

Procure to Pay (P2P) Impact on Cost Transfers

Tax Rounding

26 April 2018

Penny Rounding Difference in Tax Calculation – Before P2P

- In the Accounts Payables invoicing process before P2P, most of the supplier invoices were created in Oracle and the Oracle tax engine calculated the tax amount
- Due to rounding, in some cases the tax amount charged by the vendor varied from Oracle's tax calculation

Penny Rounding Difference in Tax Calculation – Before P2P

Example

Supplier *INTEGRATED DNA TECHNOLOGIES INCORPORATED* submitted an invoice for \$78 including tax:

- Item cost = \$ 71.23
- Tax = $\$71.23 \times 9.5\% = \6.7668 rounds to \$6.77
- Total = $\$71.23 + \$6.77 = \underline{\$78.00}$

Oracle calculated tax by jurisdiction: State 7.25% , County 2.25%, City 0%

- Item cost = \$ 71.23
- State = $\$71.23 \times 7.25\% = \5.16417 rounds to \$5.16
- County = $\$71.23 \times 2.25\% = \1.6026 rounded to \$1.60
- City = \$0.00
- Total = $\$71.23 + \$6.76 = \underline{\$77.99}$

Penny Rounding Difference in Tax Calculation – Before P2P

The screen shot below shows an example of a penny difference at header and line. Previously, the AP processor created an item line for the penny difference in order to make the Oracle invoice amount equal to the Supplier's invoice amount.

The screenshot displays the Oracle Applications - CNTRL Invoice Workbench (CIT - Payables View) interface. The main window shows a table of invoice lines with columns for PO Number, Supplier, Supplier Site, Received Date, Invoice Date, Invoice Num, Amount, Description, Pay Alone, Customer Taxpayer ID, Supplier Num, Invoice, Tax Amount, Tax Control Amount, Withheld Amount, Prepaid Amount, GL Date, and Payment Curr. A red arrow points to the 'Amount' column of the first line, which is 78.00.

Below the main table, there are tabs for '1 General', '2 Lines', '3 Holds', '4 View Payments', '5 Scheduled Payments', and '6 View Prepayment Applications'. The '2 Lines' tab is selected, showing a detailed view of the invoice lines. The 'Total' section shows Gross: 78.00, Retained: , and Net: .

The detailed view shows a table with columns for Num, Type, Ship to, Amount, Withholding Tax Group, Income Tax Type, Project, Task, Award, Expenditure Type, Description, PO Number, Expenditure Item Date, Tax Override, Tax Class Code, Distribution Set, PO Release, and PO. The table contains five lines:

Num	Type	Ship to	Amount	Withholding Tax Group	Income Tax Type	Project	Task	Award	Expenditure Type	Description	PO Number	Expenditure Item Date	Tax Override	Tax Class Code	Distribution Set	PO Release	PO
1	Item	CALTECH	71.23			SOS.SRP2017	1	NIHP.GM078024	Supplies - Allocable	P.O. # 1097761 25 nMOLE DNA	No.	21-FEB-2018					
2	Tax		0.00							US_SALES_USE_TAXES - CITY							
3	Tax		1.60							US_SALES_USE_TAXES - COU							
4	Tax		5.16							US_SALES_USE_TAXES - STA							
5	Item	CALTECH	0.01			SOS.SRP2017	1	NIHP.GM078024	Supplies - Allocable	SALES TAX ADJUSTMENT	No.	21-FEB-2018	EXMT-Tax Accr				

Buttons at the bottom include 'Discard Line', 'Distributions', 'Allocations', 'Calculate Tax', 'Tax Details', and 'All Distributions'.

