



# Infor LN Financials User Guide for Accounts Payable

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# About this document

This document describes the process to set up and manage purchase invoices and subcontracting invoices. Matching the invoices with purchase orders and landed costs is also detailed.

## Assumed knowledge

Understanding this document is easier if you have some basic knowledge of the functionality of the various logistic LN packages and Financials.

## Document summary

This document is a compilation of the help topics for the Accounts Payable module that are listed under Infor LN, Financials, *Online Manual Topics*.

## How to read this document

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

- For details, refer to *To set up an integration mapping scheme*. 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.

## Related documents

- User Guide for Accounts Receivable (U9634)

## Comments?

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# Chapter 1

## Topics shared with Accounts Receivable

# 1

## Control accounts

Business practices in Japan, Spain, Italy, and other countries require that different types of receivables and payables are posted to different control accounts. You can use multiple control accounts for financial business partner groups to post real trade transactions and other purchase or sales-related transactions to different control accounts.

You can use the [sales types](#) and the [purchase types](#) to post the financial transactions generated during processing of the invoices to various control accounts. For each business partner group, you can define the control account to be used for each sales type and purchase type.

You can create as many sales types and purchase types as you need for your financial administration. You can define sales type exceptions and purchase type exceptions to post transactions with specific origins and with specific details, for example, specific items or projects, to specific control accounts.

## Default control account

For each business partner group, you must define one default sales type or purchase type and its related control account. In other words, you must define at least one sales type and one purchase type because this is required to link at least one control account to a business partner group.

It is recommended that for regular sales/purchase activities, you use the default sales type and purchase type and control accounts. You can use the additional sales types and purchase types with their control accounts to post invoices that are not related to real trade transactions to separate control accounts. For example, non-trade sales invoices can concern the sale of fixed assets, intercompany transfers, and so on.

## Dimensions

You can use the dimensions to split the transactions on the customer and supplier control accounts by departments, persons responsible for the revenues, costs, properties, debts, and so on. All the additional control accounts of the business partner groups must use the same dimensions as the control account linked to the default sale type or purchase type.

## Search path for control account

To determine the control account for an invoice transaction, LN searches for the most specific sales type or purchase type in this order:

1. The manually entered sales type or purchase type of the sales invoice header or purchase invoice header.
2. The sales type or purchase type of the sales order line or purchase order line. This can be an 'exception' defined for specific order details such as the item code, the item group, or the project.
3. The default sales type or purchase type defined for the business partner group of the invoice-to or invoice-from business partner.

For manual purchase orders and purchase schedules, if no purchase type is found in the purchase type exceptions, LN retrieves the default purchase type from the business partner group of the invoice-to business partner.

For internal invoices with bilateral invoicing or triangular invoicing, LN uses the default sales type or purchase type of the business partner group linked to the internal invoice-to or invoice-from business partner. For example, internal invoices can be generated for transfers, manual transfers, WIP transfers, and internal freight orders.

### Note

For purchase orders for which intercompany settlement transactions are generated, no sales type and purchase type are used and the corresponding field is disabled.

## Purchase and sales transaction types using multiple control accounts

You can create as many sales types and purchase types as you need for your financial administration. You can define sales type exceptions and purchase type exceptions to post transactions with specific origins and with specific details, for example, specific items or projects, to specific control accounts.

Multiple control accounts are used for the following types of purchase and sales transactions:

- Purchase orders
- Freight orders
- Manual purchase invoices
- Invoices generated for procurement card statements
- Sales orders
- Warehouse orders for transfers that result in intercompany transactions
- Service orders
- Service contracts

- Calls
- Project orders
- Debit notes
- Credit notes
- Interest invoices
- Manual sales invoices
- Commission and Rebate invoices
- Purchase schedules
- Advance invoices
- Sales schedules

Payments and receipts processed in Cash Management are posted to the control accounts determined by the sales types and purchase types of the related orders or invoices.

This applies to the following types of cash management transactions:

- Manual and automatic payments/receipts for normal and anticipated payments/receipts
- Assignment of invoices to advances/unallocated
- Reconciliation of bank documents and electronic bank statements

## Financial business partner groups

Financial business partner groups are used to establish the link between the accounts payable and accounts receivable. These groups are also used to establish a link to the General Ledger. For each business partner group, you must define a set of ledger accounts and dimensions to which transactions are posted.

In addition, you must define at least one control account. The received sales invoice amounts and sent purchase invoice amounts are posted to this account. When booking credit notes, the account is credited or debited in the opposite way, depending on the **Negative Amount for Credit Notes** parameter in the Transaction Types (tfgld0511m000) session. You can define multiple control accounts, and use the sales types and the purchase types to post the various types of invoice amounts to different control accounts. For details, refer to To set up control accounts.

You can define the financial business partner groups and the control accounts and other ledger accounts and dimensions for the business partner groups in these sessions:

- In Accounts Payable:
  - Financial Business Partner Groups (tfacp0110m000)
  - Ledger Accounts by Business Partner Group (tfacp0111m000)
  - Control Accounts by BP Group (tfacp0515m000)
- In Accounts Receivable:
  - Financial Business Partner Groups (tfacr0110m000)
  - Ledger Accounts by Business Partner Group (tfacr0111m000)
  - Control Accounts by Business Partner Group (tfacr0515m000)

You can assign the financial business partner groups to business partners in one of these sessions in Common:

- Invoice-to Business Partner (tccom4112s000)
- Invoice-from Business Partner (tccom4122s000)

When a transaction is entered, LN retrieves the financial business partner group to which the business partner belongs. The transaction is posted to the ledger accounts and dimensions associated with the business partner group.

## Financial business partner group ledger accounts

In addition to the debtors' and creditors' control accounts, specific ledger accounts are predefined for a number of transactions from the Accounts Receivable module and the Accounts Payable module.

For each financial business-partner group, you must define the control accounts and the ledger account and the dimensions for each type of transaction. For details, refer to *Financial business partner groups* (p. 13).

### Note

Most kinds of transactions exist for both accounts payable and accounts receivable. A small number of transactions, however, are specific to either accounts payable or accounts receivable. If a transaction is specific to either accounts payable or accounts receivable, this is stated.

The accounts which you can set up for a financial business partner group depends on the functionality that you use. For example, sets of control accounts exist for factoring, trade notes, and fixed assets.

## Common ledger accounts used for ACR and ACP

The commonly used control accounts for Accounts Payable and Accounts Receivable are described below.

### Advance Payments-Tangible Assets and Advance Receipts

The advance payments or advance receipts are posted to this account. This account is credited when advance receipts are booked and debited when the advance receipt is assigned to an invoice. These transactions are entered, for example, in the Bank Transactions (tfcmg2500m000) session.

## Realized Currency Profit

The realized currency profits are posted to this account. This account is used when a payment or receipt of an invoice in a foreign currency is processed. The exchange rate at the time of receipt is different from the exchange rate at the time of invoicing, which results in a currency profit.

The realized currency profit is posted when:

- An invoice is finally paid.
- Payment differences are written off.
- Advance payments or unallocated payments are assigned to an invoice.

## Realized Currency Loss

The realized currency losses are posted to this account. This account is used when a payment or receipt of an invoice in a foreign currency is processed. The exchange rate at the time of receipt is different from the exchange rate at the time of invoicing, which results in a currency loss.

## Unrealized Cur. Profit

Currency profits are posted to this account. This account is used if:

- An anticipated payment/receipt is processed for an invoice with a foreign invoice currency.
- The exchange rate at the time of receipt is different from the exchange rate at the time of invoicing, resulting in a currency profit.
- You write off currency differences by using the Write Off Currency Differences (tfacr2250m000) session or the Write Off Currency Differences (tfacp2240m000) session.

The realized currency profit is posted when:

- An invoice is finally paid.
- Payment differences are written off.
- Advance payments or unallocated payments are assigned to an invoice.

### Note

An unrealized currency profit is only posted if you specified this in the Accounts Payable or Accounts Receivable parameters.

## Unrealized Cur. Loss

Currency losses are posted to this account. This account is used if:

- An anticipated payment/receipt is processed for an invoice with a foreign invoice currency
- The exchange rate at the time of receipt is different from the exchange rate at the time of invoicing, which results in a currency loss.

- You write off currency differences by using the Write Off Currency Differences (tfacr2250m000) session. or the Write Off Payment Differences (tfacr2240m000) session. For the sessions Write Off Payment Differences (tfacr2240m000)/ Write Off Bad Debts (tfacr2255m000), the existing Unrealized Currency Loss is contra-posted and posted to the Payment Differences/Write Off Bad Debts account.

The realized currency loss is posted when:

- An invoice is finally paid.
- Advance payments or unallocated payments are assigned to an invoice.

## Write-off Bad Debts

The Bad Debts written off are posted to this account by Write Off Bad Debts (tfacr2255m000) session. Using this session amounts that are no longer collectible can be written off automatically.

## Payment Differences

Payment differences are posted to this account. Using the Write Off Payment Differences (tfacr2240m000) or Write Off Payment Differences (tfacr2230m000) session small differences can be written off automatically.

## Discount

The discounts are posted to this account when you process receipts or payments that involve discounts.

## Late Payment Surcharge

The late-payment surcharge amounts are posted to this account when they are deducted in the Bank Transactions (tfcmg2500m000) session.

## Anticipated Payments and Anticipated Receipts

The anticipated payments and anticipated receipts are posted to this account. LN books anticipated transactions to this account if **Anticipated Payments** or **Anticipated Receipts** has been selected in the **Account Type** field of the Posting Data by Bank/Payment Method (tfcmg0146s000) session. When the receipt status is switched from **Anticipated** to **Final**, the amounts are transferred to the control account.

## Deductions Anticipated Payments and Deductions Ant. Receipts

The use of this account depends on the setting of the **Deductions** field of the Posting Data by Bank/Payment Method (tfcmg0146s000) session.



As long as the payment or receipt is not reconciled (in other words, its status is anticipated), you can store all deductions (discounts, late payment surcharges, and payment differences) on this ledger account.

As long as the payment or receipt is anticipated, the different possible deductions are not posted to the final accounts for discounts, late payment surcharges, or payment differences, but are posted together to this interim account. When the payment or receipt is reconciled, the deductions are posted from this interim account to the final accounts.

### **Net Advance Payments-Tangible Assets and Net Advance Receipts**

In some countries, for example Germany, tax must be paid on large advance payments/receipts. The paid amount without tax is posted to this account.

#### **Note**

To charge tax on advance payments/receipts, select the **Calculate Tax on Advance Payments/Receipts** check box in the CMG Parameters (tfcmg0100s000) session.

### **Gross Advance Payments-Tangible Assets and Gross Advance Receipts**

If the **Calculate Tax on Advance Payments/Receipts** check box in the CMG Parameters (tfcmg0100s000) session is selected, tax is calculated on advance payments/receipts. The paid amount with tax added is posted to this account.

### **Unallocated Payments and Unallocated Receipts**

Unallocated payments/receipts are posted to this account. This account is debited when an unallocated payment or an unallocated receipt is booked, and credited when it is assigned to an invoice.

## Ledger accounts used for ACP

The commonly used control accounts for Accounts Payable are described below.

### **Invoice Receipts**

Purchase invoices are posted to this account when you enter the purchase invoices that are related to orders in Procurement.

This account is debited when purchase invoices that are related to orders are entered in LN and the invoice status is set to **Registered**. The account is credited when the purchase invoice is approved. For details, refer to *Processing purchase invoices* (p. 37).

This account only exists for accounts payable.

## Price Differences

Price differences are posted to this account. Price differences can occur during the automatic matching and approval of purchase invoices. These differences must lie within the margins that are defined in the ACP Parameters (tfacp0100m000) session.

This account only exists for accounts payable.

## Commissions

Commissions are posted to this account.

This account only exists for accounts payable.

## Ledger accounts used for ACR

The commonly used control accounts for Accounts Receivable are described below.

## Rebates

Rebates are posted to this account.

This account only exists for accounts receivable.

## Doubtful Invoices

Doubtful invoices are posted to this account. This account only exists for the accounts receivable.

### Note

If you think an invoice is not going to be paid, you can post the invoice as doubtful using an invoice correction. This invoice is credited from the normal control account and posted to the doubtful invoices account.

## Default amounts for bank transactions

When you enter a payment in the Bank Transactions (tfcmg2500m000) session, LN determines the following default amounts based on the data recorded for the invoice to which the payment is related:

- The amount payable, if the payment concerns a purchase invoice
- The amount receivable, if the payment concerns a sales invoice
- The discount amount

- The late-payment surcharge amount

The existence of a payment/receipt schedule for an invoice affects the way default amounts are calculated. However, default discount amounts and late payment surcharge amounts are calculated based on different data. The default tolerated payment difference can also be calculated.

## Payment/receipt schedule

You can link a payment/receipt schedule to an invoice when you register an invoice in one of these sessions:

- Sales Invoices (tfacr1110s000)
- Purchase Invoice Entry (tfacp2600m000)

To link a payment/receipt schedule to an invoice, choose the corresponding command on the appropriate menu. A payment/receipt schedule is defined for one invoice in one of these sessions:

- Receipt Schedules (tfacr1103m000)
- Payment Schedule (tfacp1103m000)

If a payment/receipt schedule is present for the invoice for which you are creating a payment, LN determines the default amount payable on the basis of the payment date or receipt date.

## Example

The total amount payable on a purchase invoice is USD 1,200.

Payment schedule:

Amount	Payment due date
USD 700	2017-02-15
USD 300	2017-03-01
USD 200	2017-03-15

If the first payment is made on 2017-02-18, the displayed default amount payable is USD 700.

If the first payment is made on 2017-03-04, the displayed default amount payable is USD 1,000 (700 + 300).

If the first payment is made on 2017-02-10, the displayed default amount payable is USD 700. If no payable amounts are found before the creation date of the payment, LN enters the amount specified

for the next payment date. Therefore, the payment date 2017-02-10 results in a default amount of USD 700.

## Discount/late payment surcharge

When no payment/receipt schedule is present for the invoice for which you are creating a payment, LN determines the default amount payable/receivable based on:

- The payment/receipt document date.
- The open invoice amount.
- The discount dates recorded for the invoice.

The **LPS/Discount for Partial Payments** parameter in the CMG Parameters (tfcmg0100s000) session determines how discounts on partial payments are calculated. If this parameter is set to **None**, no default discount amounts are given.

If the **LPS/Discount for Partial Payments** parameter is set to **Proportionally**, the default discount amount is calculated as shown in the following example:

### Example 1

The payable purchase invoice amount is USD 100. The allowed discount amount is USD 8.

The default amounts of the first payment will be: Amount paid = USD 92. The discount calculated = USD 8.

If the partial amount payable is USD 20, the default discount is USD 1.74 ( $20 * 100/92 * 8/100$ ).

The default amount of the second payment will then be: Amount payable = USD 72.

Default discount:  $72 * 100/92 * 8/100 = \text{USD } 6.26$

If the **LPS/Discount for Partial Payments** parameter is set to **Fully**, the default discount amount is calculated as shown in the following example:

### Example 2

The payable purchase invoice amount is USD 1,000. The following discount data exist for this invoice:

<b>Discount amount 1:</b>	20	<b>Discount date:</b>	2017-01-01
<b>Discount amount 2:</b>	15	<b>Discount date:</b>	2017-02-01
<b>Discount amount 3:</b>	5	<b>Discount date:</b>	2017-03-01

The paid amount entered for the first payment is USD 800, and the discount amount is USD 18.

The next partial payment of USD 200 is made on 2017-01-15. The default discount amount is zero. Based on the payment's document date, LN determines the discount allowed at that time: USD 15. If this amount is smaller than the discount that was already taken at the first payment (which was USD 18), the default value given is zero.

