Country Solution Brazil

IFSCLOUD24R2
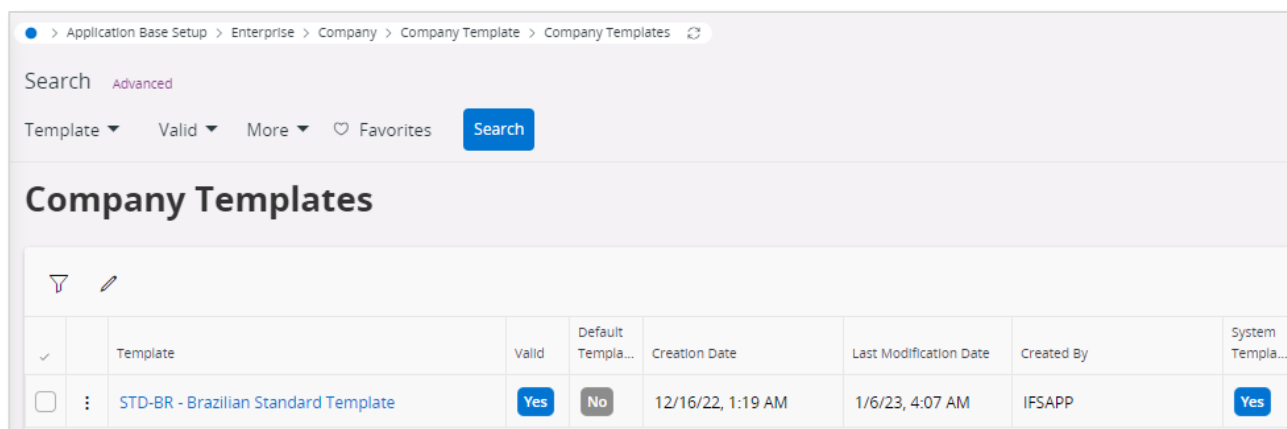
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1 Company Set-up

1.1 Overview

Create a new Brazilian company. The company can be created based on the Brazilian Standard Template (STD-BR).

To utilize the Brazilian functionality, the company must be set up as using the Brazilian localization. This is defined in the page *Company*.

1.2 Define Localization

- Open the page, *Company*.
- Search for the company.
- Select "Brazil" in the drop-down list in the **Localization** field and **save**. Note that this cannot be changed once transactions are created for the company.

1.3 Select Localization functionality.

Specify which functionality to use.

- Open *Localization Control Center* sub-menu in the ***Company*** page.
- The localization selected in previous step is displayed in the **Localization Control Center** field and cannot be changed.
- All functionality available for Brazil is presented in the list. Enable/Disable the functionality based on the requirements for the company by enabling/disabling the toggle. Note that some functionality is mandatory and cannot be disabled.
  For example, showing Brazilian Specific Fiscal Attributes in the sales and purchasing flow is mandatory. But if Avalara taxes are supposed to be used, this specific function for "Integration to Brazilian External Tax System" need to be enabled.

2 Business Operation

2.1 Overview Legal Requirement

The Business Operation (Brazilian CFOP code) is a code specified by the Brazilian tax system and determined by the federal government. It can be used to define if a specific operation is taxable or not and is mandatory information for the NF-e XML (electronic version of the Nota Fiscal).

2.2 Process Overview Sales

2.2.1 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF GOODS

Define Basic Data → Enter Customer Order → Create Customer Order Invoice → Generate NF-e XML file

2.2.2 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

Define Basic Data → Enter Invoicing Plan/Project Transaction → Create Project Invoice

2.2.3 PROCESS OVERVIEW PROCUREMENT

Define Basic Data → Enter Purchase Order → Trigger Tax Request to Avalara and get response values to Purchase Order
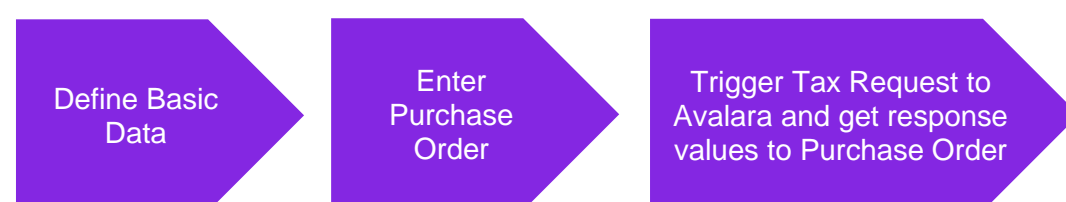
2.3 Prerequisites

The company must be set up to use Brazilian localization, see the Company Set-Up chapter, and the "Business Operation" parameter must be enabled (this is mandatory in the Localization Control Center for Brazil localization).

2.4 Define basic data.

Enter the CFOP codes for your company in the *Application Base Setup/General Data/Business Operation* page.

2.5 Enter Customer Order

Enter and process a customer order using standard functionality.

2.6 Create Customer Order Invoice

Create a preliminary Customer Order Invoice and enter a business operation value for each invoice line in column **Business Operation**.

2.7 CFOP with the AVALARA Integration

From IFS Cloud 21R2 release onwards the Business Operation (CFOP) is associated with integration to 3rd party tax calculation engine, hence this value will be received from the tax calculation engine for each Customer Invoice Line, Project Invoice Line and/or Purchase Order Line.

The user can manually edit the Business Operation value in the Invoice line if the Customer Order Invoice is in Preliminary status, but it will be overridden with the CFOP value coming from tax calculation engine, if the tax is fetched again by changing quantity or Brazil specific attributes like Acquisition Origin and Goods/Services Statistical Code.

In Project Invoices, the user can manually edit the Business Operation value in the Invoice line if the Project Invoice is in Preliminary status and no Outgoing Nota Fiscals are created for the Project Invoice, but it will be overridden with the CFOP value coming from tax calculation engine, if the tax is fetched again by changing quantity or Brazil specific attributes like Business Transaction ID and Goods/Services Statistical Code.

For the Purchase Order user will not be able to add a value when creating a Purchase Order Line, the field for Business Operation will be empty until a response from Avalara has been received. This value, can only be changed by a new request and response from Avalara (e.g. triggered from a change on the Purchase Order line). The value received from Avalara doesn't have to exist in the basic data in IFS Cloud, regardless of it will be added to the Purchase Order Line.

2.8 Generate NF-e XML file
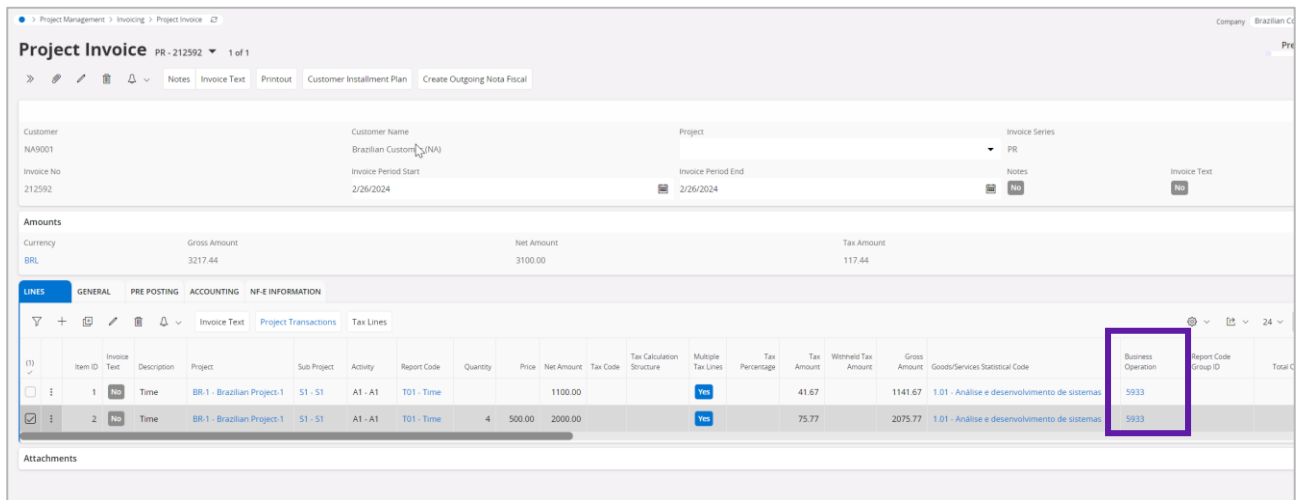
The Business Operation value (CFOP) will be included in the NF-e XML file for each item.
See further information in the *Outgoing Nota Fiscals* chapter and in the *Appendix* for the mapping between IFS and XML file.

2.9 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality.

2.10 Create Project Invoice

Create a preliminary Project Invoice and the Business Operation value will be received from the tax calculation engine for each Project Invoice Line in column **Business Operation**.

2.11 Enter Purchase Order

The field will be empty when entering a Purchase Order Line. Business Operation will only have a value on Purchase Order Line once received from Avalara.

2.12 Tax Request to Avalara

After the user triggers a request to Avalara, (depending on Company setup this can be done by for example creating/modifying a part line or any line connected charge, releasing the order, using the manual command, etc.) the response from Avalara will include a value for Business Operation. All details related to the Avalara request mapping can be seen in the Appendix.

2.13 Delimitations

Project Invoicing for provision of services is supported in this Project Invoice – Initial Solution. Project Invoicing flows not supported in this Project Invoice – Initial Solution are:
- Project Invoicing for sale of goods.
- Creating Project Invoices for provision of services from Batch Invoicing and Project Transactions Review flows.
- Credit Project Invoices and Project Correction Invoices.
- Multi-Company Project Reporting.
- Sales Contract Management.
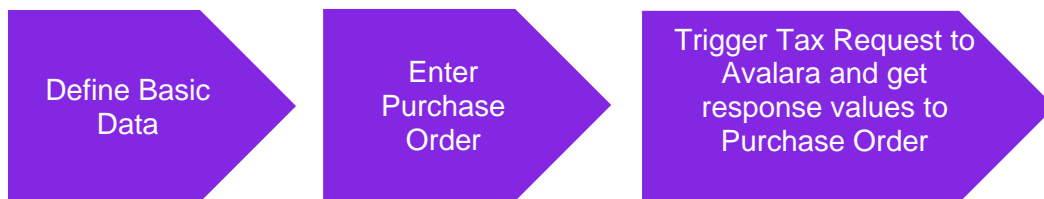
3 Acquisition Origin

3.1 Overview Legal Requirement

The Brazilian tax authority provides a list of numeric codes to be used to indicate the acquisition origin for a part. The information is used for tracking if a company is applying the proper tax rates. The acquisition origin of a sold part is mandatory information in the NF-e XML file. This is also possible to set on the purchased part to have a default value for the purchase order line, as the value is mandatory on the purchase order line when sending a request to Avalara.

3.2 Process Overview Sales

Define Basic Data	Enter Customer Order	Create Customer Order Invoice	Generate NF-e XML file

3.3 Process Overview Procurement

Define Basic Data	Enter Purchase Order	Trigger Tax Request to Avalara and get response values to Purchase Order

3.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Acquisition Origin" parameter must be enabled (which is mandatory for the Brazil localization).

3.5 Define basic data.

Enter Acquisition Origin basic data for your company in the ***Application Base Setup/General Data/Acquisition Origin*** page.

Acquisition Origin	Description	Validity
0	National	Active
1	Foreign, direct import	Active
2	Foreign, acquired domestically	Active
3	National, goods with Import Content greater than 40% and less than or equal to 70%	Active
4	National, whose production has been made in accordance with the basic production processes referred to in the legislations mentio...	Active
5	National, goods with Import Content less than or equal to 40%	Active
6	Foreign, direct import, without national similar, listed in CAMEX and natural gas	Active
7	Foreign, acquired domestically, without national similar, listed in CAMEX and natural gas	Active
8	National, goods with Import Content higher than 70%	Active

Enter the default acquisition origin value for each sales part in the *Sales/Part/Sales Part* page and/or for each purchase part in *Procurement/Part/Purchase Part* page.

3.6 Enter Customer Order

Enter a customer order header with lines in the *Sales/Order/Customer Order* page. The default value for Acquisition Origin per each order line will be fetched from the Sales Part but can be manually changed.

3.7 Create Customer Order Invoice

Create a preliminary Customer Order Invoice. The Acquisition Origin value for each invoice item is automatically fetched from the customer order but can be manually changed as long as the invoice is in "Preliminary" status.

3.8 Generate NF-e XML file

Acquisition Origin will be included in the NF-e XML file for each item. See further information in the *Outgoing Nota Fiscals* chapter and in the *Appendix* for the mapping between IFS and XML file.

3.9 Enter Purchase Order

Enter a purchase order header with part lines in the ***Procurement/Order/Purchase Order*** page. The default value for Acquisition Origin per each order line will be fetched from the Purchase Part but can be manually changed.

3.10 Tax Request to Avalara

Acquisition Origin will be included in the Avalara request file for each item. See further information in the *Appendix* for the mapping between IFS and Avalara.

3.11 Delimitations

No part lines, rental lines, master parts with Product Type Classification as "Services" and non-line connected charges are not supported for the procurement flow. Furthermore, the flows Purchase Requisition, Order Quotation and Purchase Order Change Order are not supported.

4 Goods/Services Statistical Codes definition per company

4.1 Overview Legal Requirement

NCM is the Brazilian classification system of goods which determines the import duties and taxes need to pay for a product. The codes are based on the international Harmonized System (HS) for classifying imported and exported products, but with 2 additional digits in the codes. NCM code is mandatory information in the NF-e XML file.

4.2 Process Overview
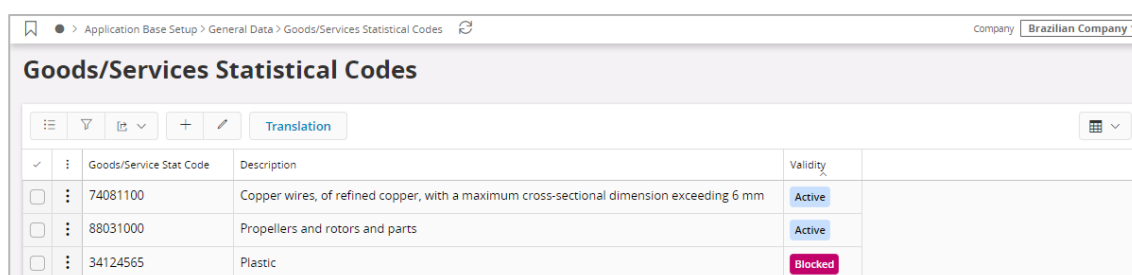
Enter
Goods/Services
Statistical
Codes per
Company

4.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Goods/Services Statistical Codes Definition per Company" parameter must be enabled (mandatory for Brazil localization).

4.4 Enter basic data

Enter the NCM codes for your company in the **Application Base Setup/General Data/Goods/Services Statistical Codes** page.

✓	⋮	Goods/Service Stat Code	Description	Validity	
☐	⋮	74081100	Copper wires, of refined copper, with a maximum cross-sectional dimension exceeding 6 mm	Active	
☐	⋮	88031000	Propellers and rotors and parts	Active	
☐	⋮	34124565	Plastic	Blocked	

4.5 Delimitations

Note that this chapter only describes the functionality to define the codes per Company. Parameter "Goods/Services Statistical Codes Set-Up" enables the set-up of statistical codes on sales parts, non-inventory sales parts, sales charges, sales objects, project report codes, package parts and purchase parts.

5 Goods/Services Statistical Codes set-up

5.1 Overview Legal Requirement

NCM is the Brazilian classification system of goods and determine for example import duties and taxes needed to be paid. The codes are based on the international Harmonized System (HS) for classifying imported and exported products, but with 2 additional digits in the codes. NCM code is mandatory information in the NF-e XML file.

5.2 Process Overview Sales

5.2.1 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF GOODS

Connect goods/services statistical codes to sales parts → Enter Customer Order → Create Customer Invoice → Generate NF-e XML file

5.2.2 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

Connect Goods/Services Statistical Codes to Report Codes → Enter Invoicing Plan/Project Transaction → Create Project Invoice

5.2.3 PROCESS OVERVIEW PROCUREMENT

Connect goods/services statistical codes to purchase parts → Enter Purchase Order → Trigger Tax Request to Avalara and get response values to Purchase Order
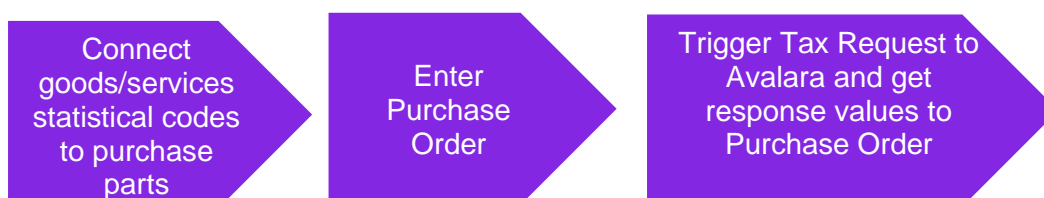
5.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the two parameters "Goods/Services Statistical Codes Definition per Company" and "Goods/Services Statistical Codes Set-Up" must be enabled.

5.4 Connect Goods/Services statistical codes to sales part and purchase part.

Connect the goods/service statistical code to sales parts in the *Sales/Part/Sales Part* page.

Connect the goods/service statistical code to purchase parts in the *Procurement/Part/Purchase Part* page.

5.5 Enter Customer Order

Enter a customer order header with lines in the ***Sales/Order/Customer Order*** page (standard functionality). Then enter a customer order line and select the above Sales Part with the "Goods/Services Statistical Codes" connected.

When the Sales Part is entered to the Customer Order line, the column for Goods/Services Statistical Code will automatically be filled with the Goods/Services Statistical Code connected to the Sales Part.
User can edit the Customer Order line and manually change the Goods/Services Statistical Code.

5.6 Create Customer Order Invoice

Process the Customer Order and a create a preliminary Customer Invoice. The Goods/Services Statistical Code value for each invoice line is automatically fetched from the Customer Order. User can edit the invoice line and manually change the Goods/Services Statistical Code as long as the invoice is in "Preliminary" status.

5.7 Generate NF-e XML file

In the final step of the process, NF-e xml should be created from the **Outgoing Nota Fiscal** page and send to the tax authority. The Goods/Services Statistical Code (NCM) connected to the Customer Invoice line is a part of the information to be included in the NF-e xml.

See further information in the *Outgoing Nota Fiscals* chapter and in the *Appendix* for the mapping between IFS and XML file.

5.8 Connect Goods/Services Statistical Codes to Report Codes

Connect the Goods/Service Statistical Code to Report Codes in the ***Project Management/Project Basic Data/Report Codes/Report Code Details*** page.

5.9 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality. When entering the Invoicing Plan/Project Transaction select the above Report Code with the "Goods/Services Statistical Codes" connected.

5.10 Create Project Invoice

Create a preliminary Project Invoice. The Goods/Services Statistical Code value for each invoice line is automatically fetched from the Report Code. User can edit the invoice line and manually change the Goods/Services Statistical Code as long as the invoice is in "Preliminary" status and no Outgoing Nota Fiscals are created for the Project Invoice.

See further information in the *Outgoing Nota Fiscals* chapter.

5.11 Enter Purchase Order

Enter a purchase order header with part lines in the ***Procurement/Order/Purchase Order*** page (standard functionality). Then enter a purchase order part line and select the Purchase Part with the "Goods/Services Statistical Codes" connected.

When the Purchase Part is entered to the Purchase Order line, the column Goods/Services Statistical Code will automatically be filled with the Goods/Services Statistical Code connected to the Purchase Part.
User can edit the Purchase Order line and manually change the Goods/Services Statistical Code.

5.12 Tax Request to Avalara

The Goods/Services Statistical Code (NCM) connected to the Purchase Order Line is a part of the information to be included in the Request file sent to Avalara.

See further information in the *Appendix* for the mapping between IFS and Avalara.

5.13 Connection of Goods/Services statistical codes to other parts and objects

Description to be added in coming versions.

5.14 Delimitations

Connection of Goods/Services Statistical Codes is limited to Sales Parts, Report Codes and Purchase Parts in this version.

Project Invoicing for provision of services is supported in this Project Invoice – Initial Solution. Project Invoicing flows not supported in this Project Invoice – Initial Solution are:
- Project Invoicing for sale of goods.
- Creating Project Invoices for provision of services from Batch Invoicing and Project Transactions Review flows.
- Credit Project Invoices and Project Correction Invoices.

6 Brazilian specific fiscal attributes

6.1 Overview Legal Requirement

The **Business Transaction Code** is required in 3rd party tax calculation engine in order to properly identify the business scenario details performed and return calculated tax amounts, as well as other relevant tax related information in accordance.

The **Product Type** is the tax classification of goods. This is a methodology used in Brazil to standardize the goods in groups, providing the possibility to classify the groups and assign them the taxes and regulations. Product Type is required in 3rd party tax calculation engine to properly identify the group in which the good is framed into and return calculated tax amounts as well as other relevant tax related information. This classification is also needed when submitting the Taxes Reporting to Brazilian Tax Authority per period.

The **CEST** is the Tax Substitution Specifier Code that identifies products framed in Tax Substitution protocols. This is used by the 3rd party tax calculation engine as one of possible ways to find the set of taxes for a good (with EAN and Harmonized Codes - NCM).
This code is also needed in the xml files for Nota Fiscals as well as when submitting the Taxes Reporting to Brazilian Tax Authority per period.

The **Acquisition Reason** is used by the customers and recipients of Nota Fiscal when applying for given a good. This is required for 3rd party tax calculation engine in order to properly identify the business scenario details performed and return calculated tax amounts, with other relevant tax related information accordingly.

6.2 Process Overview Sales

6.2.1 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF GOODS

Enter basic data → Enter Customer Order

6.2.2 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

Enter basic data → Connect Business Transaction ID to Project → Enter Invoicing Plan/Project Transaction → Create Project Invoice

6.3 Process Overview Procurement

Enter basic bata → Possible to enter Supplier settings for Avalara integration → Enter Purchase Order

6.4 Enter basic data.

Navigate to **Acquisition Reason** page available in Application Base Setup/General Data/Acquisition Reason. Enter the Acquisition Reason ID, description and choose External Use Type from the dropdown list.

Navigate to ***Business Transaction Codes*** page available in *Application Base Setup/General Data/Business Transaction Code. Enter Business Transaction* ID, description, and direction (Inbound/Outbound). Choose Presence Type from dropdown list and Acquisition Reason from list of values and enter the reference string in the field External Tax System Reference.

For example, in procurement flow the Direction should be Inbound and to get the Avalara Tax Integration to work, the Business Transaction Id need to be connected to an External Tax System Reference as for example standardPurchase. Also, Presence Type is needed. The value set for Acquisition Reason Id will be used as the default value on Purchase Order Lines, if the value is missing on the Purchase Part.

Business Transaction Code is introduced as a new Control Type for IP4, M28, M295, M296, M30 and M31 Posting Types.

To enter Product Type Classification and CEST for the parts, select "Brazilian Specific Attributes" in the *Part Master Data/Master Part/part* page, command group **Part Details**.

Select Product Type Classification value from the dropdown list.

Enter the 7-digit code that fits the part number from the official CEST list (provided by Brazilian Government) in the field **Cest Code** and save the record.

The Acquisition Reason can also be defined in part level. Select it from list of values in the field **Acquisition Reason Id** in Sales Part and/or Purchase Part.

6.5 Enter Customer Order

Follow standard functionality to enter a Customer Order. Select an option for Business Transaction ID in the corresponding field in *Customer Order/Order Details* tab, group Brazilian Specific Attributes.

6.6 Enter Customer Order Line

Enter the Customer Order lines. The Acquisition Reason is automatically fetched into the field **Acquisition Reason Id** when line is saved. The fetching of Acquisition Reason Id to the Customer Order line is done in two ways:

1st – Acquisition Reason Id value is inherited from the Business Transaction Id defined for the Customer Order.

2nd – If Acquisition Reason Id is not set in the Business Transaction Id, then the value is retrieved from Sales Part.

The Acquisition Reason Id can also be entered/modified manually if the Customer Order is not Invoiced/Closed.

6.7 Connect Business Transaction ID to Project

Connect the Business Transaction ID to Project in the ***Project Management/Plan and Execute/Project Setup Parameters*** page, group Brazilian Specific Attributes.

6.8 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality.

6.9 Create Project Invoice

Create a preliminary Project Invoice. The Business Transaction ID of the invoice is automatically fetched from the Project of the Invoicing Plan/Project Transactions included in the invoice. User can edit the invoice and manually change the Business Transaction ID as long as the invoice is in "Preliminary" status and no Outgoing Nota Fiscals are created for the Project Invoice.

See further information in the *Outgoing Nota Fiscals* chapter.

6.10 Enter Supplier settings for Avalara Integration

On the ***Supplier/Address/Delivery Tax Information*** there is a possibility to set a default Business Transaction Id that will be fetched when later creating the Purchase Order. This will make it easier to not forget to add this value (as the Avalara integration doesn't work without this value). Also, it will save time when it is not needed to be set every time an order is created. Nevertheless, it is important to make sure that the value is correct when creating an order and a default value is used. The value can be changed if needed on the Purchase Order.
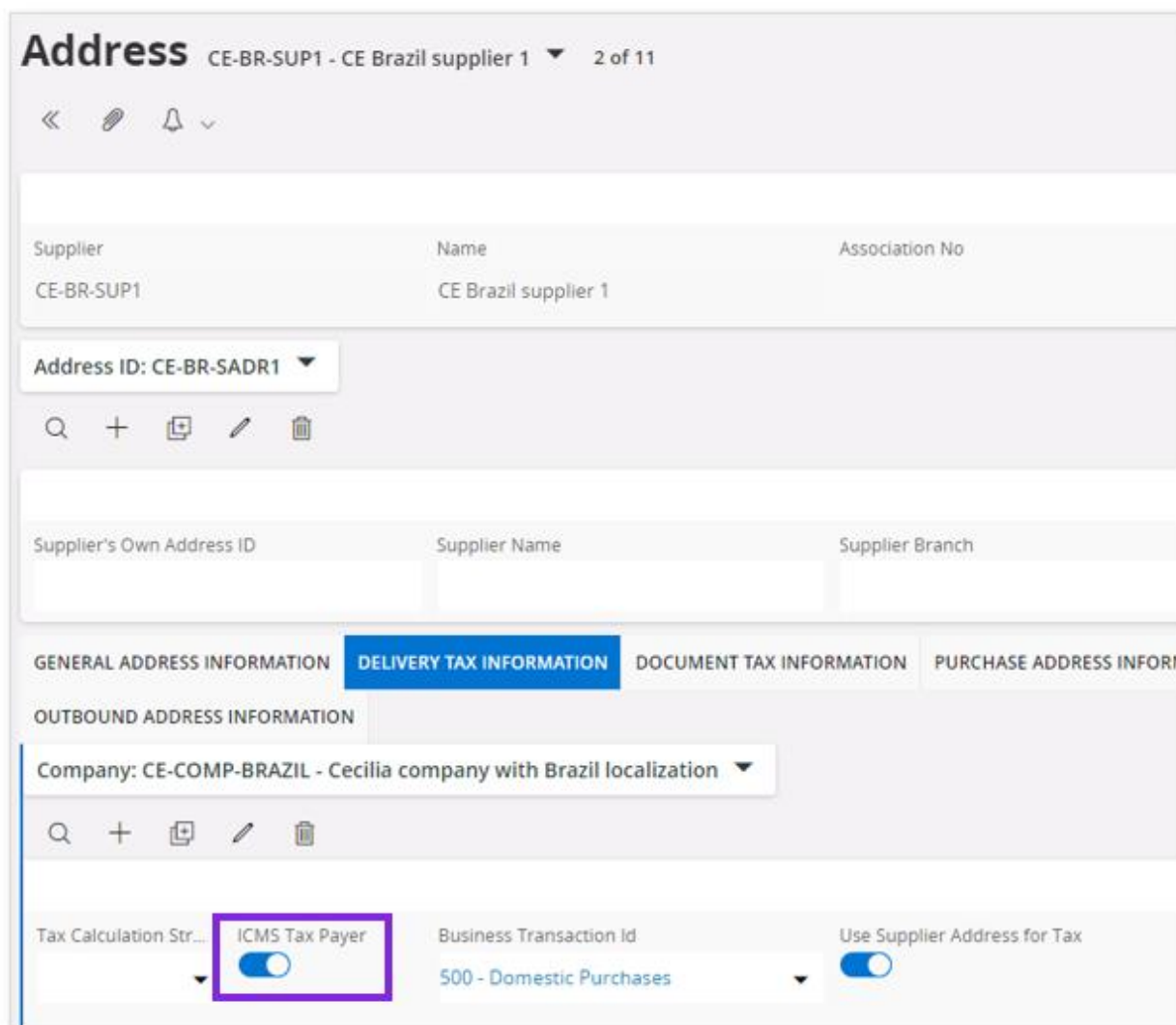
6.10.1 ICMS TAXPAYER

ICMS Tax Payer is used both for sales flow and procurement flow. For the procurement flow the value can be set in the **Supplier/Address/Delivery Tax Information** tab where it indicates that the supplier is an ICMS taxpayer for the specific address ID. (For the sales flow read more in the chapter about Outgoing Nota Fiscal and the Define Basic Data part.)

6.11 Enter Purchase Order

Follow standard functionality to enter a Purchase Order. Select an option for Business Transaction ID in the corresponding field in **Purchase Order/Order Details** tab, group Brazilian Specific Attributes. If a default value has been set on the Supplier this value will be shown here. It can be changed if needed.

6.12 Enter Purchase Order Line

Enter the Purchase Order lines. The Acquisition Reason is automatically fetched into the field **Acquisition Reason Id** when line is saved. The fetching of Acquisition Reason Id to the Purchase Order line is done in two ways:

1st – Acquisition Reason Id value is inherited from the Purchase Part if a default value exists.

2nd – If Acquisition Reason Id is not set on the Purchase part, then the value is retrieved from the connected value set in the Purchase Order for Business Transaction Id.

The Acquisition Reason Id can also be entered/modified manually if the Purchase Order is not Cancelled.

6.13 Delimitations

Support for additional Brazilian specific attributes will be developed in coming releases.

Project Invoicing for provision of services is supported in this Project Invoice – Initial Solution. Project Invoicing flows not supported in this Project Invoice – Initial Solution are:
- Project Invoicing for sale of goods.
- Creating Project Invoices for provision of services from Batch Invoicing and Project Transactions Review flows.
- Credit Project Invoices and Project Correction Invoices.

7 Purchase Charges with Brazilian Charge Category

7.1 Overview Legal Requirement

For Avalara taxes to be correct there is a need to differentiate costs related to the importation and transport process. For example, costs that should be included in the customs value and costs that should be reported separately as for example freight and insurance.

7.2 Solution overview

To support this a **Brazilian Charge Category** is connected to the **Purchase Charge Type** when using the Brazil localization with Avalara Tax Integration.

Line connected charges on the Purchase order, connected via the Dispatch Advice process, is the main way to handle these transport and importation fees in Brazil. These different charges need to be sent to Avalara in the request file (with correct Avalara tag) to get correct calculated part line taxes.

The **Brazil Charge Category** can be set and edited on the *Purchase Charge Type* page, in *Purchase Order* page on *Charge* tab, in *Supplier for Purchase Part* page on *Charge* tab and in *Incoming Dispatch Advice* Charges assistant. Default value can be set on the Purchase Charge Type. If values are set in the *Supplier for Purchase Part* page, these values are fetched to the Purchase Order.

If the charge line is not line connected the value for Brazil Charge Category will be blank.

7.3 Process overview Purchase Charges

Connect Brazil Charge Category to Purchase Charge Type →
Possible to enter default values to Supplier for Purchase Part. →
Add or modify line connected Charges on Purchase Order and/or in Charges for Incoming Dispatch Advice →
Trigger Tax Request to Avalara and get result into Purchase Order

7.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Integration to Brazilian External Tax System" parameter must be enabled (this is not mandatory in Localization Control Center for Brazil localization).

