



## **BaanERP**

---

### **Triangular Invoicing**

Set-Up and Basic Procedure

Version 1.1 (prelim.)

Jun 2007



<b>1</b>	<b>INTRODUCTION .....</b>	<b>2</b>
1.1	ABOUT THIS DOCUMENT .....	2
1.2	TRIANGULAR INVOICING SITUATION.....	2
1.3	COMPANY STRUCTURE.....	3
<b>2</b>	<b>SET-UP .....</b>	
2.1	TABLE SHARING .....	
2.2	COMPANY DETAILS IN COMMON TABLES.....	
2.3	COMPANY SET-UP IN ENTERPRISE MODELING MANAGEMENT (EMM).....	
2.3.1	<i>New Model Version</i> .....	
2.3.2	<i>Companies in EMM</i> .....	
2.4	ENTERPRISE STRUCTURE MODEL SET-UP .....	
2.4.1	<i>Enterprise Structure Model</i> .....	
2.4.2	<i>Enterprise Units</i> .....	
2.4.3	<i>Entities</i> .....	4
2.5	RELATIONSHIPS .....	5
2.6	INTERNAL BUSINESS PARTNERS .....	6
2.7	TRANSFER PRICING .....	8
2.8	FINANCE.....	11
2.8.1	<i>Self Billing Transaction Type</i> .....	12
2.8.2	<i>Self Billing Parameters</i> .....	13

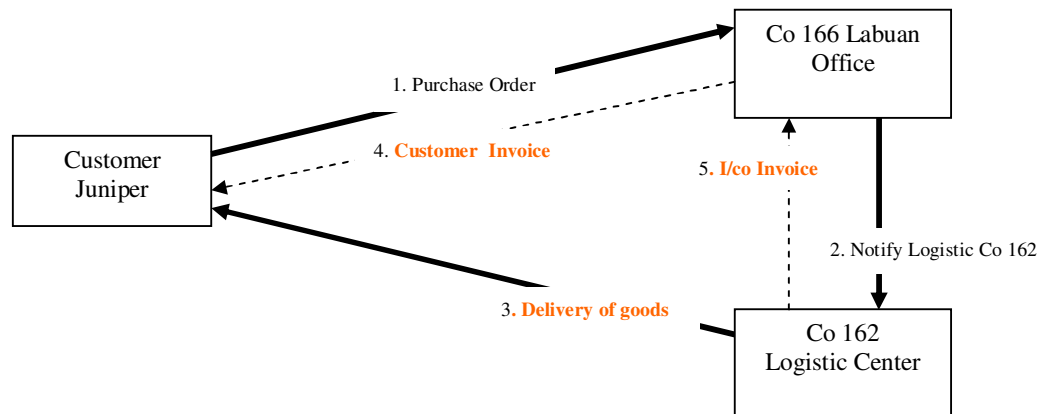
# 1 Introduction

## 1.1 About this Document

In this document the setup and procedure for "triangular invoicing" is described. The document is as a complete but basic guideline. In practice a different configuration can be used, however the basic concepts in this document will apply.

## 1.2 Triangular Invoicing Situation

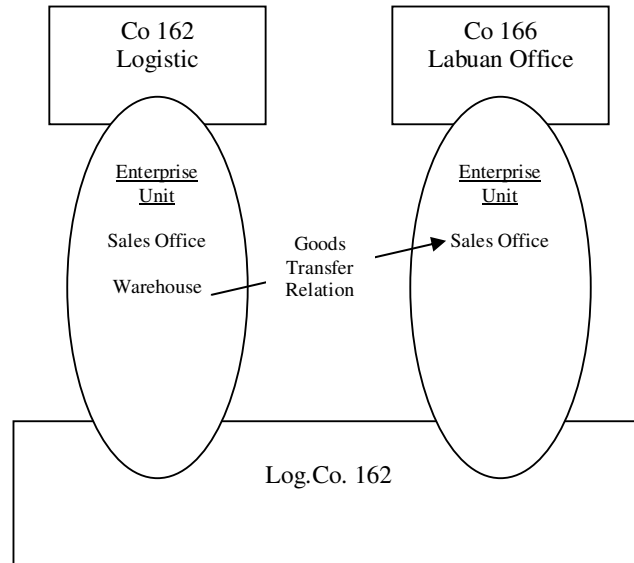
Triangular invoicing is applicable where goods are directly shipped to a customer from a warehouse which belongs to another legal entity then the legal entity to which the revenue belongs (which means the legal entity of the sales order). Schematically this gives the following situation:



