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## 1. Purpose of the document

The withholding yearly declaration is a legal requirement in Italy and all legal entities must complete the fiscal template according to Italian fiscal authority specifications.

This document explains the implementation and usage guidelines for the following reports:

- Withholding Tax Letters for Italy – creates and prints letters for the suppliers that confirm tax amounts withheld on Italian purchase invoices that are partially or fully paid within a calendar year. This letters confirms to the supplier the withholding tax amounts reported to the tax authorities.
- Yearly Withholding Tax Report for Italy - shows annual taxes withheld by first-party legal entities for the suppliers for the year selected.

The document explains the pre-requisite setup, important transaction entry aspects, report output details and the business flow.

## 2. Assumptions and Prerequisites

In this document, the following entities are assumed to have already been set up:

- Data Security – Refer to the Fusion Security topical essay available on cloud.oracle.com
- Geographies
- Enterprise Structure
- Suppliers
- Tax Authorities
- Bank accounts
- Procurement Business Function
- Common Options for Oracle Payables

It is recommended that the ‘Implementation Project’ is complete for your organization before entering transactions and using the transaction tax reports. If you require further details, refer to the [Analyze and Report](#) section of [Oracle Financials Cloud \(Get Started\)](#) web site.

## 3. Feature Specific Setup

The section below illustrates a possible setup of withholding tax and tax rules. You should complete the withholding tax setup according to current legislation.

### Create a new Withholding Tax Regime

*Navigation: Navigator → Setup and Maintenance*

*Task name: Manage Tax Regimes*

Open the Manage Tax Regimes UI and switch the radio button to Withholding Tax in the top left hand corner. Click on the create icon to enter a new withholding tax regime.

**Manage Tax Regimes**

Search For  Transaction Tax  Withholding Tax

Search: Withholding Tax Regimes

Country Starts with   
Tax Regime Code Starts with   
Tax Regime Name Starts with

Effective As-of Date

At least one is required

Search Reset Save...

**Search Results: Withholding Tax Regimes**

View Format Freeze Detach Wrap

Tax Regime Code	Tax Regime Name	Country	Start Date	End Date
No search conducted.				

Enter the required details for the new tax regime.

**Edit Withholding Tax Regime: IT WHT**

Tax Regime Code: IT WHT  
Tax Regime Name: IT Withholding  
Country: Italy

\* Start Date: 1/1/2001  
End Date:

Last Saved: 6/11/14 4:05 PM

**Controls and Defaults**

Tax Currency: EUR - Euro  
Minimum Accountable Unit: 0.01  
Tax Precision: 2  
Conversion Rate Type: Corporate

Rounding Rule: Nearest  
 Allow tax rounding override  
 Use legal registration number  
Withholding Buckets Level: Legal entity

**Compounding Level Controls**

Allow cross regime compounding  
Compounding Precedence

**Configuration Options**

Configuration Options

* Party Name	Party Type	Country	* Configuration for Taxes and Rules	* Configuration for Product Exceptions	Parent First-Party Organization	* Effective Start Date	Effective End Date
Vision Italy	First party legal entity	Italy	Common configuration with party overrides	Common configuration		1/1/01	

Save and close.

## Create new Withholding Taxes

The Withholding Tax reporting feature for Italy enables you to report on both withholding tax and social security amounts. To achieve this you need to set up separate taxes for both the withholding and the social security.

Tax Reporting Types and Tax Reporting Codes are used only for taxes in withholding tax.

*Navigation: Navigator → Setup and Maintenance*

*Task name: Manage Taxes*

Open the Manage Taxes UI and switch the radio button to Withholding Tax in the top left hand corner. Click on the create icon to enter a new tax.

**Manage Taxes**

Search For  Transaction Tax  Withholding Tax

**Search: Withholding Taxes**

\*\* Country Starts with  Tax Name Starts with   
 \*\* Tax Regime Code Starts with  Configuration Owner Starts with   
 \*\* Tax Starts with

Saved Search Default Search  At least one is required

Search Reset Save...

**Search Results: Withholding Taxes**

Actions View Format  Create New Tax from This Tax  Detach

Tax	Tax Name	Tax Regime Code	Configuration Owner	Country	Geography Type	Geography Name	Enabled Status	Start Date	End Date
No search conducted.									

**Download Files** Monitor Upload and Download Processes

View

Process File Identifier	Process Type	Creation Date	Last Updated Date	Download
No data to display.				

Enter the details for the withholding tax.

**Edit Withholding Tax: IT WHT**

Tax Regime Code: IT WHT  
 Configuration Owner: Global configuration owner  
 Tax: IT WHT  
 Tax Name: IT Withholding Tax

\* Start Date: 1/1/01  End Date:   Enable tax for transactions

**Tax Information**

Geography Type: COUNTRY	* Tax Currency: EUR - Euro <input type="button" value="Edit"/>	Rounding Rule: Nearest <input type="button" value="Edit"/>
Parent Geography Type: COUNTRY	Tax Minimum Accountable Unit: 0.01	Taxable Basis Minimum Accountable Unit: <input type="text"/>
Parent Geography Name: Italy	Tax Precision: 2	Compounding Precedence: <input type="text"/>
Override Geography Type: <input type="text"/>	Conversion Rate Type: Corporate <input type="button" value="Edit"/>	

**Controls and Defaults**

**Controls**

Tax Inclusion Method: Standard noninclusive handling  
 Allow override of calculated tax lines  
 Allow entry of manual tax lines  
 Use legal registration number

Calculation Point: Payment   
 Tax Invoice Creation Point: Payment  Create zero amount tax authority invoices

**Rate Schedule Controls**

Schedule Basis:   Apply single rate on total taxable basis

Withholding Tax Calendar:

**Tax Exceptions and Exemptions Controls and Defaults**

Allow tax exceptions  Allow tax exemptions

Save and create the tax rule defaults. Unless you specify different rules to use a different jurisdiction, status or rate, the default values will apply whenever the tax is applicable.

**Controls and Defaults**

**Direct Defaults**

Place of Supply: Bill from <input type="text"/>	Taxable Basis Formula: STANDARD_TB <input type="button" value="Edit"/>
Tax Applicability: Not Applicable <input type="button" value="Edit"/>	
Tax Registration: Bill-from party <input type="text"/>	

**Indirect Defaults**

View Format

Type	Default Value <input type="text"/>	Default Start Date	Default End Date
Tax Jurisdiction			
Tax Status			
Tax Rate			

Activate the Tax Jurisdiction type record by highlighting Tax Jurisdiction row in the Indirect Defaults region of the UI and click on the Create Default button. The Create Withholding Tax Jurisdiction UI opens. Enter the details for the tax jurisdiction.

**Create Withholding Tax Jurisdiction**

* Tax Jurisdiction Code: IT WHT JC	* Start Date: 01/01/2001
* Tax Jurisdiction Name: IT WHT Jurisdiction	End Date:
Tax Regime Code: IT WHT	
Tax: IT WHT	
* Geography Type: COUNTRY	
* Geography Name: Italy	
Parent Geography Type: Italian Cluster	
Parent Geography Name: LOCAL_REGION	

**Default Information**

Set as default jurisdiction

\* Default Start Date: 01/01/2001

\* Default End Date:

**Associated Information**

Tax Authorities	Threshold Controls	Tax Accounts	Tax Reporting Codes
<b>Ledger</b>	<b>Business Unit</b>	<b>Tax Liability Account</b>	
No data to display.			

