



TAX ON SALE/PURCHASE-S/4 HANA_1809

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Purpose:

The purpose of this document to explain how system is configured with regards to taxes on sale/purchase transaction, along with general ledger creation, account determination and accounting treatment and various other facts.

Note: The below mentioned set up/configuration are illustrative/example in nature.

1. Define the calculation procedure

In this step you create how tax would be calculated on sale/purchase transaction and how the posting will happen in system.

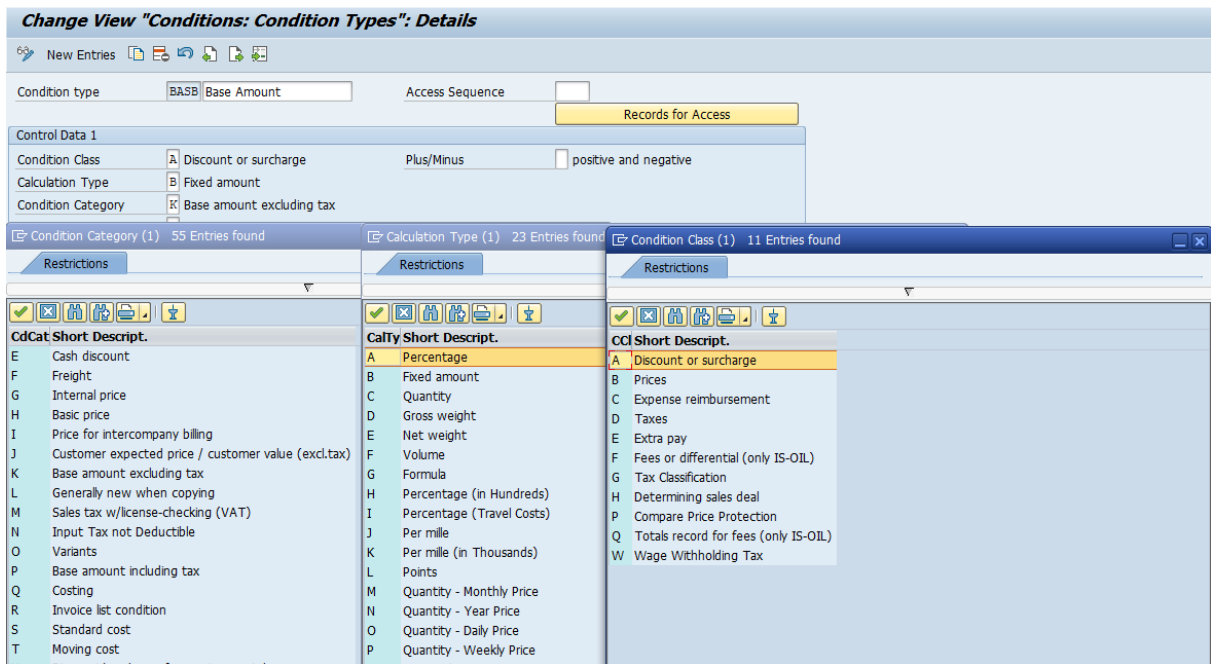
Path: Financial Accounting----- Financial Accounting Global Settings----- Tax on Sales/Purchases----- Basic Settings----- Check Calculation Procedure



