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SAP Customer Tax adjustment postings

Transaction: ZTXC (Module pool SAPMZTXC)

Problem: In the event that an invoice or credit memo with incorrect tax amounts is issued to a customer, it is necessary to post a tax only debit/credit adjustment to the customer account, without affecting the original sales transaction. Common situations that can lead to an incorrect calculation of sales/use tax are as follows:

- Tax exempt customer's present tax exemption certificates after sales orders/invoices are entered in the SAP system. Until the certificate is entered into the tax system, tax is calculated on all sales transactions for this customer.
- The customer master record in SAP contains an incorrect tax jurisdiction code, due to the fact that his ZIP code falls into multiple tax jurisdictions.
- A customer orders a product that he usually consumes. For a particular order he retroactively requests tax exemption, due to the fact that he uses the product for a tax-exempt purpose like R&D or manufacturing.
- SAP materials are assigned to the wrong product code. The error is detected after the product has already been used in sales documents.
- Tax rate changes are not applied in a timely manner to the Taxware system.

A customer returns a product to a location different than the original ship-from location.

Solution: ZTXC allows for simplified posting of tax adjustments in SAP R/3 and proper reporting of these postings in the tax systems, including any version of Taxware, Vertex or Sabrix audit file/register. It handles tax adjustments to general ledger and customer accounts.

The utility, a custom SAP transaction requiring no modification of standard SAP code, allows simplified processing of tax adjustment postings and provides the following benefits:

- Minimal user input. The only required fields are: Posting Date, Reference Billing Document and Tax Debit/Credit Amount. The utility automatically determines all other relevant information such as jurisdiction codes, tax rates, tax base amounts, revenue accounts, posting keys, document types, etc.
- Automatic generation of the required accounting document via SAP 'Call Transaction' technology.
- Tax adjustment postings can be performed by customer service users, since no authorization for the SAP FI module is required. (However, the utility can

