Subcontracting

A service that you purchase from a supplier. The subcontracting business object of ACP focuses on the purchase of labor. This labor is usually in the context of the construction industry, where labor is supplied by individuals and the invoice amount includes elements for tax and social security charges.

Therefore, purchase invoices are generated when you hire certain services from another party: for example, when a part of a project or an operation of a production order is carried out.

Subcontracting invoices are present as open entries in ACP. In the Subcontracting business procedure, you can maintain specific subcontracting data for these invoices.

The Subcontracting business procedure can only be used if you selected the **Subcontracting** check box in the ACP Parameters (tfacp0100s000) session.

The subcontracting procedure

This chapter describes the procedure for subcontracting invoicing.

To process subcontracting invoices

This procedure can only be used if the **Subcontracting** check box in the ACP Parameters (tfacp0100s000) session is selected.

Subcontracting occurs when a subcontracting item is purchased. If your company hires certain services from another party (for example, when a part of a project or an operation of a production order is carried out), subcontracting invoices are created to pay for these services.

Part of each subcontracting invoice is not paid to the subcontractor but directly to the tax authorities and to blocked accounts for the industrial assurance board (IAB), which collects the social security premiums. Subcontracting invoices therefore need additional data that normal invoices do not have.

The additional data includes:

▫ A PAYE tax authorities' number for each subcontractor.

▫ A valid statement of account from the tax authorities for each subcontractor. The statement of account gives you the account status of the contract between you and the customer, the unpaid balance that is due, and the payment history.

▫ The industrial assurance board (IAB) with which the subcontractor is affiliated. The IAB is a public body responsible for collecting, administering, and making social security payments. From a subcontracting invoice, a partial amount is transferred to an industrial assurance board.

▫ A remittance agreement, which contains agreements about how the payment for a project will take place. For example, the remittance agreement states the part of the invoice amount that must be paid to the subcontractor's industrial assurance board (IAB) and to the tax authorities.

You can print reminders and send them to subcontractors if statements of account are missing or expired.

At the end of the procedure, all necessary data is present for the subcontracting invoices in the ACP module. If necessary, reminders are printed for missing or expired statements of account. The subcontracting invoices are processed in the same way as other invoices in the ACP and CMG modules. Agreed parts of the invoice amounts are directly paid to the IAB and the tax authorities linked to the subcontractors.

Figure 7 shows the steps in the subcontracting procedure, and the steps involved in the procedure are explained following the figure.
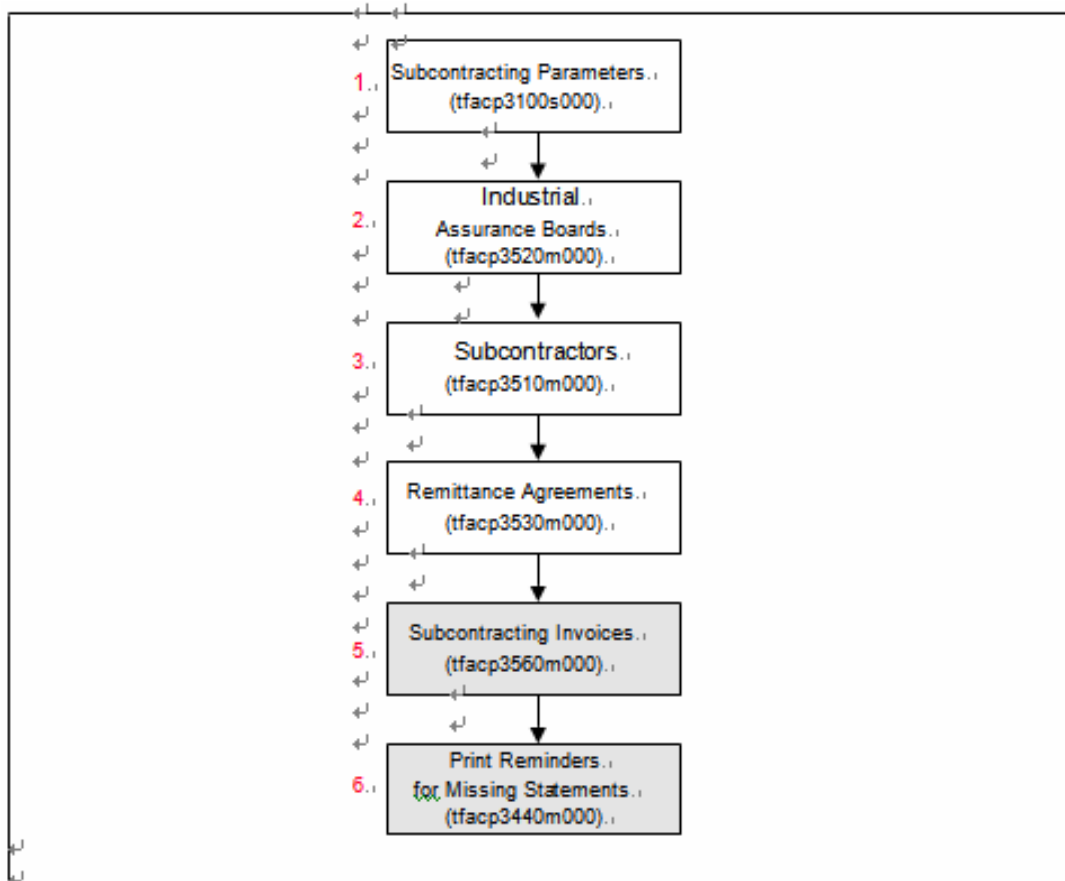