#### Note

The default amount payable is first calculated in the invoice currency. If the receipt/payment currency is not equal to the invoice currency, the amount is calculated in the invoice currency based on the currency exchange rates of both currencies. If the invoice currency has a fixed exchange rate, this rate is used.

## Tolerated payment differences

### Tolerated payment differences

The allowed payment difference tolerances depend on the payment difference limits defined for specific users in the Payment Authorizations (tfcmg1100m000) session or as default values in the CMG Parameters (tfcmg0100s000) session.

LN determines the default tolerated payment difference for an invoice based on:

- The open amount.
- The invoice amount.
- The defined payment difference tolerances.

### Example 1

The amount on the invoice is USD 1,000. The following tolerances are defined for payment differences:

---

<b>Percentage of invoice lower than expected:</b>	10%
---	-----

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<b>Invoice amount lower than expected:</b>	50 (in reference currency)
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The default payment difference is 50.

The default payment difference must meet both conditions. In this case, the first condition dictates that the payment difference must be less than 100 ( $10\% * 1,000 = 100$ ). However, the second condition dictates that the payment difference must be less than 50. Therefore, the default payment difference is 50.

## Example 2

The amount on the invoice is USD 1,000. The following tolerances are defined for payment differences:

---

<b>Percentage of invoice lower than expected:</b>	3%
---	----

---

<b>Invoice amount lower than expected:</b>	50
--	----

---

The default payment difference is 30 ( $3\% * 1,000$ ).

### Note

If the payment difference for an actual payment is greater than the allowed default payment difference, the displayed default payment difference shown is zero.

## Payment schedules – overview

A payment schedule defines agreements about the amounts to be paid by payment period. You can link a payment schedule to the payment terms. Each line of the payment schedule defines a part of the invoice amount that must be paid within a specific period, the payment method used for the payment, and the discount conditions that apply to the payment.

You can define payment schedules independently of the [payment terms](#), and you can reuse a payment schedule for several payment terms.

## Receipt schedules

In the Accounts Receivable module, the payment schedules define the amounts and due dates of receivable amounts. Therefore, in Accounts Receivable, payment schedules are referred to as *receipt schedules*.

### Note

The difference between payment schedules and *sales installments* is that a payment schedule defines a number of payments for a single invoice, whereas for sales installments, a separate invoice is created for each installment.

## Payment schedules

A payment schedule consists of a payment schedule header and payment schedule lines. The payment schedule header defines whether the payment amounts are specified as a percentage or through a factor, and the payment period type, which can be **Days**, **Months**, or **Fiscal Periods**.

The payment schedule lines define a part of the invoice amount to be paid within a specific period. The payment schedule lines are independent of each other. You can specify a separate payment method or receipt method for each line. For each schedule line, you can define three discount periods and discount percentages. Payment schedule lines are identified by the invoice number followed by the payment schedule line number.

Invoices with a payment schedule result in an open entry in Accounts Payable or Accounts Receivable for every payment schedule line. The payment schedule lines take the place of the invoice, for example, for credit control, reminder letters, and late payment surcharges, for payment advice and direct debit advice, open entry balances, aging analysis, the various purchase invoice authorization methods, and to write off currency differences.

The due date calculation can be based on the payment terms details or you can use a payment calendar. For details, refer to [To use payment calendars](#)

In Invoicing, LN prints the payment schedule on invoices and draft invoices to inform the business partner of the due dates and discount conditions.

### Note

LN also supports payment schedules for recurring invoices.

LN does not support payment schedules for subcontracting invoices.

## Payment terms

You link payment schedules to sales invoices and purchase invoices through the [payment terms](#).

For every line of the payment schedule, LN uses the due date calculation defined for the payment terms to which you link the payment schedule. Several payment schedule lines can have the same due date. If you select invoices for payment or direct debit, LN selects invoices as well as payment schedule lines that must be paid based on their due dates.

## Receipts against shipments

The payment schedules functionality is also used to implement the receipts against shipments functionality. If you use receipts against shipments, LN generates a receipt schedule line for each shipment.

## Receipts against shipments – overview

You can use the receipts against shipments functionality to generate or enter payment transactions and receipt transactions in Cash Management based on shipment or order information and to maintain the balances by shipment or order.

If you use the receipts against shipments functionality, LN generates a receipt schedule line for each shipment. The receipt schedule lines for receipts against shipments of a single order all have the same due date, which is based on the invoice date and the payment terms of the invoice.

If you ship goods against a sales order, each order line can result in one or several shipments. For every shipment, you must create a packing slip. In Cash Management, you apply the receipts to the shipment lines using the details on the packing slip.

If your customer returns the goods, you create a return order. You send a credit note to customer for the returned shipment. The credit note contains a credit note line for every returned shipment line.

You can compose shipment lines and return shipment lines on a single invoice. If the amount of the return shipment lines exceeds the amount of the shipment lines payable, LN generates a credit note.

If you use receipts against shipments and you linked a receipt schedule to the payment terms of the invoice, LN ignores the receipt schedule. The processing of the invoice is entirely based on the shipments. LN generates interest invoices and reminder letters for the shipments for which payment is overdue.

If you do not use receipts against shipments, the processing of the invoice is based on the payment terms. LN creates invoices for sales orders according to the composing criteria you select in Invoicing. Credit notes can have a single receipt schedule line.

## Due date calculation

Several methods exist to determine the due date of an invoice or of a payment schedule line. In the Payment Terms (tcmcs0113s000) session, you can specify how LN determines the due dates.



The invoice's document date (date of creation) is the base for the due date calculation. The final due date is determined by the following details:

- In the Payment Terms (tcmcs0113s000) session:
  - **The payment period**  
The payment period is the number of days or months that is added to the invoice's document date before or after calculating the due date to obtain the actual due date.
  - **The due date calculation method**  
The algorithm for calculating the due date.
  - **The fixed payment days**  
Specific days of the month, on which payments are due. If you specify fixed payment days, LN changes the calculated due date into the next fixed payment day. You can specify up to three fixed payment days, for example, the first, the tenth, and the twentieth day of each month.
- **The payment calendar**  
For pay-by business partners and for your own financial company, you can optionally define a payment calendar. If the calculated due date is marked as a holiday on the payment calendar, LN changes the due date to the previous working day or, in some situations, to the next working day. This results in the actual due date.

## Additional days after due date

In the Pay-by Business Partner (tccom4114s000) and the Pay-to Business Partner (tccom4124s000) sessions, you can specify a number of additional days in the **Extra Days after Due Date** field. For example, the number of days that the bank needs to transfer the money.

The **Extra Days after Due Date** field is used in Financials to:

- Calculate the expected payment date in the Sales Invoices (tfacr1110s000) session
- Maintain the expected payment date in the Purchase Invoice Cash Dates (tfcmg3111m000) session
- Calculate a cash flow forecast on the basis of the expected payment date in the Update Cash Forecast (tfcmg3210m000) session.

## Credit notes

If a customer returns part of the goods, or if you create invoice corrections, you or your business partner can create a credit note to correct the amount payable for an invoice. If you automatically process the invoices, LN automatically generates credit notes and assigns credit notes to invoices.

You can create credit notes for the transaction types of different categories, such as:

- **Sales Credit Notes**
- **Purchase Credit Notes**
- **Sales Invoices**

## ■ Purchase Invoices

Credit notes are linked to invoices rather than to invoice lines. However, if you use payment schedules or receipts against shipments, you can assign credit notes to the payment schedule lines. For details, refer to [To use payment schedules](#).

If you select open entries for payment or direct debit, LN searches for credit notes that you can apply to the open entries before you perform the payment or direct debit procedure.

### Creating a credit note

To create a credit note in the Transactions (tfld1101m000) session, select a transaction type that has one of these categories. To actually create the credit note, you can now start one of the following sessions:

- Purchase Invoice Entry (tfacp2600m000)
- Sales Invoices (tfacr1110s000)

If you use one of the transaction categories **Sales Invoices** or **Purchase Invoices**, you can create a credit note by entering a negative invoice amount.

### Generating an overview of applied credit notes

If you reduce payments to a pay-to business partner by the amounts of existing credit notes, it can be unclear for the business partner which credit notes you used to reduce the payment amounts. This can lead to confusion and misunderstandings.

To solve this situation, you can create a report of the invoices, the credit notes linked to the invoices, and their amounts, for a selection of invoice-from business partners. You can send this report to your suppliers for information.

Use the Assigned Credit Notes Letter (tfacp4160m000) session to generate and print an overview of the credit notes and the related invoices. You can define the credit notes letter layout in the Assigned Credit Notes Layout (tfacp4161m000) session.

### Credit notes in reports

A credit note amount is displayed as negative. If a credit note is linked to one or more invoices, the assigned amount of the credit note is deducted from the open invoice amount. The linked amount is then visible as a payment line.

The invoice amount that is displayed for an invoice to which a credit note is linked is the original invoice amount. The open invoice amount is the invoice amount minus the linked credit note amount. The linked credit note amount is visible as a payment line.

## Using credit notes

You can use credit notes for the transaction types of different categories, such as:

- **Sales Credit Notes**
- **Purchase Credit Notes**
- **Sales Invoices**
- **Purchase Invoices**

### Using a **Sales Credit Notes** category

If you use one of the transaction categories **Sales Credit Notes** or **Purchase Credit Notes**, you must enter a positive amount.

The **Negative Amount for Credit Notes** parameter in the Transaction Types (tfgld0511m000) session, where the transaction type is defined, determines if the credit note is posted as a negative or positive amount. If this check box is selected, LN saves and regards the amount that was entered as a negative amount.

#### Example

A credit note of USD 800 is entered for a transaction type of a **Credit Note** category. You enter a positive invoice amount of USD 800. Two scenarios are possible:

- If the **Negative Amount for Credit Notes** check box in the Transaction Types (tfgld0511m000) session is cleared for the used transaction type, a credit amount of USD 800 is posted to the ACR control account. The default value for the transaction line is then a debit of USD 800.
- If this check box is selected, a debit amount of USD -800 is posted to the ACR control account. The default value for the transaction line is a credit of USD -800.

### Using the **Sales Invoices** or **Purchase Invoices** transaction category

If you use a transaction type that belongs to one of the categories **Sales Invoices** or **Purchase Invoices**, you can create a credit note by entering a negative invoice amount in the invoice header.

#### Note

You can only create a credit note in this way if the **Negative Amount for Credit Notes** check box in the Transaction Types (tfgld0511m000) session is selected for the used transaction type. If this check box is cleared, you cannot enter a negative invoice header amount.

#### Example

A credit note of USD -800 is entered for a transaction type that belongs to the **Sales Invoices** category. When the credit note is posted, LN debits the ACR control account for -800. The default amount for the entry of the sales invoice transaction lines in the **Transaction Type** session is -800 credit.

## Assigning credit notes

You can assign credit notes to the following documents:

- Original Invoices
- Payment Schedules

### Assigning credit notes to original invoices

You can assign a credit note to one invoice or to several invoices. You can also include credit notes, without assigning them to invoices, as a payment in the automatic payment procedure.

These two situations are illustrated below:

You can link a credit note to one invoice when you enter the credit note in the Purchase Invoice Entry (tfacp2600m000) session. In the **Original Invoice** field, you can enter the document number of the invoice to which you want to link the credit note.

A credit note can also be related to several invoices. To assign a credit note to more than one invoice, take the following steps:

1. In the Transactions (tfgld1101m000) session, select a transaction type of the **Sales Corrections** category or the **Purchase Corrections** category.
2. In the Transactions (tfgld1101m000) session, select the record you created and click **Transaction Entry** on the appropriate menu. One of the sessions Assign Credit Notes to Invoices (tfacp2120m000) or Business Partner - Credit Notes (tfacr2120m000) is started.
3. Select the credit note and link it to the appropriate purchase invoices or sales invoices.
4. On the appropriate menu, start one of the sessions Assign Invoices/Schedules to Credit Notes (tfacp2121s000) or Assign Credit Notes to Invoices (tfacr2121m000). In these sessions you can distribute the total credit note amount over the related invoices.

#### Note

- You can only link credit notes and invoices if they have the same invoice currency and currency exchange rate.
- In the Accounts Receivable module, LN checks if the credit note you are linking is marked as a doubtful invoice. A doubtful credit note can only be linked to a doubtful sales invoice.
- Credit notes that are not linked to invoices are included in the automatic payment procedure. The credit note is selected for payment in the same way as normal invoices.
- Credit notes that are linked to invoices are deducted from the total invoice amount before it is paid.

### Assigning credit notes to payment schedules

If you link payment schedule to sales invoices and purchase invoices, you can assign credit notes to the payment schedule lines or receipt schedule lines.

#### Related topics

- To use payment schedules
- To assign credit notes to receipt schedules
- *To assign credit notes to payment schedules (p. 77)*

## Trade notes – overview

Trade notes are legally accepted forms of payment such as bank drafts, checks, promissory notes, and bills of exchange. Trade notes can be used instead of cash payments. Because trade notes are negotiable, they can also be used as a credit instrument, for example, for discounting and endorsing. Trade notes can exist on paper and on magnetic supports, according to local business practices and banking standards.

Two types of trade notes exist:

- Trade notes payable
- Trade notes receivable

## Factoring

LN supports factoring of your outstanding receivables and payment of purchase invoices to factors used by your suppliers.

For *accounts receivable*, you can set up the factoring of your sales invoices. The factor becomes the pay-by business partner and the pay-by business partner that is linked to the invoice-to business partner becomes the original pay-by business partner.

For *accounts payable*, if your supplier factors the invoices, you can specify the pay-to business partner's factoring company and the factor's bank. Payments of purchase invoices are then made to the factor.

You usually receive a factor's advance from the factor against the receivables factored with it. Usually, the factor's advance is 70% to 80% of the factored amount.

## Currency differences

When currency differences are posted, several parameters affect the way the entries in the General Ledger are created. This section explains the possible parameter settings:

- Ledger accounts by currency.
- Writing off currency profits.
- Fixed exchange rate.

- Writing off currency differences for anticipated payments.

## Ledger accounts by currency

This parameter is recorded in the Finance Company Parameters (tfgld0503m000) session.

If the **Ledger Accounts Currency Differences by Currency** check box is selected, the (un)realized currency differences are posted to the ledger accounts defined in the Currency Difference Ledger Accounts by Currency (tfgld0119s000) session.

LN retrieves the related dimensions from these sessions:

- General Ledger: Finance Company Parameters (tfgld0503m000)
- Accounts Payable: Ledger Accounts by Business Partner Group (tfacp0111m000)
- ACR: Ledger Accounts by Business Partner Group (tfacr0111m000)

If the **Ledger Accounts Currency Differences by Currency** check box is cleared, the currency differences are posted to:

- General Ledger: the ledger accounts specified in the Finance Company Parameters (tfgld0503m000) session.
- Accounts Payable/ Accounts Receivable: the ledger accounts recorded for the business partner group.

## Writing off currency profits

This parameter is defined in one of these sessions:

- ACP Parameters (tfacp0100m000)
- ACR Parameters (tfacr0100s000)

If the **Currency Profits** check box is selected, the unrealized currency profits are posted as well as the unrealized currency losses. Unrealized currency losses are always posted when writing off currency differences.

## Fixed exchange rates

For each invoice, the rate determiner defines:

- Which date is used to determine the exchange rate.
- If currency differences are calculated.
- For which (home) currencies the currency differences are calculated.

The **Rate Determiner** is set in the Sales Invoices (tfacr1110s000) session or the Purchase Invoice Entry (tfacp2600m000) session.