1.1. Condition type

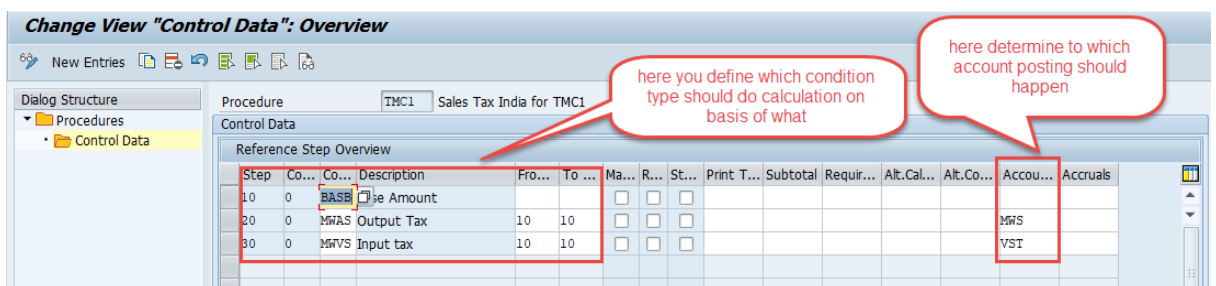
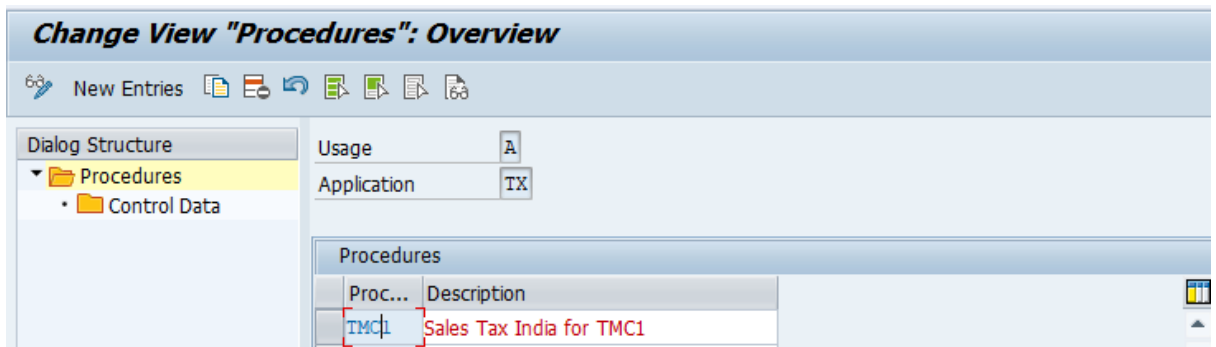
Here you define various parameter/condition like input/output with class, type and category as shown below

Change View "Conditions: Condition Types": Overview			
Condition type	Description	Condition Class	Calculation Type
BASB	Base Amount	Discount or surcharge	Fixed amount
BASI	Base Amount	Discount or surcharge	Fixed amount



1.2. Procedure

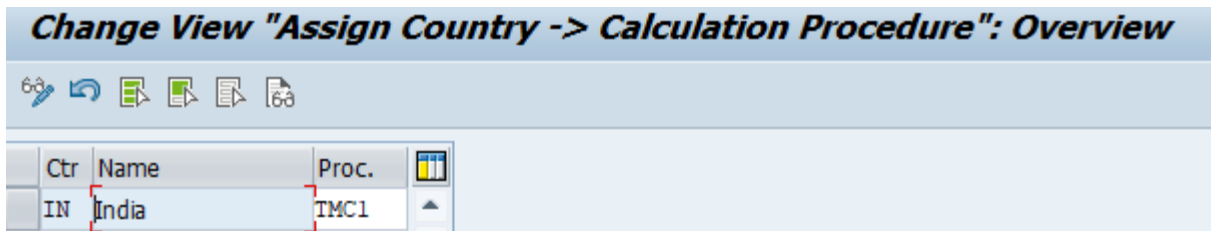
Here you define the calculation procedure for different condition type.



2. Assign Country to Calculation Procedure

Assign calculation procedure to country of your operation.

