



Infor LN Sales User Guide for Commissions and Rebates

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About this document

This document describes the process to set up, use, calculate, reserve, and pay commissions and rebates. The commissions and rebates procedure is used to reward the sales performance of relations.

Assumed knowledge

Although you need no detailed knowledge of the LN software to read this guide, general knowledge of the Infor LN functionality will help you understand this guide.

Document summary

This table shows the chapters of this guide:

Chapter number	Chapter title	Content
Chapter 1	Introduction and setup	Introduction to and setup of commissions and rebates
Chapter 2	Agreements	Use of commission and rebate agreements
Chapter 3	Calculation	Calculation of commissions and rebates
Chapter 4	Reservation	Reservation of commissions and rebates
Chapter 5	Payment	Payment of commissions to employees
Chapter 6	Calculation examples	Calculation examples for commissions and rebates
Chapter 7	History	Commissions and rebates history

References

Use this guide as the primary reference for commissions and rebates. Use the current editions of these related references to research information that is not covered in this guide:

- **User Guide for Sales Master Data U9839 US**
Use this guide to understand the setup of sales master data.
- **User Guide for Sales Orders U9845 US**
Use this guide to understand the sales order procedure.

How to read this document

This document was assembled from online Help topics. As a result, references to other sections are presented as shown in the following example:

For details, refer to *Introduction*. To locate the referred section, please refer to the Table of Contents or use the Index at the end of the document.

Underlined terms indicate a link to a glossary definition. If you view this document online, clicking the underlined term takes you to the glossary definition at the end of the document.

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Overview of commissions and rebates

Many companies motivate their relations by rewarding their sales performance. This can increase sales, which improves the competitive position of the company.

The following rewards are available:

- Commissions
- Rebates

Commissions and rebates are based on accurate information about sales orders, the relation who is responsible for the sales order, the relation's sales performance, and the link between performance and reward.

Procedures

The main procedure is the calculation of commissions and rebates. For more information, refer to *Calculating commissions and rebates* (p. 13).

The following are sub-procedures:

- The reservation of commissions and rebates. For more information, refer to *Reserving commissions and rebates* (p. 17).
- The payment of commissions to employees. For more information, refer to *Paying commissions to employees* (p. 21).

Master data

Before you can use any of the commissions and rebates procedures, you must specify master data on who can receive commissions and rebates, how the linking is carried out and when calculations can be carried out.

You must specify the following master data:

1. The parameters for commissions and rebates in the Commissions/Rebates Parameters session.

2. Period tables in the Period Tables (tcccp0160m000) session and periods in the Periods (tcccp0170m000) session if you want to calculate commissions and rebates based on cumulative sales.
3. Relations in the Relations (tdcms0110s000) session.
4. Agreement groups in the Agreement Groups (tdcms0115m000) session if you want to define common agreements for more than one relation.
5. Relation teams in the Relation Teams (tdcms0116m000) session if you want to link multiple relations to an order (line), and add relations to the relation team in the Relations by Relation Team (tdcms0117m000) session.
6. Commission/rebate groups in the Commission/Rebate Groups (tdcms0118m000) session if you want to define common agreements for more than one item.
7. Default relations or relation teams by customer in the Default Relations by Customer (tdcms0119m000) session.

Commissions and rebates agreement selection

To calculate the commissions or rebates that can be awarded to a relation for closing a sales order, first the applicable commission/rebate agreement must be found, which you can specify in the Commission Agreement (tdcms0635m000) and Rebate Agreement (tdcms0635m100) sessions.

If more than one commission/rebate agreement is applicable for a combination of sales order and relation, a commission/rebate agreement is selected based on the priorities specified in the **Priority** fields of the Commissions/Rebates Parameters (tdcms0100s000) session.

Example

The following commission agreements apply:

-	Agreement A	Agreement B	Agreement C
Sold to BP	-	-	-
Relation	John		John
Relation Group	-	G01	-
Project	-	-	-
Item	-	-	X05
Commission Group	-	-	-
Commission Percentage	2%	1.5%	3%
Growing Commission	0%	0%	0%

- Agreement A specifies the commission for relation John.
- Agreement B specifies the commission for relation group G01.
- Agreement C specifies the commission for the combination of John and item X05.