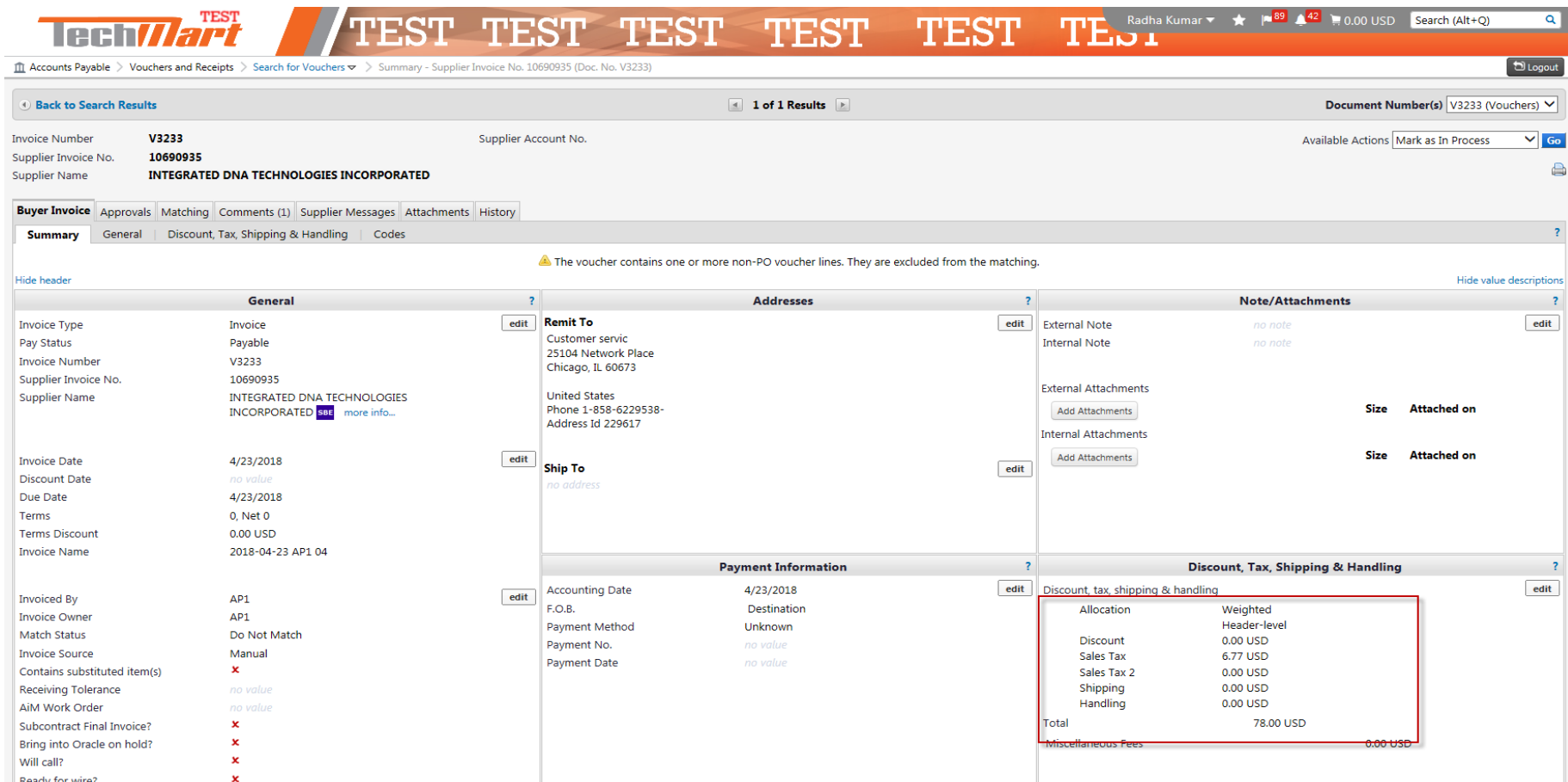
Penny Rounding Difference in Tax Calculation – With P2P

Procure to Pay (P2P) project added the AP Director (supplier invoice processing module) to TechMart. With P2P:

- Supplier invoices are processed in TechMart and interfaced into Oracle, just like VWR and CBORD invoices
- All interfaced invoices will have **Tax Control Amount** at the invoice header, which will be the sales tax charged by Supplier

Penny Rounding Difference in Tax Calculation – With P2P

With P2P, all the invoices will be imported from TECHMART. Sales tax calculated by the Supplier will be interfaced to Oracle as **Tax Control Amount** (see next slide)



Accounts Payable > Vouchers and Receipts > Search for Vouchers > Summary - Supplier Invoice No. 10690935 (Doc. No. V3233)

Document Number(s) | V3233 (Vouchers)

Invoice Number: **V3233** Supplier Account No. Available Actions: Mark as In Process **Go**

Supplier Invoice No. **10690935**

Supplier Name **INTEGRATED DNA TECHNOLOGIES INCORPORATED**

Buyer Invoice Summary: General, Discount, Tax, Shipping & Handling, Codes

⚠ The voucher contains one or more non-PO voucher lines. They are excluded from the matching.

