

Enterprise

by HansaWorld

Integrated Accounting,
CRM and ERP System for
Mac OS X, Windows,
Linux, iOS, Android and AIX

Withholding Tax in the Purchase Ledger

Program version: 7.1 131231

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Preface

The Enterprise by HansaWorld range of products contains a number of powerful accounting, CRM and ERP systems for the Windows, Mac OS X, Linux, iOS, Android and AIX environments.

The programs are designed to make administration and accounting as easy and fast as possible. They are similar in operation regardless of platform. In the specific areas where there are significant differences, these are described and illustrated in full. In all other cases illustrations are taken from the Windows 7 version.

Text in square brackets - [Save], [Cancel] - refers to buttons on screen.

Information in this document is subject to change without notice and does not represent a commitment on the part of HansaWorld. The Software described in this document is a sophisticated information management system. Features are liable to alteration without notice. This documentation is not intended as a *de facto* representation of the system, but as an overview of its facilities. It cannot be exhaustive in all respects. Whilst effort is made to ensure the accuracy of the information published concerning the features and use of HansaWorld software, it is still possible that certain functions mentioned may not be fully implemented, may not be available under certain circumstances, or may possibly relate to a future release of the software. Errors and omissions excepted. HansaWorld accepts no contingent liabilities. All HansaWorld software related transactions are subject to HansaWorld's Conditions of Sale and Software Licence Agreement. All rights reserved.

Contents

Withholding Tax	4
Withholding Calculation Formulae.....	5
Withholding Taxes.....	8
Supplier Withholdings.....	12
Withholding Certificates.....	14
Workflow and Examples.....	15

Withholding Tax

In some countries, it is necessary to calculate and apply a Withholding Tax when paying some or all Purchase Invoices. The Withholding Tax amount will be subtracted from the outstanding Purchase Invoice total and paid directly to the tax authority or other government institution.

Enterprise by HansaWorld offers three methods for calculating and accounting for Withholding Tax—

1. Withholding Tax can be calculated in and posted to the Nominal Ledger from Purchase Invoices. The calculation can be manual or automatic.
2. Withholding Tax can be calculated in and posted to the Nominal Ledger from Payments with manual intervention. If you use this method, after you list Purchase Invoices in a Payment, you will need to select 'Calculate Withholding Taxes' from the Operations menu. This will add extra rows to the Payment for the Withholding Tax payments. When you approve the Payment, records will be created in the Withholding Certificates setting. You will be able to print Withholding Certificates and send them to your Suppliers with payments. This method should be used in Argentina.
3. Withholding Tax can be calculated in and posted to a temporary Account in the Nominal Ledger from Purchase Invoices. When you approve Payments, Withholding Tax will be moved from the temporary Account to a final Account. This method can only be used in Mexico and is only briefly mentioned in this manual.

Follow these steps to configure the Withholding Tax feature in Enterprise by HansaWorld. All the settings mentioned can be found in the Purchase Ledger—

1. If you would like Withholding Tax to be calculated automatically in Purchase Invoices, specify a Withholding Tax Account in the Account Usage P/L setting, and choose the Calculate Withholding Tax option in the Purchase Invoice Settings setting.

Do not complete this step if you will be adding Withholding Tax manually to Purchase Invoices or if you will be posting it from Payments.

2. Use the Withholding Calculation Formulae setting to define the formulae that will be used to calculate Withholding Tax amounts. This setting is fully described below on page 5.
3. In the Withholding Taxes setting, configure the various Withholding Tax regimes that you will use. In a particular tax regime, you should specify a Calculation Formula, the Nominal Ledger Account to which the Withholding Tax amounts will be posted, the Form that will be used when you print a Withholding Certificate and various other attributes. This setting is fully described below on page 8.
4. In the Supplier Withholdings setting, connect each Supplier to one of the Withholding Tax regimes created in step 2. Please refer to page 12 below for details.

Below, steps 2-4 are described in detail. These descriptions are followed by illustrated examples beginning on page 15.

If you will be adding Withholding Tax manually to Purchase Invoices, you only need complete step 3.

Withholding Calculation Formulae

The Withholding Calculation Formulae setting allows you to define the formulae that will be used to calculate Withholding Tax amounts.

To define a new Withholding Calculation Formula, first move into the Purchase Ledger using the [Module] button in the Master Control panel. Then click the [Settings] button, also in the Master Control panel, or use the Ctrl-S/⌘-S keyboard shortcut. Double-click 'Withholding Calculation Formulae' in the list. The 'Withholding Calculation Formulae: Browse' window will be opened, showing all Withholding Calculation Formulae records previously entered. Double-click a record in the list to edit it, or add a new record by clicking the [New] button in the Button Bar. When the record is complete, save it by clicking the [Save] button in the Button Bar or by clicking the close box and choosing to save changes. To close it without saving changes, click the close box.

	From	To	%	Add	Min. Withh.
1		0	9999999999	10	
2					
3					
4					

Code Enter the unique Code by which the record is to be identified from elsewhere in Enterprise by HansaWorld. The Code can consist of up to ten characters.

Name Enter a descriptive name for the record. This will be shown in the 'Paste Special' list, so should be detailed enough to ensure the correct record is always chosen.

Non Tax. Base If there is a minimum base value for Withholding Tax to be calculated, enter that value here.

For example, in the illustration, the Non Tax. Base is 1000.00. In essence, Withholding Tax will not be payable on the first 1000.00 of any Payment. In detail, the Non Tax. Base will be handled differently, depending on the Tax Calculation Base, as follows—

Monthly The Non Tax. Base will be applicable once per Supplier during a calendar month, regardless of the number of Invoices that are paid during that month.

Per Payment The Non Tax. Base will be applicable once per Payment.

Per Invoice The Non Tax. Base will be applicable to each Invoice. For example, if you pay three Invoices in the same Payment, the Non Tax. Base will be applied three times.

Per Purchase Invoice

The Non Tax. Base field is not used with the Per Purchase Invoice option.

Min. Withh. Amount

If the result of the Withholding Tax calculation must be larger than a specified minimum value in order for Withholding Tax to be posted, specify that minimum value here.

For example, in the illustration, the Min. Amount is 50.00. If the Withholding Tax in a Payment is calculated to be less than 50.00, no Withholding Tax will be posted.

This figure will be overridden if you have specified a Min. Withh. figure in the relevant row in the matrix.

This field is not used when the selected Tax Calculation Base option is Per Purchase Invoice.

Tax Calculation Base

Withholding Tax can be calculated using the following methods. The first three will calculate Withholding Tax in Payments, the last will calculate it in Purchase Invoices—

Monthly

During a particular calendar month, Withholding Tax will be calculated taking into account the Base figures (i.e. taxable amounts) and Withholding Tax in previous Payments made to the same Supplier during the month.

For example, if the Non Tax. Base is 1000.00 and you pay an Invoice with a Base of 3000.00, Withholding Tax will be payable on $3000.00 - 1000.00 = 2000.00$. If you need to pay a second Invoice with a Base of 3000.00 in the same month, Withholding Tax will be payable on the full 3000.00, because the Non Tax. Base has already been used up by the first Payment.

However, if you pay three Invoices to the same Supplier with Base figures 100.00, 100.00 and 2800.00 in the same month, no Tax will be payable on the first two Payments, which will take up 200.00 of the Non Tax. Base. When you pay the third Invoice, Tax will be payable on $2800.00 - 800.00$ (the remaining Non Tax. Base) = 2000.00.

If you are using this option, only one Withholding Certificate will be created from each Payment record, so you should not pay different Suppliers in the same Payment.

Per Payment

Withholding Taxes will be calculated based on the Base figures (i.e. taxable amounts) in each Payment. Withholding Taxes in previous Payments to the same Supplier will not be taken into account.

For example, if the Non Tax. Base is 1000.00 and you pay two Invoices with Base figures of 1000.00 and 3000.00 in the same Payment, Withholding Tax

will be payable on $1000.00 - 250.00 = 750.00$ and $3000.00 - 750.00 = 2250.00$ (i.e. the Non Tax. Base will be distributed to the Invoices proportionally). If you need to pay the same Supplier again later in the month, the Non Tax. Base of 1000.00 will once again be applied in that Payment.

As with the Monthly option, only one Withholding Certificate will be created from each Payment record, so again you should not pay different Suppliers in the same Payment.

Per Invoice

Withholding Taxes will be calculated per Invoice within each Payment.

For example, if the Non Tax. Base is 1000.00 and you pay two Invoices with Base figures (i.e. taxable amounts) of 1000.00 and 3000.00 in the same Payment, Withholding Tax will be payable on $1000.00 - 1000.00 = 0.00$ and $3000.00 - 1000.00 = 2000.00$ (i.e. the Non Tax. Base will be applied to each Invoice separately). If you need to pay the same Supplier again later in the month, the Non Tax. Base of 1000.00 will once again be applied.

This option will cause separate Withholding Certificates to be created for each Invoice in a Payment record.

Per Purchase Invoice

While the three options above will cause Withholding Tax to be calculated in Payments, this option will cause it to be calculated automatically in Purchase Invoices. To use this option, you must also use the Calculate Withholding Tax option in the Purchase Invoice Settings setting.

The Non Tax. Base and Min. Withh. Amount fields above are not used with this option, but the Original Amount options below and the Add and Min. Withh. fields in the matrix are used.

This option will not create Withholding Certificates.