7.5 Connect Brazil Charge Category

In *Purchase Charge Type* page there is a field for **Brazilian Charge Category** only visible when Site company is using Avalara. The possible values to choose from are as below:

- National Freight (connected to Avalara json tag freightAmount)
- National Insurance (connected to Avalara json tag insuranceAmount)
- National Expenses (connected to Avalara json tag otherCostAmount)
- International Freight (connected to Avalara json tag customsValue)
- International Insurance (connected to Avalara json tag customsValue)
- International Expenses (connected to Avalara json tag customsValue)
- AFRMM (connected to Avalara json tag afrmmValue)
- Siscomex (connected to Avalara json tag customsValue)
- Demurrage (connected to Avalara json tag customsValue)
- Wharfage (connected to Avalara json tag customsValue)
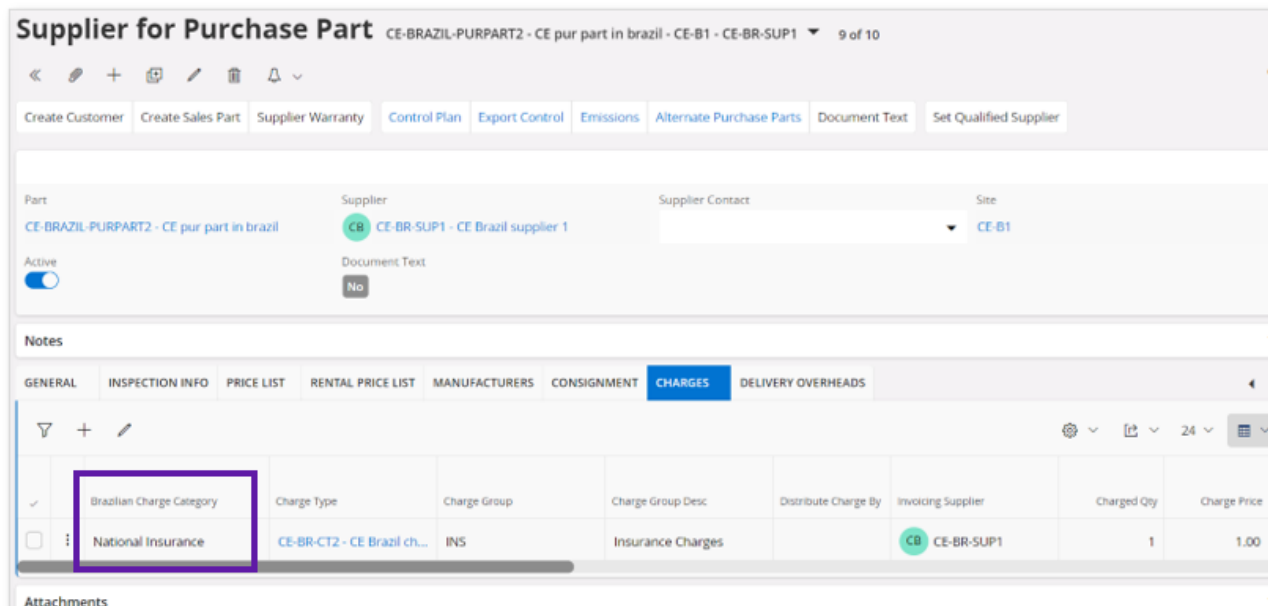
7.6 Default Charges on Supplier for Purchase Part

If needed it is possible to add default values for Charges in the *Supplier for Purchase Part* page. If a Brazil Charge Category has been set for the Purchase Charge Types this value will be defaulted, but the values can also be changed in this page.

7.7 Add or modify Charges in Purchase Order and/or Incoming Dispatch Advice

If default charges have been added in Supplier for Purchase Part these will be inherited to the Purchase Order. These values can be modified if needed in the Purchase Order. It is only charges that are connected to Purchase Order Lines that will have a value in Brazilian Charge Category. This value can be changed if needed also in the Purchase Order. If using a Purchase Order Change Order, the value can be changed also there.

In the *Purchase Order/Charges* tab it is also possible to add and modify new charge lines. They need to be connected to a Purchase Order Line to get a **Brazil Charge Category** visible or added.

One common way to add transport related costs in Brazil is to use *Incoming Dispatch Advice* page and add charges there. Also in this dialog for **Charges for Incoming Dispatch Advice,** the value for **Brazilian Charge Category** can be changed if needed. The value connected to the **Charge Type** will be default if existing.

If new charge lines are added or modified, they need to be either line connected or distributed per line in order to have a **Brazilian Charge Category**.

7.8   Tax Request to Avalara

Purchase Order Line connected charges is a part of the information to be included in the Request file sent to Avalara.

See further information in the *Appendix* for the mapping between IFS and Avalara.

8 Sales Charges with Brazilian Charge Category

8.1 Overview Legal Requirement

For Avalara taxes to be correct, there is a need to include sales charges in the tax calculations on Customer Orders and Invoices. For example, charges for freight, insurance and other expenses should be passed to the Outgoing Nota Fiscal and included in the request message sent to Brazil Tax Authorities.

8.2 Solution overview

To support this, a **Brazilian Charge Category** is connected to the **Sales Charge Type** when using the Brazil localization with Avalara Tax Integration.

Line-connected charges on the Customer Order are the main way to handle freight, insurance, and expense Sales Charges in Brazil. These different charges need to be sent to Avalara in the request file (with the correct Avalara tag) to get the correct calculated part-line taxes.

The **Brazil Charge Category** can be set and edited on the *Sales Charge Type* page, in the *Customer Order* page on the *Charge* tab, in the *Sales Part* page on the *Charge* tab in the *Package Part* page on the *Charge* tab and the *Non-Inventory Sales Part* Page *Charge* Tab. Default value can be set on the Sales Charge Type.

If the charge line is not line connected the value for Brazil Charge Category will be blank.

8.3 Process overview Sales Charges
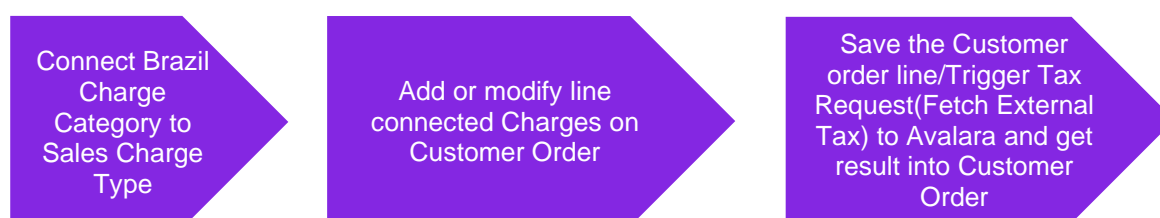
Connect Brazil Charge Category to Sales Charge Type → Add or modify line connected Charges on Customer Order → Save the Customer order line/Trigger Tax Request(Fetch External Tax) to Avalara and get result into Customer Order

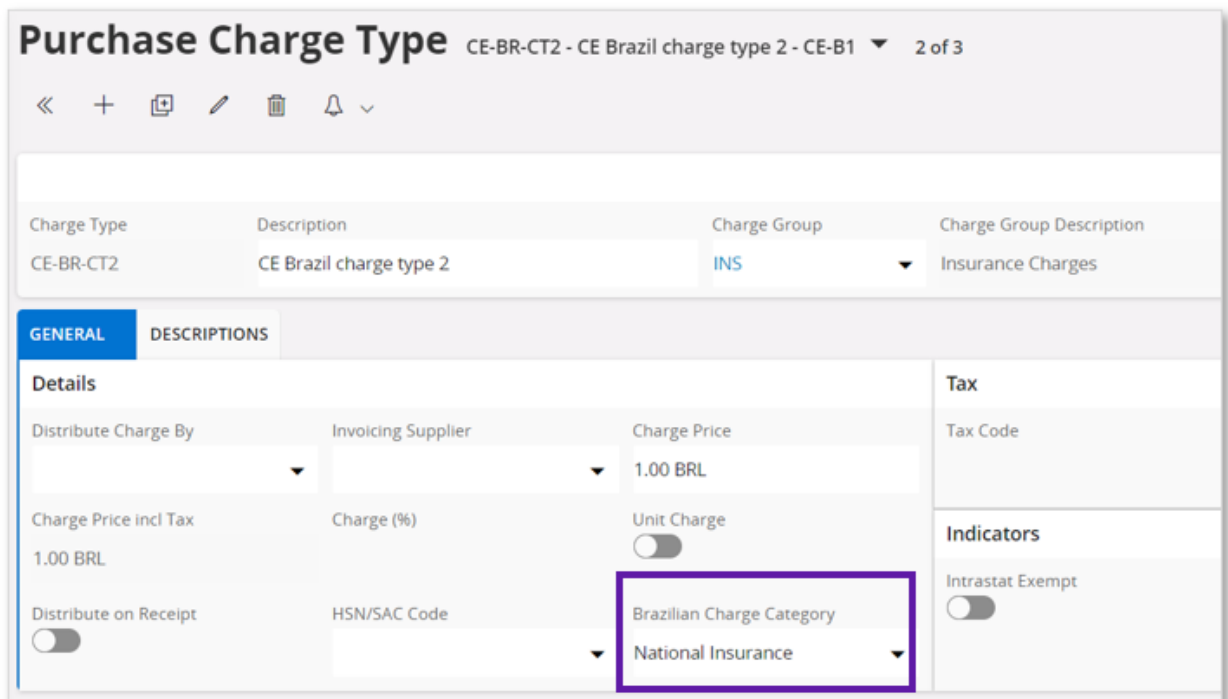## 8.4 Prerequisites

The company must be set up to use Brazilian localization, see the Company Set-Up chapter, and the "Brazilian Specific Fiscal Attributes" and "Integration to Brazilian External Tax System" (this is not mandatory in Localization Control Center for Brazil localization) parameters must be enabled.

8.5 Connect Brazil Charge Category

In *Sales Charge Type* page there is a field for **Brazilian Charge Category** which is only visible when the Localization Control Center parameters are enabled for the company. The possible values to choose from are as below:

- Freight (connected to Avalara json tag freightAmount)

- Insurance (connected to Avalara json tag insuranceAmount)
- Expenses (connected to Avalara json tag otherCostAmount)

8.6 Default Sales Charges for Sales Part

If needed it is possible to add default values for Charges in the *Sales Part* page. If a Brazil Charge Category has been set for the Sales Charge Type this value will be defaulted, but the values can also be changed in this page.

8.7 Add or Modify Charges in Customer Order

If default charges have been added for the sales part, they will be inherited from the customer order. These values can be modified if needed in the customer order. Only charges connected to customer order lines will have a value in the Brazilian charge category.

8.8 Tax Request to Avalara

Customer Order Line connected charges are a part of the information to be included in the Request file sent to Avalara.

See further information in the *Appendix* for the mapping between IFS and Avalara.

8.9 Limitations

- Fetch taxes from Avalara to a customer order line containing Non-Inventory Sales Part of type "Goods" is not supported.
- The Brazilian charge category will only be visible in the customer order charges tab when the charge line is connected to a customer order line.
- Avalara Tax calculations in customer orders including Sales charges are not supported in Customer order Collective, Correction, Prepayment based, Advanced and Rebate Invoice types and are only implemented in Customer order Invoices.
- When performing a partial delivery, charges are not automatically distributed; therefore, if a charge is added and the delivery and invoicing are done partially, the user must manually adjust the charge amount to accurately reflect the partial delivery.

9 Company, Customer and Supplier basic data for tax calculation, Nota Fiscal and Avalara request

9.1 Overview Legal Requirement

"Tax Regime" and "Entity Type" are legally required to determine the Brazilian tax calculation and tax reporting in Nota Fiscal.

- Tax Regime is determined according to the company's profit. Most important tax regimes are Real Profit, Estimated Profit and Simplified.
- "Entity Type" refers the type of administration.

9.2 Solution overview

To support this requirement, IFS Application core functionalities were slightly enhanced to define the required basic data.

- New page, **Classification of Business** is introduced with system defined values. User can manually define "*External Tax System Reference*"**.**
- Brazilian specific **Forms of Business** added

9.3 Process overview

Enter Basic Data

9.4 Prerequisites

IFS Application core generic functionalities are used to define these basic data, hence not controlled by Brazilian-specific Localization Control Center parameters.

9.5 Enter Basic data

Classification of Business

Go to the page, ***Application Base Setup/Enterprise/Company/Basic Data/Classification of Business***. From this page, query the country as "*BR-Brazil*" and find the system-defined Brazilian specific *Classification of Business* records.

In the **External Tax System Reference** column, the user can manually define the *External Tax System References* according to the value and format given by the 3rd party tax calculation integrator. In example below, you can see the *External Tax System References* mapped according to the AVALARA requirements.

Classification of Business

		Country	Classification of Business	Description	External Tax System Reference
☐	⋮	BR - BRAZIL	1	Lucro Real	realProfit
☐	⋮	BR - BRAZIL	2	Lucro Presumido	estimatedProfit
☐	⋮	BR - BRAZIL	3	Simplificado	simplified
☐	⋮	BR - BRAZIL	4	Simplificado Sobre o Limite Bruto	simplifiedOverGrossthreshold
☐	⋮	BR - BRAZIL	5	Empreendedor Simplificado	simplifiedEntrepreneur
☐	⋮	BR - BRAZIL	6	Individual	individual
☐	⋮	BR - BRAZIL	7	Não Aplicável	notApplicable

Forms of Business
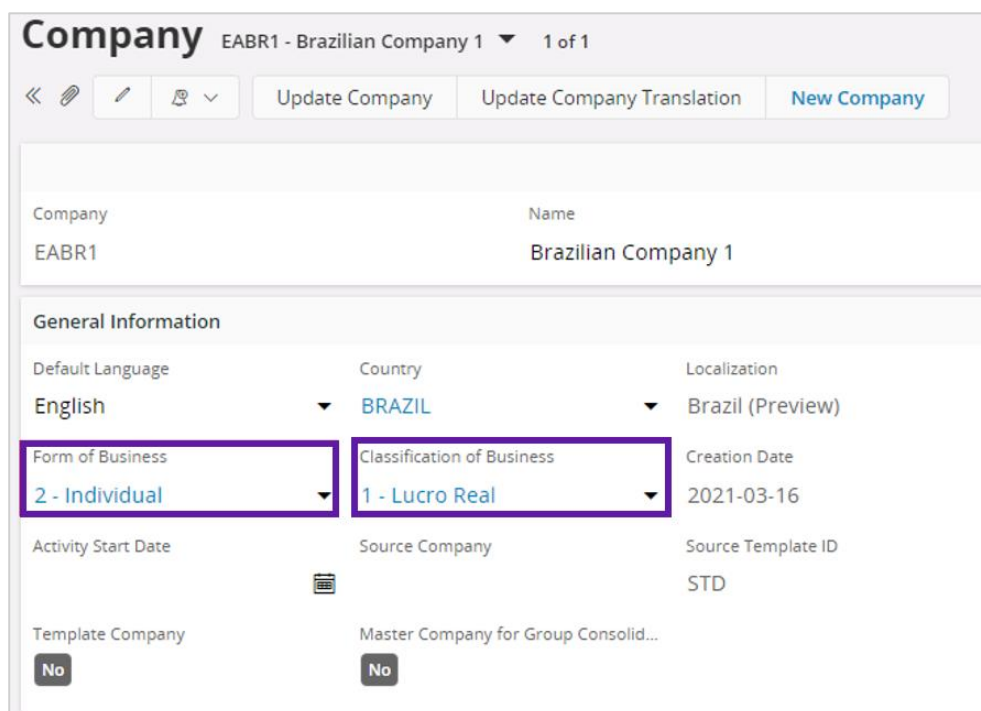
Go to the page ***Application Base Setup/Enterprise/Company/Basic Data/Forms of Business*** .
where entity types for country Brazil were added. From this page, query, Country as "*BR-Brazil*" and
find the system defined Brazilian specific *Forms of Business* records*.*

Forms of Business

Country : BR ▼ ⊗   Form of Business ▼   Description ▼   More ▼   ♡ Favorites

		Country	Form of Business	Description
☐	⋮	BR - BRAZIL	1	Empresa
☐	⋮	BR - BRAZIL	2	Individual
☐	⋮	BR - BRAZIL	3	Governo Federal
☐	⋮	BR - BRAZIL	4	Governo Estadual
☐	⋮	BR - BRAZIL	5	Prefeitura Municipal
☐	⋮	BR - BRAZIL	6	Estrangeiro

Company: Form of Business and Classification of Business

Go to the page **Company** and the **General Information** tab where user can select the "Form of Business" and "Classification of Business" from the drop-down lists.
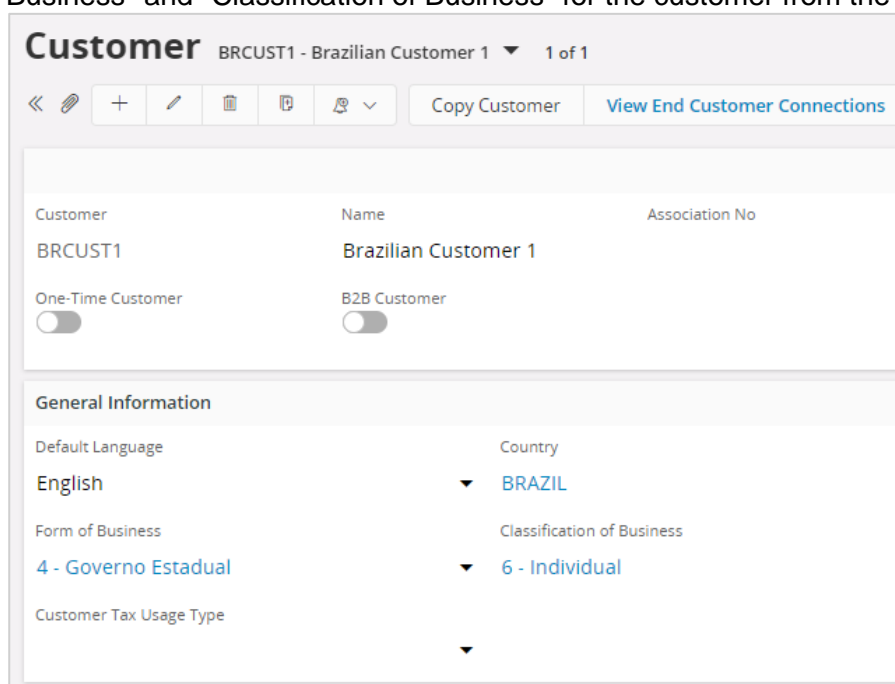
Customer: Form of Business and Classification of Business

Go to the page **Customer** and the **General Information** tab where user can select the "Form of Business" and "Classification of Business" for the customer from the drop-down lists.
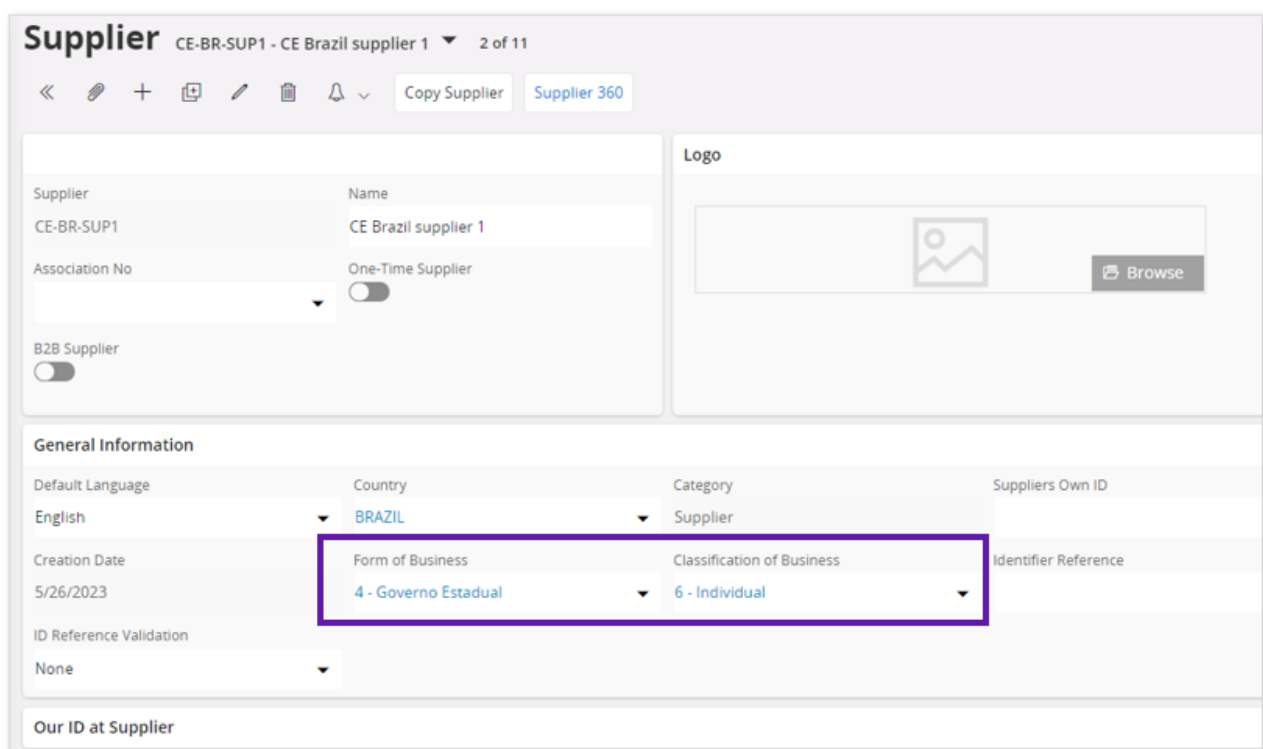
The field **Form of Business** must be 6 for foreign customers, that indicates this is an international customer. The description must be "Foreign" ("Estrangeiro").

The field **Classification of Business**" must be 7 for foreign customer, that indicates this is an international customer. The description must be "Not Applicable" ("Não Aplicável").

Supplier: Form of Business and Classification of Business

Go to the page **Supplier** and the **General Information** tab where the user can select the "Form of Business" and "Classification of Business" for the supplier from the drop-down lists.

The field **Form of Business** can set to different values depending on supplier. For example 6 for foreign suppliers, that indicates that this is an international supplier which will show the description "Estrangeiro".

The field **Classification of Business**" can also be set to different values depending on supplier. For example 7 for foreign suppliers, that indicates that this is an international supplier which will show the description "Não Aplicável".

10 Address-specific tax registration numbers

10.1 Overview Legal Requirement

In Brazil, all entities are required to obtain the tax registration number **CNPJ** before they can commence business activities. The CNPJ must be detailed on all invoices and receipts issued by a company. CNPJ is specified per physical address.

The **State Registration** is a tax registration number given by the Brazilian State Tax authorities. This number is also specified per physical address.

CNAE is the acronym for National Classification of Economic Activities. It consists of a code composed of 7 digits that will identify the economic activity carried out by a business.

SUFRAMA is the name of the agency that manages the Manaus Free Trade Zone. Companies that have the SUFRAMA code may have tax benefits.

The above tax registration numbers are mandatory information for both NF-e issuer and receiver in the NF-e XML. Also this info is needed in the procurement flow in the Avalara request.

10.2 Process Overview

Enter basic data for Tax ID Types

Enter address specific Tax ID Numbers on Company/Customer/Supplier

10.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Address Specific Tax Registration Numbers" parameter must be enabled.

10.4 Enter basic data for tax id types

Ensure the Tax ID Types "CNPJ", "STATE_REG", "CNAE" and "SUFRAMA" are defined for Country Code "BR" in the *Application Base Setup/Enterprise/Tax/Tax ID Types* page (standard functionality)

Tax ID Types

		Tax ID Type	Country Code	Report Code	Description
☐	⋮	CNPJ	BR	1	
☐	⋮	STATE_REG	BR	1	
☐	⋮	SUFRAMA	BR	1	
☐	⋮	CNAE	BR	1	

10.5 Enter address specific tax id numbers

10.5.1 COMPANY

Enter address specific tax ID numbers for your company in the ***Application Base Setup/Enterprise/Company/Address*** page.

10.5.2 CUSTOMER

Enter address specific tax ID numbers for your customer on tab ***Document Tax Information*** in the ***Application Base Setup/Enterprise/Customer/Customer/Address*** page, in the nested list below your Brazilian company.

Note that tax ID numbers cannot be entered on the upper level if address specific tax ID numbers are already entered in the nested list. This is to ensure no duplicate records are entered.

10.5.3 SUPPLIER

Enter address specific tax ID numbers for your supplier on tab *Document Tax Information* in the *Application Base Setup/Enterprise/Supplier/Supplier/Address* page, in the nested list below your Brazilian company.

Note that tax ID numbers cannot be entered on the upper level if address specific tax ID numbers are already entered in the nested list. This is to ensure no duplicate records are entered.

10.6 Delimitations

Address specific tax registration numbers for Forwarder is supported if the Forwarder is connected with a Supplier.

11 Service Code

11.1 Process Overview

11.1.1 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

Enter Basic Data → Enter Invoicing Plan/Project Transaction → Create Project Invoice
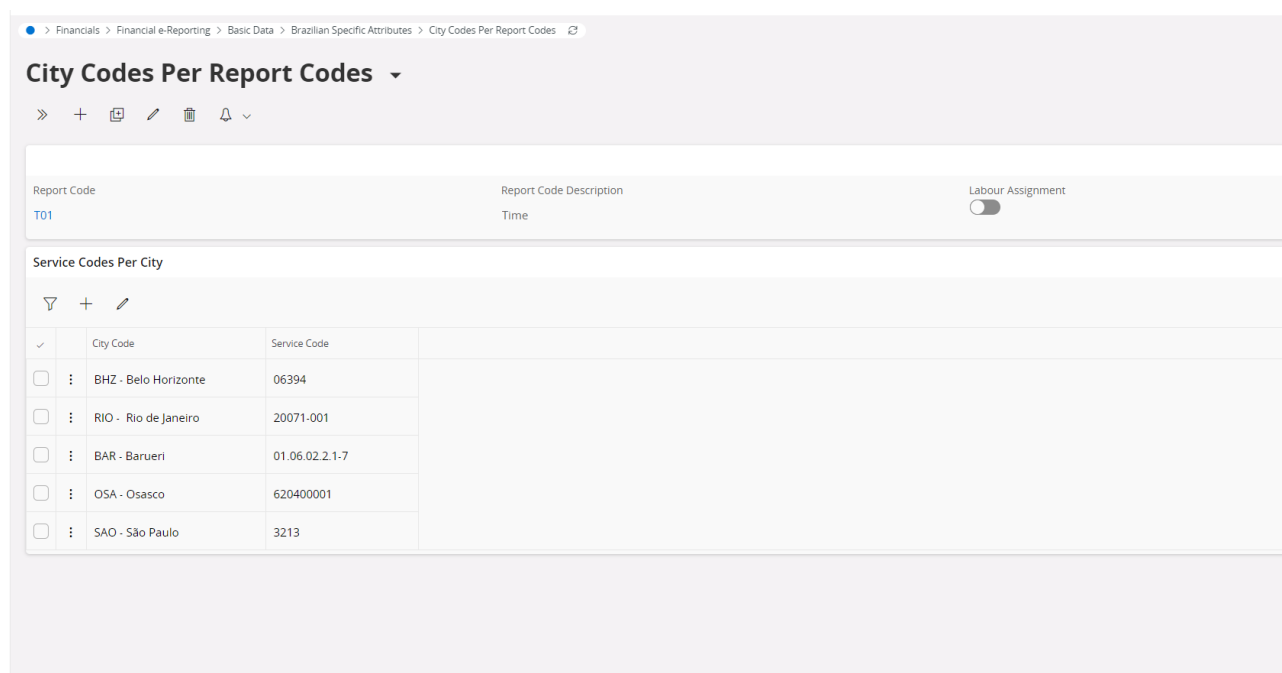
11.2 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter.

11.3 Enter basic data.

Open the *Financials/Financial e-Reporting/Basic Data/Brazilian Specific Attributes/City Codes Per Report Codes* page and enter a Report Code. Enter the Service Code for each City connected to the Report Code.

11.4 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality.

11.5 Create Project Invoice

Create a preliminary Project Invoice and the Service Codes of the Company and the Customer, and the Labour Assignment value will be included in the tax calculation request sent to Avalara.

12 Automatic generation of official invoice number

12.1 Overview Legal Requirement

In Brazil, Nota Fiscal series are needed to segregate and control the Nota Fiscal numbering. Nota Fiscal number intervals are assigned to companies by the tax authority and there is a legal requirement to use the assigned numbers for the issued Nota Fiscals. Each series has its own Nota Fiscal number interval. When the last number in the interval has been used, a new series must be started.

The Brazilian law admits a branch of the company to have a separate series, which is a commonly used business practice. The Nota Fiscal series are separating goods and services.

Nota Fiscal number and series is mandatory information in the NF-e XML file sent to the tax authority before goods delivery.

12.2 Process Overview

The "Automatic Generation of official invoice number" functionality is a generic solution to support generation of official invoice numbers and is used in several IFS countries. It can be configured to support the requirements in Brazil, following the below process:

12.2.1 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF GOODS

Enter Basic Data → Create Customer Order → Create preliminary Customer Invoice → Create Outgoing Nota Fiscal and NF-e xml

12.2.2 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

Enter Basic Data → Enter Invoicing Plan/Project Transaction → Create Project Invoice → Create Outgoing Nota Fiscal
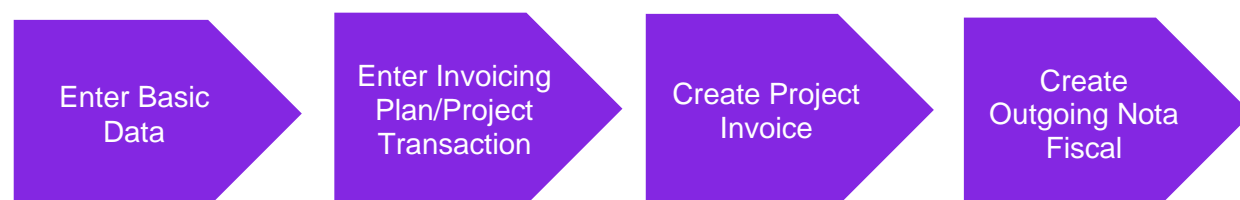
12.3 Prerequisites
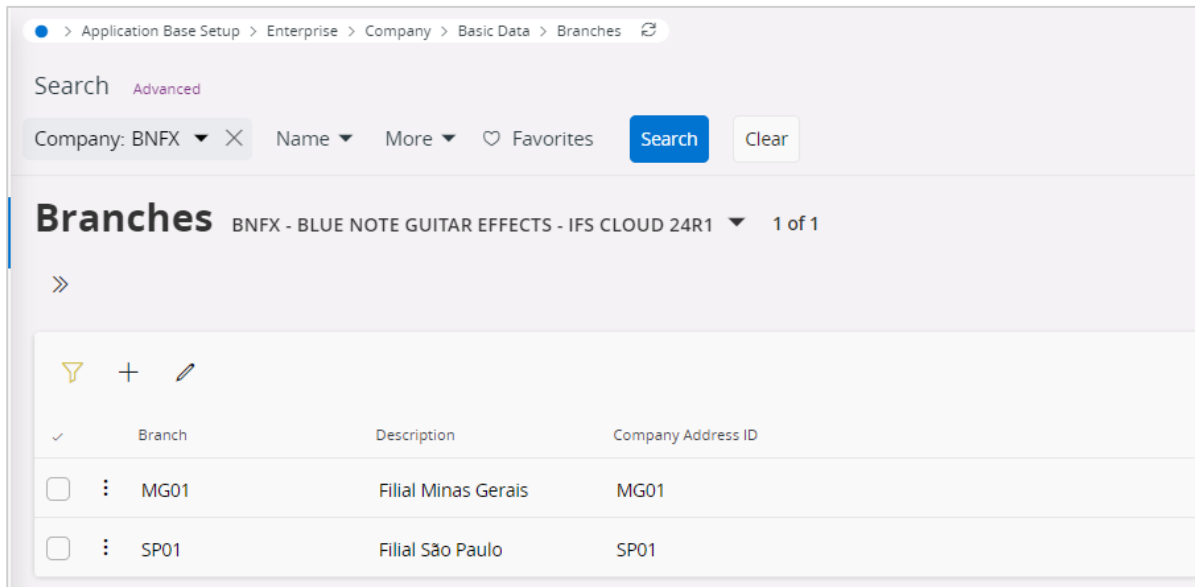
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Use Automatic Generation of Official Invoice Number" parameter must be enabled.