Unrealized currency differences are written off in one of these sessions:

- Write Off Currency Differences (tfacp2240m000)

- Write Off Currency Differences (tfacr2250m000)

## Writing off currency differences for anticipated payments

This parameter is defined in one of these sessions:

- ACP Parameters (tfacp0100m000)
- ACR Parameters (tfacr0100s000)

If the **Currency Difference Anticipated Payments** check box is selected, invoices with anticipated payments or anticipated receipts are considered for writing off currency differences.

## Unrealized currency differences

Unrealized currency differences are currency differences that are calculated for invoices that are not yet paid. Currency differences become realized (actual) at the moment:

- The invoice is paid.
- The unallocated payments/receipts or advance payments/receipts are assigned to an invoice.
- The payment differences are written off.

### Note

Whether unrealized currency differences are calculated, depends on several parameter settings. These settings are explained in *Currency differences* (p. 29).

Unrealized currency differences can occur when:

- Open invoices are present.
- Currency differences are written off, and the exchange rate of a currency has changed.

If part of the invoice has been paid, LN calculates the currency difference over the remaining open invoice amount, using the following formula:

$$\text{unrealized curr. difference} = \text{open invoice amount} * (\text{invoice rate/rate factor} - \text{new rate/rate factor})$$

The unrealized currency profits or losses are posted to the ledger accounts specified for the financial business partner group.

### Example

The purchase invoice amount is EUR 10,000

The invoice currency is EUR.

The home currency is USD.

The invoice date is 2007-01-01.

**Exchange rates :**

Start date	Rate EUR to USD	Invoice amount in USD
2007-01-01	1.362	USD 13,6210
2007-02-01	1.264	USD 12,6423
2007-02-15	1.269	USD 12,6904

The rate factor is 1.

The Write Off Currency Differences (tfacp2240m000) session is run on 2007-02-10.

On 2007-02-10, the calculated unrealized currency difference is:

$$10,000 * (1.362 - 1.264) = \text{USD } 978.00$$

For sales invoices, this currency difference would be an unrealized currency loss. Because this invoice is a purchase invoice, this difference is an unrealized currency profit.

## Realized currency differences

Realized currency differences are final currency differences calculated over paid invoices.

Realized currency differences can originate from these sessions:

- Bank Transactions (tfcmg2500m000)
- Reconciliation of Payments (tfcmg2103s000) and Reconciliation of Receipts/Payments (tfcmg2104s000)
- Assign Unallocated/Advance Receipts to Invoices (tfcmg2105s000) and Assign Unallocated/Advance Payments to Invoices (tfcmg2106s000)
- Assign Invoices/Schedules to Credit Notes (tfacp2121s000) or Assign Credit Notes to Invoices (tfacr2121m000). Realized currency differences originate from these sessions when another currency/rate is concerned.
- Write Off Payment Differences (tfacp2230m000) or Write Off Payment Differences (tfacr2240m000)

## Example

The purchase invoice amount is EUR 10,000



The invoice currency is EUR.

The home currency is USD.

The invoice date is 2017-01-01.

**Exchange rates :**

Start date	Rate EUR to USD	Invoice amount in USD
2017-01-01	1.362	USD 13,6210
2017-02-01	1.264	USD 12,6423
2017-02-15	1.269	USD 12,6904

The rate factor is 1.

On 2017-02-10, the unrealized currency differences have been calculated as described in *Unrealized currency differences (p. 31)*. There was a currency profit of USD 978.

On 2017-02-15, the invoice is paid as follows:

In invoice currency:	EUR 10,0000
In home currency:	USD 12,6904

The realized currency difference is  $10,000 * (1.362 - 1.269) = \text{USD } 930$

For sales invoices, this difference would be a realized currency loss. Because this invoice is a purchase invoice, this difference is a realized currency profit.

When the realized currency difference is posted, the unrealized currency differences are reversed.

## AP and AR dashboard navigation – examples

### Reports on remittances made to pay-to business partners

To respond to audit and supplier inquiries, you require reports on remittances that were made to pay-to business partners. For this purpose, use the Print Business Partner Payments (tfacp6402m100) session.

From this session, you can print these reports:

- **Business Partner Payments Remittance Data**  
Select a pay-to business partner.
- **Business Partner Payment Totals**  
The total amounts that were paid to each pay-to business partner are printed based on currencies. To print monthly totals, specify a payment date range.
- **Business Partner Payments Batch Totals**  
Specify a range of payment batches or a single payment batch. Otherwise, data from non-payment batch payments will also be included in the report.

## View pay-to BP payments and all associated information

To respond to audit and supplier inquiries, you need to view payments that were made to business partners and corresponding information against payments, such as invoice information and order information.

For this purpose, you can use these sessions:

- Business Partner Payments - Order Information (tfacp6502m000)
- Business Partner Payments - Order Information by Payments (tfacp6502m100)

### Note

The availability of this functionality is determined by the new **Store Business Partner Payment - Order Information** setting in the ACP Parameters (tfacp0100m000) session.

## Report on pay-to BP payments and all associated information

You require a report in Excel of the payments that were made to business partners and corresponding information against payments, such as invoice information and order information. This report can then be updated to extract the information required. For this purpose, use the Print Business Partner Payments - Order Information to XML (tfacp6402m000) session.

### Note

The availability of this functionality is determined by the new **Store Business Partner Payment - Order Information** setting in the ACP Parameters (tfacp0100m000) session.

## View settled invoices for a payment (AP)

1. On the Accounts Payable dashboard, click **Open Entries**.
2. From the open entry, find out the payments done on the open entry.
3. From the payments, look up the list of invoices that have been settled by that payment.

**Accounts Payable 360 (tfacp2560m000) > Invoice-from Business Partner Open Entries (tfacp2520m000) > Payment-related Documents by Open Entry (tfacp2523m000) > Invoices/Documents by Payment-related Documents (tfacp6501m000)**

## View settled invoices for a receipt (AR)

1. On the Accounts Receivable dashboard, click **Open Entries**.
2. From the open entry, find out the receipts done on the open entry.
3. From the receipts, look up the list of invoices or credit notes that were settled by that receipt.

**Accounts Receivable 360 (tfacr2560m000) > Invoice-to Business Partner Open Entries (tfacr2520m000) > Sales Invoices (tfacr2522m000) > Invoices/Documents by Receipt-related Documents (tfacr6501m000)**

## View purchase receipt, purchase invoice, or payment information on orders

1. On the Accounts Payable dashboard, click **Invoice Information on Purchase Orders**.
2. From the order, go to the purchase receipts.
3. From the order, go to the linked purchase invoices.
4. From the purchase invoices, go to the linked payments.

**Accounts Payable 360 (tfacp2560m000) > Invoice Information on Purchase Orders (tfacp2540m000) > Purchase Actual Receipt History (tdpur4556m000)**

**Accounts Payable 360 (tfacp2560m000) > Invoice Information on Purchase Orders (tfacp2540m000) > Purchase Invoice Inquiry (tfacp2600m100) > Payment-related Documents by Open Entry (tfacp2523m000)**



## Processing purchase invoices

Recording and processing a purchase invoice in Financials consists of these steps:

1. Optionally record receipt of the purchase invoices.
2. Confirm the received invoices if required, and register the purchase invoices.
3. If a hold reason is linked to the invoice, remove the hold reason.
4. Do one of the following:
  - For cost invoices, enter the transaction lines.
  - For purchase invoices, match the invoices to the related receipts, purchase orders, or freight orders.
5. Display the error log and solve the matching errors.
6. Approve the price differences.
7. Display the error log and solve the approval errors.
8. If payment approval is required, authorize the invoice for payment.

### Note

If a receipt schedule is linked to the terms of payment of the invoice, you perform the described actions on the receipt schedule lines rather than on the invoice. For more information, refer to *Payment schedules – overview* (p. 22).

You can process individual purchase invoices manually or you can match and approve ranges of purchase invoices in a background job.

For the postings created during each step, refer to the *User's Guide for Financial Integration and Reconciliation Transactions*.

If you use self-billing, you agree with your suppliers that they do not send you invoices, and you automatically generate the required purchase invoices. The procedure for self-billed invoices is similar to the purchase invoices procedure.

## Invoice status

The invoice status reflects the various stages of the process, and can change as follows:

1. **Received** (optional) --> **Registered**
2. **Registered**--> **Matched** if you have partially or fully matched the invoice
3. **Matched**--> **Approved**
4. **Approved**--> **Matched** if you unapprove the invoice.

You can also approve an invoice without matching it first. If you unapprove the invoice, the status becomes **Registered**.

## 1. Receiving and confirming the purchase invoices

Before you register received purchase invoices, you can optionally record the receipt in the Received Purchase Invoices (tfacp1500m000) session. LN then sets the status of the invoice to **Received**.

For example, if several employees or departments must confirm the invoices before the invoices are processed, you can first record receipt of the invoice. For more information, refer to *Confirmation of received purchase invoices* (p. 68).

## 2. Registering purchase invoices

If you register a purchase invoice, LN creates an open entry in Accounts Payable and a posting to the General Ledger.

To register a purchase invoice, you can enter a new purchase invoice in this session or you can copy a received purchase invoice from the Received Purchase Invoices (tfacp1500m000) session. Complete these steps:

1. Start the Transactions (tfgld1101m000) session.
2. Select or create a transaction batch.
3. Add a record to the batch, using a transaction type of the **Purchase Invoices** transaction category. Save the record.
4. Select the record and from the appropriate menu, select **Transaction Entry**. The Purchase Invoice Entry (tfacp2600m000) session starts.
5. Do one of the following:
  - To enter a new purchase invoice, enter the invoice details.
  - To register a **Received** invoice:
    - a. In the Purchase Invoice Entry (tfacp2600m000) session, from the appropriate menu, select **Copy Received Purchase Invoices**. The Copy Received Purchase Invoices (tfacp1210m000) session starts
    - b. Select the invoice to be copied and click OK. LN copies the invoice details to the Purchase Invoice Entry (tfacp2600m000) session.

When you enter an invoice in the Purchase Invoice Entry (tfacp2600m000) session, LN sets the **Invoice Status** field to **Registered**.

If you copied a received invoice, in the Received Purchase Invoices (tfacp1500m000) session, LN sets the status of the copied invoice to **Copied**. You cannot copy an invoice multiple times.

If you defined a general default hold reason or a default hold reason for the invoice-from business partner, LN blocks all registered purchase invoices for automatic processing.

How you continue the purchase invoice procedure depends on the type of invoice that you select in the **Invoice Type** field of the Purchase Invoice Entry (tfacp2600m000) session. These invoice types exist:

- **Cost Invoice** (purchase invoices for which no related purchase orders exist)
- **Invoice Related to Purchase Orders**
- **Invoice Related to Landed Costs**
- **Invoice Related to Freight Orders**

## Match and approve purchase invoices

To match purchase invoices is one step in the purchase invoice procedure.

After the invoice is fully matched, you can approve the invoice.

### Note

In a multicompany structure, you can set up multicompany purchase invoice matching.

You can match **Invoice Related to Purchase Orders** to either:

- Receipts of the ordered goods
- Purchase orders

You can match **Invoice Related to Landed Costs** to landed cost receipt lines.

You can match **Invoice Related to Freight Orders** to freight orders.

You can process purchase invoices in two ways:

- Process individual purchase invoices manually
- Match and approve ranges of purchase invoices in a background job.

You can refer to these topics for more detailed information on working with purchase invoices:

- *Matching purchase invoices (p. 40)*
- *Approving purchase invoices (p. 44)*
- *Correcting purchase invoices (p. 46)*
- *Displaying the error log (p. 46)*

**Note**

- If a receipt schedule is linked to the terms of payment of the invoice, you perform the described actions on the receipt schedule lines rather than on the invoice.
- A purchase invoice can be used either in the match to receipts procedure or in the match to orders procedure. For example, if during automatic matching you have partially matched a purchase invoice to receipts, you cannot manually match the remaining invoice amount with a purchase order line.
- In addition, purchase order lines can be used either in the match to receipts procedure or in the match to orders procedure. As a result, if you want to match a purchase invoice to multiple order lines, you must use the same matching procedure for all the order lines.
- To avoid problems, you can use the same matching procedure in all cases.
- If you use payment agreements, LN can only match invoice lines with purchase order lines that have the same payment agreement.

## Matching purchase invoices

### To match purchase invoices

You can match individual purchase invoices and freight invoices in the following ways:

- **Automatically**  
Infor LN automatically matches registered purchase invoices with the specified purchase order, packing slip, or load or shipment. If the invoice can only be partially matched, you can manually match the remaining unassigned amount.
- **Manually**  
You can manually match invoices if you do not know the related order number, packing slip, or load or shipment, or if you want to match the invoice with multiple orders.
- **In a job**  
You can match and approve a range of **Registered** invoices in a background job.

### To match purchase invoice lines

The invoice lines linked to the purchase invoices include the information such as, purchase order number, packing slip, and item used when matching the invoices to purchase orders, purchase receipts or landed costs. When the invoice **Line Type** of the invoice line is **Order**, the invoice line matches to purchase orders and receipts. If the invoice **Line Type** is **Landed Costs**, the invoice line matches to landed costs.

When both purchase order and packing slip are not defined on an invoice line related to order, the purchase order and packing slip of the invoice header are used to match the invoice line. The item specified on the invoice lines is used to match to purchase orders and receipts of the same item code only.



You can match the purchase invoices in two ways:

- Invoice lines can be matched directly to purchase orders and receipts, or
- Invoice lines determine order, packing slip and item to match the invoice to purchase orders and receipts.

When the **Landed Costs** concept is active, landed cost invoice lines can be matched to landed costs of purchase and warehouse receipts.

## Match invoice lines directly to purchase orders and receipts

The invoice line quantity, unit price and net line amount are used when matching the invoice line to purchase orders and receipts. The invoice line can be matched automatically with a price difference. Infor LN does not allow you to match the invoice lines with the purchase orders and receipt if the price differences exceed the values in the **Percentage Tolerance for Match with Price Difference** and the **Tolerance Amount for Match with Price Difference** fields in the Automatic Matching Settings by Invoice-from BP (tfacp0107m000) session or exceed **Received Invoices Price Difference Tolerance** field in the ACP Parameters (tfacp0100m000) session. Based on the value specified in the **Automatic Match Procedure** field in the ACP Parameters (tfacp0100m000) session, the invoice lines are either matched to purchase order, or purchase receipt.

- **Match to Purchase Order**
  - Purchase order lines that match with the item of the invoice line, purchase order or packing slip of the invoice line or header are matched to the invoice line. The match quantity is the minimum of the available invoice line quantity that is not matched. The matched quantity must not exceed the difference between the purchase order line quantity and the quantity of the items rejected during inspections.
  - **Match to Purchase Receipt**  
Purchase receipts that match with the item of the invoice line, purchase order or packing slip of the invoice line or header are matched to the invoice line. The match quantity is the minimum of the available invoice line quantity that is not matched. The matched quantity must not exceed the difference between the purchase receipt quantity and quantity of the items rejected during inspections.

When the invoice lines are matched directly to the purchase orders and receipts, the invoice is either partially matched or fully matched. If no matches can be made, the invoice remains not matched.

- **Match invoice to purchase orders and receipts**  
Invoice lines that are not directly matched to purchase orders and receipts, are selected for matching in this step. The entities such as, item, purchase order, and packing slip of the invoice lines are used to match with purchase orders and receipts. Invoice lines for which the purchase order and packing slip is not specified, the invoices are matched using the purchase order and packing slip information specified on the invoice header. When purchase orders and receipts can be matched, the available approved received quantities are matched. Infor LN allows you to match the invoices of this type based on the matching settings in the Automatic Matching Settings by Invoice-from BP (tfacp0107m000) session. There are two types of settings:

- The difference of the total net invoice line amount and the total order amount to be matched must be within the defined tolerances, or
- **Full Authorization** must apply to Invoice Amount higher than Matched Amount or Invoice Amount lower than Matched Amount.