Save and close.

**Edit Withholding Tax: IT WHT**

Tax Regime Code: IT WHT	* Start Date: 01/01/2001
Configuration Owner: Global configuration owner	End Date:
Tax: IT WHT	
* Tax Name: IT Withholding	

**Tax Information**

Geography Type: COUNTRY	* Tax Currency: EUR - Euro
Parent Geography Type: COUNTRY	Tax Minimum Accountable Unit: 0.01
Parent Geography Name: Italy	Tax Precision: 2
Override Geography Type:	Conversion Rate Type: Corporate
	Rounding Rule: Nearest
	Taxable Basis Minimum Accountable Unit:
	Compounding Precedence:

Enable tax for transactions

Last Saved: 02/06/2015 5:20 AM

**Controls and Defaults**    **Tax Rule Defaults**    **Tax Accounts**    **Threshold Controls**    **Tax Reporting Codes**    **Tax Jurisdictions**    **Tax Authorities**

**Direct Defaults**

Place of Supply: Bill from	Taxable Basis Formula: STANDARD_TB
Tax Applicability: Not Applicable	
Tax Registration: Bill-from party	

**Indirect Defaults**

Type	Default Value	Default Start Date	Default End Date
Tax Jurisdiction	IT WHT JC	01/01/2001	
Tax Status			
Tax Rate			

Activate the Tax Status line and click on the Create Default button. The Create Withholding Tax Status UI opens. Enter the details for the tax status.

## Edit Withholding Tax Status: IT WHT STD STATUS

IT WHT Global configuration owner | Save | Save and Close | Cancel  
Last Saved 02/06/2015 5:27 AM

Tax Regime Code	IT WHT	* Start Date	01/01/2001
Configuration Owner	Global configuration owner	End Date	
Tax	IT WHT	<input checked="" type="checkbox"/> Set as default tax status	
Tax Status Code	IT WHT STD STATUS	* Default Start Date	01/01/2001
* Tax Status Name	IT WHT STD Status	Default End Date	

### Controls and Defaults

- Allow tax exceptions
- Allow tax exemptions
- Allow tax rate override

### Tax Reporting Codes

Tax Reporting Type Code				Data Type	* Tax Reporting Code	Description	* Effective Start Date	Effective End Date
No data to display.								

Save and close.

## Edit Withholding Tax: IT WHT

IT WHT Global configuration owner | Save | Save and Close | Cancel  
Last Saved 02/06/2015 5:20 AM

Tax Regime Code	IT WHT	* Start Date	01/01/2001
Configuration Owner	Global configuration owner	End Date	
Tax	IT WHT	<input type="checkbox"/> Enable tax for transactions	
* Tax Name	IT Withholding		

### Tax Information

Geography Type	COUNTRY	* Tax Currency	EUR - Euro
Parent Geography Type	COUNTRY	Tax Minimum Accountable Unit	0.01
Parent Geography Name	Italy	Tax Precision	2
Override Geography Type		Conversion Rate Type	Corporate
		Rounding Rule	Nearest
		Taxable Basis Minimum Accountable Unit	
		Compounding Precedence	

Controls and Defaults | Tax Rule Defaults | Tax Accounts | Threshold Controls | Tax Reporting Codes | Tax Jurisdictions | Tax Authorities

### Direct Defaults

Place of Supply	Bill from	Taxable Basis Formula	STANDARD_TB
Tax Applicability	Not Applicable		
Tax Registration	Bill-from party		

### Indirect Defaults

Type	Default Value	Default Start Date	Default End Date
Tax Jurisdiction	IT WHT JC	01/01/2001	
Tax Status	IT WHT STD STATUS	01/01/2001	
Tax Rate			

Activate the Tax Rate type and click on the Create Default button. The Create Withholding Tax Rate UI opens. Enter details for the tax rate.

## Create Withholding Tax Rate

[Save](#) [Save and Close](#) [Cancel](#)

Tax Regime Code	IT WHT	Tax Regime Name	IT Withholding
Configuration Owner	Global configuration owner	Tax Name	IT Withholding
Tax	IT WHT	Tax Status Name	IT WHT STD Status
* Tax Status Code	IT WHT STD STATUS	Tax Jurisdiction Name	
Tax Jurisdiction Code		Tax Classification Code Set Assignments	Procure to pay
* Tax Rate Code	IT WHT STD		
* Tax Rate Type	Percentage		

### Rate Periods

View	Format	<a href="#">+</a>	<a href="#">-</a>	<a href="#">Detach</a>				
		*	Rate Percentage	* Effective Start Date	Effective End Date	Set as Default Rate	Default Start Date	Default End Date

### 20, 2001-01-01: Rate Period Details

Main Details	<a href="#">Tax Accounts</a>	<a href="#">Tax Reporting Codes</a>
Rate Period Name	IT WHT Standard	
Rate Period Description	Italian withholding standard rate at 20%	
Controls	<input checked="" type="checkbox"/> Allow tax exemptions <input checked="" type="checkbox"/> Allow tax exceptions	

Assign the ledger and account information for the rate.

### 20, 2001-01-01: Rate Period Details

Main Details	<a href="#">Tax Accounts</a>	<a href="#">Tax Reporting Codes</a>												
<table border="1"> <tr> <td>View</td> <td><a href="#">+</a></td> <td><a href="#">-</a></td> <td><a href="#">Detach</a></td> </tr> <tr> <td>* Ledger</td> <td>Business Unit</td> <td colspan="2">* Tax Liability Account</td> </tr> <tr> <td>Vision Italy EUR</td> <td></td> <td>32-499999-000-000</td> <td><a href="#">Edit</a></td> </tr> </table>	View	<a href="#">+</a>	<a href="#">-</a>	<a href="#">Detach</a>	* Ledger	Business Unit	* Tax Liability Account		Vision Italy EUR		32-499999-000-000	<a href="#">Edit</a>		
View	<a href="#">+</a>	<a href="#">-</a>	<a href="#">Detach</a>											
* Ledger	Business Unit	* Tax Liability Account												
Vision Italy EUR		32-499999-000-000	<a href="#">Edit</a>											

Save and close.

Now you have your tax defaults defined as below.