1. The Juniper customer places an order with the Labuan Office (Co 166);
2. The Labuan Office does not keep inventory and therefore places an order with the Logistic Co 162
3. The Order says that the goods need to be shipped directly to the Juniper customer (Delivery of goods);
4. The Labuan office sends an invoice at customer price to the Juniper customer (Customer Invoice);
5. The Logistic Co 162 sends an I/co invoice at transfer price to the Labuan office.

### 1.3 Company Structure

To set up the above case in BaanERP the following company structure was created.



All logistic activities will be controlled in one logistic company i.e. Co 162

Between the Logistic warehouse and the Labuan office a goods transfer relation is defined. This means that goods can be transferred from the warehouse to an order created by the sales office where the inter-company consequences are handled by the system.

### 1.3.1 Entities

Now the entities (sales office, warehouse) within the enterprise units need to be created

#### Warehouse setup

The screenshot shows the 'Warehouses' setup window for user 'samkokyi' at enterprise unit '162'. The window title is 'tcmcs0103s000 : Warehouses [User: samkokyi] [162]'. It contains several input fields and buttons. The 'Warehouse' field is set to '162040'. The 'General' section includes 'Description' (FINISHED GOODS WAREHOUSE), 'Address Code' (FLX000162) with a dropdown arrow pointing to 'FLEXTRONICS TECHNOLOGY(SHANGHAI)LTD', 'Legal Report Location' (empty), and 'Enterprise Unit' (FLX162) with a dropdown arrow pointing to 'FLEXTRONICS 162'. The 'Type' section has 'Warehouse Type' set to 'Normal' with a dropdown arrow, and a checked checkbox for 'Nettable Warehouse'. The 'Relation' section has 'Project' and 'Business Partner' fields (both empty) with dropdown arrows. On the right side, there are buttons for 'Close', 'Save', 'Revert', and 'Help'.

Make sure you link the correct enterprise unit to the warehouse. The enterprise unit determines the financial company to which the warehouse belongs

#### Sales Offices

The screenshot shows the 'Departments' setup window for user 'samkokyi' at enterprise unit '162'. The window title is 'tcmcs0165s000 : Departments [User: samkokyi] [162]'. It contains several input fields and buttons. The 'Department' field is set to 'S16601'. The 'General' section includes 'Description' (Sales Office 166), 'Department type' (Sales Office) with a dropdown arrow, 'Address' (FLX000166) with a dropdown arrow pointing to 'FLEXTRONICS LABUAN 166', 'City (letterhead)' (empty), and 'Calendar Code' (empty) with a dropdown arrow. Below the 'General' section, there is a field for 'Enterprise Unit' (166001) with a dropdown arrow pointing to 'FLEXTRONICS LABUAN.'. At the bottom, there is a 'Fiscal Branch' field (empty) with a dropdown arrow. On the right side, there are buttons for 'Close', 'Save', 'Revert', and 'Help'.

Create department of type "sales office" in tcmcs0565m000. Be sure you link the correct enterprise unit.

