal Source would be 'VAT' with description ' VAT India'. These journal source and categories would be seeded.



## Value Added Taxes on Transaction

This section provides details on the implication of Value Added Taxes on transactions.

## VAT Defaulting & Calculation

VAT Taxes default on following documents

- a. Purchase Requisitions
- b. Internal Requisitions
- c. Request for Quotations
- d. Quotations
- e. Purchase Orders
- f. PO Releases
- g. PO Receipts
- h. ISO Receipts
- i. RMA Receipts
- j. Sales Order
- k. Ship Confirm
- l. AR Invoice, Debit Memo, Credit Memo

Current Tax defaulting and calculation capabilities of India Localization Tax Engine can handle these requirements. Tax defaulting and calculation happens based on Tax Setups. Appropriate setup of Tax Codes, Tax Categories with Precedence and Item Categories will ensure appropriate Tax defaulting and Calculation.

## VAT Assessable Price Lists

Input VAT and Output VAT would be calculated based on the specified formula. However, there might be cases where the Tax Authorities might assess the goods at a value different from the Transaction Price. In such cases, the user has a provision to define price lists and assign them to Supplier/Supplier Site and Customer/Customer Site.

The Price Lists can be created using the Pricing functionality in Order Management.

## Value Added Tax Recovery Process

VAT Taxes applicable to a purchase transactions can be recovered to set-off the VAT liability arising from the sale of goods arising in the course of intra-state trade. This section provides details of the VAT recovery process.

The following figure depicts the VAT Claim process:

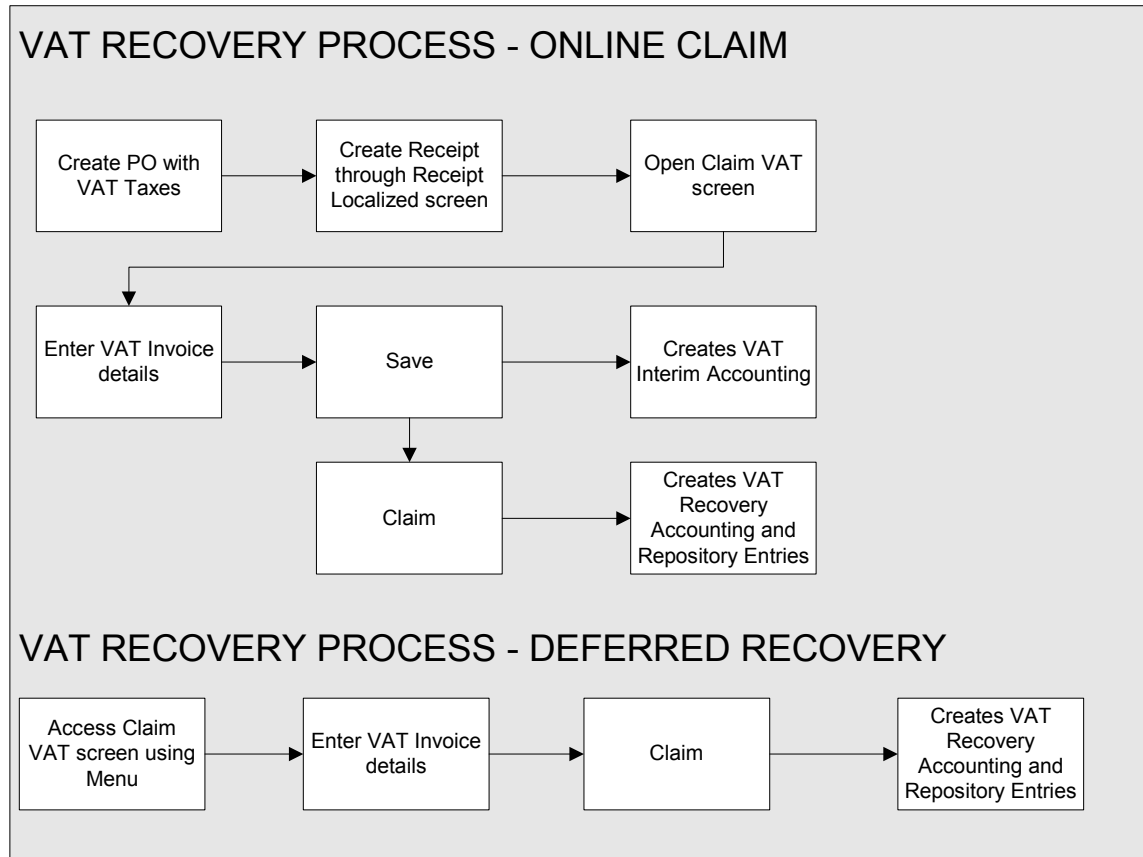


Figure 43 VAT Recovery Process – Online Claim

### Claim VAT – During Receipt creation

VAT Tax amounts included in the purchase transaction can be recovered on receipt of VAT Invoice from the Supplier. This document can be received either with the receipt of material or at a later stage. If the document is received along with the material then, the user has an option to enter the VAT Invoice details by opening the Claim Details window through the Receipts India Localization window.

To open the Claim Details window while creating the receipt, click on the Claim VAT button on the Receipt India Localization screen.