Figure 7, The subcontracting procedure.

Step 1   **Subcontracting Parameters (tfacp3100s000)**

Use this session to indicate:

- The number of days a statement of account's due date can be exceeded before it becomes invalid. If a statement of account is invalid, the invoices related to it are not selected for automatic payment, although you can still select them manually.

- The number of days between the sending of two reminders for missing documents. Reminders are generated for overdue or missing income tax statements, IAB statements, and (possibly) safeguarding clauses from a warranty fund.

- The name and address of the tax collector.

Step 2   **Industrial Assurance Boards (tfacp3520m000)**

Use this session to enter the industrial assurance board(s) to which your
subcontractors are affiliated and their addresses.

Step 3   Subcontractors (tfacp3510m000)

Subcontractors are invoice-from business partners that have been indicated as
subcontractors in the Invoice-from Business Partners (tccom4122s000) session.
In the Subcontractors (tfacp3510m000) session, you must enter additional data
for the subcontracted business partners.

First, you must link an industrial assurance board to the subcontractor. Next,
you must indicate the IAB number and the PAYE number, as well as the end
dates for the statements for both these parties. You can also indicate whether the
subcontractor is affiliated with a warranty fund.

Step 4   **Remittance Agreements (tfacp3530m000)**

The remittance agreement states how the total subcontracting invoice amount is
distributed and which part is paid either directly to the tax authorities and the
IAB, or to a blocked account that belongs to the subcontractor. When BaanERP
processes the subcontracting invoice, the percentages defined here are
automatically deducted from the invoice amount before it is paid.

An end date is defined for the remittance agreement on the second tab of the
session. Here, you can also view the status of the agreement (its validity).

Step 5   **Subcontracting Invoices (tfacp3560m000)**

Use this session to display the division of the total invoice amount into:

- The wage part
- The amount that is transferred to a blocked account
- The amount that is paid directly to the tax authorities
- The amount that is paid directly to the associated IAB.

If necessary, you can change the last three amounts in this session. You can also
link an order number to the invoice.

Step 6   **Print Reminders for Missing Statements**

(tfacp3440m000)

Certain valid documents are necessary for the subcontracting contract:

- A PAYE tax income statement
- A IAB statement of account
- A safeguarding clause, if the subcontractor is affiliated
with a warranty
fund.

Use this session to generate reminder letters for missing or overdue statements.