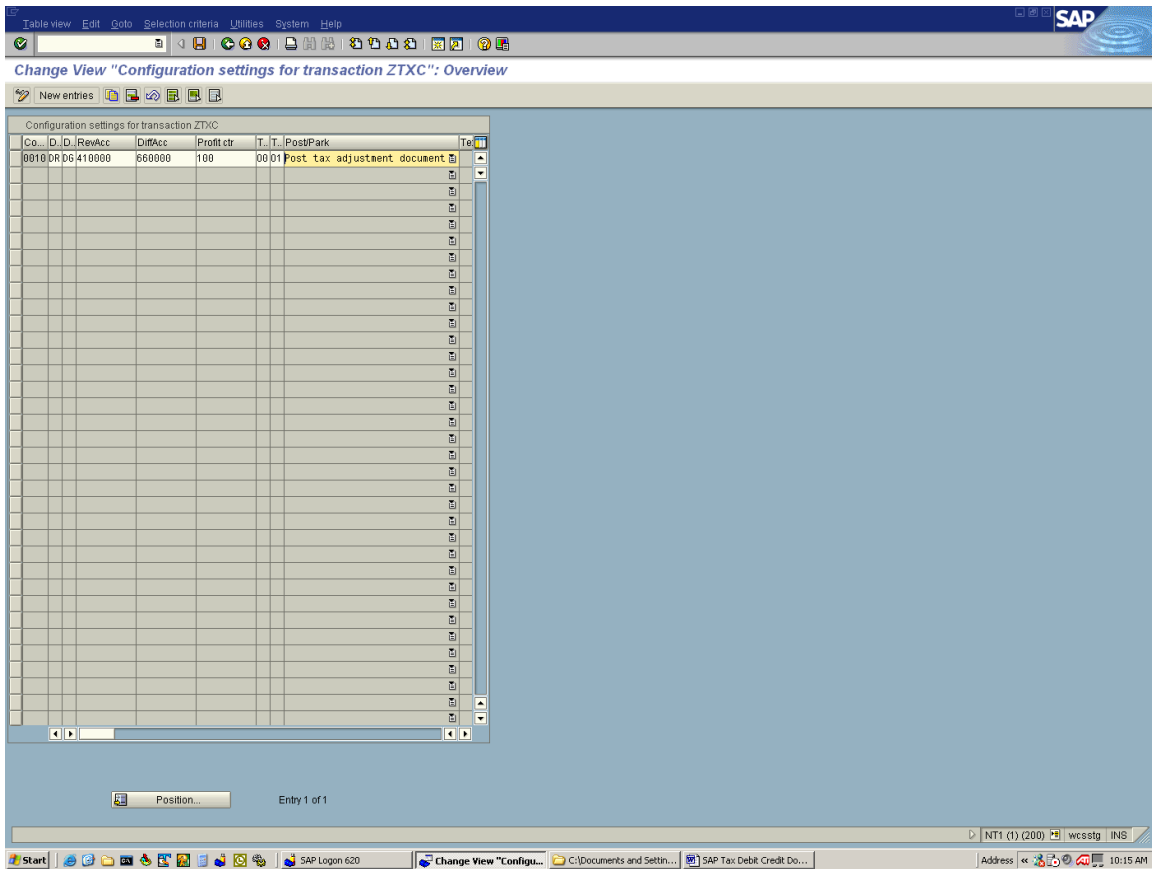


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be configured to 'park' tax adjustment postings so that they can be reviewed by the accounting and/or tax department)

- Minimal user training. The utility provides a simple front end, making it almost self-explanatory and eliminating the need for extensive user training.
- SAP release neutral. The utility works for all SAP releases >=4.6C.
- Allows for tax credit postings to customers, even after a tax exemption certificate has been entered into the tax system.

Prerequisites: Maintain configuration table T9ZTXC, using transaction SM30, as follows:



| Field | Description |
|---------------------------|---|
| Company Code | Company code that the these settings are valid for |
| Document Type Tax Debits | |
| Document Type Tax Credits | |
| RevAcc | Tax relevant GL account. This account will be posted to with a debit and a credit |

