



DuCHARME, McMILLEN & ASSOCIATES, INC.

SAP AP Tax Validation Report

Program Name: ZTAX_VALIDATION

Transaction Code: ZTAX_VALIDATION

Note: Due to the large amount of purchasing transactions that the report reads, it is recommended to always specify a posting date range of one month or less. In addition, it is recommended to further qualify the selection criteria (i.e. FI document types and GL accounts) to limit the amount of data that is returned by the program.

Purpose:

In a typical SAP environment, an AP processor has the following options when processing vendor related documents (invoices/credits):

- Option 1: Specify a tax code and select the 'Calculate Tax' flag. Enter the gross invoice amount on the vendor line and enter the net line item amount on the GL line. This will cause SAP to automatically calculate the sales/use tax. If the internally calculated tax amount (internal tax amount) is identical to the vendor charged tax amount (external tax amount), the document is in balance and can be posted. In the event of a difference between the internal and external tax amount, the document will be out of balance and AP processor has the following options:
 - Alter the vendor payment amount (short pay/over pay the vendor) and uncheck the 'Calculate Tax' flag
 - Add an additional line item to accrue/expense the tax difference amount
 - Reject the invoice and request a corrected invoice from the vendor
- Option 2: Specify a tax code and un-select the 'Calculate Tax' flag. Enter the gross invoice amount and total external tax amount on the vendor line and enter the net line item amount on the GL line. This will cause SAP to post the manually specified external tax amount.
- Option 3: If no tax was charged by the vendor, select the 'Calculate Tax' flag and specify a use tax accrual tax code. This will cause SAP to calculate and post the consumer use tax accrual amount

All three options require manual user intervention and, due to the fact that AP processors are typically not tax experts, often lead to over/under payments and accruals of sales and use taxes if the wrong processing option was selected or an incorrect tax code was entered.

Due to the possibility of incorrect tax postings by the AP processors, the tax department typically reviews AP transactions on a periodic basis to validate whether the correct tax amounts have been paid/accrued. These reviews can be extremely time consuming, since they are typically based on either paper copies of the vendor documents or, even if the review is performed online in the SAP system, require the



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reviewer to look at multiple SAP documents (Purchase Order, Goods Receipt, Invoice Document) to retrieve all of the information that might influence the tax decision (expense account, cost center, order, WBS element, shipping location, material description, material group, etc).

To streamline this review process, DMA has developed the **AP Tax Validation Report**, which is a custom SAP program that analyzes all procurement activity for a given time period and returns all tax relevant information for each procurement item. The report retrieves this information into an 'ALV' grid-display, which allows the reviewer to quickly 'zoom' into potential problem areas (e.g. documents posted to a certain account or cost center or documents posted by a certain user or documents above a certain dollar threshold). The report also allows for drill-down into the related SAP documents and associated master records for each line on the report.

Besides the online tax analysis, the report can also be used to extract all tax related information into a downloadable file, which can be used for audit defense purposes in the event the actual document data has been archived of the live SAP system.

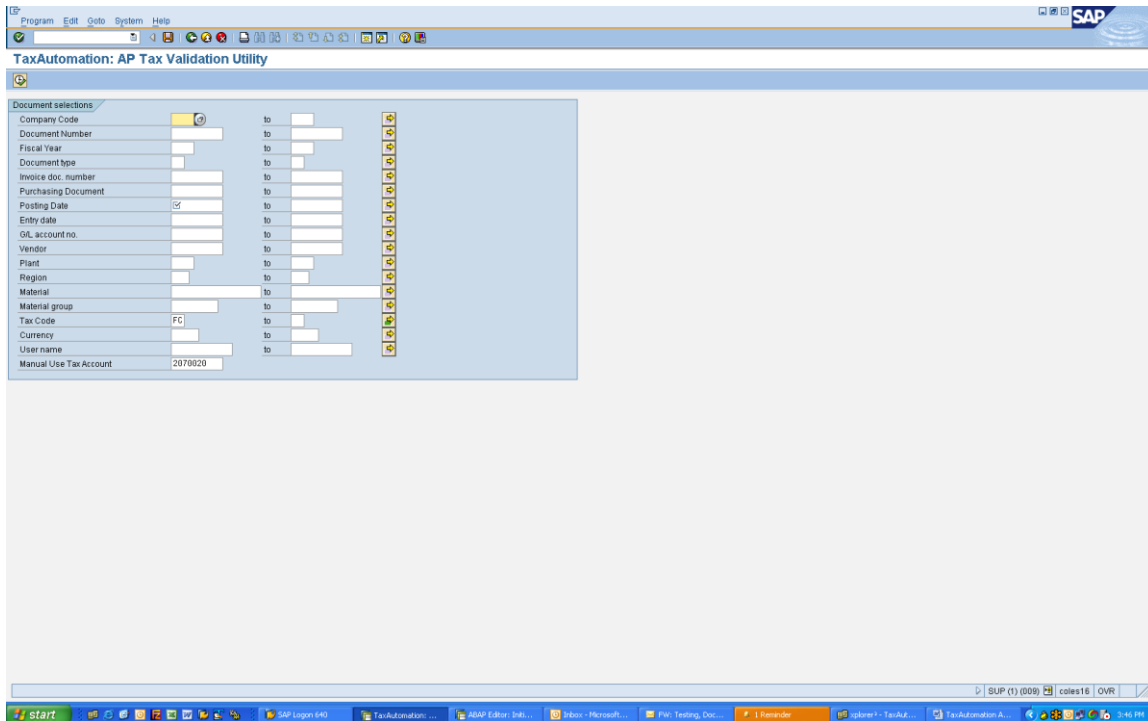
Document Selection Criteria:

- Company Code
- Document Number
- Fiscal Year
- Document type
- Invoice doc. number
- Purchasing Document
- Posting Date
- Entry date
- G/L Account No.
- Vendor
- Plant
- Region
- Material
- Material Group
- Tax Code
- Currency
- User name

These are the standard selection criteria. Any data element that is either on the FI document, the Invoice Verification document, the Goods Movement document or the Purchase Order document can easily be added to the list of possible selection parameters.



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Report Output:

The program selects all vendor related documents (LIV invoices/credits as well as FI invoices/credits) and outputs for each document line item the following information in an ALV grid:

- Company Code
- FI Document Number
- FI Document Line Item
- Document Type
- LIV Document Number
- LIV Item Number
- Reference Number (Vendor invoice number)
- Posting Date
- Vendor Number
- Vendor Name
- User-ID of FI Document
- Currency
- Total Invoice Amount incl. Tax (Gross Amount)
- Line Item Net Amount

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- Payment Terms
- Due Date
- Quantity
- Unit of Measure
- Tax Jurisdiction Code on FI Line Item
- State of Tax Jurisdiction Code
- Cost Account
- Cost Account Text
- Tax Code on Invoice Document
- Tax Code on PO
- Cost Center
- Internal Order Number
- Controlling Area
- PO Number
- PO Line Item Number
- Plant
- Ship-to Address
- Goods-Receipt Flag
- Material Number
- Material Group
- Material Group Description
- PO Line Item Text
- Posted Line Item Tax Amount
- Posted Line Item State Tax Amount
- Posted Line Item County Tax Amount
- Posted Line Item City Tax Amount
- Posted Line Item Secondary Tax Amount
- Actual Tax Rate for Posted Tax Amount on Invoice
- Actual Tax Rate on PO

For each line item in the ALV grid, the following drill-down options are available:

- FI Document
- LIV Invoice Document
- Purchase Order
- Goods Receipt
- GL Account
- Cost Center/WBS Element/Order
- Vendor

In addition, the following standard ALV grid operations are available:

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- Total/Subtotal
- Filter/Find data
- Sort sequence
- Show/Hide columns
- Define user display variant
- Print
- Download data into various file formats

