



# Configuring Complex Rules in Oracle E-Business Tax R-12

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Session ID# 7937



## Agenda

- **Introduction to E-Business Tax**
- **Architecture & Key Concepts**
- **Tax Processing Overview**
- **Tax rules guided flow**
- **Tax Rule Examples**
- **Q & A**





## Introduction

- New Product
- Infrastructure for Tax Knowledge Management
- Global System Architecture
- Configurable and Scalable
- Single Point Solution
- Tax Service to all E-Business Suite Business Flows
- One Application Interface



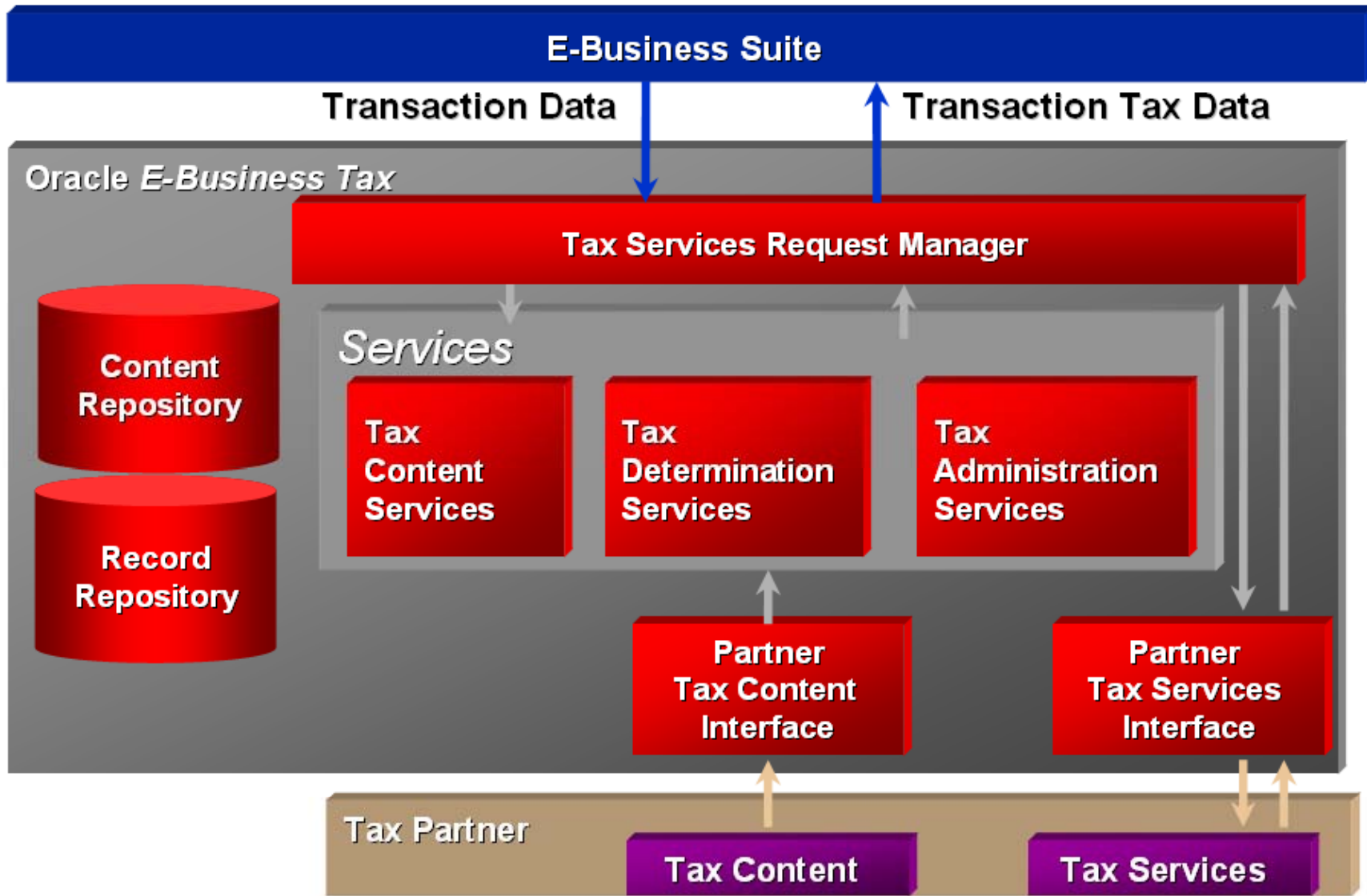
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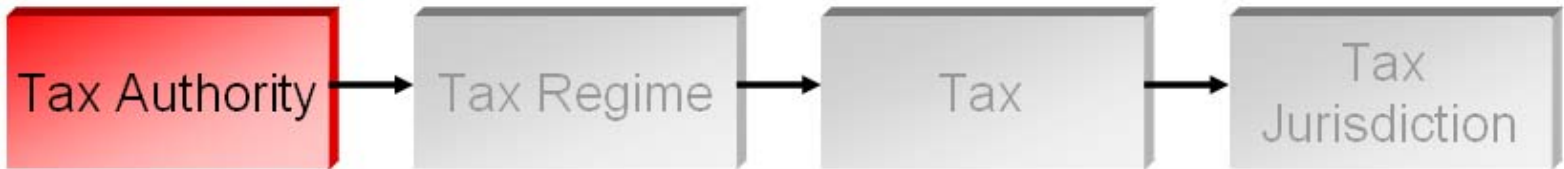
# Architecture Overview