12.4 Enter basic data

The basic data described in below chapters must be entered to support the Nota Fiscal series and numbering.

12.4.1 DEFINE COMPANY BRANCHES
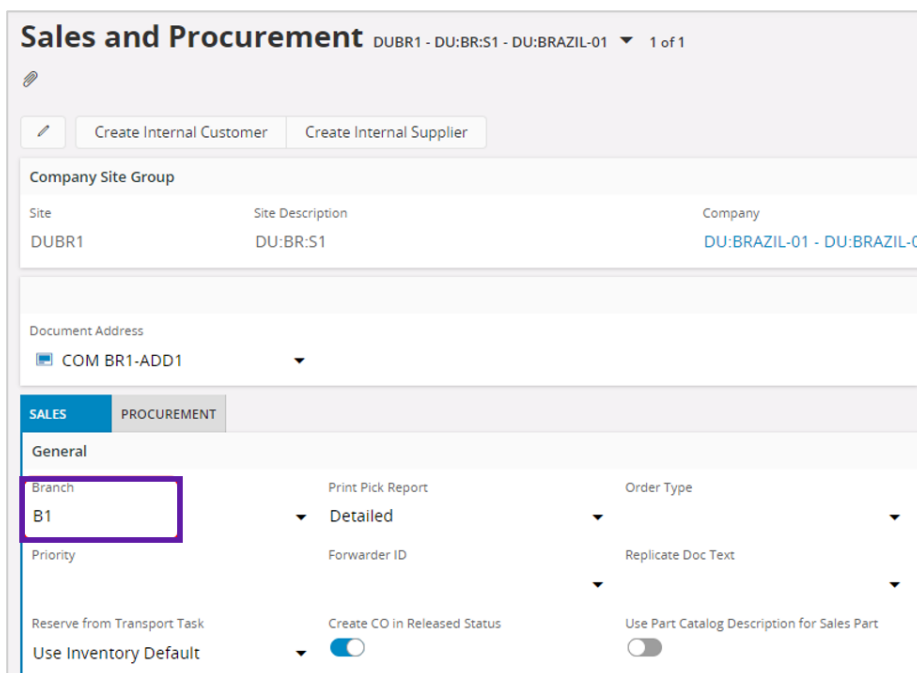
Define company branches in the ***Application Base Setup/Enterprise/Company/Basic Data/Branches*** page.

12.4.2 CONNECT BRANCH TO SITE

Connect Sites to company branches in the *Application Base Setup/Enterprise/Site/Site/Sales and Procurement* tab (IFS standard functionality). The Site-to-Branch relationship should be one-to-one.
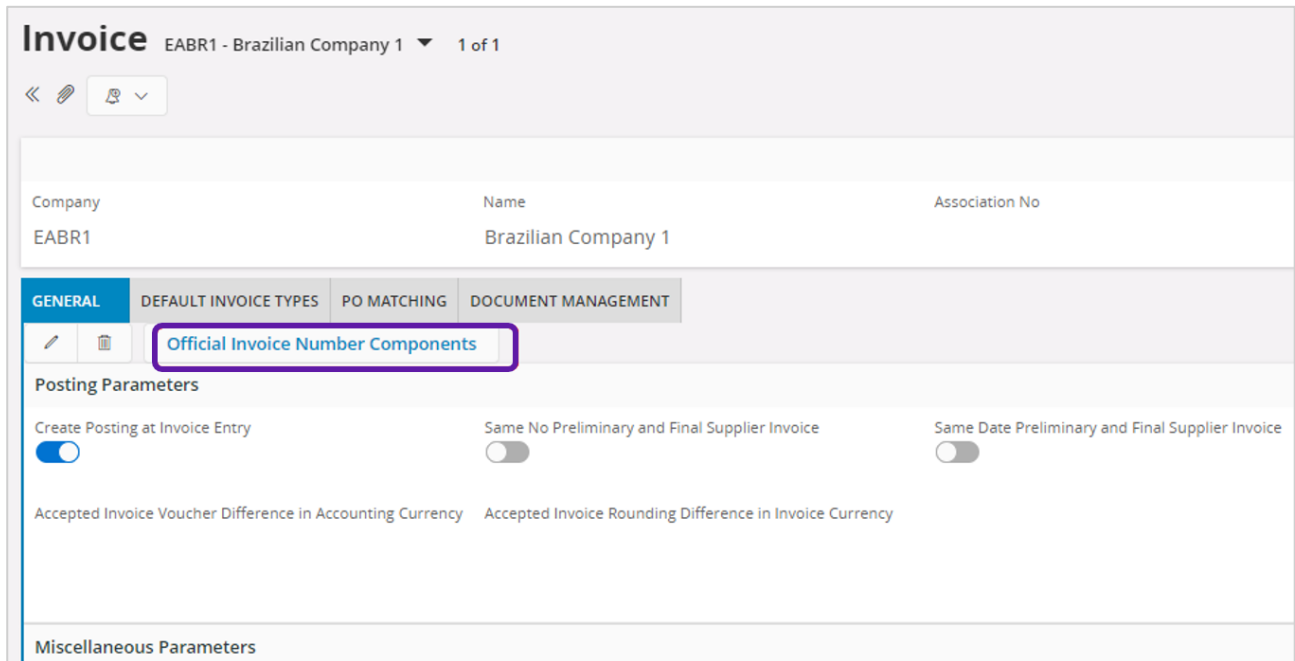
12.4.3 DEFINE OFFICIAL INVOICE COMPONENTS PER COMPANY

The official invoice components are defined in two steps:

1. Specify names and descriptions for each component
2. Define the values of the components.

Open the **Application Base Setup/Enterprise/Company/Company/Invoice** page for the relevant company and select "Official Invoice Number Components".
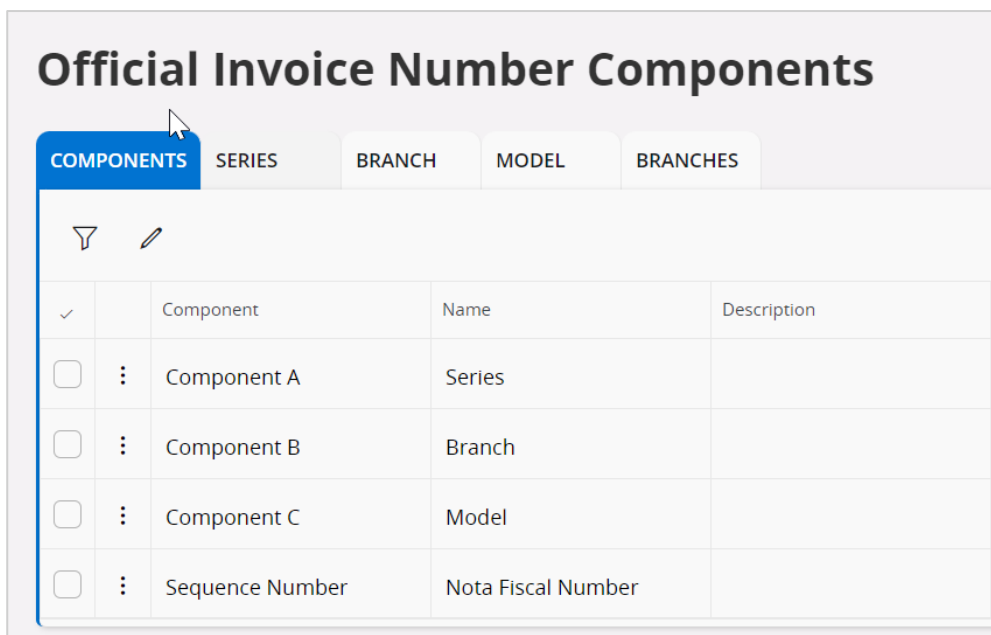
Specify names and descriptions as per below on the **Components** tab;

- Component A: Series
- Component B: Branch
- Component C: Model
- Sequence Number: Nota Fiscal Number

After saving, the **Component A** tab will be renamed to "Series", **Component B** tab will be renamed to "Branch" and **Component C** tab will be renamed to "Model". As a result, these components will be used when generating the official invoice number for Nota Fiscals.

The "Generate Official Invoice Number" parameter should be set to "At Create Nota Fiscal".

12.4.4 DEFINE SERIES FOR NOTA FISCAL

In the **Series** tab (Component A) the series to be used in Nota Fiscal of goods and/or services can be defined for company.
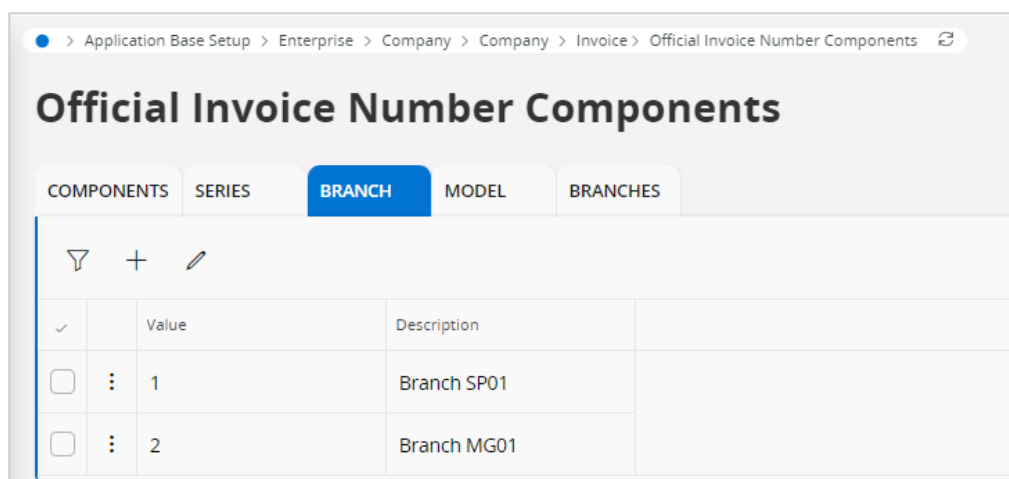
12.4.5 DEFINE BRANCHES FOR NOTA FISCAL

The Branch (Component B) should correspond to the Branches created for the Company. The purpose is to utilize this component when the company operates with multiple Sites, ensuring that Official Invoice Numbers are unique and avoiding duplication when Invoices are processed, since the invoice numbers will be the concatenation of Series (Component A) + Branch (Component B) + Model (Component C) + Fiscal Note Number (Sequence) when they are posted in the application.

In the **Branch** tab (Component B) the branches from were Nota Fiscal of goods and/or services will be issued can be defined for company.
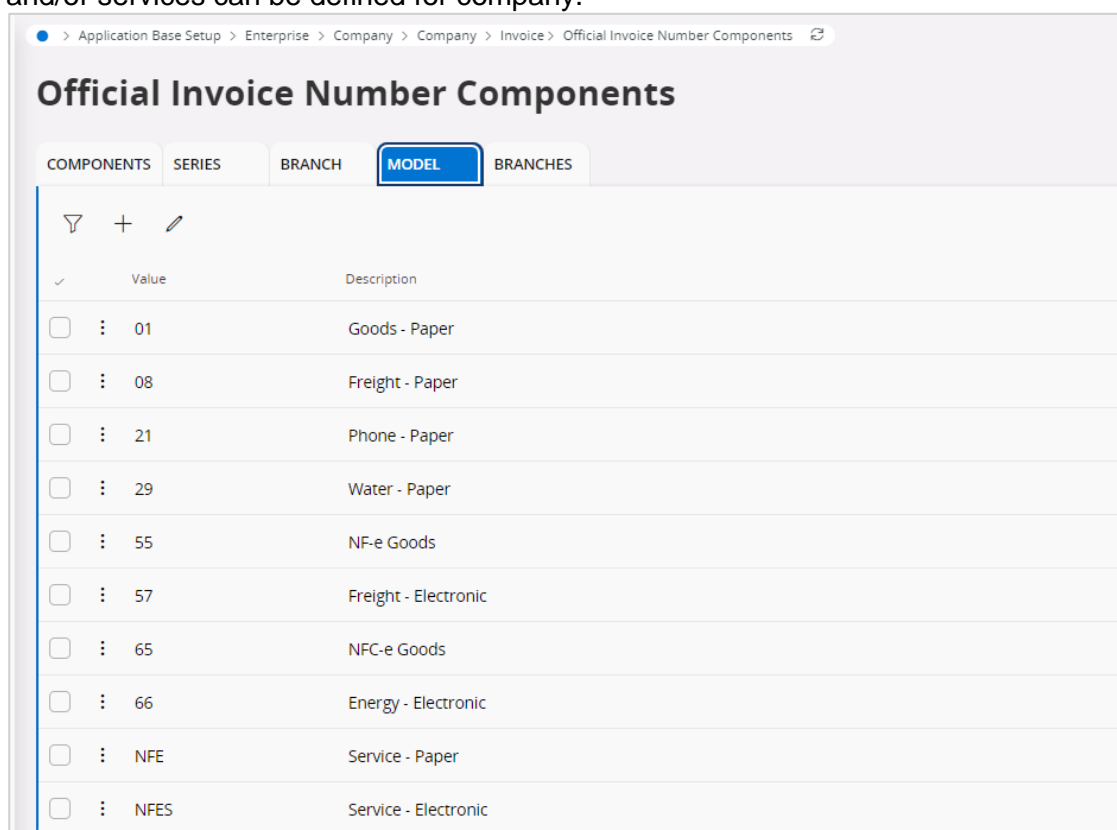
12.4.6 DEFINE MODELS FOR NOTA FISCAL

In the **Model** tab (Component C) the fiscal document models to be used in Nota Fiscal of goods and/or services can be defined for company.

12.4.7 DEFINE NOTA FISCAL SERIES AND NUMBER PER BRANCH

In the **Branches** tab, enter the Branches created for company.
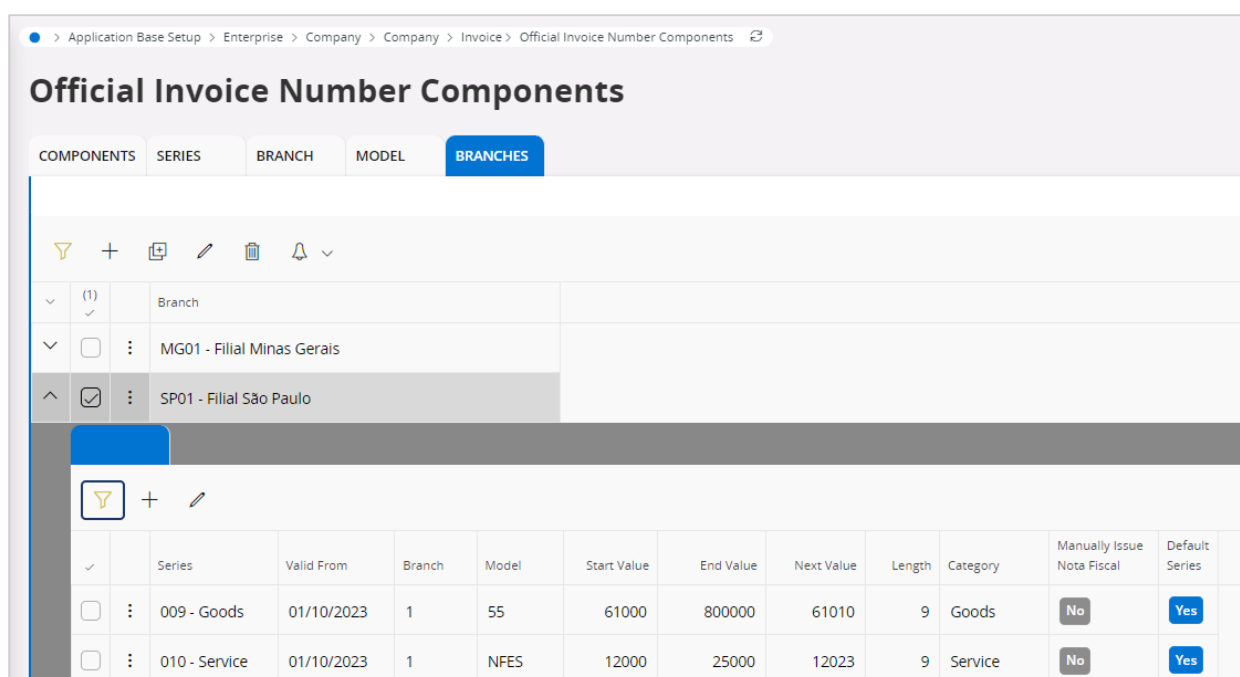
Click in the nested list icon and set the combination of components to be used when Nota Fiscal of goods and/or services are generated.

Configure values for Nota Fiscal Series (Component A), Branch (Component B), and Model (Component C) using the available list of values provided in these fields, which options are the ones previously entered on each respective component tab. Specify the Nota Fiscal number interval (Start and End Value) for the selected combination. Additionally, set the length of the Nota Fiscal series. Choose the Category by selecting either Goods or Services from the dropdown list. Use the toggle button 'Manually Issue Nota Fiscal': When unselected, issued Nota Fiscal is automatically sent to the Tax Authority for approval (e.g., Goods). When selected, issued Nota Fiscal is not sent to the Tax Authority for approval (e.g., Services). Set the Default Series per Category, note that only one default series can be defined per Category.

12.5 Create customer order

When the Customer Order is created, the default Nota Fiscal series defined for the branch (connected to the Customer Order Site) is shown in the *Sales/Order/Customer Order/Order Details* tab when the Customer Order is released.

Please note that "Component A" is the field to use in the Search panel when searching for Customer Orders with a specific Nota Fiscal series.

12.6 Create Customer Invoice for single customer order delivery or Shipment delivery

In the scenario where an individual Customer Order is delivered; follow the IFS standard process to create a Customer Order debit invoice.

In the scenario where several Customer Orders are delivered using the IFS Cloud Shipment functionality, follow the standard process to create a Shipment Invoice. It will result in a created Customer Order Collective debit invoice.

The customer orders connected to a Shipment might not have the same value for "Series" but they are delivered from the same site. The Nota Fiscal series for a Shipment Invoice (collective customer order debit invoice) will be fetched from default "Component A" from the connected branch (an not from customer orders).

Please note that "Component A" is the field to use in the Search panel when searching for Customer Orders with a specific Nota Fiscal series. "Sequence Number" is the field to use when searching for Nota Fiscal Number.

12.7 Create Outgoing Nota Fiscal and generate NF-e XML

Create the Outgoing Nota Fiscal from the Customer Invoice and generate the NF-e XML file.

The Nota Fiscal Series, Nota Fiscal Number, Model and the Nota Fiscal ID are fetched from preliminary Nota Fiscal to the below XML tags:

```
▼<nfeProc xmlns="http://www.portalfiscal.inf.br/nfe" versao="4.00">
  ▼<NFe xmlns="http://www.portalfiscal.inf.br/nfe">
    ▼<infNFe Id="NFe35240104106230000190550090000070591000059470" versao="4.00">
      ▼<ide>
          <cUF>35</cUF>
          <cNF>00005947</cNF>
          <natOp>Venda de producao do estabelecimento</natOp>
          <mod>55</mod>
          <serie>9</serie>
          <nNF>7059</nNF>
          <dhEmi>2024-01-10T22:27:50-03:00</dhEmi>
          <dhSaiEnt>2024-01-10T22:27:50-03:00</dhSaiEnt>
          <tpNF>1</tpNF>
          <idDest>1</idDest>
          <cMunFG>3505708</cMunFG>
          <tpImp>1</tpImp>
          <tpEmis>1</tpEmis>
          <cDV>0</cDV>
          <tpAmb>2</tpAmb>
          <finNFe>1</finNFe>
          <indFinal>0</indFinal>
          <indPres>9</indPres>
          <indIntermed>0</indIntermed>
          <procEmi>0</procEmi>
          <verProc>FIT DFe CloudFiscal</verProc>
      </ide>
    ▼<emit>
          <CNPJ>60881299000405</CNPJ>
          <xNome>SNABB TECNOLOGIA DA INFORMACAO EIRELI</xNome>
          <xFant>SNABB TECNOLOGIA DA INFORMACAO EIRELI</xFant>
```

- <nNF>: Nota Fiscal Number, the Component "Sequence Number" field is used. XML tag must be 9 characters (left zeros is used if number is less than 9 positions)
- <cNF>: IFS internal number, the Fiscal Note ID is used. XML tag must be 8 characters (left zeros will be used if number is less than 8 positions)
- <serie>: Is fetched from the Component A. XML tag must be 3 characters (left zeros will be used if number is less than 3 positions)
- <mod>: Nota Fiscal Model, fetched from the Component C.

The Customer Invoice is updated with the Official Invoice Number references.

12.8 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality.

12.9 Create Project Invoice

Create a preliminary Project Invoice.

If a Branch is connected to a Project in the ***Project Management/Plan and Execute/Project Setup Parameters*** page, Branch is automatically fetched on the Project Invoice. This value can be manually changed by the user as long as the invoice is in "Preliminary" status and no Outgoing Nota Fiscals are created for the Project Invoice.

See further information in the *Outgoing Nota Fiscals* chapter.

If a Branch is not connected to a Project, Branch should be manually entered on the Project Invoice. This value can be manually changed by the user as long as the invoice is in "Preliminary" status and no Outgoing Nota Fiscals are created for the Project Invoice.

See further information in the *Outgoing Nota Fiscals* chapter.

When a Branch is fetched/entered on the Project Invoice, the default Nota Fiscal Series defined for the Branch is shown in the ***Project Management/Invoicing/Project Invoice/General*** tab.

12.10 Create Outgoing Nota Fiscal

When creating an Outgoing Nota Fiscal, the value of the Branch on the Project Invoice will be used to derive a Site according to the basic data in *Application Base Setup/Enterprise/Site/Site/Sales and Procurement* tab.

Create the Outgoing Nota Fiscal from the Project Invoice.

The Project Invoice is updated with the Official Invoice Number references.

12.11 **Delimitations**

Project Invoicing for provision of services is supported in this Project Invoice – Initial Solution. Project Invoicing flows not supported in this Project Invoice – Initial Solution are:

- Project Invoicing for sale of goods.
- Creating Project Invoices for provision of services from Batch Invoicing and Project Transactions Review flows.
- Credit Project Invoices and Project Correction Invoices.

13 Extended Tax Codes and Tax Calculation Structures set-up

13.1 Overview Legal Requirement

In Brazil it's a legal requirement that some tax types are included in the tax base amount. This could be referred as 'Price Including Tax' or more precisely, 'Price Including Selected Taxes'. It is important to note that this is different from 'price including tax' terminology used in IFS standard application.

For legal tax reporting purposes, a tax type category must be defined for each tax code.

In CONVÊNIO ICMS 52/62 2017 the Brazilian tax authority introduced a new formula for calculating ICMS ST (ICMS Tax Substitution) tax base amount, including a markup percentage (%).

13.2 Process Overview

Set up basic data for Tax Codes, define Tax Calculation Structures, connect a Tax Calculation Structure to each customer order line and view the taxes on Customer Order Tax Lines and Customer Invoice Tax Lines. Tax amounts are calculated according to the Brazilian requirements.

Tax Calculation Structures functionality can be used on the Project Invoicing and Procurement side as well.

```
┌─────────┐  Tax in            ┌───────────┐  • Tax in
│  Tax    │  Tax Base          │   Tax     │    Tax
│  Codes  │  and  Tax    ▶     │Calculation│    Base    ▶
│         │  Type              │ Structure │  • Mark up
└─────────┘  Category          └───────────┘    %
```
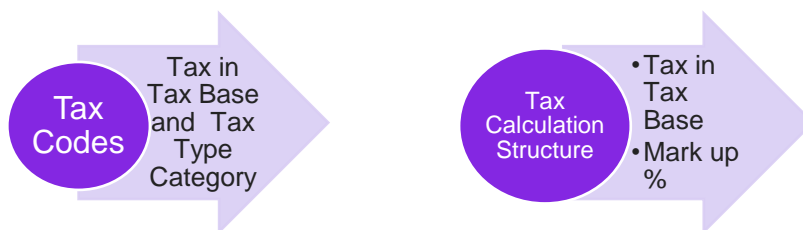
- Tax Codes
    - In **Tax Codes** page two new columns are introduced, "Tax in Tax Base" to facilitate Inclusion of taxes to the tax base amount and "Tax Type Category" to be able to separate the different Brazilian taxes (e.g. ICMS and IPI taxes).

- Tax Calculation Structure
    - In *Tax Calculation Structures* two new columns are introduced, **Tax in Tax Base** and **Mark up (%).**

13.3 Prerequisites

The company must be set-up to use Brazilian localization, see chapter Company Set up, and you will notice that the mandatory localization parameter "Extended Tax Codes and Tax Calculation Structures set-up" in Localization Control Center is enabled.

- Standard IFS "Price including tax" functionality should <u>not</u> be used.
- Sales parts should be entered without a tax code since taxes from the connected tax calculation structure will be applied.

- All prices (sales part, sales price list, campaigns, agreements etc.) should be entered as Brazilian Net Price = "Raw Price" (standard IFS have a different definition of Net Price).

13.4 Tax Type Category in tax codes page

Define a Tax Type Category for each tax code in page *Accounting Rules/Tax/Tax Codes*.

Tax Codes

		Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Type Category	Tax Method Tax Received
☐	⋮	COFINS-5	COFINS 5%	Tax	5	100	2019-12-04	2049-12-31	COFINS	Invoice Entry
☐	⋮	ICMS-17	ICMS 17%	Tax	17	100	2019-11-22	2049-12-31	ICMS	Invoice Entry
☐	⋮	ICMS13	ICMS 13%	Tax	13	100	2019-11-04	2049-12-31	ICMS	Invoice Entry
☐	⋮	IPI-5	IPI 5%	Tax	5	100	2019-11-22	2049-12-31	IPI	Invoice Entry
☐	⋮	PIS-2	PIS 2%	Tax	2	100	2019-12-04	2049-12-31	PIS	Invoice Entry

13.5 Tax in Tax Base in Tax Codes Page

13.5.1 TAX IN TAX BASE CALCULATIONS

In Brazilian context, ICMS/ISS, PIS, COFFINS are taxes included in the price (in Brazilian way of explaining). This means tax amounts are included in the tax base amount. The tax % is expressed for the tax base amount which includes tax amount as well.

For example, if the tax percentage is 17% and the price with tax is 100, then the tax amount is equal to 17.00 BRL. In other words, the net amount excluding taxes is 83.00 BRL. The Tax amount is 17.00 BRL. Which means price including tax is 83+17 = 100 BRL. But still the Tax Base amount is 100 BRL which should include tax amount as well.

Net Price   = 100 – 17 = 83

This is not equal to the 17% tax in the core application
Tax Amount in core for 17%   = 87X17% = 14.11
Therefore, it is clear that Brazilian Tax calculation method yields a different value to that of core calculation. In fact, tax amount itself is included in the tax base amount in Brazilian ICMS and other Brazilian tax types which are included in the price.

Mathematically, tax base amount can be calculated as follows,

$$Tax\ Base\ Amount = \frac{p*100}{100-t}$$

Where;
p – Net Amount
t -Tax Rate

13.5.2 DEFINE TAX IN TAX BASE IN TAX CODES

A new toggle button, "Tax in Tax Base" added to the Tax Codes.

Whether the tax amount itself to be included in the tax calculation or not is decided by a toggle button introduced to the Tax Codes form. Users should select this toggle button for ICMS/ISS, PIS, and COFFINS tax type categories since their tax values are included in price. In other words, tax amounts include in the tax base amount.

For an example, if we take 10% Tax Code enable to "Tax in Tax Base",

Net Amount = 100.00 (100%-10% = 90%)
Net Amount as a % = 90%

Tax Base Amount (TB) $= \dfrac{p*100}{100-t}$
(Tax Base Amt for
Tax Calculation)

$$TB = \dfrac{100 \times 100}{100-10} = 111.11$$

Tax Amount (T) =   111.11 x 10% = 11.11

13.5.3 TAX IN TAX BASE IN TAX CALCULATION STRUCTURE
A new column **Tax in Tax Base** is added to the Tax Calculation Structure.

When a new structure item is created and connected a tax code with "Tax in Tax Base" enabled, this new field is automatically set to "Yes" indicating the connected tax code set up.

13.6 Markup (%) in Brazilian Tax Calculation

13.6.1 MARKUP (%) TO THE TAX CALCULATION STRUCTURE
Increasing the Tax Base amount by certain percentage is required for some Brazilian taxes like, ICMS and referred as ICMS Substitute.
A new column "Markup %" added to the Tax Calculation Structure to facilitate this requirement.

Mathematically, tax base amount with a Markup % is calculated as follows,

Calculate new tax base amount for tax codes in the customer order line and customer invoice line.

      a. Take the Net Amount as, "p" and the Net Amount as a %, as "$p\%$"

      b. Markup % as "m"

      c. Tax Percentage as "t"

      d. First, Increase "p" by markup %, "m" as follows,

$$(P + m)$$

e. Then to get the new tax base amount *"TB"*

$$\text{Tax Base Amount } (TB) = \frac{(P + m) \,{*}100}{(100\text{-}t)}$$

f. In the final step, tax (*T*) to be calculated as follows,

$$\text{Tax } (T) = TB \,{*}\, t$$

(t =tax %)

For an example, if we take 20% Tax Code enable to "Tax in Tax Base", and "Markup %" as 10%.

Tax Percentage (*t*) = 20%
Net Amount (*p*) = 100.00 (100%-20% = 80%)
Net Amount as a % = 80%

Markup % = 10%

First, Increase "p" by markup %, "m" as follows,
= (*p* + *m*)
= (100+10%)

$$\text{Tax Base Amount } (TB) = \frac{(p + m) \,{*}100}{(100\text{-}t)}$$

(Tax Base Amt for
Tax Calculation)

$$TB = \frac{100 + 10\%}{100\text{-}20} \,{*}100 = 137.50$$

Tax Amount (*T*) = 137.50 x 20% = 27.50

13.6.2 DEFINE MARKUP (%) IN TAX CALCULATION STRUCTURE
A new column **Markup (%)** added to the Tax Calculation Structure.

When a new structure item is created and connected a tax code with "Tax in Tax Base" enabled, user can manually define a markup % to the connected tax code.

Below is an example of how the "Tax Base Amount" and "Tax Amount" is calculated in a CO line with a Markup percentage is set.

13.7 Tax calculation structure with Multiple Tax in Tax BASE TAX Codes

As per the Brazilian way of tax calculation, when there are multiple "Tax in Tax Base" tax codes contain in the transaction, those tax rates should be added together to get the tax calculation basis. As explained in the previous chapter, if the "Tax in Tax Base Amount" is selected in the tax code, the tax base amount is calculated as follows,

$$Tax\ Base\ Amount = \frac{p * 100}{100 - t}$$

Where;
p – Net Amount

t -Tax Rate

In multiple "Tax in Tax Base" tax codes scenarios, the above logic is altered to absorb the impact of the sum of all tax rates connected to the Tax Calculation Structure.