If John is a member of relation group G01 and he sells an item X05, all three agreements can be applied.

Suppose the following commission search priorities are specified in the Commissions/Rebates Parameters (tdcms0100s000) session:

- Priority 1: Custom/Rel /Projec/Item
- Priority 2: Rel /Item / /
- Priority 3: Rel / / /
- Priority 4: Rel.Gr/ / /

The resulting priorities of the commission agreements will be:

Commission Agreement	Type	Priority
A	Rel	3
B	Rel.Gr	4
C	Rel / Item	2

Commission agreement C has the highest priority and will be applied: John gets 3% commission.

If John sells an item Y07, only agreement A or B can be applied. Since agreement A has a higher priority than B, John will receive 2%.

Calculating commissions and rebates

If commissions and rebates are used, the calculation of commissions and rebates is a mandatory procedure.

Complete the following steps in the calculation procedure of commissions and rebates:

Step 1: Commission Agreement (tdcms0635m000)/ Rebate Agreement (tdcms0635m100)

- Specify the commission agreements in the Commission Agreement (tdcms0635m000) session.
- Specify the rebate agreements in the Rebate Agreement (tdcms0635m100) session.

Make sure that you set the **Invoice Direct/Reserve** field in these sessions to **Invoice**. For information on *reserved* commission/rebates, refer to *Reserving commissions and rebates* (p. 17).

Step 2: Sales Order - Relations (tdcms0140m000)/ Sales Order Line - Relations (tdcms0141m000)

Provide a link between a relation and sales orders.

You can link a sales order (line) to a relation by clicking:

- **Sales Order - Relations** on the appropriate menu of the Sales Orders (tdsls4100m000) or Sales Order (tdsls4100m900) session. As a result, the Sales Order - Relations (tdcms0140m000) session starts in which you can specify your data.
- **Sales Order Line - Relations** on the appropriate menu of the Sales Order Actual Delivery Lines (tdsls4106m000) session. As a result, the Sales Order Line - Relations (tdcms0141m000) session starts in which you can specify your data.

You must only manually perform this step if the **Method of Linking Rels. to Order/Order Lines** field is **Manually** in the Commissions/Rebates Parameters (tdcms0100s000) session. Otherwise, this step is executed **Automatically**, or **Interactively**.

Step 3: Calculate Commissions and Rebates (tdcms0240m000)

Calculate the commissions and rebates in the Calculate Commissions and Rebates (tdcms0240m000) session.

After calculation, the status of the commission/rebate is **Calculated**.

You must complete this step only if the **Calculate Commission not Based onCum Sales after Order Entry** and **Calculate Rebates not Based onCum Sales after Order Entry** fields are set to **Manually** in the Commissions/Rebates Parameters (tdcms0100s000) session. Otherwise, LN calculates the commissions/rebates **Automatically**, or **Interactively**.

Step 4: Calculate Commissions/Rebates on Cumulative Sales (tdcms1200m000)

Instead of calculating commissions or rebates for each individual sales order (or order line), you can calculate commissions or rebates based on the sum of all sales orders that are closed in a particular period.

Cumulate the commission/rebate calculations for a period in the Calculate Commissions/Rebates on Cumulative Sales (tdcms1200m000) session.

You must complete this step only if the following apply:

- The agreements have the **Cumulative Agreement** check box selected in the Commission Agreement (tdcms0635m000)/ Rebate Agreement (tdcms0635m100) sessions.
- The **Calculate Commissions/Rebates Based on Cum. Sales after Order Entry** and **Calculate Rebates based on Cum. Sales after Order Entry** fields are set to **Manually** in the Commissions/Rebates Parameters (tdcms0100s000) session. Otherwise, LN calculates the commissions/rebates on cumulative sales **Automatically**, or **Interactively**.

Step 5: Commissions (tdcms1550m000)/ Rebates (tdcms2550m000)

You can view the calculated commissions for a sales order and relation in the Commissions (tdcms1550m000) session, and the rebates in the Rebates (tdcms2550m000) session.