Receipt Number	Line Number	Item	Description	Organization	Location	Subi
2484	1	LocCGIN	CGIN item class	Vision India Iron a	Vision India -	

☒ Consolidate BOE    Tag    Claim VAT    Apply BOE    Refresh    New

Figure 44 Receipts India Localization

### Note

You should have frozen the Tax lines and amounts before you open the Claim Details screen.

On clicking on the Claim VAT Form you would get the following message

Receipt Number	Line Number	Item	Description	Organization	Location	Subi
2486	1	LocCGIN	CGIN item class	Vision India Iron a	Vision India -	

☒ Consolidate BOE    Tag    Claim VAT    Apply BOE    Refresh    New

**Decision**

?

This operation will not allow any tax modifications for this Receipt. Do you want to continue ?

No    Yes

Figure 45 Receipts India Localization

If you have any Tax modifications pending, click 'No'. On clicking on 'Yes' Claim Details would be opened.

The screen layout and the corresponding features is given below:

**Claim Details**

Receipt Num.	Claim Status	Recoverable Amt	Recovered Amt	Invoice No.	Invoice Date	Party	Party Site	Total Lines	Lines W.
2473	Partial Claim	247.25	67.25			Gallant Industri	BANGALORE	8	6

**Query Lines**  
Item Class:  Item Name:   
Lines W/O VAT Details: ☐ Claim Status:

**Populate Defaults**  
Processing Action:  Invoice No.:   
Invoice Date:  Party:   
Party Site:

Item Name	Item Class	Claim Status	Processing Action	Claim Term	Invoice No.	Invoice Date	Party	Party Site	Recover
LocCGIN	Capital Goods	Full Claimed		CG in 2 Yez	bhgggf	19-MAR-2005	Gallant Indus	BANGALORE	
LocCGIN	Capital Goods	Non Claimable		CG in 2 Yez					
LocOTIN	Raw Materials	Non Claimable		CG in 2 Yez					
LocOTIN	Raw Materials	Not Claimed		CG in 2 Yez					

**Tax Details** | **Installment Details**

Tax Type	Tax Name	Recoverable Amt	Recovered Amt
VALUE ADDED T	10% Value Added T	0	0

Figure 46 Claim Details

Field Description	Type	Action	Description
<b>Receipt Header Block</b>			<p>In this block you would see the list of receipts that meet your query criteria. In case you have opened this form from Receipts India Localization screen, only the current Receipt would appear in this block.</p> <p>In this block you can view Total of VAT Recoverable Amount. Of which how much is recovered, the VAT Invoice details would appear in this block</p>
Receipt number			Receipt is displayed here
Recoverable Amount			<p>This field reflects the Total of recoverable VAT Tax amounts applicable to the receipt.</p> <p><b>Note</b> All Tax Types Assigned to the VAT Regime would be considered as VAT Taxes.</p>
Recovered Amount			<p>This field displays the Total of VAT Amount recovered so far.</p> <p>In the following cases</p>

			<p>Recovered Amount would not be equal to the Recoverable Amount:</p> <ol style="list-style-type: none"> <li>1. When you have processed claim for any of the Receipt Lines.</li> <li>2. When only some of the Receipt lines are recovered</li> <li>3. Based on the claim terms only a part of the VAT Amount is recovered</li> </ol>
Invoice No.			<p>This field would display the VAT Invoice Number.</p> <p>In the following scenarios, no value would be displayed in this field:</p> <ol style="list-style-type: none"> <li>1. You have not specified VAT Invoice Number for any of the fields</li> <li>2. More than one VAT Invoice number has been specified for the Invoice Lines.</li> </ol>
Invoice Date			<p>VAT Invoice Date is displayed here. The date would be displayed only when the VAT Invoice number is displayed.</p>
Party			<p>If the VAT Invoice is received from a supplier who is different from the PO supplier, you would enter the Party on the Receipt Lines.</p> <p>Such party would be shown in this field.</p> <p>However, if this value is not distinct for all lines, the field would not display any value.</p>
Party Site			<p>The site corresponding to the VAT Supplier Site would be displayed here.</p> <p>If this value is not distinct for all lines, the field would not display any value.</p>
Claim Status			<p>VAT Claim status would be displayed here.</p> <p>Following would be the distinct statuses:</p> <p>1. <u>Not Claimed</u>: This value would appear if none of the receipt</p>

			<p>lines are processed</p> <p>2. <u>Full Claimed</u>: This status would appear if VAT on all the lines are claimed.</p> <p>3. <u>Partial Claimed</u>: This status would appear when only some of the lines are claimed.</p> <p>4. <u>Non Claimable</u>: This status would appear when all the lines are not eligible for claim and all of them are marked as not claimable.</p>
Total Lines			Displays number of Receipt lines.
Lines W/O VAT Details			Displays lines without VAT Invoice Details
<b>Query Lines Block</b>			<b>Use this block to query for specific Receipt Lines</b>
Item Class			Select a Item Class from the LOV only when you would like to view and process lines of a specific item class
Item Name			Select a Item Name from the LOV only when you would like to view and process lines of a specific item
Lines W/O VAT Details			Check this box only when you would like to view lines that do not have VAT Invoice number and Date.
Claim Status			Select a specific Claim Status from the LOV. All lines with the matching status would be selected.
Query Lines			Click this button to query all lines with values matching those entered in this block
<b>Populate Defaults Block</b>			<b>Specify values here that should be defaulted on all receipt lines that are being queried.</b>
Processing Action			<p>Select a processing action that should be stamped on all lines that are queried.</p> <p>You can select from the following options</p>