In multiple "Tax in Tax Base" tax codes scenario, instead of using the 't', the system will use the sum of all tax rates connected to the tax calculation structure, like t1+ t2+ t3+….tn where t1, t2, t3 to tn indicate the sum of all tax rates connected to the Tax Calculation Structure.

$$Tax\ Base\ Amount = \frac{p * 100}{100 - (t1 + t2 + t3 + \cdots. tn)}$$

Where;
p – Net Amount
(t1+ t2+ t3+….tn)   - Sum of all tax rates connected to the Tax Calculation Structure

Below example illustrate the how the calculation is done,

1) Set it up Tax Calculation Structure with two Tax Codes as follows,

   a) ICMS 5% with Tax in Tax Base enabled.
   b) ICMS 20% with Tax in Tax Base enabled and added Markup percentage as 10%

2) Create a CO Line connecting the above Tax Calculation Structure

   a) ICMS 5% with "Tax in Tax Base" is calculated as follows,

$$Tax\ Base\ Amount = \frac{p * 100}{100 - (t1 + t2 + t3 + \cdots .tn)}$$

p – Net Amount = 100.00

(t1+ t2+ t3+….tn) - Sum of all tax rates connected to the Tax Calculation Structure
=100- (5+20)
=100-25
=75

$$Tax\ Base\ Amount = \frac{100 * 100}{100 - (5 + 20)}$$

$$Tax\ Base\ Amount = \frac{100 * 100}{75}$$

$$Tax\ Base\ Amount = \ 133.33$$

b) ICMS 20% with "Tax in Tax Base" enabled and added Markup percentage as 10% is calculated as follows,

$$Tax\ Base\ Amount = \frac{(p + m) * 100}{100 - (t1 + t2 + t3 + \cdots .tn)}$$

P =Net Amount

M = Markup percentage

(p+m) =Increase "p" by adding markup %, "m"

(t1+ t2+ t3+….tn) =Sum of all tax rates connected to the Tax Calculation Structure

$$Tax\ Base\ Amount = \frac{(100 + m) * 100}{100 - (t1 + t2 + t3 + \cdots .tn)}$$

$$Tax\ Base\ Amount = \frac{(100 + 10) * 100}{100 - (5 + 20)}$$

$$Tax\ Base\ Amount = \frac{(110) * 100}{75}$$

$$Tax\ Base\ Amount = \ 146.67$$

a) ICMS 5% "Tax" is calculated as follows,

$$Tax\ Amount = Tax\ Base\ Amount * t$$

$$Tax\ Amount = 133.33 * 5\%$$

$$Tax\ Amount = 6.67$$

b) ICMS 20% with "Tax in Tax Base" enabled and added Markup percentage as 10% is calculated as follows,

$$Tax\ Amount = Tax\ Base\ Amount * t$$

$$Tax\ Amount = 146.67 * 20\%$$

$$Tax\ Amount = 29.33$$

Customer Order Line Tax Lines

Gross Amount	Net Amount	Tax Amount
136.00	100.00	36.00

Set Default

	Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount/Curr	Tax Amount/Base	
⋮	133.33	ICMS 5%	Tax	5	6.67	6.67	
⋮	146.67	ICMS 20%	Tax	20	29.33	29.33	

OK   Cancel

13.8 Delimitations

No additional support for manual tax handling is planned in future releases.

14 Integration to Brazilian External Tax System – Tax Determination

14.1 Overview Business Requirement

IFS developed an integration with third-party Brazilian External Tax System, Avalara Brazil, which allows the user to rely on Avalara for retrieval of correct tax information when performing a taxable business transaction in IFS Applications in Brazilian companies. With this integration, the whole process of tax determination is done by Avalara instead of calculating and updating tax information manually on the business transaction level.

When a tax calculation is performed e.g. on the Customer Order level, Project Invoice level or Purchase Order level, IFS Cloud uses the Avalara integration to calculate/fetch the correct tax information like, Tax Rates, Tax Amounts and other tax-related information and insert it to the CO, Project Invoice or PO Line level.

The integration supports the following functional flows in IFS:

- Customer Order
- Customer Order Invoice
- Customer Order Line Connected Charge Lines
- Outgoing Tax Document
- Project Invoice – Initial Solution
- Purchase Order, Part Lines (not services)
- Purchase Order Line Connected Charge Lines
- Purchase Order Change Order

All the other areas in IFS Cloud are using core functionality for calculating taxes.

Avalara offers a software application called AvaTax Brazil for the Brazilian market. AvaTax Brazil keeps track of valid tax information like tax types, tax rates, legislation, and rules applicable and then performs the tax calculations accordingly.

When a tax call is initiated from IFS Cloud, a call is made to the AvaTax Brazil software to fetch the correct tax types and tax rates based on the information on the customer, customer order invoice, tax document, in Project Invoicing flow from the information on the Customer, Project Invoice, or in the procurement flow from the supplier and purchase order. The following main parameters are used to identify the correct tax rate:

- Company Document Address

- Company tax registration numbers, activity sector and tax regime

- Customer setting for ICMS Taxpayer

- Customer Document Address (the document address associated with the customer order or the Project Invoice)

- Customer tax registration numbers, activity sector and tax regime

- Supplier setting for ICMS Taxpayer

- Supplier Document Address and supplier tax registration numbers

- Goods classification code (NCM) on sales respectively purchase parts in PO

- Goods acquisition reason on sales respectively purchase parts in PO

- Goods acquisition origin on sales respectively purchase parts in PO

- Business transaction code on sales respectively purchase order

- Discount Amount on the PO line

- Line connected charge on PO

- Line connected charge on CO

In addition to these main parameters, information such as the price and quantity is also passed to the AvaTax software to ensure the correct tax types and tax rates are fetched. The discount amount is needed to be calculated if any discount is added for each row in the purchase order and sent to Avalara. Based on the information sent, Avalara determines the correct tax rates and tax amounts and return the information back to IFS Cloud. The information is then uploaded into the relevant Customer Order Tax Lines, Customer Order Invoice Tax Lines, Project Invoice Tax Lines, Purchase Order Tax Lines etc.

14.2 Process Overview

Integration Overview Example
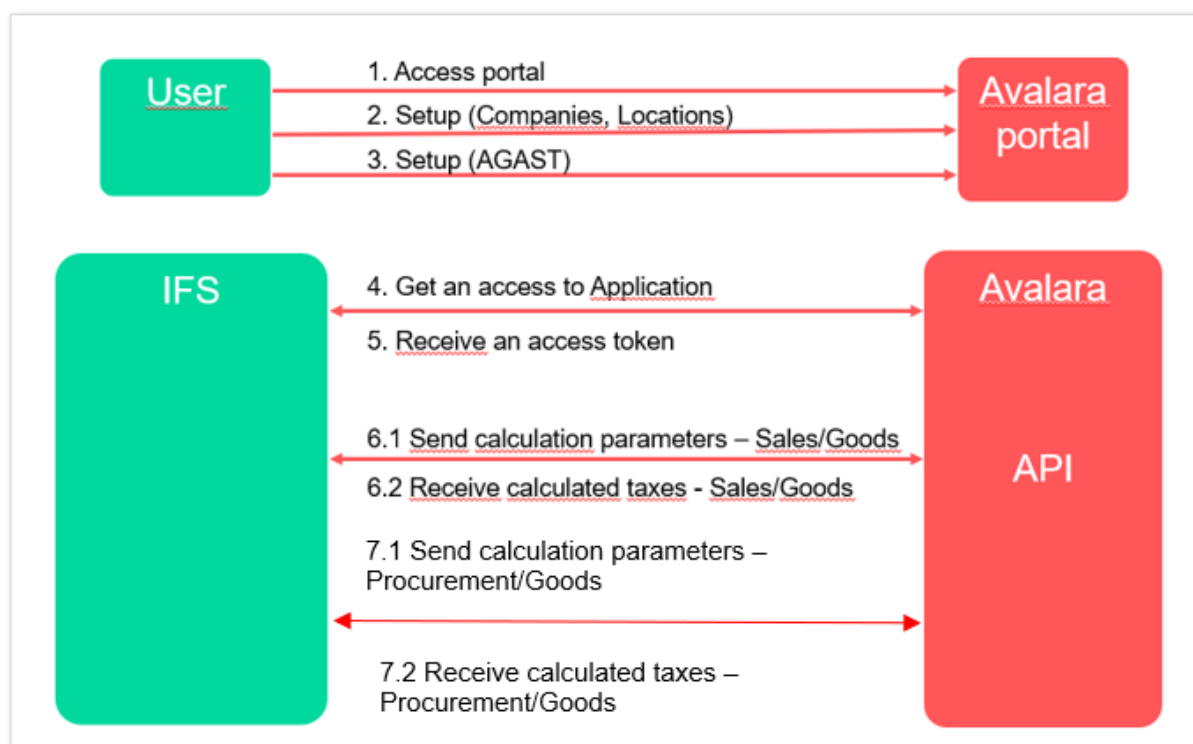
Process Overview with Customer Order sales of goods

Define Basic Data → Create Customer Order → Create Customer Order Invoice → Handle Outgoing FN → Create Postings

Process Overview with Project Invoice – Initial Solution

Define Basic Data → Enter Invoicing Plan/Project Transaction → Create Project Invoice
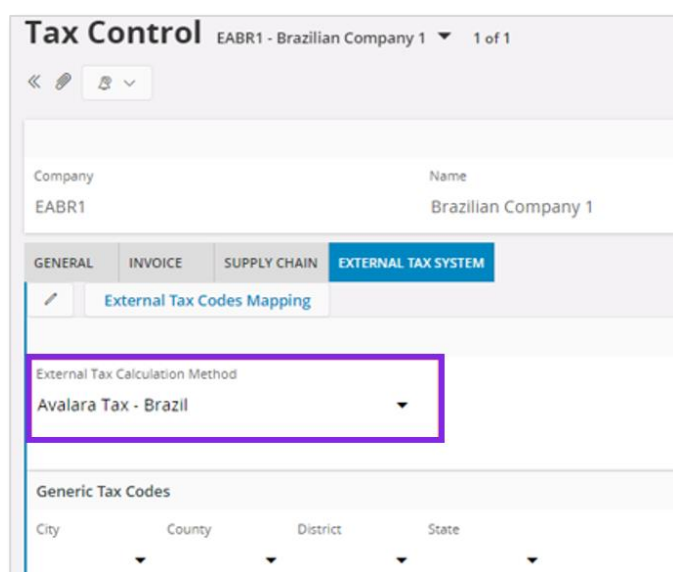
Process Overview with Purchase Order purchase of goods

Define Basic Data → Create Purchase Order → Trigger request to Avalara and receive taxes into PO lines

14.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Integration to Brazilian External Tax System" parameter must be enabled.

Select" Avalara Tax - Brazil" as the External Calculation Method in page *Application Base Setup/Enterprise/Company/Company/Tax Control* and tab *External Tax System.*

The prerequisites for IFS Cloud to communicate with Avalara is that the tax liability on the customer address is set to TAX and the sales part is taxable. In the Project Invoicing flow, the tax liability on

the customer address should be set to TAX and the Report Code should be taxable. Also for the procurement flow the tax liability need to be TAX on the supplier address and the purchase part should be taxable.

Note that also parameters "Acquisition Origin", "Business Operation", "Brazilian Specific Fiscal Attributes", "Address Specific Tax ID Numbers", "Goods/Services Statistical Codes", "Extended Tax Codes Tax Calculation Structures set-up", "Outgoing Nota Fiscals" and "Use Automatic Generation of Official Invoice Numbers" must be enabled to fulfill data requirements for the Integration. Also, company, customer and supplier basic data for tax calculation and Nota Fiscal must be defined. Please see the specific chapters on how to set up the data needed. Same basic data needed for Outgoing Nota Fiscal, as for example Detailed address, States and Cities, are also needed for the Procurement flow.

14.4 Define Basic Data

In order to utilize the IFS integration for Avalara, some basic data set-up is required with regards to the Tax Codes, the Company, the Customer, Part and Sales Parts for sales flow, Report Codes for Project Invoicing flow, as well as the Supplier and Purchase Parts for procurement flow. If line-connected sales or purchase charges are used, the sales or purchase charge types must also have corresponding values connected to the Brazil Charge Category.

14.4.1 EXTERNAL TAX SYSTEM PARAMETERS

The Avalara Brazil connection information is defined in the page **Application Base Setup/Enterprise/Tax/External Tax Systems/External Tax Systems Parameters**.
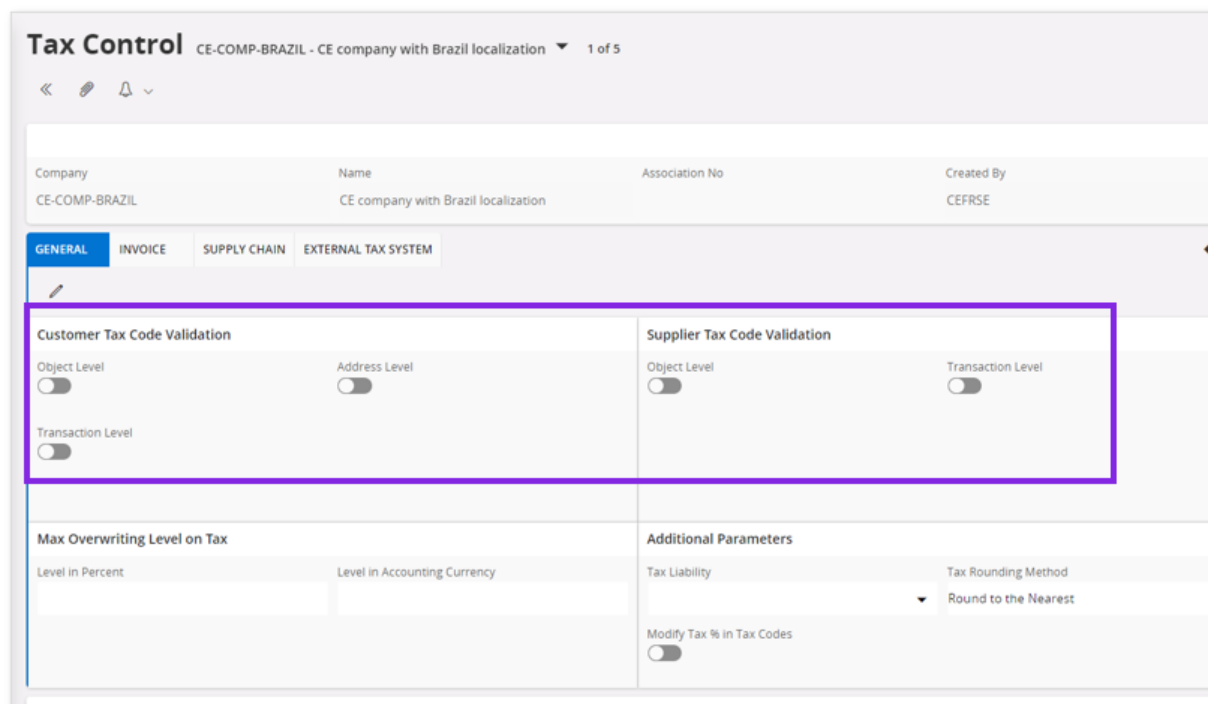
14.4.2 DISABLE CUSTOMER AND SUPPLIER TAX CODE VALIDATIONS

Disable Customer Tax Code Validations in the page **Application Base Setup/Enterprise/Company/Company/Tax Control** and the **General** tab. Also, do the same for the Supplier Tax Code Validation.

14.4.3 DEFINE TAX INTEGRATION PARAMETERS

Enable the toggle "Refresh Tax Information at Release of Customer Order" in page **Application Base Setup/Enterprise/Company/Company/Tax Control** and tab **External Tax System.**

The user can control the number of requests sent from IFS Cloud to Avalara by enabling or disabling the "Automatic Fetch of Tax information at Part/Charge Line Entry" toggle for Sales and Project Invoicing.
For procurement a similar toggle is there to control requests sent to Avalara in the procurement flow.

14.4.4 ENTER 0% TAX CODES FOR THE BRAZILIAN TAX TYPES

Add one tax code per tax type category with 0% in page *Accounting Rules/Tax/Tax Codes*. The 0-percentage rate will be replaced by the correct percentage rate for the specific tax scenario in transaction level based on the tax response from 3rd party tax determination engine Avalara.

Tax Codes

		Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Tax Type Category	Tax in Tax Base
	:	BR COFINS-0	BR Cofins 0%	Tax	0	100	COFINS	Yes
	:	BR ICMS-0	BR ICMS 0%	Tax	0	100	ICMS	Yes
	:	BR IPI-0	BR IPI 0%	Tax	0	100	IPI	No
	:	BR PIS-0	BR PIS 0%	Tax	0	100	PIS	Yes

Next select the command **External Tax Code Mapping** in the page *Application Base Setup/Enterprise/Company/Company/Tax Control and* tab *External Tax System*. Add pre-defined 0% tax codes.

14.4.5 DEFINE THE SALES PART PRICE WITHOUT TAXES

Avalara is using 3 different calculation types, namely "Net", "Gross" and "Final". Currently IFS is only support tax base amount on "Net" basis. Therefore, the users need to define sales price/Sales charge price without tax in sales part and other pricing sources.

Refer the Appendix 2 for more details.

14.4.6 DEFINE THE PROJECT SALES PRICE WITHOUT TAXES

Avalara is using 3 different calculation types, namely "Net", "Gross" and "Final". Currently IFS is only support tax base amount on "Net" basis. Therefore, the users need to define sales price without tax in Project and other pricing sources.

Refer the Appendix 2 for more details.

14.4.7 DEFINE THE SUPPLIER FOR PURCHASE PART PRICE INCLUDING TAXES

When using the Avalara integration, you will need to set the Purchase Part as taxable so you can add tax code as 0 in the **Supplier for Purchase Part** page. You should also enable the **Use Price incl Tax** toggle, so you can define the default Purchase Price incl Tax.

For companies using Avalara the purchase orders created will have the setting in PO header as "Price incl Tax" regardless of setup on supplier and company.

14.5 Create Customer Order

For Customer Order a new tax Calculated/Fetched is initiated resulting in new tax requests being sent to Avalara under the following circumstances:

- New customer order line is added

- Sales Qty is updated

- Sales Price is updated

- Order Address is updated

- Sales charge Line is connected to a CO line

- Order Line Address is updated

- Goods/Services Statistical Code is updated

- Acquisition Origin updated

- Acquisition Reason Id is updated

- Order is Released

User can decide whether the taxes are Calculated/Fetched upon, "Release of Customer Order" or "CO Line Entry Level". This is controlled by the IFS Application core functionality, **Company/Tax Control/External Tax System** tab, "*Tax Integration Parameters for Sales*".

Example: If user decides not to send tax requests upon releasing the order. Then you need to not select the option **Refresh Tax Information at Release of Customer Order** in **Company/Tax Control/External Tax System** tab (standard functionality).

*MESSAGE_REQUEST (5).json - Notepad

File   Edit   Format   View   Help

```json
{"header":{
        "eDocCreatorType":"self"
        "amountCalcType":"net"
        "companyLocation":"77214253000192"
        "documentCode":"P11278-3"
        "invoiceNumber":null
        "invoiceSerial":null
        "messageType":"goods"
"locations":{
        "entity":{
                "name":"SARKBRCOM"
                "federalTaxId":"77214253000192"
                "stateTaxId":"25633398999991"
                "suframa":"865302326"
                "taxRegime":"realProfit"
                "taxesSettings":{"icmsTaxPayer":"true"}
                "address":{
                "street":"Rua Trinta e Nove"
                "zipcode":"01000-000"
                "cityCode":"7107"
                "cityName":"SAO"
                "state":"SP"
                "countryCode":"1058"
                "country":"BRA"}
                "activitySector":{
                "type":"cnae","code":"2656265"}}

"establishment":{
        "name":"SARKBRCUST"
        "federalTaxId":"43455245000116"
        "stateTaxId":"65365365369841"
        "suframa":"986475096"
        "taxRegime":"realProfit"
        "taxesSettings":{"icmsTaxPayer":"false"}
        "address":{
        "street":"Rua Adelino Antônio Chaves"
        "zipcode":"69900-000"
        "cityCode":null
        "cityName":null
        "state":"AC"
        "countryCode":"1058"
        "country":"BRA"}
        "activitySector":
        "type":"cnae"
        "code":"265563"}
                }
                }
"invoicesRefs":[
        {"documentCode":""}]
                }
        "lines":[{"lineCode":"1"
                "itemCode":"SARK01"
                "numberOfItems":10
                "lineUnitPrice":72.75
                "lineAmount":727.5
                "lineTaxedDiscount":null
                "useType":"production"
                "operationType":"standardSales"
                "orderNumber":"P11278-3"
```

*MESSAGE_RESPONSE (4).txt - Notepad

File   Edit   Format   View   Help

```json
{"header":{
"eDocCreatorType":"self"
"amountCalcType":"net"
"companyLocation":"77214253000192"
"documentCode":"P11278-3"
"invoiceNumber":0
"invoiceSerial":0
"messageType":"goods"
        "Locations":
        {"entity":{
                "name":"SARKBRCOM"
                "federalTaxId":"77214253000192"
                "stateTaxId":"25633398999991"
                "suframa":"865302326"
                "taxRegime":"realProfit"
                "taxesSettings":{"icmsTaxPayer":true
                "enableCprb":false
                "usesInssCprbToGrossValue":false
                "pisCofinsIcmsTaxRelief":false}
                "address":{"street":"Rua Trinta e Nove"
                "zipcode":"01000-000"
                "cityCode":3550308
                "cityName":"São Paulo"
                "state":"SP"
                "countryCode":"1058","country":"BRA"}
                "activitySector":{"type":"cnae","code":"2656265"}},

        "establishment":{}},

        "lines":[{
                "lineCode":1
                "itemCode":"SARK01"
                "numberOfItems":10
                "lineUnitPrice":83.862
                "lineAmount":838.62
                "lineTaxedDiscount":0
                "useType":"production"
                "operationType":"standardSales"
                "orderNumber":"P11278-3"

"taxType":"cofins"
        "citation":"PIS/COFINS Lei nº 10.833/2003, Artigo 2º"
        "citationId":"b476dea8-2442-4430-8854-3a794891bdef"
        "subtotalTaxable":838.62
        "rate":7.6
        "tax":63.74
        "exemptionCode":""
        "traceCode":"C006"
        "cst":"01"
        "calcMode":"rate"
        "isCustomCitation":false}
        {"jurisdictionName":"Acre"
        "jurisdictionType":"State"
        "taxImpact":{"impactOnFinalPrice":"Included"
        "impactOnNetAmount":"Included","accounting":"liability"}

        "taxType":"icms"
        "citation":"ICMS/AC_Decreto nº 8/1998, Artigo 17, Parágrafo 2º",
        "subtotalTaxable":838.62
        "rate":4
        "tax":33.54
        "exemptionCode":""
        "traceCode":"C006"
        "source":"1"
        "cst":"00"
        "modBC":"3"
```

The Customer Order Line/Tax Lines dialog will be updated with the data received from Avalara, including Tax Base Amount, IFS Tax Code (fetched based on the tax codes mapping set-up), Tax %, Tax Amount, CST Code, Legal Tax Class (for IPI taxes) and Tax Type Category.

14.5.1 CITATION INFORMATION IN CUSTOMER ORDER LEVEL

In the Avalara response message, there is a placeholder called "Citation" which is information related to possible tax benefits applicable for the tax scenario, for example that the company might be subject to ICMS reduction benefits. The Citation information usually refers to the conditions in an article or paragraph to be observed in more details for possible application of said tax benefit.

"citation":"Subject to ICMS_Reduction Benefits: \"ICMS/SP_Decreto nº 45.490/2000, Anexo II, Artigo 66\"","description":"Para aplicação do citado benefício fiscal pelo Artigo 51 e Anexo II, Artigo 66, RICMS/SP.","isCustomCitation":false}],"goods":{"subjectToIPIonInbound":false,"entityIcmsStSubstitute":"no"},"lineNetFigure" [{"jurisdictionName":"Brazil","jurisdictionType":"Country","taxImpact":{"impactOnFinalPrice":"Included","impactOnNetAmount":"Included","accounting":"liability"},

```
"establishment":{}},

"lines":[{
        "LineCode":1
"itemCode":"SARK01"
"numberOfItems":10
"lineUnitPrice":83.862
"lineAmount":838.62
"lineTaxedDiscount":0
"useType":"production"
"operationType":"standardSales"
"orderNumber":"P11278-3"
"taxType":"cofins"
"citation":"PIS/COFINS Lei nº 10.833/2003, Artigo 2º"
"citationId":"b476dea8-2442-4430-8854-3a794891bdef"
"subtotalTaxable":838.62
"rate":7.6
"tax":63.74
"exemptionCode":""
"traceCode":"C006"
"cst":"01"
"calcMode":"rate"
"isCustomCitation":false}
{"jurisdictionName":"Acre"
"jurisdictionType":"State"
"taxImpact":{"impactOnFinalPrice":"Included"
"impactOnNetAmount":"Included","accounting":"liability"}

"taxType":"icms"
"citation":"ICMS/AC_Decreto nº 8/1998, Artigo 17, Parágrafo 2º"
"subtotalTaxable":838.62
"rate":4
"tax":33.54
"exemptionCode":""
"traceCode":"C006"
"source":"1"
"cst":"00"
"modBC":"3"
```

The Avalara "Citation Information" is saved as a "Note" on the Customer Order header and on the Customer Order lines.

Refer the Appendix 2 for the Avalara Request File Mapping details.

14.6 Create Customer Invoice
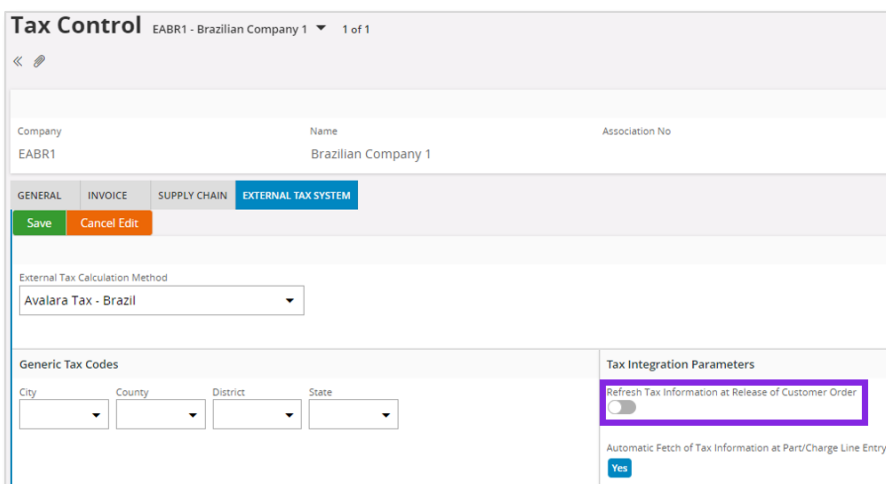
In Customer Order Invoice level, a new tax Calculated/Fetched is initiated resulting in new tax request being sent to Avalara under the following circumstances below:

- Invoice is created
- Invoice Qty is updated
- Invoice Price is updated
- Goods/Services Statistical Code is updated.
- Acquisition Origin updated

Please note that for Brazilian country specifics, a new tax request is not initiated at the point when the invoice is printed/posted (as compared to IFS core). This is because of the no changes are allowed after Brazilian tax authority approved the electronic Nota Fiscal.

The Customer Invoice Line/Tax Lines dialog will be updated with the data received from Avalara.

Refer the Appendix 2 to see the Avalara Request File Mapping details.

```
"establishment": {
        "name": "SH-BR-CUST",
        "federalTaxId": "13339532000209",
        "stateTaxId": "65369841653653",
        "suframa": "945214876",
        "taxRegime": "realProfit",
        "taxesSettings": {
                "icmsTaxPayer": false,
                "enableCprb": false,
                "usesInssCprbToGrossValue": false,
                "pisCofinsIcmsTaxRelief": false
        },
        "address": {
                "street": "Customer address 1",
                "zipcode": "06460-000",
                "cityCode": 3505708,
                "cityName": "Barueri",
                "state": "SP",
                "countryCode": "76",
                "country": "BRA"
        },
        "activitySector": {
                "type": "cnae",
                "code": "7452345"
        }
    }
},
"invoicesRefs": [
        {
                "documentCode": "SH-BRAZIL202602-1",
                "found": false
        }
],
"eDocCreatorPerspective": true,
"accountId": "24196f38-adb3-49f0-8d6e-337e555d5779",
"subscriptionId": "0aa49b97-6be1-46b4-b271-f4efaa221f60",
"goods": {
        "class": "VENDA DE PRODUÇÃO DO ESTABELECIMENTO",
        "tpImn": "1"
},
"additionalInfo": {
        "complementaryInfo": "IPI com alíquota zero conforme: \"Decreto nº 8950/2016\"\nPIS/COFINS Lei nº 10.637/2002,
        Artigo 2º\nPIS/COFINS Lei nº 10.833/2003, Artigo 2º\nICMS/SP_Decreto nº 45.490/2000, Artigo 52, Inciso I"
}
```

14.6.1 COMPLEMENTARY INFORMATION IN CO INVOICE

Complementary information (with reference to a specific law or regulation or to explain and prove that the taxes applied, and their rates, fulfill the Brazilian regulations) is sent in **additionalInfo" / "ComplementaryInfo"** of the Avalara response JSON and saved as Invoice Text on header level of the Customer Invoice in "Preliminary" state.

14.6.2 HANDLE OUTGOING NOTA FISCALS

Please read chapter "Outgoing Nota Fiscals" for description.

14.6.3 CREATE POSTINGS
Please read chapter "Gross Revenue Accounting" and Appendix 2 for description.

14.7 Create Invoicing Plan/Project Transaction
Enter an Invoicing Plan/Project Transaction using standard functionality.

14.8 Create Project Invoice
Create a preliminary Project Invoice. In Project Invoices new tax calculation requests are initiated under the following circumstances:

- Invoice is created
- New Project Transaction is added/removed using Add to Invoice/Remove from Invoice function
- Invoice Qty is updated
- Invoice Price is updated
- Invoice Address is updated
- Delivery Address is updated
- Goods/Services Statistical Code is updated
- Branch is updated

Please note that for Brazilian country specifics, a new tax request is not initiated at the point when the invoice is printed/posted (as compared to IFS core). This is because no changes are allowed to the Project Invoice after the Outgoing Nota Fiscal is approved.

MESSAGE_REQUEST (13).json

```json
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "standardSales",
        "transactionDate": "2024-02-13T00:00:00Z",
        "amountCalcType": "gross",
        "companyLocation": "04106230000198",
        "documentCode": "BR01",
        "locations": {
            "entity": {
                "taxRegime": "realProfit",
                "type": "business",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "country": "BRA"
                },
                "activitySector": {
                    "type": "cnae",
                    "code": "4649408"
                }
            },
            "establishment": {
                "taxRegime": "realProfit",
                "type": "business",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "06453000",
                    "cityName": "Barueri",
                    "country": "BRA"
                },
                "activitySector": {
                    "type": "cnae",
                    "code": "5212500"
                }
            },
            "rendered": {
                "address": {
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "country": "BRA"
                }
            }
        },
        "payment": {
            "installmentTerms": 0,
            "bill": {
                "vOrig": 2500,
                "vDiscount": 0,
                "vNet": 2500
            },
            "installment": []
        }
    }
```

MESSAGE_RESPONSE (1).json

```json
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "standardSales",
        "transactionDate": "2024-02-13T00:00:00Z",
        "amountCalcType": "gross",
        "companyLocation": "04106230000198",
        "documentCode": "BR01",
        "locations": {
            "entity": {
                "taxRegime": "realProfit",
                "type": "business",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T",
                    "subjectToSRF1234": false
                },
                "address": {
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "country": "BRA",
                    "cityCode": 3534401,
                    "countryCode": "0",
                    "state": "SP"
                },
                "activitySector": {
                    "type": "cnae",
                    "code": "4649408"
                },
                "federalTaxId": ""
            },
            "establishment": {
                "taxRegime": "realProfit",
                "type": "business",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "06453000",
                    "cityName": "Barueri",
                    "country": "BRA",
                    "cityCode": 3505708,
                    "countryCode": "0",
                    "state": "SP"
                },
                "activitySector": {
                    "type": "cnae",
                    "code": "5212500"
                }
            },
            "rendered": {
                "address": {
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "country": "BRA",
                    "cityCode": 3534401,
                    "countryCode": "0",
                    "state": "SP"
                },
```

The Project Invoice Tax Lines dialog will be updated with the data received from Avalara, including Tax Base Amount, IFS Tax Code (fetched based on the tax codes mapping set-up), Tax %, Tax Amount, CST Code, Legal Tax Class (for IPI taxes) and Tax Type Category.

