

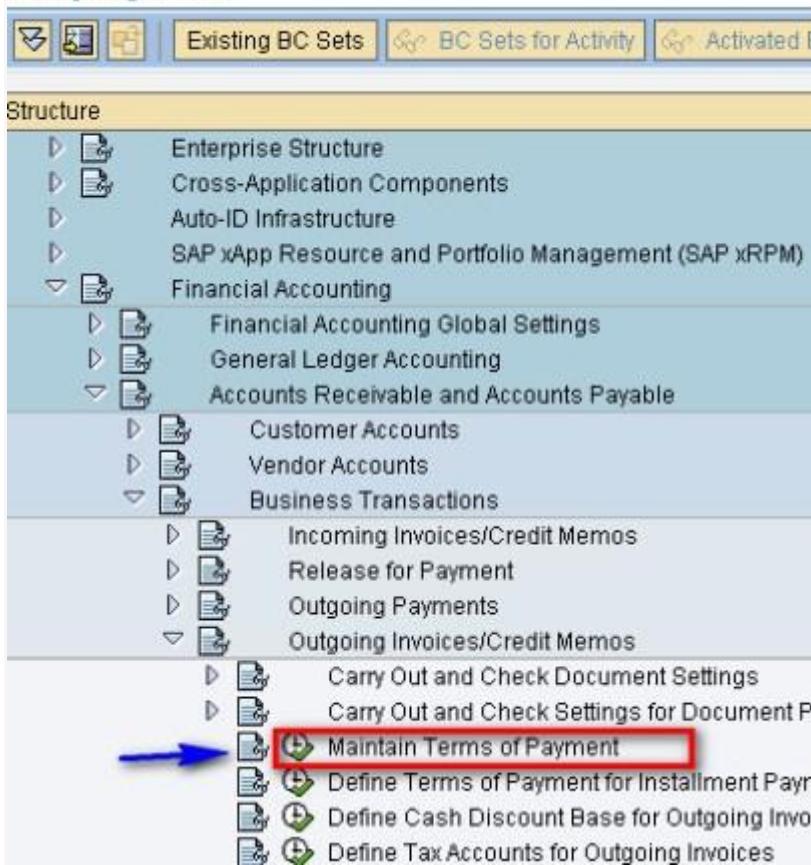
# Cash Discounts in SAP

January 13, 2013

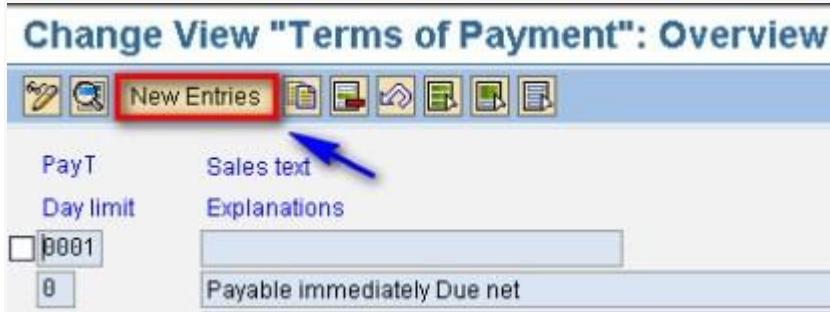
Create a GL A/c of “**Discount Allowed**” under “**Indirect Expenses**” (FS00),  
Assign Field status group :G001

Follow the below mentioned path to configure “**Terms of Payment**” (OBB8)

## Display IMG



Click on “**Maintain Terms of Payment**” ,The following screen Appears



Click on “**New Entries**”, follow the next screen

New Entries: Details of Added Entries

Pay Terms	PMCS	Sales text	
Day limit	Own explanation		
Account type	Baseline date calculation		
<input checked="" type="checkbox"/> Customer	Fixed day		
<input type="checkbox"/> Vendor	Additional months		
Pmnt block/pmnt method default	Default for baseline date		
Block key	<input type="checkbox"/>	<input type="checkbox"/>	<input type="radio"/> No default
Payment Method	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="radio"/> Document date
Payment terms	<input type="checkbox"/> Installment payment <input type="checkbox"/> Rec. Entries: Supplement fm Master		
Term	Percentage	No. of days	
1.	5 %	15	/
2.	4 %	30	Fixed date
3.			Additional months
Explanations	1. Pay Terms: "Company Code" 2. Account Type : Select "Customer" 3. Payment terms: Give the values 4. Default for baseline Date: Select "Document Date" 5. Click on "Save"		
Payable immediately Due net			

Terms of payment has been created,

Now we need to configure for **Cash Discount (OBXI)** or Follow below mentioned path