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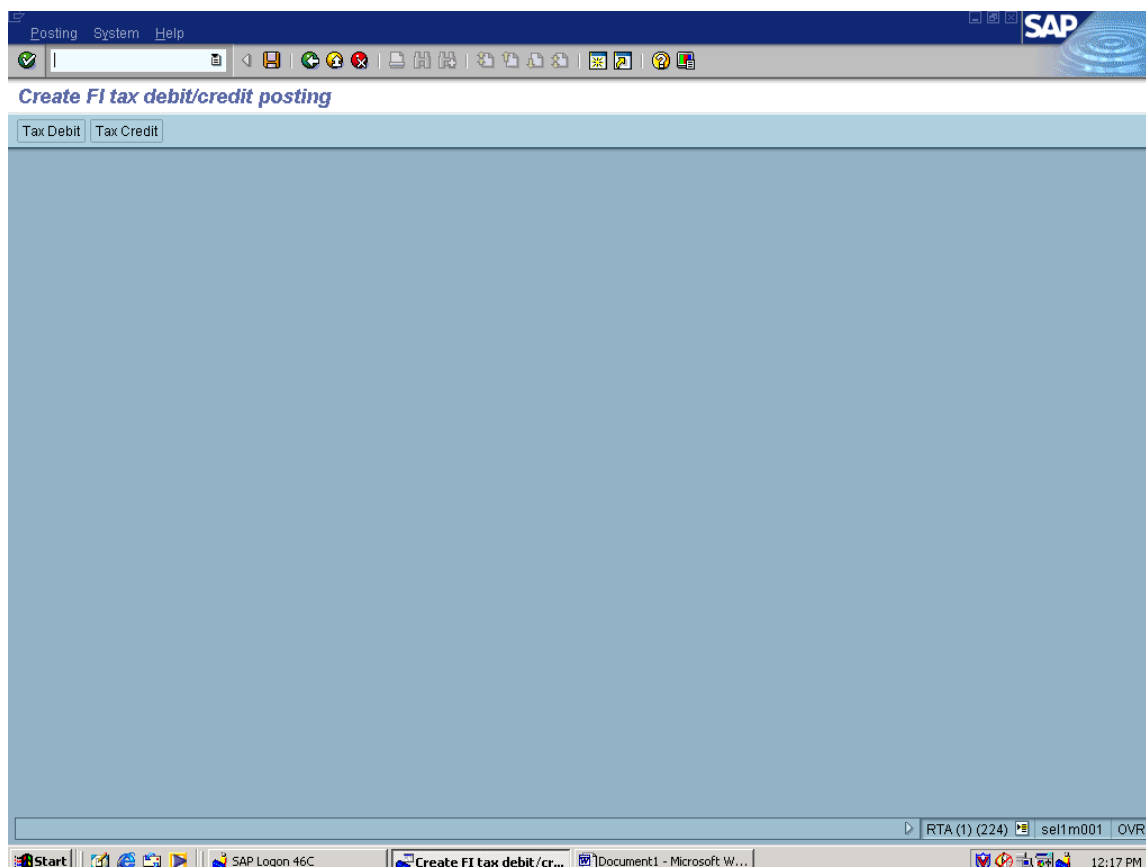
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| | |
|----------------------|--|
| | entry for the calculated tax base amount |
| DiffAcc | Small differences account. Based on the tax debit/credit amount requested and the tax rates at the taxing jurisdiction, a rounding difference of 1 penny might occur when calculating the tax base amount. If a rounding difference occurs, it is posted to this account |
| Profit Ctr | Profit center used when posting to revenue account (if revenue account requires a profit center). Since a debit and a credit posting in the same amount will be made to the revenue account, the balance that is posted to this profit center is always zero. If you do not want to post to a profit center, enter the value 'NONE'. |
| Non Taxable Tax Code | This tax code will be used on the offsetting item to the RevAcc. It has to be a tax code that returns 0% tax (e.g. 00) |
| Taxable Tax Code | This tax code will be used on the revenue item that calculates tax. It has to be a tax code that returns the sales tax calculated by the tax package (e.g. 01) |
| Post/Park | Transaction ZTXC allows to either automatically post a tax adjustment document (POST) or to create a document that is parked for further processing by a supervisor (PARK). |
| Text Upd | For Canadian company codes, check this flag. It will cause the ZTXC transaction to populate the item text of the automatically created tax items to contain a description as to whether GST or PST has been debited or credited |
| Dest. | Name of the RFC Destination as defined in transaction SM59 for the external tax package |



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User interaction: Start the tax debit/credit transaction via transaction code ZTXC. Select the 'Tax Credit' or 'Tax debit' button as appropriate.



Enter the required fields:

| Field | Description |
|---------------|---|
| Posting Date | Posting date of the tax adjustment document. This date is also used as the tax calculation date. Defaulted with the system date. |
| Document Date | Document date of the tax adjustment document. Defaulted with the system date. |
| Currency | Currency of the tax adjustment document |
| Company Code | Company code of the tax debit/credit document. This is the company code that is used to lookup the configuration settings in table T9ZTXC |
| Tax Amount | Tax amount to be debited/credited to the customer. This |