You can change the calculated amounts in the details sessions.

Step 6: Global Approval of Commissions/Rebates (tdcms0250m000)

Before you can process, invoice, or reserve the calculation, you must approve the commissions/rebates in the Global Approval of Commissions/Rebates (tdcms0250m000) session.

As a result, the status of the commission/rebate is **Approved**.

Step 7: Print Approved Commissions/Rebates (tdcms2402m000)

Print the approved, unreserved commissions and rebates in the Print Approved Commissions/Rebates (tdcms2402m000).

- If the **Link with Finance** check box is selected in the Commissions/Rebates Parameters (tdcms0100s000) session, the status changes to **Ready**.

- If the **Link with Finance** check box is cleared, the status changes to **Closed**.

Step 8: Release Commissions/Rebates to Invoicing (tdcms2201m000)

If the **Link with Finance** check box is selected in the Commissions/Rebates Parameters (tdcms0100s000) session, you must release the commissions to Financials and the rebates to Invoicing in the Release Commissions/Rebates to Invoicing (tdcms2201m000) session.

Consequently, the status of the commission/rebate is **Closed**.

Reserving commissions and rebates

You can reserve the calculated commissions for Financials and the calculated rebates for Invoicing, or you can reserve them for an external financial package.

Therefore, the following procedures exist for reserving payments:

- Reservations with a link to Financials, or Invoicing. As a result, the **Link with Finance** check boxes are selected on the **Commission Calculation Details** and the **Rebate Calculation Details** tabs of the Commissions/Rebates Parameters (tdcms0100s000) session.
- Reservations without a link to Financials, or Invoicing. As a result, the **Link with Finance** check boxes are cleared on the **Commission Calculation Details** and the **Rebate Calculation Details** tabs of the Commissions/Rebates Parameters (tdcms0100s000) session.

The reservation procedure with a link to Financials, or Invoicing

Step 1: Before you can start the reservation procedure

Before you can start this reservation procedure, you must first complete steps 1 through 6 from the *Calculating commissions and rebates* (p. 13) topic. In step 2, you must make sure that you set the **Invoice Direct/Reserve** field in the Commission Agreement (tdcms0635m000) or Rebate Agreement (tdcms0635m100) sessions to **Reserve**.

Step 2: Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000)

After the commissions/rebates are approved, you must reserve them by means of the Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000) session.

- If the **Relation Type** is **Customer**, or **Supplier**, the status of the commission/rebate changes to **Reserved**.
- If the **Relation Type** is **Employee**, the status of the commission changes to **Closed**, because the commissions for employees are handled directly by the payroll department. For more information, refer to *Paying commissions to employees* (p. 21)

Step 3: Print List of Reserved Commissions/Rebates (tdcms2404m000)

If you want to check the reserved commissions/rebates, use the Print List of Reserved Commissions/Rebates (tdcms2404m000) session.

Step 4: Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000)

Approve the reserved commissions/rebates by selecting the **Approve Reserved Commissions/Rebates** check box in the Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000) session.

As a result, the status of the commissions/rebates is set to **Reservation Approved**.

Step 5: Print Reserved Commissions/Rebates (tdcms2403m000)

Print the approved reserved commissions/rebates in the Print Reserved Commissions/Rebates (tdcms2403m000) session. As a result, the status of the commissions/rebates is set to **Ready**.

Step 6: Release Commissions/Rebates to Invoicing (tdcms2201m000)

In the Release Commissions/Rebates to Invoicing (tdcms2201m000) session, you must:

- Release the reserved commissions to Financials.
- Release the reserved rebates to Invoicing.

As a result, the status is set to **Closed**.

The reservation procedure without a link to Financials, or Invoicing

Step 1: Before you can start the reservation procedure

Before you can start this reservation procedure, you must first complete steps 1 through 6 from the *Calculating commissions and rebates* (p. 13) topic. In step 2, you must make sure that you set the **Invoice Direct/Reserve** field in the Commission Agreement (tdcms0635m000) or Rebate Agreement (tdcms0635m100) sessions to **Reserve**.