14.8.1 CITATION INFORMATION IN PROJECT INVOICE LEVEL

In the Avalara response message, there is a placeholder called "Citation" which includes information related to possible tax benefits applicable to the tax scenario, for example that the company might be subject to ICMS reduction benefits. The Citation information usually refers to the conditions in an article or paragraph to be observed in more details for possible application of said tax benefit.

The Avalara "Citation Information" is saved as a "Note" on the Project Invoice lines.

Refer the Appendix 2 for the Avalara Request File Mapping details.

14.8.2 COMPLEMENTARY INFORMATION IN PROJECT INVOICE

Complementary information (with reference to a specific law or regulation or to explain and prove that the taxes applied, and their rates, fulfill the Brazilian regulations) is received in **additionalInfo" / "ComplementaryInfo"** of the Avalara response JSON and saved as Invoice Text on header level of the Project Invoice in "Preliminary" state.

14.9 Create Purchase Order

For Purchase Order new taxes are initiated, resulting in new tax requests being sent to Avalara, under the following circumstances (depending on Company setup and order status):

- New purchase order line is added

- Purchase Qty is updated

- Purchase Price is updated

- If Company default Document Address is updated also manual command to fetch tax is needed

- Supplier Document Address is updated on Purchase Order

- Goods/Services Statistical Code is updated.

- Acquisition Origin updated

- Acquisition Reason Id is updated

- Line connected charges are added or updated.

- Order is Released

- Manual command in Purchase Order to **Fetch External Taxes.**

User can decide whether the taxes are Calculated/Fetched upon, "Release of Purchase Order" or "PO Line Entry Level". This is controlled by the IFS Application core functionality, **Company/Tax Control/External Tax System** tab, "*Tax Integration Parameters for Procurement*".

In order to be able to restrict number of requests sent to Avalara there will not be any requests sent to Avalara when modifying above data, before an order is released (when having setup as only to fetch taxes at Purchase Order release). But after release any change of the data will automatically generate a request to update taxes from Avalara. (Except for when adding a new line, as fetching for part line entry is disabled.)
If instead the toggle for fetching taxes at part line entry is enabled the changes will trigger a request to update taxes regardless of status.

Example: If user decides not to send tax requests upon releasing the order. Then the option Refresh Tax Information at Release of Purchase Order in **Company/Tax Control/External Tax System** tab (standard functionality) should be disabled. But please note that if using this setup you will need to manually fetch the taxes for automatically added PO lines, as explained more below.

In the Purchase Order header there is a new command available to Fetch External Taxes from Avalara that can be used whenever the user want to manually trigger a tax calculation from Avalara.
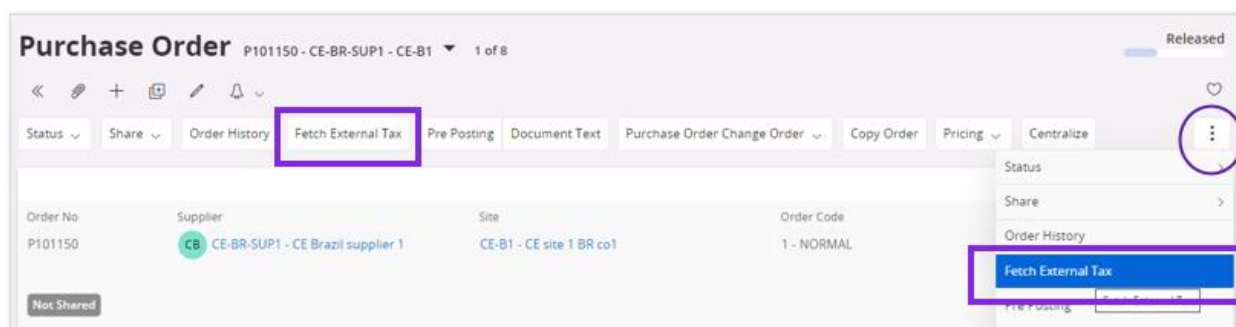
When using the new manual command in the PO header **Fetch External Taxes** a request will be sent to Avalara. This command will be enabled even if there are lines which are not supposed to be sent. When a request is sent to Avalara then the taxes will be fetched/updated for all the part lines in the PO. Exception to this is for PO lines which are not supposed to get Avalara taxes:

- when having status Cancelled

- when Tax Liability is EXEMPT

- when Not Taxable.

No part lines, rental lines, master parts with Product Type Classification as "Services", non-line connected charges are not supported for the procurement flow. Furthermore, are the flows Purchase Requisition, Order Quotation and Purchase Order Change Order not supported.

This means that those lines are not sent in the request to Avalara.

PLEASE NOTE that for automatically created lines there will be no support for automatically getting the taxes from Avalara. The user needs to fetch the taxes for these lines by using the manual command in the Purchase Order header to fetch taxes or use the setup to get them automatically when release of PO.

This is also needed if the Company default Document Address is changed as this will not generate any automatic fetch of taxes.

When adding new parts or changing information via a Purchase Order Change Order, this manual fetch will also be needed to get Avalara taxes updated.

When Purchase Order Lines are added, default values will be added for Goods/Services Statistical Code, Acquisition Reason and Acquisition Origin. If no default values are added, these need to be manually entered.
There is also a new column to show the **Discount Amount**, calculated as the discount percentage of the Price incl Tax/Base amount, multiplied by the line quantity.
When all information needed for the request to be sent is present, a request to Avalara can be processed correctly. If something is missing, you will receive an error and details about the error can be seen in the response message details.

The request and response message details can be checked in the page for Application messages. View details and download the message in order to check the values sent/received.

```
"header": {
    "eDocCreatorType": "self",
    "amountCalcType": "gross",
    "companyLocation": "77.214.253/0001-92",
    "documentCode": "P101169",
    "messageType": "goods",
    "locations": {
        "entity": {
            "name": "CE-BR-SUP1",
            "type": "stateGovernment",
            "taxesSettings": {
                "icmsTaxPayer": "true"
            },
            "address": {
                "street": "Estrada Municipal Martins",
                "zipcode": "14813-000",
                "cityName": "Sao Paulo",
                "state": "SP",
                "countryCode": "01058",
                "country": "BRA"
            },
            "activitySector": {
                "type": "cnae",
                "code": "7120100"
            }
        },
        "establishment": {
            "name": "CE-COMP-BRAZIL",
            "federalTaxId": "77.214.253/0001-92",
            "stateTaxId": "25633398999991",
            "suframa": "865302326",
            "type": "individual",
            "taxesSettings": {
                "icmsTaxPayer": "true"
            },
            "address": {
                "street": "detailed street adr for CE-ADR1",
                "zipcode": "10100-000",
                "cityName": "Sau paulo",
                "state": "SP",
                "countryCode": "01058",
                "country": "BRA"
            },
            "activitySector": {
                "type": "cnae",
                "code": "2656265"
            }
        }
    },
    "goods": {
        "indFinal": 0,
        "transport": null
    },
    "invoicesRefs": []
},
"lines": [
    {
        "lineCode": 1,
        "itemCode": "CE-BRAZIL-PART1",
        "numberOfItems": 1,
        "lineUnitPrice": 80,
        "lineAmount": 80,
        "lineTaxedDiscount": 0,
        "useType": "resale",
        "operationType": "standardPurchase",
        "orderNumber": "P101169",
        "orderItemNumber": "1",
        "freightAmount": 10,
        "insuranceAmount": 5,
```

```
"header": {
    "eDocCreatorType": "self",
    "amountCalcType": "gross",
    "companyLocation": "77.214.253/0001-92",
    "documentCode": "P101169",
    "messageType": "goods",
    "locations": {
        "entity": {
            "name": "CE-BR-SUP1",
            "type": "stateGovernment",
            "taxesSettings": {
                "icmsTaxPayer": true
            },
            "address": {
                "street": "Estrada Municipal Martins",
                "zipcode": "14813-000",
                "cityName": "Gavião Peixoto",
                "state": "SP",
                "countryCode": "01058",
                "country": "BRA",
                "cityCode": 3516853
            },
            "activitySector": {
                "type": "cnae",
                "code": "7120100"
            },
            "federalTaxId": ""
        },
        "establishment": {
            "name": "CE-COMP-BRAZIL",
            "federalTaxId": "77.214.253/0001-92",
            "stateTaxId": "25633398999991",
            "suframa": "865302326",
            "type": "individual",
            "taxesSettings": {
                "icmsTaxPayer": true
            },
            "address": {
                "street": "detailed street adr for CE-ADR1",
                "zipcode": "10100-000",
                "cityName": "Sau paulo",
                "state": "SP",
                "countryCode": "01058",
                "country": "BRA",
                "cityCode": 0
            },
            "activitySector": {
                "type": "cnae",
                "code": "2656265"
            }
        }
    },
    "goods": {
        "indFinal": 0,
        "transport": null,
        "model": "55",
        "idDest": 0,
        "tpEmis": "1",
        "class": "Compra de material para uso ou consumo",
        "tpImp": "1"
    },
    "invoicesRefs": [],
    "eDocCreatorPerspective": true,
    "accountId": "aafa0f9a-ec32-4a72-8861-a0d966f2b5a0",
    "subscriptionId": "0aa49b97-6be1-46b4-b271-f4efaa221f60",
    "additionalInfo": {}
},
"lines": [
    {
        "lineCode": 1,
        "itemCode": "CE-BRAZIL-PART1",
```

When response message from Avalara has been received the tax lines will be updated in the dialog for Purchase Order Line Taxes.

The data received from Avalara will include Tax Base Amount, IFS Tax Code (fetched based on the tax codes mapping set-up), Tax %, Tax Amount in Curr and Base, CST Code, Legal Tax Class (for IPI taxes), Tax Type Category and Impact on Net Amount.

This dialog with these specific Avalara columns will only be shown for part lines when using Avalara integration, the standard tax dialog is shown for no parts and rental parts. Only lines with the "Included" value in Impact On Net amount column will be considered for the total tax calculation.

Purchase Order part lines calculation will only consider the goods value when calculating the net amount and price for the part line. This calculation will be according to below example.

$$Part\ Line\ Tax =\ Part\ Gross * (\frac{Total\ Tax\ incl\ line\ connected\ charges}{Total\ Gross\ incl\ line\ connected\ charges})$$

$$Part\ Line\ Net\ Amount =\ Part\ Gross - Part\ Line\ Tax$$

14.9.1 CITATION INFORMATION IN PURCHASE ORDER LEVEL

In the Avalara response message, there is a placeholder called "Citation" which is information related to possible tax benefits applicable for the tax scenario, for example that the company might be subject to ICMS reduction benefits. The Citation information usually refers to the conditions in an article or paragraph to be observed in more details for possible application of said tax benefit.

The Avalara "Citation Information" is saved as a "Note" on the Purchase Order header and on the Purchase Order lines.

Example from PO header Note:

Note

Subject to ICMS_Reduction Benefits: "ICMS/SP_Decreto nº 45.490/2000, Anexo II, Artigo 27, Inciso I c/c Resolução SF nº 14/2013, Artigo 1º, Inciso I c/c Decreto Federal nº 5.906/2006, Anexo I"
Para aplicação do citado benefício fiscal é necessário observar as condições determinadas pelo Artigo 51 e Anexo II, Artigo 27, RICMS/SP.

Example from PO line Note:

Note

0.SC-BR-COFINS-0-0 %: PIS/COFINS Lei nº 9.718/1998, Artigo 8º
1.SC-BR-ICMS-0-18 %: ICMS/SP_Decreto nº 45.490/2000, Artigo 52, Inciso I
2.SC-BR-PIS-0-0 %: PIS/COFINS Lei nº 9.715/1998, Artigo 8º, inciso I

14.10 Tax Request to Avalara when having Line Connected Charges

The charges that are using the same Brazilian Charge Category for a line will be summarized and sent for the different Avalara tags.

For example if two charge lines connected to line no 1, rel no 1 are having National Freight as Brazilian Charge Category, the sum of 5+5=10 will be shown in the request message as freightAmount.

```
"orderNumber": "P101140",
"orderItemNumber": "1",
"freightAmount": 10,
"insuranceAmount": 5,
"itemDescriptor": {
    "hsCode": "45019000",
```

In a scenario where line connected charges exist the following calculations will be done in the Customer Order Lines tax assistant.

When line connected charges exist the following calculations will be done in the Purchase Order Lines tax assistant. In below example there is one line connected charge line with a gross amount base of 10.

Line connected charges will be included in the Gross Amount/Curr, then the tax lines with the included flag in Impact on Net Amount will be deducted from the Gross Amount/Curr to get the correct Net Amount/Curr for the Goods and the line connected charges according to below calculations.

$$Gross\ Amount\ in\ Curr = \ Part\ Gross\ + Gross\ Amount\ Base\ for\ line\ connected\ charge\ lines.$$

$$Net\ Amount\ in\ Curr = \ Gross\ Amount\ in\ Curr - Tax\ Amount\ in\ Curr$$

Purchase Order part lines calculation will only consider the goods value when calculating the net amount and price for the part line. This calculation will be according to below example.

$$Part\ Line\ Tax = \ Part\ Gross * (\frac{Total\ Tax\ incl\ line\ connected\ charges}{Total\ Gross\ incl\ line\ connected\ charges})$$

$$Part\ Line\ Net\ Amount = \ Part\ Gross - Part\ Line\ Tax$$

14.11 Purchase Order Change Order

It is possible to also do changes to the Purchase Order via a Purchase Order Change Order (POCO). Either it is possible to always enforce the use of Purchase Order Change Order for changes (which can be set in Site setup), or to manually trigger the creation of a Purchase Order Change Order. When updating the Purchase Order with the changes though, there will be no automatic fetch of new Avalara taxes based on the new information. So, when using a Purchase Order Change Order the user will also be needed to trigger a manual request to Avalara (by the command **Fetch External Tax**) to get the updated taxes.

If adding or changing line connected charges including the Brazilian Charge Category in the POCO, this will also generate a new version of the Purchase Order.

14.12 Delimitations

For the Sales flow this release only covers tax determination via integration to Brazilian external tax system for Customer Order sales, Customer Order invoicing of goods transactions and Intersite movement of goods within same company. Scenarios supported in this release are:

- Interstate sale for ICMS tax payer
- Interstate sale for non ICMS tax payer
- Sale within the state

Supported tax types in this release are ICMS, ICMS Tax Substitution, PIS, COFINS and IPI.

Avalara is using 3 different calculation types, "Net", "Gross" and "Final". In this release, tax base amount on "Net" basis is supported for the sales flow.

For Procurement it covers the tax determination via integration to Brazilian external tax system (Avalara) for Purchase Order Part Lines. Also line connected charges are supported. In the procurement flow Gross price is used.

No part lines, rental lines, master parts with Product Type Classification as "Services", non-line connected charges are not supported for the procurement flow. Furthermore, are the flows Purchase Requisition and Order Quotation not supported.

Purchase Order Change Order can be used in the flows, but there will be no automatic update of Avalara Taxes when changes are updated into the Purchase Order. To get correct taxes after updates via Purchase Order Change Order, the user will need to trigger the manual command to Fetch External Tax.

When using the Avalara integration additional costs on purchase order line is not supported. Also note that centralized Purchase Orders are also not supported.

15 Outgoing Nota Fiscal

15.1 Overview Legal Requirement

In Brazil the Nota Fiscal is a mandatory official document that must be issued to prove the existence of a commercial act, e.g. sale of goods. It's a tax document that registers transfer of ownership or possession of a good or commercial activity provided by a company to an individual or another company that is doing business in Brazil.

The NF-e is the Nota Fiscal issued online, which allows real time reporting of transactions to the *Secretaria da Fazenda* (SEFAZ), which is the state government responsible for taxation and revenue. The NF-e must be sent to SEFAZ for authorization, and the goods may only be sent to the recipient after the Nota Fiscal has been accepted by SEFAZ. A printed version of the Nota Fiscal (DANFE) must accompany the goods during transportation.

The Nota Fiscals must always be issued in Brazilian Real (BRL).

15.2 Process Overview

Customer Order sales of goods
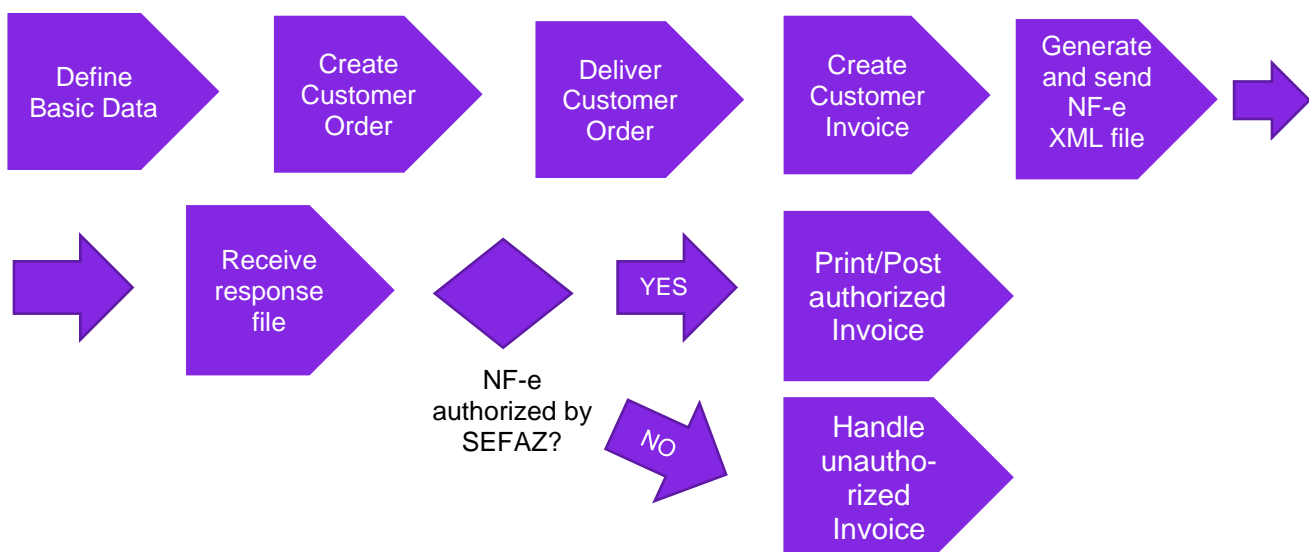
Project Invoice – Initial Solution
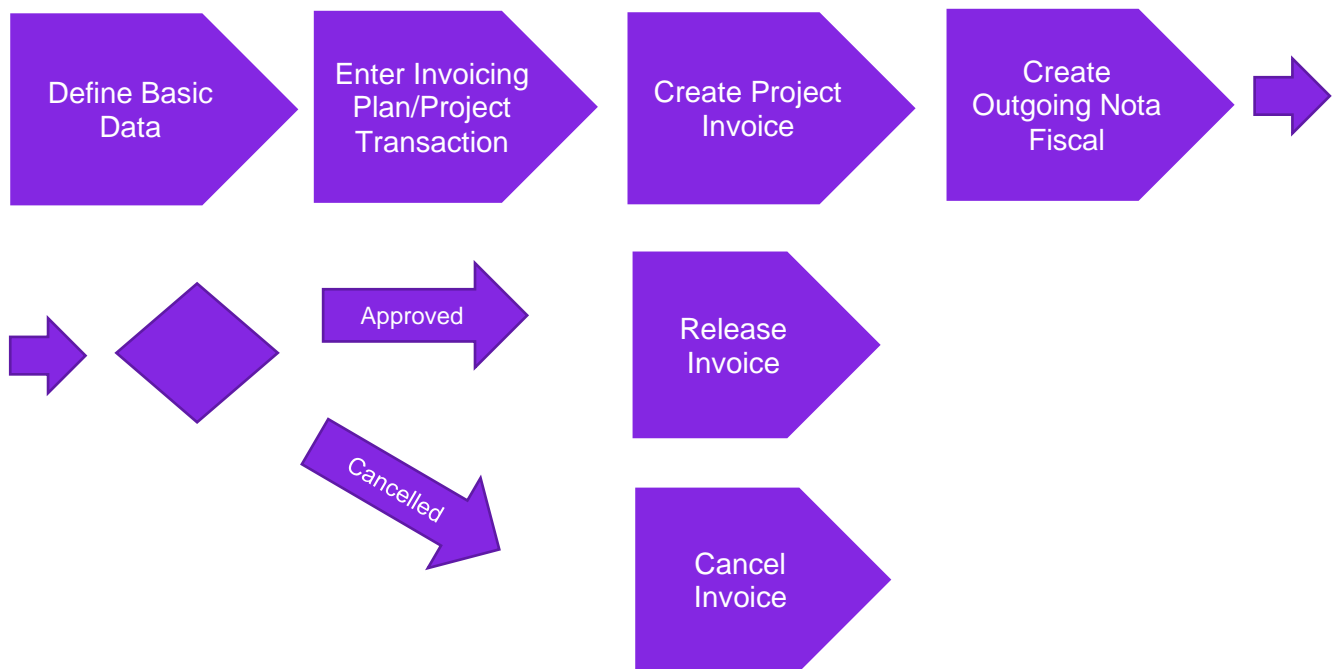
15.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Outgoing Nota Fiscals" parameter must be enabled.

Note that also parameters "Acquisition Origin", "Business Operation", "Address Specific Tax ID Numbers", "Goods/Services Statistical Codes", "Extended Tax Codes Tax Calculation Structures set-up", "Use Automatic Generation of Official Invoice Numbers" and "Cancel PostedAuth Customer Order Invoices" must be enabled to fulfill data requirements for the NF-e XML file. Please see the specific chapters on how to set up the data needed.

15.4 Define Basic Data

In order to fulfill the requirements for mandatory data in the NF-e XML sent to tax authority SEFAZ, please see details in the documentation of the xml file structure and mapping to IFS in the Appendix chapter.

15.4.1 ADDRESS SETUP BRAZIL

Use IFS standard functionality to define settings for Brazilian addresses in page *Application Base Setup/Enterprise/Basic Data/Address Setup per Country*. Detailed Address must be used to store and fetch the address information needed for the Nota Fiscal.

The "*Detailed Address*" functionality enables the possibility to define **Street**, **House No** and **District** in specific address fields on Company, Customer etc. This information is required in the NF-e xml file.

15.4.2 ICMS TAX PAYER

ICMS Tax Payer functionality is available in the ***Sales/Customer/Customer/Address/Delivery Tax Information*** page which indicates that the customer is an ICMS tax payer for the specific address ID.

The setting, *ICMS Tax Payer* controls which value to be included in the NF-e XML file, block "dest" and tag "indIEDest.

- If the customer is from abroad (Customer Invoice Document Address is not "Brazil", the tag will be = **9** (not Tax Payer)

- If the customer is ICMS Tax Payer and no Tax Id Type STATE_REG (State Registration) is defined in Customer Invoice Document Address, the tag will be = **2** (Tax Payer without state registration).
- If the customer is ICMS Tax Payer and has Tax Id Type STATE_REG (State Registration) defined for the Customer Invoice Document Address, the tag will be = **1** (Tax Payer with state registration)
- If the customer is not an ICMS Tax Payer, the tag will be = **9** (not Tax Payer)

15.4.3 BACEN CODES (NON-ISO COUNTRY CODES)

BACEN Code is a country code provided by the Brazilian Central Bank (Banco Central do Brasil). The BACEN codes of the issuing company and receiving party are included in the NF-e XML file.

Use IFS standard functionality "Alternate Country Codes" to enter the BACEN codes in the *Application Base Setup/System Setup/ISO Code Usage/Country* page. For Brazil the Country Class "BACEN" must be used to fetch values to the NF-e XML file.

15.4.4 IBGE STATE CODES (NUMERIC STATE CODES)

The IBGE state code specified by the Brazilian Institute of Geography and Statistics is needed in the NF-e XML for the issuer address.

To define **IBGE State Code**, use IFS standard functionality "Numeric State Code" in the ***Application Base Setup/Enterprise/Basic Data/States*** page.
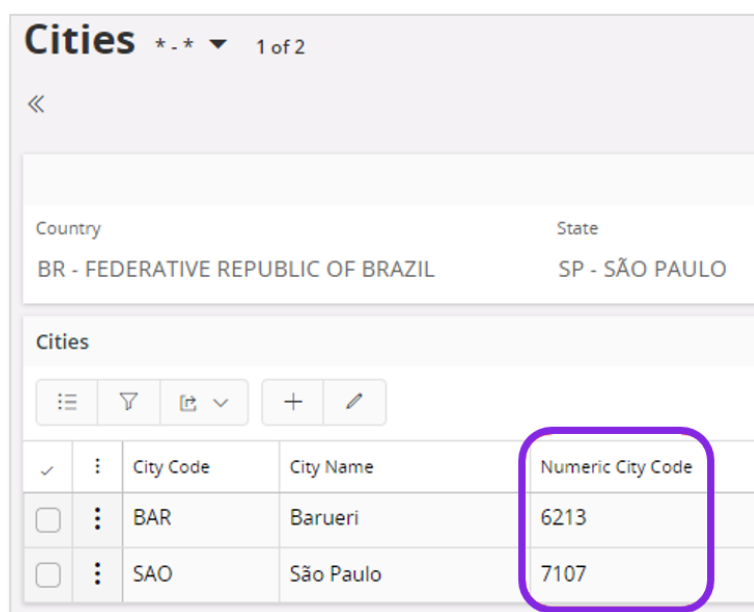
15.4.5 IBGE CITY CODES (NUMERIC CITY CODES)

The IBGE state code specified by the Brazilian Institute of Geography and Statistics is needed in the NF-e XML for both the issuer and the receiver address.

Use IFS standard functionality to enter the numeric city codes in the ***Application Base Setup/Enterprise/Basic Data/Cities*** page.

15.4.6 FINAL CONSUMER

In the NF-e XML file there is a mandatory tag for "Final Consumer" (indFinal) with value Yes or No.

New functionality, "Final Consumer" is added in the **Sales/Order/ Customer Order/ Order Details** tab with default value NO.

This could be <u>manually</u> enabled considering the below criteria prescribed by the Brazilian authorities, e.g.:

- o The customer is a physical party (and not juridical)
- o The order value is not greater than an amount in BRL specified by the Brazilian authorities
- o Depending on type of sales operation

Placeholder – "BR Unit Price"

In Brazilian context, some taxes are included in the price of a product (in Brazilian way of explaining). This means that the tax amounts are included in the tax base amount. The tax % is expressed for the tax base amount which includes the tax amount as well. However, the logic used to embed the tax amounts in the price for Brazil considers some specific taxes (ex: ICMS, PIS and COFINS). Some taxes are not a part of this (ex: IPI), as these taxes are always separated from the price in the Nota Fiscal.

This is the placeholder in the Customer Order Line level – "**BR Unit Price**" in order to be the placeholder for the amount returned by Avalara in the attribute line "Unit Price" of Json file., This will be sent as the unit price for Outgoing Nota Fiscal line and xml file item – "**VunCom".**

```xml
<enderDest>
    <xLgr>No 12</xLgr>
    <nro>15/B</nro>
    <xBairro>Rio</xBairro>
    <cMun>1200401</cMun>
    <xMun>Rio Branco</xMun>
    <UF>AC</UF>
    <CEP>69900-000</CEP>
    <cPais>1058</cPais>
    <xPais>BRAZIL</xPais>
    <fone/>
</enderDest>
<indIEDest>1</indIEDest>
<IE>12347543</IE>
<email/>
</dest>
<det nItem="1">
    <prod>
        <cProd>SALES PART 01</cProd>
        <cEAN>SEM GTIN</cEAN>
        <xProd>Sales Part 01</xProd>
        <NCM>74081100</NCM>
        <CEST>2899900</CEST>
        <EXTIPI/>
        <CFOP>6101</CFOP>
        <uCom>"</uCom>
        <qCom>1.0000</qCom>
        <vUnCom>115.2700</vUnCom>
        <vProd>115.27</vProd>
        <cEANTrib>SEM GTIN</cEANTrib>
        <uTrib>pcs</uTrib>
        <qTrib>1.0000</qTrib>
        <vUnTrib>115.27</vUnTrib>
        <indTot>1</indTot>
    </prod>
```

This is the placeholder in the Project Invoice Line level – "**BR Unit Price**" for the amount returned by Avalara in the attribute "Line Unit Price" of Json file. This is sent as the unit price for Outgoing Nota Fiscal line.

Note: When Avalara isn't used to calculate the relevant taxes, "**BR Unit price**" will be calculated manually as follows.

Calculation

$$\text{Br Unit Price} = \frac{\text{(Line Net Amount + Total Line tax Amount Without IPI Taxes)}}{\text{Line Quantity}}$$

Example: Br Unit Price = ((1000 + (**87.61+46.11+19.02**)) / 10 = **115.27**

15.4.7 PRESENCE TYPE

In the NF-e XML file there is a mandatory tag for "Presence Type" (indPres). The "Presence Type" is fetched from the Business Transaction Code defined in the Customer Order which is connected to the Customer Order Invoice.

Not Applied: 0

Presence-Onsite: 1

Internet: 2

Phone: 3

Presence-Offsite: 5

Non-Presence: 9

15.4.8 COMPLEMENTARY INFORMATION IN NF-E

Complementary information related to the Nota Fiscal is needed to explain to the tax authorities how taxes in different scenarios have been calculated and to show that you as a taxpayer follow the tax

laws. The complementary information can refer to a specific law or regulation or to explain and prove that the taxes applied, and their rates, fulfill the Brazilian regulations.

Use IFS standard functionality to connect pre-defined Invoice Text ID:s or to enter free text in the *Sales/Invoicing/Customer Invoice/General* tab for the Customer Invoice in status "Preliminary".

The complementary information entered as Invoice Text on the Customer Invoice is fetched to the NF-e XML file and added in the **infAdic** block and tag "infCpl".

