Service Pack Note

DL and CL - Settlement Discount Taken on Tax

Author	DCP	
Project	ZM60_000320	
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INTRODUCTION

This service pack provides the ability to analyse settlement discount taken on Debtors Ledger receipts and Creditors Ledger payments taken against tax.

The regulations in South Africa along with many other countries require any settlement discount taken against the tax portion of the gross invoice to be accounted for separately. The changes addressed by this development are to provide system configuration settings and extend Debtors Ledger and Creditors Ledger so that when UK Tax processing is not in use, the amount of settlement discount taken on tax can be analysed to a separate General Ledger account.

The changes are to:

- Rename the 'UK processing' setting within the Tax Options window as 'Calculate tax net of settlement discount (as per UK HMRC legislation)'.

- The 'Reminders' button has been removed from the tax codes parameters.

- Introduce four new system settings within the Administration – Tax Codes system parameters (accessed via a new button labelled 'Discount Analysis'.

    The first new setting (labelled 'Calculate settlement discount on gross invoice values') allows Debtors Ledger and Creditors Ledger to be configured to calculate settlement discount on the gross value of invoices (if UK Tax processing is not in use).

    If settlement discount is calculated on gross values a second new setting is available labelled 'Analyse settlement discount taken to net and tax'. This new setting allows Debtors Ledger and Creditors Ledger to be configured so that the portion of settlement discount taken (with a payment/receipt) that is allocated against the tax portion of an invoice is analysed to a separate General Ledger profit centre and account for settlement discount on tax when the payment/receipt is posted.

    If settlement discount is analysed to net and tax a third new setting is available. This is labelled 'Analyse Debtors Ledger settlement discount on tax to output tax control accounts'. When set Debtors Ledger settlement discount on tax is analysed to the relevant output tax control accounts. When not set Debtors Ledger settlement discount on tax is analysed to a profit centre and account specified on the cash book control account relating to the receipt being posted.

    If settlement discount is analysed to net and tax a fourth new setting is available. This is labelled 'Analyse Creditors Ledger settlement discount on tax to input tax control accounts'. When set Creditors Ledger settlement discount on tax is analysed to the relevant input tax control accounts. When not set Creditors Ledger settlement discount on tax is analysed to a profit centre and account specified on the cash book control account relating to the payment being posted.

- The post batch function in Debtors Ledger and Creditors Ledger transaction entry will be extended so that when a receipt/payment is posted (and the system is configured to analyse settlement discount taken to net and tax) any settlement discount taken on invoices allocated against the payment/receipt is apportioned and analysed between settlement discount on net and settlement discount on tax (at the tax rate in force when the invoice was entered).

Limitations:

The new processing is not available for systems configured to calculate tax net of settlement discount (as per UK HMRC legislation).

DL Receipts and CL Payments are only subject to the new processing if they are allocated prior to posting, items allocated via allocation type batches are not subject to the new processing.

If settlement discount is analysed to both net and tax then the option to hold GL analysis by batch (in both DL and CL) is skipped and treated as if it was set to analysis by individual transaction.