## Display IMG

Existing BC Sets BC Sets for Activity Activated BC Sets

Structure

- Enterprise Structure
- Cross-Application Components
- Auto-ID Infrastructure
- SAP xApp Resource and Portfolio Management (SAP xRPM)
- Financial Accounting
  - Financial Accounting Global Settings
  - General Ledger Accounting
  - Accounts Receivable and Accounts Payable
    - Customer Accounts
    - Vendor Accounts
    - Business Transactions
      - Incoming Invoices/Credit Memos
      - Release for Payment
      - Outgoing Payments
      - Outgoing Invoices/Credit Memos
      - Incoming Payments
        - Incoming Payments Global Settings
          - Carry Out and Check Document Settings
          - Define Accounts for Cash Discount Granted**
          - Define Accounts for Overpayments/Underpayments
          - Define Accounts for Exchange Rate Differences
          - Define Account for Rounding Differences
          - Define Accounts for Bank Charges (Customers)
          - Define Posting Keys for Clearing

In this step, you define the account numbers for your cash discount expense accounts. The system posts the cash discount amount to these accounts when clearing open items.

### Note

Your specifications are dependent on the chart of accounts. You can additionally distinguish your specifications by tax code.

### Activities

1. Specify your accounts.
2. Make sure that the accounts are created.

#### Chart of Accounts: “Company Code”

Click on “Accounts”

## Maintain FI Configuration: Automatic Posting

	Posting Key	Rules
Chart of Accounts	PMCS	COA OF PMCS
Transaction	SKT	Cash discount expenses

Account assignment

Account	3002	
Assign "Discount Allowed" GL A/c		

Click on "SAVE"

Now we need to "Modify Customer Master Data with Discount Term" (FD02)

1. Select the "Customer"
2. Click on "Company Code Data"
3. Select "Payment Transactions"
4. Terms of Payment : "Company Code"
5. Click on "Save".

Raise Sales Invoice Under F-22

### Enter Customer invoice: Add Customer item

				More data	Acct model	Fast Data Entry	Taxes
Customer	7000000000	Wipro limited		G/L Acc	1003		
Company Code	PMCS	201-A ELECTRONIC CITY					
PMC SIERRA INDIA PVT LTD		BANGLORE					
Item 1 / Invoice / 01							
Amount	100000	INR					
<input type="checkbox"/> Calculate tax			Bus. place/sectn		/		
Contract		/	Flow Type				
Bus. Area							
Payt Terms	PMCS		Days/percent	15	5,000	/ 30	4,000 /
Blnc Date	13.01.2013		Disc. amount				
Disc. base			Invoice ref.		/		
Pmnt Block			Pmnt Method				
Payment cur.			Pmnt/c amnt				
Payment Ref.							
Assignment							
Text	Sale of Machinery					Long Texts	

Retain the "Payment Term" to allow Discount or else delete the term not to allow the Discount

Post the entry.

Incoming Payment (F-28)

## Post Incoming Payments: Header Data

Process open items					
Document Date	13.01.2013	Type	DZ	Company Code	PMCS
Posting Date	13.01.2013	Period	10	Currency/Rate	INR
Document Number		Translatn Date			
Reference	Inv003	Cross-CC no.			
Doc.Header Text		Trading part.BA			
Clearing text					
Bank data					
Account	1001	Business Area			
Amount	100000	Amount in LC			
Bank charges		LC bank charges			
Value date		Profit Center			
Text		Assignment			
Open item selection			Additional selections		
Account	7000000000	<input checked="" type="radio"/> None <input type="radio"/> Amount <input type="radio"/> Document Number <input type="radio"/> Posting Date <input type="radio"/> Dunning Area <input type="radio"/> Others			
Account Type	D	<input type="checkbox"/> Other accounts			
Special G/L ind		<input checked="" type="checkbox"/> Standard OIs			
Pmnt advice no.					
<input type="checkbox"/> Distribute by age					
<input type="checkbox"/> Automatic search					

fill the data as mentioned above with full amount

Press "ENTER"

Click on "Charge of Diff", the following screen appears

Document Date	13.01.2013	Type	DZ	Company Code	PMCS
Posting Date	13.01.2013	Period	10	Currency	INR
Document Number	INTERNAL	Fiscal Year	2012	Translatn Date	13.01.2013
Reference	INV003	Cross-CC no.			
Doc.Header Text		Trading part.BA			
Items in document currency					
PK	BusA Acct	INR	Amount	Tax amnt	
01 40	0000001001 HDFC Bank		100.000,00		

Double click on Bank line item(HDFC Bank)

