

IES BUSINESS: WITHHOLDING TAX WITH PAYABLES


IES BUSINESS:**WITHHOLDING TAX WITH PAYABLES****Introduction**

Withholding Tax processing with Accounts Payables / Creditors (AP) is triggered in the 1st instance by selecting a Withholding Tax Type when an Invoice is opened. The system is able to deal transparently with Withholding Tax when payments are made to Suppliers, provided the correct procedures are followed.

Payment of Suppliers can of course be done with or without Withholding Tax being processed, even in a setup where Withholding Tax is active, and therefore it is necessary to understand which options to use for Withholding Tax, when making payment.


The Invoice

Whenever a new Invoice Number is specified for a Supplier, whether processed on a Journal or Purchase Order, the system will automatically open the 'new Invoice' screen. In a setup where Withholding Tax is active, this screen will include a 'must fill' field for the Withholding Tax Type to apply. If no Withholding Tax will be applicable for the Invoice, then the Zero type is selected, else the appropriate Tax Type is selected, and from this the system will derive the % Withholding Tax to apply against the Invoice when it is paid.

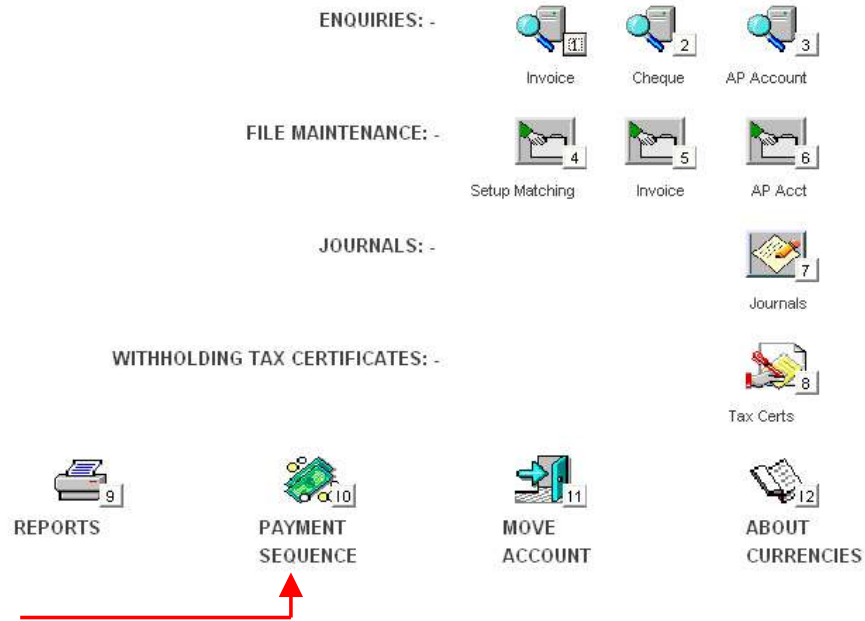
Account Code	c0-0014 Hoskins Inc.	
Invoice No	ABC101	
Open/Closed	Open	
Currency	USD	
Pay by Date	03/03/2006	
Expected Invoice Total	255.00	
Discount %	2	
Withholding Tax Type	5 Withholding Tax 5%	

Payment Procedures

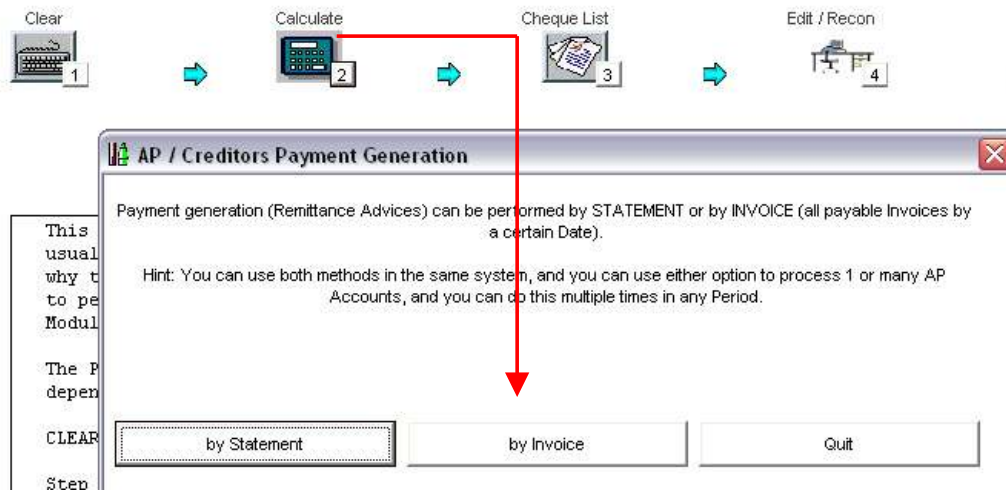
Of course it is quite possible to process Payment Journals or Payment by Statement without the system doing anything (by itself, that is) with regards to Withholding Tax, because a variety of payment procedures are available in the system, and it is also possible to process Withholding Tax by Journal. However, in order to trigger the system to automatically process Withholding Tax (as well as Discount, if applicable), it is necessary to use the 'Pay by Invoice' options that are provided on the main Payment Sequence and also from the AP Account Master Screen (i.e. to pay a single Account by Invoice, on demand).

Be sure to use your  today!