## Edit Withholding Tax: IT WHT

[Save](#) [Save and Close](#) [Cancel](#)

Last Saved 02/06/2015 5:20 AM

Enable tax for transactions

Tax Regime Code	IT WHT	* Start Date	01/01/2001																				
Configuration Owner	Global configuration owner	End Date																					
Tax	IT WHT																						
* Tax Name	IT Withholding																						
<b>Tax Information</b>																							
Geography Type	COUNTRY	* Tax Currency	EUR - Euro																				
Parent Geography Type	COUNTRY	Tax Minimum Accountable Unit	0.01																				
Parent Geography Name	Italy	Tax Precision	2																				
Override Geography Type		Conversion Rate Type	Corporate																				
<table border="1"> <tr> <td>Controls and Defaults</td> <td><a href="#">Tax Rule Defaults</a></td> <td><a href="#">Tax Accounts</a></td> <td><a href="#">Threshold Controls</a></td> <td><a href="#">Tax Reporting Codes</a></td> <td><a href="#">Tax Jurisdictions</a></td> <td><a href="#">Tax Authorities</a></td> </tr> </table>				Controls and Defaults	<a href="#">Tax Rule Defaults</a>	<a href="#">Tax Accounts</a>	<a href="#">Threshold Controls</a>	<a href="#">Tax Reporting Codes</a>	<a href="#">Tax Jurisdictions</a>	<a href="#">Tax Authorities</a>													
Controls and Defaults	<a href="#">Tax Rule Defaults</a>	<a href="#">Tax Accounts</a>	<a href="#">Threshold Controls</a>	<a href="#">Tax Reporting Codes</a>	<a href="#">Tax Jurisdictions</a>	<a href="#">Tax Authorities</a>																	
<b>Direct Defaults</b> <table border="1"> <tr> <td>Place of Supply</td> <td>Bill from</td> <td>Taxable Basis Formula</td> <td>STANDARD_TB</td> </tr> <tr> <td>Tax Applicability</td> <td>Not Applicable</td> <td></td> <td></td> </tr> <tr> <td>Tax Registration</td> <td>Bill-from party</td> <td></td> <td></td> </tr> </table>				Place of Supply	Bill from	Taxable Basis Formula	STANDARD_TB	Tax Applicability	Not Applicable			Tax Registration	Bill-from party										
Place of Supply	Bill from	Taxable Basis Formula	STANDARD_TB																				
Tax Applicability	Not Applicable																						
Tax Registration	Bill-from party																						
<b>Indirect Defaults</b> <table border="1"> <tr> <td>View</td> <td>Format</td> <td><a href="#">Create Default</a></td> <td><a href="#">Edit Default</a></td> </tr> <tr> <td>Type</td> <td>Default Value</td> <td>Default Start Date</td> <td>Default End Date</td> </tr> <tr> <td>Tax Jurisdiction</td> <td>IT WHT JC</td> <td>01/01/2001</td> <td></td> </tr> <tr> <td>Tax Status</td> <td>IT WHT STD STATUS</td> <td>01/01/2001</td> <td></td> </tr> <tr> <td>Tax Rate</td> <td>IT WHT STD</td> <td>01/01/2001</td> <td></td> </tr> </table>				View	Format	<a href="#">Create Default</a>	<a href="#">Edit Default</a>	Type	Default Value	Default Start Date	Default End Date	Tax Jurisdiction	IT WHT JC	01/01/2001		Tax Status	IT WHT STD STATUS	01/01/2001		Tax Rate	IT WHT STD	01/01/2001	
View	Format	<a href="#">Create Default</a>	<a href="#">Edit Default</a>																				
Type	Default Value	Default Start Date	Default End Date																				
Tax Jurisdiction	IT WHT JC	01/01/2001																					
Tax Status	IT WHT STD STATUS	01/01/2001																					
Tax Rate	IT WHT STD	01/01/2001																					

Click on the Tax Reporting Codes tab. Assign the predefined ORA\_IT SOCIAL SECURITY tax reporting type to the withholding tax with tax reporting code set to N(No).

This tax reporting type is used to identify which tax to use for the Italian withholding tax reporting. Transactions that have this tax applied are reported on the Italian withholding tax reports.

Tax Reporting Codes					
* Tax Reporting Type Code	Data Type	* Tax Reporting Code	Description	* Effective Start Date	Effective End Date
ORA_IT SOCIAL SECURITY	Yes or no indicator	N	No	1/1/01	

Click on the Tax Authorities tab and assign the tax authority and site to the withholding tax.

Tax Authorities					
* Collecting Tax Authority	Tax Jurisdiction Code	* Business Unit	* Collecting Tax Authority Site	* Effective Start Date	Effective End Date
IRPEF		Vision Italy	IRPEF	1/1/01	

Save the tax and enable it for transaction entry by checking the 'Enable tax for transactions' checkbox.

Edit Withholding Tax: IT WHT					
Tax Regime Code	IT WHT	* Start Date	1/1/01		<input checked="" type="checkbox"/> Enable tax for transactions
Configuration Owner	Global configuration owner	End Date			
Tax	IT WHT				
Tax Name	IT Withholding Tax				
Tax Information					
Geography Type	COUNTRY	* Tax Currency	EUR - Euro	Rounding Rule	Nearest
Parent Geography Type	COUNTRY	Tax Minimum Accountable Unit	0.01	Taxable Basis Minimum Accountable Unit	
Parent Geography Name	Italy	Tax Precision	2	Compounding Precedence	
Override Geography Type		Conversion Rate Type	Corporate		

  

Tax Authorities					
* Collecting Tax Authority	Tax Jurisdiction Code	* Business Unit	* Collecting Tax Authority Site	* Effective Start Date	Effective End Date
IRPEF		Vision Italy	IRPEF	1/1/01	

Save and close.

Use the same Manage Taxes UI to define the tax for social security.

Note that even when the social security tax is not used, you have to create a social security tax with a default 0% rate for the Withholding Tax Letter for Italy to work as expected.

**Edit Withholding Tax: IT SS**

Tax Regime Code	IT WHT	* Start Date	1/1/01		Save	Save and Close	Cancel
Configuration Owner	Global configuration owner	End Date			✓ Enable tax for transactions		
Tax	IT SS						
Tax Name	IT Social Security						

**Tax Information**

Geography Type	COUNTRY	* Tax Currency	EUR - Euro	Rounding Rule	Nearest
Parent Geography Type	COUNTRY	Tax Minimum Accountable Unit	0.01	Taxable Basis Minimum Accountable Unit	
Parent Geography Name	Italy	Tax Precision	2	Compounding Precedence	
Override Geography Type		Conversion Rate Type	Corporate		

**Controls and Defaults** **Tax Rule Defaults** **Tax Accounts** **Threshold Controls** **Tax Reporting Codes** **Tax Jurisdictions** **Tax Authorities**

**Controls**

Tax Inclusion Method	Standard noninclusive handling	Calculation Point	Payment
<input checked="" type="checkbox"/> Allow override of calculated tax lines	Tax Invoice Creation Point	Payment	<input type="checkbox"/> Create zero amount tax authority invoices
<input checked="" type="checkbox"/> Allow entry of manual tax lines			
<input checked="" type="checkbox"/> Use legal registration number			

**Rate Schedule Controls**

Schedule Basis		Withholding Tax Calendar	
<input type="checkbox"/> Apply single rate on total taxable basis			

**Tax Exceptions and Exemptions Controls and Defaults**

<input checked="" type="checkbox"/> Allow tax exceptions	<input checked="" type="checkbox"/> Allow tax exemptions
--	--

Save and create the tax rule defaults. Unless you specify different rules to apply a specific jurisdiction, status or rate, the default values will apply whenever the social security tax is applicable.