Step 2: Print Reserved Commissions/Rebates (tdcms2403m000)/ Close Commissions Reserved for Employees (tdcms2102m000)

- If the **Relation Type** is **Supplier** or **Customer**, use the Print Reserved Commissions/Rebates (tdcms2403m000) session to print the invoices for the commissions/rebates. As a result, the status of the commissions/rebates is set to **Closed**.
- If the **Relation Type** is **Employee**, use the Close Commissions Reserved for Employees (tdcms2102m000) session to set the commissions to **Closed**. Next, the payment of commissions to employees is executed outside LN.

Note

The commissions/rebates can receive the statuses **Reserved** and **Reservation Approved** only if a **Link with Finance** exists.

Paying commissions to employees

The payment of reserved commissions to employees is performed by your company's payroll department. You must generate a report that includes the commissions that you must pay to an employee.

Note

Commissions for an employee relation are always reserved in LN. This topic only handles the payment of commissions to employees if the **Link with Finance** check box is selected on the **Commission Calculation Details** tab of the Commissions/Rebates Parameters (tdcms0100s000) session. If this check box is cleared, the payment of commissions to employees is executed outside LN after the commissions are set to **Closed** in the Close Commissions Reserved for Employees (tdcms2102m000) session.

Complete the following steps in the payment of commissions to employees procedure:

Step 1: Before you can start the payment procedure

Before you can start this reservation procedure, you must first complete steps 1 through 6 from the *Calculating commissions and rebates* (p. 13) topic. In step 2, the **Invoice Direct/Reserve** field in the Commission Agreement (tdcms0635m000) and Rebate Agreement (tdcms0635m100) sessions is automatically set to **Reserve** for the **Employee Relation Type**.

Step 2: Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000)

Before you can generate payment lines for commissions to employees, the status of the commission must be **Closed**. A commission receives this status in the Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000) session.

Step 3: Generate Payment Lines for Commissions to Employees (tdcms4201m000)

If the **Generating Payments** field is set to **Manually** in the Commissions/Rebates Parameters (tdcms0100s000) session, you must generate payment lines in the Generate Payment Lines for Commissions to Employees (tdcms4201m000) session.

If the **Generating Payments** field is set to **Interactively** or **Automatically**, payment lines for commissions to employees are generated in the Reservation and Approval of Reserved Commissions/Rebates (tdcms2202m000) session.

Step 4: Commissions Paid to Employees by Relation (tdcms1151m000)/ Commissions Paid to Employees by Order (tdcms0151m000)

Use the Commissions Paid to Employees by Relation (tdcms1151m000) session or the Commissions Paid to Employees by Order (tdcms0151m000) session to view the generated payment lines.

Step 5: Print Commissions Paid to Employees (tdcms4451m000)

Use the Print Commissions Paid to Employees (tdcms4451m000) session to print a list of the commissions that are not yet (fully) paid and send the report to the payroll department that can settle the payments.

Step 6: Commissions Paid to Employees by Relation (tdcms1151m000)/ Commissions Paid to Employees by Order (tdcms0151m000)

Use the Commissions Paid to Employees by Relation (tdcms1151m000) session or the Commissions Paid to Employees by Order (tdcms0151m000) session to enter the paid amounts that the payroll department returned to you.

Step 7: Global Update Commissions Paid to Employees (tdcms4250m000)

Use the Global Update Commissions Paid to Employees (tdcms4250m000) session to set the calculated commissions collectively as fully paid.

You can start this session from the appropriate menu of the Commissions Paid to Employees by Relation (tdcms1151m000)/ Commissions Paid to Employees by Order (tdcms0151m000) sessions.

You can also set a specific payment line as fully paid by selecting a payment line and by clicking **Update Paid Commissions** on the appropriate menu of the Commissions Paid to Employees by Relation (tdcms1151m000)/ Commissions Paid to Employees by Order (tdcms0151m000) sessions.