In case of automatic matching, when matched amounts compared to the invoice amounts are within the defined tolerances, the difference of the total net invoice line amount and the total matched order amount is a price difference that is posted automatically as an additional cost line.

### Note

The automatic posting is only processed when the automatic match can be executed, therefore when no full authorization applies or amount differences exceed tolerances, automatic matching cancels, and no additional cost line is generated automatically.

## Match invoice lines to landed costs

The landed cost invoice lines are matched to landed costs. Landed costs can be part of an invoice related to purchase order, when the supplier invoices landed costs together with the invoicing of purchase orders and receipts. Invoices related to landed costs can only have invoice lines for landed costs.

Automatic match of landed costs to landed cost invoice lines only starts when:

- The landed costs concept is active; and
- Only landed cost invoice lines are on the invoice; or
- The landed cost invoice lines and order related invoice lines are on the invoice; and
  - The order related invoice lines are matched successfully; and
  - Receipts of the matched purchase orders are matched to the invoice lines; and
  - Invoice line quantities are fully matched to the order/receipt quantities.

When landed cost invoice lines cannot be automatically matched, the match status of the invoice remains **Not Matched** or **Partially Matched**.

Two types of invoices are matched automatically.

- **Match landed costs for invoices related to purchase order**  
The landed cost invoice lines match with purchase orders and packing slip that may be present on the invoice line. Or if no purchase order and packing slip is on the invoice line, the landed cost line applies to the applicable purchase orders that are matched to the same invoice.

The landed cost invoice lines are matched when selected landed cost lines:

- belong to the matched receipts of the invoice; and
- match (when available) with all the following invoice line attributes:
  - Item
  - Landed Cost Type
  - Order
  - Packing Slip
  - Payment Agreement (from Invoice)

- the price difference amount and percentage in the Automatic Matching Settings by Invoice-from BP (tfacp0107m000) session are not exceeded; or when this information is unavailable
- the price difference amount and percentage in the ACP Parameters (tfacp0100m000) are not exceeded.

Each selected landed cost line can match no more than the open landed cost amount of the invoice, or a fraction of this amount. The fraction is defined by the matched receipt quantity and the approved received quantity of the matched receipt.

■ **Match landed costs for invoices related to landed costs**

The landed cost invoice lines match with purchase orders and packing slip that may be present on the invoice line. When no purchase order and packing slip is on the invoice line, the landed cost invoice line matches with the purchase order and packing slip of the invoice header. When no purchase order or packing slip can be found, the automatic match is cancelled.

The landed cost invoice lines are matched when selected landed cost lines:

- Match with the order, packing slip or both; and
- match (when available) with all the following invoice line attributes:
  - Item
  - Landed Cost Type
  - Payment Agreement (from Invoice)
- the price difference amount and percentage in the Automatic Matching Settings by Invoice-from BP (tfacp0107m000) session are not exceeded; or when this information is unavailable
- the price difference amount and percentage in the ACP Parameters (tfacp0100m000) are not exceeded.

Each selected landed cost line can match no more than the open landed cost amount of the invoice.

The landed cost amount and invoiced amount of the matched landed cost lines and invoice lines will be distributed over the involved landed cost lines and invoice lines.

Example 1: landed cost line 1 and 2 match to one invoice line

- landed cost line 1, landed cost amount: \$ 100
- landed cost line 2, landed cost amount: \$ 300
- invoice line, invoice amount: \$ 440

Match result

Matched Lines	Landed Cost Amount	Invoice Line Amount
Landed cost line 1 / invoice line	\$ 100	\$ 110
Landed cost line 2 / invoice line	\$ 300	\$ 330

Example 2: One landed cost line matches with two invoice lines

- landed cost line 1, landed cost amount: \$ 900
- invoice line 1, invoice amount: \$ 700
- invoice line 2, invoice amount: \$ 300

Match result

Matched Lines	Landed Cost Amount	Invoice Line Amount
Landed cost line / invoice line 1	\$ 630	\$ 700
Landed cost line / invoice line 2	\$ 270	\$ 300

Information, Warning and Error messages can be logged in the Error Log (tfacp2580m000) when matching invoice lines with purchase order, receipts and landed costs.

Prerequisites for a successful landed cost matching:

- the invoice is complete, meaning that no landed cost invoice lines are missing on the invoice.
- landed cost lines of purchase orders and receipts in warehousing are complete, meaning no landed cost lines are missing on receipts.

## Approving purchase invoices

### To approve purchase invoices

If the unassigned amount of an invoice is zero or within the tolerances, the invoice is fully matched and you can approve the invoice.

To approve the invoice, select the invoice and on the appropriate menu, click **Approve** in one of these sessions:

- Purchase Invoice Entry (tfacp2600m000)
- Process Purchase Invoices (tfacp2107m000)

When the invoice is approved successfully, the invoice receives the status **Approved** and LN creates several entries in the General Ledger. If the invoice is blocked, LN asks whether the hold reason can be removed.

## To approve invoices for payment

In addition to approving the invoices for processing, you can separately approve purchase invoices and costs invoices for *payment*. In the ACP Parameters (tfacp0100m000) session, you can select the types of invoices for which payment approval is required.

If payment approval is required, an authorized user must approve the purchase invoice in the Authorize Purchase Invoices (tfacp1142m000) session. Only invoices that are approved for payment can be selected in the Select Invoices for Payment (tfcmg1220m000) session of the Cash Management module.

For more information, refer to *Payment authorization in Accounts Payable* (p. 73).

## To approve price differences and additional costs

When you try to approve an invoice, LN checks if there is any difference between the order amount and the invoice amount. Before you can complete the approval, you must process the differences:

- Price differences caused by a changed price per unit or by a difference between the currency exchange rates on the order date and the invoice date. If the price difference exceeds the tolerance margins, an authorized employee must approve the price difference before you can approve the invoice.
- Additional costs, such as freight costs, that were not included in the order. To create an additional costs transaction, click **Add Costs** on the appropriate menu of the Process Purchase Invoices (tfacp2107m000) session. The Matched Purchase Invoice/Statement Line Transactions (tfacp1133s000) is started, with which you can create a transaction for these additional costs. If the price difference exceeds the tolerance margins, an authorized employee must approve the price difference before you can approve the invoice.

For more information, refer to *Authorization of price differences and additional costs* (p. 71).

## To update the item's purchase price

After approval, the latest purchase price and the average purchase price for the matched receipt lines or the matched order lines are updated in for the ordered item in the Items - Purchase (tdipu0101m000) session.

To prevent the item's purchase price from being updated:

1. Select the order line record in the Match Purchase Order Lines (tfacp2541m000) session.

## Correcting purchase invoices

### To correct purchase invoices

You can use the following methods to make corrections to finalized and non-finalized purchase invoices:

- **Credit notes**  
Use a credit note to correct the invoice amount. A credit note can be related to a single invoice or to several invoices.  
For more information, refer to *Credit notes (p. 25)*.
- **Purchase invoice corrections**  
You must create an invoice correction to correct invoice details other than the invoice amount, for example, the pay-to business partner, the document date, or the exchange rate.  
For more information, refer to *Purchase invoice corrections (p. 75)*.

## Displaying the error log

### To display the error log

To display the error messages that result from the matching and approval process, start the Error Log (tfacp2580m000) session. If you first select an invoice in the Process Purchase Invoices (tfacp2107m000) session, LN only displays the error messages related to the selected invoice.

The error log contains all the error messages that result from matching and approval in these sessions:

- Purchase Invoice Entry (tfacp2600m000) if you use these commands on the appropriate menu:
  - **Approve**
  - **Unapprove**
  - **Matching**
- Match/Approve Purchase Invoices by Range (tfacp2280m000)
- Process Purchase Invoices (tfacp2107m000)

The error log only contains error messages. LN prints the confirmation messages of the Match/Approve Purchase Invoices by Range (tfacp2280m000) session, for example, about successfully matched invoices, on a process report.

The error log contains only errors that are not yet resolved. If you run the Match/Approve Purchase Invoices by Range (tfacp2280m000) session, for the transactions within the specified range LN adds new error messages and deletes the resolved errors from the error log.

You can use the Delete Error Log (tfacp2280m001) session to manually delete messages from the error log. You only need to delete the error messages that LN cannot remove automatically. For example, you can use the Delete Error Log (tfacp2280m001) session to delete error messages that result from the unsuccessful unapproval of an invoice.

### Note

The following processes automatically delete error messages from the error log:

- If you resolve errors and then repeat the matching and approval, LN deletes the resolved error messages.
- If you archive and/or delete purchase invoices, LN archives and/or deletes the related error messages.

## Multicompany purchase invoice matching

In a multicompany structure in LN, purchase invoice matching is possible in any financial company of the structure, provided that the companies share the correct tables for this purpose.

Multicompany purchase invoice matching is needed to support:

- **The use of a shared service center for Accounts Payable**  
Central handling of purchase invoice entry, invoice matching and payment for multiple financial companies.
- **VAT registration in multiple EU countries**  
If a company's activities that are subject to value added tax (VAT) in an EU country other than the member country in which the company is registered exceed a specified threshold, the company is legally obliged to be VAT registered in that other EU country.  
  
In a multicompany structure, a dedicated financial company is created for each foreign VAT registration. Usually, the purchase offices in which the purchase orders are entered are not linked to such financial companies.  
  
If the purchase invoice matching can be performed in the 'VAT registration companies', the costs of the purchase order are automatically charged to the company of the purchase office. If this matching scenario is used, it is no longer necessary to create an internal invoice between the two financial companies.

## Posting principles

The posting principles that apply to this method of purchase invoice matching are as follows:

- The costs directly related to the purchase order and/or inventory are posted in the financial company of the purchase office. Some examples are the price variance, the FTP result, and additional costs posted at matching.

- The results from the open entry are posted in the financial company in which the purchase invoice is registered and matched. Some examples are the currency result, the payment discount, the late payment surcharge, the payment difference.

## Purchase invoice matching setup

To support the two purposes a very flexible purchase invoice matching setup is required, as follows:

- A shared service center for Accounts Payable requires a setup in which the orders from purchase offices linked to a number of financial companies are all matched to the purchase invoices in one financial company: a many to one relationship.
- VAT registration in multiple EU countries requires a setup in which the purchase invoices in various 'VAT registration companies' can be matched to purchase orders from purchase offices that are linked to any of the financial companies in the multicompany structure: a many to many relationship.

### Note

To support multicompany purchase invoice matching, the companies involved must share these tables: tfacp240, tfacp245, tfacp250, and tfacp251.

## Multicompany purchase invoice processing

In a multicompany structure, the following rules apply to purchase invoice matching.

- **Order-related purchase invoices**  
The following applies to order-related purchase invoices including self-billed invoices:
  - A purchase invoice can be entered in any financial company that shares the required tables with the financial company of the purchase office. During invoice matching, LN offers only those orders and receipts that are linked to the financial company in which you match the invoice.
  - Additional costs posted during matching are by default posted in the financial company of the purchase office. If these costs must be posted in the financial company in which you match the invoice, you can enter the company number in the **Target Company** field in the Matched Purchase Invoice/Statement Line Transactions (tfacp1133s000) session. VAT is considered to be related to the invoice and is therefore posted in the financial company in which you match the invoice. An exception is non-refundable tax (expense tax), which is considered as a cost related to the order and is posted in the financial company of the purchase office.
  - Cost items are considered to be related to the purchase order and are posted in the financial company of the purchase office. The expense account for cost items can be specified at the order entry or at purchase invoice entry. In the latter case, the costs are first posted to an interim account in the financial company of the purchase office. In the Accounts Payable module, the costs can be posted to specific expense accounts. In the financial company of the purchase office, the interim account must then be reversed. By default, the costs are posted to the actual expense accounts for the financial company of



the purchase office. You can change the company number in the Matched Purchase Invoice/Statement Line Transactions (tfacp1133s000) session.

■ **Cost invoices**

Cost invoices can be registered in any financial company. In the transaction details, you can associate a financial company with the cost account. This triggers the generation of an intercompany entry to transfer the costs to the correct financial company.

## Example of price difference and additional costs

Your company needs to purchase some mouse pads for the computers it manufactures. You create a purchase order with the following details:

**Order:**

<b>Quantity:</b>	10 mouse pads
<b>Price per unit:</b>	USD 10
<b>Order amount:</b>	USD 100

You receive the goods and the invoice from your business partner with the following details:

**Invoice:**

<b>Quantity:</b>	10 mouse pads
<b>Price per unit:</b>	USD 11
<b>Freight costs:</b>	USD 20
<b>Total invoice amount:</b>	USD 130

There is a difference of USD 30 between the order amount and the invoice amount.

The price difference is the difference between 10 mouse pads costing USD 10 and 10 mouse pads costing USD 11. The total price difference for this invoice is USD 10.

The remaining difference is called additional costs. Additional costs can be different kinds of costs the business partner charges, such as freight costs, insurance costs and so on. The additional costs for this invoice is USD 20.

## Self billing

For each purchase order header you can define whether self billing is used.

Self billing is typically used if you have:

- A contract with the supplier for the price of the goods you are buying.
- An agreement with the supplier that you will pay for the goods without receiving an invoice for them.

The supplier does not need to send an invoice. Instead, you use the self-billing procedure to automatically generate invoices for these goods.

If the self-billing procedure is used, LN creates, matches, and approves invoices automatically when goods are received. This is all done in the Accounts Payable module.

## Self-billed internal invoices

For invoiced goods transfer between warehouses of separate financial companies, it is important that for every sales invoice a corresponding purchase invoice is available. Otherwise, reconciliation is not possible.

To ensure that LN creates an internal purchase invoice for every internal sales invoice, you can select the **Generate Invoices with manually entered Invoice Date** check box in the Generate Self-Billing Purchase Invoices (tfacp2290m000) session.

If you select this check box, LN ignores the composing criteria for sales invoices that you set up in Accounts Receivable and in Invoicing, and creates an internal purchase invoice for every internal sales invoice.

## Self-billing procedure

The self-billing procedure is similar to the procedure for manually created purchase invoices, and consists of these steps:

1. You register the receipt of the goods in Warehousing.
2. In the Generate Self-Billing Purchase Invoices (tfacp2290m000) session of Accounts Payable, you generate the purchase invoice documents. LN creates an open invoice entry.
3. LN automatically matches and approves the invoice documents.
4. LN creates the postings for the generated purchase invoice to the General Ledger.

## Posting information

For a self-billing document, the same postings are created as for manually registered invoices related to orders that you can enter in the Purchase Invoice Entry (tfacp2600m000) session. For each invoice line of the generated invoice, LN sets the level of tax calculation to **Transaction Line**.

For a debit memo, the same postings are created as for registered credit notes related to purchase orders. The transaction type category is **Purchase Credit Notes**. For each line of the generated debit memo, LN sets the level of tax calculation to **Transaction Line**.

The posting on the control account usually is a credit posting for a self-billing invoice, or a debit posting for a debit memo invoice. This depends on whether the amount is positive or negative and whether the transaction type allows the posting of negative amounts and negative amounts for credit notes.

## Rules for the generation of self-billed invoices

In Procurement, the self-billing procedure is controlled by the following fields in the Purchase Order Lines (tdpur4101m000) session:

- **Invoice after**
- **Self-Billing Date Type**
- **Self-Billing Method**

These fields are defaulted as follows:

1. From the Invoicing Terms and Conditions (tctrm1145m000) session.
2. From the Purchase Contract Lines (tdpur3101m000) session.
3. From the Items - Purchase Business Partner (tdipu0110m000) session.
4. From the Buy-from Business Partner (tccom4120s000)/ Purchase Orders (tdpur4100m000) sessions.