# Key Concepts

**Tax Authority:** A government entity that regulates tax law, administers, and/or audits one or more taxes.

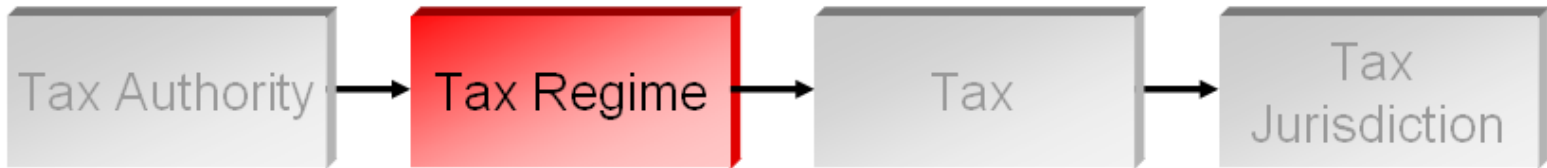


<b>California State Board of Equalization</b>			
<b>HM Customs and Excise (U.K.)</b>			
<b>Canadian Customs and Revenue Agency (Canada)</b>			
<b>Secretaria da Receita Federal (Brazil)</b>			



# Key Concepts

**Tax Regime:** The set of tax rules that determine the treatment of one or more taxes administered by a tax authority.

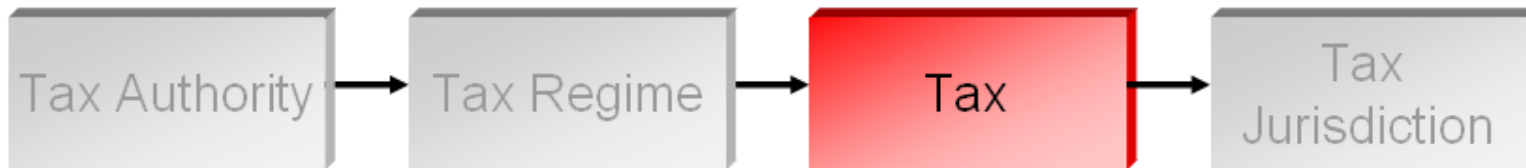


California State Board of Equalization	California Sales Tax		
HM Customs and Excise (U.K.)	UK VAT		
Canadian Customs and Revenue Agency (Canada)	Canadian Goods and Services Tax		
Secretaria da Receita Federal (Brazil)	RICMS - Regulamento do ICMS		