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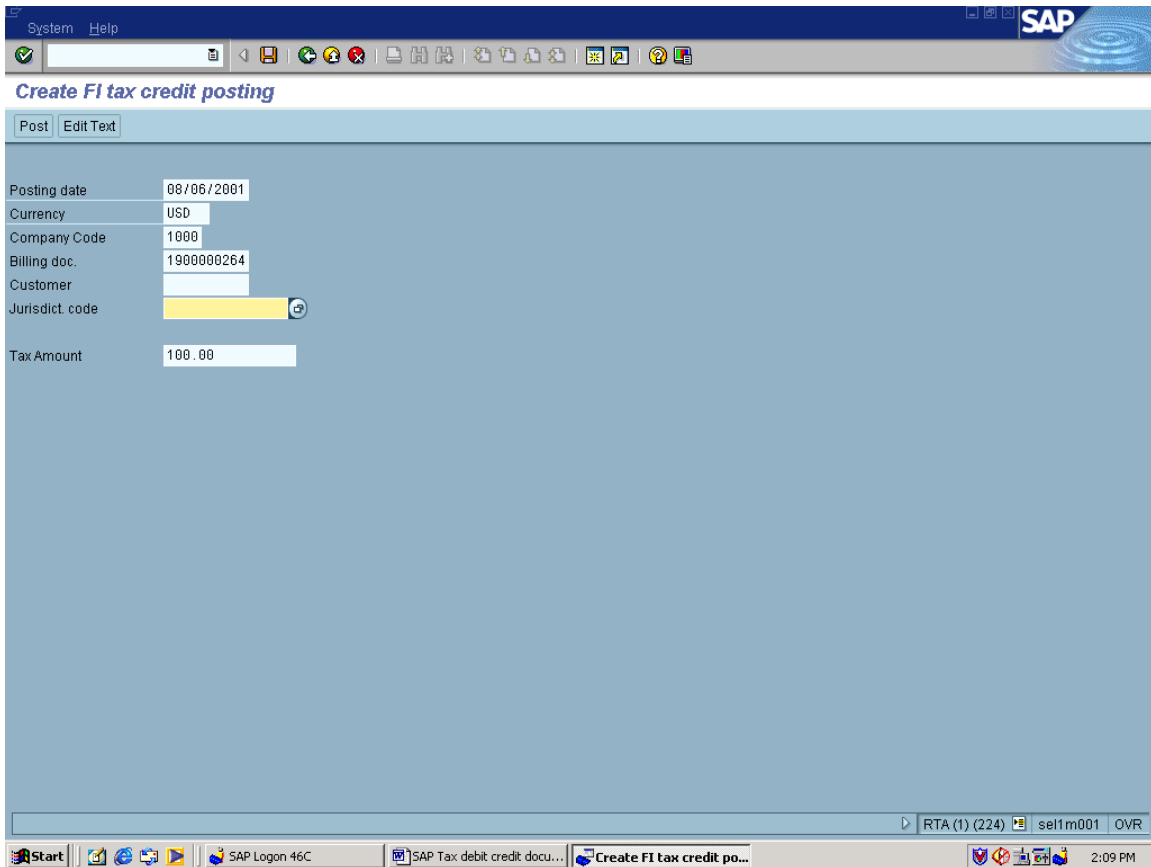


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| | |
|-------------------|---|
| | amount is used to calculate the corresponding tax base amount in the generated document. |
| Reference | Reference field on the tax adjustment document. If left blank, it is populated with the Billing Document number. |
| Billing document | Referencing billing document for the tax debit/credit. If a billing document is entered, the fields Customer and Jurisdiction Code are copied from this billing document. If no billing document is entered a warning message is issued and the fields Customer and Jurisdiction Code become mandatory. |
| Profit Center | Profit Center used to post to 'RevAcc' specified in table T9ZTXC. If left blank, populated with the profit center of the customer line item in the referencing billing document. If a profit center can not be determined in the referencing billing document, the default value in table T9ZTXC is used. |
| Customer | Customer to be debited/credited. The customer is copied from the Billing document if a reference billing document is entered. If a billing document is entered and the customer number is manually overwritten, the manually entered customer takes precedence over the customer on the billing document. |
| Jurisdiction Code | Jurisdiction code used to determine the tax rate for the tax base amount calculation. The jurisdiction code is copied from the Billing document if a reference billing document is entered. If a billing document is entered and the jurisdiction code is manually overwritten, the manually entered jurisdiction code takes precedence over the jurisdiction code on the billing document. |



