



Global 3000 Service Pack Note

Creditors Ledger - Withholding Tax

Author	DCP	
Project	ZP60_000375.docx	
Version	1.0	1 of 7

INTRODUCTION

This service pack provides the ability withhold income tax when suppliers are paid.

In a number of countries (Ghana for example) companies are expected to deduct and withhold income tax when suppliers are paid. Withholding tax is deductible from payment for the supply of goods and services.

Withholding tax is **not** related to transaction tax handling (e.g. UK VAT).

The following changes have been made:

Creditors Ledger system parameters have been updated to include a new option to enable tax to be withheld from payments to suppliers. In addition new options have been added to specify the General Ledger profit centre and account for withheld tax postings.

Supplier maintenance has been updated to include new options to indicate that tax is to be withheld when payments are made to the supplier and to specify the default percentage to be withheld.

Transaction entry has been updated (for suppliers configured for withholding tax) to prompt for the gross amount to be paid and the percentage of withholding tax (defaulted based on the supplier percentage) to determine the net payment.

Transaction allocation now prompts for the amount of withholding tax to reduce the outstanding amount by when a payment (recorded with withholding tax) is allocated to an invoice/credit note.

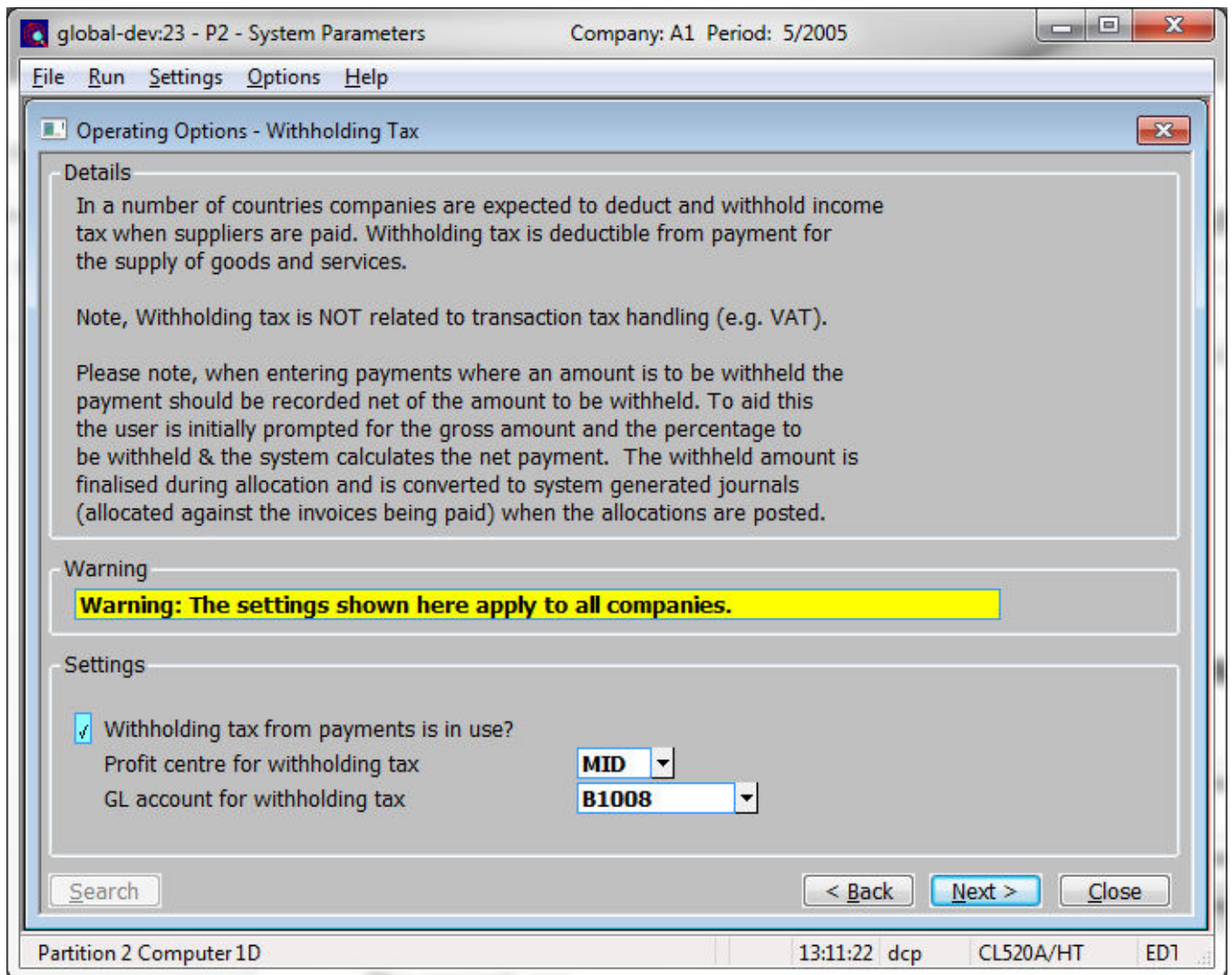
Transaction posting checks for allocations with a withholding tax amount. If any are detected they are moved to journal transactions, allocated to the relevant invoices and posted.