General		Addresses		Note/Attachments	
Invoice Type	Invoice	Remit To	Customer serv	External Note	no note
Pay Status	Payable		25104 Network Place	Internal Note	no note
Invoice Number	V3233		Chicago, IL 60673	External Attachments	Size Attached on
Supplier Invoice No.	10690935		United States	Internal Attachments	Size Attached on
Supplier Name	INTEGRATED DNA TECHNOLOGIES INCORPORATED	Ship To	Phone 1-858-6229538- Address Id 229617		
Invoice Date	4/23/2018				
Discount Date	no value				
Due Date	4/23/2018				
Terms	0, Net 0				
Terms Discount	0.00 USD				
Invoice Name	2018-04-23 AP1 04				
Invoiced By	AP1	Accounting Date	4/23/2018	Discount, tax, shipping & handling	
Invoice Owner	AP1	F.O.B.	Destination	Allocation	Weighted Header-level
Match Status	Do Not Match	Payment Method	Unknown	Discount	0.00 USD
Invoice Source	Manual	Payment No.	no value	Sales Tax	6.77 USD
Contains substituted item(s)	x	Payment Date	no value	Sales Tax 2	0.00 USD
Receiving Tolerance	no value			Shipping	0.00 USD
AiM Work Order	no value			Handling	0.00 USD
Subcontract Final Invoice?	x			Total	78.00 USD
Bring into Oracle on hold?	x			Miscellaneous Fees	0.00 USD
Will call?	x				
Ready for wire?	x				

Penny Rounding Difference in Tax Calculation – With P2P

Sales tax charged by the supplier is captured in **Tax Control Amount** in Oracle

The **Tax Control Amount** allows Oracle to adjust any penny difference at the tax header to a tax line

Thus, the Oracle invoice total agrees with the Supplier's invoice total and can be approved for payment in Oracle.

The screenshot displays the Oracle Invoice Workbench interface. At the top, there are fields for 'Batch Control Total' and 'Batch Actual Total'. Below this is the 'R12 Default View' section, which contains a table with columns: Op Unit, Type, Sub-Type, PO Number, Supplier, Supplier Site, Received Date, Invoice Date, Invoice Num, Amount, Description, Pay Alone, Customer Taxpayer ID, Supplier Num, Invoice, Tax Amount, Tax Control Amount, Withheld Amount, and Prepaid Amount. The first row shows a supplier 'Caltech' with a tax amount of 6.77 and a tax control amount of 6.77. A red arrow points to the 'Tax Control Amount' field.

Below the table is a navigation bar with tabs: 1 General, 2 Lines, 3 Holds, 4 View Payments, 5 Scheduled Payments, 6 View Prepayment Applications. The '2 Lines' tab is selected. Below the navigation bar is a summary section for 'R12 Default View' showing 'Total' with 'Gross' 78.00, 'Retained' (empty), and 'Net' 78.00.

The main table below the summary has columns: Num, Type, Ship to, Amount, Withholding Tax Group, Income Tax Type, Project, Task, Award, Expenditure Type, Description, PO Number, Expenditure Item Date, Tax Override, Tax Class Code, Distribution Set, PO Release, PO Li. The first four rows are highlighted with a red box:

Num	Type	Ship to	Amount	Withholding Tax Group	Income Tax Type	Project	Task	Award	Expenditure Type	Description	PO Number	Expenditure Item Date	Tax Override	Tax Class Code	Distribution Set	PO Release	PO Li
1	Item	CALTECH	71.23			FIN.00006	2	GB.000007	Supplies - Allocab	nMole DNA Oligo		23-APR-2018					
2	Tax		0.00							US_SALES_USE_TAXES - CIT							
3	Tax		1.60							US_SALES_USE_TAXES - COI							
4	Tax		5.17							US_SALES_USE_TAXES - ST							

At the bottom of the interface, there are buttons for 'Discard Line', 'Distributions', and 'Allocations'. Below these are several action buttons: 'Actions... 1', 'Calculate Tax', 'Tag Details', 'Corrections', 'Quick Match', 'Match', and 'All Distributions'.