			<p>1. <u>Claim</u>: This would imply that the lines would be claimed in the next claim process.</p> <p>2. <u>Not Claimable</u>: This status would indicate that the lines would not be eligible for claim.</p> <p>3. <u>Pending</u>: By marking lines as pending, you are indicating that these lines would remain in pending status and would be separated from the claim process.</p>
Invoice No.			Specify a value that should be stamped on to the Invoice number field of all selected lines
Invoice Date			Specify a value that should be stamped on to the Invoice date field of all selected lines
Party			This field displays the PO Vendor name. If the vendor providing the VAT Invoice is different from the PO vendor then, select appropriate value here.
Party Site			This field displays the PO Vendor Site. If the vendor site providing the VAT Invoice is different from the PO vendor/site then, select appropriate value here.
Populate Defaults			Click this button to populate all the selected lines with the values entered in this block
Receipt Lines			All receipt lines with matching query criteria would be displayed here
Item Name			Item Name is displayed here.
Item Class			Item Class as assigned for the combination of VAT Regime and Item would be displayed here
Claim Status			<p>Claim Status of the Line would be displayed here. If the status is not populated using Populate Defaults block, user needs to specify the status for each line.</p> <p>Following are the details of each claim status:</p> <p>1. <u>Not Claimed</u>: This implies that the line is eligible for claim process. But is not yet claimed.</p>

			<p>2. <u>Not Claimable</u>: This status indicates that the line is not eligible for claim.</p> <p>3. <u>Partial Claimed</u>: Implies that the line is partially claimed.</p> <p>3. <u>Full Claimed</u>: Indicates that the line has been completed processed.</p>
Processing Action			<p>In this field, select from one of the following processing action.</p> <p>1. <u>Claim</u>: This would imply that the lines would be claimed in the next claim process.</p> <p>2. <u>Not Claimable</u>: This status would indicate that the lines would not be eligible for claim.</p> <p>3. <u>Pending</u>: By marking lines as pending, you are indicating that these lines would remain in pending status and would be separated from the claim process.</p>
Claim Term			Displays the default claim Term. User has an option to change this until the line has been processed for claim.
Invoice No.			Specify The VAT Invoice number here.
Invoice Date			Specify a Invoice date here.
Party			This field displays the PO Vendor name. If the vendor providing the VAT Invoice is different from the PO vendor then, select appropriate value here.
Party Site			This field displays the PO Vendor Site. If the vendor site providing the VAT Invoice is different from the PO vendor/site then, select appropriate value here.
Recoverable Amount			<p>This field reflects the Total of recoverable VAT Tax amounts applicable to the receipt line.</p> <p><b>Note</b> All Tax Types Assigned to the VAT Regime would be considered as VAT Taxes.</p>
Recovered Amount			This field displays the Total of

			<p>VAT Amount recovered so far.</p> <p>In the following cases Recovered Amount would not be equal to the Recoverable Amount:</p> <ol style="list-style-type: none"> <li>1. When you have processed claim for any of the Receipt Lines.</li> <li>2. When only some of the Receipt lines are recovered</li> <li>3. Based on the claim terms only a part of the VAT Amount is recovered</li> </ol>
Net Quantity			This value displays receipt quantity net of Returned and correction quantity.
Receive Qty.			Quantity received is shown here. This is before correction and returned quantity.
Correct Rcv. Quantity			Correct of receive quantity is displayed here.
RTV Qauntity			Quantity returned to supplier is displayed here
Correct RTV Qty.			This field displays Correction to quantity returned to vendor
<b>Tax Details</b>			<b>This block displays Tax Amount details. Only taxes of the Type assigned to the Regime Registration are displayed here</b>
Tax Type			Tax Type is displayed here.
Tax Name			Tax Name is displayed here
Recoverable Amount			Amount of Tax that can be recovered is displayed here
Recoverable Amount			This field displays the tax amount that is already recovered
<b>Instalment Details</b>			<b>This block displays the instalment details.</b>
Installment No.			Displays sequence number; Starting with 1 and incremented by 1 for each record
Scheduled Date			Displays the date on which the record would be available for VAT Recovery
Installment Amount			Displays the equal installment amount that would be eligible for recovery as on the scheduled date
Status			Displays the Claim Status of the line. If the installment is claimed then, the status would be

			'Claimed'. If the installment is not yet claimed, the status would be set to 'Not Claimed'
--	--	--	--

## Claim VAT After Creating Receipt

If the VAT Invoice details are not entered while creating the receipt, the option is to enter these details by accessing the Claim VAT screen through the menu option. The options available would be the same as those when the form is opened through the Receipts localized screen. However, here the user has an option to query for multiple receipts based on the options in the query-find screen.