**Controls and Defaults** **Tax Rule Defaults** **Tax Accounts** **Threshold Controls** **Tax Reporting Codes** **Tax Jurisdictions** **Tax Authorities**

**Direct Defaults**

Place of Supply	Bill from	Taxable Basis Formula	STANDARD_TB
Tax Applicability	Not Applicable		
Tax Registration	Bill-from party		

**Indirect Defaults**

Type	Default Value	Default Start Date	Default End Date
Tax Jurisdiction			
Tax Status			
Tax Rate			

Activate the Tax Jurisdiction type record and click on the Create Default button. The Create Withholding Tax Jurisdiction UI opens. Enter the details for the tax jurisdiction.

**Edit Withholding Tax Jurisdiction: IT SS JC**

Tax Jurisdiction Code	IT SS JC	* Start Date	1/1/01		Save	Save and Close	Cancel
Tax Jurisdiction Name	IT SS Jurisdiction	End Date					
Tax Regime Code	IT WHT						
Tax	IT SS						
Geography Type	COUNTRY						
Geography Name	Italy						
Parent Geography Type	LOCAL_REGION						
Parent Geography Name	Italian Cluster						

**Default Information**

<input checked="" type="checkbox"/> Set as default jurisdiction	* Default Start Date	1/1/01	
	Default End Date		

**Associated Information**

**Tax Authorities** **Threshold Controls** **Associated Jurisdiction Tax Rate Periods** **Tax Accounts** **Tax Reporting Codes**

<b>View</b> <b>Format</b>					
Tax Rate Code	Configuration Owner	Tax Status Code	Tax Rate Type	Tax Rate Effective Start Date	Effective End Date

No data to display.

Save and close.

As with the creation of the withholding tax, activate the Tax Status type and click on the Create Default button. The Create Withholding Tax Status UI opens. Enter details for the tax status.

Edit Withholding Tax Status: IT SS STD STATUS

Tax Regime Code: IT WHT	* Start Date: 1/1/01
Configuration Owner: Global configuration owner	End Date:
Tax: IT SS	<input checked="" type="checkbox"/> Set as default tax status
Tax Status Code: IT SS STD STATUS	* Default Start Date: 1/1/01
* Tax Status Name: IT SS STD Status	Default End Date:

Controls and Defaults

<input checked="" type="checkbox"/> Allow tax exceptions	<input checked="" type="checkbox"/> Allow tax rate override
<input checked="" type="checkbox"/> Allow tax exemptions	

Tax Reporting Codes

View	Format	<input type="button" value="+"/> <input type="button" value="Edit"/> <input type="button" value="Detach"/>	<input type="button" value="Wrap"/>
* Tax Reporting Type Code	Data Type	* Tax Reporting Code	Description
No data to display.			

Save and close.

Activate the Tax Rate type and click on the Create Default button. The Create Withholding Tax Rate UI opens. Enter details for the tax rate.

Edit Withholding Tax Rate: IT SS STD RATE

Tax Regime Code: IT WHT	Tax Regime Name: IT Withholding
Configuration Owner: Global configuration owner	Tax Name: IT Social Security
Tax: IT SS	Tax Status Name: IT SS STD Status
Tax Status Code: IT SS STD STATUS	Tax Jurisdiction Name:
Tax Jurisdiction Code:	Tax classification code set assignments
Tax Rate Code: IT SS STD RATE	
Tax Rate Type: Percentage	

Rate Periods

* Rate Percentage	* Effective Start Date	Effective End Date	Set as Default Rate	Default Start Date	Default End Date
9.5	1/1/01		<input checked="" type="checkbox"/>	1/1/01	

9.5, 2001-01-01: Rate Period Details

Main Details	Tax Accounts	Tax Reporting Codes
Rate Period Name: IT SS STD	Tax Transaction Type:	
Tax Rate Description: Italian social security rate at 9.5%		

Controls

<input checked="" type="checkbox"/> Allow tax exemptions
<input checked="" type="checkbox"/> Allow tax exceptions

Assign the ledger and account information for the rate.

20, 2001-01-01: Rate Period Details

Main Details	Tax Accounts	Tax Reporting Codes
View	<input type="button" value="+"/> <input type="button" value="Edit"/> <input type="button" value="Detach"/>	
* Ledger	Business Unit	* Tax Liability Account
Vision Italy EUR		32-499999-000-000

Save and close.

Now you have your tax defaults defined as below.

Edit Withholding Tax: IT SS

Tax Regime Code: IT WHT	* Start Date: 01.01.01	End Date:	<input checked="" type="checkbox"/> Enable tax for transactions
Configuration Owner: Global configuration owner			
Tax: IT SS			
Tax Name: IT Social Security			
<b>Tax Information</b>			
Geography Type: COUNTRY	* Tax Currency: EUR - Euro	Rounding Rule: Nearest	
Parent Geography Type: COUNTRY	Tax Minimum Accountable Unit: 0,01	Taxable Basis Minimum Accountable Unit:	
Parent Geography Name: Italy	Tax Precision: 2	Compounding Precedence:	
Override Geography Type:	Conversion Rate Type: Corporate		
<b>Controls and Defaults</b> <b>Tax Rule Defaults</b> <b>Tax Accounts</b> <b>Threshold Controls</b> <b>Tax Reporting Codes</b> <b>Tax Jurisdictions</b> <b>Tax Authorities</b>			
<b>Direct Defaults</b>			
* Place of Supply: Bill from	* Taxable Basis Formula: STANDARD_TB		
Tax Applicability: Not Applicable			
* Tax Registration: Bill-from party			
<b>Indirect Defaults</b>			
View Format Create Default Edit Default			
Type	Default Value	Default Start Date	Default End Date
Tax Jurisdiction	IT SS JC	01.01.01	
Tax Status	IT SS STD STATUS	01.01.01	
Tax Rate	IT SS STD	01.01.01	

Click on the Tax Reporting Codes tab and assign ORA\_IT SOCIAL SECURITY tax reporting type for IT SS tax with tax reporting code Y(Yes).

This reporting type code identifies the tax for Italian withholding tax reporting. Setting the tax reporting code to yes means that withholding tax amounts created for this tax will be reported as social security amounts on the Italian withholding tax reports.

Controls and Defaults Tax Rule Defaults Tax Accounts Threshold Controls **Tax Reporting Codes** Tax Jurisdictions Tax Authorities

* Tax Reporting Type Code	Data Type	* Tax Reporting Code	Description	* Effective Start Date	Effective End Date
ORA_IT SOCIAL SECURITY	Yes or no indicator	Y	Yes	1/1/01	

Move to the Tax Authorities tab and enter the tax authority and site for the social security tax. Tax Authorities are entered as supplier with the supplier type set as Tax Authority. This information is used if Tax Invoice Creation is enabled on the Controls and Defaults tab.

Controls and Defaults Tax Rule Defaults Tax Accounts Threshold Controls Tax Reporting Codes Tax Jurisdictions **Tax Authorities**

* Collecting Tax Authority	Tax Jurisdiction Code	* Business Unit	* Collecting Tax Authority Site	* Effective Start Date	Effective End Date
INPS	Vision Italy		INPS	1/1/01	

Save and enable the social security tax by checking the 'Enable tax for transactions' checkbox. Save again.