### Non-purchase self-billed invoices

For the following types of internal invoices, which are also created by processes of the Accounts Payable module, you cannot generate self-billed invoices with the Generate Self-Billing Purchase Invoices (tfacp2290m000) session:

- **Commission invoices**  
The creation of commission invoices is completely triggered from the Commissions and Rebates module in Sales. To support this process, the transaction type, the series, and the batch description for the commission invoices are stored in the ACP Parameters (tfacp0100m000) session.

## Invoice dates and document dates

In the Generate Self-Billing Purchase Invoices (tfacp2290m000) session, you can enter the data for the batch that contains the self-billed invoices.

The financial period information that you enter is used for all the transactions in the process. If you select the **Generate Invoices with manually entered Invoice Date** date check box, you can enter the invoice

date as well as the transaction entry date and the financial periods for the batch. The invoice date must be the same or later than the **Invoice Cut-off Date**.

### Note

If you register the receipts of the purchase orders, the invoice accrual balance increases and if you approve the invoice, the invoice accrual balance decreases. If you specify an earlier period for the self-billed invoices than the period in which the receipts were registered, the invoice accrual account is decreased before it is increased. To avoid this type of discrepancy, the **Transaction Entry Date** and the **Invoice Date** if you supply a date, must be the same or later than the **Invoice Cut-off Date**.

You can still manually change the period information, and you can also change the period balance if this is required. If you manually approve an invoice in the Process Purchase Invoices (tfacp2107m000) session, the Posting Data for Approval Transactions (tfacp1141s000) session starts in which you can change the period information.

The following rules apply to the transaction date of all transactions and the document date of the invoice:

- If the **Generate Invoices with manually entered Invoice Date** check box is cleared, LN uses the receipt date of the latest receipt that is part of the invoice for the transaction date and document date of each invoice.
- If the **Generate Invoices with manually entered Invoice Date** check box is selected, LN uses the entered invoice date for the transaction date and document date of the invoice. The entered invoice date cannot be earlier than the cut-off date and therefore, it is always later than any of the receipt dates. If you enter an earlier date, LN displays an error message.

## Rate information

For a transaction, LN determines the currency rate to be used according to the rate information.

The rate information consists of these details:

- Rate type
- Rate date
- Currency rate
- Rate factor

In addition to the rate information, the currency rate used for the generated invoice and the postings in the general ledger depends on the value of the Currency Rate Determiner of the purchase order.

The rate determiner is a mandatory compression criterion, therefore, the rate determiner is the same for all the order lines combined on the invoice. If the value of the rate determiner is other than **Document Date**, each related order line is posted with its own rate information on the invoice accrual account. In this case, the rate information of the order line is the same as the rate information on the purchase order header. Consequently, the involved invoice accrual account is increased by the receipt and decreased by the generation of the self-billed invoice with the same rate information. Therefore, no currency differences postings occur in the integration transactions. The rate information of the invoice and the control account posting is the average rate of all the related invoice accrual postings.

If the rate determiner is **Document Date**, all the postings are made with the currency rate that is effective on the document date of the invoice. Consequently, every invoice accrual posting can create a **Currency Difference** entry in the integration transactions. The **Currency Difference** entry results from the difference between the purchase order header rate information and the rate information effective on the invoice document date.

## How LN handles purchase order/schedule rates

Because IFRS requires that all relevant costs be reflected in inventory, the purchase of goods must be valued against the rate at which the goods were purchased or paid. This applies to all actual costing valuation methods, including the FTP valuation method.

Financial transactions created by purchase orders or schedules that impact invoice accrual (Accounts Payable), are posted with purchase order/schedule rate data for both the debit and the credit side of the transaction. This applies when the rate determiner of the purchase order is set to **Fixed** or **Manually Entered**. Otherwise, the interim account of the financial transaction is posted with the exchange rate type of the purchase order. LN uses the exchange rate type to retrieve the rate data that was valid on the transaction date.

### Important!

To have LN take the purchase rate into account, ensure that in the Buy-from Business Partner (tcom4120s000) session, on the **Pricing** tab, the **Use Purchase Rates for Receipts** check box is selected. As a result, the corresponding check box will also be selected in the following sessions:

- Purchase Orders (tdpur4100m000)
- Purchase Schedules (tdpur3110m000)

The **Use Purchase Rates for Receipts** setting applies to various purchase order and purchase schedule integration document types.

The interim account of these integration document types is (partially) booked against purchase order rate data. Which rate data LN uses, depends on the rate determiner.

**Rate Determiner LN uses the...**

	<u>rate type</u>	<u>rate date</u>	<u>rate</u>	<u>rate factor</u>
<b>Fixed, Fixed Local, Fixed Hard, Fixed Local and Hard, Manually Entered</b>		...from the purchase order		
<b>Receipt Date, Expected Cash Date</b>	...from the purchase order	...from the actual transaction date	...from the Currency Rates (tcm-cs0108m000) session	

The rates defined on the purchase order that apply to the accrual side of the transaction (order currency and financial company purchase office) are used for the interim account of the transaction as well. In a multicompany environment, the financial company of the interim account can be different from the financial company of the purchase office. As a result, the rates on the purchase order cannot be directly used: the fixed or manually entered rates must first be converted.

If the currency rate is fixed or manually entered on the purchase order header, the currency system determines the currencies between which the fixed or manually entered rate is defined, and how the rate can be used for the interim account of the transaction.

**Currency System****Fixed or manually entered rate defined between the purchase order currency and...****Standard**

...the local currency of the purchase office.

Because the local currencies can be different in the various financial companies, the fixed or manually entered rate on the purchase order cannot be directly used, but must be converted first. LN calculates a new rate between the transaction currency and the local currency of the 'to' financial company via the fixed or manually entered rate from the transaction currency to the local currency of the 'from' financial company.

**Single**

...the local currency of the purchase office.

Because the local currency is equal in all financial companies, the purchase order rate and rate factor

can be directly used for the interim account of the transaction as well.

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### Dependent

...the reference currency of the purchase office.

The rates from the reference currency to the other home currencies are disabled and retrieved from the Currency Rates (tcmcs0108m000) session on order date.

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### Independent

...all home currencies.

Because the home currencies are equal and have the same position in all financial companies, the purchase order rate and rate factor can be directly used for the interim account of the transaction as well.

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## Introduction to Bad Debt Relief and Bad Debt Recovery

### AR-Bad Debt Relief

The process of claiming back the output tax on bad debts is called AR-Bad Debt Relief. Bad Debt Relief arises when a customer defaults the payment (in full or part) to supplier, who has accounted for VAT. Based on specific criteria/condition (differ from country to country), tax authorities allow companies to claim back the already paid output tax on bad debts. Example: In Malaysia, a company is entitled to a relief for bad debt on the whole or part of the tax paid for a taxable supply of goods and services if:

- No payment is received for the taxable supply from the debtor for 6 months from the date of supply;
- The debtor becomes insolvent before the period of six months has elapsed; and
- Sufficient efforts are made to recover the debt

### AP-Bad Debt Relief

In Accounts Payable, when you fail to pay to supplier, you can deem the amount of the relevant input tax that you have initially credited or refunded. The relevant tax amount must be paid back to the tax authorities. This Bad Debt Relief arises when a company defaults the payment (in full or part) to a supplier for any supply of goods or services at the end of a specific period. In this scenario, the company must reverse the Input Tax related to the defaulted payment, as Output Tax.

## Bad Debt Recovery

If for a claimed bad debt relief, a company receives payment of a part of the debt, an adjustment for the bad debt relief already claimed, must be made.

If for a bad debt relief paid, a company pays the supplier for goods or services, an adjustment for the bad debt relief already paid, must be made by reducing the VAT on purchases, for the period in which the payment is received.

## Bad Debt Relief

The Bad Debt Relief process:

### Enter selection criteria & Search Open Entries for Bad Debt Relief

Specify the search criteria in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions to view the open entries for Bad Debt Relief. These sessions displays the invoice information and the amounts (such as Tax amount, received amount, outstanding amount, recovered amount) that are related to bad debt relief. Only open entries for which tax is declared are visible. Bad Debt Relief is only applicable for transactions for which VAT is included for an earlier VAT return.

Use the **Unassigned Open Entries** option from the Reference menu in the Invoice-to Business Partner Open Entries (tfacr2520m000)/ Invoice-from Business Partner Open Entries (tfacp2520m000) sessions to view the unassigned amounts for a business partner. You can access this session using the **Open Entries** option from the Reference menu in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions. This helps the user to decide whether to relief bad debt for open entries or to assign the unallocated receipts/payments.

#### Note

In some countries such as UK, you are not allowed to relief open entries for which receipts are not assigned. The outstanding balances of the earliest invoices must be settled first with the unallocated receipts / advances.

### Assessment of selected Open Entries

Use the Open Entry Details (tfacr2525s000)/ Open Entry Details (tfacp2525s000) sessions to view the details of the open entries for Bad Debt Relief. You can access this session using the **Details** option in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions.

Use the selection criteria in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions and apply the filter to narrow the selection of invoices. Special attention must be paid to the Age Receivable. This range applies to the age of the invoices that are visible. Age Receivable from 6 to 6 means that as from the day as today invoices are selected in the month 6 months



prior to the current month. (example: on September 3, the range 6 – 6 selects invoices of which the document date is on or after March 1, and on or before March 31. The range 6 – 7 selects invoices of which the document date is on or after February 1, and on or before March 31.) Select the **Select by Tax Period** check box to select the invoices for bad debt relief. Select the **Suppress** check box to prevent bad debt relief on a given invoice.

### Note

The value added tax (VAT) of invoices must be declared and submitted. Else, the bad debt relief is not allowed. (Invoices are not visible until their tax declaration is submitted.)

You can decide not to trigger the Bad Debt Relief process for specific Open Entries. You can select the **Suppress** check box in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions, to stop the Bad Debt Relief process for the selected Open Entry. You can also add the comment regarding Bad Debt Relief in the **Text** field.

## Activating the Bad Debt Relief process

You can use the **Process** option in the Process Bad Debt Relief (tfacr2214m000)/ Process Bad Debt Relief (tfacp2214m000) sessions to initiate the Bad Debt relief process. You can access these sessions using **Process Bad Debt Relief** option in the Receivables Bad Debt Relief (tfacr2514m000)/ Payables Bad Debt Relief (tfacp2514m000) sessions. After the process is initiated, the selected invoices must be relieved and the journals are created automatically to relieve the tax in a bad debt relief.

The Process Bad Debt Relief (tfacr2214m000)/ Process Bad Debt Relief (tfacp2214m000) sessions enables you to process the bad debt relieves. You must specify posting details, such as posting date, period, and document series in this session. You can use the range to select data based on business partner, transaction type, invoice period, document.

You can either post the Bad Debt Relief, or print the simulation of bad debt relief transactions. You can use the printed data to verify the relief documents.

## Bad Debt Relief Transactions

Use the Process Bad Debt Relief (tfacr2214m000)/ Process Bad Debt Relief (tfacp2214m000) sessions to print the process and/or the error report. To post the bad debt relief transactions, select the **Post Bad Debt Relief** check box. The **Document Date** and the **Fiscal Period** of the bad debt relief must be specified to post the transactions in the given fiscal, reporting, and tax period. Invoices can be relieved only when following conditions are met:

- The invoice must be finalized, including the corrections.
- The invoice and invoice schedules may not be selected for receipt or payment.
- When the **Segment Reporting** check box is selected in the Group Company Parameters (tfgl0101s000) session, invoices must be segmented. Therefore, Purchase Invoices related to Order must be approved.

- Related documents of the original invoice must be finalized.

The original tax transactions related to the open entry must be submitted as part of the tax declaration. The Bad debt relief transaction lines are created in the journal for each original tax transaction. The bad debt relief consists of a (debit) Tax account transaction to a (credit) Bad Debt Relief account. The Tax account is debited with the Tax account and dimensions of the original Tax transaction.

The bad debt relief process creates a summary of all transactions in the Bad Debt Relief / Recoveries by Invoice (tfacr2515m000) session. The details related to bad debt relief transaction lines, the original tax transactions and the invoice lines are recorded in the Bad Debt Tax Transaction Line.

## Accounts in transactions for Bad Debt Relief and Recovery

Transactions in the journals are generated according to the following rules:

- The amount of tax to be relieved is calculated with a pro-rata calculation on invoices that include supplies subject to varying VAT rates. The calculation of amounts generally depends on the ratio, which is determined from the outstanding tax base amount and the invoice tax base amount of the applicable tax.
- if the **Segment Reporting** check box is selected in the Group Company Parameters (tfgld0101s000) session. the amount of tax to be relieved is calculated with the applicable outstanding amount and invoice amounts for each combination of segments.

Tax adjustments for Bad Debt Relief:

### Sales Tax

Type	Account
Debit	Tax account for Bad Debt Relief 1 of the original tax country-code
Credit	Bad Debt Relief account of the 2 financial company

### Purchase Tax

Type	Account
Debit	Bad Debt Relief account of the financial company 3
Credit	Tax account for Bad Debt Relief of the original tax country-code 4

#### Note

- Accounts 1 and 4 are derived from the master data specified for Financial Data by Tax Code in Posting Data for Tax Codes (tfgld0171s000) or Posting Data for Multiple Tax Codes (tfgld0170s000) sessions.
- Accounts 2 and 3 are derived from the company parameters specified in ACR Parameters (tfacr0100s000) or ACP Parameters (tfacp0100m000) sessions.

### Purchase Expensed Tax Codes

Purchase Expensed Tax for the tax transactions of purchase invoices cannot be relieved. The expensed purchase tax is paid to the supplier, and is a cost that cannot be claimed. The **Purchase Expense Tax** in the Tax Analysis (tfgld1520m000) session does not impact the tax calculated for the sales invoice. When this type of tax is available on sales invoices, this tax can be relieved.

### Calculation of Amounts

In LN, transactions can be segmented. Consequently, the tax transactions of open entries are segmented too. The Outstanding Amounts of segmented schedules are relieved proportionally. The related receipts transaction are also segmented. This information helps to determine the quantity of segmented transactions that has already been received, including the tax for these receipts. The relief is for tax on segments for which no receipts have been made.

### Bad Debts Recovery Transactions

After the bad debt is relieved and the payment is received/made, use the Process Bad Debt Recovery (tfacr2216m000)/ Process Bad Debt Recovery (tfacp2216m000) sessions to recover bad debt relief. Prerequisite is that the transactions of all involved receipts or assignments of receipts to invoices must be finalized.

You can specify the **Tax Period** in the Process Bad Debt Recovery (tfacr2216m000) session . The payments that are received/paid in this period is selected for recovery. To post the bad debt recovery transactions, select the **Post Bad Debt Recovery** check box . The **Document Date** and the **Fiscal Period** of the bad debt recovery must be specified to post the transactions in the given fiscal, reporting, and tax period.

## Accounts in Tax adjustments for Bad Debt Recovery

Transactions in the journals are generated according to the following rules:

- The amount of tax to be relieved is calculated with a pro-rata calculation on invoices that include supplies subject to varying VAT rates. The calculation of amounts generally depends on the ratio, which is determined from the outstanding tax base amount and the invoice tax base amount of the applicable tax.
- if the **Segment Reporting** check box is selected in the Group Company Parameters (tfgld0101s000) (tfgld0101s000) session. the amount of tax to be relieved is calculated with the applicable outstanding amount and invoice amounts for each combination of segments.

Tax adjustments for Bad Debt Recovery:

### Sales tax

Type	Account
Debit	Bad Debt Recovery account of 5 the financial company
Credit	Tax account for Bad Debt Recov- 6 ery of the original tax country- code

### Purchase Tax

Type	Account
Debit	Tax account for Bad Debt Recov- 7 ery of the original tax country- code
Credit	Bad Debt Recovery account of 8 the financial company

### Note

- Accounts 6 and 7 are derived from the master data specified for Financial Data by Tax Code in Posting Data for Tax Codes (tfgld0171s000) or Posting Data for Multiple Tax Codes (tfgld0170s000) sessions.
- Accounts 5 and 8 are derived from the company parameters specified in ACR Parameters (tfacr0100s000) or ACP Parameters (tfacp0100m000) sessions.