# Key Concepts

**Tax:** A classification of a charge imposed by a government through a fiscal or tax authority.

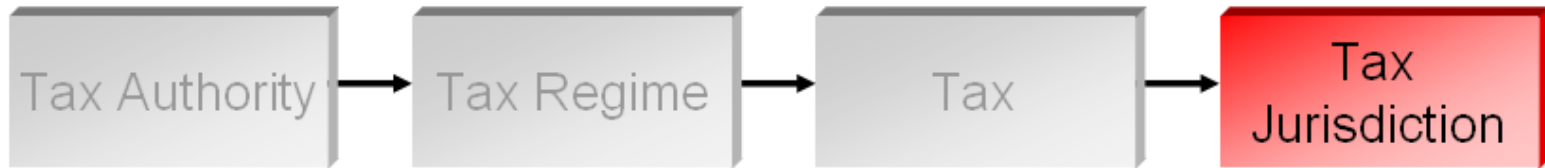


California State Board of Equalization	California Sales Tax	State Sales Tax	
HM Customs and Excise (U.K.)	UK VAT	UK VAT	
Canadian Customs and Revenue Agency (Canada)	Canadian Goods and Services Tax	GST	
Secretaria da Receita Federal (Brazil)	RICMS - Regulamento do ICMS	CMS	



# Key Concepts

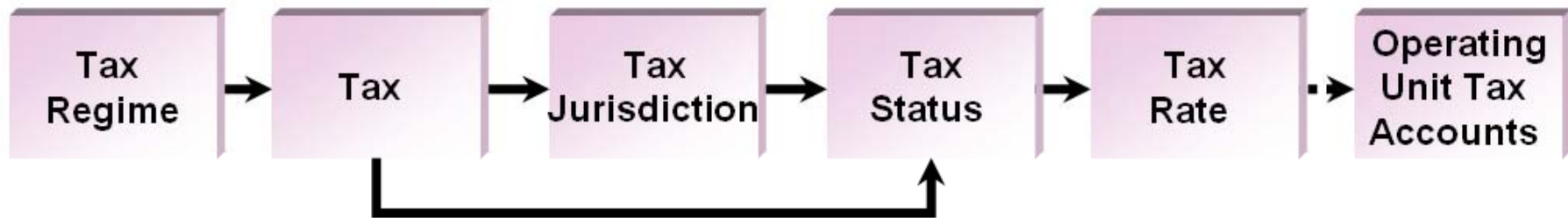
**Tax Jurisdiction:** A geographic area where a tax is levied by a specific tax authority.



California State Board of Equalization	California Sales Tax	State Sales Tax	California (State)
HM Customs and Excise (U.K.)	UK VAT	UK VAT	UK
Canadian Customs and Revenue Agency (Canada)	Canadian Goods and Services Tax	GST	Ontario
Secretaria da Receita Federal (Brazil)	RICMS - Regulamento do ICMS	CMS	São Paulo



# Regime to Rates Flow with US Sales Tax



<b>US Sales Tax</b>	<b>State Sales Tax</b>	<b>California State Sales Tax</b>	<b>Standard</b>	<b>7.25%</b>	<b>01.005.004.033</b>
	<b>County Sales Tax</b>	<b>San Mateo County Sales Tax</b>	<b>Standard</b>	<b>1.0%</b>	<b>01.005.004.033</b>
	<b>City Sales Tax</b>	<b>Belmont City Sales Tax</b>	<b>Standard</b>	<b>0%</b>	<b>01.005.004.033</b>

→ Flow  
 -.-> Optional Flow

Note: The above data examples were introduced just to illustrate the business flow and do not represent the complete tax setup for the country



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# Tax Processing Overview

**ORACLE E-BUSINESS SUITE**

- Purchasing
- Payables
- Sales Orders
- Receivables
- ...

- Parties
- Places
- Products
- Processes

Schedules Distributions

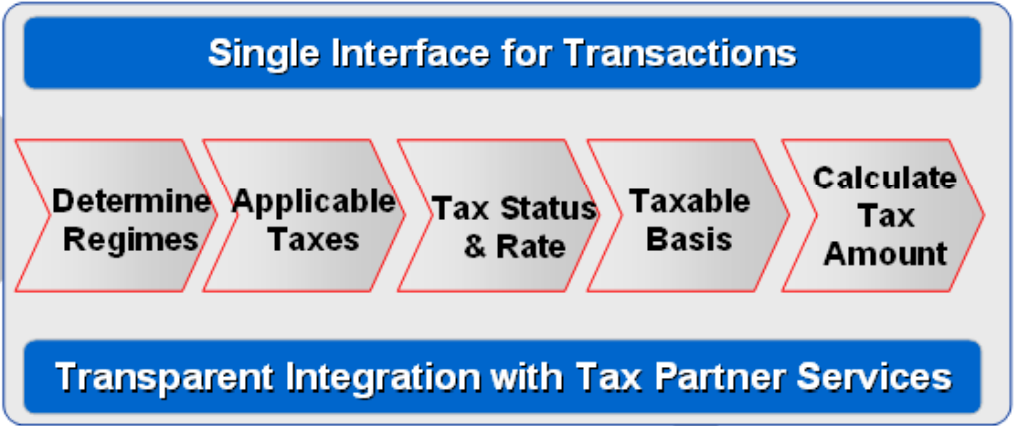
Personalize Advanced Table: (SchedulesRN)