Original Amount consists of

Use these options to specify how the Base figure (i.e. the taxable amount, the figure to which the Tax percentage will be applied) for the calculation will be chosen. Note that the options are check boxes, so you can choose more than one—

Net Amount

The Purchase Invoice value excluding VAT and other taxes will be included in the Base figure.

VAT Amount

The VAT value of the Purchase Invoice will be included in the Base figure.

Extra Tax Amount

The Extra Tax value of the Purchase Invoice will be included in the Base figure.

Use the matrix to configure the Withholding Tax percentages. You can apply different percentages depending on the Base figure.

From, To Enter the range of Base figures that will be subject to the percentage specified in the next field.

% Enter the Withholding Tax percentage.

Add If a fixed amount is to be added to each Withholding Tax amount (i.e. after it has been calculated by applying the percentage to the Base figure), enter that fixed amount here. For example, if Withholding Tax should be 5% of Invoice value plus 40.00, enter 40.00 here.

Min. Withh. If the result of the Withholding Tax calculation must be larger than a specified minimum value in order for Withholding Tax to be posted, specify that minimum value here.

If you specify a figure here, it will be used instead of the Min. Withh. Amount in the header.

Withholding Taxes

Once you have defined your Withholding Calculation Formulae as described above, you should configure your Withholding Tax regime or regimes. To do this, use the Withholding Taxes setting.

To work with Withholding Taxes, ensure you are in the Purchase Ledger and open the settings list by clicking the [Settings] button in the Master Control panel or using the Ctrl-S/~~⌘~~-S keyboard shortcut. Double-click 'Withholding Taxes' in the list. The 'Withholding Taxes: Inspect window will be opened, showing all Withholding Tax records previously entered. Each row in the matrix contains a separate Withholding Tax record or regime.

	Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101			1000	
2	T2	809	T101				T1
3	T3	809	T103			3000	
4	T4	809	T104			4000	
5	T5		T105				
6	T6	586					
7	T7	587					
8							
9							
10							
11							

To edit a Withholding Tax record, simply click in the field to be changed and overwrite the existing entry. To add a new Withholding Tax record, scroll down to the first blank line. Click [Save] in the Button Bar to save changes. To close the window without saving changes, use the close box.

The information required for each Withholding Tax record is as follows—

Flip A

Code Enter the unique Code by which the record is to be identified from elsewhere in Enterprise by HansaWorld. The Code should contain two characters.

Account	Paste Special	Account register, Nominal Ledger/System module
		Specify the Account that will be credited with Withholding Tax amounts in Nominal Ledger Transactions created from Payments.
		If you are having Withholding Tax calculated automatically in Purchase Invoices (i.e. the Tax Calculation Base in a Calculation Formula is Per Purchase Invoice and the Calculate Withholding Tax option in the Purchase Invoice Settings setting is selected), this Account will not be used. Instead, the Withholding Tax Account specified in the Account Usage P/L setting will be credited with Withholding Tax amounts.
Formula	Paste Special	Withholding Calculation Formulae setting, Purchase Ledger
		Specify the Withholding Calculation Formula that will be used to calculate Withholding Tax.
Taxed Min.		If there is a minimum Base figure before Withholding Tax can be calculated, specify that value here.
		This field is used when calculating Withholding Tax in Payments. The effect of specifying a Taxed Min. will depend on the Tax Calculation Base in a Calculation Formula, as follows—
Monthly		The total Base value for the Supplier for the month so far (i.e. value of all payments to the Supplier) will be compared to the Taxed Min.
		For example, if the first Purchase Invoice you pay has a Base value that is less than the Taxed Min., no Withholding Tax will be payable. If you then pay a second Purchase Invoice from the same Supplier in the same calendar month, the total Base value of both Invoices will be compared to the Taxed Min. If the total is less than the Taxed Min., again no Tax will be payable. If the total is more than the Taxed Min., Tax will be payable on that total i.e. on both Invoices.
Per Payment		If you pay several Purchase Invoices from the same Supplier in the same Payment, the total Base value of those Purchase Invoices will be compared to the Taxed Min. If the total is less than the Taxed Min., no Tax will be payable. If the total is more than the Taxed Min., Tax will be payable on that total i.e. on all Invoices in the Payment.
Per Invoice		If you pay several Purchase Invoices from the same Supplier in the same Payment, the Base value of each Invoice will be compared to the Taxed Min. individually. Tax will be only be payable on the Invoices whose Base values are greater than the Taxed Min.

In all cases, if you have also specified a Non Tax. Base in the Calculation Formula, Tax will be payable if (Base amount - Non Tax. Base) > Taxed Min.

- Document** **Paste Special** Form register, System module
- Specify the Form that is to be used when printing Withholding Certificates created using the Withholding Tax record. This Form will be used instead of the standard one specified using the 'Define Document' function for the Withholding Certificate document.
- Certificate No.** Specify the start of the numbering sequence that you want to be used for Withholding Certificates created using the Withholding Tax record.
- Share No.** **Paste Special** Withholding Taxes setting
- Use this field if you need different Withholding Tax records to share the same numbering sequence when creating Withholding Certificates.
- In the illustration above, Tax record T1 has a numbering sequence beginning at 1000. This Code T1 is entered in the Share No. field for T2, so T2 will use the same numbering sequence.

Flip B

	Code	Account	Comment	N/L Trans	Tax Code	Apply
1	T1	809	Test Withhold▶	-		200:585
2	T2	809	Test Withhold▶	-		811:822
3	T3	809	Test Withhold▶	-		200:585,811:822
4	T4	809	Test Withhold▶	-		200:585,811:822
5	T5		Test Withhold▶	-		
6	T6	586	VAT Withhold▶	-		
7	T7	587	ISR Withhold▶	-		
8						
9						
10						
11						

- Comment** Enter a descriptive name for each Withholding Tax regime. This will be shown in the 'Paste Special' list, so should be detailed enough to ensure the correct record is always chosen.
- This comment will be copied to the Tax Comment field in each Withholding Certificate.
- N/L Trans** **Paste Special** Choice of possible entries
- Use this field to choose between two options, as follows—
- Use this option in the majority of situations. All methods and examples described in this manual use this option.

Post Payment Withholding Tax

This option can only be used in particular circumstances in Mexico. Please refer to your Enterprise by HansaWorld representative for details.

Tax Code

This field is used in Argentina, where a Tax Code will usually consist of a Tax Code (usually three characters), a dash or stroke separator and an Article or Additional Code (again, usually three characters). This Tax Code will be included in files created by the 'Withholding Certificates (Argentina)' Export function in the Purchase Ledger (and in files created by the 'P/L Withholding and Perceptions (Argentina)' Export function if there is no Tax Code in relevant record in the Supplier Withholdings setting). It will also be printed in Withholding Certificates if you have included the fields "TAX Code" (initial characters) and "TAX Article" (final characters) in the Form design.

Apply

Paste Special

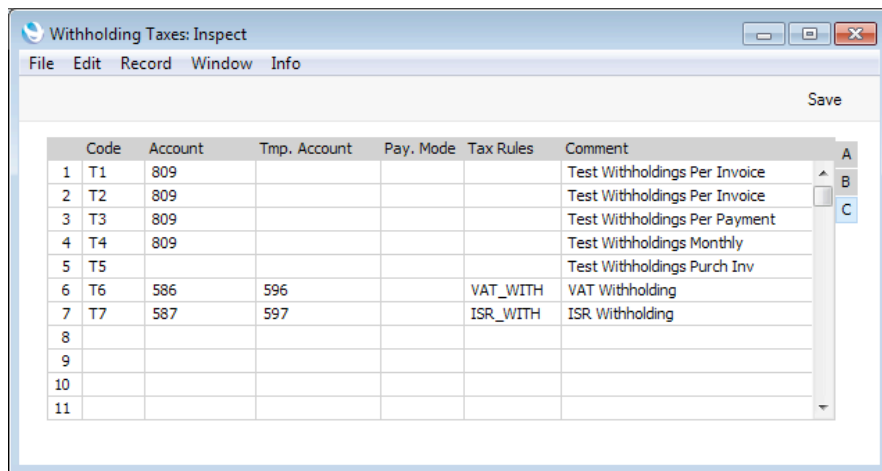
Account register, Nominal Ledger/System module

Specify here the Accounts that are liable for Withholding Tax. If you are calculating Withholding Tax in Payments, Withholding Tax will be calculated when you pay a Purchase Invoice in which one of these Accounts has been used.

As shown in the illustration, you can enter a range of Accounts separated by a colon (:) and/or several Accounts separated by commas.

If you specify different Formulae on flip A, you will be able to calculate Withholding Tax at different rates, depending on the Apply Account(s).

Flip C



Tmp. Account

Paste Special

Account register, Nominal Ledger/System module

This field is used when adding Withholding Tax to Purchase Invoices manually. In this situation, you will use the 'Add Withholding Tax' Operations menu function to add a Withholding Tax row to the Purchase Invoice. In this row you should specify a Withholding Tax regime and an Account to be credited with Withholding Tax. The Account specified here will be the default.

This field is also used when calculating Withholding Tax on the sales side. If you sell an Item that is subject to Withholding Tax, a Withholding Tax row will be added to

the Invoice automatically. The Sales Account in this row (i.e. the Account to which the Withholding Tax will be posted) will be taken from the record in the Item Group Withholdings setting in the Sales Ledger for the Item Group to which the Item belongs (Tmp A/C field). If the Item Group Withholdings record does not have an A/C but has been connected to a row in this Withholding Taxes setting, this Tmp Account will be used. If the Invoice is a Cash Note, the Account on flip A will be used in place of this Tmp Account.