Please note, when entering payments where a tax amount is to be withheld the payment amount should be recorded net of the amount to be withheld. To aid this, the user is initially prompted for the gross amount to be paid and the percentage to be withheld, the payment is then recorded at the net payment amount.

For example, if 10% is to be withheld from the payment of an invoice valued at 1000, the payment should be entered with a gross amount to pay of 1000 but is recorded with the net payment amount (900), the amount to be withheld (100) will be determined during allocation and then converted to a journal (which itself is allocated against the invoice).

Author	DCP
Project	ZP60_000375.docx
Version	1.0
	2 of 7

CL System Parameters – Operating Options



This window appears when you confirm your responses in the ‘Audit Report’ settings window.

Purpose This window contains Creditors Ledger configuration options.

Note The configuration options in this window apply to **ALL** companies.

The prompts are:

Withholding tax from payments is in use? Set this if tax is deducted from payments to suppliers. Withholding tax is **not** related to transaction tax handing (e.g. UK VAT), it applies in a number of countries that require income tax to be deducted from payments made to some suppliers. When set transaction allocation prompts for the amount of tax to withhold when payments (for relevant suppliers) are made. Transaction posting will then detect allocations with withheld tax and generate journals for them.

Author	DCP
Project	ZP60_000375.docx
Version	1.0
	3 of 7

Note

When entering payments where a tax amount is to be withheld the payment amount will be recorded net of the amount to be withheld. The user enters the gross amount to be paid and the expected percentage to be withheld and the system uses these to determine the net payment amount.

For example, if 10% is to be withheld from the payment of an invoice valued at 1000, the net payment should be recorded (900), the amount to be withheld (100) will be calculated during allocation and then converted to a journal (which itself is allocated against the invoice).

Profit centre for withholding tax

(Only available if tax is withheld from payments) Enter the profit centre to which withheld tax values should be posted. A search is available.

GL account for withholding tax

(Only available if tax is withheld from payments) Enter the General Ledger account to which withheld tax values should be posted. A search is available.

Author	DCP	
Project	ZP60_000375.docx	
Version	1.0	4 of 7

CL Supplier Maintenance

Supplier	Name	Postcode	EDI Account
ANTO15	Antec (UK) Ltd	CR6 8JK	ANTEC(UK)
AVPG005	AVP Victor Optik GmbH		AVP VICTOR OPTIK
BANTO15	Banner Ltd	WR1 1BL	BANNER(WORCESTER)
BANTAK	Bantak Suppliers of Singapore		BANTAK HONG KONG
GREY010	Grey Plastics		GREYPLASTICS
IXLG001	Ixland (GB) Ltd	NP8 4QU	IXLAND (GB) LTD
LOND005	London Electricity Board	SL1 9AJ	LEB (MAIDSTONE)
MANCO10	Manchester Electricity Board	M1 7AP	ELECTRICITYMANCHEST
MIDL010	Midlands Electricity Board	NG7 8UY	ELECTRIC MIDLANDS
MYER010	Myelars Ltd	BH12 0HU	MYELARS
OLIV005	Oliffe		OLIFFE ITALIA
PEND001	Pendlebury Office Services	CW12 9AP	PENDLEBURY PAPER

General Details

Priority: 1 Priority 1

Type: ELEC Electrical Suppliers

Overhead percentage: 0.00%

VAT Status: Normal

Account status: Active

Account mode: Normal

Withholding tax? 5.00%

Paid by factor?