The screen layout and the corresponding features is given below:

Figure 47 Find Tax Claims

Field Description	Type	Action	Description
Regime			The value in this field would be 'Value Added Tax'
Organization			Displays the current organization from the profile
Location			Select the Location from the LOV
Receipt Type			Select from the following Values  PO: Purchase Receipt RMA: Customer Receipt ISO: Internal Receipt
Party			Select a Supplier Name here
Receipt From Date			Specify a date here. This would restrict the receipts to those created after this date
Receipt to Date			Specify a date here. This would restrict the receipts to those created before this date
Claim Status			Select a claim status from the

			<p>LOV</p> <p>Following are the details of each claim status</p> <p>1. <u>Not Claimed</u>: This implies that the line is eligible for claim process, but is not yet claimed.</p> <p>2. <u>Not Claimable</u>: This status would indicate that the line is not be eligible for claim.</p> <p>3. <u>Partial Claimed</u>: Implies that the line is partially claimed.</p> <p>3. <u>Full Claimed</u>: Indicates that the line has been completed processed.</p>
Item Class			Select an Item Class from the LOV. Only those receipt lines with this Item class specified here would be fetched
Receipt Number			Specify a specific receipt number here. Only lines related to the receipt would be returned

## India - VAT Invoice Generation

A New concurrent program 'India - VAT Invoice Generation / Accounting ' has been added to Oracle Order Management – India Localization. This has been introduced to handle generation of VAT Invoice and pass requisite VAT Accounting entries for VAT type of taxes from Order Management. This program captures Value added Tax localization taxes in Shipments and inserts VAT Invoice number in India Localization shipment table and Entries in GL interface. You have to schedule the concurrent to submit the request at suitable intervals. Please make it mandatory to Schedule this concurrent program.

India Local Order Management → Reports → Other → Submit Requests → Select 'India - VAT Invoice Generation / Accounting ' → Schedule

The screenshot shows a 'Parameters' window with the following fields and values:

Field	Value
Regime	VAT
Tax Registration No.	
Organization	
Location	
Delivery From	
Delivery To	
Transactions From Date	
Transactions To Date	
Action	GENERATE INVOICE NO
Generate Single Invoice	<input type="checkbox"/>
Default Invoice Date	
Debug Switch	No

At the bottom right, there are four buttons: OK, Cancel, Clear, and Help.

Figure 48 Parameters

The screen layout and its feature are described below for ready reference.

Field Description	Type	Action	Description
Regime	(Required)	PICK EDIT	You will have to pick the Regime here. Currently only 'VAT' (Value Added Tax) is available here.
Tax Registration No.	(Required)	PICK EDIT	You will have to pick the Tax registration Number that has been defined for VAT Regime here. This LOV will display all registration numbers defined by you for VAT Regime.
Organization	(Optional)	PICK EDIT	You can choose the organization here if you want to run the program for a specific organization.
Location	(Optional)	PICK EDIT	This will be enabled only if you select an organization and you can choose the Location here if you want to run the program for a specific Location.
Delivery From	(Optional)	PICK EDIT	This will be enabled only if you select an organization and Location and you can choose the from Delivery id here if you want to run the program for a specific range of delivery id's
Delivery To	(Optional)	PICK EDIT	This will be enabled only if you select an organization and Location and you can choose the end Delivery id here if you want to run the program for a specific range of delivery id's
Transactions from Date	(Required)	EDIT	Enter transaction date range here. All transactions having transaction date between this range will be picked up for processing
Transactions to Date	(Required)	EDIT	Enter transaction date range here. All transactions having transaction date between this range will be picked up for processing
Action	(Required)	PICK EDIT	This is the type of action which is expected. The program has three options 1) "GENERATE INVOICE NO" which will only generate VAT invoices for the selected regime, 2) "PROCESS ACCOUNTING" which will make repository

			entries and pass GL entries for the selected regime. 3) "PROCESS ALL" which will result in both generation of VAT invoice and pass GL entries.
Generate Single Invoice	(Optional)	PICK EDIT	You have an option of running the concurrent with "Yes" for this parameter which will then group delivery ids for each customer and create a single VAT invoice for each customer instead of one VAT invoice per delivery.
Default Invoice Date	(Optional)	EDIT	Using this option you can enter a Date for which you want the VAT invoice date and accounting to happen. This is useful mainly for cases where shipment happens as say 11:45 pm on Month end & you are running the concurrent during the next month but want the accounting to happen on a date different from current date. This will however not impact the number series & hence care should be taken to process all pending invoices prior to running the concurrent for the next period.
Debug Switch	(Required)	PICK EDIT	Default value of this parameter is "No" but the same can be changed to "Yes" to see the debug messages when required.

**Important Note:**

- 1) This program is a mandatory program to be run for generating VAT Invoice Number and generation of accounting entries.
- 2) This concurrent will show the following error "Excise invoice generation program has not been run for various reasons" or "Excise Invoice Generation is not generated yet for this Delivery. Please run the excise invoice number generation number for delivery :." when you have setup 'Same Invoice No for Excise and VAT Regimes' as 'Y' for this registration number and try to run this program prior to running Excise Invoice generation or if the Excise invoice generation has errored out for this delivery.
- 3) This concurrent will show the following error "Document sequencing setup not done at Registration number level" if you try to run the same without defining the Document sequencing for the given registration number
- 4) This concurrent will show the following error "Document Numbers are exhausted. Please set the End number to a larger value" when the last number as setup in document sequencing has been reached & hence cannot generate a VAT invoice number.