Pay. Mode **Paste Special** Payment Modes setting,
Sales/Purchase Ledger

If you will pay Withholding Tax using a particular Payment Mode, specify that Payment Mode here.

When you use the 'Calculate Withholding Taxes' Operations menu function to add a row to a Payment containing the Withholding Tax amount, this Payment Mode will be copied to flip C of that row.

In countries such as Argentina, Withholding Taxes calculated in Payments are posted separately and are not included in amounts paid to Suppliers. Entering a Payment Mode here reduces the possibility of mistakes when entering Payments with Withholding Taxes.

Tax Rules **Paste Special** Tax Rules setting, Nominal
Ledger

This field is used in Portugal and Mexico.

In Mexico, use this field to refer to a record in the Tax Rules setting in which the VAT Type is "Withholding" (if the Withholding Tax is a VAT Withholding) or "ISR Withholding" (if the Withholding Tax is an ISR Withholding). This controls reporting to the tax authorities.

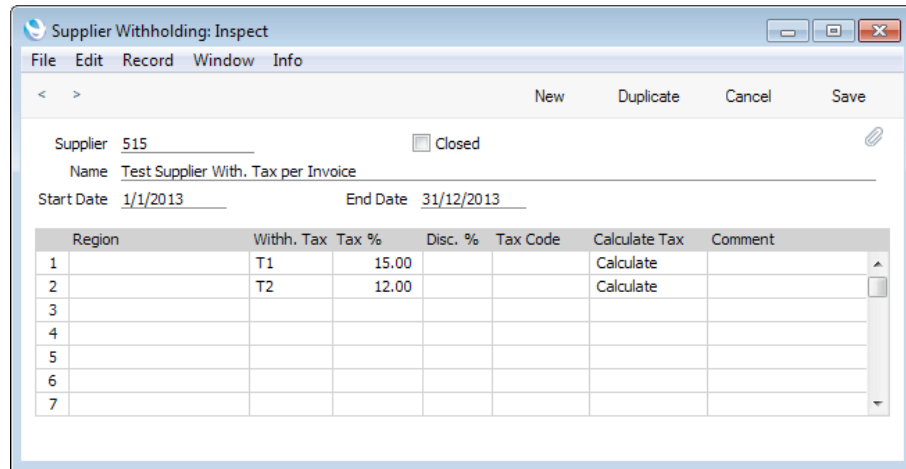
Please refer to your local Enterprise by HansaWorld representative for more information.

Supplier Withholdings

Having configured your Withholding Tax regime or regimes as described in the previous section, you can now assign a Tax regime or regimes to each Supplier. To do this, use the Supplier Withholdings setting, in which you should enter separate records for each Supplier. If you do not enter a record for a particular Supplier, Withholding Tax will not be calculated in Payments when you pay Purchase Invoices from that Supplier.

To work with the Supplier Withholdings setting, first move into the Purchase Ledger using the [Module] button in the Master Control panel. Then click the [Settings] button, also in the Master Control panel, or use the Ctrl-S/⌘-S keyboard shortcut. Double-click 'Supplier Withholdings' in the list. The 'Supplier Withholdings: Browse' window will be opened, showing all Supplier Withholding records previously entered. Double-click a record in the list to edit it, or add a new record by clicking the [New] button in the Button Bar. When the record is complete, save it by clicking the [Save] button in the Button Bar or by clicking the close box and choosing to save changes. To close it without saving changes, click the close box.

In Argentina, Supplier Withholding specifications will be updated periodically (usually annually) by the tax authorities. You can import these specifications to the Supplier Withholdings setting using the 'Regional Perceptions & Withholdings (Argentina)' Import function in the Sales and Purchase Ledgers.



- Supplier** **Paste Special** Suppliers in Contact register
Specify the Supplier for whom you need to calculate Withholding Taxes. After entering the Supplier Number or using the 'Paste Special' function and pressing Return, the Supplier's name will be entered into the Name field below.
- Name** The Supplier's Name will be brought in when you enter the Supplier Number.
- Closed** You can mark a Supplier Withholding record as Closed when it is no longer to be used.
- Start Date, End Date**
Paste Special Choose date
Use these fields to specify the period of validity of the Supplier Withholding record.
You must enter a Start Date before you can save the record, but you don't need to enter an End Date.

Use the matrix to list the different Withholding Tax regimes that are applicable to the Supplier.

If you will have Withholding Taxes calculated automatically in Purchase Invoices, you only need use the first row of the matrix. The calculation will refer to the Withholding Tax regime specified in that first row and calculate Tax using the Calculation Formula specified in that regime.

If you will calculate Withholding Taxes in Payments, you can use more than one row. This allows different Withholding Tax regimes to be used, depending on the Account in the Purchase Invoice being paid.

When you enter a Payment and calculate Withholding Taxes, the calculation will first check the Withholding Tax regimes listed for the Supplier. In the example illustrated above, these are T1 and T2. The calculation will then check the Purchase Invoice being paid to see if any of the Apply Accounts specified for T1 and T2 are used in the Purchase Invoice. If so, it will calculate Withholding Tax on the relevant Purchase Invoice rows.

In the example illustrated above, Tax T1 will apply when Accounts 200:585 are used in a Purchase Invoice (Accounts 200:585 are the Apply Accounts in Withholding Tax T1), and Tax T2 will apply when Accounts 811:822 are used in a Purchase Invoice. In this example, Taxes T1 and T2 have the same Calculation Formula and will post to the same Account, but in both cases in the Supplier Withholding record, a special Tax percentage has been entered for Supplier 515.

Region	Paste Special	Regions setting, Sales Ledger
		This field is only used when calculating Withholding Tax in Payments. If you specify a Region here and the No Region Perceptions box is ticked in the Contact record for the Supplier, then Withholding Tax will not be calculated.
Withh. Tax	Paste Special	Withholding Taxes setting, Purchase Ledger
		Specify the Withholding Tax regime that is to be applied to the Supplier's Purchase Invoices.
Tax %		Use this field if you need to calculate Withholding Tax using a different percentage to the one specified in the Calculation Formula attached to the Withholding Tax regime. All other rules (e.g. Non Tax. Base, Min. Withh. Amount) will still apply.
		This field is only used when calculating Withholding Tax in Payments.
Disc %		If the Supplier has a discount percentage approved by the tax authorities, you should enter that percentage in this field.
Tax Code		This field is used in Argentina, where a Tax Code will usually consist of a Tax Code (usually three characters), a dash or stroke separator and an Article or Additional Code (again, usually three characters). This Tax Code will be included in files created by the 'P/L Withholding and Perceptions (Argentina)' Export function in the Purchase Ledger.
Calculate Tax	Paste Special	Choice of possible entries
		Use this field to specify whether Withholding Tax should be calculated for the Supplier. The default option is "Calculate". Choose "Don't Calculate" if Tax is not to be calculated (for example, a Supplier may have been granted an exemption by the tax authorities).
Comment		If you enter a tax description here, it will be copied to the Comment field in each Withholding Certificate. Usually you would enter a Comment here if you have entered a percentage in the Tax % field above.

Withholding Certificates

Whenever you approve a Payment in which a Withholding Tax row has been added by the 'Calculate Withholding Tax' Operations menu function, at least one record will be created in the Withholding Certificates setting. You can print Withholding Certificates for sending to Suppliers together with payment, and Certificates also provide the Withholding Tax information that will be sent to the tax authorities. Various localised export functions are available in the Sales and Purchase Ledgers for this purpose.

You cannot enter or modify records to the Withholding Certificates setting yourself: you can only view them. To do this, ensure you are in the Purchase Ledger and open the settings list by clicking the [Settings] button in the Master Control panel or using the Ctrl-S/~~⌘~~-S keyboard shortcut. Double-click 'Withholding Certificates' in the list. The 'Withholding Certificates: Browse' window will be opened, listing all existing Withholding Certificates. Double-click a record in the list to edit it.

The screenshot shows the 'Withholding Certificate: Inspect' window with the following fields:

- Withh. Tax: T3
- No.: 3000
- Calc. Formulae: T103
- Supplier: 516
- Supplier Name: Test Supplier With. Tax per Payment
- User: FF
- User Name: Francoise French
- Comment: (empty)
- Pay. No.: 960070
- Pay. Date: 29/11/2013
- Language: (empty)
- Pay. Reference: (empty)
- Pay. Comment: (empty)
- Currency: GBP
- Base: 2800.00
- Amount: 180.00
- Payment Row: (empty)
- Form: (empty)
- Tax %: 10.00
- Tax Comment: Test Withholdings Monthly

Payment Row	Invoice No.	Base Amount	Amount
1	3 516001	100.00	6.43
2	4 516002	1200.00	77.14
3	5 516003	1500.00	96.43

Workflow and Examples

Withholding Tax from Purchase Invoices - Automatic Calculation

This example describes Withholding Tax posted from Purchase Invoices, where the Tax is calculated automatically. Steps 1-5 describe the configuration and subsequent steps the workflow.

