



# EB Tax and Oracle® Financials for Europe

**Jeppesen EB Tax Implementation Experience**

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# Agenda

- Requirements
- Implementation Considerations
- Configuration Overview
- Troubleshooting
- Conclusion

1. Ability to complete VAT return form in less time with less effort.
2. Ability to identify on monthly and quarterly basis purchases/sales of goods/services and liability to VAT.
3. Buyer in EU must create a reverse charge on the Payables invoice line for such Intra EU transactions.
4. Sweden: Swedish branch is registered in Sweden and in Australia. GST should be charged only when services are performed in Australia.
5. Sweden: VAT incurred on passenger cars' hire, is recoverable only up to 50 percent.
6. Poland: Supplier information from receipts should be recorded in expense reports and visible in TAX register.

# Requirements, Con't

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7. Poland: VAT incurred on passenger cars hire, is recoverable only up to 60 percent but not more than PLN 6,000 of total.
8. Poland: VAT Declaration should be based on Tax Invoice Date.
9. Poland: Ability to identify purchase of goods and services classified as fixed assets/purchase of remaining goods and services on monthly and quarterly basis.
10. Poland: Ability to report VAT for reselling goods or services to Polish employees taxed with all kind of rates.
11. Poland: Ability to report VAT for "Internal invoice" related to giving free goods or services to employees taxed with full rate or reduced rate (parking case).

# Implementation Considerations

## **GOAL: Fulfill Requirements but Keep it Simple!**

Recommendation from oracle described in Oracle® E Business Tax Implementation Guide includes analyze of Tax Requirements and questions we need to answer:

- **Who we are?**
- **In which countries we have our business?**
- **What are the operations/businesses that we have?**
- **What products do we buy or sell?**
- **Who are our customers and suppliers?**
- **What taxes are we subject to?**

# Implementation Considerations

To simplify visibility we have created the VAT matrix which we used going forward as a base for tax configuration. VAT matrix in combination with requirements document was the basis for followed VAT Setup work and helped in naming standards definitions on VAT Rate Codes. (See Sample Row)

Time	Topic
Input / Output	Input
Transaction Type	Purchases
Bill From	EU
Bill To	Poland
Ship From	EU
Ship To	Poland
Location of Supplier(AP)/Client EU (AR)	Poland
Supplier(AP)/Client(AR) registration	Registered In EU not in Poland
Product Type	Goods/Fixed assets
Item Categorization	Reduced rate 2
VAT applicable	Yes
VAT Return Box	C33 - Intra-Community acquisition of goods
Recovery	100%
Oracle VAT Rate Code	PL VAT IN EU RED2 FA GOODS
Oracle Account Combination	XXX.XXXX
Oracle Place of Supply	Ship To(Bill To if Ship To not Found)

# Configuration strategy

Following decision was done prior configuration work:

- Review all available Localization features (EMEA, Poland, and Sweden) (Modules: JG, JE, CLE), get understanding on it and decide what is needed and how to proceed. Documentation we used exists in E-Business Suite Globalization Center [Note 1355613.1] and Oracle® Financials for Europe.
- Install latest localization patches [Note 737320.1].
- Install E-Business Tax Recommended Patch Collection [Note: 1481235.1]
- Use suggested by Oracle approach and data as a basis for setup: E Business Tax Seed Data [Note: 463001.1]
- Extend Tax Rules with null and not null parameters. [Note 1395535.1]
- Agreement on Naming Standards - use of coding structure proposed by Oracle in [Note: 463001.1].
- Identify fields critical for Tax Setup on master data and make sure population will take place.

# Configuration overview

- Go tax task by task via Home Screen in Oracle E Business Tax module

Task Name	Required	Go To Task
<input type="checkbox"/> Task List	Setup Tasks	
<input type="checkbox"/> External Dependencies	Yes	
<input type="checkbox"/> Tax Configuration	Yes	
<input type="checkbox"/> Fiscal Classification System	No	
Create Country Defaults	No	
Create Exceptions	No	
Create Tax Rules	No	
Complete First Party Legal Entity Party Tax Profile	No	
Create First Party Legal Establishment Party Tax Profiles	No	
<input type="checkbox"/> Create Party Tax Profiles for Third Parties	No	
Create Configuration Owner Tax Options	No	
Create Application Tax Options	No	
<input type="checkbox"/> Provider Service Details	No	
Simulate Transactions	No	
Make Tax Available on Transactions	No	



# Configuration overview

- Subscription to PL VAT Regime for Poland and SE VAT and AU GST for Sweden Operating unit.(Requirement 4)

Home | Tax Configuration | Products | **Parties** | Transactions | Defaults and Controls | Advanced Setup Options | Requests

Party Tax Profiles | Party Classification | Legal Classification Tax Usage

Parties: Party Tax Profiles > Party Tax Profiles >

Party Tax Profile: Jeppesen Systems AB

Party Type **Operating Unit owning Tax Content**  
Party Name **Jeppesen Systems AB**

**Main Information**

Use Subscription of the Legal Entity

**Tax Reporting Codes**

Tax Reporting Type Code	Data Type	Reporting Code	Description	Effective From	Effective To
No results found.					