With an integration to 3rd party tax determination engine for Brazilian taxes enabled, this complementary information can be received in the response file and automatically saved as Invoice Text on the Customer Invoice.
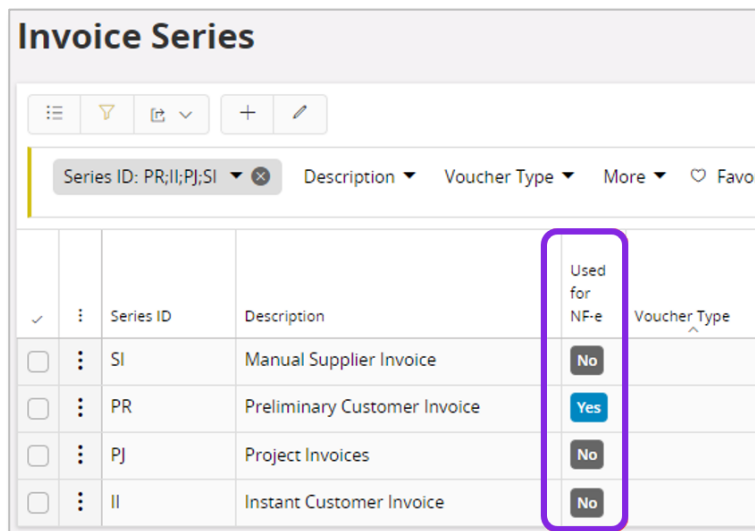
```
- <transp>
  - <vol>
      <pesoL>0</pesoL>
      <pesoB>0</pesoB>
    </vol>
  </transp>
- <cobr>
  - <fat>
      <nFat>202978</nFat>
      <vOrig>15200</vOrig>
      <vDesc>0</vDesc>
      <vLiq>15200</vLiq>
    </fat>
  </cobr>
- <pag>
  - <detpag>
      <tPag>99</tPag>
      <vPag>15200</vPag>
    </detpag>
  </pag>
- <infAdic>
    <infCpl>Material segue para amostra, sem retorno.;Isento de ICMS nos termos do Art. 3. do Anexo I do livro VI do Dec. n. 45.490/00 - RICMS - SP</infCpl>
  </infAdic>
  </infNFe>
</NFe>
```

15.4.9 INVOICE SERIES USED FOR NF-e

Enable the toggle "Used for NF-e" in the ***Financials/Customer Invoice/Basic Data/Invoice Series*** page for the invoice series used for invoicing of customer order delivery of goods. This setting will add value "55 = NF-e" in the corresponding xml tag for generated electronic Nota Fiscals.
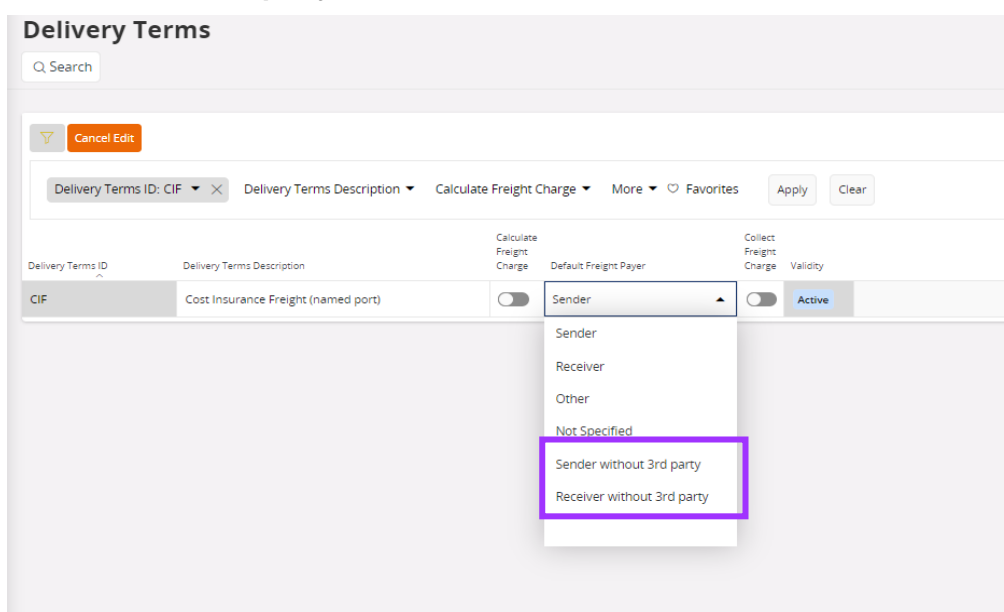
15.4.10   FREIGHT MODE RELATED NUMERIC CODE

This section guides customers on configuring and mapping delivery terms and default freight payer options to accurately determine the "Freight Mode" for different Nfe Communication Methods in customer orders and Nota Fiscal files.

15.4.10.1 Mapping of Delivery Terms and Freight Payer Options

Two new values have been added to the "Default Freight Payer" list of values in ***Delivery Terms*** page:

- **Sender without 3rd party**
- **Receiver without 3rd party**

The following table outlines the mapping of the default freight payer against the corresponding Avalara string values and XML file values

Default Freight Payer LOV	Avalara String Value	XML File Value
Sender	CIF	0
Receiver	FOB	1
Other	Thirdparty	2
Sender without 3rd party	SenderVehicle	3
Receiver without 3rd party	ReceiverVehicle	4
Not Specified	FreeShipping	9

15.4.10.2 Avalara Configuration

When the Nfe Communication Method is set to "Avalara," the "Delivery Term" included in the customer order or shipment will be translated to the corresponding Avalara string value depending on the default freight payer value for that delivery term.This value will be used to populate the "modFreight" tag in the Avalara outbound file (JSON format).


```
"TRNNFe" : "T",
"transport": {
    "modFreight": "SenderVehicle",
    "volumes": [
        {
```

15.4.10.3 Generic XML Configuration

When the Nfe Communication Method is set to "Generic XML the "Delivery Term" included in the customer order or shipment will be translated to the corresponding XML file numeric code depending on the default freight payer value for that delivery term. This value will be used to populate the "TRNSP_MODFRETE" tag in the Nota Fiscal outbound file (Generic XML format).

```
<IDE_INDINTERMED type="Float">0</IDE_INDINTERMED>
<TRNSP_MODFRETE type="Float">4</TRNSP_MODFRETE>
<TRNSP_QVOL type="Float">0</TRNSP_QVOL>
<IDE_CNF type="Text">00206743</IDE_CNF>
<IDE_TRAMP type="Float">2</IDE_TRAMP>
```

15.4.10.4 Limitations

- Freight Mode is only handled for Outgoing Nota Fiscal file when Customer Invoice is originating from Customer Order and Shipment
- Even if the Delivery Terms Description is changed in the Customer Invoice (only at the preliminary stage before the creation of the Outgoing Nota Fiscal), the freight mode mapped to the delivery term in the customer order or shipment will still be displayed.

15.5 Create Customer Order

Follow standard functionality to enter a Customer Order. Select an option for Business Transaction ID in the corresponding field in *Customer Order/Order Details* tab, group Brazilian Specific Attributes.

A Customer Order Type which stops the processing <u>before</u> the "Print Invoice" event is performed must be used.

Tax Lines information can be automatically fetched from integration to 3rd party Avalara Brazil if LCC parameter "Tax Determination via Integration to Brazilian External Tax System" is enabled or using the core Tax Calculation Structures functionality together with enabled LCC parameter for "Extended Tax Codes and Tax Calculation Structures set-up".

Applicable CST Code and Legal Tax Class (only for IPI taxes) should be manually entered if not automatically received in the integration to Avalara Brazil, as it's mandatory information for the electronic Nota Fiscal to be sent to the Brazilian tax Authority. These values will be transferred to the Customer Invoice in the next step of the process.

15.6 Deliver Customer Order

Single Order delivery
Deliver the single Customer Order using standard functionality.

Shipment delivery
In case of delivery using the IFS Shipment functionality, the Customer Order must be connected to a Shipment Type. Enter a Shipment Type in page *Shipment Management/Outbound Shipment/Basic Data/Shipment Type* and select 'Stop After' the event "Create Invoice" to stop the shipment invoice to be printed automatically before the outgoing NF-e is created and authorized.

Customer Orders with different Business Transaction ID:s are not allowed to be mixed in the same Shipment ID. The selected Business Transaction ID in Customer Order header is transferred to the "Reference ID" field in the Customer Order line and will be considered as a consolidation parameter for Shipments.

It is therefore mandatory to set **Reference ID** as a consolidation parameter in "Consolidate Source Lines By" on the *Shipment Type* page.

In the generated NF-e XML file header tag IDE_INDPRES value represents the Presence Type which is taken from the Business Transaction ID in the Customer Order.

15.7 Create Customer Invoice

Create the Customer (Order) Invoice or the Shipment Invoice (Customer Order Collective Invoice, Debit) in Preliminary state using IFS standard functionality.

15.8 Create Outgoing Nota Fiscal

As Notas Fiscais must always be issued in Brazilian Real, Customer Orders/Invoices for sales in foreign currencies will be converted into accounting currency BRL when the Outgoing Nota Fiscal is created.

Company level parameter, "*Manually Process Nota Fiscal*" determines whether the Outgoing Nota Fiscal is automatically created when creating the Customer Invoice or manually created from the **Outgoing Nota Fiscal** page.

Process Overview
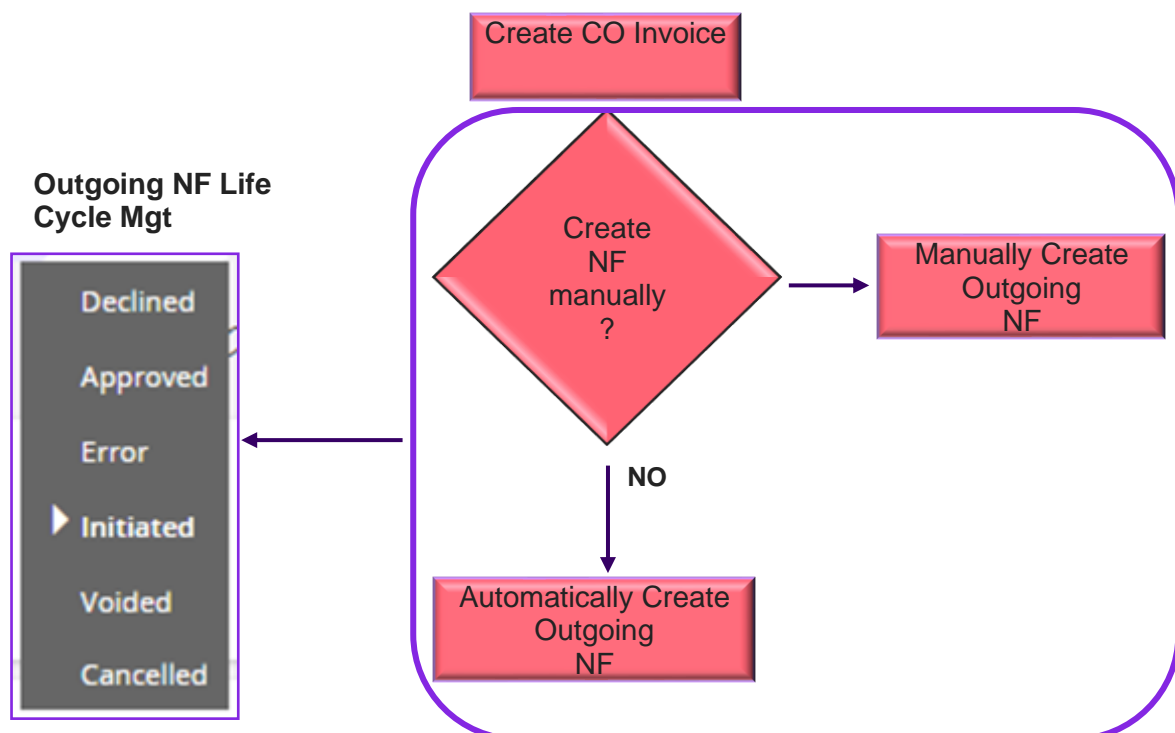
Below table shows, how this Company level parameter, *"Manually Process Nota Fiscal"* works with Customer Order Invoice, *Outgoing Nota Fiscal* and the NFe XML generation.

Parameter, Manually Process Nota Fiscal	Outgoing Nota Fiscal object	NFe XML generation
Enabled (Outgoing NF is Manually processed)	First, Customer Order Invoice is created and the Outgoing NF need to be manually created by using the command, **Create Outgoing Nota Fiscal.**	NFe XML need to be manually generated by using the command **Send Nota Fiscal** in the *Outgoing NF* page.
Disabled (Outgoing NF is Automatically processed)	When Customer Order Invoice is created, the Outgoing NF object is automatically created.	NFe XML is automatically generated based on the Outgoing NF object.
	*Both the Outgoing NF object and the NFe XML is automatically generated	

15.9 Outgoing Nota Fiscal - New Presentation for Sales Charges

15.9.1 Business Objectives

1. Enabling the possibility of fair presentation of Sales Charges on the Outgoing Nota Fiscal Lines.

2. Enabling the recording of multiple line-connected charges related to Customer Order lines.

15.9.2 Sales Charges of Outgoing Nota Fiscal

The Brazil Charge Category can be set and edited on the Sales Charge Type page, in the Customer Order page on the Charge tab, in the Sales Part page on the Charge tab in the Package Part page on the Charge tab and the Non-Inventory Sales Part Page Charge Tab. Default value can be set on the Sales Charge Type.

For sales charges to be displayed on the outgoing Nota Fiscal, they must be added to a customer order (line connected). The generated JSON or XML files will include the following values. On the Sales Charge Type page, there is a field for the Brazilian Charge Category, which is only visible when the Localization Control Center parameters are enabled for the company. The available options are as follows:

- Freight (connected to Avalara JSON tag freightAmount)
- Insurance (connected to Avalara JSON tag insuranceAmount)
- Expenses (connected to Avalara JSON tag otherCostAmount)

Once the outgoing Nota Fiscal is created, the line-connected sales charges will be displayed as a nested list. To view the sales charges, you must click the accordion for the respective line.

The total charges included in the specific customer order will also be displayed in the header of the outgoing Nota Fiscal, based on their relevant Brazilian Charge Category.

The charge amounts sent to Avalara in the Nota Fiscal outbound file (JSON) must include the charge amount at the line level, while the total charge amount should be reflected in the summary section, categorized under the selected Brazilian Charge Category. For instance, if the Brazilian Charge Category is "Insurance," the line-level charge should be labeled as "insuranceAmount," and the total charge amount should be displayed as "totalInsurances" in the summary section.

```
    "summary": {
        "numberOfLines": 1,
        "totalLineAmounts": 125.2191334836,
        "totalInvoice": 125.22,
        "totalInsurances": 10,
        "totalFreights": 20,
        "totalOtherCosts": 30,
        "taxByType": {
            "icms": {
                "subtotalTaxable": 125.22,
                "tax": 15.03
            },
            "pis": {
                "subtotalTaxable": 110.19,
                "tax": 1.82
            },
            "cofins": {
                "subtotalTaxable": 110.19,
                "tax": 8.37
            }
        }
    }
```

15.10 Outgoing Nota Fiscal Life Cycle Management

15.10.1 OUTGOING NF **MANUALLY CREATED**

Company level parameter, "Manually Process Nota Fiscal" is enabled, then in the Customer Order Invoice process, Outgoing Nota Fiscal need to be manually created. To facilitate this manual process, command **Create Outgoing Nota Fiscal** is enabled on CO Invoice.

Outgoing Nota Fiscal is created in "*Initiated*" state while the connected CO Invoice is in "Preliminary" state and the associated CO is in "Closed" state.

Outgoing NF Status	CO Invoice Status	CO Status
Initiated	Preliminary	Closed

Generate and Send NF-e XML File

Once the Outgoing Nota Fiscal object is created it's automatically set to the status of "Initiated" and the option "*Send Nota Fiscal* "is enabled. Use this command **Send Nota Fiscal** to generate the NF-e XML and send to the third-party system integrator to communicate with the Brazilian Tax Authority for approval.

Once the Outgoing Nota Fiscal is sent to the third-party system integrator, Outgoing Nota Fiscal status is automatically set as "*Sent Request*".

Note

-When the Outgoing Nota Fiscal is set to the status of "Initiated" and "Sent Request", the IFS standard command on CO preliminary invoice "Print Invoice" is disabled.

15.10.2 OUTGOING NF **AUTOMATICALLY CREATED**

When the Company parameter, "Manually Process Nota Fiscal" is disabled, the Outgoing Nota Fiscal Object is automatically created the Customer Order Invoice process. Once the Outgoing Nota Fiscal Object is created in the Customer Order Invoice process, also the NFe XML is automatically generated based on the Outgoing NF object and send to the third party system integrator to communicate with the Brazilian Tax Authority.

Since in this scenario, both the Nota Fiscal Object and the NFe XML are automatically generated and sent to the Tax Authority for Approval, *Outgoing Nota Fiscal* is created in "*Sent Request*" state. The connected CO Invoice is in "Preliminary" state and the associated CO is in "Closed" state.

Outgoing NF Status	CO Invoice Status	CO Status
Sent Request	Preliminary	Closed

15.10.3   GENERATION AND ASSIGNING A "NF-E KEY" TO NF-E XML

Every NF-e XML generated is assigned a unique identification number as the "NF-e Key" following a logic defined by the authorities. The identification number is saved in the **Outgoing Nota Fiscal/ NF-e Information** tab, field "NF-e Key". With this key every individual Nota Fiscal can be identified, and it's also used to match the SEFAZ response to the right IFS Nota Fiscal.

The 44-character NF-e Key is composed according to the description in the below table:

Data item	Description	Number of characters
cUF	State Code of Issuer	2
AAMM	Year and Month from Issuing Date of Nota Fiscal	4
CNPJ	CNPJ registration of Issuer	14
Mod	Nota Fiscal model from Nota Fiscal	2
Serie	Nota Fiscal Series from Nota Fiscal	3 (left zeros are used if series is less than 3 positions
nNF	Nota Fiscal Number from Nota Fiscal	9 (left zeros are used if series is less than 9 positions
tpEmis	Emission Type from Nota Fiscal (=1)	1
cNF	IFS Invoice No	8 (left zeros are used if series is less than 8 positions
cDV	Check digit (calculation logic provided by the tax authority)	1

The date in the field "Issue Date" is automatically set when the user selects the command **Send Nota Fiscal**. In case the Nota Fiscal is not authorized by the tax authority, the user needs to do some adjustments and send it again. The new "Issue Date" will then overwrite the previous one at the time the new NF-e XML is created.

15.10.4   GENERATION OF NF-E XML

In this process IFS Cloud will produce an IFS style XML file which is generated to integrate with a 3rd party solution provider. The 3rd party service provider will convert the IFS style XML file into the official NF-e XML layout and can also add a digital signature to the file. The 3rd party solution provider will communicate the file to the Brazilian Tax Authority (SEFAZ).

```
<NFe xmlns="http://www.portalfiscal.inf.br/nfe" xmlns:xsi="http://www.w3.org/200
 - <infNFe Id="35201115257504000105650090000100161002104318" versao="4">
     - <ide>
         <cUF>35</cUF>
         <cNF>00210431</cNF>
         <natOp>Vendas</natOp>
         <mod>65</mod>
         <serie>009</serie>
         <nNF>000010016</nNF>
         <dhEmi>2020-11-12T08:24:19+00:00</dhEmi>
         <dhSaiEnt>2020-11-12T08:24:19+00:00</dhSaiEnt>
         <tpNF>1</tpNF>
         <idDest>2</idDest>
         <cMunFG>7107</cMunFG>
         <tpImp>1</tpImp>
         <tpEmis>1</tpEmis>
         <cDV>8</cDV>
         <tpAmb>2</tpAmb>
         <finNFe>1</finNFe>
         <indFinal>0</indFinal>
         <indPres>2</indPres>
         <procEmi>0</procEmi>
         <verProc>4</verProc>
     </ide>
     - <emit>
         <CNPJ>15257504000105</CNPJ>
         <xNome>Brazilian Company System Test</xNome>
         - <enderEmit>
             <xLgr>Caljunto Nova</xLgr>
             <nro>10</nro>
             <xBairro>Bairro</xBairro>
             <cMun>7107</cMun>
             <xMun>SAO</xMun>
             <UF>SP</UF>
             <CEP>14278</CEP>
             <cPais>1058</cPais>
             <xPais>BRAZIL</xPais>
         </enderEmit>
         <IE>123456</IE>
         <CRT>3</CRT>
     </emit>
     - <dest>
         <CNPJ>98741254112145</CNPJ>
         <xNome>Brazilian Customer 1</xNome>
         - <enderDest>
             <xLgr>Rio Grande</xLgr>
             <nro>8</nro>
             <xBairro>RIO</xBairro>
             <cMun>1578</cMun>
             <xMun>Rio de Janeiro</xMun>
             <UF>RJ</UF>
             <CEP>14254</CEP>
             <cPais>1058</cPais>
             <xPais>BRAZIL</xPais>
             <fone>023144445</fone>
         </enderDest>
         <indIEDest>2</indIEDest>
         <IE/>
         <email>john.smith@ifsworld.com</email>
     </dest>
     - <det nItem="1">
         - <prod>
             <cProd>181</cProd>
             <cEAN>9300617000020</cEAN>
             <xProd>Garage door handle, Belucci design</xProd>
             <NCM>74081100</NCM>
```

Once the Outgoing Nota Fiscal is created and set to the initiated status, connected CO Invoice couldn't be processed alone. Connected Outgoing Nota Fiscal should 1st process and the further processing of CO Invoice is dependent on the Outgoing NF status which describes in the chapters below.

15.10.5 OUTGOING NF APPROVED

Once the Outgoing Nota Fiscal is Approved, connected CO Invoice will be automatically Approved.

Out Going NF Status	CO Invoice Status	CO Status
Approved	Approved	Closed

15.10.5.1 Receive Response File

The Brazilian tax authority SEFAZ will in real time validate the received NF-e XML file and send back a response XML which must be received by IFS prior to the physical release of goods.

Similar to the sending of XML process, 3rd party service provider will receive the response file from SEFAZ first and send the response information to IFS in the IFS style XML layout.
Once the IFS style XML response is received from the 3rd party service provider, IFS reads the file and recognize the correct Nota Fiscal by validating the "NF-e Key".
Then the *NF-e Information* tab will be updated with the values from xml file.

SEFAZ Status Code "100" indicates the response file is approved and these invoices are automatically printed and set to status "*PostedAuth*".

SEFAZ responses with any other status codes will not be further processed (neither automatically nor through manual commands) and the Customer Invoice will remain in status "Preliminary". Handling all these scenarios are described in chapters below.

15.10.6   OUTGOING NF DECLINED

Outgoing Nota Fiscal could be Declined by the Brazilian tax authority. This could happen when the issuer or recipient has some pending issue and irregularities with the Brazilian Government, i.e. may not perform business transactions within the state.

When a Nota Fiscal is declined it cannot be voided or cancelled and the Nota Fiscal number cannot be used again.

Once IFS Cloud received the Declined response message from the 3rd part integrator, Outgoing Nota Fiscal is set to the status "*Declined*".

NF-e Status Code "110" and "303" are examples of response codes meaning the Nota Fiscal is declined.

Subsequently, the connected CO Invoice get "Cancelled".

Outgoing NF Status	CO Invoice Status	CO Status
Declined	Cancelled	Picked

In this scenario, it's always the "Preliminary" CO Invoice which is get Cancelled and no reversal voucher will be created. Once the CO Invoice is cancelled, connected CO is automatically set to the status of "Picked" (IFS Core functionality).

15.10.7   CANCELLATION REQUEST SENT TO THE APPROVED OUTGOING NF

The general rule stated by Brazilian government says that companies are allowed to Cancel Authorized Nota Fiscals up until 24 hours from the issue date and time. There are some scenarios that still allow cancellation even after 24 hours (can be connected to penalty fee or audit).
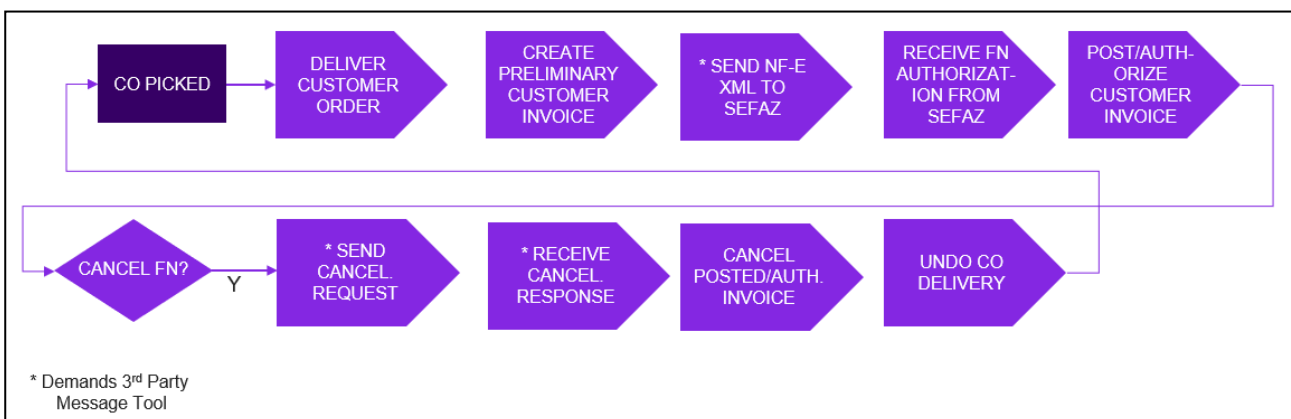
Outgoing NF Status	CO Invoice Status	CO Status
Cancelation Request Sent	Authorized	Closed

The **Send Cancel Request** command will generate an outgoing xml file representing the request to cancel the referenced Nota Fiscal number.

```
1 ⊟<infEvento>
2     <xServ>CANCELAMENTO</xServ>
3     <chNFe>35220177214253000192650090000010311002063978</chNFe>
4     <tpAmb>2</tpAmb>
5     <xJust>Pedido de Cancelamento de Nota Fiscal Eletronica</xJust>
6 ⊦</infEvento>|
```

In the above scenario, Outgoing Nota Fiscal status is set to the "Cancelation Request Sent" while connected CO is still Authorized and CO status is Closed.

15.10.8   CANCEL APPROVED OUTGOING NF

Once the Outgoing Nota Fiscal cancellation request get accepted by the Brazilian Tax Authority, cancelled response message will receive to the IFS Application via a 3rd party integrator and the Outgoing Nota Fiscal is set to the status of "Cancelled and the connected CO Invoice too will get automatically Cancelled.

Out Going NF Status	CO Invoice Status	CO Status
Cancelled	Cancelled (Cancelled PostedAuth Invoice)	Picked

In the above scenario, it's always the PostedAuth CO Invoice getting cancelled, hence a reversal "K" Voucher is created reversing the original CO Invoice postings.

After receiving a cancel request approval xml file from the tax authority, the NF-e status code will be updated to "135 - Cancelamento Homologado" and the Customer Invoice status will be changed to "Cancelled".

The referenced Customer Order will change status back to "Picked".

If a Payment Proposal, Mixed Payment, RMA, Credit Invoice or Correction Invoice is attached to any "PostedAuth" Invoice/Approved Nota Fiscal, an error will create to stop the cancellation process when receiving an approved cancellation response from SEFAZ.

The K voucher is created and revert the original voucher postings.

15.10.9 RECEIVED Error response from the Brazilian Tax Authority

If a Brazilian tax authority recognized errors in the request file, they will send an Error responses via the 3rd party integrator. There could be 2 types of Errors as describes bellow,

-Receive an Error Response which could be rectified

Outgoing NF Status	CO Invoice Status	CO Status
Error	Preliminary -Rectify the error and re-send the NFE (Use Same NFe No)	Closed

-Receive an Error Response which couldn't be rectified

Outgoing NF Status	CO Invoice Status	CO Status
Error	Cancelled (Preliminary Invoice) a) Send Void Request from a Nota Fiscal. b) Approved Void Request- Cancelled the Preliminary state Invoice	a) Send Void request- Closed b) Approved Void Request- Picked

When a Nota Fiscal is rejected due to some error in the schema of xml file or some inconsistent information, the Nota Fiscal number can be used again. The companies can fix the issue found in such Nota Fiscal and request authorization again. If the problem cannot be fixed, the Nota Fiscal must be **Voided**. A void request must be sent and approved by the Tax Authority. After the tax authority approved the void request, the Nota Fiscal number cannot be used again.

When the return message from the Tax Authority is "Error" the **command Send Void Request** will be available in the *Outgoing Nota Fiscal* page.

The **Send Void Request command** will generate an outgoing xml file representing the request to void the referenced Nota Fiscal number and the Outgoing Nota Fiscal is set to the status *"Sent Void Request"*.

After receiving a void request approval xml file from the tax authority, the NF-e status code will be updated to "102 - Inutilização de número homologado" and the Outgoing NF status is set to *"Voided"*.

The connected Customer Order Invoice status will be changed to "Cancelled".

The referenced Customer Order will change status back to "Picked".

15.11 Handling of transport related attributes in outgoing nota fiscal for deliveries handled by 3rd party forwarders/suppliers

In here we consider about outgoing nota Fiscal behavior if the Transportation process happen with 3rd party (Forwarder).Mainly Brazilian tax authority SEFAZ request details of Transportation including Forwarder, Delivery info, weights and Volume etc.

15.11.1   PROCESS OVERVIEW

Company   Forwarde   Supplier   Customer

3rd party
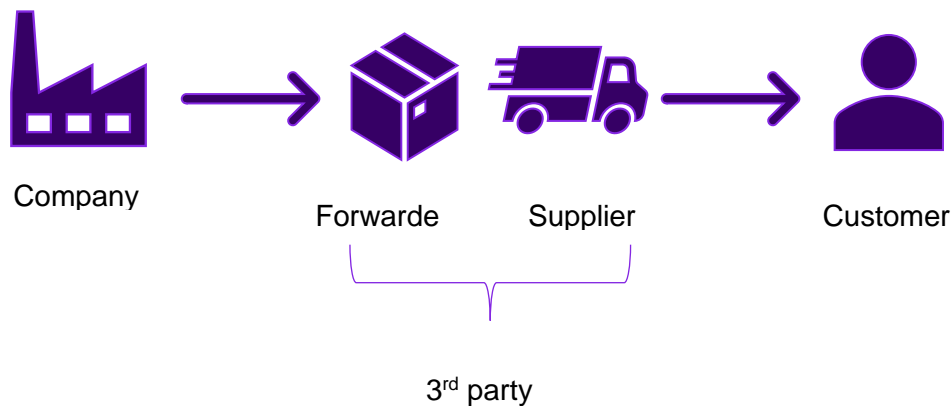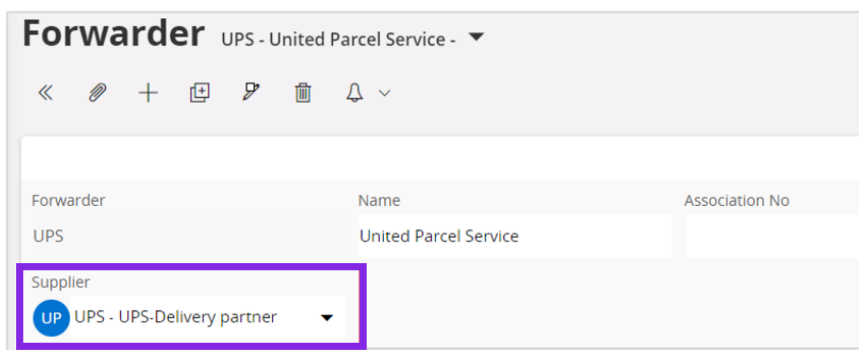
15.11.2   BASIC DATA

From the functional point of view, forwarder is not the actual transport service provider and most of the time they will get a service supplier to arranger the delivery. So basically, forwarder coordinate the shipment with their customer and service supplier.

Connect a Supplier to the Forwarder in the **Application Base Setup/Enterprise/Forwarder** page. Brazilian tax details can be defined in the **Application Base Setup/Enterprise Supplier** page under **Address/Document Tax Information** tab.

15.11.3   TRANSPORTATION DETAILS IN NFe

Users need to enter below new attributes manually in outgoing nota Fiscal just before sending it to Brazilian tax authority SEFAZ.

Vehicle & Package details :

Attributes
Vehicle License Plate
Vehicle Country
Vehicle State
Volume Numbers
Volume Labels

Below attributes are fetched from the customer invoices or outgoing tax document according to the below mentioned criteria.

Attributes	Data entry method in customer order	Data entry method in Shipment order

Forwarder	Fetched from Customer invoice	Fetch from Shipment/General/Delivery information/Forwarder
Forwarder address	retrieve from Forwarder basic data (default document address) & possible to change via LOV.	
Supplier	Fetched forwarder connected Supplier.	
Supplier address	retrieve supplier's default document address, possible to change via LOV.	
CNPJ	retrieve from document tax information from supplier under connected company.	
State Reg	retrieve from document tax information from supplier under connected company.	
Net weight	Total net weight of all lines from master part data.	Fetched from Shipment/general/weight/net weight
Gross Weight	If Outgoing nota Fiscal going to make via shipment, it can fetch from the Shipment. If else values fetched from reserved parts data	Fetched from Shipment/general/weight/Operative gross weight
Volume	Total volume of all lines from master part data	Fetched from Shipment/general/Volume/operative volume
Delivery Terms	Fetch directly from Customer invoice	Fetched from Shipment
Ship via code	Fetch directly from Customer invoice	Fetched from Shipment

The details of 3rd party, coming to the Outgoing Nota Fiscal under the *address* tab.