Amount: Modify Amount,  $100000 * 5\% = 5000$

$= 100000 - 5000 = 95000$

Click On Document & Simulate, Final entry will be

## Post Incoming Payments Display Overview

	Display Currency		Taxes		Reset
Document Date	13.01.2013	Type	DZ	Company Code	PMCS
Posting Date	13.01.2013	Period	10	Currency	INR
Document Number	INTERNAL	Fiscal Year	2012	Translatn Date	13.01.2013
Reference	INV003	Cross-CC no.			
Doc.Header Text		Trading part.BA			
Items in document currency					
PK	Bus& Acct	INR	Amount	Tax amnt	
001 40	00000001001 HDFC Bank		95.000,00		
002 40	0000003002 Discount Allowed		5.000,00		
003 15	70000000000 Wipro limited		100.000,00-		

### 1. Question:

Why does the system provide **setting options for tax base = 'gross'/net'** and cash discount base = 'gross'/net'?

#### Answer:

Determining the base amount for the calculation of sales tax and the base amount for the calculation of cash discount is subject to the respective national regulations.

In Great Britain, for example, the base amount for sales tax is the invoice amount minus the arranged cash discount. The base amount for calculating the tax in this case is 'net'.

In Germany, for example, the possible cash discount deduction is taxed when the document is posted. A tax adjustment is then made during payment clearing. The base amount for the calculation of the cash discount in this case is 'gross', that is, including sales tax.

### 1. Question:

What does **tax base/cash discount base = 'net'** mean and what are the Customizing transactions?

#### Answer:

- Tax base = 'net'

The cash discount is deducted from the tax base amount. Set the 'Tax base is net value' indicator in the following transaction:

OBCP (Field TTXJ-XMWSN): if tax is calculated with jurisdiction code

OBY6 (Field T001-XMWSN): otherwise

- Cash discount base = 'net'

The tax portion is not contained in the cash discount base amount. In the following transaction you must set indicator 'Cash discount base is net value':

OBCP (Field TTXJ-XSKFN): if tax calculation with Jurisdiction Code

OBY6 (Field T001-XSKFN): otherwise

### 1. Question:

What is the role of the **tax** category in the Cash Discount Clearing (CDC) account?

#### Answer:

The system generates a CDC posting for the 'Net posting' document type. The value of this posting depends on the tax code in the CDC account:

CDC account not tax relevant: CDC amount 'gross' (including tax)  
CDC account tax relevant: CDC amount 'net' (excluding tax)

It is essential that all cash discount clearing accounts in a document have the same setting for tax relevancy.

1. Question:

What are the possible combinations for **tax base, cash** discount base and tax category of the CDC-account and what do the corresponding postings look like in the accounting?

**Answer:**

a) Tax base = 'gross' and cash discount base = 'gross'

Invoice amount: EUR 110.00  
Cash discount rate: 3 %  
Tax rate: 10 %  
Material value: EUR 100.00

As the cash discount base is 'gross', the cash discount amount is calculated from the invoice amount:  
3 % of 110.00 EUR = 3.30 EUR

Since the tax base is gross, the tax is also calculated from the material value:  
10 % of EUR 100.00 = EUR 10.00

- Posting for the 'Net posting' document type, if the CDC account is not tax relevant (SKB1-MWSKZ = SPACE):

PstKy	Account	Amount
31	Vendor	110.00 and cash discount amount = 3.30 (= BSEG-KZBTR)
86	Expenditure	96.70
40	Tax	10.00
40	CDC	3.30

- Posting for the 'Net posting' document type, if the CDC account is tax relevant (SKB1-MWSKZ <> SPACE):

PstKy	Account	Amount
31	Vendor	110.00 and cash discount amount = 3.30 (= BSEG-KZBTR)
86	Expenditure	97.00
40	Tax	10.00
40	CDC	3.00

b) Tax base = 'gross' and cash discount base = 'net'

Invoice amount: EUR 110.00  
Cash discount percentage: 3 %  
Tax percentage rate: 10 %  
Material value: EUR 100.00

As the cash discount base is 'net' the cash discount amount is calculated from the net amount:  
3 % of EUR 100.00 = EUR 3.00

As the tax base is 'gross', the tax is calculated from the material value:  
10 % of EUR 100.00 = EUR 10.00

- Posting for the 'Net posting' document type, if the CDC account is not tax relevant (SKB1-MWSKZ = SPACE):

PstKy	Account	Amount
31	Vendor	110.00 and cash discount amount = 3.00 (= BSEG-KZBTR)
86	Expenditure	97.00
40	Tax	10.00
40	CDC	3.00

- Simulation for the 'Net posting' document type, if the CDC account is tax relevant (SKB1-MWSKZ <> SPACE):