Path: Financial Accounting----- Financial Accounting Global Settings----- Tax on Sales/Purchases----- Basic Settings----- Assign Country to Calculation Procedure

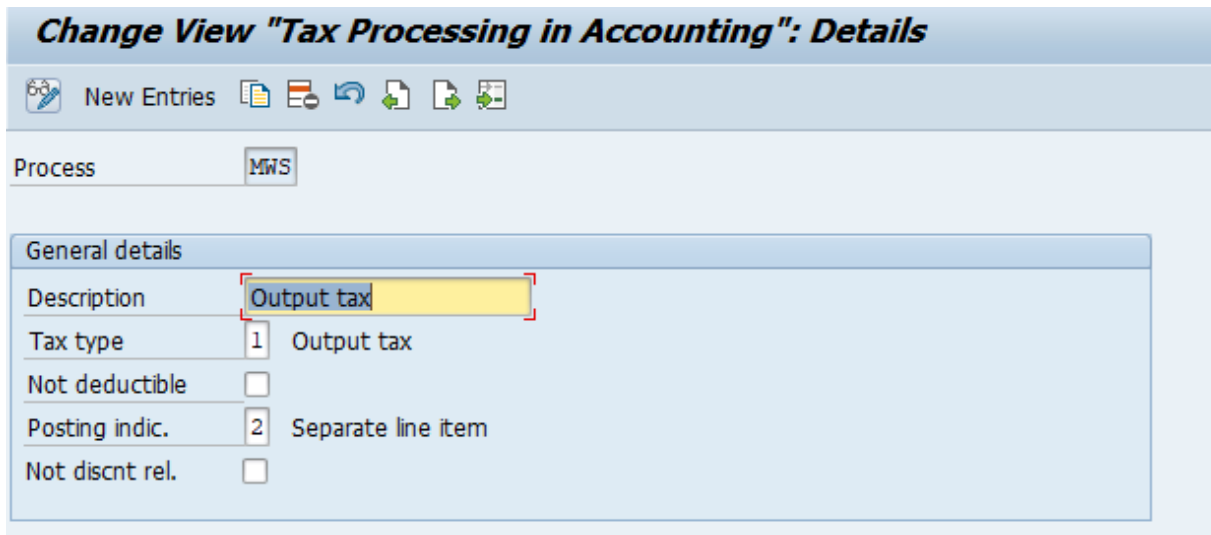
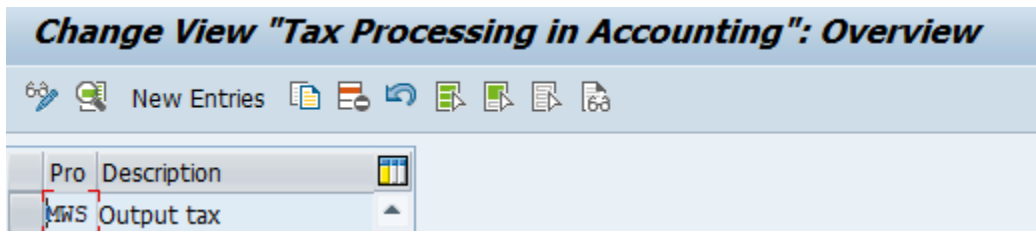


Note: Calculation Procedure are not assigned to any specific company code.

3. Check and Change Settings for Tax Processing

Here you define the account key based on which posting happens in system and linked with calculation procedure in above steps.

Path: Financial Accounting----- Financial Accounting Global Settings----- Tax on Sales/Purchases----- Basic Settings----- Check and Change Settings for Tax Processing