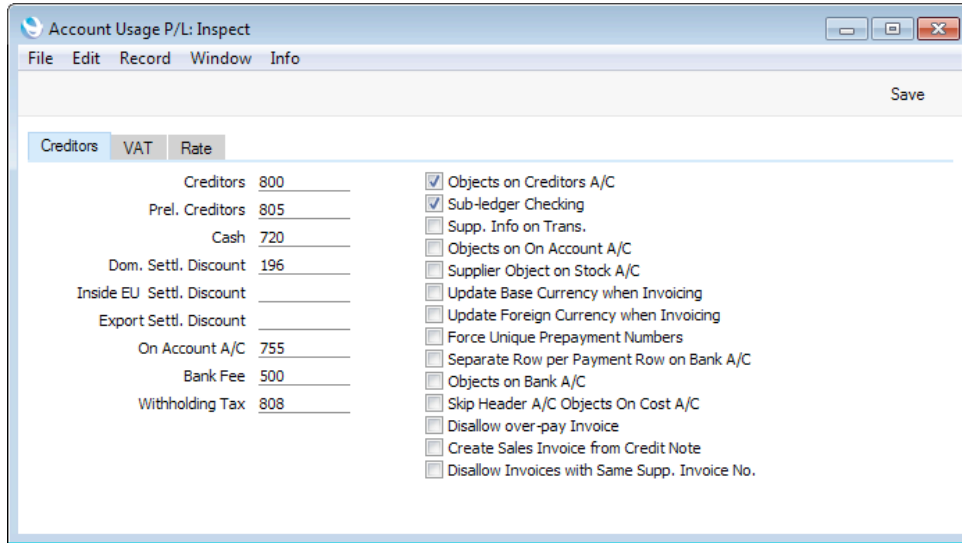
1. Ensure you have selected the Calculate Withholding Tax option in the Purchase Invoice Settings setting—

The screenshot shows the 'Purchase Invoice Settings: Inspect' window with the following settings:

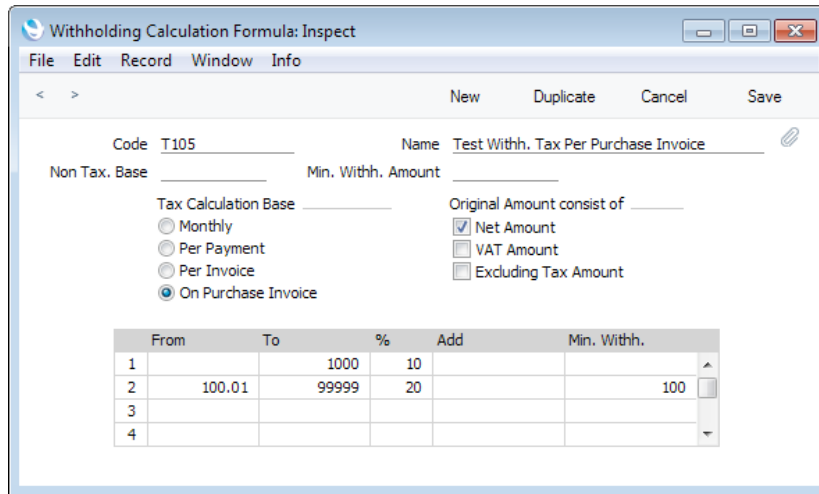
- Signer Required
- Warn On Unusual Amount
- Require Receiving Date
- Disallow Invoice Date after Transaction Date
- Purchase Order Item Transfer Control: (empty)
- Consolidate Items to Supplier's Cost Account
- Consolidate by Items and Project
- Transfer Each Row Separately
- Always use Full Qty from Purch.Ord.
- Invoice Based on Goods Receipts
- Enter & Return: (empty)
- Skips Object
- Skips Description
- VAT: (empty)
- Calculate VAT
- VAT Rate: 16.6667
- Calculate Withholding Tax
- Purchase Invoice Rate: (empty)
- From Purchase Order
- From Exchange Rates on Purchase Invoice Date
- Calculated From Prepayment and Invoice
- From Prepayment

Note: this option should not be selected if you will be using the other methods to post Withholding Tax.

- Specify a Withholding Tax Account in the Account Usage P/L setting—



- Create a record in the Withholding Calculation Formulae setting containing the Calculation Formula. The Non Tax. Base and Min. Withh. Amount fields in the header are not used in this context, but the Original Amount options and the Add and Min. Withh. fields in the matrix are used.



4. Create a Withholding Tax regime in the Withholding Taxes setting. In this context, the purpose of this regime is to connect the Supplier to the Calculation Formula. So you only need specify a Code and a Calculation Formula. For this example, Tax T5 will be used—

	Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101			1000	
2	T2	809	T101				T1
3	T3	809	T103			3000	
4	T4	809	T104			4000	
5	T5		T105				
6							
7							
8							
9							
10							
11							

As there is no need to specify Apply Accounts on flip B, Withholding Tax will always be calculated in Purchase Invoices, irrespective of the Accounts in those Purchase Invoices.

5. Create a record in the Supplier Withholdings setting for the Supplier. Only the first row in the matrix will be used: any entries in other rows will be ignored. If you enter a Region or a Tax %, this will also be ignored, but any Disc. % will be included in the calculation—

Region	Withh. Tax	Tax %	Disc. %	Tax Code	Calculate Tax	Comment
1	T5		10		Calculate	
2						
3						
4						
5						
6						
7						

When you enter a Purchase Invoice, the first row in the relevant Supplier Withholding record will provide the Withholding Tax regime (T5 in this example). T5 will provide the Calculation Formula (T105).

6. Enter Purchase Invoices in the usual way. As you add Amounts in each row, Withholding Tax will be calculated automatically and shown in the Withh. Tax field in the footer—

The Calculation Formula states that the Base amount for the calculation is to be the Net Amount i.e. the Purchase Invoice value excluding VAT and other taxes. The calculation is as follows—

- a. The Base value is 1500.00.
- b. 1500.00 is in the range specified in the second row in the Calculation Formula, so Tax is to be calculated at 20%. $1500 * 20\% = 300.00$.
- c. The Supplier Withholding record specifies that a Discount of 10% is to be applied. $300.00 - 10\% = 270.00$.
- d. 270.00 is more than the Min. Withh. specified in the second row in the Calculation Formula (100.00), so the Withholding Tax is payable.

If the result of the Withholding Tax calculation is not correct (i.e. does not match what is shown on the Supplier's Invoice), you can overwrite the figure in the Withh. Tax field in the footer. In fact you can use this field on a purely manual basis: if you turn off the Calculate Withholding Tax option in the Purchase Invoice Settings setting, any figure that you enter in the Withh. Tax field yourself will be treated as Withholding Tax as described in this example.

Do not include the Withholding Tax amount in the TOTAL field in the header. This field should contain the sum of the Amounts from the rows and the VAT, as this is what is payable to the Supplier.

7. Approve the Purchase Invoice by marking it as OK and saving it. In the Nominal Ledger Transaction, the Withholding Tax will be credited to the

Withholding Tax Account specified in the Account Usage P/L setting, and subtracted from the posting to the Creditor Account—

Transaction: Inspect

No. 960107 Trans. Date 31/10/2013 Reference _____

Text 518 Test Supplier With. Tax from Purch Inv, GBP

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	V-Cd
1 800		Creditors			1530.00	
2 355		Advertising		1500.00		1
3 831		VAT Inputs Receivable		300.00		
4 808		Withholding Tax (Account Usage)			270.00	
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						

Difference Base 1 0.00 Total 1800.00 1800.00

Difference Base 2 0.00 Total 2857.14 2857.14

- The open amount of the Purchase Invoice in the Invoice Status report and in statements will be the TOTAL less Withholding Tax. This will also be the amount offered as a default when you specify the Invoice in a Payment—

Payment: New

No. 960075 Payment Date 30/11/2013 Trans. Date 30/11/2013

Payment Mode Q Own Bank A/C 11223344 Sort Code _____

Reference _____ Supp. Info on Trans. Language _____

Comment _____

Payments Bank

Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1 960107	518	Test Supplier With. Tax from Purch Inv	GBP	1530.00	GBP	1530.00
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						

Currency GBP Withdrawn 1530.00

Withholding Tax from Purchase Invoices - Manual Calculation

This example describes Withholding Tax posted from Purchase Invoices, where the Tax is added manually.

Note: in Mexico, this method is used to post Withholding Tax from Purchase Invoices to a temporary Account. When a Purchase Invoice is paid, the Tax is moved from the temporary Account to a final one automatically. Outside Mexico (i.e. if the VAT Law in the Company Info setting is not “Mexican”), it is possible to post the Tax from Purchase Invoices in the same way, but Payments will not move the Tax to the final Account. Therefore, outside Mexico, configuration should be such that Purchase Invoices post to the final Account.

Step 1 describes the configuration and subsequent steps the workflow.

1. The only configuration step necessary is to create a Withholding Tax regime or regimes in the Withholding Taxes setting. In this example, Taxes T6 and T7 will be used—

	Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101			1000	
2	T2	809	T101				T1
3	T3	809	T103			3000	
4	T4	809	T104			4000	
5	T5		T105				
6	T6	586					
7	T7	587					
8							
9							
10							
11							

In Mexico, enter the final Withholding Tax Account in the Account field on flip A. Outside Mexico, the Account field can be left blank.