Edit Withholding Tax: IT SS

Tax Regime Code: IT WHT	* Start Date: 1/1/01	<input type="checkbox"/> Enable tax for transactions																		
Configuration Owner: Global configuration owner	End Date:																			
Tax: IT SS																				
Tax Name: IT Social Security																				
<b>Tax Information</b>																				
Geography Type: COUNTRY	* Tax Currency: EUR - Euro	Rounding Rule: Nearest																		
Parent Geography Type: COUNTRY	Tax Minimum Accountable Unit: 0.01	Taxable Basis Minimum Accountable Unit:																		
Parent Geography Name: Italy	Tax Precision: 2	Compounding Precedence:																		
Override Geography Type:	Conversion Rate Type: Corporate																			
<a href="#">Controls and Defaults</a> <a href="#">Tax Rule Defaults</a> <a href="#">Tax Accounts</a> <a href="#">Threshold Controls</a> <a href="#">Tax Reporting Codes</a> <a href="#">Tax Jurisdictions</a> <b>Tax Authorities</b>																				
View <span style="font-size: small;">▼</span> Format <span style="font-size: small;">▼</span> <span style="color: green; font-weight: bold;">+</span> <span style="color: red;">-</span> <span style="color: blue;">Detach</span> <span style="color: blue;">Save</span> <span style="color: blue;">Save and Close</span> <span style="color: blue;">Cancel</span>																				
<table border="1"> <thead> <tr> <th>* Collecting Tax Authority</th> <th>Tax Jurisdiction Code</th> <th>* Business Unit</th> <th>* Collecting Tax Authority Site</th> <th>* Effective Start Date</th> <th>Effective End Date</th> </tr> </thead> <tbody> <tr> <td>INPS</td> <td></td> <td>Vision Italy</td> <td>INPS</td> <td>1/1/01</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			* Collecting Tax Authority	Tax Jurisdiction Code	* Business Unit	* Collecting Tax Authority Site	* Effective Start Date	Effective End Date	INPS		Vision Italy	INPS	1/1/01	<input type="checkbox"/>						
* Collecting Tax Authority	Tax Jurisdiction Code	* Business Unit	* Collecting Tax Authority Site	* Effective Start Date	Effective End Date															
INPS		Vision Italy	INPS	1/1/01	<input type="checkbox"/>															

## 4. Create new Tax Rule

The example below is only for demonstration purposes to show you one possible way how you can set up the tax rules for withholding tax and social security. For customers the tax rules and tax determinants have to be based on the current legislation.

### Create a new User-Defined Fiscal classification code

Navigation: Navigator → Setup and Maintenance

Task name: Manage Transaction-Based Fiscal Classifications

Open the Manage Transaction-Based Fiscal Classifications UI and change the value to User-Defined Fiscal Classification Codes in the top left corner. Click on the create icon.

Manage Transaction-Based Fiscal Classifications

Search For: User-Defined Fiscal Classification Codes <input type="button" value="Search"/>	Done			
<span style="color: green;">▲</span> Search: User-Defined Fiscal Classification Codes <span style="float: right;">Saved Search Default Search</span>				
<span style="color: green;">**</span> Fiscal Classification Code Starts with <input type="text"/> <span style="color: green;">**</span> Country Starts with <input type="text"/> <span style="float: right;">At least one is required</span>				
<input type="button" value="Search"/> <input type="button" value="Reset"/> <input type="button" value="Save..."/>				
<b>Search Results: User-Defined Fiscal Classification Codes</b>				
View <span style="font-size: small;">▼</span> Format <span style="font-size: small;">▼</span> <span style="color: green;">+</span> <span style="color: red;">-</span> <span style="color: blue;">Detach</span>				
Fiscal Classification Code	Fiscal Classification Name	Country	Start Date	End Date
No data to display.				
Columns Hidden	1			

On the Create User-Defined Fiscal Classification Code UI enter a new code that you can use as a tax determinant for the withholding tax rules.

Create User-Defined Fiscal Classification Code

* Fiscal Classification Code: IT WHT	* Start Date: 01.01.01												
* Fiscal Classification Name: IT Withholding Tax	End Date:												
Country: Italy													
<b>Associated Tax Reporting Codes</b>													
View <span style="font-size: small;">▼</span> Format <span style="font-size: small;">▼</span> <span style="color: green;">+</span> <span style="color: red;">-</span> <span style="color: blue;">Detach</span> <span style="color: blue;">Save</span> <span style="color: blue;">Save and Create Another</span> <span style="color: blue;">Save and Close</span> <span style="color: blue;">Cancel</span>													
<table border="1"> <thead> <tr> <th>* Tax Reporting Type Code</th> <th>Data Type</th> <th>* Tax Reporting Code</th> <th>Description</th> <th>* Effective Start Date</th> <th>Effective End Date</th> </tr> </thead> <tbody> <tr> <td>No data to display.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		* Tax Reporting Type Code	Data Type	* Tax Reporting Code	Description	* Effective Start Date	Effective End Date	No data to display.					
* Tax Reporting Type Code	Data Type	* Tax Reporting Code	Description	* Effective Start Date	Effective End Date								
No data to display.													

Save and close the window.

## Create a tax applicability rules

Navigation: Navigator → Setup and Maintenance

Task name: Manage Tax Rules

In this setup section shows you step by step how to create a new tax applicability rule.

On the Manage Tax Rules UI choose the Withholding Tax radio button and Tax Rule Type Tax Applicability Rules in the top left corner. Click on the create icon.

Manage Tax Rules

Search For: Transaction Tax  Withholding Tax  Tax Rule Type  Tax Applicability Rules

Search: Withholding Tax Applicability Rules

Advanced | Saved Search | Default Search

At least one is required

** Configuration Owner	Starts with	Event Class	Starts with
** Tax Regime Code	Starts with	Effective As-of Date	
** Tax	Starts with	Include Rules of Parent Configuration	Equals
** Rule Code	Starts with		

Search | Reset | Save...

Search Results: Withholding Tax Applicability Rules

View	Format	Print	Freeze	Detach	Wrap	Rule Code	Rule Name	Configuration Owner	Tax Regime Code	Tax	Rule Order	Tax Determining Factor Set Code	Start Date	End Date	Enabled	Event Class	Geography Name
No search conducted.																	

Enter details for the new tax rule.

Tax Determining Factors Tax Condition Set Rule Status and Order

Create Determine Withholding Tax Applicability Rule: Tax Determining Factors

Back | Next | Submit | Cancel

Rule Details

* Configuration Owner: Global configuration owner	* Tax Regime Code: IT WHT	* Tax: IT WHT
* Rule Code: IT WHT	* Start Date: 01-01-2001	Tax Law Reference
* Rule Name: IT Withholding Tax	End Date	Description

Event Class

Event Class:

Geography

Set as geography specific rule

Location Type	Parent Geography Type	Geography Type
	Parent Geography Name	Geography Name

Tax Determining Factor Set

* Code: <input type="button" value="..."/>	Name	Ledger
Search...		
<input type="button" value="Create"/>		

Click on Create on the list of values for Tax Determining Factor Set. This opens the Create Tax Determining Factor Set UI. Define a new tax determining factor set based on user-defined fiscal classification code.

Click on OK. This saves the new record and automatically selects it as the tax determining factor set for the tax rule.