Error message M8129 'Account & (G/L account no.) & (CoCd) for deductions/cash discounts cannot be tax relevant' appears because this combination is not allowed.

c) Tax base = 'net' and cash discount base = 'net'

Invoice amount: EUR 109.70  
 Cash discount rate: 3 %  
 Tax percentage rate: 10 %  
 Material value: EUR 100.00

Since the cash discount base is 'net', the cash discount is calculated from the net amount:  
 3 % of EUR 100.00 = EUR 3.00

Since the tax base is net, the tax is also calculated from the net amount (Material value minus cash discount):  
 10 % of EUR 97.00 = EUR 9.70

- Posting for the 'Net posting' document type, if the CDC account is not tax relevant (SKB1-MWSKZ = SPACE):

PstKy	Account	Amount
31	Vendor	109.70 and cash discount amount = 3.00 (= BSEG-KZBTR)
86	Expenditure	97.00
40	Tax	9.70
40	CDC	3.00

- Simulation for the 'Net posting' document type, if the CDC account is tax relevant (SKB1-MWSKZ <> SPACE):

Error message M8 129 'Account & (G/L account no) & (CoCd) for deductions/cash discounts cannot be tax relevant' appears because this combination is not allowed.

d) Tax base = 'net' and cash discount base = 'gross'

This combination is only allowed if tax is calculated with tax jurisdiction code. Note 111850 contains a posting example.

**1. Question:**

Why is the maximum cash discount of the cash discount clearing account debited during 'Net posting', independent of the baseline date for payment?

**Answer:**

In logistics invoice verification, if you post invoices with a net document type and terms of payment, the system always calculates the maximum cash discount and debits it in accordance with the cash discount clearing account. Reason: when the invoice is entered, it is not yet known with what cash discount rate the invoice will finally be paid. This depends on the actual time of payment and on any changed terms of payment in the vendor line item in the accounting document.

When payment is effected, the cash discount clearing account is balanced again. Any differences due to a different cash discount rate at the time of payment are posted to lost cash discounts or revenue accounts.

**1. Question:**

Does the cash discount base amount determined always correspond to the total value of the invoice items?

**Answer:**

a) In 'gross posting' (Gross document type) the cash discount base amount (SKFBT) of an invoice is always calculated on the basis of the invoice amount (independent of whether some items are marked as not liable to cash discount).

Posting example:

Document type = 'gross',

Cash discount and tax base = 'gross', CDC account is tax relevant

		Gross amount EUR 225.00
		Tax 10% EUR 20.00
		Cash discount 3%
	Item1	EUR 100.00 'Without cash discount' = 'X'
	Item2	EUR 100.00 'Without cash discount' = ''
		PstKy Account Amount
31	Vendor	225.00- and cash discount base = EUR 225.00
		86 Expenditure 100.00
		86 Expenditure 100.00
		40 Tax 20.00
		40 Minor diff. 5.00

b) In 'net posting' (Net document type) the cash discount base amount (SKFBT) of an invoice is calculated on the basis of the invoice items liable for cash discount. If you have set the 'without cash discount' indicator for an invoice item, it is not taken into account during the calculation of the cash discount base amount. This results in a cash discount base amount that is different from the invoice amount.

Posting example:

Document type = 'net',

Cash discount and tax base = 'gross', CDC account tax relevant

		Gross amount EUR 220.00
		Tax 10% EUR 20.00
		Cash discount 3%
	Item1	EUR 100.00 'Without cash discount' = 'X'
	Item2	EUR 100.00 'Without cash discount' = ''
		PstKy Account Amount
31	Vendor	220.00- and cash discount base = EUR 110.00
		86 Expenditure 100.00
		86 Expenditure 97.00
		40 Tax 20.00
		40 CDC 3.00

c) Minor differences or manually accepted differences are not taken into account during the calculation of cash discount in logistics invoice verification for document type 'Net posting'. This means that minor differences and manually accepted differences are not liable for cash discount. If you want the above-mentioned differences to be considered in the calculation of cash discount, use the 'Gross posting' document type or assign the cash discount amount manually.

Posting example:

Document type = 'net',

Cash discount and tax base = 'gross', CDC account tax relevant

		Gross amount EUR 225.00
		Tax 10% EUR 20.00
		Cash discount 3%
	Item1	EUR 100.00 'Without cash discount' = ''
	Item2	EUR 100.00 'Without cash discount' = ''
		PstKy Account Amount
31	Vendor	225.00- and cash discount base = EUR 220.00
		86 Expenditure 97.00
		86 Expenditure 97.00
		40 Tax 20.00
		40 Minor diff. 5.00