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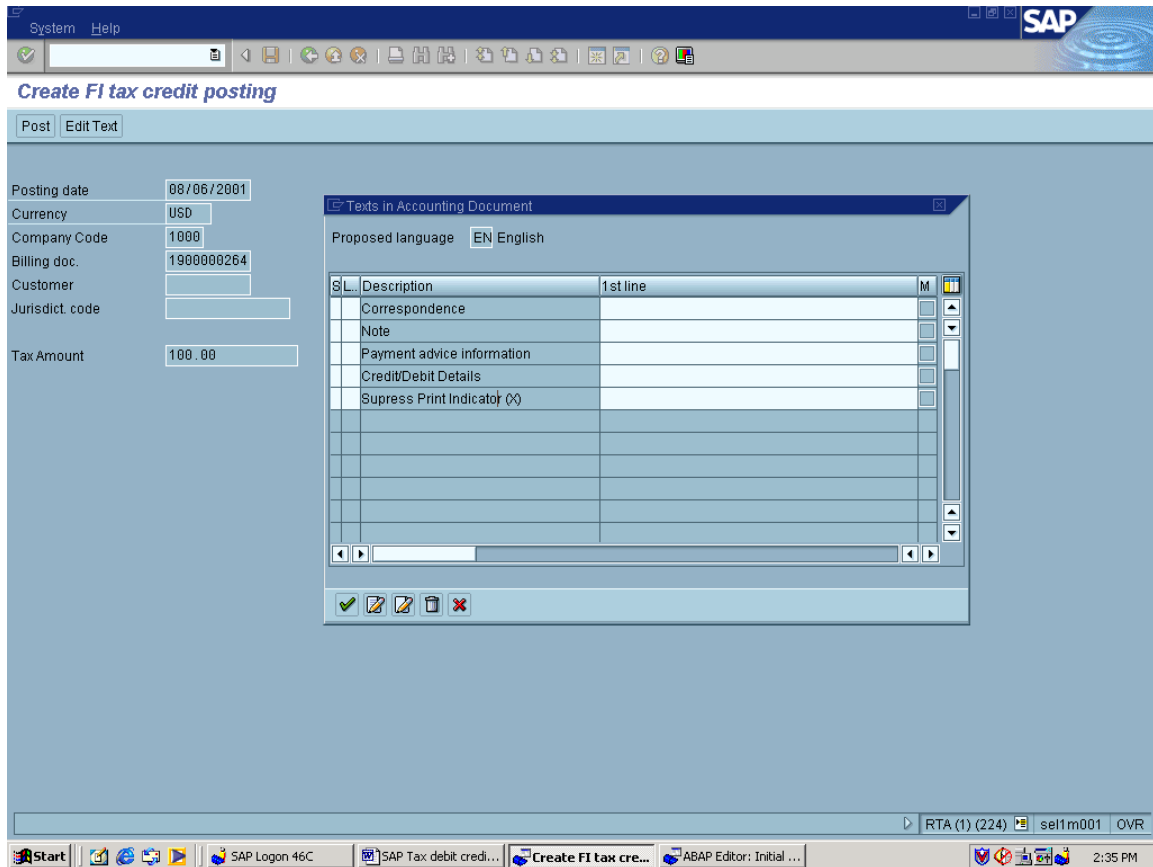
If an additional description is required (e.g. to describe the reason for the tax debit/credit posting), press the 'Edit Text' button. In the following popup window, select the text type 'Note' by double clicking on it. The text entered here, will be stored as a document header text on the generated document.