**Tax Determining Factors** Tax Condition Set Rule Status and Order

### Create Determine Withholding Tax Applicability Rule: Tax Determining Factors

**Rule Details**

* Configuration Owner: Global configuration owner	* Tax Regime Code: IT WHT	* Tax: IT WHT
* Rule Code: IT WHT	* Start Date: 01-01-2001	Tax Law Reference:
* Rule Name: IT Whitholding Tax	End Date:	Description:

**Event Class**

Event Class:
--------------

**Geography**

<input type="checkbox"/> Set as geography specific rule	Parent Geography Type:	Geography Type:
Location Type:	Parent Geography Name:	Geography Name:

**Tax Determining Factor Set**

* Code: IT WHT APPL FS	Name: IT Withholding Tax Applicability FS	Ledger:
------------------------	---	---------

**Tax Determining Factor Set Details**

View	Format	Detach	Wrap	Tax Class Qualifier	Determining Factor Name	Required
Determining Factor Class	Transaction input factor				User-Defined Fiscal Classification	

Click on the next button.

Tax Determining Factors Tax Condition Set Rule Status and Order

Create Determine Withholding Tax Applicability Rule IT Whitholding Tax: Withholding Tax Condition Set

Back Save and Next Submit Cancel

**Rule Details**

Configuration Owner	Global configuration owner	Rule Code	IT WHT	Determining Factor Set Code	IT WHT APPL
Tax Regime Code	IT WHT	Rule Name	IT Whitholding Tax	Determining Factor Set Name	IT Withholding Tax Applicability
Tax	IT WHT				

**Tax Condition Set**

**Create** (highlighted with a red box)

* Tax Condition Set Code	Tax Condition Set Name	Tax Condition Set Order	* New Condition Set Order	* Result	Enabled
IT WHT APPL CS	IT Withholding Applicability Condition Set	1	Applicable		<input checked="" type="checkbox"/>

**Tax Condition Set** **Tax Reporting Codes**

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range	To Range	Ignore Condition
No data to display.						

Select Create from the list of values for the Tax Condition Set field. This opens the Create Condition Set UI. Enter a new condition set that uses the new user-defined fiscal classification value created in the previous setup step.

Create Condition Set

* Tax Condition Set Code	IT WHT APPL CS	* Ledger	
* Tax Condition Set Name	IT Withholding Applicability Condition Set	Country	Italy
Tax Determining Factor Set Code	IT WHT APPL		

**Withholding Tax Condition Set Details**

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	* Operator	* Value or From Range	To Range	Ignore Condition
Transaction input factor		User-Defined Fiscal Classification	Equal to	IT WHT	-	<input type="checkbox"/>

OK Cancel

Click on OK and the new condition set is automatically saved and selected as the tax condition set for the tax rule.

Tax Determining Factors Tax Condition Set Rule Status and Order

Create Determine Withholding Tax Applicability Rule IT Whitholding Tax: Withholding Tax Condition Set

Back Save and Next Submit Cancel

**Rule Details**

Configuration Owner	Global configuration owner	Rule Code	IT WHT	Determining Factor Set Code	IT WHT APPL
Tax Regime Code	IT WHT	Rule Name	IT Whitholding Tax	Determining Factor Set Name	IT Withholding Tax Applicability
Tax	IT WHT				

**Tax Condition Set**

* Tax Condition Set Code	Tax Condition Set Name	Tax Condition Set Order	* New Condition Set Order	* Result	Enabled
IT WHT APPL CS	IT Withholding Applicability Condition Set	1	Applicable		<input checked="" type="checkbox"/>

**IT Withholding Applicability Condition Set: Details**

**Tax Condition Set** **Tax Reporting Codes**

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range	To Range	Ignore Condition
Transaction input factor		User-Defined Fis...	Equal to	IT WHT	-	<input type="checkbox"/>

Click on the Save and Next button.

Tax Determining Factors Tax Condition Set Rule Status and Order

### Edit Determine Withholding Tax Applicability Rule: Rule Status and Order

Rule Configuration Owner	Global configuration owner	Tax Regime Code	IT WHT	Tax	IT WHT						
<b>Rule Status and Order</b>											
View ▾ Format ▾	Freeze	Detach	Wrap								
Configuration Owner	Rule Order	New Rule Order	Evaluation Order	Rule Code	Rule Name	Start Date	End Date	Enabled	Application	Event Class	Geography Name
Global configuratio...	10			1 IT WHT	IT Whitholding Tax	1/1/01		<input checked="" type="checkbox"/>			
Columns Hidden	5										

**IT Whitholding Tax: Tax Conditions**

Tax Condition Set Code	Tax Condition Set Name	Tax Condition Set Order	Result	Enabled
IT WHT APPL CS	IT Withholding App... 1	1	Applicable	✓

**Tax Condition Set** Tax Reporting Codes

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range	To Range	Ignore Condition
Transaction input factor		User-Defined Fiscal Classification	Equal to	IT WHT		—
Rows Selected	1					

Enable the new tax rule by checking the Enabled checkbox and click on the Submit button. This completes the creation of the tax applicability rule for the withholding tax. The next step is to create a very similar tax rule for the social security tax.

Tax Determining Factors Tax Condition Set Rule Status and Order

### Create Determine Withholding Tax Applicability Rule: Tax Determining Factors

**Rule Details**

* Configuration Owner: Global configuration owner	* Tax Regime Code: IT WHT	* Tax: IT SS
* Rule Code: IT SS	* Start Date: 1/1/01	Tax Law Reference
* Rule Name: IT Social Security	End Date:	Description

**Event Class**

Event Class:
--------------

**Geography**

Set as geography specific rule	Parent Geography Type	Geography Type
Location Type	Parent Geography Name	Geography Name

**Tax Determining Factor Set**

* Code:	Name	Ledger
Search...		
<b>Create</b>		

For the Tax Determining Factor Set field choose the Create option from the list of values. This opens the Create Tax Determining Factor Set UI. Define a new tax determining factor set based on user-defined fiscal classification code.

Click on OK. This saves the new record and automatically selects it as the tax determining factor set for the tax rule.

**Tax Determining Factors** Tax Condition Set Rule Status and Order

### Create Determine Withholding Tax Applicability Rule: Tax Determining Factors

**Rule Details**

* Configuration Owner: Global configuration owner	* Tax Regime Code: IT WHT	* Tax: IT SS
* Rule Code: IT SS	* Start Date: 1/1/01	Tax Law Reference
* Rule Name: IT Social Security	End Date:	Description

**Event Class**

Event Class:
--------------

**Geography**

<input type="checkbox"/> Set as geography specific rule	Parent Geography Type	Geography Type
Location Type	Parent Geography Name	Geography Name

**Tax Determining Factor Set**

* Code: IT SS APPL	Name: IT Social Security Applicability	Ledger
--------------------	--	--------

Click on the Next button.