## 1.4 Relationships

In the triangular invoicing situation, goods flow between two enterprise units belonging to two different financial companies (from warehouse (fin.co.162) to Labuan office (fin.co.166)). The financial rules for this transaction need to be set in a relationship, in this case a goods transfer relationship.

tcomm2150s000 : Goods Transfer [User: samkokyi] [162]

Goods Transfer TRIANG

Close

Save

Revert

Help

General

Description TRIANGULAR INVOICING

Price Type Commercial Price

Surcharge Percentage 0.00

Invoicing

☒ Triangular Invoice

☐ Bilateral Invoice

Default Currency

Take Default Currency from From Enterprise Unit

After that the relationship between the warehouse and the sales office needs to be defined. In the field "Application Process" you link the above created goods transfer rule.

Create the Entity – Entity Relationship in tcomm2510m000.

tcomm2110s000 : Entity-Entity Relationships [User: samkokyi] [162]

Relationship type Goods Transfer

Close

Save

Revert

Help

From Entity

Type Warehouse

Logistic Company 162 FLEXTRONICS

Entity 162040

To Entity

Type Sales Office

Logistic Company 162 FLEXTRONICS

Entity 516601

Date - Process

Effective Date 01-01-2007 00:00

Expiry Date 03312015 00:00

Application Process TRIANG TRIANGULAR INVOICING Goods Transfers

## 1.5 Internal Business Partners

In the triangular invoicing situation purchase and sales activities will take place between the Co 162 and the Co 166 i.e. Labuan office. Although the goods shipped to the customer never physically hit the sales office, an inter-company Accounts Payable and Accounts Receivable will be created. Therefore both enterprise units need to be defined as Internal Business Partners. An internal business is defined in the business partner table. The business partner is ticked as "Internal" and linked to the specific "enterprise unit"

Create a (internal) business partner in tccom4500m000

### Internal Business Partner 162

tccom4100s000 : Business Partners [User: samkokyi] [162]

General Detailed Enterprise Modeling

Business Partner FLF000162

Name FLEXTRONICS TECHNOLOGY SHANGHAI

Search Key FLEXTRONICS TECH

Parent B. Partner

Address FLX000162 FLEXTRONICS TECHNOLOGY(SHANGHAI)LTD

Contact

Financial Department Text

Status

B. Partner Status Active from to

Roles

☒ Sold-to ☒ Buy-from

☒ Ship-to ☒ Ship-from

☒ Invoice-to ☒ Invoice-from

☒ Pay-by ☒ Pay-to

Close Save Revert Text Address... Contact... Features... Help

tccom4100s000 : Business Partners [User: samkokyi] [162]

General Detailed Enterprise Modeling

Business Partner FLF000162 FLEXTRONICS TECHNOLOGY SHANGHAI

Enterprise Modeling

Enterprise Unit FLX162 FLEXTRONICS 162

Multi-Site

Affiliated Company

Aff. Comp. No. 000

Close Save Revert Enterprise Modeling Help

Fill these data to set a Business Partner as Internal.

## Internal Business Partner 166

ttcom4100s000 : Business Partners [User: samkokyi] [162]

General Detailed Enterprise Modeling

Business Partner: FLF00240U

Name: FLEXTRONICS SALES&MARKETING(A-P)LTD

Search Key: FLEXTRONICS SALE

Parent B. Partner:

Address: BP5F0240U FLEXTRONICS SALES&MARKETING(A-P)LTD

Contact:

Financial Department: ☐ Text

Status

B. Partner Status: Active from to

Roles

<input checked="" type="checkbox"/> Sold-to	...	<input checked="" type="checkbox"/> Buy-from	...
<input checked="" type="checkbox"/> Ship-to	...	<input checked="" type="checkbox"/> Ship-from	...
<input checked="" type="checkbox"/> Invoice-to	...	<input checked="" type="checkbox"/> Invoice-from	...
<input checked="" type="checkbox"/> Pay-by	...	<input checked="" type="checkbox"/> Pay-to	...

Close Save Revert Text Address... Contact... Features... Help

ttcom4100s000 : Business Partners [User: samkokyi] [162]

General Detailed Enterprise Modeling

Business Partner: FLF00240U FLEXTRONICS SALES&MARKETING(A-P)LTD

Enterprise Modeling

☒ Internal Business Partner

Enterprise Unit: 166001 FLEXTRONICS LABUAN.