DOCUMENTATION CHANGES

Operating Options – Tax Options Window
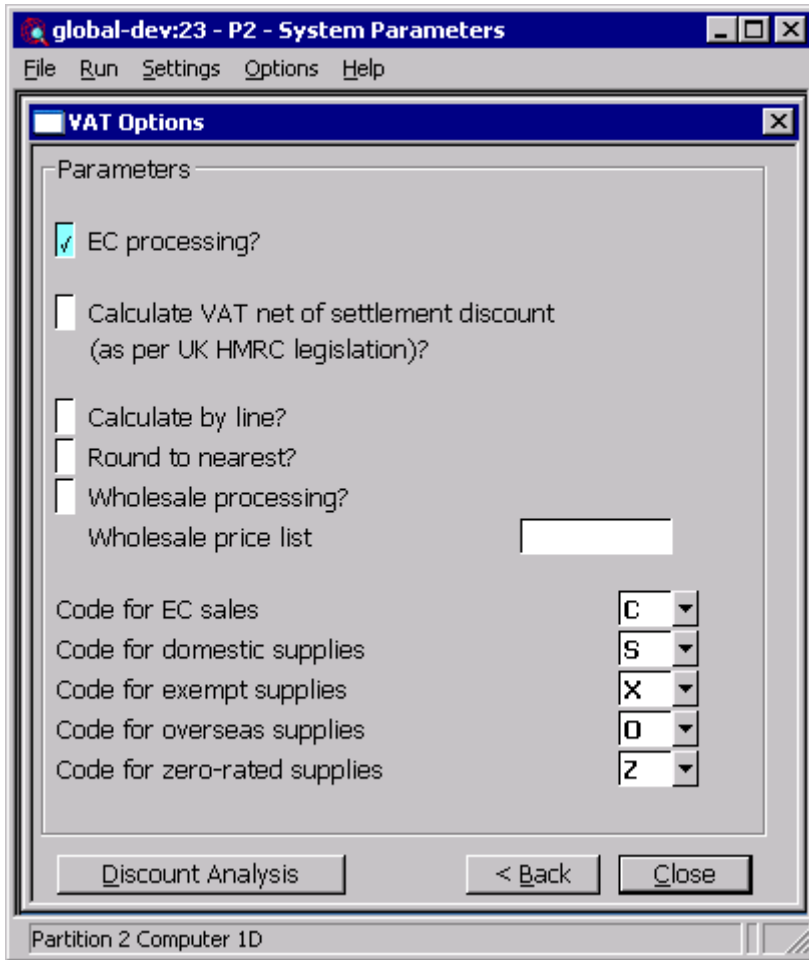
Discount Analysis	*(Not available if tax is calculated net of settlement discount)* This button enables you to configure how settlement discount is calculated and analysed in systems not calculating tax net of settlement discount (as per UK HMRC legislation).

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Operating Options – Settlement Discount Analysis Window
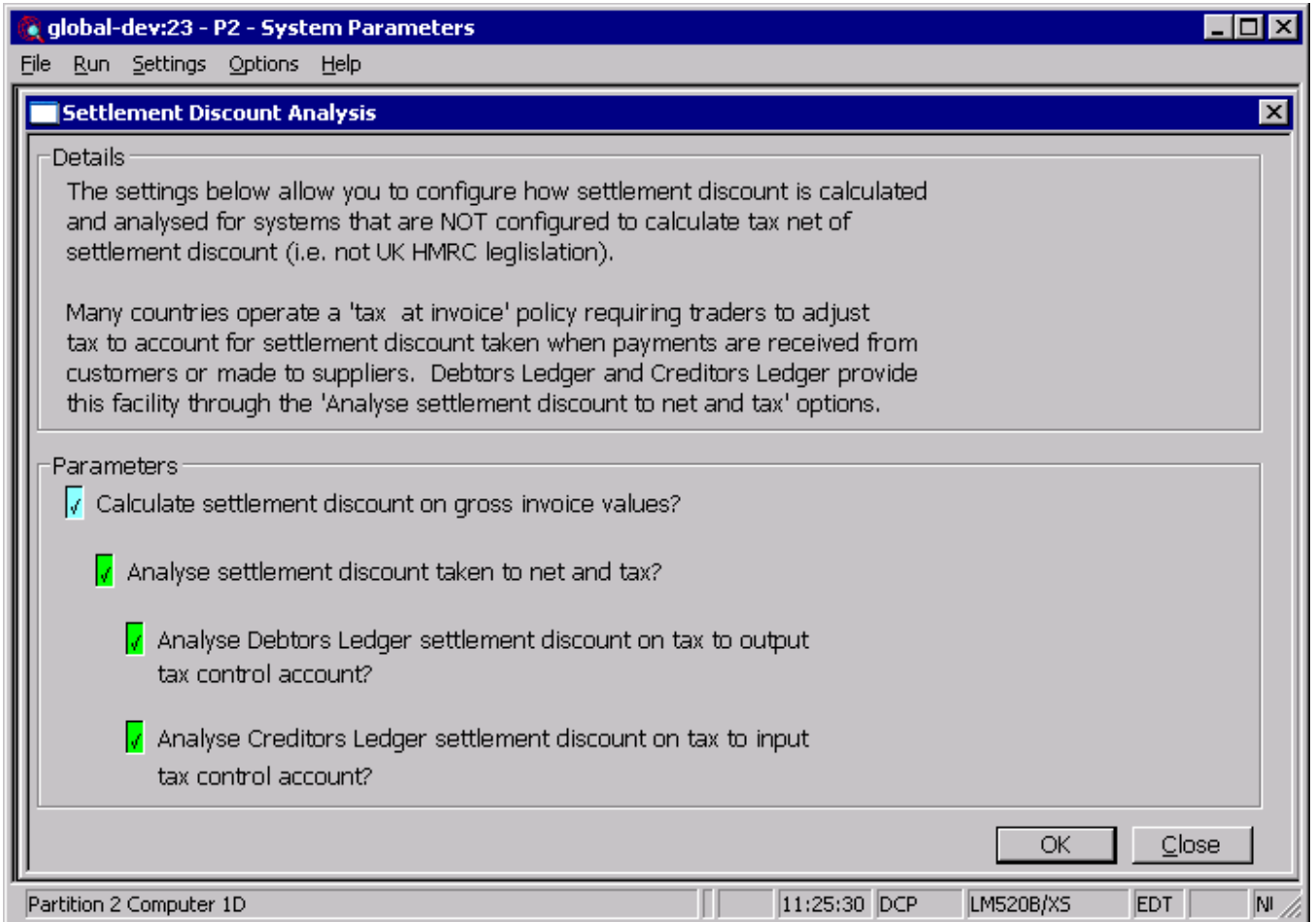
This window appears when you press the 'Discount Analysis' button within the 'Tax Rate Controls' Tax Options window.