On flip C, in Mexico enter the temporary Withholding Tax Account in the Tmp. Account field. Outside Mexico, enter the final Withholding Tax Account in this field. The Tax Rules field is used in Mexico for reporting to the tax authorities and can be left blank elsewhere—

	Code	Account	Tmp. Account	Pay. Mode	Tax Rules	Comment
1	T1	809				Test Withholdings Per Invoice
2	T2	809				Test Withholdings Per Invoice
3	T3	809				Test Withholdings Per Payment
4	T4	809				Test Withholdings Monthly
5	T5					Test Withholdings Purch Inv
6	T6	586	596		VAT_WITH	VAT Withholding
7	T7	587	597		ISR_WITH	ISR Withholding
8						
9						
10						
11						

- Enter Purchase Invoices in the usual way. When the time comes to add Withholding Tax, choose 'Add Withholding Tax' from the Operations menu. The 'Add Withholding Tax' window opens—

Purchase Invoice: New

No. 960108 Name Test Supplier With. Tax fr
 Supplier 519 Hold Amount _____
 TOTAL _____ VAT _____

Terms Costs Currency Comment Accounts Inv. Address

Invoice Date 31/10/2013 Supp. Inv. No. _____ Receiving Date _____ On Hold
 Payment Terms 30 Signers _____ Discount Date _____ Prel. Booking
 Transaction Date 31/10/2013 Objects _____ Sett. Discount _____
 Due Date 30/11/2013 Reference _____ Credit of Invoice _____

A/C	Objects	Short.	Description	Amount	V-Cd
1	355		Advertising	1000.00	1
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Withholding Tax _____

Cancel Save

Currency GBP Withh. Tax _____ Ext. Tax _____ Calculated VAT 200.00

- Choose the Withholding Tax regime that you need using 'Paste Special' and click [Save]. A new row will be added to the Purchase Invoice, containing the Withholding Tax Code and the Tmp. Account—

Purchase Invoice: New

No. 960108 Name Test Supplier With. Tax from Purch Inv 2
 Supplier 519 Hold Amount _____ OK
 TOTAL _____ VAT _____

Terms Costs Currency Comment Accounts Inv. Address

Invoice Date 31/10/2013 Supp. Inv. No. _____ Receiving Date _____ On Hold
 Payment Terms 30 Signers _____ Discount Date _____ Prel. Booking
 Transaction Date 31/10/2013 Objects _____ Sett. Discount _____
 Due Date 30/11/2013 Reference _____ Credit of Invoice _____

A/C	Objects	Short.	Description	Amount	V-Cd
1	355		Advertising	1000.00	1
2	Withholding Tax	T6	596		
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Currency GBP Withh. Tax _____ Ext. Tax _____ Calculated VAT 200.00

4. Copying from the Supplier's Invoice, enter the Withholding Tax amount in the field to the right of the Tmp. Account.
5. Repeat steps 2-4 if more than one Withholding Tax is involved. As you add Withholding Tax rows, Withholding Tax will be calculated automatically and shown in the Withh. Tax field in the footer—

Purchase Invoice: New

File Edit Record Window Info

No. 960108 Name Test Supplier With. Tax from Purch Inv 2
 Supplier 519 Hold Amount _____ OK
 TOTAL 1200.00 VAT _____

Terms Costs Currency Comment Accounts Inv. Address

Invoice Date 31/10/2013 Supp. Inv. No. 519001 Receiving Date _____ On Hold
 Payment Terms 30 Signers _____ Discount Date _____ Prel. Booking
 Transaction Date 31/10/2013 Objects _____ Sett. Discount _____
 Due Date 30/11/2013 Reference _____ Credit of Invoice _____

	A/C	Objects	Short.	Description	Amount	V-Cd	
1	355			Advertising	1000.00	1	A
2	Withholding Tax	T6	596		400.00		B
3	Withholding Tax	T7	597		250.00		C
4							D
5							E
6							
7							
8							
9							
10							
11							
12							
13							
14							

Currency GBP Withh. Tax 650.00 Ext. Tax _____ Calculated VAT 200.00

Do not include the Withholding Tax amount in the TOTAL field in the header. This field should contain the sum of the Amounts from the rows and the VAT, as this is what is payable to the Supplier.

6. Approve the Purchase Invoice by marking it as OK and saving it. In the Nominal Ledger Transaction, the Withholding Tax will be credited to the Tmp. Accounts specified in the Withholding Tax rows—

Transaction: Inspect

File Edit Record Window Info

No. 960108 Trans. Date 31/10/2013 Reference _____

Text 519 Test Supplier With. Tax from Purch Inv 2, GBP

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	V-Cd
1 800		Creditors			550.00	
2 355		Advertising		1000.00		1
3 831		VAT Inputs Receivable		200.00		
4 596		Temporary Withh. Tax T6			400.00	
5 597		Temporary Withh. Tax T7			250.00	
6 468		Base Currency Round Off		0.00		
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						

Difference Base 1 0.00 Total 1200.00 1200.00

Difference Base 2 0.00 Total 1904.77 1904.77

7. The open amount of the Purchase Invoice in the Invoice Status report and in statements will be the TOTAL less Withholding Tax. This will also be the amount offered as a default when you specify the Invoice in a Payment—

Payment: New

File Edit Record Window Info

No. 960076 Payment Date 30/11/2013 Trans. Date 30/11/2013

Payment Mode Q Own Bank A/C 11223344 Sort Code _____

Reference _____ Supp. Info on Trans. Language _____

Comment _____

Payments Bank

Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1 960108	519	519001, Test Supplier With. Tax from Pu	GBP	550.00	GBP	550.00
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						

Currency GBP Withdrawn 550.00

Outside Mexico (i.e. if the VAT Law in the Company Info setting is not "Mexican"), the Nominal Ledger Transaction from this Payment will simply debit the Creditor Account and credit the Payment Mode Account as normal. In Mexico, additional postings will be added, moving the Withholding Tax from the Tmp. Account to the final one—

Transaction: Inspect

File Edit Record Window Info

No. 960076 Trans. Date 30/11/2013 Reference

Text

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	V-Cd
1 800		519001 519 Test Supplier With. ▶		550.00		
2 700	3	Cheque			550.00	
3 596		Temporary Withh. Tax T6		400.00		
4 586		Withh. Tax T6			400.00	
5 597		Temporary Withh. Tax T7		250.00		
6 587		Withh. Tax T7			250.00	
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						

Difference Base 1 0.00 Total 1200.00 1200.00

Difference Base 2 0.00 Total 1904.77 1904.77

Withholding Tax from Payments - Per Invoice Basis

This example describes Withholding Tax posted from Payments and calculated on a Per Month basis. Illustrated below are the Withholding Calculation Formula, the Withholding Tax and the Supplier Withholding record—

Withholding Calculation Formula: Inspect

Code: T101 Name: Test Withh. Tax Per Invoice

Non Tax. Base: 1000 Min. Withh. Amount: 50

Tax Calculation Base:
 Monthly
 Per Payment
 Per Invoice
 On Purchase Invoice

Original Amount consist of:
 Net Amount
 VAT Amount
 Excluding Tax Amount

	From	To	%	Add	Min. Withh.
1		0	9999999999	10	
2					
3					
4					

Withholding Taxes: Inspect

	Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101			1000	
2	T2	809	T101				T1
3	T3	809	T103			3000	
4	T4	809	T104			4000	

Withholding Taxes: Inspect

	Code	Account	Comment	N/L Trans	Tax Code	Apply
1	T1	809	Test Withhold	-		200:585
2	T2	809	Test Withhold	-		811:822
3	T3	809	Test Withhold	-		200:585,811:822
4	T4	809	Test Withhold	-		200:585,811:822

Supplier Withholding: Inspect

Supplier: 515 Name: Test Supplier With. Tax per Invoice

Start Date: 1/1/2013 End Date: 31/12/2013

	Region	Withh. Tax	Tax %	Disc. %	Tax Code	Calculate Tax	Comment
1		T1	15.00			Calculate	
2		T2	12.00			Calculate	
3							
4							
5							
6							
7							

Follow these steps—

1. In this example, we will pay the following Purchase Invoices. Withholding Tax will be payable on the Invoice values excluding VAT i.e. the values in the Excl. VAT column—

Purchase Invoice Journal
 Enterprise by HansaWorld, Print date: 19/11/2013 12:10
 Period 1/1/2013 : 31/12/2013
 Supplier: 515
 Both OKed and not OKed
 Invoices and Cash Notes and Credit Notes
 All Contact Classifications

Ser. No	Inv Date	Sup. Inv No	Supplier	VAT	Excl VAT	Ind VAT	
960095	31/10/2013	515001	Test Supplier With. Tax per Invoice	20.00	100.00	120.00	GBP
960096	31/10/2013	515002	Test Supplier With. Tax per Invoice	240.00	1,200.00	1,440.00	GBP
960097	31/10/2013	515003	Test Supplier With. Tax per Invoice	300.00	1,500.00	1,800.00	GBP
960098	31/10/2013	515004	Test Supplier With. Tax per Invoice	300.00	1,500.00	1,800.00	GBP
			GBP	860.00	4,300.00	5,160.00	

This is one of the Purchase Invoices—

Purchase Invoice: Inspect
 No. 960095 Name Test Supplier With. Tax per Invoice
 Supplier 515 Hold Amount OK
 TOTAL 120.00 VAT 20.00