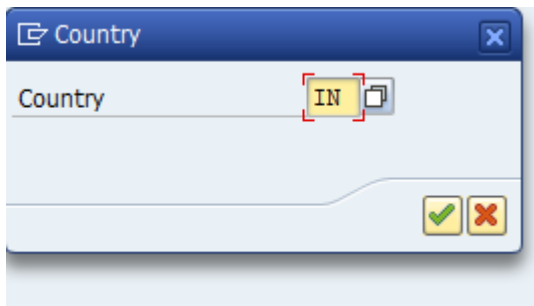


4. Define Tax Codes for Sales and Purchases

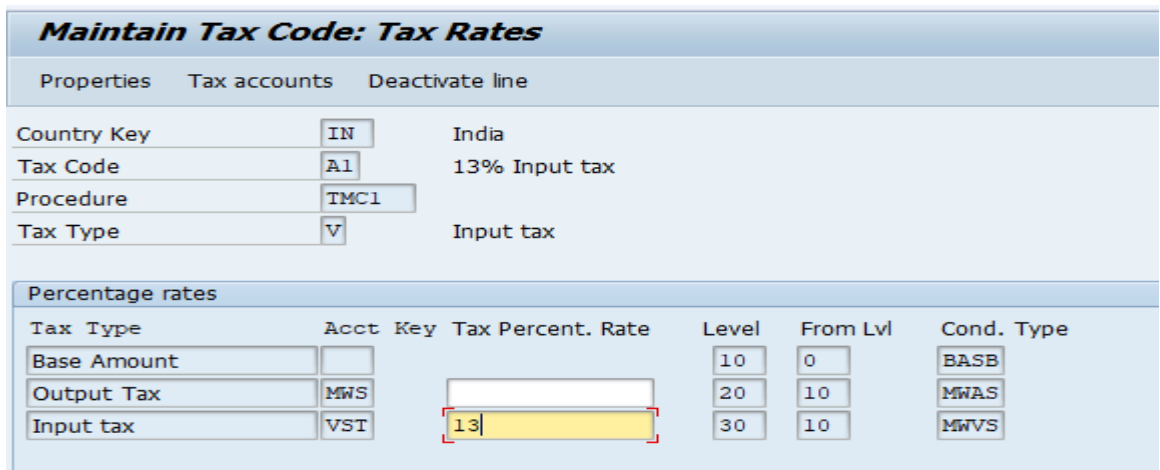
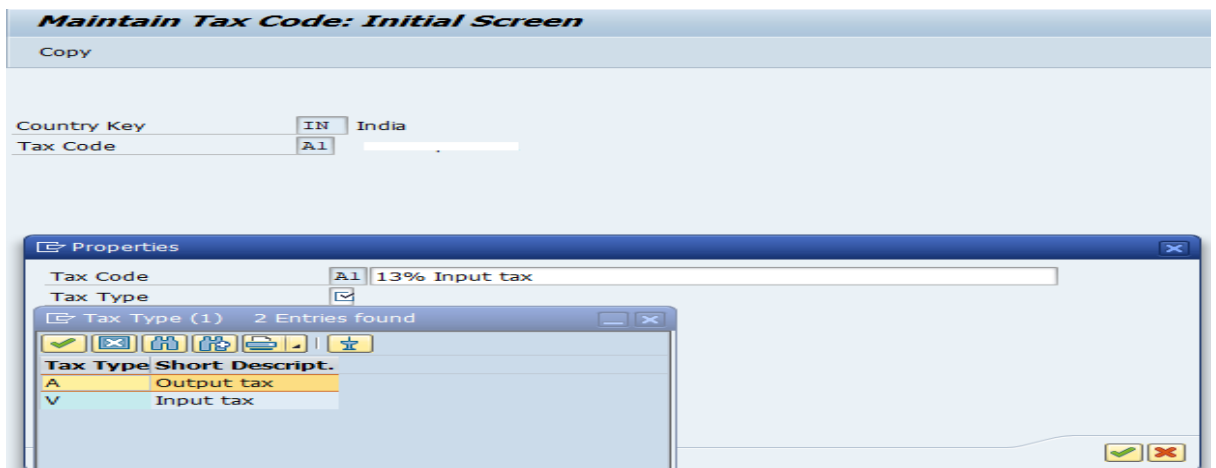
Here you define the various input/output tax codes along with rate.

