Oracle Release 12

eBTax Overview For Procurement
February 9, 2011
eBTax Overview
- Diagram
- Tax Exempt Attributes
Impact to PO Processing
Impact to AP Processing
Q&A
eBTax is a new module in R12

Must be set-up in order to process tax (sales and use) in Payables.

Changes to sales and use tax process

- 11i
  - Buyers and/or AP processors enter tax codes on POs and invoices
  - Tax calculated based on tax codes
- R12
  - **Caltech-defined** business rules will determine the taxability of a transaction
  - If taxable, tax rate is then determined based on **ship-to** location

IMSS - Information Management System and Services
Tax Determination in e-B Tax

Start

Rule 1
Is Project Tax Exempt?

Rule 2
Is Object Code Tax Exempt?

Rule 3
Is Supplier Tax Exempt?

Rule 4
Is Ship-To State Tax Exempt?

Does Product Category (Manual Override) Exist?

Yes

Yes

End

Transaction NOT Taxable

Transaction Taxable

Caltech may identify suppliers as tax exempt when purchases from supplier are always tax exempt.

Certain states may identify suppliers as tax exempt because it is an educational institution.

Product Category = ‘Non-Taxable’

Product Category = ‘Use Tax Code’

Purchase may be non-taxable due to other reasons that cannot be pre-defined as a tax rule such as:
- Vendor has no nexus in CA
- Item for test/rep purposes
- Goods are for ‘Resale’

Use Tax needs to be accrued

End
Rule #1: Project

- Tax Exempt Projects
  - Government Owned Fabrications
    - Currently 20+ projects
    - Identified based on Project Classification
  - JPL IAs
    - Currently 300+
    - Identified based on Award GL Funding Source (17230001, 18010001, 18040001, 18060001, 18070001)
  - Special Cases
    - None currently
    - Must be approved by Tax Department first

IMSS - Information Management System and Services
Rule #1: Project

Government Owned Fabrications
Rule #1: Project

Government Owned Fabrications

IMSS - Information Management System and Services
Rule #1: Project

JPL IAs

IMSS - Information Management System and Services
Rule #2: Exp Type

- Some Expenditure Types are set up as tax exempt.
- Some invoices are coded directly to GL accounts. Certain GL object codes are therefore set up as tax exempt as well.
Rule #3: Supplier

Tax Exempt Suppliers

![Image of IMSS interface]

**Suppliers**
- Quick Update
- Company Profile
- Organization
- **Tax Details**
- Address Book
- Contact Directory
- Business Classification
- Products & Services

**Update NOVA UNIVERSITY - 67366: Tax Details**

**Income Tax**
- Personalize "Income Tax"
- Personalize Table Layout: (SuppTaxEntry)

<table>
<thead>
<tr>
<th>Taxpayer ID</th>
<th>Allow Withholding Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Reportable
  - Federal
  - State

**Associated Fiscal Classifications**

<table>
<thead>
<tr>
<th>Fiscal Classification Type Code</th>
<th>*Fiscal Classification Code</th>
<th>Fiscal Classification Name</th>
<th>*Effective From</th>
<th>Effective To</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPPLIER_TAX_CLASSIFICAT</td>
<td>Tax Not Applicable</td>
<td>Tax Not Applicable</td>
<td>01-Feb-2011</td>
<td></td>
</tr>
</tbody>
</table>

**TIP**

Personalize Advanced Table: (2xAssocFiscalClassTableRN)
Tax Exempt Ship-to

- States that exempt Caltech from sales and use tax
  - TX
  - NY
  - IL

- Foreign Countries

Note: Sherri will be granted access to set up new ship-to locations in the HR Location set-up form
Can only override one way
  - Allowed from taxable to non-taxable only

When can you override the default taxability?
  - Refer to new guidelines set by the Tax Department and the Procurement Department
POs Entered in Oracle

Impact to PO Processing

Caltech

IMSS - Information Management System and Services
POs Entered in Oracle

To update category PO cannot be approved
POs Imported From TechMart

- Tax Status Variance
  - TechMart Tax Status imported into a DFF at PO line.
  - Oracle eBTax determines the “true” tax status once PO is imported. This is what AP processors see during matching.
  - A tax status variance report is available to buyers for review.

- Tax Status Exception
  - eBTax cannot handle a PO line that has a mix of taxable PTAE and non-Taxable PTAE.
  - Mixed POs will be imported as “Incomplete” instead of “Approved”.
  - Buyers must split the PO line into two shipments.
**Impact to PO Processing**

**POs Imported From TechMart**

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Supplier</th>
<th>Ship-To</th>
<th>Buyer</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caltech</td>
<td>AEROSHEAR AVIATION SERV</td>
<td>CALTECH</td>
<td>Salone, Regina (Gina)</td>
<td></td>
</tr>
</tbody>
</table>

**Lines**

<table>
<thead>
<tr>
<th>Num</th>
<th>Type</th>
<th>Item</th>
<th>Rev</th>
<th>Category</th>
<th>Description</th>
<th>UOM</th>
<th>Quantity</th>
<th>Price</th>
<th>Promised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TechMart Tax Status**

- Non-Taxable - Other

**IMSS - Information Management System and Services**
Key Tax-related Data Fields:

- Invoice Header
  - Invoice Sub-type: Flag for 11i Invoices and R12 zero-dollar cost transfer invoices associated with 11i Invoices
  - Supplier

- Invoice Line
  - Project
  - Expenditure Type
  - Tax Override
    - Apply exemption if legitimate; or
    - Accrue use tax
  - Tax Classification Code: Populate only if it is 11i Invoices or R12 zero-dollar cost transfer invoices associated with 11i Invoices
Sample of R12 Invoice
Impact to AP Processing

Sample of 11i Invoice

IMSS - Information Management System and Services
Next Steps

- Training
- Testing
  - SIT
  - UAT
- Go Live

IMSS - Information Management System and Services
Q & A