Details Line	Line Description	Schedule	Location	Amount	Nonrecoverable Tax	Recoverable Tax	Total Tax
1	Sentinel Standard Desktop TPD	1	VS- Washington DC	1,000.00	82.50	0.00	82.50

Tax Lines

Tax Line Number	Tax Regime Code	Tax	Tax Status Code	Tax Jurisdiction Code	Tax Rate Code	Percentage Rate	Tax Amount	Tax Line Status
1	US-SALES	CASalesTax	STANDARD		CA - Sales Tax	8.25	82.5	Active





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# Tax Rules Guided Flow



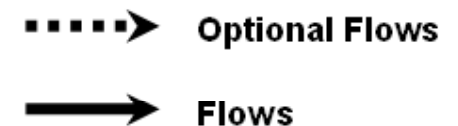
- Rule Code
- Rule Name
- Law Reference
- Effective Dates
- Applicable Applications
- Etc.

- Transaction Det. Factors
- Party Det. Factors
- Product Det. Factors

- Condition Result will depend on the Rule Type  
(I.e. Determine Tax Status, the result will be a Tax Status)

- Specify which order the rule conditions must be evaluated

- Ability to re-use existing templates or create new ones





# Tax Rule

Select tax rule type: Reorder Rules

[Expand All](#) | [Collapse All](#)

Select	Name	Type	Configuration Owner	Default	Set Default
<input type="radio"/>	<input type="checkbox"/> Rule Types				
<input checked="" type="radio"/>	Direct Tax Rate Determination	Rule Type			
<input type="radio"/>	Determine Place of Supply	Rule Type		Ship to, use bill to if ship to is not found	
<input type="radio"/>	<input type="checkbox"/> Determine Tax Applicability	Rule Type		Applicable	
<input type="radio"/>	Determine Tax Registration	Rule Type		Bill From Party	
<input type="radio"/>	Determine Tax Status	Rule Type		01 STATE STANDARD	
<input type="radio"/>	Determine Tax Rate	Rule Type		7 PC	
<input type="radio"/>	Determine Taxable Basis	Rule Type		STANDARD_TB	
<input type="radio"/>	Calculate Tax Amounts	Rule Type		STANDARD_TC	
<input type="radio"/>	Determine Recovery Rate	Rule Type			