System Help | SAP

TaxAutomation: AP Tax Validation Utility

Co.	DocumentNo	Year	Inv. Inv.	Inv. Doc.	InvItem	Reference	Posting Date	Vendor	Name 1	User name	Ctry	Gross inv. amount	Amount	Payment Terms
US10	1700000407	2001	1	KG		243707FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	84.77	84.77	Due immediately
US10	1700000408	2001	1	KG		352233FEB0102	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	37.37	37.37	Due immediately
US10	1700000409	2001	1	KG		372727FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	118.51	118.51	Due immediately
US10	1700000410	2001	1	KG		383034FEB0113	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	102.90	102.90	Due immediately
US10	1700000411	2001	1	KG		388173FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	16.45	16.45	Due immediately
US10	1700000412	2001	1	KG		400124FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	49.92	49.92	Due immediately
US10	1700000414	2001	1	KG		412061FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	34.32	34.32	Due immediately
US10	1700000415	2001	1	KG		412061FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	95.42	95.42	Due immediately
US10	1700000416	2001	1	KG		412210FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	45.56	45.56	Due immediately
US10	1700000417	2001	1	KG		428999FEB0102	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	6.82	6.82	Due immediately
US10	1700000418	2001	1	KG		437570FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	3.19	3.19	Due immediately
US10	1700000419	2001	1	KG		430752FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	8.57	8.57	Due immediately
US10	1700000420	2001	1	KG		448370FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	52.01	52.01	Due immediately
US10	1700000421	2001	1	KG		452727FEB0105	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	167.82	167.82	Due immediately
US10	1700000422	2001	1	KG		458930FEB0106	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	21.07	21.07	Due immediately
US10	1700000423	2001	1	KG		468853FEB0108	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	106.59	106.59	Due immediately
US10	1700000424	2001	1	KG		468336FEB0112	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	137.03	137.03	Due immediately
US10	1700000425	2001	1	KG		520370FEB0108	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	48.83	48.83	Due immediately
US10	1700000426	2001	1	KG		520391FEB0108	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	152.62	152.62	Due immediately
US10	1700000427	2001	1	KG		526699FEB0113	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	84.49	84.49	Due immediately
US10	1700000428	2001	1	KG		545054FEB0109	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	59.37	59.37	Due immediately
US10	1700000430	2001	1	KG		563440FEB0112	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	10.15	10.15	Due immediately
US10	1700000431	2001	1	KG		569717FEB0112	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	39.85	39.85	Due immediately
US10	1700000432	2001	1	KG		569805FEB0112	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	26.43	26.43	Due immediately
US10	1700000433	2001	1	KG		574294FEB0113	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	120.16	120.16	Due immediately
US10	1700000434	2001	1	KG		580237FEB0113	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	385.50	385.50	Due immediately
US10	1700000435	2001	1	KG		738810FEB0102	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	34.36	34.36	Due immediately
US10	1700000436	2001	1	KG		800809FEB0102	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	69.01	69.01	Due immediately
US10	1700000437	2001	1	KG		800809FEB0102	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	41.28	41.28	Due immediately
US10	1700000439	2001	1	KG		919903FEB0112	02/15/2001	1000004666	OFFICEMAX CONTRACT, INC.	WF_BATCH	USD	86.03	86.03	Due immediately
US10	1700000440	2001	2	KG		4598013248ORIR2	02/15/2001	1000014803	VWR SCIENTIFIC PRODUCTS	VMILLER	USD	53.00	53.00	Due immediately
US10	1700000441	2001	2	KG		4598013955ORIR2	02/15/2001	1000014803	VWR SCIENTIFIC PRODUCTS	VMILLER	USD	74.52	74.52	Due immediately
US10	1700000442	2001	2	KG		20576	02/15/2001	1000022488	HAWTHORN SUITES HOTEL	SBOTTOMS	USD	53.26	53.26	Due immediately
US10	1700000443	2001	2	KG		29584	02/15/2001	1000022488	HAWTHORN SUITES HOTEL	SBOTTOMS	USD	239.67	239.67	Due immediately
US10	1700000444	2001	2	KG		30118	02/15/2001	1000022488	HAWTHORN SUITES HOTEL	SBOTTOMS	USD	106.52	106.52	Due immediately
US10	1700000445	2001	2	KG		30275	02/15/2001	1000022488	HAWTHORN SUITES HOTEL	SBOTTOMS	USD	186.41	186.41	Due immediately
US10	1700000446	2001	2	KG		4598013722ORIR2	02/15/2001	1000009057	NIKON PRECISION INC.	VMILLER	USD	42,689.51	42,689.51	Due immediately
US10	1700000448	2001	2	KG		4598013233ORIR2	02/15/2001	1000019000	TFCO INDUSTRIES	VMILLER	USD	578.08	578.08	Due immediately
US10	1700000449	2001	2	KA		010401	02/15/2001	1000023716	CAREER CENTER THE	LKENE	USD	270.00	270.00	Due immediately
US10	1700000450	2001	2	KG		4598008313ORIR2	02/15/2001	1000008324	FIREMASTER N. CAL REGION	WEICH	USD	243.56	243.56	Due immediately
US10	1700000451	2001	2	KG		4598008330SIB03	02/15/2001	1000014803	VWR SCIENTIFIC PRODUCTS	VMILLER	USD	130.34	130.34	Due immediately

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