**Regime Configuration Options**

Tax Regime Code	Name	Country Name	Configuration for Taxes and Rules	Configuration for Product Exceptions	Effective From	Effective To
AU GST	AU GST	Australia	Common Configuration with Party Overrides	Common Configuration	01-Jan-2000	
SE VAT	SE VAT	Sweden	Common Configuration with Party Overrides	Common Configuration	01-Jan-2000	

# Configuration overview

- Creation of First Party Legal Establishment Party Tax Profiles according to Regime assignment (Requirement 4) **(without it tax reporting will not work)**

**Establishment Details**

Establishment Name **Jeppesen Optimization Solution AB** Territory **Sweden** Parent Legal Entity Name [Jeppesen Systems AB](#)

[General](#)
[Registrations](#)
[Contact Information](#)
[History](#)
[Associated Business Entities](#)

[Personalize "Registrations"](#)

**Legal Registrations**

[Create Registration](#)

Territory	Jurisdiction	Identifying	Code	Registration Number	Registered Address	Active	Update
Sweden	Sweden - Company Law		RN	Registration Number	Registered Address	Yes	






**Tax Registrations**

[Create](#)

Regime Code	Tax	Tax Jurisdiction Code	Registration Number	Issuing Tax Authority	Active	Update	Remove
AU GST	AU GST	AU GST	AURegistration Number		Yes		
SE VAT	SE VAT	SE VAT	SERegistration Number		Yes		

# Configuration overview

- Addition of PL OFFSET VAT and SE OFFSET VAT. Instruction how to do it exists in [Note 1368206.1] How to Setup and Troubleshoot Offset Taxes in R12 E-Business Tax (EB Tax) (Requirement 3)

Focus	Code	Level Name or Jurisdiction Name for Rate Level Type	Level Type	Configuration Owner
	 <a href="#">PL VAT</a>	PL VAT	Regime	
	 <a href="#">PL VAT</a>	Goods and Services Tax	Tax	Global Configuration Owner
	 <a href="#">PL OFFSET VAT</a>	Goods and Services Offset Tax	Tax	Global Configuration Owner

Focus	Code	Level Name or Jurisdiction Name for Rate Level Type	Level Type	Configuration Owner
	 <a href="#">SE VAT</a>	SE VAT	Regime	
	 <a href="#">SE OFFSET VAT</a>	Mervardesskatt Offset	Tax	Global Configuration Owner
	 <a href="#">SE VAT</a>	Mervardesskatt	Tax	Global Configuration Owner
	<a href="#">SE VAT</a>	Mervardesskatt	Tax	Jeppesen Systems AB

# Configuration overview

- Creation of additional Tax Statuses and Tax Rate to fulfill our reporting requirements like report on fixed assets for Poland, Intra EU Services/Goods. (Requirements 1,2,9)

Focus Code	Level Name or Jurisdiction Name for Rate	Level Type
<input type="checkbox"/> <a href="#">PL VAT</a>	PL VAT	Regime
<input type="checkbox"/> <a href="#">PL VAT</a>	Goods and Services Tax	Tax
<a href="#">Previous 1 - 5 of 10</a>		
<input type="checkbox"/> <a href="#">PL VAT NON EU ZERO</a>	PL VAT Output Non EU Zero	Status
<a href="#">PL VAT NON EU GOODS SALES</a>	PL VAT Output Non EU Goods Rate	Rate
<input type="checkbox"/> <a href="#">PL VAT NON EU SVC SALES</a>	PL VAT Output Non EU Services	Status
<a href="#">PL VAT NON EU SVC SALES</a>	PL VAT Output Non EU Services Rate	Rate
<input type="checkbox"/> <a href="#">PL VAT INTRA EU ZERO</a>	PL VAT Output Intra EU Zero	Status
<a href="#">PL VAT INTRA EU ZERO RATE</a>	PL VAT Output Intra EU Goods Sales	Rate
<input type="checkbox"/> <a href="#">PL VAT INTRA EU SVC SALES</a>	PL VAT Output Intra EU Services	Status
<a href="#">PL VAT INTRA EU SVC SALES</a>	PL VAT Output Intra EU Services Rate	Rate

- Vat Matrix helped to understand how many tax rates will be required.
- We learned that creation of only one tax rate for every tax status (and marking the tax rate as default within its status) will simplify following tax rule setup.