Path: Financial Accounting----- Financial Accounting Global Settings----- Tax on Sales/Purchases----- Calculation----- Define Tax Codes for Sales and Purchases

4.1. Select the country



4.2. Define tax code

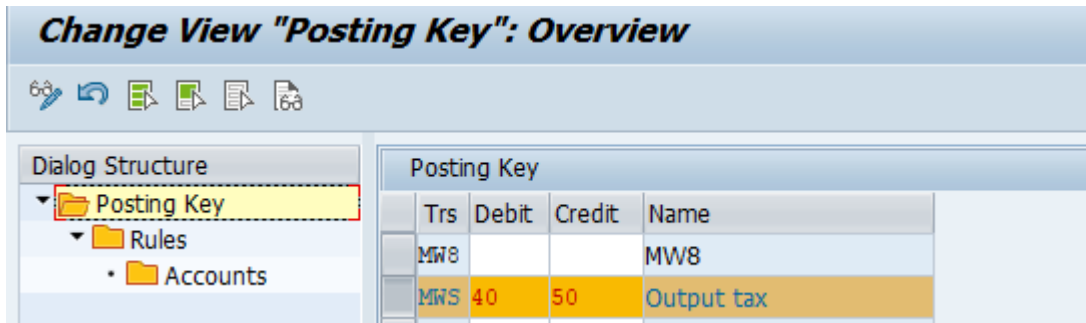


5. Define Tax account

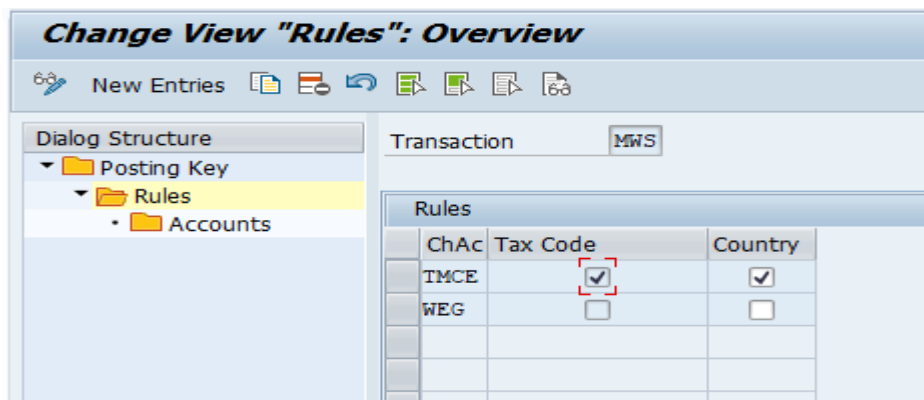
Here you determine the GL account for various input/output tax.

Path: Financial Accounting----- Financial Accounting Global Settings----- Tax on Sales/Purchases----- Posting----- Define Tax Accounts

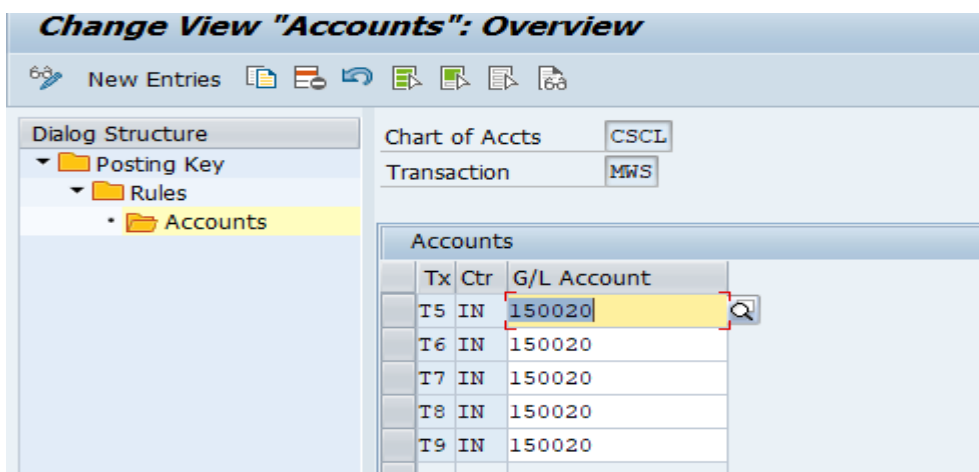
5.1. Linking Posting key with account key.