On Hold
 Prel. Booking

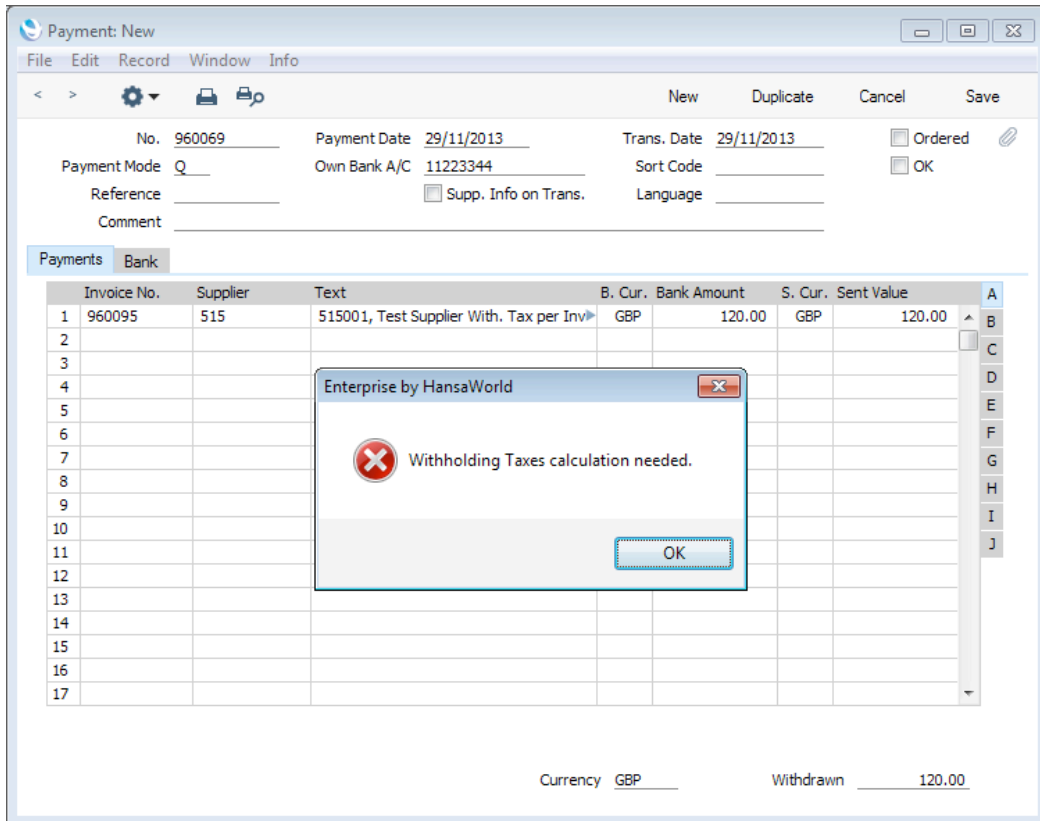
A/C	Objects	Short.	Description	Amount	V-Cd	
1	355		Advertising	100.00	1	A
2						B
3						C
4						D
5						E
6						
7						
8						
9						
10						
11						
12						
13						
14						

Currency GBP Withh. Tax _____ Ext. Tax _____ Calculated VAT 20.00

The Purchase Invoice was entered as normal, with no reference to Withholding Tax.

The Account is included in the range in the Apply field for Withholding Tax T1 (flip B), and Tax T1 is listed in the Supplier Withholding record for Supplier 515. So, Withholding Tax will be calculated on that basis (using the Formula T101 specified in Tax T1).

- When you enter the Purchase Invoice in a Payment, a message will inform you that a Withholding Tax calculation is needed—



This message will appear because there is a record in the Supplier Withholdings setting for the Supplier in which it has been specified that Tax is to be calculated. The message is there to remind you to carry out a Withholding Tax calculation (step 3 below), but it does not necessarily mean that Tax will be payable (for example, the result of the calculation might be less than the Min. Amount).

3. Add the remaining Purchase Invoices to the Payment—

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Refresh] [New] Duplicate Cancel Save

No. 960069 Payment Date 29/11/2013 Trans. Date 29/11/2013 Ordered OK

Payment Mode Q Own Bank A/C 11223344 Sort Code

Reference Supp. Info on Trans. Language

Comment

Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1 960095	515	515001, Test Supplier With. Tax per Inv▶	GBP	120.00	GBP	120.00
2 960096	515	515002, Test Supplier With. Tax per Inv▶	GBP	1440.00	GBP	1440.00
3 960097	515	515003, Test Supplier With. Tax per Inv▶	GBP	1800.00	GBP	1800.00
4 960098	515	515004, Test Supplier With. Tax per Inv▶	GBP	1800.00	GBP	1800.00
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						

Currency GBP Withdrawn 5160.00

4. Choose 'Calculate Withholding Taxes' from the Operations menu. New rows will be added to the Payment containing the result of the Withholding Tax calculation. In this case, Withholding Tax is payable on Invoices 960097 and 960098, and the Withholding Tax amounts were subtracted from the Bank Amounts and Sent Values for those Invoices (third and fourth rows)—

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Refresh] [New] Duplicate Cancel Save

No. 960069 Payment Date 29/11/2013 Trans. Date 29/11/2013 Ordered OK

Payment Mode Q Own Bank A/C 11223344 Sort Code

Reference Supp. Info on Trans. Language

Comment

Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1 960095	515	515001, Test Supplier With. Tax per Inv▶	GBP	120.00	GBP	120.00
2 960096	515	515002, Test Supplier With. Tax per Inv▶	GBP	1440.00	GBP	1440.00
3 960097	515	515003, Test Supplier With. Tax per Inv▶	GBP	1725.00	GBP	1725.00
4 960098	515	515004, Test Supplier With. Tax per Inv▶	GBP	1725.00	GBP	1725.00
5 960097	515	515003, Test Supplier With. Tax per Inv▶	GBP	75.00	GBP	75.00
6 960098	515	515004, Test Supplier With. Tax per Inv▶	GBP	75.00	GBP	75.00
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						

Currency GBP Withdrawn 5160.00

On flip G of the Payment, the Withholding Tax regime ("T1" in this case) and the Base amount (i.e. the amount on which Withholding Tax was calculated) will be placed in the relevant fields in the rows containing the Withholding Tax—

The screenshot shows the 'Payment: New' window with the following details:

- No. 960069, Payment Date 29/11/2013, Trans. Date 29/11/2013
- Payment Mode Q, Own Bank A/C 11223344, Sort Code
- Reference, Comment, Supp. Info on Trans., Language

The table below shows the payment rows:

Invoice No.	Supplier	Round Off A/C	Round Off	Instalment	W. Tax	W. Tax Base	Reference Number
1	960095	515					
2	960096	515					
3	960097	515					
4	960098	515					
5	960097	515			T1	1500.00	
6	960098	515			T1	1500.00	
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

At the bottom of the window, it shows: Currency GBP, Withdrawn 5160.00

If you specified a Payment Mode on flip C of the Withholding Tax regime, this will be copied to flip C of the Payment rows containing the Withholding Tax as well.

As the Tax Calculation Base in the Calculation Formula is Per Invoice, the Non Tax. Base is applied separately to each Invoice being paid. The Calculation Formula also states that the Base amount for the calculation is to be the Net Amount i.e. the Purchase Invoice value excluding VAT and other taxes. The calculations are as follows—

- The Base value for Invoice 960095 is 100.00.
- The Non Tax. Base in the Calculation Formula is 1000.00, so Withholding Tax will be calculated on $100.00 - 1000.00 = -900.00$. As this is less than zero, Invoice 960095 is not liable for Withholding Tax.
- The Base Value for Invoice 960096 is 1200.00. The Non Tax. Base is again applied to this amount. Withholding Tax will be calculated on $1200.00 - 1000.00 = 200.00$.
- The Supplier Withholding record specifies that Withholding Tax is 15%. This overrules the 10% specified in the Calculation Formula.
- $200 * 15\% = 30.00$. 30.00 is less than the Min. Withh. Amount (50.00), so Invoice 960096 is not liable for Withholding Tax.
- For Invoice 960097, the Base value is 1500.00. After subtracting the Non Tax. Base, the calculation is $500 * 15\% = 75.00$. 75.00 is more

than the minimum, so this is the Withholding Tax Amount that is payable.

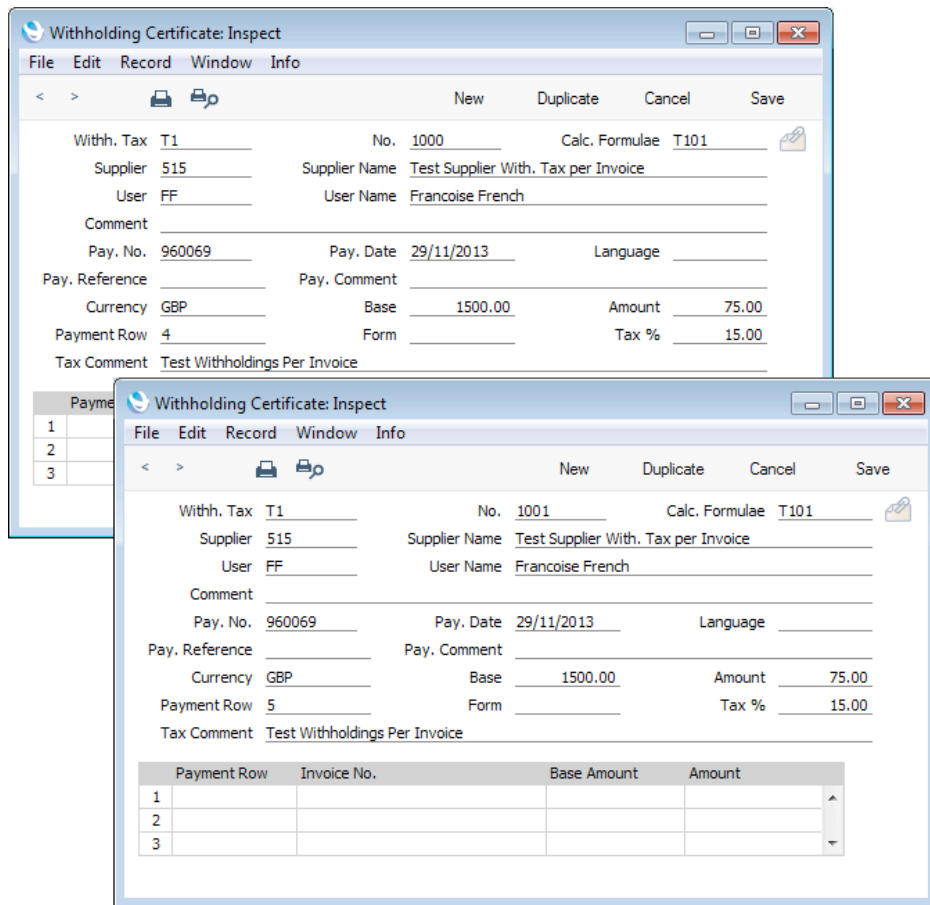
g. Step (f) is repeated for Invoice 960098.