Internal references?

Account currency: GBP Sterling

Company registration number (CRN):

Date account opened: 31/10/2000

Buttons: Search, Addresses, Contacts, Edj details, New, Find, Delete, Document, Letter, Notes, Actions, Amend, Apply, Close

Withholding tax? *(Only available if tax is withheld from payments)* Set this if tax is deducted from payments to this supplier. If this is set you will be prompted for the percentage and amount of tax to be withheld when a payment is allocated. Transaction posting will then detect allocations with withheld tax and generate journals for them.

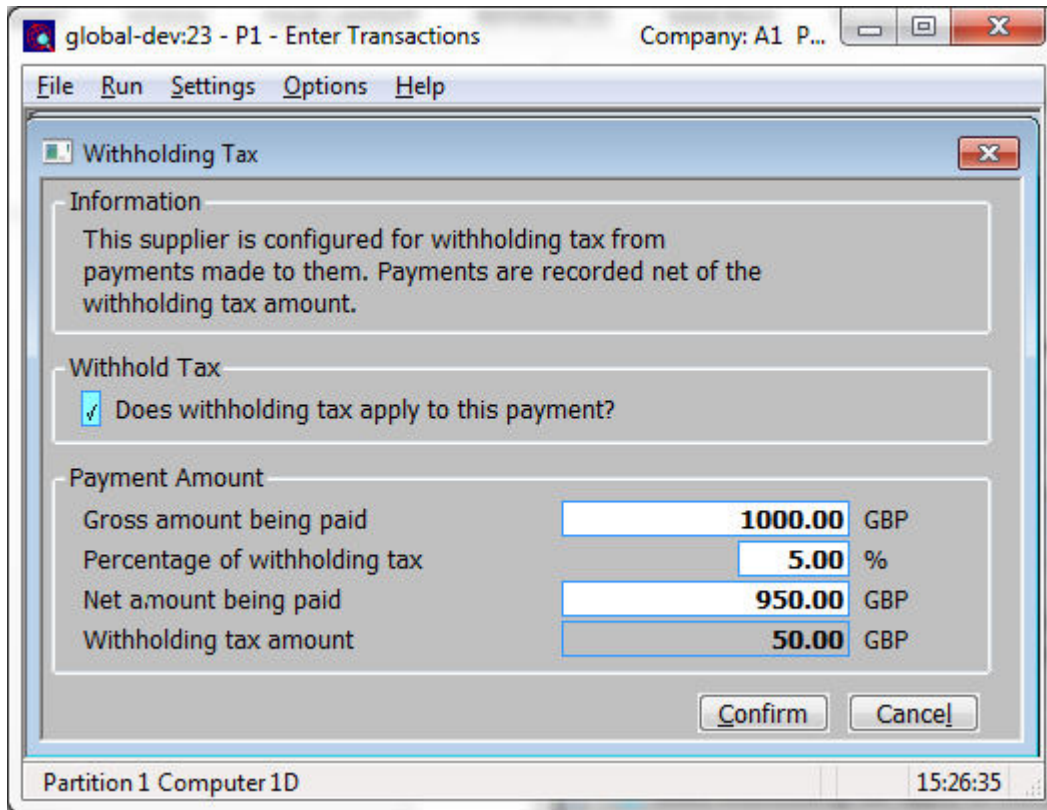
Note Withholding tax is **not** related to UK VAT or equivalent transaction tax handing. Some countries (Ghana for example) require that companies withhold income tax when payments are made to suppliers and this option is intended to cater for this type of processing.

Withholding tax percentage *(Only available if tax is withheld from payments for this supplier)* Set this to the default tax percentage to be withheld from payments to this supplier.

Note The default percentage is used when payments automatically allocated. The system assumes that when the payment is entered it does **not** include the withheld amount. For example, if 10% is to be withheld from the payment of an invoice valued at 1000, the net payment should be recorded (900), the amount to be withheld (100) will be calculated during allocation and then converted to a journal (which itself is allocated against the invoice).

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Version	1.0

CL Transaction Entry – Payments – Withholding Tax



This window appears when you select a supplier that is configured for withholding tax from the payments made to them.