Select tax rule type: Reorder Rules

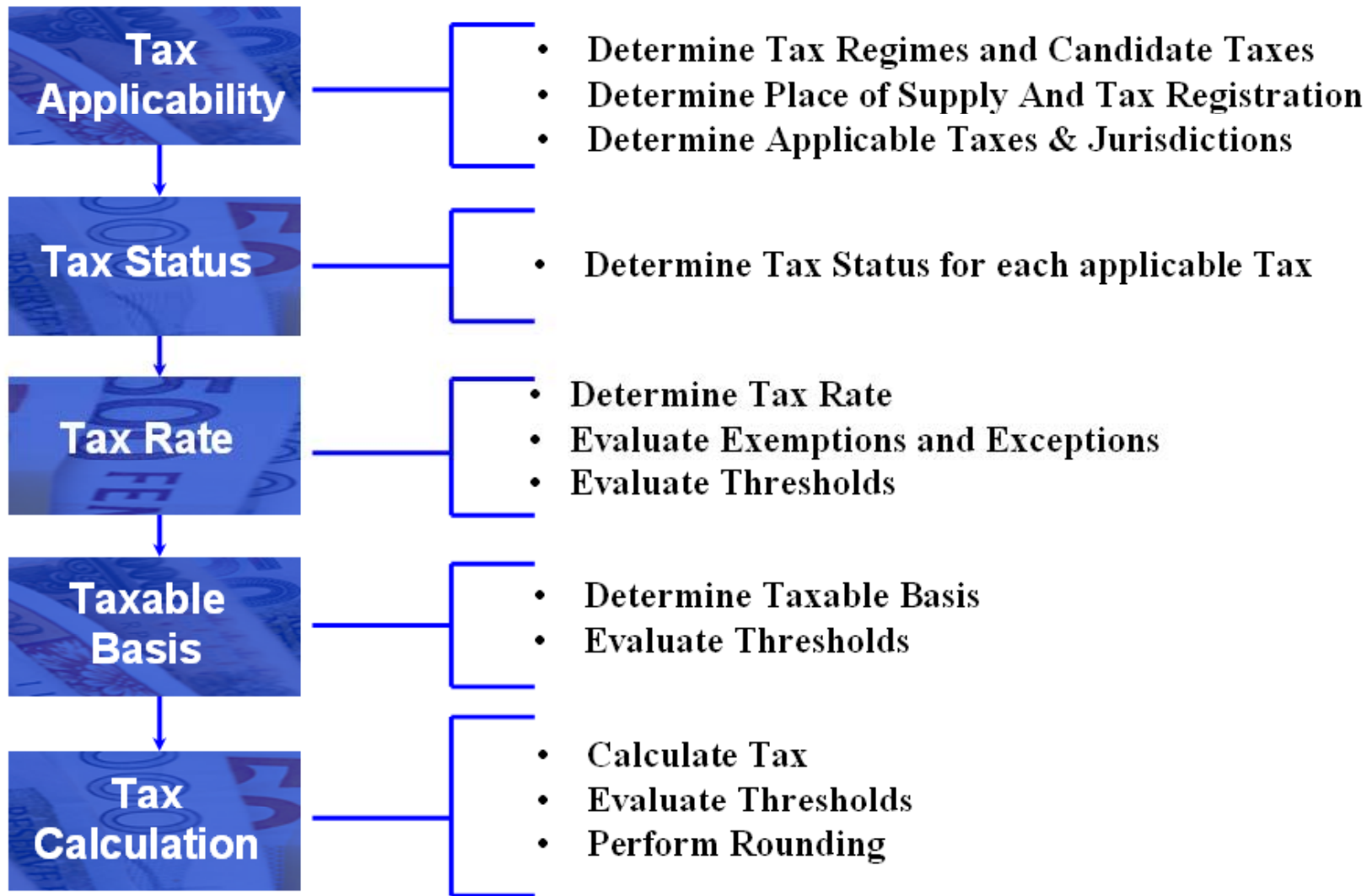


# Create tax rule





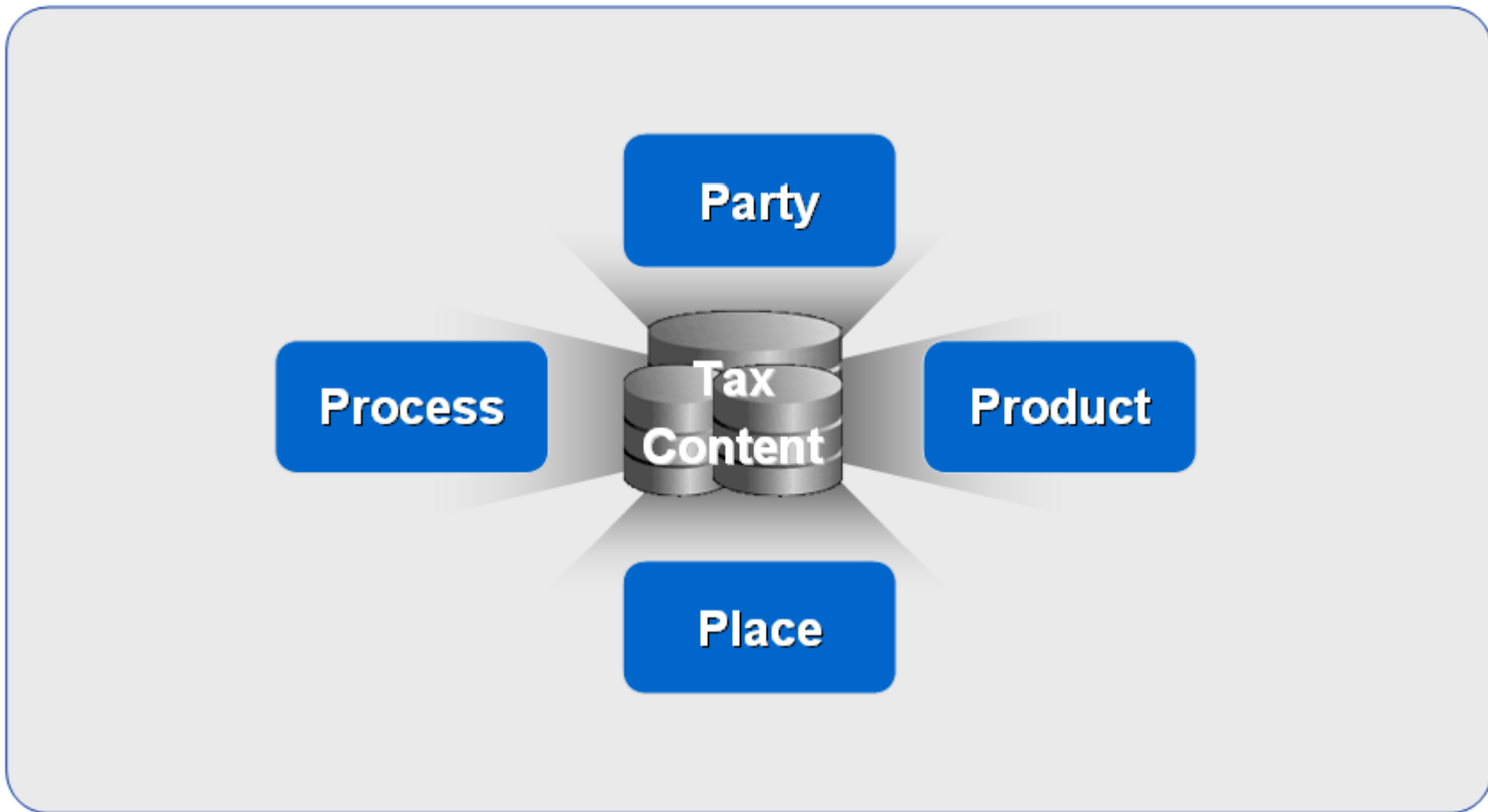
# Tax Determination Service Flow





# Tax Determining Factors

***Determining Factors = 4P's***



# Tax Determining Factors

## Party



- Legal Party Fiscal Classification
- Registration
- Party Fiscal Classification
- Transaction Input Factor \*

## Process



- Document
- Transaction Fiscal Classification
- Transaction Generic Classification
- Accounting Event
- Transaction Input Factor \*

## Product



- Product - Inventory Linked
- Product - Non-Inventory Linked
- Transaction Input Factor (Intended Use, Product Override)\*

## Place



- Geography
- User Defined Geography

\* *This Determining Factor Class contains Determining Factors for several Ps.*



# Tax Determination Services – Solution Overview

Business Questions	Oracle E-Business Tax's Solution Overview	
	Tax Rule Type	Comments
What are the Tax Regimes?	N/A	Identified based on countries involved in the transaction
Where is the Place of Supply?	Determine Place of Supply	In the absence of a rule, a default place of supply (i.e. ship to) will be selected
What are the Taxes?	Determine Tax Applicability	Applicable taxes and jurisdictions are identified
Are Direct Rates applicable to this tax?	Direct Tax Rate Determination	Backward compatibility for the Defaulting Hierarchy of tax codes
What is the Tax Registration Status of the parties involved?	Determine Tax Registration	In the absence of a rule, a default party type (i.e. bill from) will be used to determine the tax registration status (i.e. registered / not-registered).
What is the Tax Status?	Determine Tax Status	In the absence of a rule, a default tax status (i.e. standard) will be selected



# Tax Determination Services – Solution Overview

Oracle E-Business Tax's Solution Overview		
Business Questions	Tax Rule Type	Comments
What is the Tax Rate?	Determine Tax Rate	In the absence of a rule, the default rate will be selected. Tax Exemptions (party level) and Tax Exceptions (product level), also get considered at this point.
What is the Taxable Basis?	Determine Taxable Basis	In the absence of an specific formula, a default taxable basis (i.e. Standard_TB) will be selected
How is the Tax Amount calculated?	Calculate Tax Amount	In the absence of an specific formula, a default tax amount formula (i.e. Standard_TC) will be selected.
Is there any Recoverable portion?	Determine Recovery Rate	In the absence of a rule, a default primary (or secondary) recovery rate will be selected