Multi-Site

☐ Affiliated Company

Aff. Comp. No.: 000

Enterprise Modeling Help

Make sure you fill all business partner roles (both sold as buy) because an internal partner



## 1.6 Transfer Pricing

We now need to create and setup a price matrix for "transfer prices".

To create a transfer price matrix, use the following procedure

Step 1. Create a price book code (TRF) to be used for the transfer prices Codes (tdpcg0111m000)

Price Book Code	Description	Module
162166	162-->166	Sales
ABC123	SERVICE PACK	Purchasing
CA002R	Alcatel Suzhou Telecom	Sales
CA002U	Alcatel SuZhou USD	Sales
CA003U	APPLIED MATERIALS	Sales
CA004U	ALCATEL BUSINESS SYSTEM	Sales
CA006U	ADVANCED MP TECHNOLOGY	Sales
CA007U	America Electronics	Sales
CA008U	AVNET	Sales
CA013U	AMBIT ELECTRONICS INC	Sales
CA014U	AVITools(S) PTE LTD	Sales

Step 2. Create a Price Book for code TRF and fill the price for the item you want to use for the triangular invoicing deal. (tdpcg0531m000)

Price Book	162166	162-->166
Item	JNT-SSG-ANT	
	SSG Wireless Replacement Anten	
Currency	USD	US DOLLARS
Break [ Minimum ]	9999999.0000	EA
Effective Date	01-01-07	00:00:01
Expiration Date		
Entry Date	06-01-07	10:55:28
Price	10.000000	EA
Discount Schedule		
<input type="checkbox"/> Quotations Only		
<input type="checkbox"/> Default Price Book		
Price Change Reason		

**Step 3.** Create a Matrix Definition (TRF) of the type Transfer Price (tdpcg0510m000)

tdpcg0110s000 : Matrix Definitions [User: samkokyi] [162]

Matrix Type: Transfer Price

Matrix Definition: TRF

Description: Transfer Price

Matrix Segments:

- Invoice From
- Invoice To
- Not Applicable
- Not Applicable
- Not Applicable
- Not Applicable

Close

Help

**Step 4.** Create a Matrix Sequence of the type Transfer Price where you effect the matrix TRF (tdpcg0120m000)

The screenshot shows a software interface titled "tdpeg0120m000 : Matrix Sequences [User: samkokyri] [162]". The menu bar includes File, Edit, View, Group, Workflow, Tools, Specific, Window, and Help. Below the menu is a toolbar with icons for saving, opening, deleting, undo, redo, zooming, and other functions. A section labeled "Matrix Type" contains a dropdown menu currently set to "Transfer Price". Below this is a table with columns: Level, Seq., Effective Date, Expiration Date, Matrix Def, and Description. The first row has values: None (with a dropdown arrow), 1, 01-01-07, 00:00:00, TRF (with a dropdown arrow), and Transfer Price. There are several empty rows below the first one. On the right side of the table, there are vertical scroll bars. At the bottom right, there is a small box labeled "CAP".

**Step 5.** Now create a price matrix of type Transfer Price in tdpcg0530m000.

Matrix Def	Effective Date	Expiration Date	Price Book	Price Factor
TRF	01-01-07	00:00:01	162166	1.00

Here you bring the TRF price book and the TRF matrix together.

**Step 6.** Zoom on the TRF line to sub session tdpcg0130s000 to fill the attributes for TRF. In the attributes you define the item and the internal business partners between whom the transfer price applies.