## Bad Debt Recovery

After the bad debt is relieved and the payment is received, use the Process Bad Debt Recovery (tfacr2216m000) session to recover bad debt relief. Prerequisite is that the transactions of all involved receipts or assignments of receipts to invoices must be finalized.

You can specify the **Tax Period** in the Process Bad Debt Recovery (tfacr2216m000) session. The payments that are received in this period is selected for recovery. To post the bad debt recovery transactions, select the **Post Bad Debt Recovery** check box. The **Document Date** and the **Fiscal Period** of the bad debt recovery must be specified to post the transactions in the given fiscal, reporting, and tax period. This process is mandatory in countries such as Malaysia and UK to recover tax for receipts or payments made on invoices that are previously relieved for bad debt. This process creates Bad Debt Recovery for all the selected documents that are previously relieved and for which receipts or payments are created.

After the process is initiated, a batch with the Bad Debt Recovery documents can be created. The Bad Debt Recovery Transactions are generated automatically for each relieved invoice and receipts/payments.

### Note

The recovery transactions for multiple invoices can be linked to one document, but when too many transaction lines are to be written, a new document number is generated.

If the **Adjust Tax for Deductions** check box is selected in the CMG Parameters (tfcmg0100s000) session, a relieve never results in a tax deductible amount.

## Write off non-recoverable debts

A bad debt is an amount owed to a business or individual that is written off by the creditor as a loss (and classified as an expense) because the debt cannot be collected and all reasonable efforts to collect is exhausted. The amount of bad debt is considered as an expense that is calculated based on the Direct Write Off or Allowance Methods.

### Direct Write-Off Method

The seller can charge the amount of an invoice to the bad debt expense account when it is confirmed that the invoice is not paid. In the books of account, a Bad Debt Expense account is debited and the Accounts Receivable account is credited. Therefore, the expense is directly linked to a specific invoice. This entry does not result in reduction of sales, but rather an increase in expenses.

This method may not be the most appropriate method to recognize a bad debt expense, as the expense is recognized several months later than the revenue associated with the initial sale, thereby separating elements of the same transaction into different time periods.

## Allowance-method

When sales transactions are posted, a related amount of bad debt expenses is also posted on the assumption that approximate amount of bad debt can be determined based on historical calculations. In the books of account, a Bad Debt Expense account is debited and the Allowance for Doubtful Accounts is credited. However, the actual elimination of unpaid Accounts Receivable is calculated by posting the transaction where the Allowance for Doubtful Invoices account is debited and the Accounts Receivable account is credited.

The bad debt expenses can be estimated based on:

- Calculating and applying an overall bad debt percentage to all credit sales;
- Calculating and applying a large percentage to aging buckets (in which accounts receivable are reported) in the accounts receivable aging report;
- Calculating based on a risk analysis of each customer.

This is the recommended method to recognize a bad debt expense, as a portion of all sales is reserved as soon as revenue is recognized. This method is used to display the revenues and related expenses in the same time period, so that the impact of all sales on profits within the same accounting period can be viewed. In the income statement, the Bad Debt Expense is displayed as a line item in the Operating Expenses section.

## Data Set-up

An entry is created in the Accounts by Financial BP Group (tfacr0110m100) session to define the account to be debited, for Account Receivable, which cannot be collected and must be set as bad debts (written off). In the Ledger Account field, the General Ledger account that must be used to debit, in case, Accounts Receivables are written off is specified.

If the Direct Write Off method is used, the Bad Debt Expense (account of type Expense) must be specified. If the Allowance Method is used, the Allowance for Doubtful Invoices (account of type contra Asset account) must be setup.

## Process

You can access the Write Off Bad Debts (tfacr2255m000) session to view the open Account Receivable entries that are to be written off. This session enables you to handle writing off bad debts and subsequently making the necessary General Ledger postings. This can be performed if the amount to be written off is less than, or equal to the amount specified in the **Maximum Amount to be Written Off** field. The user can specify this value in the User Tolerances for Write-Offs (tfacr0118m000) session. If the amount to be written off is greater than the maximum amount to be written off and:

- the **Approve Write-Off Bad Debts** check box is selected in the ACR Parameters (tfacr0100s000) session, the invoice must first be submitted and approved before written off.
- the **Approve Write-Off Bad Debts** check box is cleared in the the ACR Parameters (tfacr0100s000) session, the amount cannot be written off.

An invoice:

can be submitted for approval using the Submit for Write-Off Approval option in the Collections by Invoice-to Business Partner (tfacr3607m000) session.

with **Write-Off Status** set to **Submitted** can be approved using the **Approve for Write-Off** option in the Invoice-to Business Partner Open Entries (tfacr2520m000) session.

with **Write-Off Status** set to **Approved** can be unapproved using the **Unapprove for Write-Off** option in the Invoice-to Business Partner Open Entries (tfacr2520m000) session.

You can use the **Write Off** option from the Action menu in the Write Off Bad Debts (tfacr2255m000) session to write off the invoices and to create the journals.

## Taxonomy

Taxonomy is a science of classification based on a predetermined system. The taxonomy classification considers the importance of separating elements of a group into subgroups that are mutually exclusive and unambiguous. In LN, to add additional reporting structure (taxonomies), you can define different taxonomies such as IFRS, GAAP, or a company specific taxonomy.

The taxonomy can be shared across the financial companies in a group company. The Chart of Accounts (COA) can also be shared, if required. However, if a chart of accounts is shared, it is recommended to also share taxonomy.

## Sharing the Chart of Account

If the COA is shared across companies, the related accounts must be part of each Taxonomy. Account ID's must also be defined for each taxonomy. Consequently, a mapping must be defined for every account in the COA.

### Note

Even if a COA is shared and the specific ledger account is available for specific companies, you can create a company specific taxonomy.

After the company specific general ledger accounts are mapped to an account ID, there can be instances wherein general ledger accounts are not mapped to IDs. These general ledger accounts are not used in the company, but can cause the failure of the consistency check that is performed by the LN. The taxonomy can only be used if all general ledger accounts are mapped. To handle this situation, you must map all the unused general ledger accounts to a dummy account. In the report, the amount in the dummy account is printed as zero. LN maps all the unmapped general ledger account automatically to the Account ID. This automatic mapping is performed only on ledger account level.

## Chart of Accounts not shared

When the COA is not shared or partly shared, you must define the companies for which a taxonomy is created. This is required to check if all the ledger accounts are available in the taxonomy. However, the check is only applicable for companies defined in the Companies per Taxonomy (tfgld1173m000) session.

## Taxonomy setup

**Defining the taxonomy:** You can define taxonomy in the Taxonomies (tfgld1170m000) session. The reporting type for the taxonomy is identified with a **Taxonomy** name, **Version** and **Description**. The **Status** field indicates if a taxonomy can be used for reporting purposes. You can also set the accounting scheme to Statutory, Complementary or both in the **Dual Accounting Indicator** field.

**Define the Taxonomy Companies:** You can define a company for a taxonomy in the Companies per Taxonomy (tfgld1173m000) session. If the **All Companies** check box is not selected in the Taxonomies (tfgld1170m000) session, you must define at least one company. This company must be a subset of the financial companies for each group of companies.

**Define the Accounting Structure:** You can define accounting structure for taxonomy in the Taxonomies Accounts (tfgld1171m000) session. You can define the **Account ID**, **Sublevel** and **Account Type** in this session. The sublevel (hierarchy) identifies the position in the parent/child structure. Only taxonomies for which the **Sublevel** is 0, can be mapped to the general ledger accounts. To print a structured list, a **Parent Account** must also be defined for each **Account ID**. You can also use **Mapping Details** check box to view the account for which the mapping is defined. You must clear this check box to view the unmapped accounts. You can use the **View Tree** option (Generic Browser Framework) to provide user insight in the Taxonomy. The mapping can also be started from the GBF.

**Define the mapping:** You can use the Mappings by Taxonomy Account (tfgld1172m000) to map the taxonomy with the general ledger account. The mapping can be performed by defining a range of **Company**, **Ledger Account** and **Dimension**.

## Status of the Taxonomy

The various status of the taxonomy are:

### Initial draft

When the taxonomy is defined in the Taxonomies (tfgld1170m000) session, the **Status** of the taxonomy is set to **Draft**.

### Validate

You can use the **Check Taxonomy** option in the Taxonomies (tfgld1170m000) session to validate if all the accounts with sublevel 0 are mapped. LN performs these validation checks:

- All ledger accounts must be available in the new taxonomy. The dimensions are not considered for this check. However, if dimensions are considered, LN logs an error. The accounts for



which the **Text** check box is selected in the Taxonomies (tfgld1170m000) session, are not checked.

- LN checks if the account type of the taxonomy element matches the account type and debit/credit indicator of the mapped general ledger account. If not, a warning message is displayed. The accounts for which the **Text** check box is selected in the Taxonomies (tfgld1170m000) session, are not checked.
- LN checks if the general ledger account is assigned to more than one Taxonomy account ID.
  - If dimensions are not used, and a ledger account is assigned to more than one account ID an error message is displayed. You must resolve the error to set the taxonomy **Status** to **Active**.
  - If dimensions are used, the account ID to be used for the ledger account must be based on the dimensions. In this situation, a warning message is displayed. However, this warning can be ignored.

You can also use the **Check Validated Taxonomy using History** option in the Taxonomies (tfgld1170m000) session to access the Check Validated Taxonomy using History (tfgld1270m100) session. This session allows you to check the taxonomy based on the range defined for the **Taxonomy**, **Version**, **Fiscal Year**, **Ledger Account**, and so on.

## Activate

After the checks, if there are no errors identified and warnings are accepted, the taxonomy **Status** can be set to **Active** and taxonomy can be used for reporting.

## Checking an Active Taxonomy

You can perform a check for an active taxonomy using the **Check Taxonomy** option in the Taxonomies (tfgld1170m000) session to check an active taxonomy. If an error occurs due to a missing ledger account, an error message is printed on the report.

## Closing a Taxonomy

If a taxonomy is no longer used, because a new taxonomy is created or the current one contained errors, the taxonomy **Status** can be set to **Closed**. A closed taxonomy can be archived and/or deleted.

## Consistency of an active Taxonomy

Even after a taxonomy is defined and activated, the account structure can be modified. If a new general account is added, this account is not part of a taxonomy and therefore the taxonomy is considered as inconsistent.

- Using the unassigned account: If the **Unassigned Account** check box is selected in the Taxonomies Accounts (tfgld1171m000), all the transactions, not mapped to an existing Account ID are grouped. If the reports display an amount for the unassigned account, it indicates that the mapping is not completed. The reason:

- The general ledger account is added when the taxonomy is already active. The validation is already performed for the active taxonomy, therefore, the general ledger account is not mapped.
- The mapping is performed using a range of dimensions. New dimensions can be added, therefore, dimension ranges are missed when setting up the Taxonomy mapping.

## Archiving

To archive or delete, a taxonomy, the taxonomy **Status** must be set to **Closed**.

# Data Set up for Bad Debt Relief and Recovery

## Bad Debt Relief and Recovery setup

The setup of Bad Debt Relief and Recovery includes following steps:

- Specify the accounts for Bad Debt Relief / Recovery and Interim Tax Accounts in the Chart of Accounts (tfgld0508m000) session. The **Account Type** of the Tax Accounts must be set to **Balance Sheet**. The **Account Type** of the **Ledger Account** that are used for Bad Debt Relief and Recovery has to be set to **Balance Sheet**. However, you can also set the **Account Type** to **Profit & Loss** for the **Ledger Account** used for Bad Debt Relief and Recovery.
- Specify the **Transaction Type** for Bad Debt Relief / Recovery in the Transaction Types (tfgld0511m000) session. The **Transaction Category** and the **Transaction Subcategory** must be set to **Journal Vouchers** and **Journal**.
- Specify the following fields on the **Bad Debt** tab in the ACP Parameters (tfacp0100m000) and ACR Parameters (tfacr0100s000) sessions:
  - **Bad Debt Relief Account**
  - **Bad Debt Recovery Account**
  - **Transaction Type for Bad Debt Relief**
  - **Series for Bad Debt Relief Documents**
- Specify the Tax Accounts for Bad Debt Relief and Recovery in the Tax Codes by Country (tcmcs0536m000) session. The ledger account for Bad Debt Relief and Recovery must be specified in the Posting Data for Single Tax Codes (tfgld0571m000) and Posting Data for Multiple Tax Codes (tfgld0570m000) sessions. For each tax code the following sales and purchase accounts must be setup:
  - Tax Account for Bad Debt Relief in Purchase;
  - Tax Account for Bad Debt Recovery in Purchase;
  - Tax Account for Bad Debt Relief in Sales;
  - Tax Account for Bad Debt Recovery in Sales

- **Note:** You must setup the tax codes for which the bad debt relief / recovery are required. You must assess the tax codes which are eligible to bad debt relief/recovery. For each of these tax codes you need to setup the mentioned purchase and sales accounts.
- Verify or adjust **Tax Position** to declare tax adjustments in correct tax position in the Tax Positions (tfgl0120m000) session. The **Tax Adjustment Type** in the Relations by Tax Position (tfgl0121m000) session can be used to select applicable tax transactions for a given tax code.

## Purchase invoice authorization

In Accounts Payable, to release the purchase invoice for further processing, you can use these types of invoice authorization:

- **Confirmation of received purchase invoices (p. 68)**  
If you record the receipt in the Received Purchase Invoices (tfacp1500m000) session, you can link assigned approvers to the invoice. The assigned approver can verify the invoice, and then register the invoice.
- **Authorization of registered invoices (p. 69)**  
To exclude invoices from the automatic payment procedure, if you register an invoice in the Purchase Invoice Entry (tfacp2600m000) session, you can link a hold reason to the invoice. For example, reasons for blocking an invoice can be incorrect quantities, incorrect prices, or defects found in the received goods. To release the invoice for further processing, an assigned approver must remove the hold reason.
- **Authorization of price differences and additional costs (p. 71)**  
If the invoice amount differs from the order amount and the difference exceeds the matching tolerances, an authorized user must approve the price difference and the additional cost.
- **Payment authorization (p. 73)**  
For the types of invoices for which payment authorization is required, an authorized user must approve the invoices for payment.

### Note

In Cash Management, you can authorize users to process the payments and approve the payment batch. For details, refer to Payment authorization in Cash Management – setup

## Print a report

You can use the Print Not Fully Approved Invoices (tfacp1402m000) session to print a report of the invoices that require an action by the assigned approver or authorized user before they can be processed further.

The report shows the invoices that require one or several of these actions:

- Removal of the hold reason

- Approval of the price difference and additional costs
- Approval for payment.

## Purchase invoice authorization history

For the approval history of a purchase invoice, LN registers the history of these invoice details:

- Approval of the price difference and additional costs
- Approval for payment
- The hold reason
- The assigned approver
- The date before which the invoice must be approved

In the Invoice Authorization History (tfacp2510m000) session, LN displays the current value, the previous value, the user and assigned approver who made the change, and the modification date.

If you archive and delete fully paid purchase invoices, LN also archives and deletes the approval history.

## Confirmation of received purchase invoices

After invoices are received, one or more persons or departments, referred to as assigned approvers, must confirm the invoices. If you record the receipt in the Received Purchase Invoices (tfacp1500m000) session, you can link [assigned approvers](#) to the invoice.

If all the assigned approvers have approved the invoices, you can register the invoices.