The Payment Sequence



When the Payment Sequence is selected, i.e. to pay multiple Accounts at the same time, the system will prompt with a choice between Statement and Invoice Payment –



When the 'Calculate' option is selected, and the system prompts for Payment Type, then the "By Invoice" option must be selected for automatic Withholding Tax calculation and processing.

Hint: The Payment Sequence is described in another Document. Here we only show points of interest with regards to Withholding Tax.

Be sure to use your today!

IES BUSINESS: WITHHOLDING TAX WITH PAYABLES



After the system has generated the Payment Recons, the 'Edit Recon' may be selected. Below, we show the Cheque entry for account C00014.

Supplier Code **c00014**
 Description **Hoskins Inc.**

Payment **407.43**
CURRENCY: - **USD**

Cheque No
 Run Id # **tt**

Choose 'Payment Recon' to verify the details of the Payment Recon.

Payment Recon
Save

Please delete any invoice that should NOT be included in the Payment.

	Inv No	Inv Date	Amount	Discount	Withholding Tax	Nett Payment	Pay Date
1	ABC102		173.50	0.00	3.47	170.03	03/03/2006
2	ABC101		255.00	5.10	12.50	237.40	03/03/2006

The clip shown above is a part of the Recon screen, and lists the Invoices to be paid at this time. The Invoices can be drilled by dbl-clicking on them, and if we should do so, we will find that the 1st Invoice has 2% Withholding Tax, and the 2nd Invoice has 5% Withholding Tax. However, the Withholding Tax (and discount) has already been calculated by the system, and even if we do not open the Recon at all, the Withholding Tax will be processed automatically, when the "posting" of the Cheques are performed.

Note that at this stage the Invoices may still be amended, and a different Withholding Tax type selected if it was incorrectly selected before.

Also, the Withholding Tax Certificates will be numbered automatically by the system, EXCEPT if the manual capture option is chosen in the Withholding Tax setup parameters. In case of the latter, then each Recon in the Payment MUST be opened and the Tax Certificate number to be raised must be captured on the Recon screen.

Creditor Key **c0-0014**
 Currency **USD**
 Withholding Tax Cert No *****

Be sure to use your today!

IES BUSINESS: WITHHOLDING TAX WITH PAYABLES

Ad Hoc Payment from the AP Master Screen

AP / Creditor Profile

1: Settings

Account Key	C0-0014
AP / Creditor Account	C0-0014
*Co Name / Cust Name	Hoskins Inc.
Cheque Beneficiary	Hoskins Inc.
Client Ref	
CRM Number	00412

Synchronize With Crm ?
 Do Not Auto Match

Transaction Status: Open

2: Internal Management

Type	c creditor
Control Acct	100-00040b CREDITORS CONTROL (1) : PRIVATE
Open Item?	Y
Fin Limit	
Category	tc trade creditors
Group	a Any
Rating	a Rating A
Tax Reg # Supplier	
Payment Type	Invoice

3:

Managed Currency

Current Month

Balance YTD

Qty Current

Qty Ytd

Purchases Current

Purchases YTD

Current

30+

60+

90+

120+

Pay by Invoice

When the 'Pay by Invoice' option is selected from the AP master screen, then a Payment Sequence is entered (similar to the main Payment Sequence, except only 1 Account is included).

- Step 1: Check the Pmt Recon
- Step 2: Specify Cheque No or Pmt Doc Ref - else the Pmt / Post option will not be prompted
- Step 3: Use the Print function to print the Cheque (optional)
- Step 4: Choose SAVE

The rest of the procedure is the same, there will be a Recon as shown in the previous example, the Withholding will be listed, etc. Process of Withholding Tax with this option is seamless, simple and easy.



Supplier Code	C00014
Description	Hoskins Inc.
Payment	407.43
CURRENCY: -	USD
Bank Account	
Cheque No or Pmt Doc Ref	
Cheque Printer No	
Run Id #	C00014*DIRECT
Period	67 [Apr 2005]

1
 Print Cheque

Payment Recon

Save

Be sure to use your today!

IES BUSINESS: WITHHOLDING TAX WITH PAYABLES

In the event that we actually "post" the example shown above, then afterwards, if we should drill into this Account (C00014), we will find the following Transactions generated by the system.

TRANSACTION VIEW


Accounting View	Forex Actual
100-00040b CREDITORS CONTROL (1) : PRIVATE LEDG :AP CO-0014 Hoskins Inc.	428.50
100-00008d VAT / GST CONTROL : PRIVATE LEDGERS	-0.46
101-01015 WITHHOLDING TAX 2%	-3.47
100-00002 DISCOUNT RECEIVED	-4.64
101-01016 WITHHOLDING TAX 5%	-12.50
100-00016 BANK : PRIVATE LEDGERS	-407.43
	<hr/>
	0.00

The actual Amount paid, as per the Cheque Entries shown earlier, is \$407.43, yet the AP Account is debited with 'receiving' \$428.50. The difference between these 2 Amounts are represented by Discount, automatic Tax Adjustment on Discount (i.e. where prior Input Tax was claimed), and of course the Withholding Tax. Drilling into the Withholding Tax transactions will reveal the Tax Certificate Number that was allocated.

Hint: The printing and production of the Tax Certificates are discussed in a separate document.

© Infolab, 2006.

This Documentation is copyrighted by Infolab (Pty) Ltd. [www.infolab.cc] All rights are reserved. Licensed INFOLAB Users are granted permission, for internal use ONLY, to reproduce the Documentation, and to include amendments dealing with specific instructions local to your installation.

Be sure to use your  today!