Tax Determining Factors Tax Condition Set Rule Status and Order

### Create Determine Withholding Tax Applicability Rule IT Social Security: Withholding Tax Condition Set

[Back](#) [Save and Next](#) [Submit](#) [Cancel](#)

#### Rule Details

Configuration Owner	Global configuration owner	Rule Code	IT SS	Determining Factor Set Code	IT SS APPL
Tax Regime Code	IT WHT	Rule Name	IT Social Security	Determining Factor Set Name	IT Social Security Applicability
Tax	IT SS				

#### Tax Condition Set

[View](#) [Format](#)

* Tax Condition Set Code	Tax Condition Set Name	Tax Condition Set * New Condition Set Order	* Result <a href="#">?</a>	Enabled
		Order	1 Applicable	<input checked="" type="checkbox"/>

[Search...](#)

[Create](#)

[Tax Condition Set](#) [Tax Reporting Codes](#)

[View](#)

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range	To Range	Ignore Condition
No data to display.						

Select Create option for the Tax Condition Set field. This opens the Create Condition Set UI. Enter a new condition set that uses the new user-defined fiscal classification value created earlier. The same is used in the withholding tax rule so

when this attribute is entered on the invoice both the withholding tax and social security tax will be applicable for the invoice line.

Click on OK and the new condition set is automatically saved and selected as the tax condition set for the tax rule.

Click on the Save and Next button.

Enable the new tax rule by checking the Enabled checkbox and click on the Submit button. This completes the creation of the tax applicability rule for the social security tax.

## Create Configuration Owner Tax Options

*Navigation: Navigator → Setup and Maintenance*

*Task name: Manage Configuration Owner Tax Options*

On the Manage Configuration Owner Tax Options UI select the Withholding Tax radio button in the top left hand corner. Click on the create icon to enter a new record.

Manage Configuration Owner Tax Options

Search For  Transaction Tax  Withholding Tax

Search: Withholding Tax Options

* Configuration Owner Starts with	Regime Determination Set Equals
Application Name Equals	Party Type Equals
Event Class Equals	<input type="checkbox"/> Enabled

View ▾ Format ▾

Configuration Owner	Application Name	Party Type	Event Class	Entity Name	Regime Determination Set	Start Date	End Date	Enabled
No search conducted.								

Select the first party legal entity as the configuration owner. Enter processing controls for standard invoice and prepayment invoice event class. In Italy the withholding tax has to be created at the time the payment is sent to the supplier so set the tax calculation point as Payment for both event classes.

Create Withholding Tax Options

\* Configuration Owner Vision Italy

Party Type First party legal entity

Event Class Processing Controls

* Event Class	Application Name	Entity Name	Apply Withholding	Process Transaction Taxes	Allow Manual Withholding	* Regime Determination Set	Calculation Point	Tax Invoice Creation Point	Include Discount	Rounding Level	* Start Date	End Date
Prepayment Inv	Payables	Purchase Invoices	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Determine applicable WHT	Payment	<input type="checkbox"/>	<input type="checkbox"/>	Header	01/01/2001	
Standard Invoice	Payables	Purchase Invoices	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Determine applicable WHT	Payment	<input type="checkbox"/>	<input type="checkbox"/>	Header	01/01/2001	

Save and close.

## Update the Business Unit Tax Profile

*Navigation: Navigator → Setup and Maintenance*

*Task name: Manage Party Tax Profiles*

Open the Manage Party Tax Profiles UI change the search option to Business Unit Tax Profile. Search for the Business Unit by name.

**Manage Party Tax Profiles**

Search For: Business Unit Tax Profiles

Search: BUSINESS UNIT TAX PROFILES

Business Unit Starts with: Vision Italy

Address Starts with:

Country Starts with:

Uses Legal Entity Tax Subscription Equals

Uses Legal Entity Withholding Tax Subscription Equals

Search Results: Business Unit Tax Profiles

Business Unit	Address	Country	Uses Legal Entity Tax Subscription	Uses Legal Entity Withholding Tax Subscription
Vision Italy	Viale Ercole Marelli, 303,,Sesto San Giovanni,,20090,Italy	Italy	✓	—

Rows Selected: 1

Click on the edit icon to open the Edit Business Unit Tax Profile UI.

Edit Business Unit Tax Profile: Vision Italy

Business Unit: Vision Italy

Address: Viale Ercole Marelli, 303,,Sesto San Giovanni,,20090,Italy

Country: Italy

Controls and Defaults | Tax Reporting Codes | Application Tax Options

**Transaction Tax**

Use legal entity tax subscription

Use Subscription of the Legal Entity Start Date: 01/01/2000

**Withholding Tax**

Use legal entity withholding tax subscription

Use Subscription of the Legal Entity Start Date: 02/06/2015

Enable the Use legal entity withholding tax subscription on the Controls and Defaults tab. Save and close.

This completes the necessary minimum setup for withholding tax for Italy.

## 5. Supplier Setup

*Navigation: Navigator → Procurement -> Suppliers*

For withholding tax suppliers who are individuals you can add their date of birth and place of birth in the regional information section of the Supplier UI. Choose Withholding Tax for Italy from the list of value in the Regional Information field for these additional attributes to appear. The information entered is used on the Withholding Tax Letters for Italy report.

Overview Supplier: Carlo Rossi X

### Edit Supplier: Carlo Rossi

**Profile** Addresses Sites Contacts Qualifications

**General**

* Supplier Carlo Rossi	Business Relationship	Spend Authorized
Supplier Number 100000011596114	Parent Supplier	<input type="text"/>
Alternate Name	Parent Supplier Number	<input type="text"/>
Tax Organization Type Individual	Creation Date	7/16/09
Supplier Type	Creation Source	Manual
Inactive Date	Registration Request	
Status Active	Attachments	None

**Additional Information**

**Profile Details**

**Organization** Business Classifications Products and Services Transaction Tax Income Tax Payments

**Identification**

Alias	Customer Number
D-U-N-S Number	SIC
<input type="checkbox"/> One-time supplier	National Insurance Number
<input checked="" type="radio"/> Registry ID 100000011596110	Corporate Web Site
<input checked="" type="radio"/> Relationships Supplier	

**Regional Information**

Regional Information Withholding Tax for Italy	Place of Birth Roma
Date of Birth 1/27/69	

## 6. Transaction entry

### Invoice creation

Navigation: Navigator → Payables -> Invoices -> Create Invoice

Enter the invoice header and line information.

**Edit Invoice: ITWHT002**

**Tags**

**Invoice Header** Show More

Identifying PO	Number ITWHT002	Date 2/4/10
Business Unit Vision Italy	* Amount EUR 1,200.00	Payment Terms Immediate
Supplier Verdi & Bianchi	Type Standard	Terms Date 2/4/10
Supplier Number 100000011596021	Description	Requester
Supplier Site BOLOGNA-S1		Attachments None
Legal Entity Vision Italy		Note
Invoice Group		

**Lines** Match Invoice Lines

Actions ▾ View ▾ Format ▾      Detach Wrap									
Distribution Reference Tax Purchase Order Receipt Consumption Advice Inventory Overlay Income Tax Prepayment Asset Corrected Invoice Project									
* Number * Type * Amount Tax									
1	Item	1,000.00				Purchase Transaction			IT Withholding Tax

For the User-Defined Fiscal Classification field enter the value created in the setup. In our setup this attribute is used as the tax determinant for withholding tax.

Validate and account the invoice.