5. Approve the Payment in the usual way by checking the OK box and saving. The following Transaction will be created in the Nominal Ledger—

Account	Objects	Description	Additional Description	Base 1 Debit	Base 1 Credit	V-Cd
1 800		515001 515 Test Supplier With.		120.00		
2 700	3	Cheque			5010.00	
3 800		515002 515 Test Supplier With.		1440.00		
4 800		515003 515 Test Supplier With.		1725.00		
5 800		515004 515 Test Supplier With.		1725.00		
6 800		515003 515 Test Supplier With.		75.00		
7 809		Test Withholdings Per Invoice			75.00	
8 800		515004 515 Test Supplier With.		75.00		
9 809		Test Withholdings Per Invoice			75.00	
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
Difference Base 1				0.00		
Difference Base 2				0.00		
Total				5160.00	5160.00	
Total				8190.49	8190.49	

The full payment amount including Withholding Tax is debited to the Creditor Account, as the Invoice is fully paid, and the Withholding Tax Amounts are credited to the Account specified on flip A of the relevant rows in the Withholding Taxes setting (Account 809 in both cases in this example).

Approving the Payment also causes Withholding Certificates to be created in the Withholding Certificates setting. As the Tax Calculation Base in the Calculation Formula is Per Invoice, separate records will be created for each Invoice liable for Withholding Tax—



The Nos. (1000 and 1001 in the illustration) follows the numbering sequence specified in the Certificate No. field on flip A of the row for the T1 Tax in the Withholding Taxes setting, and the Tax Comment comes from the Comment field in the same setting.

The Payment and the Withholding Certificates will be connected to each other through the Attachments facility. This allows you to open the Certificates quickly and easily when reviewing the Payment, or to open the Payment from one of the Certificates. When viewing the Payment or Certificate, click the button with the paper clip image to open a list of attachments. Then double-click an item in this list to open it.

6. In Argentina, it is normal practice to print Withholding Certificates and send them to Suppliers with payments. You can print a Withholding Certificate in the usual ways: by opening it in a record window and clicking the Printer icon; or by opening the list of documents in the Purchase Ledger and selecting 'Withholding Certificates'.

Withholding Tax from Payments - Per Payment Basis

This example describes Withholding Tax posted from Payments and calculated on a Per Payment basis. Illustrated below are the Withholding Calculation Formula, the Withholding Tax and the Supplier Withholding record—

Withholding Calculation Formula: Inspect

Code: T103 Name: Test Withh. Tax Per Payment

Non Tax. Base: 1000 Min. Withh. Amount: 50

Tax Calculation Base:
 Monthly
 Per Payment
 Per Invoice
 On Purchase Invoice

Original Amount consist of:
 Net Amount
 VAT Amount
 Excluding Tax Amount

From	To	%	Add	Min. Withh.
1	0	9999999999	10	
2				
3				
4				

Withholding Taxes: Inspect

Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101		1000	
2	T2	809	T101			T1
3	T3	809	T103		3000	
4	T4	809	T104		4000	

Withholding Taxes: Inspect

Code	Account	Comment	N/L Trans	Tax Code	Apply
1	T1	809	Test Withhold	-	200:585
2	T2	809	Test Withhold	-	811:822
3	T3	809	Test Withhold	-	200:585,811:822
4	T4	809	Test Withhold	-	200:585,811:822

Supplier Withholding: Inspect

Supplier: 516 Name: Test Supplier With. Tax per Payment

Start Date: 1/1/2013 End Date: 31/12/2013

Region	Withh. Tax	Tax %	Disc. %	Tax Code	Calculate Tax	Comment
1	T3				Calculate	
2						
3						
4						
5						
6						
7						

1. In this example, we will pay three Purchase Invoices from the same Supplier in the same Payment. As in the previous examples, the Base values are 100.00, 1200.00 and 1500.00—

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Help] New Duplicate Cancel Save

No. 960070 Payment Date 29/11/2013 Trans. Date 29/11/2013 Ordered

Payment Mode Q Own Bank A/C 11223344 Sort Code OK

Reference Supp. Info on Trans. Language

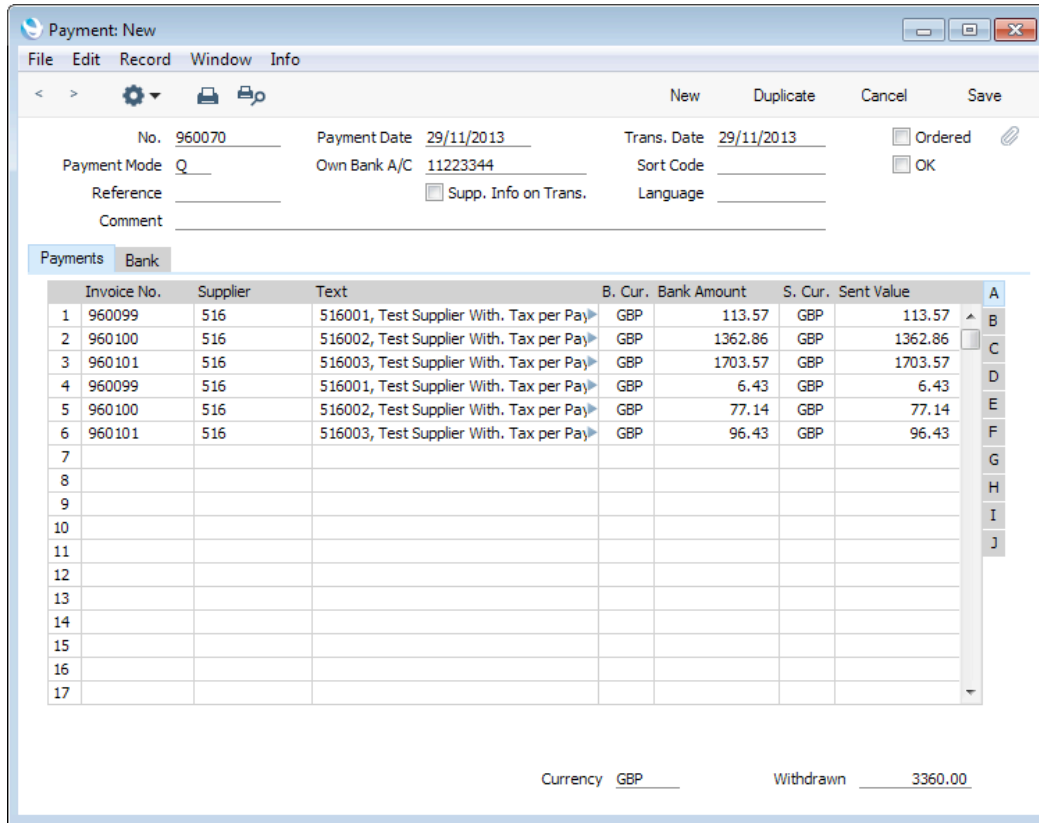
Comment

Payments Bank

	Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value	
1	960099	516	516001, Test Supplier With. Tax per Pay▶	GBP	120.00	GBP	120.00	A
2	960100	516	516002, Test Supplier With. Tax per Pay▶	GBP	1440.00	GBP	1440.00	B
3	960101	516	516003, Test Supplier With. Tax per Pay▶	GBP	1800.00	GBP	1800.00	C
4								D
5								E
6								F
7								G
8								H
9								I
10								J
11								
12								
13								
14								
15								
16								
17								

Currency GBP Withdrawn 3360.00

2. When selecting the 'Calculate Withholding Taxes' Operations menu function, three new rows containing Withholding Tax will be added to the Payment, one for each Invoice. The Bank Amounts and Sent Values for each Invoice will be reduced accordingly—



As the Tax Calculation Base in the Calculation Formula is Per Payment, the Non Tax. Base is applied to the Payment as a whole (per Supplier if there is more than one). The Calculation Formula also states that the Base amount for the calculation is to be the Net Amount i.e. the Purchase Invoice value excluding VAT and other taxes. The calculations are as follows—