# Configuration overview

- Assignment of Reporting details information into all tax rates and to Tax in order to achieve grouping of transactions in tax reports is based on VAT Return Box.

## Tax Rate Details

Tax Regime Code	<b>PL VAT</b>	Tax Regime Name	<b>PL VAT</b>
Tax	<b>PL VAT</b>	Tax Name	<b>Goods and Services Tax</b>
Tax Status Code	<b>PL VAT STANDARD</b>	Tax Status Name	<b>PL VAT Standard</b>
Tax Rate Code	<b>PL VAT IN EU STD GOODS</b>	Configuration Owner	
Tax Jurisdiction Code		Tax Jurisdiction Name	
Rate Type	<b>Percentage</b>	Percentage Rate	<b>23</b>
Effective From	<b>01-Jan-2011</b>	Effective To	

## Reporting Details

Tax Rate Name	<b>PL VAT Intra EU Standard Goods Rate</b>	Tax Rate Description	<b>23% Input: Intra EU Goods</b>
Tax Transaction Type	<b>PL_IN_INTRA_EU_GOODS_C33</b>		

# Configuration overview

- Assignment of Tax Recoverable/Liability account to every tax rate. As charge of accounts we used only 2 accounts: Input VAT and Output VAT. We did not mixed tax rates required for Input Tax with Output tax rates.
- Classification creation. Fiscal classification system from oracle gave us all required attributes which we were able to use in tax rules:  
**Party Fiscal Classifications** was used to identify employees;  
**Product Fiscal Classifications** was required to categorize a product for a tax (No Inventory module installed);  
**User defines Fiscal Classifications** in order to differentiate fixed assets for Poland and services performed in Australia for Sweden  
Zero Recovery based on **Intended Use Fiscal Classifications** was included into seeded values provided thru the patch. We extended it with 60% Recovery for Poland and 50% Recovery for Sweden.

# Configuration overview

- Subscription to the event classes. As an example we decided to not calculate tax in Purchasing, so that it was required to uncheck “Enforce tax from Reference Document” on **Standard Invoice** Event class.


Configuration Owner	Application Name	Event Class	Entity Name	Effective From	Effective To	Enable
Jeppesen Poland Sp. z o.o.	Receivables	Credit Memo	Transactions	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Receivables	Debit Memo	Transactions	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Receivables	Invoice	Transactions	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Purchasing	Purchase Order and Agreement	Purchase Order	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Purchasing	Release	Release	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Purchasing	Requisition	Requisition	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Payables	Expense Reports	AP Invoices	18-Apr-2003		Yes
Jeppesen Poland Sp. z o.o.	Payables	Standard Invoices	AP Invoices	18-Apr-2003		Yes

## Others

### Regime Determination Set **Determine Applicable Regimes**

- Perform Additional Applicability for Imported Documents
- Enforce Tax from Reference Document
- Enforce Tax from Account
- Allow Offset Tax Calculation

### Offset Tax Basis **Ship From Party Site**

- Allow Tax Applicability 
- Allow Entry of Manual Tax Lines
- Allow Recalculation for Manual Tax Lines
- Allow Override for Calculated Tax Lines
- Tax Line Override Impacts Other Tax Lines
- Allow Override and Entry of Inclusive Tax Lines



# Configuration overview

- Creation of third party tax profile for EU Companies and Companies registered in subscribed Tax Regime

**Main Information**

Tax Regime Code	PL VAT	Legal Registration Address	<input type="text"/>
Tax	<input type="text"/>	Tax Registration Reason	<input type="text"/>
Tax Jurisdiction Code	<input type="text"/>	Tax Classification	
Company Reporting Name	<input type="text"/>	Source	Implicit
Tax Registration Type		Issuing Tax Authority	<input type="text"/>
Tax Registration Number	Tax Registration Number	* Effective From	28-Jun-2000
Tax Registration Status	REGISTERED		(example: 27-Aug-2013)
	<input type="checkbox"/> Set as Default Registration	Effective To	<input type="text"/>