Purpose This window enables you to configure how settlement discount is calculated and analysed in systems not calculating tax net of settlement discount (as per UK HMRC legislation).

The prompts are:

Note All options in this window are only available for systems NOT configured to calculate tax net of settlement discount (as per UK HMRC legislation).

Calculate settlement discount on gross invoice values? *(Only available if Debtors Ledger or Creditors Ledger are in use)* Set this to configure Debtors Ledger and Creditors Ledger to calculate settlement discount on the gross value of invoices.

Note Many countries operate a "tax at invoice" policy requiring traders to adjust tax to account for settlement discount taken when payments are received from customers and made to suppliers. Global 3000 Debtors Ledger and Global 3000 Creditors Ledger provide this facility through the "Analyse settlement discount taken to net and tax" option.

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Analyse settlement discount taken to net and tax?	*(Only available if Debtors Ledger or Creditors Ledger are in use and settlement discount is calculated on gross invoice values)* Set this to configure Debtors Ledger and Creditors Ledger so that the portion of settlement discount taken with a payment/receipt that is allocated against the tax portion of an invoice is analysed to a separate General Ledger profit centre and account when the payment/receipt is posted.
Note	The analysis of settlement discount to both net and tax only applies to Debtors Ledger and Creditors Ledger. It only takes place for receipts and payments allocated prior to posting. It does not take place for item allocated via allocation type batches.
	If settlement discount is analysed to both net and tax the 'GL analysis by batch' option is skipped for payment and receipt batches and the General Ledger analysis is generated for each individual transaction in the batch.
Analyse Debtors Ledger settlement discount on tax to output tax control accounts?	*(Only available if Debtors Ledger is in use and settlement discount taken is analysed to net and tax)* When set Debtors Ledger settlement discount on tax is analysed to the relevant output tax control accounts. When not set Debtors Ledger settlement discount on tax is analysed to a profit centre and account specified on the cash book control account relating to the receipt being posted.
Note	Regardless of the above setting, when settlement discount on tax is posted to General Ledger tax class OD (output discount) is used.
Analyse Creditors Ledger settlement discount on tax to input tax control accounts?	*(Only available if Creditors Ledger is in use and settlement discount taken is analysed to net and tax)* When set Creditors Ledger settlement discount on tax is analysed to the relevant input tax control accounts. When not set Creditors Ledger settlement discount on tax is analysed to a profit centre and account specified on the cash book control account relating to the payment being posted.
Note	Regardless of the above setting, when settlement discount on tax is posted to General Ledger tax class ID (input discount) is used.

Company Parameters - Cash Book Control Accounts

	Settlement discount taken on sales tax	*(Only available if Debtors Ledger is in use and Debtors Ledger settlement discount is analysed to both net and tax).* Enter the General Ledger profit centre and account to which Debtors Ledger settlement discount on tax is to be posted. Look-ups are available via the 'Search' button.
Note		If the system is configured to analyse Debtors Ledger settlement discount on tax to output tax control accounts the above profit centre and account prompts are skipped.
	Settlement discount taken on purchase tax	*(Only available if Creditors Ledger is in use and Creditors Ledger settlement discount is analysed to both net and tax).* Enter the General Ledger profit centre and account to which Creditors Ledger settlement discount on tax is to be posted. Look-ups are available via the 'Search' button.
Note		If the system is configured to analyse Creditors Ledger settlement discount on tax to input tax control accounts the above profit centre and account prompts are skipped.

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