Chapter 6

Calculation examples

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Commissions and rebates calculation examples

These grades are explained:

- Example 1: Grade by amount
- Example 2: Grade by quantity - Maximum limit
- Example 3: Grade by amount - Calculation method net
- Example 4: Grade by amount - Profit percentages
- Example 5: Grade by amount - Parent relation
- Example 6: Grade by amount - Cumulative agreement

The following agreement parameters are applicable, which you can specify in the Commission Agreement (tdcms0635m000) session and the Rebate Agreement (tdcms0635m100) session:

- **Grade by Quantity/Amount**
- **Grade Unit**
- **Grade Calculation**
- **Commission Over/ Rebate Over**
- **Grow Commission Over/ Grow Rebate Over**
- **Cumulative Agreement**

Example 1: Grade by amount

Agreement					
To Amount	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit
1000	0.00 [%]	1.00 [%]	0.00 [%]	0.00	0.00
2000	0.00	2.00	0.00	0.00	0.00

5000	0.00	4.00	0.50	0.00	0.00
10000	0.00	5.00	1.00	0.00	0.00
25000	0.00	5.00	1.50	0.00	0.00

A relation closed an order of 12,500.

Calculation	Commission Perc.	Commission
1,000 * 1%	grade 0-1000	10
1,000 * 2%	grade 1000-2000	20
3,000 * 4%	grade 2000-5000	120
5,000 * 5%	grade 5000-10000	250
2,500 * 5%	grade 10000-25000	125
Total commission -		525

Calculation	Growing Percentage	Total Commission
12,500 * 1.5%	187.5	712.50

Example 2: Grade by quantity - Maximum limit

Agreement					
To Quantity	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit

10	0.00 [%]	1.00 [%]	0.00 [%]	0.00	0.00
20	0.00	2.00	0.00	0.00	0.00
50	0.00	4.00	0.50	0.00	150.00
100	0.00	5.00	1.00	0.00	200.00
250	0.00	5.00	1.50	0.00	400.00

A relation closed an order of 200 jeans at a price of 100 each.

Calculation	Commission Perc.	Commission
$10 * 100 * 1\%$	grade 0-10	10
$10 * 100 * 2\%$	grade 10-20	20
$30 * 100 * 4\%$	grade 20-50	120
$50 * 100 * 5\%$	grade 50-100	250
$50 * 100 * 5\%$	limit 250-200	-50
$50 * 100 * 5\%$	grade 100-250	500
$50 * 100 * 5\%$	limit 500-400	-100
Total commission -		750

Calculation	Growing Percentage	Total Commission
$150 * 100 * 1.5\%$	225	975
$200 * 100 * 1.5\%$	300	1050

Example 3: Grade by Amount - Calculation method net

Agreement					
To Amount	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit
1000	0.00 [%]	1.00 [%]	0.00 [%]	0.00	0.00
2000	0.00	2.00	0.00	0.00	0.00
5000	0.00	4.00	0.50	0.00	0.00

10000	0.00	5.00	1.00	0.00	0.00
25000	0.00	5.00	1.50	0.00	0.00

A relation closed an order of 12,500.

Calculation	Commission Perc.	Commission
$(1000 - (1,000 * 1\%)) * 1\%$	grade 0-1000	9.9
$(1000 - (1,000 * 2\%)) * 2\%$	grade 1000-2000	19.6
$(3000 - (3,000 * 4\%)) * 4\%$	grade 2000-5000	115.2
$(5000 - (5,000 * 5\%)) * 5\%$	grade 5000-10000	237.5
$(5000 - (2,500 * 5\%)) * 5\%$	grade 10000-25000	118.75
Total commission	-	500.95

Calculation	Growing Percentage	Total Commission
$(12500 - (12,500 * 1.5\%)) * 1.5$	184.68	685.63

Example 4: Grade by amount - Profit percentages

Agreement					
To Amount	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit
100000	10.00 [%]	0.00 [%]	0.00 [%]	0.00	0.00
100000	20.00	0.00	1.00	0.00	0.00

100000	50.00	0.00	2.00	0.00	0.00
200000	10.00	0.00	2.50	0.00	0.00
200000	20.00	0.00	3.50	0.00	0.00

A relation closed an order of 125,000.