- 5) When VAT invoice number generation happens after the AR invoice is created, localization AR table does not have VAT Invoice number imported from localized shipping tables. Hence care should be taken to run the VAT invoice generation program prior to creation of AR Invoice.

## VAT Manual Entry

Manual Entry transactions for VAT may be used for passing Adjustment entries (both VAT repository / accounting) for VAT Recovery / VAT Liability transactions done in the P2P and O2C Cycles. VAT Recovery / VAT Liability, VAT Payment transactions can also be created directly using this window

This functionality is provided as a means for handling exceptional scenarios in your business process that necessitate capturing of such transactions outside the normal transaction cycles.

On saving the transaction system will generate a transaction number. If the 'Generate Invoice Number' flag is checked, system will generate the VAT Invoice number as well. System also generates appropriate accounting entries / VAT repository entries for the transactions.

You will use the following screen to do manual entries related to Service Tax.

Navigation: India Local Purchasing → VAT/Service Tax → Transactions → Manual Entry

Figure 49 Manual Entry

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Header Section			All the transaction details are captured in the header section.
Regimes	(Required)	PICK HELP EDIT	Select VAT Regime
Organization Type	(Required)	PICK	Select Inventory Organization

		HELP EDIT	for VAT
Organization Name	(Required)	PICK HELP EDIT	Select Organization from LOV. LOV contains all organizations where India Localization is installed.
Transaction Number			An autogenerated number for each manual transaction successfully performed.
Location Name		DISPLAY	Organization location is displayed here.
Transaction Type	(Required)	PICK HELP EDIT	Select transaction type. LOV contains: 1. Recovery 2. Adjustment Recovery 3. Liability 4. Adjustment Liability 5. Payment
Transaction Date	(Required)	PICK HELP EDIT	Select transaction date. Transaction date has to be more than the last settlement date and less than the current system date.
Party Type	(Required)	PICK HELP EDIT	Select Party Type. LOV contains: Vendor Customer Tax Authority You should select vendor based on the transaction type. For e.g. if the transaction type is recovery, you will fill in vendor details in the 'Party Details' section and similarly if the transaction type is liability, you will fill in customer details in the 'Party Details' section. In case you are capturing VAT payment through this screen then you should select Tax Authority in 'Party Details'.
Party Name	(Required)	PICK HELP EDIT	Select Party Name
Party Site	(Required)	PICK HELP EDIT	Select Party Site.
Invoice Number	(Optional)	PICK HELP EDIT	Number of invoice issued by the party.
Invoice Date	(Optional)	PICK HELP EDIT	Date of invoice issued by the party.
Item Class	(Optional)	PICK	You can select Item class here.

		HELP EDIT	
Item Name	(Optional)	PICK HELP EDIT	You can select the item here
Remarks	(Optional)	PICK HELP EDIT	Enter Remarks, if any.
Tax Details block			In this block you will enter tax information related to the transaction.
Tax Type	(Required)	PICK HELP EDIT	Select Tax Type. LOV containing: 1. Value Added Tax 2. Turnover Tax 3. Purchase Tax 4. Entry Tax 5. Octroi - IND You should select the appropriate tax types. You can choose multiple tax types.
Parent Tax Type		DISPLAY	This field will display the parent tax type that has been setup for a child tax in the Regime setup.
Assessable Value	(Required)	PICK HELP EDIT	Enter assessable value for the transaction. Assessable value for child tax will default as value of Parent Tax.
Rate(%)	(Required)	PICK HELP EDIT	Enter rate of tax.
Tax Amount		DISPLAY	Calculated amount based on assessable value and rate of tax.
Adjustment Account	(Required)	PICK HELP EDIT	Select adjustment account where the amount needs to be adjusted.

Payment of VAT can also be captured through the manual entry screen.