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# Tax Rules - Example

## Self Assessed Tax

- First Party – (SSC 01) Based in New York State
- Third Party
  - Supplier (Advantage Corp) Registered in NY
  - Supplier (ABC Corp) NOT Registered in NY
- Sales Tax - For Advantage Corp.
- Self Assessed Tax – For ABC Corp



# Third Party Registration

Create Tax Registration Details

Cancel

Party Type **Third Party Site**  
Party Name **Advantage Corp**  
Party Site Name **US CHECK**

Address **100 Main Street New York NY**  
Country Name **United States**

## Main Information

\* Indicates required field

\* Tax Regime Code

Tax

Tax Jurisdiction Code

Company Reporting Name

Tax Registration Type

Tax Registration Number

Tax Registration Status

Set as Default Registration

Legal Registration Address

Tax Registration Reason

Source **Implicit**

Issuing Tax Authority

\* Effective From **21-Jan-2010**

(example: 21-Jan-2010)

Effective To



- Create a vendor (Registered out of state)

Create			
Details	Name ▲	Address	Country
<a href="#">+ Show</a>	Naper	100 park street Naperville, IL	United States

- Register for Self Assessed Tax

**Transaction Tax**

---

**Main Information**

- Allow Tax Applicability ?
- Set for Self Assessment / Reverse Charge ?



# First Party Tax Profile

Update Party Tax Profile: SSC US 01

Party Type **First Party Legal Entity**  
Party Name **SSC US 01**


**Main** | **Classifications** | **Tax Reporting Codes** | **Configuration Options**

**Main Information**

Set for Self Assessment / Reverse Charge 

**Default Controls**

Update the values that default to all invoices and tax registration records of this party

Rounding Level  

Rounding Rule  

Set Invoice Values as Tax Inclusive



# Third Party Tax Profile

## Party Tax Profiles

**Search**

Party Type	<input type="text" value="Third Party Site"/>		Address	<input type="text"/>
Party Name	<input type="text" value="ABC Corp"/>		Tax Registration Number	<input type="text"/>
Party Site Name	<input type="text" value="Naper"/>		Country Name	<input type="text"/>
<input type="button" value="Go"/>				

Party Type	Party Name	Party Site Name	Site Number	Address	Country Name	View Tax Profile	Create Tax Profile	Update Tax Profile
Third Party Site	ABC Corp	Naper	24721	100 park street Naperville IL	United States			





- Self Assessed Tax calculated when vendor is NOT in State, NY

Operating Unit	Type	PO Num	Trading Partner	Supplier Num	Supplier Site
SSC US 01	Standard		ABC Corp	7	NAPER

Tax Lines Summary

Line Number	Tax Regime Code	Tax	Rate Name	Rate	Tax Amount	Inclusive	Cancel	Self Assessed
1	01US-SALES &	01STATE TAX	01STATE TAX F	10.00	100.00	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tax Regime	01US-SALES & USE TA	Tax Regime Description	01US-Sales & Use Tax
Tax	01STATE TAX	Tax Name	01 State Tax
Tax Status	01STATE STANDARD	Tax Status Description	01 State Standard
Tax Jurisdiction	01NY	Tax Jurisdiction Description	



# Define Tax Rules

- **Guided Tax rules Entry**
- **Expert rules entry**



# Guided Tax Rules Entry

- **5 step process**
- **Create Tax Rule : General Information**
- **Create Tax Rule : Determining Factors & Conditions**
- **Create Tax Rule : Condition Results**
- **Create Tax Rule : Rule Order**
- **Create Tax Rule : Rule Templates**



# Guided Tax Rule Entry

## (No Tax for Service Items)





## Tax Rules - 2

### Scenario

- Tax is '0' % for Items belonging to category '330.10'

### Setup

- Define Product Fiscal Classification
- Define Tax Determining Factor Set
- Define Condition Set
- Create Expert Rule Entry
- Create an item with category '330.10'



# Product Fiscal Classifications

## What is a Product Fiscal Classification?

A Product fiscal Classification is a classification of products according to their tax requirements, for tax determination and tax reporting purposes.