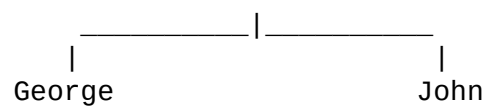
Calculation	Commission Perc.	Commission
125,000 * 2.5%	grade 100,000 - 200,000, 3125 profit 10%	
Total commission	-	3125

Example 5: Grade by Amount - Parent relation

Agreement for William, George and John

To Amount	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit
1000	0.00 [%]	1.00 [%]	0.00 [%]	0.00	0.00
2000	0.00	2.00	0.00	0.00	0.00
5000	0.00	3.00	0.00	0.00	0.00
10000	0.00	4.00	0.00	0.00	0.00
25000	0.00	5.00	0.00	0.00	0.00

William
|



William is the parent relation of George and John.
George and John form a relation team.

John and George are linked to an order line. The sale was for 1,250.

JOHN	-	-
Calculation	Commission Perc.	Commission
1,000 * 1%	grade 0-1000	10
250 * 2%	grade 1000-2000	5
Total	-	15

GEORGE	-	-
Calculation	Commission Perc.	Commission
1,000 * 1%	grade 0-1000	10
250 * 2%	grade 1000-2000	5
Total	-	15

WILLIAM	-	-
Calculation	Commission Perc.	Commission
1,000 * 1%	grade 0-1000	10
250 * 2%	grade 1000-2000	5
1,000 * 1%	grade 0-1000	10
250 * 2%	grade 1000-2000	5
Total	-	30

Example 6: Grade by Amount - cumulative agreement

If the agreement is cumulative, LN does not calculate the commissions and rebates immediately, but stores the sales data in a separate file, sorted by agreement and relation. Each relation can have a different period table.

The relations are calculated every week.

Cumulative agreement					
To Amount	Prof Perc	Commission Percentage over Grade	Growing Percentage over Total	Fixed Amount	Maximum Limit
20000	0.00 [%]	5.00 [%]	0.00 [%]	0.00	0.00
50000	0.00	10.00	0.00	0.00	0.00

In one week, the relation closed three orders.

Day	Amount
Monday	7,500
Tuesday	12,000
Friday	13,500
Sum	33,000

The commission is calculated over the total amount: 33,000.

Calculation	Commission Perc.	Commission
20,000 * 5%	grade 0-20000	1000
13,000 * 10%	grade 20000-50000	1300
Total	-	2300

Commissions and rebates history

The historical records pertaining to the calculation of commissions and rebates are stored separately from the commission and rebate records. You can use these history records to determine which actions were performed on the commissions and rebates. Historical records also provide a summary of the paid commissions and rebates.

Note

The commissions and rebates history can be viewed in the Commission/Rebate History (tdcms0560m000) session.

When a commission or rebate is modified or recalculated, two records are added to the history:

- The first record represents the previous situation. This record has a negative amount.
- The second record contains the data about the updated situation. This record has a positive amount.

Appendix A

Glossary

A

agreement group

A group of relations to which the same commission/rebate agreements are linked.

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

commission

The amount of money to be paid to an employee (sales representative) or buy-from business partner (agent) for closing a sales order.

commission/rebate group

A set of items that is grouped and then linked to an agreement.

commission agreement

A rate agreed to be paid as commission to an employee (sales representative) or buy-from business partner (agent) for the sale of a particular item (or item group).

period

Periods divide a year into regular intervals, such as weeks, months, or quarters, that can be used for statistical, hours accounting, planning, and cost controlling purposes.

period table

A table that consists of any number of time units, for example, months or weeks.

A period is used to define the time horizon during which, for example, a schedule is valid.

rebate

The amount of money to be paid to a sold-to business partner as a kind of discount for closing a sales order.

rebate agreement

An agreement on the bonus (discount) to be paid to a customer for the sale of a particular item (or item group).

relation

A shortened term for trade relation. Relation is a collective term for an employee or buy-from business partner that is entitled to a commission, and a sold-to business partner entitled to a rebate. Relations can be grouped in a relation team for the purpose of assigning the same agreement structure.

relation team

A function used to group relations so that multiple relations can be linked to a sales order. As a result, the appropriate relations will be rewarded for the sales activities that concern a specific sales order.

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