### Payment creation

Navigation: Navigator → Payables -> Payments -> Create Payment

Pay the invoice created above.

The screenshot shows the payment creation interface. At the top, it says "Payment: 10026". Below that, there are tabs for "Tags", "Payment Details", "Paid Invoices" (which is selected), "History", and "Other". The "Paid Invoices" tab displays a table with one row for invoice ITWHT002. The table columns are: Number, Type, Due Date, Discount, Amount, Payment Reason, and Payment Reason Comments. The "Amount" column shows 905.00 EUR. To the right of the table, there are several status fields: Payment Amount (905.00 EUR), Withheld Amount (-295.00 EUR), Business Unit (Vision Italy), Legal Entity (Vision Italy), Stop Date, and Void Date. A red box highlights the "Withheld Amount" field.

Number	Type	Due Date	Discount	Amount	Payment Reason	Payment Reason Comments
ITWHT002	Standard	2/4/10	0.00	905.00		

Note that the payment amount is less than the full invoice amount. The difference is the withholding amount. Account the payment.

## Review the withholding tax lines

Re-query the invoice and review the withholding tax lines created.

The screenshot shows the "Withholding Taxes" section. It has tabs for "Transaction Taxes" and "Withholding Taxes" (which is selected). Below the tabs are buttons for "Actions", "View", "Edit Taxes", and "Detach". A table lists two withholding tax lines. The first line is for IT SS STD at a rate of 9.5% on a payment of -95.00. The second line is for IT WHT STD at a rate of 20% on a payment of -200.00. The total withholding amount is -295.00. A red box highlights the "Total" value.

Line	Rate Name	Rate	Tax Amount	Calculation Point	Regime	Tax Name
3	IT SS STD	9.5	-95.00	Payment	IT Withholding	IT SS
4	IT WHT STD	20	-200.00	Payment	IT Withholding	IT WHT

There is one line created for withholding tax at 20% rate and another one for social security at 9.5% rate.

## 7. Reporting

*Navigation: Navigator -> Tools -> Scheduled Processes*

### Withholding Tax Letters for Italy

Run the Withholding Tax Letters for Italy report to create and print letters to your suppliers about all the withholding tax transactions that were partially or fully paid during the reporting year.

The report has the following parameters:

The screenshot shows the "Process Details" and "Parameters" sections for the "Withholding Tax Letters for Italy" report.

**Process Details:**

- Name: Withholding Tax Letters for Italy
- Description: Identifies letters that confirm tax amounts that are withheld on Italian invoices that ...
- Schedule: As soon as possible
- Submission Notes: [Empty text area]
- Buttons: Process Options, Advanced, Submit, Cancel

**Parameters:**

- \* Legal Entity: Vision Italy
- \* Year: 2010
- From Supplier: Verdi & Bianchi
- To Supplier: Verdi & Bianchi

Select the Legal Entity and the tax year for which you want to run the report. You can also select just one specific supplier, a range of suppliers for the report. Alternatively you can leave the last two parameters blank and report on all withholding transactions for the year.

This is a sample output for the report showing the invoice created in this document earlier. Note that there are separate sections for withholding tax and social security amounts. The report prints separate letters for each supplier.

Vision Italy Viale Ercole Marelli, 303  
20090, Sesto San Giovanni, MI  
Italy

Tax Registration Number IT38450354  
Taxpayer ID 04491561009  
Commercial Number 04491561009

To Verdi & Bianchi  
32 Via Zucchero  
94116, Bologna, IT

Tax Registration Number  
Taxpayer ID

Date 06/02/2015  
Subject Withholding Tax Year 2010

We certify having paid Verdi & Bianchi, VAT number , these amounts in accordance with article 4 comma 6 ter of D.P.R. 322/98 and subsequent amendments.

Invoice Number	Gross Payment	Tax Exempt Amount	Taxable Amount	Tax Rate	Withheld Tax Amount	Withheld Social Security Rate	Social Security Amount Withheld	Net Amount Paid
ITWHT002	1,200.00	0.00	1,000.00	20	200.00	9.5	95.00	905.00
Total	1,200.00	0.00	1,000.00		200.00		95.00	905.00

#### Reasons

200.00 EUR

The overall withheld tax amount of 200.00 EUR was paid to the proper tax authority according to current law. The overall withheld social security amount of 95.00 EUR was paid to the proper social security authority according to current law.

Kind regards,

Total for Page	1,200.00	0.00	1,000.00	200.00	95.00	905.00
----------------	----------	------	----------	--------	-------	--------

## Yearly Withholding Tax Report for Italy

The Yearly Withholding Tax Report for Italy is used to list all withholding transactions for a tax year. The report has the following parameters:

**Process Details**

Name	Yearly Withholding Tax Report for Italy	<input type="checkbox"/> Print output PO 407
Description	Shows annual taxes withheld by first-party legal entities, for the supplier for the year...	<input type="checkbox"/> Notify me when this process ends
Schedule	As soon as possible	Submission Notes

**Parameters**

* Legal Entity	Vision Italy
* Year	2010
Report Order By	Supplier Name Supplier Name Supplier Tax Payer Id Supplier Vat Registration Number

Select the Legal Entity and the tax year for which you want to run the report. The information can be ordered by the supplier name, supplier taxpayer ID or the tax registration number.

This is a sample output for the report showing the invoice entered earlier.

Viale Ercole Marelli, 303  
20090, Sesto San Giovanni, MI  
Italy  
VAT Registration Number : IT38450354  
Taxpayer ID : 04491561009  
Commercial Number : 04491561009

All amounts are in EUR

#### Supplier Information

Supplier Name	Carlo Rossi
Supplier VAT Registration Number	
Supplier Taxpayer ID	
Supplier Address	14 Via Appia
	94116 Milano
	IT

#### Detail Section

Invoice Number	Gross Payment	Exempt Amount	Taxable Amount	Withholding Tax Rate	Withheld Tax Amount	Withholding Social Security Rate	Withheld Social Security Amount	Net Amount Paid
ITWHT003	5,400.00	.00	4,500.00	20	900.00	9	405.00	4,095.00
ITWHT004	8,946.00	.00	7,455.00	20	1,491.00	9	671.00	6,784.00
ITWHT002	1,200.00	.00	1,000.00	20	200.00	9	90.00	910.00
Total	15,546.00	.00	12,955.00		2,591.00		1,166.00	11,789.00

#### Summary Section

Withholding Tax Rate	Withholding Tax	Withholding Tax Description	Total Withheld Tax Amount
20	IT WHT	IT WHT	2,591.00

The Exempt Amount column displays the amount that has 0% withholding tax charged on it.

The Net Amount Paid column shows the actual amount that was paid for the supplier. It can be calculated as the Gross Payment Amount – Withheld Tax Amount –Withheld Social Security Amount.

The report output displays summary information for each tax rate by supplier and also for the entire report.

#### Withholding Information Section

Withholding Tax Rate	Withholding Tax	Withholding Tax Description	Total Withheld Tax Amount
20	IT WHT	IT WHT	200.00
Withholding Social Security Rate	Withholding Social Security Code	Withholding Social Security Code Description	Total Withheld Social Security Amount
9.5	IT SS	IT SS	95.00

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