It is based either on Oracle Inventory Category Sets or E-Business Tax Product Categories.



# Fiscal Classifications

Products: Product Classifications >

## Create Product Fiscal Classification Type

\* Indicates required field

Product Classification Source **Oracle Inventory**

\* Inventory Category Set

Levels

\* Fiscal Classification Type Code

\* Name

\* Effective From    
(example: 28-Jan-2010)

Effective To

### Associated Tax Regimes

*Regime Code	Name	Use in Item Exceptions	*Effective From	Effective To
<input type="text"/>		<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>		<input type="checkbox"/>	<input type="text"/>	<input type="text"/>



# Define Fiscal Classifications

Product Fiscal Classification Type : 01 PUR CAT

---

Fiscal Classification Type Code **01 PUR CAT**      Inventory Category Set **Purchasing**  
 Name **01 PUR CAT**      Product Classification Source **Oracle Inventory**  
 Effective From **15-Jan-2010**  
 Effective To

## Associated Tax Regimes

Regime Code	Name	Use in Item Exceptions	Effective From
01 US TAX REGIME	01 US TAX REGIME	Yes	15-Jan-2010



# Tax determining Factor Set

Tax Determining Factor Set: 01 INV PUR

---

Tax Determining Factor Set **01 INV PUR**  
Name **01 INV PUR**  
Set Usage **Tax Rules**

Ledger  
Regime Code **01 US TAX REGIME**

## Associated Tax Determining Factors

Determining Factor Class	Class Qualifier	Determining Factor Name	Required
Product - Inventory Linked		01 PUR CAT	No



# Define Condition Set

Advanced Setup Options: Tax Condition Sets >

Tax Condition Set: 01 INV PUR CS

Update

Tax Condition Set **01 INV PUR CS**  
Condition Set Name **01 INV PUR CS**  
Determining Factor Set **01 INV PUR**

Determining Factor Set Name **01 INV PUR**  
Country Name **United States**  
 Enable Condition Set

## Tax Conditions

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value/From Range	To Range	Ignore Condition
Product - Inventory Linked		01 PUR CAT	Equal To	Fencing, Concrete or Rock		No



# Expert Rules Entry

- **3 step process**
- **Create Tax Rule : General Information**
- **Create Tax Rule : Condition Results**
- **Create Tax Rule : Rule Order**



# Expert Rule Entry

Select tax rule type: **Reorder Rules**

[Expand All](#) | [Collapse All](#)

Select	Name	Type	Configuration Owner	Default	Set Default	Event Class	Rule Order	Determining Factor Set Name	Enabled	Guided Rule Entry	Expert Rule Entry
<input type="radio"/>	Rule Types										
<input checked="" type="radio"/>	Direct Tax Rate Determination	Rule Type									
<input type="radio"/>	Determine Place of Supply	Rule Type		Ship to, use bill to if ship to is not found							
<input type="radio"/>	Determine Tax Applicability	Rule Type		Applicable							
<input type="radio"/>	Determine Tax Registration	Rule Type		Bill From Party							
<input type="radio"/>	Determine Tax Status	Rule Type		01 STATE STANDARD							
<input type="radio"/>	Determine Tax Rate	Rule Type		7 PC							
<input type="radio"/>	Determine Taxable Basis	Rule Type		STANDARD_TB							
<input type="radio"/>	Calculate Tax Amounts	Rule Type		STANDARD_TC							
<input type="radio"/>	Determine Recovery Rate	Rule Type									



# Create an Expert Rule

## General Information

### Create Tax Rule: General Information

\* Indicates required field

Configuration Owner **Global Configuration Owner**  
Tax Regime Code **01 US TAX REGIME**

### General Information

Tax Law Reference	<input type="text"/>
Description	<input type="text"/>
	<input type="checkbox"/> Use the Tax Law Reference and Description as Tax Rule (
* Rule Code	<input type="text"/>
* Name	<input type="text"/>
* Effective From	<input type="text" value="01-Jan-2010"/>
	(example: 26-Jan-2010)
Effective To	<input type="text"/>



# Expert Rule Entry

## (No Tax for Item Category)





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# Questions and Answers



## Contact Information

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