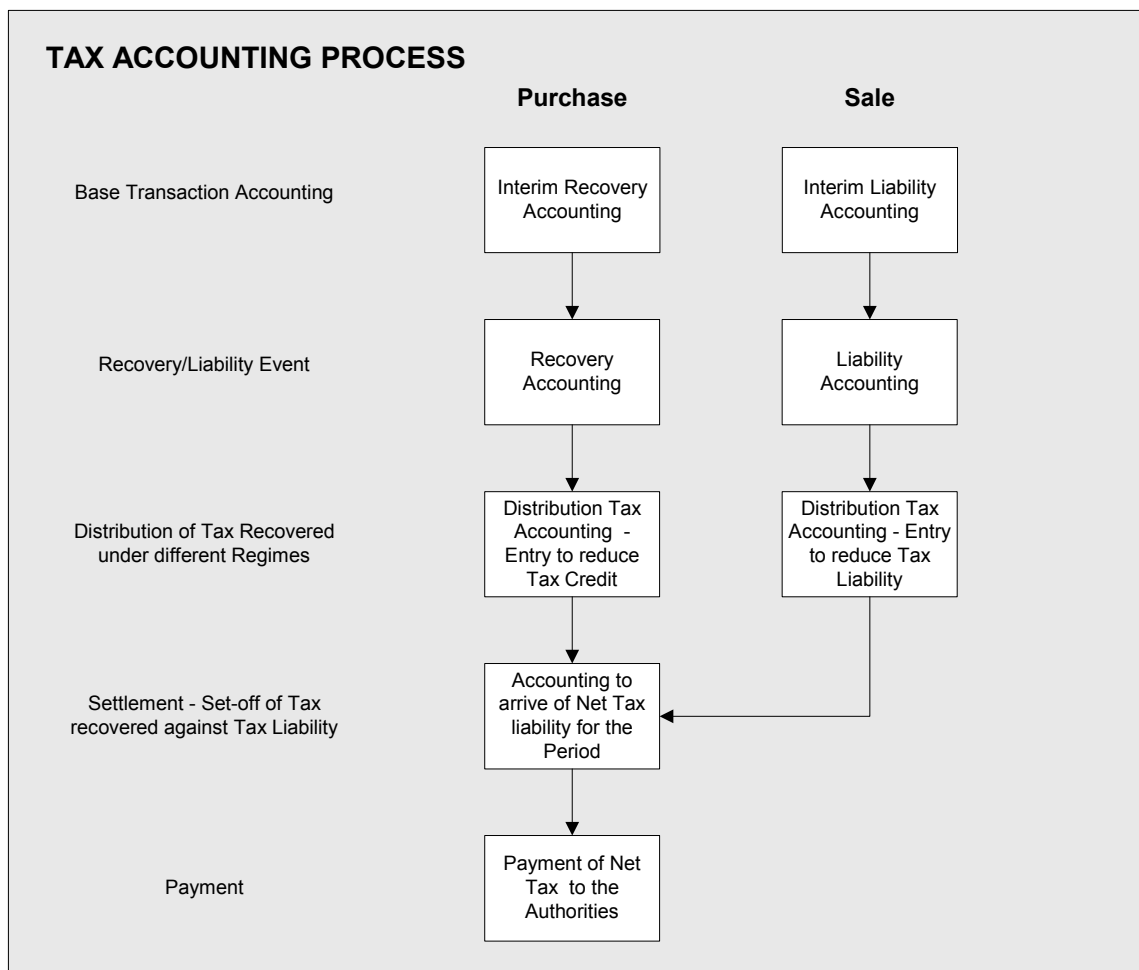
On saving the transaction system will generate a transaction number.

## Value Added Tax Accounting

This section provides an overview on the Tax Accounting process. Following figure depicts the Accounting required for VAT Taxes. Tax accounting happens along with base transaction accounting. This varies when the Tax is deferred and can be recovered or the liability arises only on happening of a particular accounting event in the future. For example, VAT recovery is on receipt of supplier VAT Invoice. So is the accounting. In such cases, the actual Recovery happens on claiming VAT through after receiving Supplier Invoice and liability accounting happens on generating the VAT Invoice for customs.

Once the transaction has passed through the recovery and liability event, the next phase would be settlement. The total of recovered amount (net of transferred amounts) is what remains to set-off against the Tax Liability under the regime. The Net Liability is settled by making a payment to the Tax Authority.

Following picture figure the category of accounting events and their flow:



*Figure 50 Tax Accounting Process*

This process is applicable to all taxes in Procure to Pay (P2P) and Order to Cash (O2C) Cycles.

## Accounting Entries

Accounting for VAT taxes would be done in two phases. The first would be on the Purchasing and sale event. On initial purchase and sale event, the VAT Tax would be debited/credited to an interim account. This debit/credit to Interim account would be reversed on to Recovery/Liability accounts on recovery/liability event.

Following matrix gives the scheme of accounting entries that would be created to account VAT Taxes at each event. The 'Condition' field provides information on transaction process or setup variation that causes difference in accounting entries.

Sl. No	Document	Accounting Event	Condition	Accounting Entry
1	<b>Purchase Order</b>	Purchase Order		
				Debit: VAT Interim Recovery Account Debit: Receiving Inventory Account* Credit: AP Accrual
2	<b>Receiving</b>	Receive	With Accrue on Receipt set to 'Yes'	* Non-Recoverable portion of VAT Taxes
				Debit: Material Cost Account* Credit: Receiving Inventory Account
3		Deliver		* Non-Recoverable portion of VAT Taxes
4		Claim VAT of 'Supplier Receipt'	With Accrue on Receipt set to 'Yes' and Item Class 'Raw Material'	Debit: VAT Recovered Account Credit: Vat Interim Recovery Account
5			With Accrue on Receipt set to 'Yes' and Item Class 'Capital Goods' and the Claim of Rs.10 of VAT is over 10 months in equal installments. The entry on the first installment would be	Debit: VAT Recovered Account 1 Credit: VAT Interim Account 1
6			On subsequent claims of VAT Recoverable on Capital Goods	Debit: VAT Recovered Account 9 Credit: VAT Interim Account 9
7		Claim VAT of Customer Receipt' (RMA)		Debit: VAT Recovered Account Credit: VAT Interim Liability Account
8		Return to Vendor	1. With Accrue on Receipt set to 'Yes' and 2. Item Class 'Raw Material' and 3. irrespective of whether 'Generate VAT Invoice' is 'Yes' or 'No' 4. Return is done immediately after Receipt and before claim	Debit: AP Accrual Account Credit: VAT Interim Recovery Account