Matrix Type	Transfer Price	
Matrix Definition	TRF	Transfer Price
Effective Date	01-01-07	00:00:01
Expiration Date		
Price Book	162166	162-->166
Price Factor	1.00	
<input checked="" type="checkbox"/> Determining <input checked="" type="checkbox"/> Eligible <input type="checkbox"/> No Discounts		

tdpcg0130s000 : Price Matrices [User: samkokyi] [162]

General | Sales Attributes | Purchase Attributes | Transfer Attributes

Matrix Type: Transfer Price

Matrix Definition: TRF      Transfer Price

Matrix Attributes

Invoice To	FLF00240U
Invoice From	FLF000162
Item	
Product Type	
Product Line	
Product Class	
Manufacturer	
Price Group	
Item Group	

Close

Save

Revert

Help

## 1.7 Finance

In Labuan company 166 a self billing need to be set up. Self billing is needed to handle the Inter-company invoicing between company 162 and 166 for the transaction between the warehouse and the sales office.

### 1.7.1 Self Billing Transaction Type

Create a Transaction Type (tfgld0511m000) for purchase invoices to be linked to purchase orders.

The screenshot shows the 'Transaction Types' window for user 'samkokyi' with ID '162'. The window has three tabs: 'General', 'Transactions', and 'Options'. The 'General' tab is active. It contains the following fields and controls:

- Transaction Type:** A text field containing 'PSB'.
- Definition:**
  - Description:** A text field containing 'PURCHASE INVOICE-SELF BILLING'.
  - Transaction Category:** A dropdown menu with 'Purchase Invoices' selected.
  - Update Mode:** A dropdown menu with 'Finalization' selected.
- Document Handling:**
  - Documents Sequenced by Date:** An unchecked checkbox.
  - Documents in fixed Sequence:** A checked checkbox.
  - Number of Digits for Series:** A text field containing '2'.
  - Default Series:** A text field containing '26' followed by a right-pointing arrow.

On the right side of the window, there are four buttons: 'Close', 'Save', 'Revert', and 'Help'.

### 1.7.2 Self Billing Parameters

Fill the "Self Billing Invoices" part in the ACP Parameters (tfacp0100m000)

The screenshot shows the 'tfacp0100s000 : ACP Parameters' window with the 'Approvals' tab selected. The window has a blue title bar and standard Windows window controls. The main area is divided into three sections: 'Approval of Purchase Invoices', 'Self Billing Invoices', and 'Offset Details'. The 'Approval of Purchase Invoices' section contains fields for 'Approval batch access mode' (set to 'One approval batch for all users per day'), 'Transaction Type for Approvals' (set to 'PAP ► PURCHASE INVOICE APPROVAL'), 'Batch Reference' (set to 'Purchase Order Approval'), 'Approval done before receipt' (set to 'No Check'), and 'Post Costs in Approval Period' (unchecked). The 'Self Billing Invoices' section contains fields for 'Transaction Type Self Billing' (set to 'PSB ► PURCHASE SELF BILLING'), 'Trans. Type Self Billing (no vat book)', 'Trans. Type Self Billing (intra EC )', 'Trans. Type for Return of Goods', and 'Batch Reference' (set to 'SELF BILLING'). The 'Offset Details' section contains fields for 'Offset Transaction Type', 'Last Used Offset Number' (set to 0), and 'Last Used Statement Number' (set to 0). On the right side of the window, there are buttons for 'OK', 'Close', 'Save', 'Revert', 'New...', 'Print', and 'Help'.

Section	Field	Value
Approval of Purchase Invoices	Approval batch access mode	One approval batch for all users per day
	Transaction Type for Approvals	PAP ► PURCHASE INVOICE APPROVAL
	Batch Reference	Purchase Order Approval
	Approval done before receipt	No Check
	Post Costs in Approval Period	<input type="checkbox"/>
Self Billing Invoices	Transaction Type Self Billing	PSB ► PURCHASE SELF BILLING
	Trans. Type Self Billing (no vat book)	
	Trans. Type Self Billing (intra EC )	
	Trans. Type for Return of Goods	
	Batch Reference	SELF BILLING
Offset Details	Offset Transaction Type	
	Last Used Offset Number	0
	Last Used Statement Number	0