## To set up confirmation of received purchase invoices

To link assigned approvers to an invoice, take the following steps:

1. In the Received Purchase Invoices (tfacp1500m000) session, select the invoice and on the [appropriate](#) menu, click **Authorization Data**.
2. In the Authorization Data (tfacp1101m000) session, select an assigned approver and enter the date before which the invoice must be confirmed.
3. Repeat Step 2 for every assigned approver required for the invoice.

## To confirm received purchase invoices

To confirm received purchase invoices, take the following steps:

1. In the Confirm Received Purchase Invoices (tfacp1104m000) session, select your assigned approver code in the **Assigned Approver** field. LN lists the received invoices that you can confirm.
2. Select the invoice and on the same line, select the **Confirmed** check box.

3. In the **Approved On** field, enter a confirmation date or accept the current date.

If all the assigned approvers have approved the invoices, you can copy the received invoice to a registered purchase invoice.

## Authorization of registered invoices

To exclude invoices from the automatic payment procedure, if you register an invoice in the Purchase Invoice Entry (tfacp2600m000) session, you can link a hold reason to the invoice. If you link a hold reason to an invoice, the invoice is not selected for payment in the Select Invoices for Payment (tfcmg1220m000) session. For example, reasons for blocking an invoice can be incorrect quantities, incorrect prices, or defects found in the received goods.

You can link a hold reason to order-related purchase invoices and to cost invoices.

You must define the person or department that is responsible for releasing the invoice for further processing as assigned approvers. To approve the invoice, an assigned approver must remove the hold reason. In some situations, LN automatically removes the hold reason, for example, if an authorized user approves the invoice for payment.

You can link a default assigned approver to each hold reason. If an invoice is blocked, LN displays the default assigned approver. You can always manually change the hold reason and the assigned approver of an invoice.

The assigned approver is used for information only. Every user can remove a hold reason. The addition and removal of hold reasons to purchase invoices is logged in the authorization history, which you can view in the Invoice Authorization History (tfacp2510m000) session.

You can link hold reasons to registered purchased invoices in two ways:

- Automatically
- Manually

## Hold reasons

### Defining hold reasons

To define hold reasons, use these sessions:

- **Assigned Approvers (tfacp0130m000)**  
Define the assigned approvers.
- **Hold Reasons (tfacp0120m000)**  
Define the hold reasons. You can optionally select a default assigned approver for each hold reason.

## Automatically linking hold reasons to registered invoices

You can set up LN to automatically link hold reasons to registered invoices.

To automatically link hold reasons:

- 1. Invoice-from Business Partner (tccom4122s000)**  
To automatically block all registered invoices from a specific business partner, select a default hold reason in the **Hold Reason for Purchase** field. LN automatically links this hold reason to all registered invoices from the invoice-from business partner.
- 2. ACP Parameters (tfacp0100m000)**  
To automatically block all registered invoices, select a default hold reason in the **Hold Reason for Registered Invoices** field. LN automatically links this hold reason to all registered invoices of business partners for which you do not select a specific hold reason.

The hold reasons at business partner level override the global hold reason.

### Note

- If you define a default hold reason, LN automatically links a default hold reason to registered invoices for which no payment approval is required.
- If payment approval is required for the invoice and the user who registers the invoice is authorized to approve the payment, LN does not link a default hold reason to the invoice. In the Purchase Invoice Entry (tfacp2600m000) session, the **Hold Reason** field remains empty. However, if the user does not have sufficient authorization, LN links a default hold reason to the invoice.

## Manually linking hold reasons to registered invoices

If no default hold reason is defined in the ACP Parameters (tfacp0100m000) session, you can manually add a hold reason to an invoice. If a default hold reason is defined, you can always change the hold reason of an invoice.

You can manually enter, change, or remove, the hold reason and the assigned approver in these sessions:

- Purchase Invoice Entry (tfacp2600m000)
- Purchase Invoice Inquiry (tfacp2600m100)
- Process Purchase Invoices (tfacp2107m000)

### Note

When payments are processed in the Bank Transactions (tfcmg2500m000) session and the Anticipated Payments (tfcmg2110s000) session, LN does not check whether invoices are blocked, because in these sessions the invoices are registered afterwards.

## Removing the hold reason

If you are an assigned approver, you can remove the hold reason and in this way, release the invoice for further processing.

To remove the hold reason:

1. Start the Authorize Purchase Invoices (tfacp1142m000) to list the invoices that require authorization. If a hold reason is linked to the invoice, the **Hold Reason** column displays the hold reason.
2. Select the invoice and from the appropriate menu, select **Purchase Invoice Inquiry**. The Purchase Invoice Inquiry (tfacp2600m100) session starts.
3. On the **Miscellaneous** tab, delete the hold reason from the **Hold Reason** field. LN automatically clears the **Assigned Approver** field.

You can also remove the hold reason in these sessions:

- Purchase Invoice Entry (tfacp2600m000)
- Process Purchase Invoices (tfacp2107m000)

### Note

- If you authorize an order-related purchase invoice for payment, LN automatically removes the hold reason. For details, refer to *Payment authorization in Accounts Payable* (p. 73).
- Every user can remove the hold reason. If the user is not authorized a warning is displayed. The invoice stays blocked for payment. Removing the hold reason is logged in the Invoice Authorization History (tfacp2510m000).
- If you remove the hold reason and you are not authorized to approve the invoice for payment, LN displays a warning and the invoices is still blocked for payment.

## Authorization of price differences and additional costs

Price differences occur if the invoice amount differs from the order amount or the receipt amount. LN detects the price differences when the invoice is matched to the purchase orders or to the receipts.

### Price differences in automatic matching

For automatic matching, you can define the tolerated price differences in the following sessions:

- **ACP Parameters (tfacp0100m000)**  
In this session, you can define global tolerances for automatic matching.
- **Automatic Matching Settings by Invoice-from BP (tfacp0107m000)**  
In this session, you can define tolerances by invoice-from business partner, for automatic matching. For business partners for which you do not define tolerances in this session, LN uses the tolerances you define in the ACP Parameters (tfacp0100m000) session.

You can define a maximum tolerated price difference amount and a maximum difference percentage, or you can assign full authorization. For details, refer to [To use full authorization](#). If you do not define the tolerances in either of these sessions, the automatic matching procedure does not match invoices when a price difference is found. An authorized user must manually authorize the price difference and the additional costs.

During automatic matching of invoices, LN compares the [price difference](#) with the tolerated differences. If the difference falls within the defined tolerances for the invoice amount *and* the percentage, LN matches the invoice. The price difference is posted to the **Price Differences** control account and dimensions of the financial business partner group

## Approving price differences

Use the Purchase Invoice Authorizations (tfacp0150m000) session to authorize specific users to approve price differences and to create additional costs transactions. For each user, you can define the maximum price difference they can approve, or you can assign full authorization to a user.

In the Assigned Approvers (tfacp0130m000) session, create assigned approvers for the authorized users. You can define each individual authorized user as an assigned approver, or you can create a single assigned approver to represent the authorized users of a team or a department.

If during matching of a purchase invoice in the Process Purchase Invoices (tfacp2107m000) session, one of the tolerances that apply is exceeded, an authorized user can approve the price difference. To assign the invoice to an authorized user, in the Purchase Invoice Inquiry (tfacp2600m100) details session, enter the assigned approver in the **Assigned Approver** field. You can start the Purchase Invoice Inquiry (tfacp2600m100) details session from the LN menu of the Authorize Purchase Invoices (tfacp1142m000) session.

In the Authorize Purchase Invoices (tfacp1142m000) session, a user authorized to approve the price difference amount must select the **Invoice Approved** check box for the invoice. Next, the approved invoice must again be processed in the automatic or manual matching and approval procedure.

## Approving additional costs

For differences between the invoice amount and the order amount that are not caused by a price difference, authorized users can create [additional costs](#) transactions. In the Purchase Invoice Authorizations (tfacp0150m000) session, you can define a maximum amount for the additional costs transactions a user can create, or you can assign full authorization to a user.

To create additional costs transactions, take the following steps:

1. In the Authorize Purchase Invoices (tfacp1142m000) session, on the [appropriate](#) menu click **Additional Cost**. The Matched Purchase Invoice/Statement Line Transactions (tfacp1133s000) session starts.
2. Create the [additional costs](#) transaction. You must enter the ledger account and dimensions for each transaction.



## Reassigning the invoice

If the price difference or the additional costs exceed the matching tolerances, the invoice is not approved. You must assign the invoice to an authorized user. In the **Assigned Approver** field of the Purchase Invoice Entry (tfacp2600m000) session, select an assigned approver for the purchase invoice.

## Example

You have ordered 100 items at a price of USD 10.50 a piece. The price on the invoice you receive is USD 10. In the Purchase Invoice Authorizations (tfacp0150m000) session, you are authorized for the following price differences:

Invoice price lower than expected		Invoice price higher than expected	
Percentage	Amount	Percentage	Amount
4%	80	1%	15

The resulting price difference is positive. This means that the conditions that belong to the category **Invoice Lower than Expected** apply. The price difference is:

Absolute amounts:  $10.50 \times 100 - 10 \times 100 = \text{USD } 50$

This amount is lower than USD 80. If the margin recorded for the percentage is not exceeded, you can approve the invoice.

Percentage:  $(10.50 - 10) / 10.50 \times 100\% = 4.76\%$

This percentage is higher than the percentage allowed for this user. You cannot approve the price difference, although the amount is lower than the specified tolerated value.

### Note

The percentage is the percentage of the price difference in relation to the *order* amount.

## Payment authorization in Accounts Payable

In Accounts Payable, in addition to approving the invoices for processing, you can separately approve purchase invoices and costs invoices for payment. Audit information regarding approval of invoices is stored.

In the ACP Parameters (tfacp0100m000) session, you can select the types of invoices for which payment approval is required.

You can indicate that separate payment authorization is required for these types of purchase invoices:

- Cost invoices and procurement card invoices
- Order-related invoices
- Self-billed invoices
- Internal invoices

If payment authorization is required, these rules apply:

- For cost invoices, if you create and approve a cost invoice in the Purchase Invoice Entry (tfacp2600m000) and you are authorized to approve the cost invoice amount for payment, LN automatically sets the invoice to **Approved for Payment**.
- For order-related invoices, after you approve the price difference and created additional costs transactions, an authorized user must still approve the invoice for payment.
- Order-related invoices, for which you select the **Invoice Approved** check box in the Authorize Purchase Invoices (tfacp1142m000) session must still be approved in the Process Purchase Invoices (tfacp2107m000) session. Before you can approve an invoice for payment, the invoice status must be **Approved**.
- For procurement card statements with desktop receiving, LN calculates price differences. You must approve price differences that exceed the defined tolerances.
- If you are authorized to approve both the price difference *and* the payment, if you approve the price difference and the additional cost in the Authorize Purchase Invoices (tfacp1142m000) session, LN automatically sets the invoice to **Approved for Payment**.
- If you select the **Select Non Approved Invoices for Payment** check box in the CMG Parameters (tfcmg0100s000) session, you can approve an invoice for payment if the invoice status is other than **Approved**. If this check box is cleared, when the Select Invoices for Payment (tfcmg1220m000) session is run, only purchase invoices related to orders with a status of **Approved** are selected. Infor LN checks the value of this parameter in the financial company in which the invoice was created.
- **Purchase invoices**  
In the Select Invoices for Payment (tfcmg1220m000) session of the Cash Management module, purchase invoices can only be selected for payment if these conditions are fulfilled:
  - The invoice has the **Approved** status.
  - The **Approved for Payment** field of the invoice is **Yes** or **Not Applicable**.
  - No hold reason is linked to the invoice.

#### Note

If *no* payment authorization is required, LN sets the **Approved for Payment** field of the invoice to **Not Applicable**.

## Multicompany aspects

You can set up payment authorization for the purchase invoices registered in a specific financial company. Because payment authorization uses the local currency, the payment authorization setup is restricted to a single financial company.

In the Purchase Invoice Payment Authorizations (tfacp0114m000) session, in the **Financial Company** field, you can enter the current company or any financial company of the financial company group.

## Reassigning the invoice

If the invoice amount exceeds the amount that you can authorize for payment, you must assign the invoice to an authorized user:

In the **Assigned Approver** field of the invoice, you can select an assigned approver for the purchase invoice in one of these sessions:

- Purchase Invoice Entry (tfacp2600m000)
- Purchase Invoice Inquiry (tfacp2600m100)

## Purchase invoice corrections

You can use the following methods to make corrections to finalized purchase invoices:

- **Credit notes**  
Use a credit note to correct the invoice amount. A credit note can be related to a single invoice or to several invoices. For details refer to *Credit notes (p. 25)*.
- **Purchase invoice corrections**  
To change invoice details other than the invoice amount, for example, the pay-to business partner, you must create an invoice correction. On an invoice correction, you can also change the invoice amount.

## Unapproving the invoice

You cannot correct an invoice that has the **Approved** status or the **Approved for Payment** status. Before you can create an invoice correction, you must unapprove the invoice.

You can unapprove an invoice for payment if the invoice is not fully paid and the invoice is not selected for payment in the Cash Management module.

To reverse approval of an order-related invoice, in the Purchase Invoice Entry (tfacp2600m000) session, from the appropriate menu, select **Unapprove**.

To undo the approval for payment, in the Authorize Purchase Invoices (tfacp1142m000) session, clear the **Approved for Payment** check box for the invoice.

After you create the correction, you must approve the cost invoice again and authorize the invoice for payment.

## Creating a purchase invoice correction

To create a purchase invoice correction:

1. Start the Transactions (tfgld1101m000) session and select a transaction type of the **Purchase Corrections**. The Purchase-Invoice Corrections (tfacp2110s000) session starts.
2. Enter the new data and, from the appropriate menu, select **Process**.
3. If the invoice is related to purchase orders or to freight orders, LN automatically posts the correction amount to the invoice receipts account of the financial business partner group of the invoice-from business partner.

For example, you can change these invoice details:

- **Invoice-from Business Partner**
- **Original Pay-to Business Partner** (for factored invoices)
- **Pay-to Business Partner**
- **Purchase Type**
- **Factoring Number**
- **Amount**
- **Tax Country/Code**
- **Dimensions**

Changes to these fields can require financial transactions. If you modify these fields, LN creates a new document with the correction transaction type to reflect the changes.

You can change the payment terms, the payment schedule, and the business partner's address if applicable. If the invoice amount changes, and a payment schedule is linked to the invoice, the Payment Schedule (tfacp1103m000) session starts automatically and you can change the details.

## Purchase invoice authorization

If invoice approval or payment authorization is required for the invoice and you are not authorized to approve the corrected invoice or the payment, LN sets the **Invoice Approved** and **Approved for Payment** fields of the invoice to **No**. You must link a hold reason and an assigned approver to the invoice. The assigned approver must approve the invoice and remove the hold reason.

To link a hold reason and an assigned approver to the invoice, from the appropriate menu of the Purchase-Invoice Corrections (tfacp2110s000) session, select **Purchase Invoice Inquiry**. The Purchase Invoice Inquiry (tfacp2600m100) session starts. Enter a hold reason and an assigned approver in the **Hold Reason** and **Assigned Approver** fields.

## To assign credit notes to payment schedules

In the Accounts Payable module, you can manually assign credit notes to payment schedule lines in the following ways:

- **If most invoices have payment schedules**

Take the following steps:

- a. In the Assign Credit Notes to Invoices (tfacp2120m000) session, on the appropriate menu, click **Assign Invoice Schedules to Credit Note**. The Assign Invoices Schedules to Credit Notes (tfacp2122s000) session starts.
- b. In the Assign Invoices Schedules to Credit Notes (tfacp2122s000) session, assign the credit note to the payment schedule lines.