9			1. With Accrue on Receipt set to 'Yes' and 2. Item Class 'Raw Material' and 3. irrespective of whether 'Generate VAT Invoice' is 'Yes' or 'No' 4. Return is done after claim	Debit: AP Accrual Account Credit: VAT Interim Recovery Account  Debit: VAT Interim Recovery Account Credit: VAT Recovered Account
10			1. With Accrue on Receipt set to 'Yes' and 2. Item Class 'Capital Goods' and 3. irrespective of whether 'Generate VAT Invoice' is 'Yes' or 'No' 4. Return is done immediately after Receipt and before claim	Debit: AP Accrual Account 10 Credit: VAT Interim Recovery Account 10
11			1. With Accrue on Receipt set to 'Yes' and 2. Item Class 'Capital Goods' and 3. irrespective of whether 'Generate VAT Invoice' is 'Yes' or 'No' 4. Return is done after VAT is claimed completely	Debit: AP Accrual Account 10 Credit: VAT Interim Recovery Account 10  Debit: VAT Interim Recovery Account 10 Credit: VAT Recovered Account 10
12			1. With Accrue on Receipt set to 'Yes' and 2. Item Class 'Capital Goods' and 3. 'Generate VAT Invoice' is 'Yes' or 'No' 4. Return is done after first claim of VAT (I.e., after Scenario 5)	Debit: VAT Recovered Account 9 Credit: VAT Interim Account 9  Debit: AP Accrual Account 10 Credit: VAT Interim Recovery Account 10  Debit: VAT Interim Account 10 Credit: VAT Recovered Account 10
13		Return to Receiving		Debit: Receiving Inventory Account Credit: Material Cost Account * For non-recoverable portion of VAT
		On marking the Receipt Line as Non-Claimable		Debit: Material Cost Account Credit: Receiving Inventory Account  Debit: Receiving Inventory Account Credit: VAT Interim Recovery Account
14	<b>Invoice</b>	Invoice Accounting	Receipt Matched Invoices. With Accrue on Receipt Flag Set to 'Yes'	Debit: AP Accrual Account Credit: Supplier Liability Account
15			Receipt Matched Invoices. With Accrue on Receipt Flag Set to 'No'	Debit: VAT Interim Account Credit: Supplier Liability Account
16	<b>Sales Order</b>	Sales Order		

17	<b>Shipment</b>	Pick Release		
18		Generation of VAT Invoice After 'Ship Confirm'		Debit: VAT Interim Liability Account Credit: VAT Liability Account
19	<b>Invoicing</b>	AR Invoice Accounting		Debit: Receivable Account Credit: VAT Interim Liability Account
20		Generation of VAT Invoice based on 'AR Transaction'		Debit: VAT Interim Liability Account Credit: VAT Liability Account
21	<b>Credit Memo</b>	AR CM Accounting		Debit: VAT Interim Liability Account Credit: Receivable Account
22		Settlement		Debit: VAT Liability Account Credit: VAT Recovered Account
23		AP Invoice created for Tax Authority on Settlement		Debit: VAT Liability Account Credit: Supplier Liability Account (This entry would be created on Accounting for AP Invoice created for VAT Tax Authority based on settlement)
24	<b>Manual Entry</b>	Recovery		Debit: VAT Recovered Account Credit: Balancing Account (As specified on Manual Entry Screen)
25		Recovery Adjustment		Debit: VAT Recovered Account Credit: Balancing Account (As specified on Manual Entry Screen)
26		Liability		Debit: Balancing Account (As specified on Manual Entry Screen) Credit: VAT Liability Account
27		Liability Adjustment		Debit: Balancing Account (As specified on Manual Entry Screen) Credit: VAT Liability Account
28		Payment		No Accounting Entry is passed for this as Accounting happens on accounting of the AP invoice.



## VAT Settlement

VAT settlement process that needs to be followed:

1. Process Records and generate AP invoice
2. Pay AP invoice
3. Process Payment

You will use the following screen to perform periodic settlement of VAT. Settlement process should be performed before payment is made to the VAT Tax authority and submission of returns.

Figure 51 Settlement

The screen layout and its feature are described below.

Field Description	Type	Action	Description
<b>Header Section</b>			
Regime	(Required)	PICK HELP EDIT	Select VAT Regime
Registration Number	(Required)	PICK HELP EDIT	Select registration number for which settlement has to be carried out. Please note that you can run the settlement process separately for each Registration number.
Last Settlement Date		DISPLAY	Last settlement date of the registration number.

Settlement Date	(Required)	PICK HELP EDIT	Enter settlement date. You can perform settlement only for a date higher than the last settlement date and lower than the current system date.
'Get Details' Button	(Required)		On pressing the button the 'Balances' block of the screen will show the tax wise debit, credit and net balances.
Balance block			
Tax Type		DISPLAY	Tax types associated to this regime and registration are displayed here. For e.g. 1. Value Added Tax 2. Turnover Tax 3. Purchase Tax 4. Entry Tax 5. Octroi - IND be displayed in case of VAT regime.
Credit		DISPLAY	Gross credit balance for the tax type.
Debit		DISPLAY	Gross debit balance for the tax type.
Net Balance		DISPLAY	Net balance for the tax type.
Payment Details block			You should capture the details regarding payment of Taxes here.
Payment Amount		DISPLAY	This amount will be the net balance as per the Balances block.
Authority	(Required)	PICK HELP EDIT	Select appropriate tax authority.
Authority Site	(Required)	PICK HELP EDIT	Select appropriate tax authority site.
Challan No.	(Required)	PICK HELP EDIT	Enter tax payment challan number.
Challan Date	(Required)	PICK HELP EDIT	Enter tax payment challan date.