Other details are coming under *General* tab as follow.

LINES	ADDRESS	GENERAL	NF-E INFORMATION

Delivery Information

Ship Via	Delivery Terms	Vehicle License Plate	Vehicle Country
test	TEST	VEHI1234	BR - BRAZIL

Vehicle State
SP

Weight / **Volume**

Net Weight	Gross Weight	Volume	Volume Numbers	Volume Labels
10 kg	10 kg	10 m3	N11	V11

15.11.4   TRANSPORTATION DETAILS IN NF- XML FILE

According to format of NFe file, 3rd party and other transportation details are passed to xml under "transp" element.

```
<transp>
    <modFrete>9</modFrete>
    <transporta>
        <CNPJ>13.339.532/0001-08</CNPJ>
        <xNome>IP - BRSU1</xNome>
        <IE> 65369841653658</IE>
        <xEnder>BRSA1,,-----BR</xEnder>
    </transporta>
    <veicTransp>
        <placa>123</placa>
        <UF>RS</UF>
    </veicTransp>
    <vol>
        <qVol>0</qVol>
        <esp>m3</esp>
        <marca>2</marca>
        <nVol>1</nVol>
        <pesoL>5</pesoL>
        <pesoB>5</pesoB>
    </vol>
</transp>
```

15.12 Enter Invoicing Plan/Project Transaction

Follow standard functionality to enter an Invoicing Plan/Project Transaction.

15.13 Create Project Invoice
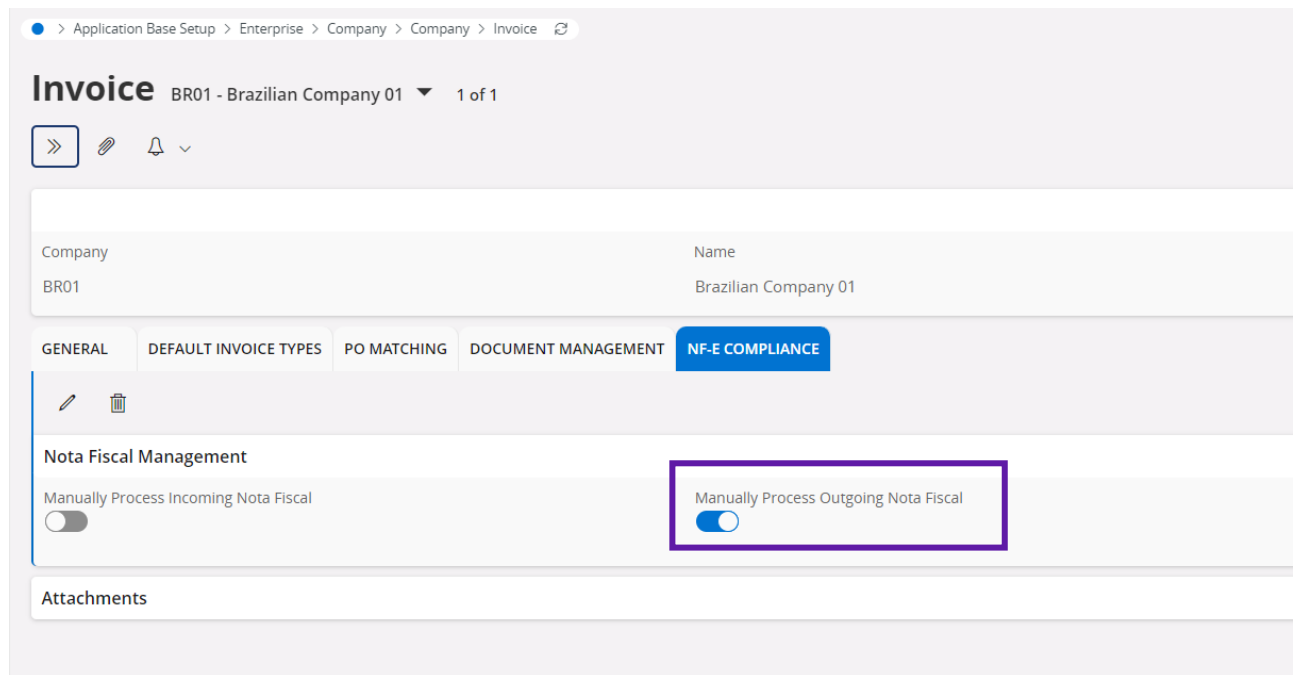
Create a preliminary Project Invoice.

Note

-When the Project Invoice created and is in "Preliminary" state, the IFS standard command on Project Preliminary Invoice "Send and Release Invoice"/"Release Invoice" is disabled.

15.14 Create Outgoing Nota Fiscal

Company level parameter, "*Manually Process Nota Fiscal*" determines whether the Outgoing Nota Fiscal is automatically created when creating the Project Invoice or manually created from the ***Project Invoice*** page.

Process Overview

Below table shows, how this Company level parameter, *"Manually Process Nota Fiscal"* works with Project Invoice and the *Outgoing Nota Fiscal*.

Parameter, Manually Process Nota Fiscal	Outgoing Nota Fiscal object
Enabled (Outgoing NF is Manually processed)	First, Project Invoice is created and the Outgoing NF need to be manually created by using the command, **Create Outgoing Nota Fiscal**.
Disabled (Outgoing NF is Automatically processed)	When Project Invoice is created, the Outgoing NF object is automatically created.

15.14.1 OUTGOING NF **MANUALLY CREATED**

Company level parameter, "Manually Process Nota Fiscal" is enabled, then in the Project Invoicing flow, Outgoing Nota Fiscal need to be manually created. To facilitate this manual process, command **Create Outgoing Nota Fiscal is** enabled on *Project Invoice*.

Outgoing Nota Fiscal is created in "*Initiated*" state while the connected Project Invoice is in "Preliminary" state.

Outgoing NF Status	Project Invoice Status
Initiated	Preliminary

15.14.2 OUTGOING NF **AUTOMATICALLY CREATED**

When the Company parameter, "Manually Process Nota Fiscal" is disabled, the Outgoing Nota Fiscal Object is automatically created in the Project Invoicing flow.

15.15 Outgoing Nota Fiscal Life Cycle Management

15.15.1 OUTGOING NF APPROVED

Once the Outgoing Nota Fiscal is Approved, Outgoing Nota Fiscal status will be changed to **Approved** and **Send and Release Invoice**/ **Release Invoice** command on the Project Invoice gets enabled.

Outgoing Nota Fiscal - 010110000008 ▾   1 of 1

Approved

» | ✎ | 🔔 ˅ | Cancel | Project Invoice   ♡

Sender		Receiver	
Company	Company Name	Customer	Customer Name
BR01	Brazilian Company 01	NA9001	Brazilian Customer (NA)

Nota Fiscal Series	Nota Fiscal No	Entry Date	Object Type
010	110000008	2/27/2024	Project Invoice
Object Reference	Object Reference Status	Currency Code	Currency Rate
211260	Preliminary	BRL	1

Nota Fiscal Text
Valor Líq: R$ 2040,82 Trib aprox R$: 0,00 Federal e R$ 0,00 Municipal Fonte: IBPT

Fiscal Document Model	Payment Terms	Business Transaction ID
NFES	30	103

Project Invoice PR - 211260 ▾   1 of 1

» | 📎 | ✎ | 🗑 | 🔔 ˅ | Notes | Invoice Text | Printout | Send and Release Invoice | Customer Installment Plan | View Outgoing Nota Fiscal

Customer	Customer Name	Project	Invoice Se
NA9001	Brazilian Customer (NA)	▾	PR
Invoice No	Invoice Period Start	Invoice Period End	Notes
211260	2/16/2024 📅	2/16/2024 📅	No

Amounts

Currency	Gross Amount	Net Amount	Tax Amount
BRL	2040.82	2000.00	40.82

LINES | GENERAL | PRE POSTING | ACCOUNTING | NF-E INFORMATION

▽ | + | ✎

Users can send the Project Invoice of the Approved Outgoing Nota Fiscal to the customer. Once the Project Invoice is sent the status of the invoice will be changed to "PostedAuth" and the Invoice No gets updated with the Official Invoice Number.

15.15.2 OUTGOING NF CANCELLED

Once the Outgoing Nota Fiscal is Cancelled, Outgoing Nota Fiscal status will be changed to "Cancelled" and **Cancel Invoice** command on the Project Invoice gets enabled.

Users can cancel the Project Invoice of the Cancelled Outgoing Nota Fiscal. Once the Project Invoice is cancelled the status of the invoice will be changed to "Cancelled".

15.15.3 CANCEL APPROVED OUTGOING NF

Companies are allowed to Cancel Approved Outgoing Nota Fiscals when the corresponding Project Invoice is not sent to the customer. Once the Approved Outgoing Nota Fiscal is Cancelled, Outgoing Nota Fiscal status will be changed to "Cancelled" and **Cancel Invoice** command on the Project Invoice gets enabled. Users can cancel the Project Invoice of the Cancelled Outgoing Nota Fiscal.

15.16 Delimitations

- In this version, Outgoing Nota Fiscal is not supported in *Instant Invoice* flow.
- Outgoing Nota Fiscal is supported only in the CO flow (and supports only the basic functionalities in CO flow) and the Project Invoice – Initial Solution, Supplier Returns for Credit and Intra company goods movements.
- In the Project Invoice – Initial Solution, Outgoing Nota Fiscal NF-e communication is not supported. Only the manual issuance of Outgoing Nota Fiscal is supported in the Project Invoice – Initial Solution.
- In the Project Invoice – Initial Solution, there is no currency conversion for the Nota Fiscal.

16 Outgoing Nota Fiscal – Supplier Returns for credit

16.1 Overview Legal Requirement

Brazilian law requires that companies issue an accompanying Nota Fiscal whenever commodities are moved between different taxpayer units. When you return purchased commodities to the supplier, you must issue a new Outgoing Nota Fiscal to accompany the returned commodities.

When issuing an Outgoing Nota Fiscal to Supplier Returns transaction, following rules must be adhered:

- In Brazil, you can only process a return once the preceding outgoing nota fiscal has been printed.

- The purchase return *nota fiscal* must be based on the supplier's original *nota fiscal.* If merchandise is fully returned, the outbound *nota fiscal* values must be identical to the supplier's original *nota fiscal.*

- If merchandise is partially returned, the outbound *nota fiscal* values must be proportional to the supplier's original *nota fiscal.*

- The tax rates and costs must be returned in the same amounts as those amounts that were used in the supplier's original *nota fiscal.*

- The original freight, insurance, and expenses must also be returned proportionally and handled with a separate *nota fiscal.*

16.2 Process Overview

Prepare shipment for items to return to supplier → Create Credit Supplier Invoice → Create Outgoing Nota Fiscal → Send NF-e to Tax Authority for approval

Post Credit Supplier Invoice when approved NF → Physically ship return items to Supplier
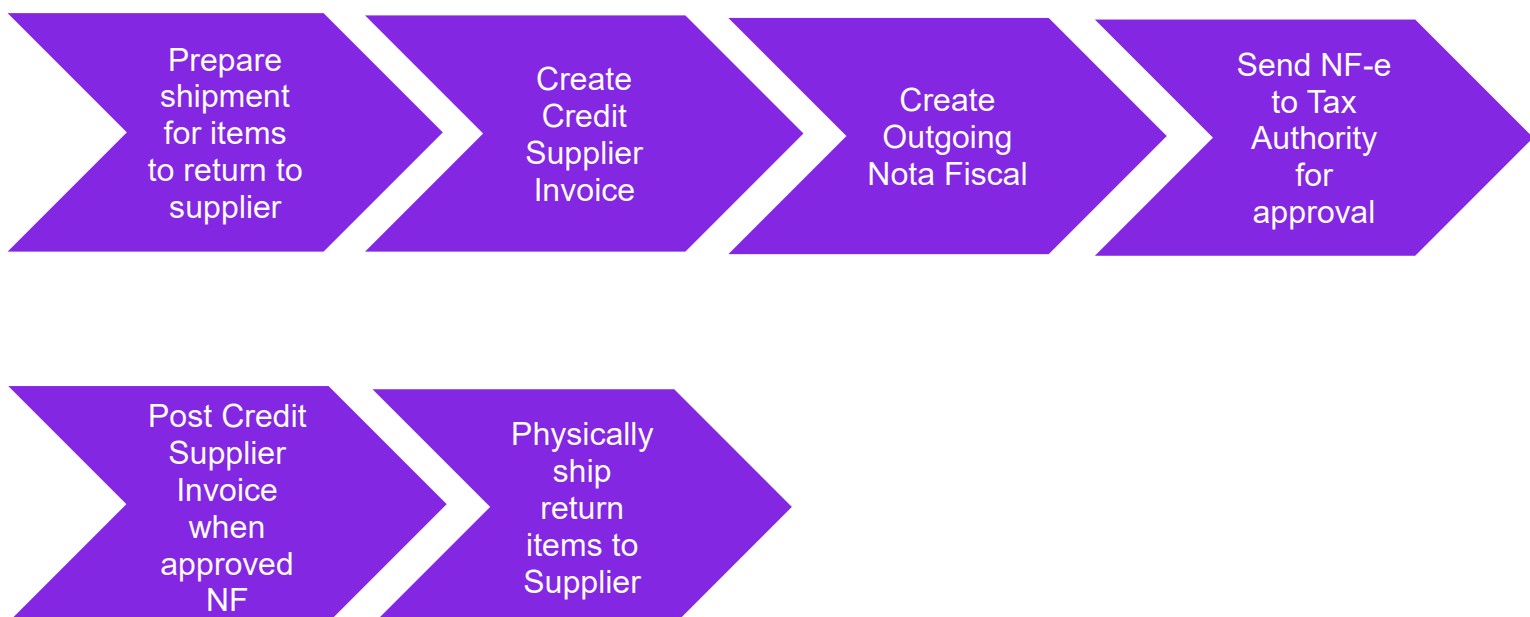
- o Creating a Credit Supplier Invoice will automatically generate an Outgoing Nota Fiscal Object.
- o Generate NFe-xml and communicate with the third party system integrator
- o Outgoing Nota Fiscal lifecycle management is applied (Explained more in detail in the *Outgoing Nota Fiscals* chapter)
- o Credit Supplier Invoice could be processed according to the connected Outgoing Nota Fiscal status.

16.3 Prerequisites

The company must be set-up to use Brazilian localization, see chapter Company Set up, and the parameter "*Outgoing Nota Fiscal*" must be enabled.

Company level parameter, "*Manually Process Nota Fiscal*" determines whether the Outgoing Nota Fiscal is automatically created when generating the Credit Supplier Invoice or manually processed.

16.4 Prepare shipment for items to return to Supplier

Use IFS Cloud generic functionality to register inspection results, set the Receipt Return Type = Return Credit and connect return items to Shipment.

16.5 Create Credit Supplier Invoice

16.5.1 CREATE CREDIT SUPPLIER INVOICE NUMBER SERIES

Since the Credit Supplier Invoice is produced by the buyer, it's required to have a system generated unique number series allocated for each Credit Supplier Invoice in Preliminary state.

Once the Outgoing Nota Fiscal is generated, Outgoing Nota fiscal Number will automatically get assigned to the Credit Supplier Invoice as Credit Supplier Invoice No and replace the system generated Credit Supplier Invoice preliminary number.

To have a system generated and unique number series used in Credit Supplier Invoice flow, use the IFS Cloud core functionality "Print Debit/Credit Notes" as described below.

Define a separate Invoice series used to generate Credit Supplier Invoice

Go to the ***Financials/Supplier Invoice/Basic Data/Invoice Series*** page and define a new invoice series to use in Credit Supplier Invoice flow.

Then define an Invoice No series to be used.

Define a separate Supplier Invoice Type used to generate Credit Supplier Invoice

Connect the above defined new invoice series to a new Invoice type which could be used to generate Credit Supplier Invoice. Make sure to enable, "Print Debit/Credit Invoice" option which will enable automatically assigning of a Supplier Invoice No to the Credit Supplier Invoice.

Supplier Invoice Types

	Invoice Type	Description	Tax Free Tax Code	Reference Mandatory	Correction Reason Mandatory	Invoice Text Mandatory	Definite Invoice Series ID	Branch	Print Debit/Credit Note
☐ ⋮	SUPRECINV	Recurring Supplier Invoice		No	No	No	RS		No
☐ ⋮	SUPPINV_CR	Credit Supplier Invoice		No	No	No	SCR		Yes
☐ ⋮	SUPPINVRET	Supplier returns		No	No	No	SR		No
☐ ⋮	SUPPINV	Manual Supplier Invoice		No	No	No	SI		No
☐ ⋮	SUPPEXT	External Supplier Invoice		No	No	No	SX		No

Select Above Supp Inv Type when creating the Credit Supplier Invoice

When you create a Credit Supplier Invoice, make sure to manually select the above defined Supplier Invoice Type, to have a unique Credit Supplier Invoice No in Preliminary state Credit Supplier Invoice.

When you select the above defined Invoice Type, Invoice No field become uneditable and during the process of Credit Supplier Invoice generation, Invoice No is automatically assigned.

16.5.2 REFERENCE INVOICE NO IN THE CREDIT SUPPLIER INVOICE

As per the Brazilian legal requirement, the purchase return nota fiscal must be based on the supplier's original nota fiscal. If merchandise is fully returned, the outbound nota fiscal values must be identical to the supplier's original nota fiscal.

If merchandise is partially returned, the outbound nota fiscal values must be proportional to the supplier's original nota fiscal.

To cater the above requirement, we need to establish a connection between the original Nota Fiscal received from the Supplier with the outgoing Nota Fiscal generated based on the new Credit Supplier Invoice. IFS Cloud core functionality "Reference Series" and "Reference Invoice No" is used to establish the connection.

When a Credit Supplier Invoice is created for a Brazilian company, it's a must to connect the original Supplier Debit invoice as follows:

16.5.3 CREATE OUTGOING NOTA FISCAL MANUALLY/AUTOMATICALLY

Create the Credit Supplier Invoice in <u>Preliminary</u> state using IFS standard functionality, then create an "Outgoing Nota Fiscal" object in the application. Once the Outgoing Nota Fiscal is created, the preliminary Credit Supplier Invoice number will be replaced by the Outgoing Nota Fiscal number.

Process Overview
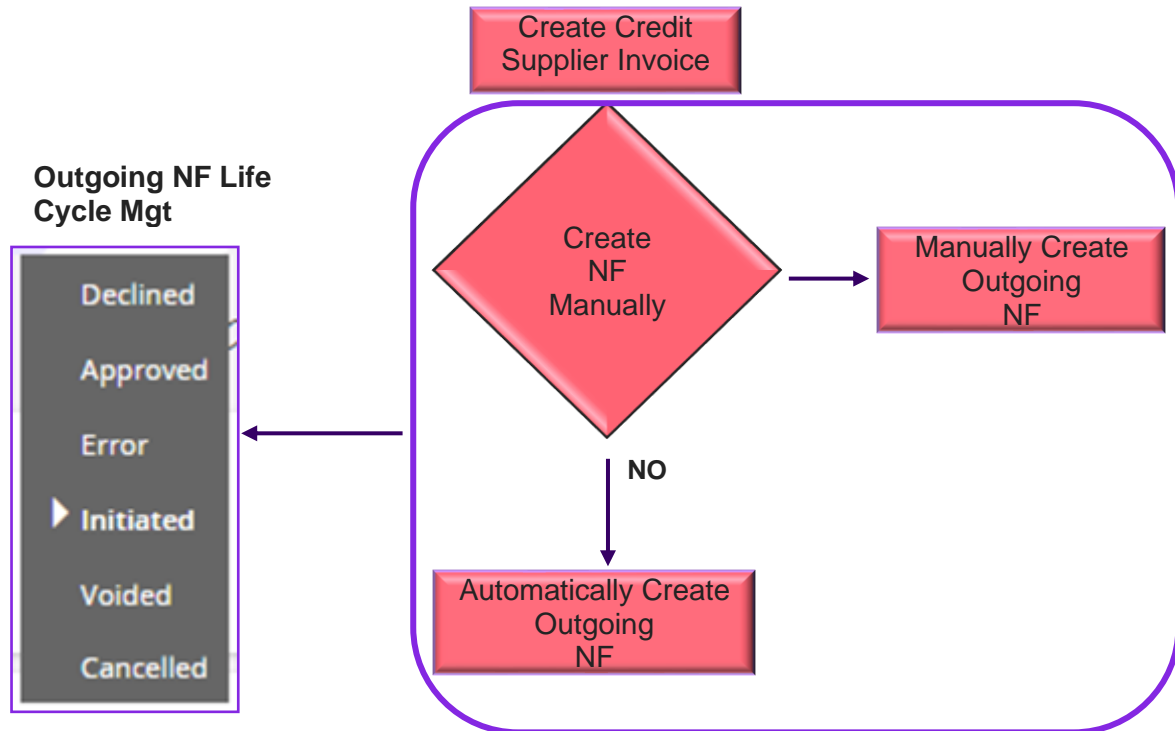
16.5.4 BASIC DATA SETTING – OUTGOING NOTA FISCAL

Company level parameter "*Manually Process Nota Fiscal*" determines whether the Outgoing Nota Fiscal is automatically created when creating the Credit Supplier Invoice or manually processed.
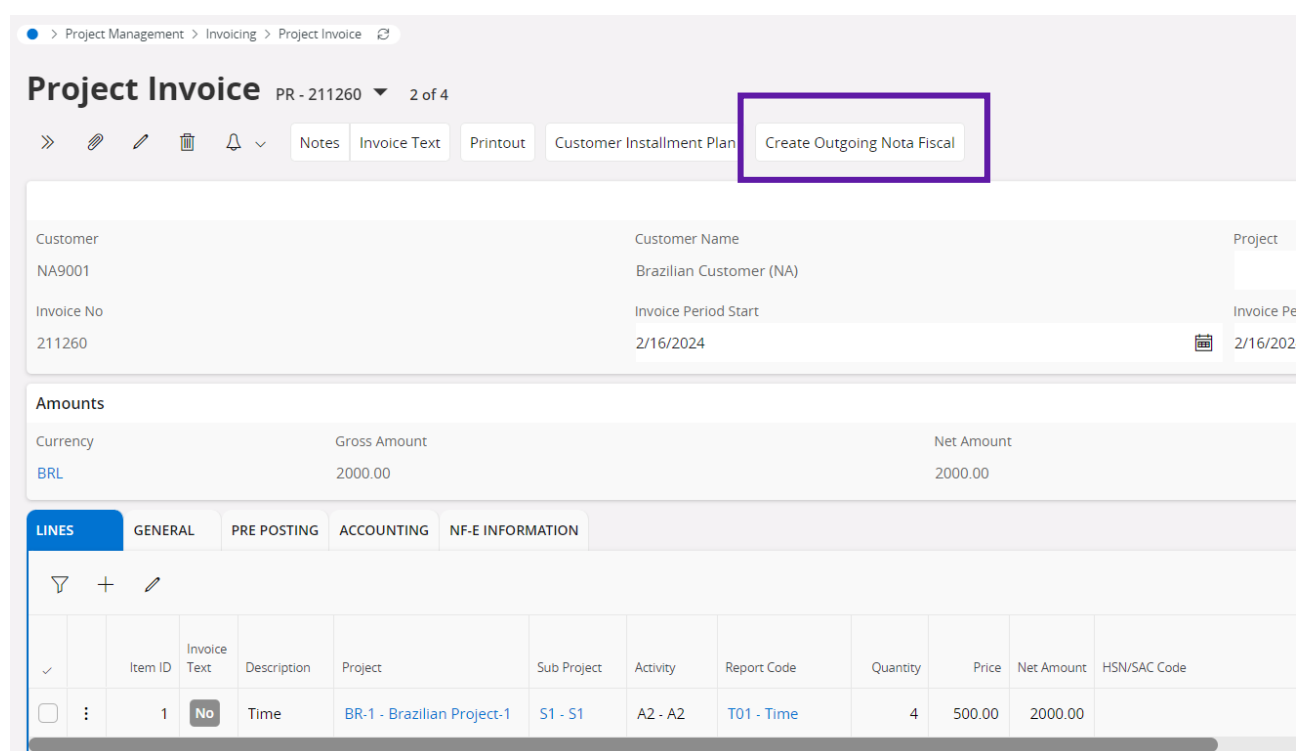
Below table shows, how this Company level parameter "*Manually Process Nota Fiscal*" works with *Credit Supplier Invoice*, *Outgoing Nota Fiscal* and the NFe XML generation.

Parameter, Manually Process Nota Fiscal	Outgoing Nota Fiscal object	NFe XML generation
Enabled (Outgoing NF is Manually processed)	First, Credit Supplier Invoice is created and the Outgoing NF need to be manually created by using the command, **Create Outgoing Nota Fiscal.**	NFe XML need to be manually generated by using the command "*Send Nota Fiscal*" on the Outgoing NF object.
Disabled (Outgoing NF is Automatically processed)	When Credit Supplier Invoice is created, the Outgoing NF object is automatically created.	NFe XML is automatically generated based on the Outgoing NF object.
	Both the Outgoing NF object and the NFe is automatically generated	

16.6 Outgoing Nota Fiscal Life Cycle Management

16.6.1 OUTGOING NF **MANUALLY CREATED**

When Company level parameter "Manually Process Nota Fiscal" is enabled, the Outgoing Nota Fiscal needs to be manually created in the Credit Supplier Invoice process. To support this manual process, command **Create Outgoing Nota Fiscal** is enabled on Credit Supplier Invoice.

Once the Outgoing Nota Fiscal is created from the Credit Supplier Invoice, command **View Outgoing Nota Fiscal** is enabled.

Outgoing Nota Fiscal is created in "*Initiated*" state while the connected Credit Supplier Invoice is in "Preliminary" state.

Outgoing NF Status	Credit Supplier Invoice Status
Initiated	Preliminary

16.6.1.1   Generate and Send NF-e XML File

Once the Outgoing Nota Fiscal object is created it's automatically set to the status "Initiated" and the option "*Send Nota Fiscal*" is enabled. Use this command **Send Nota Fiscal** to generate the NF-e XML and send to the third-party system integrator for Brazilian Tax Authority approval.

Once the Outgoing Nota Fiscal is sent to the third-party system integrator, Outgoing Nota Fiscal status is automatically set to "*Sent Request*".

Outgoing Nota Fiscal - 009100000036 ▾ 1 of 1

Sent Request

« ✎ 🔖 ˅   **Manual Supplier Invoice**   ♡

Sender

Company

DU-BR

Company Name

DU-BR Company

Receiver

Supplier

DU-BRSUP1

Supplier Name

DU-BRSUP1

Nota Fiscal Series	Nota Fiscal No	Invoice Date
009	100000036	7/25/2022
Object Type	Object Reference	Object Reference Status
Manual Supplier Inv Return	17	Preliminary
Business Transaction Id	Payment Terms	Currency Code
	0	BRL

__Note__

-When the Outgoing Nota Fiscal is set to the status of "Initiated" and "Sent Request", the IFS standard command on Credit Supplier preliminary invoice, "Post Invoice", "PO Matching" and "Copy Cancel" options are disabled.

16.6.2 OUTGOING NF **AUTOMATICALLY CREATED**

When Company level parameter "Manually Process Nota Fiscal" is disabled, then the Outgoing Nota Fiscal Object is automatically created in the Credit Supplier Invoice process. Once the Outgoing Nota Fiscal Object is created, also NFe XML is automatically generated (based on the Outgoing NF object) and sent to the third party system integrator to communicate with the Brazilian Tax Authority.

Since both the Nota Fiscal Object and the NFe XML are automatically generated and sent to the Tax Authority for Approval, *Outgoing Nota Fiscal* is created in "*Sent Request*" state. The connected Credit Supplier Invoice is in "Preliminary" state.

Outgoing NF Status	Credit Supplier Invoice Status
Sent Request	Preliminary

16.6.3 GENERATION AND ASSIGNING A "NF-E KEY" TO NF-E XML

The status "Sent Request" means the *Outgoing Nota Fiscal* is created and the NFe XML is generated and communicated with the third-party service provider. In this process, NF-e-Key is also generated and assigned to the Outgoing Nota Fiscal object and added in the NFe XML file.

16.6.4 GENERATION OF NF-E XML

IFS Cloud will produce an IFS style XML file which is generated to integrate with a 3rd party solution provider. The 3rd party service provider will convert the IFS style XML file into the official NF-e XML layout and can also add a digital signature to the file. The 3rd party solution provider will communicate the file to the Brazilian Tax Authority (SEFAZ).

```xml
<NFe xmlns="http://www.portalfiscal.inf.br/nfe" xmlns:xsi="http://www.w3.org/200
  - <infNFe Id="35201115257504000105650090000100161002104318" versao="4">
    - <ide>
        <cUF>35</cUF>
        <cNF>00210431</cNF>
        <natOp>Vendas</natOp>
        <mod>65</mod>
        <serie>009</serie>
        <nNF>000010016</nNF>
        <dhEmi>2020-11-12T08:24:19+00:00</dhEmi>
        <dhSaiEnt>2020-11-12T08:24:19+00:00</dhSaiEnt>
        <tpNF>1</tpNF>
        <idDest>2</idDest>
        <cMunFG>7107</cMunFG>
        <tpImp>1</tpImp>
        <tpEmis>1</tpEmis>
        <cDV>8</cDV>
        <tpAmb>2</tpAmb>
        <finNFe>1</finNFe>
        <indFinal>0</indFinal>
        <indPres>2</indPres>
        <procEmi>0</procEmi>
        <verProc>4</verProc>
    </ide>
    - <emit>
        <CNPJ>15257504000105</CNPJ>
        <xNome>Brazilian Company System Test</xNome>
      - <enderEmit>
          <xLgr>Caljunto Nova</xLgr>
          <nro>10</nro>
          <xBairro>Bairro</xBairro>
          <cMun>7107</cMun>
          <xMun>SAO</xMun>
          <UF>SP</UF>
          <CEP>14278</CEP>
          <cPais>1058</cPais>
          <xPais>BRAZIL</xPais>
      </enderEmit>
        <IE>123456</IE>
        <CRT>3</CRT>
    </emit>
    - <dest>
        <CNPJ>98741254112145</CNPJ>
        <xNome>Brazilian Customer 1</xNome>
      - <enderDest>
          <xLgr>Rio Grande</xLgr>
          <nro>8</nro>
          <xBairro>RIO</xBairro>
          <cMun>1578</cMun>
          <xMun>Rio de Janeiro</xMun>
          <UF>RJ</UF>
          <CEP>14254</CEP>
          <cPais>1058</cPais>
          <xPais>BRAZIL</xPais>
          <fone>023144445</fone>
      </enderDest>
        <indIEDest>2</indIEDest>
        <IE/>
        <email>john.smith@ifsworld.com</email>
    </dest>
    - <det nItem="1">
      - <prod>
          <cProd>181</cProd>
          <cEAN>9300617000020</cEAN>
          <xProd>Garage door handle, Belucci design</xProd>
          <NCM>74081100</NCM>
```

Once the Outgoing Nota Fiscal is created and set to the initiated status, connected Credit Supplier Invoice couldn't be processed. Connected Outgoing Nota Fiscal should 1st process and the further processing of the Credit Supplier Invoice is dependent on the Outgoing NF status (described in the chapters below).

16.6.5 CREDIT SUPPLIER INVOICE WITH OUTGOING NOTA FISCAL

Once the Outgoing Nota Fiscal is set to the status "Initiated" and "Sent Request", connected Credit Supplier Invoice couldn't be processed. Which means that from the Credit Supplier Invoice, further processing options like, "*Post Invoice", "PO Matching" and "Copy Cancel*" are disabled.