- a. The Base amount is taken to be the total for the Payment i.e. 100.00 + 1200.00 + 1500.00 = 2800.00.
- b. The Non Tax. Base in the Calculation Formula is 1000.00, so Withholding Tax will be calculated on 2800.00 - 1000.00 = 1800.00.
- c. The Min. Withh. Amount in the Calculation Formula is 50.00.
- d. The Calculation Formula specifies that Withholding Tax is 10%.
- e. 1800 * 10% = 180.00. 180.00 is more than the minimum, so this is the Withholding Tax Amount that is payable.
- f. The Withholding Tax Amount is distributed to the Purchase Invoices proportionally—

$$180.00 * 100.00 / 2800.00 = 6.43$$

$$180.00 * 1200.00 / 2800.00 = 77.14$$

$$180.00 * 1500.00 / 2800.00 = 96.43$$

- Approve the Payment in the usual way by checking the OK box and saving. Approving the Payment also causes a Withholding Certificate to be created in the Withholding Certificates setting—

The screenshot shows the 'Withholding Certificate: Inspect' window. It contains the following fields and values:

- Withh. Tax: T3
- No.: 3000
- Calc. Formulae: T103
- Supplier: 516
- Supplier Name: Test Supplier With. Tax per Payment
- User: FF
- User Name: Francoise French
- Comment: (empty)
- Pay. No.: 960070
- Pay. Date: 29/11/2013
- Language: (empty)
- Pay. Reference: (empty)
- Pay. Comment: (empty)
- Currency: GBP
- Base: 2800.00
- Amount: 180.00
- Payment Row: (empty)
- Form: (empty)
- Tax %: 10.00
- Tax Comment: Test Withholdings Monthly

Payment Row	Invoice No.	Base Amount	Amount
1	3	516001	100.00
2	4	516002	1200.00
3	5	516003	1500.00

As the Tax Calculation Base in the Calculation Formula is Per Payment, a single Withholding Certificate is created from the Payment, with the individual Withholding Tax amounts listed in the matrix.

- When you pay the next Invoice from the same Supplier, the Non Tax. Base will once again become applicable (in this example to a Base value of 1500.00)—

The screenshot shows the 'Payment: New' window. It contains the following fields and values:

- No.: 960072
- Payment Date: 30/11/2013
- Trans. Date: 30/11/2013
- Payment Mode: Q
- Own Bank A/C: 11223344
- Sort Code: (empty)
- Reference: (empty)
- Supp. Info on Trans.: (checkbox checked)
- Language: (empty)
- Comment: (empty)

Buttons: Ordered, OK

	Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1	960102	516	516004, Test Supplier With. Tax per Pay▶	GBP	1750.00	GBP	1750.00
2	960102	516	516004, Test Supplier With. Tax per Pay▶	GBP	50.00	GBP	50.00
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Currency: GBP Withdrawn: 1800.00

$$(1500 - 1000) * 10\% = 50.00$$

Withholding Tax from Payments - Per Month Basis

This example describes Withholding Tax posted from Payments and calculated on a Per Month basis. Illustrated below are the Withholding Calculation Formula, the Withholding Tax and the Supplier Withholding record—

Withholding Calculation Formula: Inspect

Code: T104 Name: Test Withh. Tax Monthly

Non Tax. Base: 1000 Min. Withh. Amount: 50

Tax Calculation Base: Monthly
 Per Payment
 Per Invoice
 On Purchase Invoice

Original Amount consist of:
 Net Amount
 VAT Amount
 Excluding Tax Amount

	From	To	%	Add	Min. Withh.
1		0	9999999999	10	
2					
3					
4					

Withholding Taxes: Inspect

	Code	Account	Formulae	Taxed Min.	Document	Certificate No.	Share No.
1	T1	809	T101			1000	
2	T2	809	T101				T1
3	T3	809	T103			3000	
4	T4	809	T104			4000	

Withholding Taxes: Inspect

	Code	Account	Comment	N/L Trans	Tax Code	Apply
1	T1	809	Test Withhold	-		200:585
2	T2	809	Test Withhold	-		811:822
3	T3	809	Test Withhold	-		200:585,811:822
4	T4	809	Test Withhold	-		200:585,811:822

Supplier Withholding: Inspect

Supplier: 517 Closed

Name: Test Supplier With. Tax Monthly

Start Date: 1/1/2013 End Date: 31/12/2013

	Region	Withh. Tax	Tax %	Disc. %	Tax Code	Calculate Tax	Comment
1		T4				Calculate	
2							
3							
4							
5							
6							
7							

1. In this example, we will first pay two Purchase Invoices from the same Supplier in the same Payment. The Base values are 100.00 and 1200.00. The 'Calculate Withholding Taxes' function does not add any Withholding Tax rows to the Payment—

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Help] New Duplicate Cancel Save

No. 960071 Payment Date 29/11/2013 Trans. Date 29/11/2013 Ordered OK

Payment Mode Q Own Bank A/C 11223344 Sort Code

Reference Supp. Info on Trans. Language

Comment

Payments Bank

	Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1	960103	517	517001, Test Supplier With. Tax Monthly	GBP	120.00	GBP	120.00
2	960104	517	517002, Test Supplier With. Tax Monthly	GBP	1440.00	GBP	1440.00
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Currency GBP Withdrawn 1560.00

As the Tax Calculation Base in the Calculation Formula is Per Month, the Non Tax. Base is applied to the Payment as a whole (per Supplier if there is more than one). The Calculation Formula also states that the Base amount for the calculation is to be the Net Amount i.e. the Purchase Invoice value excluding VAT and other taxes. The calculations are as follows—

- a. The Base amount is taken to be the total for the Payment i.e. $100.00 + 1200.00 = 1300.00$.
- b. The Non Tax. Base in the Calculation Formula is 1000.00, so Withholding Tax will be calculated on $1300.00 - 1000.00 = 300.00$.
- c. The Min. With. Amount in the Calculation Formula is 50.00.
- d. The Calculation Formula specifies that Withholding Tax is 10%.
- e. $300 * 10\% = 30.00$. 30.00 is less than the minimum, so no Withholding Tax is payable.

2. Later in the same month, we will pay a third Invoice from the same Supplier. The Base value of this Invoice is 1500.00.

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Copy] New Duplicate Cancel Save

No. 960073 Payment Date 30/11/2013 Trans. Date 30/11/2013 Ordered

Payment Mode Q Own Bank A/C 11223344 Sort Code OK

Reference Supp. Info on Trans. Language

Comment

Payments Bank

Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value	
1	960105	517	517003, Test Supplier With. Tax Monthly	GBP	1750.00	GBP	1750.00
2	960105	517	517003, Test Supplier With. Tax Monthly	GBP	50.00	GBP	50.00
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Currency GBP Withdrawn 1800.00

As the Tax Calculation Base is Per Month, previous Invoices and Withholding Tax payments are taken into account when calculating the Withholding Tax.

- a. The Base amount is taken to be the total for the month so far i.e. $100.00 + 1200.00 + 1500.00 = 2800.00$.
- b. The Non Tax. Base in the Calculation Formula is 1000.00, so Withholding Tax will be calculated on $2800.00 - 1000.00 = 1800.00$.
- c. $1800.00 * 10\% = 180.00$. 180.00 is more than the minimum, so is the Withholding Tax payable.

3. On approving the Payment, a single Withholding Certificate will be created from the Payment, with the individual Withholding Tax amounts listed in the matrix—

Withholding Certificate: Inspect

File Edit Record Window Info

< > [Print] [Copy] New Duplicate Cancel Save

Withh. Tax T4 No. 4000 Calc. Formulae T104

Supplier 517 Supplier Name Test Supplier With. Tax Monthly

User FF User Name Francoise French

Comment

Pay. No. 960073 Pay. Date 30/11/2013 Language

Pay. Reference Pay. Comment

Currency GBP Base 1500.00 Amount 180.00

Payment Row Form Tax % 10.00

Tax Comment Test Withholdings Monthly

Payment Row	Invoice No.	Base Amount	Amount
1	1 517003	1500.00	180.00
2			
3			

4. When you pay the next Invoice from the same Supplier in the same month, Withholding Tax is calculated as follows—

Payment: New

File Edit Record Window Info

< > [Settings] [Print] [Copy] New Duplicate Cancel Save

No. 960074 Payment Date 30/11/2013 Trans. Date 30/11/2013 Ordered

Payment Mode Q Own Bank A/C 11223344 Sort Code OK

Reference Supp. Info on Trans. Language

Comment

Payments Bank

	Invoice No.	Supplier	Text	B. Cur.	Bank Amount	S. Cur.	Sent Value
1	960106	517	517004, Test Supplier With. Tax Monthly	GBP	1650.00	GBP	1650.00
2	960106	517	517004, Test Supplier With. Tax Monthly	GBP	150.00	GBP	150.00
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Currency GBP Withdrawn 1800.00

Again, previous Invoices and Withholding Tax payments are taken into account when calculating the Withholding Tax in this instance.

- a. The Base amount is taken to be the total for the month so far i.e. $100.00 + 1200.00 + 1500.00 + 1500.00 = 4300.00$.
- b. The Non Tax. Base in the Calculation Formula is 1000.00, so Withholding Tax will be calculated on $4300.00 - 1000.00 = 3300.00$.

- c. $3300.00 * 10\% = 330.00$.
 - d. 180.00 has already been paid, leaving $330.00 - 180.00 = 150.00$ to be paid in this instance.
5. If you specify a Taxed Min. on flip A of the Withholding Taxes setting, the Base amount (total for the month so far in this example, total for the Payment if the Tax Calculation Base is Per Payment) will be compared to the Taxed Min. If the Base amount is greater than the Taxed Min, the Non Tax. Base will be subtracted and the calculation will take place.