The system will automatically create an AP invoice in favor of the VAT Tax authority. You will have to select the VAT Tax authority and site for which AP invoice needs to be created. You can capture the payment challan number and challan date in the fields provided.

On giving the requisite details, press the 'Process' button. This will create an AP invoice in favor of the VAT Tax authority.

On performing the settlement process, you will have to navigate to the Find Settlements screen.

You can find all the settlements performed from this screen. LOV for 'Settlement Status' contains 2 values viz.

Settlement Status	Description
Settled	This means that AP invoice has been paid and payment has been processed in the 'Settlement Details' screen.
Payment Due	This means the AP invoice has been paid/unpaid but the payment has not been processed in the 'Settlement Details' screen.

On processing the records in the 'Settlement' screen you can find out the AP invoice number that has been generated using this screen. On finding out the AP invoice number, you should navigate to AP and pay the invoice.

Figure 52 Find Settlements

The screen layout and its feature are described below.

Field Description	Type	Action	Description
Regime	(Required)	PICK HELP EDIT	Select VAT Regime
Registration No.	(Required)	PICK HELP EDIT	Select Registration number
Settlement Status	(Required)	PICK HELP EDIT	Select Settlement Status. LOV contains: Settled Payment Due Refer above table for details.
Settlement Date From	(Optional)	PICK HELP EDIT	Select from date. Enhanced find criteria for date.
Settlement Date To	(Optional)	PICK HELP EDIT	Select to date. Enhanced find criteria for date.

On payment of AP invoice you will again find the AP invoice using the above find window to show the following screen

Invoice status will be shown in the above screen. The different statuses are as follows:

Invoice Status	Description
Imported	AP invoice has been created and not yet paid
Partially Paid	AP invoice partially paid
Paid	AP invoice fully paid
In Interface	Invoice is created but is stuck in the interface

Regime	Registration No	Net Balance	Authority	Site	Invoice Number	Payment Amt	Invoice Status	Process Payment
Value Added	BBBAAA000C	-74.12	VAT Authority	HYDERABAD	VAT/2829/6	74.12	Payment Processed	<input type="checkbox"/>
Value Added	BBBAAA000C	-1490.28	VAT Authority	HYDERABAD	VAT/2829/7	1490.28	Payment Processed	<input type="checkbox"/>
Value Added	BBBAAA000C	-3761.61	VAT Authority	HYDERABAD	VAT/2829/8	3761.61	Payment Processed	<input type="checkbox"/>

Process Payment

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**Balances**

Inventory Organization	Location	Tax Type	Credit Balance	Debit Balance	Net Balance
Vision India Iron and Steel Manuf Co	Vision India - Mumbai	VALUE ADDED TAX	1250	1292	-42
Vision India Iron and Steel Manuf Co	Vision India - Mumbai	TURNOVER TAX	0	32.12	-32.12

Figure 53 Settlement Details

The screen layout and its feature are described below.

Field	Description	Type	Action	Description
Header Section				
Regime			DISPLAY	Displays the VAT Regime
Registration No.			DISPLAY	Displays the Registration Number
Net Balance			DISPLAY	Displays the net balance as per the settlement process carried out.
Authority			DISPLAY	Displays the Tax authority.
Site			DISPLAY	Displays the Tax authority site.
Invoice Number			DISPLAY	Displays the AP invoice number that is generated.
Payment Amount			DISPLAY	Displays the net payment amount.
Invoice Status			DISPLAY	Displays the status of the AP invoice.
Process Payment		(Required)	CHECKBOX	Check this box to complete the settlement process.

Balances block			This block shows the details of all the organizations for which the settlement is being carried out.
Operating Unit		DISPLAY	Displays name of the organization.
Tax Type		DISPLAY	Displays tax type
Credit Balance		DISPLAY	Gross credit balance for the tax type.
Debit Balance		DISPLAY	Gross debit balance for the tax type.
Net Balance		DISPLAY	Net balance for the tax type.

In the event of AP invoice not getting successfully created, you have an option of creating a stand-alone AP invoice and link the same to the settlement processed earlier.



## VAT Repository

All transactions that lead to VAT Recovery or Liability or adjustment to the same would update the VAT Repository. You can use this repository for meeting the reporting requirements specific to the state.

Following events update the VAT Repository

1. Claim VAT
2. Process VAT Installments
3. Return to Vendor after VAT Claim
4. VAT Invoice Generation based on
  - a. Shipment
  - b. AR Transaction completion
5. Manual Entry following transaction types
  - a. Recovery
  - b. Recovery Adjustments
  - c. Liability
  - d. Liability Adjustment
6. Settlement