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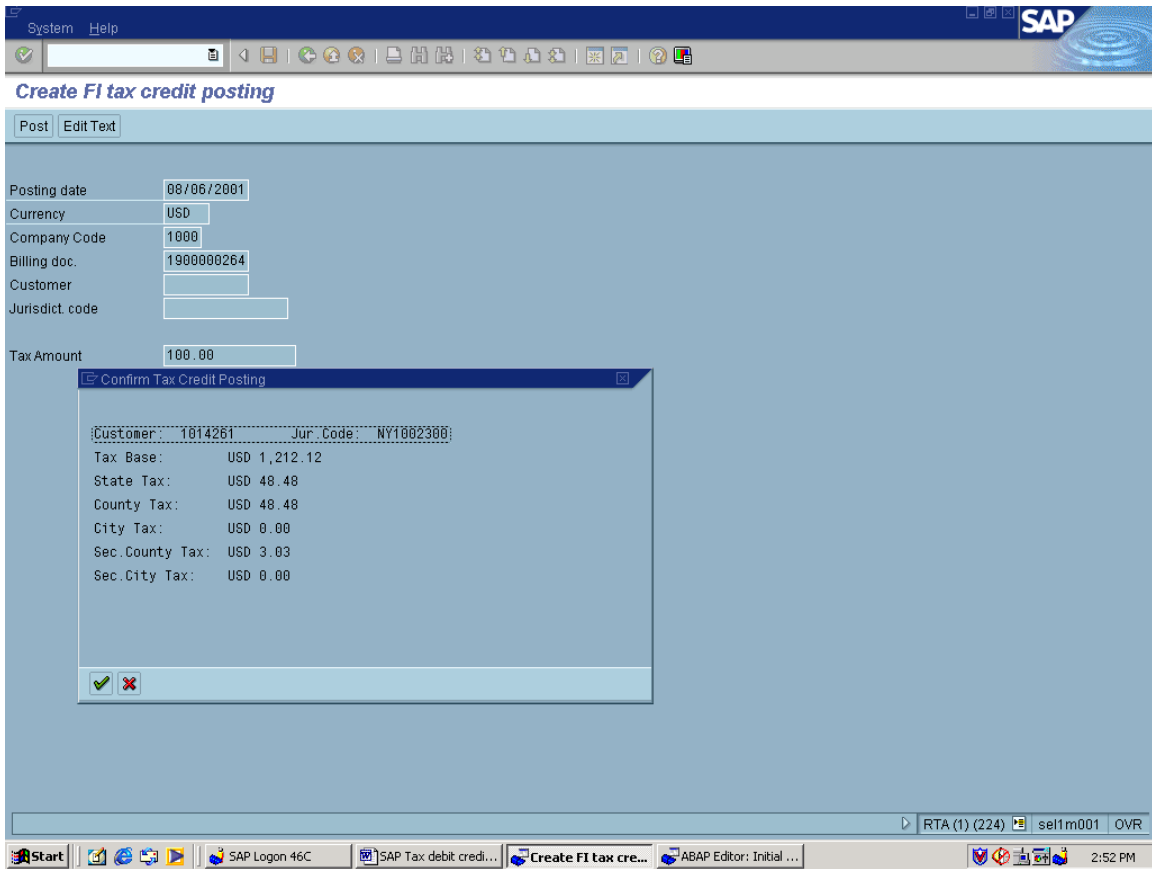
Once the text details have been entered, leave the popup by pressing the green checkmark button. On the main screen press the 'Post' button. The following popup window will display an overview of the tax debit/credit document to be created. If you want to post the document with the information presented in the popup window, press the green checkmark button. If you want to make changes, press the red 'X' button to make adjustments to the information you entered before.

