Procure to Pay (P2P)
Impact on Cost Transfers

Tax Rounding

26 April 2018

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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

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Penny Rounding Difference in Tax Calculation – Before P2P

Example

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

- Item cost   = $ 71.23
- Tax   = $71.23 x 9.5% = $6.7668 rounds to $6.77
- Total   = $71.23 + $6.77 = **$78.00**

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

- Item cost   = $ 71.23
- State   = $71.23 x 7.25% = $5.16417 rounds to $5.16
- County   = $71.23 x 2.25% = $1.6026 rounded to $1.60
- City   = $0.00
- Total   = $71.23 + $6.76 = **$77.99**

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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.
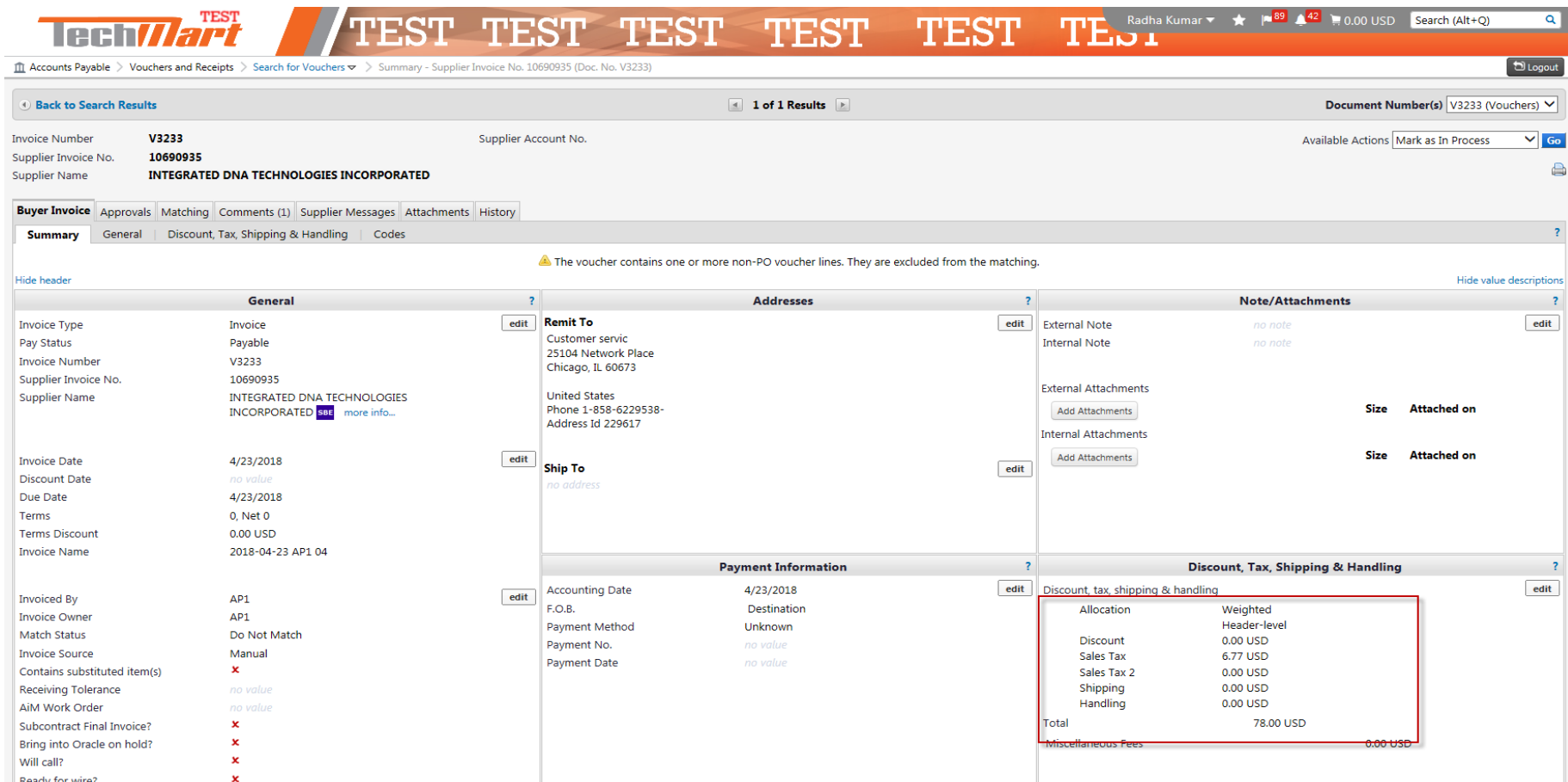
Penny Rounding Difference in Tax Calculation – With P2P

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

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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)

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.

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

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**

Project Expenditure Items — CIT - Expenditure Inquiry

Award	Project	Task	Item Date	Expnd 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 - Alloca	INTEGRATED DNA	10690935	71.23	30-APR-201	☐	nMole DNA Oligo	AP-3022231VI3022	Oracle Payabl	No	☑	41654468	.
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	10690935	1.60	30-APR-201	☐	US_SALES_USE_TAXE	APNRT-3022231VI	Non-Recovera	No	☐	41654567	.
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	10690935	5.17	30-APR-201	☐	US_SALES_USE_TAXE	APNRT-3022231VI	Non-Recovera	No	☐	41654568	.
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	10690935-XFR1	(71.23)	30-APR-201	☐	nMole DNA Oligo	AP-3022353VI3022	Oracle Payabl	No	☑	41654827	.
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	10690935-XFR1	(1.60)	30-APR-201	☐	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	☐	41654853	.
GB.000007	FIN.00006	2	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	10690935-XFR1	(5.16)	30-APR-201	☐	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	☐	41654855	.

The original invoice = $78.00
The reversal invoice = $77.99

Transfer **To PTA** will have $77.99

Project Expenditure Items — CIT - Expenditure Inquiry

Award	Project	Task	Item Date	Expnd 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 - Alloca	INTEGRATED DNA	71.23	30-APR-201	☐	nMole DNA Oligo	AP-3022353VI3022	Oracle Payabl	No	☑	41654826	.
GB.000007	FIN.00007	6	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	1.60	30-APR-201	☐	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	☐	41654852	.
GB.000007	FIN.00007	6	23-APR-2018	Supplies - Alloca	INTEGRATED DNA	5.16	30-APR-201	☐	Cost Transfer-	APNRT-3022353VI	Non-Recovera	No	☐	41654854	.
								☐					☐		

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