Penny Rounding Difference in Tax Calculation – With P2P

Tax adjustment based on the Tax Control Amount is a limited tolerance set-up in the Oracle Tax Engine of (\$0.05) to \$0.05

If the adjustment is above or below the tolerance, Oracle will place a hold type of *Invoice tax amount is not equal to the calculated tax amount* on the invoice

Invoice Workbench (Payables Manager) - rounding-testrk

Batch Control Total Batch Actual Total

R12 Default View

Op Unit	Type	Sub-Type	PO Number	Supplier	Supplier Site	Received Date	Invoice Date	Invoice Num	Amount	Description	[]	Pay Alone	Customer Taxpayer ID	Supplier Num	Invoice	Tax Amount	Tax Control Amount	W
Caltecl	Standard			OFFICE DEI	REMIT-PHO		19-APR-2018	RKTEST12	247.45		[]	<input type="checkbox"/>		11220	USD	19.49	19.49	
											[]	<input type="checkbox"/>						
											[]	<input type="checkbox"/>						
											[]	<input type="checkbox"/>						

1 General 2 Lines 3 Holds 4 View Payments 5 Scheduled Payments 6 View Prepayment Applications

Hold Name	Hold Reason	Hold Date	Held By	Release Name	Release Reason	Released By	Release Date	WF Status	[]
Tax Variance	Invoice tax am	19-APR-2018	System						[]
									[]
									[]

Purchase Order

Number

Release

Line

Ship To

Shipment Quantity

Ordered

Billed

Received

Accepted

Receipt

Number

Line

Date

Receipt Quantity

Billed

Received

Accepted

View PO

Potential Rounding Impact on Cost Transfers- Impact only to *From* PTA

Invoice item lines selected for Cost Transfer calculate associated tax using the Oracle Tax Engines without the benefit of a Tax Control Amount for the item line

EXAMPLE: If PTA1 had only one invoice charged to it and that invoice subsequently needed to be transferred out of the PTA1, a penny may still remain in PTA 1 after the transfer

Below screen shot will show the in and out transactions of cost transfer in Grants side.

Transfer **From** PTA

Award	Project	Task	Item Date	Expend Type	Employee/Supplier	Invoice Number	Project Burden	PA Date	Transferred	Comment	Expenditure Batch	Transaction Sou	Billing Hold	Allow Adjustmer	Trans Id
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935	71.23	30-APR-201	<input type="checkbox"/>	nMole DNA Oligo	AP-3022231VI3022	Oracle Payabl	No	<input checked="" type="checkbox"/>	41654468
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935	1.60	30-APR-201	<input type="checkbox"/>	US_SALES_USE_TAXE	APNRT-3022231VI	Non-Recovera	No	<input type="checkbox"/>	41654567
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935	5.17	30-APR-201	<input type="checkbox"/>	US_SALES_USE_TAXE	APNRT-3022231VI	Non-Recovera	No	<input type="checkbox"/>	41654568
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935-XFR1	(71.23)	30-APR-201	<input type="checkbox"/>	nMole DNA Oligo	AP-3022353VI3022	Oracle Payabl	No	<input checked="" type="checkbox"/>	41654827
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935-XFR1	(1.60)	30-APR-201	<input type="checkbox"/>	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	<input type="checkbox"/>	41654853
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	10690935-XFR1	(5.16)	30-APR-201	<input type="checkbox"/>	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	<input type="checkbox"/>	41654855

The original invoice = \$78.00

The reversal invoice = \$77.99

Transfer **To** PTA will have \$77.99

Award	Project	Task	Item Date	Expend Type	Employee/Supplier	Project Burden	PA Date	Transferred	Comment	Expenditure Batch	Transaction Sou	Billing Hold	Allow Adjustmer	Trans Id
GB.000007	FIN.00007	6	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	71.23	30-APR-201	<input type="checkbox"/>	nMole DNA Oligo	AP-3022353VI3022	Oracle Payabl	No	<input checked="" type="checkbox"/>	41654826
GB.000007	FIN.00007	6	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	1.60	30-APR-201	<input type="checkbox"/>	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	<input type="checkbox"/>	41654852
GB.000007	FIN.00007	6	23-APR-2018	Supplies - Alloc	INTEGRATED DNA	5.16	30-APR-201	<input type="checkbox"/>	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	<input type="checkbox"/>	41654854