5.2. Linking chart of accounts with account key, tax codes and country



5.3. Linking GL account with account key



6. **GL Account**

Create general ledger for input/output tax.

T-code: FS00

6.1. Output tax

Display G/L Account Centrally

Control in Chart of Accounts CSCL Chart of Accounts for CSCL

G/L Account Output Tax

Company Code Charminar Steel Castg Ltd

Type/Description | Control Data | Create/bank/interest | Key word/translation | I...

G/L Account Type: Balance Sheet Account

Account Group: Current Liabilities & Provisio

Description

Short Text: Output tax

G/L Acct Long Text: Output Tax

Consolidation Data in Chart of Accounts CSCL Chart of Accounts for CSCL

Trading partner:

Display G/L Account Centrally

Account control in company code

Account currency: INR Indian Rupee

Balances in Local Crpy Only:

Exchange Rate Difference Key:

Valuation Group:

Tax Category: > Output Tax Account

Posting without tax allowed:

Recon. Account for Acct Type:

Alternative Account No.:

Acct Managed in Ext. System:

Inflation key:

Tolerance Group:

Account Management in Company Code

Open Item Management:

Clearing Specific to Ledger Groups:

Sort key: 001 Posting date

Authorization Group:

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account: Output Tax
 Company Code: Charminar Steel Castg Ltd

Control of document creation in company code

Field status group: Tax office clearing accounts

Post Automatically Only:

Supplement Auto. Postings:

Recon. Acct Ready for Input:

Bank/financial details in company code

Planning Level:

Relevant to Cash Flow

House bank:

Account ID:

Interest calculation information in company code

Interest indicator:

Interest Calc. Frequency:

Key Date of Last Int. Calc.:

Date of Last Interest Calc.:

6.2. Input Tax

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account: Input Tax
 Company Code: Charminar Steel Castg Ltd

Control in Chart of Accounts CSCL Chart of Accounts for CSCL

G/L Account Type:

Account Group:

Description

Short Text:

G/L Acct Long Text:

Consolidation Data in Chart of Accounts CSCL Chart of Accounts for CSCL

Trading partner:

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account Input Tax
 Company Code Charminar Steel Castg Ltd

Account control in company code

Account currency Indian Rupee
 Balances in Local CrCY Only
 Exchange Rate Difference Key
 Valuation Group
 Tax Category Input Tax Account
 Posting without tax allowed
 Recon. Account for Acct Type
 Alternative Account No.
 Acct Managed in Ext. System
 Inflation key
 Tolerance Group

Account Management in Company Code

Open Item Management
 Clearing Specific to Ledger Groups
 Sort key Posting date
 Authorization Group

Display G/L Account Centrally

Edit financial statement version Edit set Time-Dependent Attributes

G/L Account Input Tax
 Company Code Charminar Steel Castg Ltd

Control of document creation in company code

Field status group Tax office clearing accounts
 Post Automatically Only
 Supplement Auto. Postings
 Recon. Acct Ready for Input

Bank/financial details in company code

Planning Level
 Relevant to Cash Flow
 House bank
 Account ID

Interest calculation information in company code

Interest indicator
 Interest Calc. Frequency
 Key Date of Last Int. Calc.
 Date of Last Interest Calc.

7. Accounting entries

7.1. On purchase

Purchase Account	DR
Input Tax Account	DR
To Vendor Account	CR

7.2. On Sale

Customer Account	DR
To Output Tax	CR
To Sale Account	CR

7.3. On payment of tax to government

Output Account	DR
To Input Tax Account	CR
To Bank Account	CR