Purpose This window enables you to confirm the value of the payment based on the percentage of tax to be withheld when it is used to pay invoices.

The prompts are:

Does withholding tax apply to this payment? Set this if the tax is to be withheld from this payment.

Gross amount being paid Enter the gross amount being paid excluding discount, this should include any amount to be withheld.

Percentage of withholding tax Enter the percentage of tax that is to be withheld from the payment. This defaults to the supplier's default percentage. If tax is not to be withheld from this payment set the percentage to zero.

Note If the payment is intended to pay multiple invoices with differing percentages of tax to withhold, accept the default percentage and adjust the net amount being paid, the system will then calculate the overall percentage to be withheld.

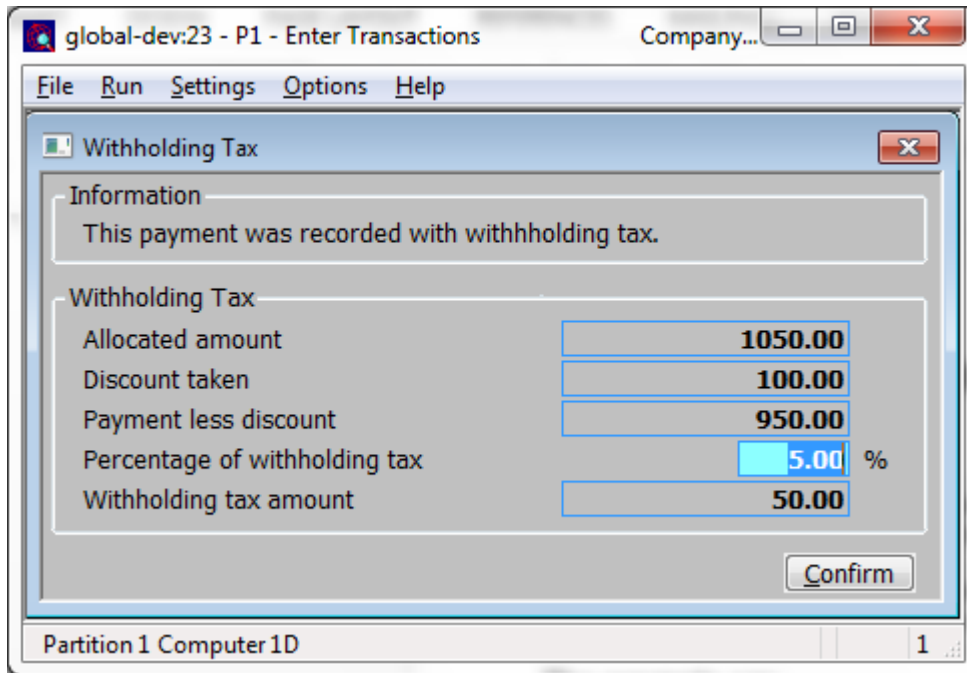
Net amount being paid This is the amount to be paid excluding any withheld amount.

Withholding tax amount (*Display only*) The amount of the payment being withheld from the supplier.

Note The payment will be recorded at the net amount and transaction allocation will recalculate and post the withheld amount.

Author	DCP	
Project	ZP60_000375.docx	
Version	1.0	6 of 7

CL Transaction Allocation – Withholding Tax Percentage



This window appears when you manually allocate a payment to an invoice or credit note and the supplier is configured to have tax withheld from payments made to them.

Purpose This window enables you to confirm the percentage of tax to be withheld from the payment of the invoice.

The prompts are:

Allocated amount *(Display only)* The amount of the invoice/credit note being paid.

Discount taken *(Display only)* The amount of discount included in the amount being paid.

Note The amount of discount taken is pro-rated if only a portion of the payment is allocated.

Payment less discount *(Display only)* The amount being paid less the discount. This is used to calculate the withholding tax amount.

Percentage of withholding tax Enter the percentage of tax that has been withheld from the payment.

Example For example, if 10% is to be withheld from the payment of an invoice valued at 1000, the payment will have been entered for 900, the amount to be withheld (100) will be converted to a journal (which itself is allocated against the invoice).

Withholding tax amount *(Display only)* The amount of the payment being withheld from the supplier.

Note Transaction posting detects the withheld amount and generates a journal for it.

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