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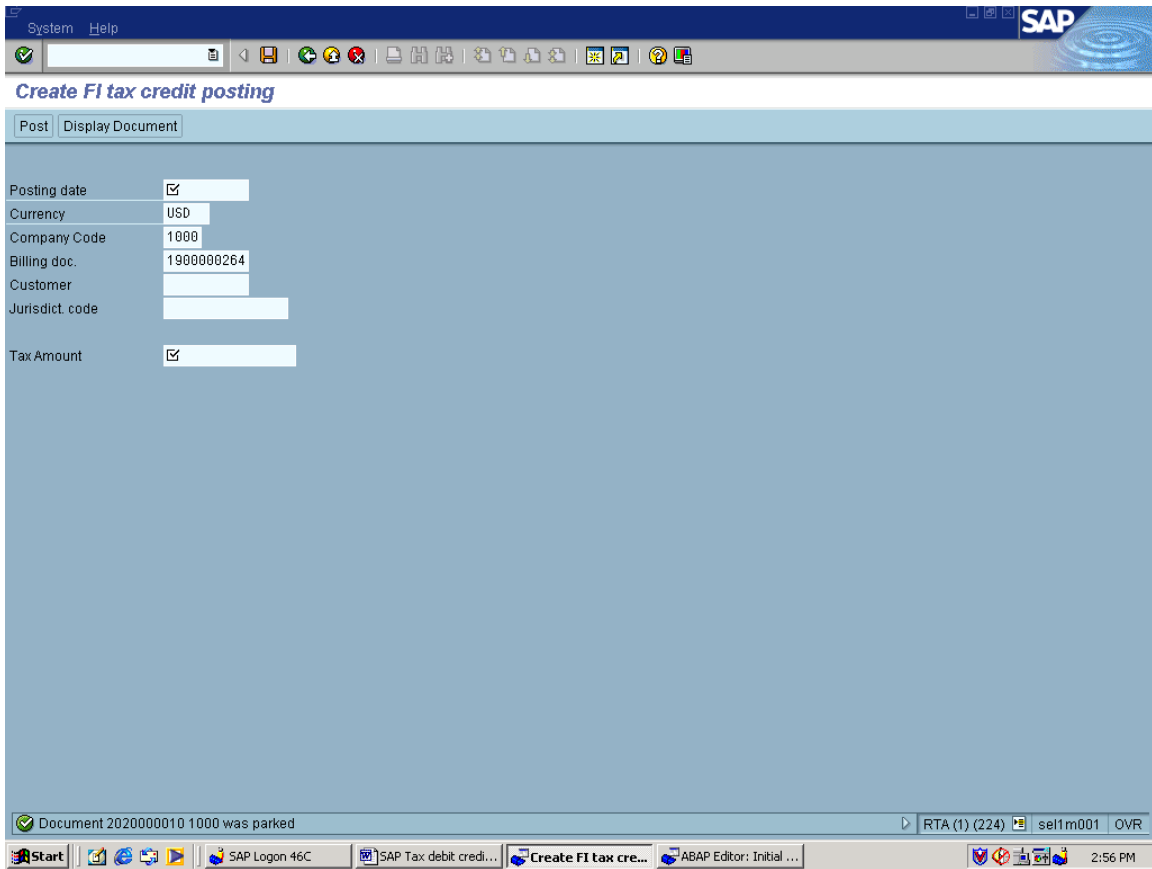
The system will issue a confirmation message with document number that has been created.

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By pressing the 'Display document' button, the generated document is displayed.

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SAP

List Edit Goto Settings System Help

Document Overview

Doc.type : D6 (AR-Cust. credit memo) Parked document

| | | | | | |
|---------------|------------------|--------------|------------|-------------|------|
| Doc. number | 2020000010 | Company code | 1000 | Fiscal year | 2001 |
| Doc. date | 08/06/2001 | Posting date | 08/06/2001 | Period | 05 |
| Ref.doc. | 1900000264 | | | | |
| Doc.currency | USD | | | | |
| Doc.head.text | Customer Tax Cre | | | | |

| Itm | PK | Account | Account short text | Assignment | Tx | Amount | Text |
|-----|----|----------|------------------------|------------|----|-----------|-----------------------------|
| 1 | 11 | 1014261 | WALT DISNEY IMAGINE... | | | 100.00- | |
| 2 | 50 | 22371000 | SAP Tax Clear Acct | | 00 | 1,212.12- | Tax Credit Memo |
| 3 | 40 | 22371000 | SAP Tax Clear Acct | | NY | 1,212.12 | Tax Credit Memo |
| 4 | 40 | 12553000 | Reserve for Chrgbks | | | 0.01 | Adj rounding diff Tax Debit |

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