For example, use this method if you select the **Schedules Mandatory** check box in the Finance Company Parameters (tfgld0503m000) session and a payment schedule is linked to every invoice.

- **If few invoices have a payment schedule**

Take the following steps:

- a. In the Assign Credit Notes to Invoices (tfacp2120m000) session, on the appropriate menu, click **Assign Invoices to Credit Notes**. The Assign Invoices/Schedules to Credit Notes (tfacp2121s000) session starts.
- b. In the Assign Invoices/Schedules to Credit Notes (tfacp2121s000) session, assign the credit note to invoices. If a payment schedule is linked to the selected invoice, on the appropriate menu, click **Assign Invoice Schedules to Credit Note**. The Assign Invoices Schedules to Credit Notes (tfacp2122s000) session starts, and displays only the payment schedule lines of the selected invoice.
- c. Assign the credit note amount to the payment schedule lines.
- d. On the appropriate menu of the Assign Invoices Schedules to Credit Notes (tfacp2122s000) session, click **Confirm Assignment to Schedules**.

## Using payment agreements

### Payment agreements

A way to define how invoice amounts must be paid. This includes the payment methods that apply to various parts of the invoice amount, and the payment currency.

For example, you can define a payment agreement to pay the first part of the invoice amount through the bank according to payment method PM1, 40 percent of the remaining amount, according to payment method PM2, and the other 60 percent according to payment method PM3, which can be a trade note payable.

## Invoicing and payments in Japan

To set up paying your suppliers in accordance with Japanese business practice, you can set up payment agreements.

Payment agreements are often used if you receive a monthly billing invoice from your supplier.

### To setup up payment agreements

To set up payment agreements, use the following sequence of sessions:

- 1. Group Company Parameters (tfgld0101s000)**  
Select the **Payment Agreement** check box.
- 2. Payment Agreements (tcmcs2506m000)**  
Define the payment agreements. Because multiple financial companies can share the payment agreements, you must define the amounts in the reference currency.
- 3. Invoice-from Business Partner (tccom4122s000)**  
If you have a payment agreement with a supplier, select the payment agreement. LN adds the payment agreement by default to purchase order lines for the business partner.
- 4. Payment Agreement by Item and Invoice-from BP (tcmcs2108m000) (Optional)**  
If you prefer, you can select specific payment agreements for combinations of invoice-from business partner and item or item group, or financial business partner group and item or item group.
- 5. Priorities to Set Default Payment Agreement (tcmcs2109m000) (Optional)**  
If you used the Payment Agreement by Item and Invoice-from BP (tcmcs2108m000) session, you can use this session to define the order of priorities that LN uses to determine the default payment agreement for a purchase order line.

#### Note

LN searches for the most specific payment agreement. If no specific payment agreement is found for the invoice-from business partner or business partner group and item or item group combination, LN uses the default payment agreement that you specified in the Invoice-from Business Partner (tccom4122s000) session.

## Applying payment agreements

If the **Payment Agreement** check box is selected in the Group Company Parameters (tfgld0101s000) session and payment agreements exist for at least one of the payments in a payment batch, you must apply the payment agreement before you can process the payment batch or generate trade notes payable (TNP).

To apply payment agreements to payments that you make, use the following sequence of sessions:

1. **Payment Advices (tfcmg1509m000) or Payment Advice (tfcmg1609m000)**  
From the **Actions** menu, select **Apply Payment Agreement**. The Apply Payment Agreement (tfcmg1230m000) session starts.
2. **Apply Payment Agreement (tfcmg1230m000)**  
Apply the payment agreements to the payments in the batch.

If you apply the payment agreement, LN performs the following actions:

1. **Calculate the total invoice amount.**  
The following details must be the same for all the invoices:
  - The invoice-from business partner
  - The invoice currency
  - The payment agreement
2. **Compare the total invoice amount with the payment agreement limit.**
  - If the total invoice amount is less than or equal to the payment agreement limit, use the payment agreement.
  - If the total invoice amount exceeds the payment agreement limit, use the next payment agreement.
  - Repeat this step as necessary to find the payment agreement to be used.
3. **Split the payable amount according to the payment agreement definition.**  
Generate the payment lines. Create separate batches for payment lines with different payment methods.

Because the payment agreements are defined in the reference currency, the payment agreements are applied to the invoice amounts in the reference currency.

### Note

If you use the uninterrupted payment process, LN automatically applies the payment agreements. Payment advices that contain an invalid payment agreement are moved to the newly created exception batch.

If you use self-billing, in the Generate Self-Billing Purchase Invoices (tfacp2290m000) session the following rules apply:

- If all the selected lines have the same payment agreement, LN uses the payment agreement for the invoice.
- If the selected lines have various payment agreements, LN uses the payment agreement you defined for the business partner in the Invoice-from Business Partner (tccom4122s000) session.

## Bank charges

If you agree with your supplier that you pay the bank charges for the payment transfers, in the Pay-to Business Partner (tccom4124s000) session, on the **Paying** tab, ensure that **Bank Charge Borne by Supplier** is cleared.

For payments made to the pay-to business partner through the bank branch, LN calculates and posts the bank charges as sundry costs.

Bank costs can be subject to VAT. If you want to analyze the tax amounts on bank transactions per bank, you can define the bank branch as a business partner. In the Tax Analysis (tfgld1520m000) session, you can print the tax analysis by pay-to business partner report to view the tax amounts by bank branch.



# Appendix A

## Glossary

# A

### account

See: *ledger account* (p. 85)

### accounting scheme

A scheme of accounts to which the results of certain events are posted. The accounting scheme consists of ledger accounts, structured in a parent-child hierarchy.

### additional costs

Extra costs charged by the invoice-from business partner which create a difference between the invoice amount and the order amount or the goods received amount. For example, storage costs, freight costs, and insurance costs.

### advance payment/receipt

A paid or received amount, which cannot be allocated to an invoice or any other document. After an invoice has been created, the advance payment or receipt can be allocated to it. Unlike an unallocated payment/receipt, you can calculate tax on a advance payment/receipt.

### anticipated payment

A payment that is not entirely executed yet, or is on its way to be executed.

These anticipated payments can be created:

- Automatically, for example when a check is generated by the automatic payment procedure.
- Manually, for example, when a check is written.

Antonym: anticipated receipt

### anticipated payment

See: *anticipated receipt* (p. 82)

### anticipated receipt

See: *anticipated payment* (p. 81)

### anticipated receipt

A receipt that is not completed yet.

Anticipated receipts can be created:

- Automatically, for example, in case of direct debit.
- Manually, for example, when a check is entered.

Antonym: anticipated payment

### 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.

### assigned approver

The person or department that is responsible for removing a hold reason from a registered invoice and release the invoice for further processing.

### bank charge

The costs a bank charges to process the transactions. The bank charges can depend on the type of transfer, for example, whether the transfer is between different banks or between branches of the same bank. In addition, the bank charges can vary for different ranges of transaction amounts.

### cash forecast

The expected cash position at a future date. The current cash amount is increased by the amounts to be received and reduced by the amounts to be paid, in all periods in between.

### chart of accounts

A hierarchical structure of ledger accounts and dimensions.

To support dual accounting, the chart of accounts can consist of a structure of statutory accounts for fiscal reporting purposes and complementary accounts used for management reporting.

### commission

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

### control account

A ledger account used to reflect the balance of a number of related subsidiary accounts.

In LN, 'control account' usually refers to the creditors' account or the debtors' account defined for the financial business partner groups in Accounts Payable and Accounts Receivable.

In addition to the creditors' account and the debtors' account, you can define a number of specific control accounts for a business partner group, such as control accounts for doubtful invoices, advance and anticipated payments or receipts, and realized and unrealized currency profit or loss.

### credit note

The correction form for a (partly) returned purchase or sales order. The credit note states the quantity and value of the goods concerned and the reason for the credit.

### currency differences

Currency result caused by fluctuations in the exchange rate, for example, if the exchange rate between the invoice currency and your home currency differs between the invoice date and the payment date.

### currency exchange rate

The factor by which an amount in a different currency is multiplied to calculate the amount in the currency base.

Synonym: currency rate

### currency rate

See: *currency exchange rate* (p. 83)

### dimension

Analysis account for ledger accounts to get a vertical view on ledger accounts. Dimensions are used to specify ledger account information.

See: dimension type

### doubtful invoice

An invoice that probably cannot be collected.

### due date

In LN, the date that a payment or receipt is required.

### exchange rate

The price at which one currency can be exchanged for another currency. In other words, the amount which one currency will buy another currency at a particular time.

### exchange-rate type

A way to group currency exchange rates. You can assign different currency exchange rates to different invoice-to business partners and/or to different types of transactions (purchase, sales, and so on).

### factor

The funding source for the company. The factor is usually a bank or a commercial finance company that purchases the accounts receivable (sales invoices) from the company.

### factor's advance payment

The money the factor sends to the company in advance, after the verification process is complete, and before the factor receives payment from the company's customer.

### factoring

A form of accounts receivable financing that consists of the sale of a company's accounts receivable to a third party (the factor), in order to obtain funding. The sale is made at a discount from the account's value.

Customers remit to the factor either directly or indirectly through the seller. Factoring can be with or without recourse. For factoring with recourse, the risk of customer non-payment remains with the company.

### financial business-partner group

A group of business partners with common characteristics, for which you can define the creditors' account or the debtors' account and a set of additional control accounts such as control accounts for doubtful invoices, advance and anticipated payments or receipts, and realized and unrealized currency profit or loss. LN automatically uses these control accounts in business processes such as sales invoice registration, and the payment process.

### financial company

A company that is used for posting financial data in Financials. You can link one or more enterprise units from multiple logistic companies to one financial company.

### group company

A financial company to which a number of other financial companies is linked.

A group company is used to centrally:

- Process the corporate and administrative accounting
- Accumulate data for consolidated financial reporting from the group's financial companies
- Perform central cash management processes such as payments and direct debit

### hold reason

A code attached to a purchase invoice to block the payment of that invoice.

### home currency

One of a company's base currencies in which LN registers and reports amounts.

In a multicurrency system, up to three home currencies can be defined:

- The local currency
- Two reporting currencies

### IFRS

*International Financial Reporting Standards, previously International Accounting Standards (IAS)*

### integration document type

Represents a type of Operations Management transaction for the purpose of mapping and posting the integration transactions to Financials and for financial reconciliation.

The integration document types supplied by LN each have the corresponding business object attached to them. For example, the integration document types for the various sales order transactions have the **Sales Order** business object linked to them.

### invoice currency

The currency in which the invoice amount is expressed.

### landed costs

The total of all costs that are associated with the procurement of an item until delivery and receipt in a warehouse. Landed costs typically include freight costs, insurance costs, customs duties, and handling costs.

In LN, landed costs can be part of multiple landed costs sets.

### late payment surcharge

The percentage that is charged over the goods amount or over rendered services that the recipient of the invoice must pay if the invoice is not paid within a specified period.

### ledger account

A register used to record financial transactions and to accumulate the values of the transactions for reporting and analysis. The ledger accounts classify the transactions into categories such as revenues, expenses, assets, and liabilities.

Synonym: account

### local currency

The currency of the country in which the company is located. Otherwise, the currency in which you report to the local tax authorities.

In a multicurrency situation, you can use three home currencies. The three home currencies that you can define for a company are:

- The company's local currency
- **Reporting Currency 1**
- **Reporting Currency 2**

### monthly billing invoice

A monthly statement of the open sales invoices that you send to an invoice-to business partner. The business partner generates self-billed invoices and uses the monthly billing invoice for reference.

### open entry

An unpaid transaction, for example a purchase or sales invoice.

### open entry

See: *open invoice* (p. 86)

### open invoice

Unpaid invoices.

Synonym: open entry, outstanding invoice

### outstanding invoice

See: *open invoice* (p. 86)

### packing slip

An order document that shows in detail the contents of a particular package for shipment. The details include a description of the items, the shippers or customers item number, the quantity shipped, and the inventory unit of the shipped items.

### payment agreement

A way to define how invoice amounts must be paid. This includes the payment methods that apply to various parts of the invoice amount, and the payment currency.

For example, you can define a payment agreement to pay the first part of the invoice amount through the bank according to payment method PM1, 40 percent of the remaining amount, according to payment method PM2, and the other 60 percent according to payment method PM3, which can be a trade note payable.

### payment difference

A difference between the invoice amount and the payment amount. If the payment difference falls within the user-defined margins, it can be accepted and written off automatically.

### payment period

A number of days or months added to the invoice date. If no other due date calculations apply, the invoice must be paid within this period.

### payment schedule

Agreements about the amounts that must be paid by payment period. You can link a payment schedule to the payment terms and, in this way, to sales invoices and purchase invoices.

Each line of the payment schedule defines a part of the invoice amount that must be paid within a specific period, the payment method used for the payment, and the discount conditions that apply to the payment.

#### Note

In many sessions, 'payment schedule' refers to a payment schedule *line*.

If you use receipts against shipments, 'payment schedule' refers to a shipment.

Synonym: receipt schedule

### payment terms

Agreements about the way in which invoices are paid.

The payment terms include:

- The period within which invoices must be paid.
- The discount granted if an invoice is paid within a given period

The payment terms allow you to calculate:

- The date on which the payment is due
- The date on which the discount periods expire
- The discount amount

### price difference

A difference between the invoice amount and the order amount or the goods received amount which is caused by a difference between the price per unit on the order and the price per unit on the invoice.

### purchase price

The price at which you buy cost objects expressed in the currency in which you bought them.

### purchase type

A purchase order property that enables you to identify the kind of purchase made and in this way, the kind of payable. This property is used to post the purchase to the correct Accounts Payable account when the invoice is created. To post a purchase invoice, LN retrieves the control account from the purchase type linked to the purchase order line.

### rate determiner

The method to decide which date is used to determine the exchange rates.

During the composing process, all amounts in foreign currencies are converted to the home currency, based on the determined exchange rate.

### rate factor

The factor by which the amount in the transaction currency or the invoice currency is divided before LN converts it to a home currency. A rate factor is often used for currencies that have a relatively low price, for example, Korean Won.

### rebate

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

### receipts against shipments

A method to make payments or receipts separately for the approved quantity of each shipment rather than for the invoice that covers the complete order.

### receipt schedule

See: *payment schedule* (p. 87)

### reference currency

The currency in which balances of entities shared by all the companies of a financial company group are expressed. For example, LN uses the reference currency for business partner balances.

#### Note

- The reference currency is the common base currency of the companies in a multicompany structure.
- For currency systems other than the standard currency system, the reference currency is a company's base currency for all calculations with currencies.



### sales type

A sales order property that allows you to identify the kind of sale made and the kind of receivable. This property is used to post the sales to the correct Accounts Receivable account when the invoice is created. To post a sales invoice, LN retrieves the control account from the sales type linked to the sales order line, project contract, and so on.

### self-billing

The periodic creation, matching, and approval of invoices based on receipts or consumption of goods by an agreement between business partners. The sold-to business partner pays for the goods without having to wait for an invoice from the buy-from business partner.

### TNP

See: *trade note payable (TNP)* (p. 89)

### trade note payable (TNP)

A promissory note that you send to a supplier or a bill of exchange received from your supplier with the commitment to pay the amount due after a certain period.

Acronym: TNP

### transaction date

The date you enter when you create the transaction such as a sales order or a warehouse receipt. Usually the transaction date is the current date. Only for backdated and antedated transactions, the transaction date differs from the current date. Internally, the transaction date is registered in UTC time.

### unallocated payment/receipt

A payment/receipt, appearing on a bank statement, which cannot be allocated to an invoice or other document. This payment can be registered as unallocated. An unallocated payment/receipt can be allocated to invoices later.

### VAT

Acronym for value-added tax; the indirect percentage tax levied on products or services at various stages of production and distribution.



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