**Main Information**

\* Indicates required field

* Tax Regime Code	PL VAT	Legal Registration Address	<input type="text"/>
Tax	<input type="text"/>	Tax Registration Reason	<input type="text"/>
Tax Jurisdiction Code	<input type="text"/>	Source	Implicit
Company Reporting Name	<input type="text"/>	Issuing Tax Authority	<input type="text"/>
Tax Registration Type	<input type="text"/>	* Effective From	14-Mar-2000
Tax Registration Number	<input type="text"/>		(example: 14-Mar-2013)
Tax Registration Status	EC_REG(NON PL)	Effective To	<input type="text"/>
	<input type="checkbox"/> Set as Default Registration		



# Configuration overview

- Definition of taxation rules to calculate the tax based on requirements. Note “How Tax Determining Factors Work with Tax Rules in R12 E-Business Tax” [Note 1108463.1] describes all attribute that may be used by the E-Business Tax engine to find and calculate taxes for a specific transaction. [Note 1395535.1] extending Tax Rules with null and not null parameters.

Configuration Owner **Global Configuration Owner**  
 Tax Regime Code **PL VAT**  
 Tax **PL VAT**  
 Rule Type **Determine Tax Applicability**  
 Default Determine Tax Applicability Rule  
 Rule Code **PL VAT APPLICABILITY V1**  
 Name **PL VAT Applicability Version 1**  
 Rule Order **10**  
 Effective From **18-Apr-2003**  
 Effective To  
 Enabled **Yes**

Event Class Category  
 Geography Specific Rule **No**  
 Determining Factor Set Code **PL VAT APPLICABILITY V1**  
 Determining Factor Set Name **PL VAT Applicability Version 1**

## Condition Sets

Select Condition Set Code	Name	Order	Result	Enabled	Reporting Codes
<input checked="" type="radio"/> PL NO VAT PRODUCT CATEGORY	PL No VAT Product Category	10	Not Applicable	Yes	
<input type="radio"/> PL NON EU GOODS PURCHASE	PL Non EU Goods Purchase	40	Not Applicable	Yes	

## Conditions

Determining Factor Class	Class Qualifier	Determining Factor Name	Operator	Value/From Range	To Range	Ignore Condition
Product - Non-Inventory Linked	Level 2	Product Category	Equal To	PL/No VAT		No
User Defined Geography	Ship From	ECONOMIC REGIONS	Equal To			Yes
Geography	Bill From	Country	Equal To			Yes
Geography	Ship From	Country	Equal To			Yes
Geography	Ship To <span style="border: 1px solid black; padding: 1px;">Conditions Table</span>	Country	Equal To			Yes
Transaction Input Factor		Product Type	Equal To			Yes
Registration	Bill From Party	Registration Status	Equal To			Yes
Transaction Input Factor		Line Class	Equal To			Yes
Geography	Bill To	Country	Equal To			Yes

- Financial Tax register
- European Sales Listing (To make sure European Sales Listing is working Tax Profile on Legal establishment should be populated correctly).
- EMEA VAT Reporting, described in Oracle® Financials for Europe document, covered all our tax reporting needs. No additional customization was required. (To make sure EMEA Reporting is working Tax Profile on Legal establishment should be populated correctly).

Following notes helped to diagnose and troubleshoot:

- Note 728906.1 - How To Diagnose E-Business Tax Issues In Procurement (This note includes helpful pictures to understand how tax calculation is working)
- Note 417238.1 - How to obtain and read a debug log file for R12 E-Business Tax (EBTAX) (This note explains debugging with is very helpful from technical perspective)
- Note 464243.1 - E-Business Tax for Oracle Purchasing
- Note 1082172.1 - How to Troubleshoot a Tax That Does Not Calculate in R12 E-Business Tax (EBTAX)
- Additionally Tax Simulator was very helpful tool to test and diagnose different tax scenarios.

- Jeppesen was able to implement finance modules in Poland on time and within budget. Without working tax this would be not possible.
- From customer perspective we can confirm that E-Business Tax in combination with region and country Localizations is very powerful and flexible tool and cover 100% of our mandatory tax requirements. Experience of Jeppesen may be helpful for the efficiency of a work with E-business Tax related to VAT
- Negative aspect is documentation; we have to learn that no single documentation source is available. Pictures, explaining diagrams, step by step instructions can be found in Metalink only. A lot of research is required to find answers/solutions. There is a lot of ways of configuration in place and clear directions for beginners are hard to find. Oracle can really work on improvement here.

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# QUESTIONS & ANSWERS

**DOAG**

# Contact address:

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