Further processing of Credit Supplier Invoice is dependent on the Outgoing Nota Fiscal status and all possible status are described in detail in below chapters.

16.6.6 OUTGOING NF APPROVED

Once the Outgoing Nota Fiscal gets Approved, connected Credit Supplier Invoice will get automatically Approved.

Outgoing NF Status	Credit Supplier Invoice Status
Approved	Approved

16.6.6.1 Receive Response File

The Brazilian tax authority SEFAZ will in real time validate the received NF-e XML file and send back a response XML which must be received by IFS prior to the physical release of goods.

Similar to the sending of XML process, 3rd party service provider will receive the response file from SEFAZ first and send the response information to IFS in the IFS style XML layout.
Once the IFS style XML response is received from the 3rd party service provider, IFS reads the file and recognize the correct Credit Supplier Invoice by validating the "NF-e Key".
The **NF-e Information** tab will be updated with the values from the xml file.

SEFAZ Status Code "100" indicates the response file is approved and these Credit Supplier Invoices could be further process and set to status of "*PostedAuth*".

SEFAZ responses with any other status codes will not be further processed and the Credit Supplier Invoice will remain in status "Preliminary" (these scenarios are described in chapters below).

16.6.7 CREDIT SUPPLIER INVOICE WITH OUTGOING NF DECLINED

Outgoing Nota Fiscal could be Declined by the Brazilian tax authority. This could happen when the issuer or recipient has some pending issue and irregularities with the Brazilian Government, i.e., may not perform business transactions within the state.

When a Nota Fiscal is declined it cannot be voided or cancelled and the Nota Fiscal number cannot be used again.

Once the IFS Cloud receives the Declined response message from the 3rd part integrator, Outgoing Nota Fiscal is set to the status "*Declined*".

NF-e Status Code "110" and "303" are examples of response codes meaning the Nota Fiscal is declined.

Subsequently, the connected Credit Supplier Invoice get automatically "Cancelled".

Outgoing NF Status	Credit Supplier Invoice Status
Declined	Cancelled

In this scenario, it's always the "Preliminary" Credit Supplier Invoice which is cancelled and no reversal voucher will be created.

16.6.8 CANCELLATION REQUEST SENT TO THE APPROVED OUTGOING NF IN CREDIT SUPPLIER INVOICE PROCESS

The general rule stated by Brazilian government says that companies are allowed to cancel Authorized Nota Fiscals up until 24 hours from the issue date and time. There are some scenarios that still allow cancellation even after 24 hours (can be connected to penalty fee or audit).

Outgoing NF Status	Credit Supplier Invoice Status
Cancellation Request Sent	Authorized

The **Send Cancel Request** command will generate an outgoing xml file representing the request to cancel the referenced Nota Fiscal number.

```
1  <infEvento>
2      <xServ>CANCELAMENTO</xServ>
3      <chNFe>35220177214253000192650090000010311002063978</chNFe>
4      <tpAmb>2</tpAmb>
5      <xJust>Pedido de Cancelamento de Nota Fiscal Eletronica</xJust>
6  </infEvento>
```

In the above scenario, Outgoing Nota Fiscal status is set to the "Cancellation Request Sent" while connected Credit Supplier Invoice is still Authorized.

16.6.9 CANCEL THE APPROVED OUTGOING NF IN CREDIT SUPPLIER INVOICE PROCESS

Once the Outgoing Nota Fiscal cancellation request is accepted by the Brazilian Tax Authority, cancelled response message will be received to IFS Cloud via a 3rd party integrator and the Outgoing Nota Fiscal is set to the status of "Cancelled". The connected Credit Supplier Invoice is also automatically cancelled.

Outgoing NF Status	Credit Supplier Invoice Status
Cancelled	Cancelled (Cancelled PostedAuth Invoice)

In the above scenario, it's always the PostedAuth Credit Supplier Invoice which is cancelled, hence a reversal "K" Voucher is created reversing the original Credit Supplier Invoice postings.

Outgoing Nota Fiscal - 009100000032 ▾

Cancelled

Supplier Invoice Analysis   View Vouchers

Sender
Company
DU-BR

Company Name
DU-BR Company

Receiver
Supplier
DU-BRSUP1

Supplier Name
DU-BRSUP1

Nota Fiscal Series	Nota Fiscal No	Invoice Date
009	100000032	7/21/2022
Object Type	Object Reference	Object Reference Status
Manual Supplier Inv Return	9	Cancelled
Business Transaction Id	Payment Terms	Currency Code
	0	BRL

LINES   ADDRESS   GENERAL   NF-E INFORMATION

Issue Date	NF-e Key	NF-e Protocol No
7/21/2022	35220712345678901234650091000000321002 0900...	135180015173174LOL
NF-e Processing Date	NF-e Status Code	Return Message
6/20/2022	135	Autorizado o uso da NF-e

LINES   ADDRESS   GENERAL   NF-E INFORMATION

Issue Date	NF-e Key	NF-e Protocol No
7/21/2022	35220712345678901234650091000000321002 0900...	135180015173174LOL
NF-e Processing Date	NF-e Status Code	Return Message
6/20/2022	135	Autorizado o uso da NF-e

After receiving a cancellation request approval xml file from the tax authority, the NF-e status code will be updated to "135 - Cancelamento Homologado" and the Credit Supplier Invoice status will be changed to "Cancelled".

16.6.10 RECEIVED ERROR RESPONSE FROM THE BRAZILIAN TAX AUTHORITY

If the Brazilian tax authority finds errors in the request file, they will send an Error response via the 3rd party integrators. There could be 2 types of Errors as described below.

Receive an Error Response which could be fixed

Out Going NF Status	Credit Supplier Invoice Status
Error	Preliminary -Rectify the error and re-send the NFE (Use Same NFe No)

Receive an Error Response which couldn't be fixed

Outgoing NF Status	Credit Supplier Invoice Status
Error	Cancelled (Preliminary Invoice) a) Send Void Request from a Nota Fiscal. b) Approved Void Request-Cancelled the Preliminary state Invoice

When a Nota Fiscal is rejected due to some error in the schema of xml file or some inconsistent information, the Nota Fiscal number can be used again. The companies can fix the issue found in such a Nota Fiscal and process to request authorization again. If the problem cannot be fixed, the Nota Fiscal must be **Voided**. A void request must be sent and approved by the Tax Authority. After the tax authority approved the void request, the Nota Fiscal number cannot be used again.

When the return message from the Tax Authority is "Error", the command **Send Void Request** will be available in the ***Outgoing Nota Fiscal*** page.

The **Send Void Request** command will generate an outgoing xml file representing the request to void the referenced Nota Fiscal number and the Outgoing Nota Fiscal is set to the status *"Sent Void Request"*.

After receiving a void request approval xml file from the tax authority, the NF-e status code will be updated to "102 - Inutilização de número homologado" and the Outgoing NF status is set to *"Voided"*.

The connected Credit Supplier Invoice is "Cancelled".

17 Integration to Brazilian External Tax System – NF-e Communication

17.1 Overview Business Requirement

In Brazil, the Nota Fiscal is a mandatory official document that must be issued to prove the existence of a commercial act, e.g., sale of goods. It's a tax document that registers transfer of ownership or possession of a good or commercial activity provided by a company to an individual or another company that is doing business in Brazil.

The NF-e is the Nota Fiscal issued online, which allows real time reporting of transactions to the SEFAZ, which is the state government responsible for taxation and revenue. The NF-e must be sent to SEFAZ for authorization, and the goods may only be sent to the recipient after the Fiscal Note has been accepted by SEFAZ.

To facilitate the process of NFe communication with SEFAZ, IFS developed an integration with Avalara.
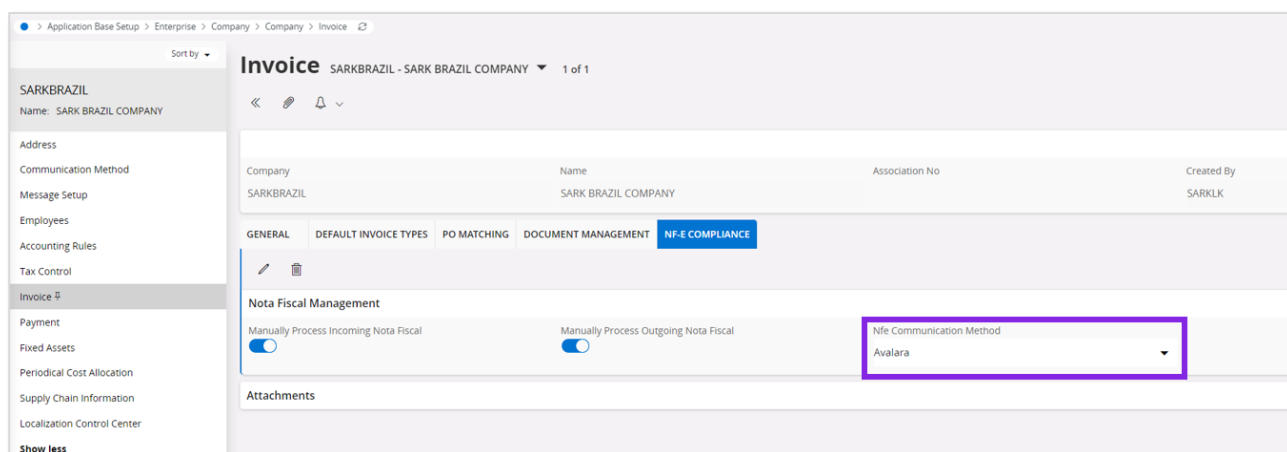
17.2 Process Overview

17.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Integration to Brazilian External Tax System" parameter must be enabled.

Select" Avalara" as the NFe Communication Method in page *Application Base Setup/Enterprise/Company/Company/Invoice* and tab **NF-E COMPLIENCE.**

Note that also parameters "Acquisition Origin", "Business Operation", "Brazilian Specific Fiscal Attributes", "Address Specific Tax ID Numbers", "Goods/Services Statistical Codes", "Extended Tax Codes Tax Calculation Structures set-up", "Outgoing Nota Fiscals" and "Use Automatic Generation of Official Invoice Numbers" must be enabled to fulfill data requirements for the Integration. Also, company and customer basic data for tax calculation and Nota Fiscal must be defined. Please see the specific chapters on how to set up the data needed.

17.4 Define Basic Data

In order to utilize the IFS integration for Avalara, some basic data set up is required.

17.4.1 EXTERNAL TAX SYSTEM PARAMETERS
The Avalara Brazil connection information is defined in page *Application Base Setup/Enterprise/Tax/External Tax Systems/External Tax Systems Parameters*.

17.5 Create Customer Order & Process Customer Order Invoice and Outgoing Nota Fiscal

This works in similar way as Outgoing Nota Fiscal XML solution works.
See,

12.5 Create Customer Order
12.6 Deliver Customer Order
12.7 Create Customer Invoice
12.8 Create Outgoing Nota Fiscal
12.1 Outgoing Nota Fiscal Life Cycle Management

Here JSON request sends to Avalara & JSON response received instead of XML files describe in above chapters.

17.6 Generation of NF-e JSON

JSON request will be sent to Avalara when selecting the command **Send Nota Fiscal** in **Outgoing Nota Fiscal** Page or it will be sent automatically depending on the company level parameter, "Manually Process Outgoing Nota Fiscal".

Refer the Appendix 3 to see mapping details of a JSON request

Header Details of Json file

```json
{
    "header": {
        "transactionDate": "2022-12-14T00:00:00Z",
        "invoiceAccessKey": "22120410623000019065009000011000100207067",
        "shippingDate": "2022-12-14T00:00:00Z",
        "companyLocation": "04106230000190",
        "documentCode": "92",
        "invoiceNumber": "11000",
        "invoiceSerial": "9",
        "messageType": "goods",
        "locations": {
            "entity": {
                "name": "SARK BRAZIL CUSTOMER",
                "federalTaxId": "60881299000405",
                "stateTaxId": " 535377851110",
                "taxRegime": "realProfit",
                "taxesSettings": {
                    "icmsTaxPayer": "true"
                },
                "address": {
                    "street": "Avenida Santo Antônio",
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "state": "São Paulo",
                    "countryCode": "1058",
                    "country": "BRA",
                    "number": "2112",
                    "complement": "2112"
                },
                "activitySector": {
                    "type": "cnae"
                }
            },
            "establishment": {
                "name": "SARK BRAZIL COMPANY",
                "federalTaxId": "04106230000190",
                "stateTaxId": " 956224310481",
                "taxRegime": "realProfit",
                "taxesSettings": {
                    "icmsTaxPayer": "false"
                },
                "address": {
                    "street": "Avenida Tamboré",
                    "neighborhood": "Tamboré",
                    "zipcode": "06453000",
                    "cityName": "Barueri",
                    "state": "São Paulo",
                    "countryCode": "1058",
                    "country": "BRA",
                    "number": "267"
                },
                "activitySector": {
                    "type": "cnae",
                    "code": "4691500"
                }
            },
            "delivery": {
                "name": "SARK BRAZIL CUSTOMER",
                "federalTaxId": "60881299000405",
                "stateTaxId": " 535377851110",
                "taxRegime": "realProfit",
                "address": {
                    "street": "Avenida Santo Antônio",
                    "neighborhood": "Bela Vista",
                    "zipcode": "06083215",
                    "cityName": "Osasco",
                    "state": "São Paulo",
                    "countryCode": "1058",
                    "country": "BRA",
                    "number": "2112",
                    "complement": "2112"
                }
            }
        },
        "additionalInfo": {
            "complementaryInfo": "IPI Decreto nº 11.158/22, Artigo 1º, Anexos I, II, II
        },
        "payment": {
            "bill": {
                "nFat": "207067",
                "vOrig": 208.05,
                "vDiscount": 0,
                "vNet": 208.05
            }
        },
        "goods": {
            "class": "Venda de Mercadoria",
            "tpImp": "1",
            "indFinal": 0,
            "indPres": "1",
            "goal": "Normal",
            "indIntermed": "0",
            "transport": {
                "modFreight": "CIF",
                "volumes": [
                    {
                        "qVol": "0",
                        "specie": "m3",
                        "netWeight": 0,
                        "grossWeight": 0
                    }
                ]
            }
        },
        "invoicesRefs": []
```

Line Details of Json file

```
    },
    "lines": [
        {
            "lineCode": 1,
            "itemCode": "SARKBRPART1",
            "numberOfItems": 1,
            "lineUnitPrice": 162.54,
            "lineAmount": 162.54,
            "cfop": 5101,
            "itemDescriptor": {
                "description": "SARK-BR-Part1",
                "hsCode": "24012020",
                "cest": "2131332",
                "unit": "pcs",
                "source": "1",
                "productType": "FOR PRODUCT"
            },
            "goods": {
                "indTotType": "true",
                "trace": []
            },
            "taxDetails": [
                {
                    "taxType": "cofins",
                    "subtotalTaxable": 113.78,
                    "rate": 7.6,
                    "tax": 8.65,
                    "cst": "01",
                    "calcMode": "rate",
                    "isCustomCitation": "false"
                },
                {
                    "taxType": "icms",
                    "subtotalTaxable": 162.54,
                    "rate": 30,
                    "tax": 48.76,
                    "cst": "00",
                    "calcMode": "rate",
                    "isCustomCitation": "false"
                },
                {
                    "taxType": "ipi",
                    "subtotalTaxable": 162.54,
                    "rate": 30,
                    "tax": 48.76,
                    "cst": "50",
                    "calcMode": "rate",
                    "isCustomCitation": "false"
                },
                {
                    "taxType": "pis",
                    "subtotalTaxable": 113.78,
                    "rate": 1.65,
                    "tax": 1.88,
                    "cst": "01",
                    "calcMode": "rate",
                    "isCustomCitation": "false"
                }
            ]
        }
    ],
```

Summary Details of Json file

```
    "summary":{
        "numberOfLines": 1,
        "totalLineAmounts": 162.54,
        "totalTaxedDiscounts": 0,
        "totalUntaxedDiscounts": 0,
        "totalInsurances": 0,
        "totalFreights": 0,
        "totalOtherCosts": 0,
        "totalUnTaxedOtherCosts": 0,
        "totalInvoice": 211.3,
        "taxByType": {
            "cofins": {
                "tax": 8.65,
                "subtotalTaxable": 113.78,
                "jurisdictions": [
                    {
                        "jurisdictionName": "Brazil",
                        "jurisdictionType": "Country",
                        "tax": 8.65
                    }
                ]
            },
            "icms": {
                "tax": 48.76,
                "subtotalTaxable": 162.54,
                "jurisdictions": [
                    {
                        "jurisdictionName": "São Paulo",
                        "jurisdictionType": "State",
                        "tax": 48.76
                    }
                ]
            },
            "ipi": {
                "tax": 48.76,
                "subtotalTaxable": 162.54,
                "jurisdictions": [
                    {
                        "jurisdictionName": "Brazil",
                        "jurisdictionType": "Country",
                        "tax": 48.76
                    }
                ]
            },
            "pis": {
                "tax": 1.88,
                "subtotalTaxable": 113.78,
                "jurisdictions": [
                    {
                        "jurisdictionName": "Brazil",
                        "jurisdictionType": "Country",
                        "tax": 1.88
                    }
                ]
    }}}}
```

17.7 Outgoing NF Approved

Once the Outgoing Nota Fiscal is Approved, connected CO Invoice will be automatically Approved. See 12.1.5 Outgoing NF Approved for more details.

Approved response received as below including the links to NF-e XML & DANFE pdf.

```
{
    "key": "35221204106230000190550090000110001989264158",
    "state": "SP",
    "protocol": "135220010995997",
    "status": {
        "code": "100",
        "desc": "Autorizado o uso da NF-e",
        "protocol": "135220010995997",
        "authorizationDateTime": "2022-12-14T00:41:04-03:00",
        "accessKey": "35221204106230000190550090000110001989264158",
        "serial": "9",
        "number": "11000"
    },
    "pdf": {
        "base64": "JVBERi0xLjQKJeLjz9MKMyAwIG9iago8PC9UeXBlL1hPYmplY3QvU3VidH
        "link": "https://homolog.invoicy.com.br///DownloadPDF.aspx?awyUd1fVcX
    },
    "xml": {
        "base64": "PG5mZVByb2MgdmVyc2FvPSI0LjAwIiB4bWxucz0iaHR0cDovL3d3dy5wb3
        "link": "https://homolog.invoicy.com.br///HNUC002.aspx?ParmCript=awyU
    }
}
```

Outgoing Nota Fiscal - 009000011053

Approved

Send Cancel Request   Customer Invoice   Customer Invoice Postings Analysis

Sender

Company	Company Name
SARKBRAZIL	SARK BRAZIL COMPANY

Receiver

Customer	Customer Name
SARKBRAZILCUST	SARK BRAZIL CUSTOMER

Nota Fiscal Series	Nota Fiscal No	Invoice Date	Object Type
009	000011053	1/2/2023	Customer Order Invoice

Object Reference	Object Reference Status	Payment Terms	Currency Code
009000011053	Posted Auth	10	BRL

Nota Fiscal Text

IPI com aliquota zero conforme: "Decreto n° 11.158/22, Artigo 1°, Anexos I, II, III, IV"PIS/COFINS Lei n° 10.637/2002, Artigo 2°PIS/COFINS Lei n° 10.833/2003, Artigo 2°

Business Transaction ID

100

Amounts

Gross Amount	Net Amount	Tax Amount
134.38	100.00	34.38

LINES   ADDRESS   GENERAL   **NF-E INFORMATION**

Issue Date	NF-e Key	NF-e Protocol No	NF-e Processing Date
1/2/2023	35230104106230000190650900001105310022199362	135230000001521	1/2/2023

NF-e Status Code	Return Message
100	Autorizado o uso da NF-e

17.8 **Receive Error Response from SEFAZ**

See <u>13.6.10 Received Error response from the Brazilian Tax Authority</u> for more details.

Example of Error response.

```
{
    "error": {
        "code": "206",
        "message": "Rejeição: NF-e já está inutilizada na Base de Dados da SEFAZ"
    }
}
```

Note: There are many error codes defined in SEFAZ & above 206 code is just an example to present.

As explained in <u>13.6.10 Received Error response from the Brazilian Tax Authority</u> user can send void request to SEFAZ.

Void Request

```
{
  "model": "NFe",
  "serie": 9,
  "companyLocation": "04106230000190",
  "message": "Queda do sistema",
  "init": 11021,
  "end": 11021
}
```

Void Response

```
{
  "code": "102",
  "desc": "Inutilização de número homologado",
  "protocol": "135220011104579",
  "status": {
    "code": "102",
    "desc": "Inutilização de número homologado",
    "protocol": "135220011104579",
    "number": "11021",
    "serial": "9",
    "accessKey": "ID35220410623000019055009000011021000011021",
    "authorizationDateTime": "2022-12-16T05:58:23-03:00"
  },
  "pdf": {
    "base64": {},
    "link": {}
  },
  "xml": {
    "base64": "PFByb2NJbnV0TkZlIHZlcnNhbz0iNC4wMCIgeG1sbnM9Imh0dHA6l
    "link": "https://homolog.invoicy.com.br///HNUC002.aspx?ParmCrip
  }
}
```

Outgoing Nota Fiscal - 009000011055 ▾   Voided

« ✎ 🔔 ˅   Customer Invoice   Customer Invoice Postings Analysis   ♡

LINES	ADDRESS	GENERAL	**NF-E INFORMATION**

Issue Date	NF-e Key	NF-e Protocol No	NF-e Processing Date
1/4/2023	35230104106230000190650090000110551002201051		

NF-e Status Code	Return Message		
102	Inutilização de número homologado		

17.9 Cancellation of Approved Outgoing Nota Fiscal

The **Send Cancel Request** command will generate Json file representing the request to cancel the referenced Nota Fiscal number.

Cancel Request Json file

```
{
  "message": "Cancelada por informação incorreta de quantidade",
  "timeZone": "-03:00"
}
```

See 12.1.7 Cancellation Request sent to the Approved Outgoing NF for more details.

Once the Outgoing Nota Fiscal cancellation request is accepted by the Brazilian Tax Authority, Cancelled response message will be received to IFS Cloud via Avalara.

See 12.1.8 Cancel Approved Outgoing NF for more details.

Approved Cancellation Response

```
{
    "status": {
        "code": "101",
        "desc": "Cancelamento de NF-e homologado",
        "protocol": "135220011104407"
    },
    "xml": {
        "base64": "PHByb2NFdmVudG9ORmUgdmVyc2FvPSIxLjAwIiB4bWxucz
        "link": "https://homolog.invoicy.com.br///HNUC002.aspx?Pa
    }
}
```
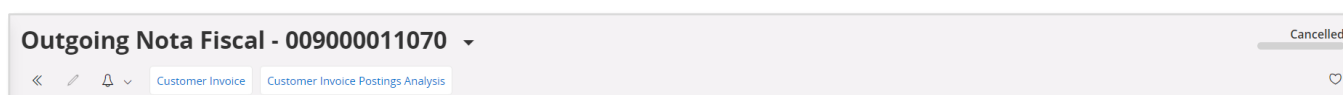
17.10 **Delimitations**

- Outgoing Nota Fiscal NFe communication via Avalara is supported only in the CO flow.

18 Integration to Brazilian External Tax System - Tax Determination for Services

18.1 Overview Legal Requirement

In Brazil, the calculation of taxes for services is a fundamental aspect of financial management and regulatory compliance. When providing services, companies must calculate the multiple service-related taxes that are applicable. The tax landscape includes various levies based on the nature and value of the services rendered. Accurately applying these taxes is not only a legal requirement but also essential for financial transparency and an important aspect when operating in the country.

18.2 Other Business Objectives

1. Enabling the User to calculate the specific taxes relevant for providing services.

2. Enabling the user to identify and record the Withholding taxes for the services provided.

3. Creating the Outgoing Nota Fiscal for services and manually approving the Outgoing Nota Fiscal

18.3 Process Overview

18.3.1 INTEGRATION OVERVIEW EXAMPLE
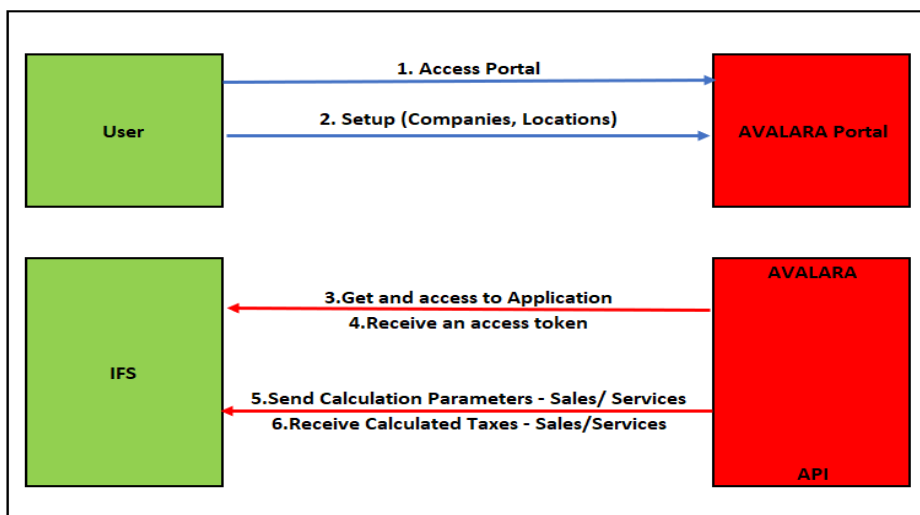
18.3.2 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF SERVICES

18.4 **Prerequisites**

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Integration to Brazilian External Tax System" parameter must be enabled.

Select" Avalara Tax - Brazil" as the External Calculation Method in page *Application Base Setup/Enterprise/Company/Company/Tax Control* and *tab External Tax System*.

The prerequisites for IFS Cloud to communicate with Avalara is that the tax liability on the customer address is set to TAX and the Non-Inventory sales part is taxable.

Note that the parameters "Brazilian Specific Fiscal Attributes", "Address Specific Tax ID Numbers", "Goods/Services Statistical Codes", "Extended Tax Codes Tax Calculation Structures set-up", "Outgoing Nota Fiscals" and "Use Automatic Generation of Official Invoice Numbers" must be enabled to fulfill data requirements for the Integration. The company and customer basic data for tax calculation and Nota Fiscal must be defined. Please see the specific chapters on how to set up the data needed.

18.5 Define Basic Data

To utilize the IFS integration for Avalara, some basic data set up is required with regards to the Tax Codes, the Company, the Customer, Part, and Sales Parts for sales flow.

18.5.1 DISABLE CUSTOMER TAX CODE VALIDATIONS

18.5.2 DEFINE TAX INTEGRATION PARAMETERS FOR SALES

Enable the toggle "Refresh Tax Information at Release of Customer Order" or "Automatic Fetch of Tax Information at Part/Charge Line Entry" in page **Application Base Setup/Enterprise/Company/Company/Tax Control and tab External Tax System**.

18.5.3 ENTER 0% TAX CODES FOR THE BRAZILIAN TAX TYPES

Enter the Tax Codes with types 'Tax' and/or 'Tax Withholding' per tax type category with 0% in page **Accounting Rules/Tax/Tax Codes.** The 0-percentage rate will be replaced by the correct percentage rate for the specific tax scenario in transaction level based on the tax response from 3rd party tax determination engine Avalara.

Tax Codes

	Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Tax Type Category	Valid From	Valid To	Tax Method Tax Received
☐ ⋮	PIS-RT	PIS Withholding	Tax Withhold	1,65	100	PIS/RF	10/11/2023	31/12/2049	Payment
☐ ⋮	PIS-RET	PIS Withholding	Tax Withhold	0	100	PIS/RF	10/11/2023	31/12/2049	Payment
☐ ⋮	PIS-R	PIS Withholding	Tax	0	100	PIS/RF	10/11/2023	31/12/2049	Payment
☐ ⋮	PIS-N	PIS Withholding	Tax	0	100	PIS	10/11/2023	31/12/2049	Payment
☐ ⋮	ISS-N	Generic Tax Code for ISS	Tax	0	100	ISS	10/11/2023	31/12/2049	Payment
☐ ⋮	ISS	Generic Tax Code for ISS Withholding	Tax Withhold	0	100	ISS/RF	01/01/2024	31/12/2049	Invoice Entry
☐ ⋮	IRRF-RET	IRRF Withholding	Tax Withhold	0	100	IRRF	10/11/2023	31/12/2049	Payment
☐ ⋮	IRRF-N	PIS Withholding	Tax	0	100	IRRF	10/11/2023	31/12/2049	Payment
☐ ⋮	IRPJ-RET	IRPJ Withholding	Tax Withhold	0	100	IRPJ	10/11/2023	31/12/2049	Payment
☐ ⋮	IRPJ-N	PIS Withholding	Tax	0	100	IRPJ	10/11/2023	31/12/2049	Payment

Next select the command **External Tax Code Mapping** in the page **Application Base Setup/Enterprise/Company/Company/Tax Control** *and tab **External Tax System**.* Connect the pre-defined 0% tax codes, type 'Tax' and/or 'Tax Withholding' for each Tax Type Category:

Tax Control DEMO BRAZIL 3 - DEMO BRAZIL 3 ▼ 1 of 1

Company	Name
DEMO BRAZIL 3	DEMO BRAZIL 3
Created By	
PUGULK	

GENERAL | **INVOICE** | **SUPPLY CHAIN** | **EXTERNAL TAX SYSTEM**

✎ External Tax Codes Mapping

External Tax Calculation Method

Avalara Tax - Brazil ▼

18.5.4 GOODS/SERVICES STATISTICAL CODES

The Goods/Services Statistical Codes are used in context of services to handle the Service Codes listed in the federal list provided by Brazilian government, which concerns the legislation about tax on services of any nature (LC116).

Enter the service codes in the *Application Base Set Up/General Data/Goods/Services Statistical Codes* page as follows:

18.5.5 DEFINE THE NON-INVENTORY SALES PART

In the **Non-Inventory Sales Part** page, define the service item, with Category 'Service':

Connect the predefined Goods/Services Statistic code in the non-inventory sales part, type Service:

18.5.6 DEFINE CITY CODES FOR NON-INVENTORY SALES PART

User needs to define the service codes for the services offered by the Company according to the lists provided by the respective city halls in different cities where the company's Sites and the Customers are situated.

Example:

Company's Address	**Customer's Address**
State: São Paulo	State: São Paulo
City: São Paulo	City: Osasco

- This is the Service Code for service *"Boliche"* in the list of services codes made available by the city of São Paulo:

- This is the Service Code for service "*Boliche*" in the list of services codes made available by the city of Osasco:

Both service codes must be connected in the City Codes per Non-Inventory Sales Part:

18.5.7 ENABLE THE CUSTOMER FOR TAX WITHHOLDING

Enable the Customer to record the withholding taxes as follows.

18.6 Create Customer Order for Non Inventory Sales Part

For Non-Inventory Sales Customer Order, a new tax Calculated/Fetched is initiated resulting in new tax requests being sent to Avalara under the following circumstances:

- New customer order line is added.
- Sales Qty is updated
- Sales Price is updated
- Order Address is updated
- Order Line Address is updated
- Goods/Services Statistical Code is updated
- Acquisition Reason Id is updated

- Order is Released

User can decide whether the taxes are Calculated/Fetched upon, "Release of Customer Order" or "CO Line Entry Level". This is controlled by the IFS Cloud core functionality, **Company/Tax Control/External Tax System** tab, "*Tax Integration Parameters for Sales*".

After service-related taxes are returned from External Tax System, the taxable taxes details can be verified through the option Tax Lines in the Customer Order Line:

Taxable taxes percentages are recorded over the 0-percentage Tax Codes predefined in the External Tax Codes Mapping for given the company:

Customer Order Line Tax Lines

	Gross Amount		Net Amount		Tax Amount	
	422,60		400,00		22,60	

	Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount/Curr	Tax Amount/Base	CST Code	Legal Tax Class	Tax Type Category
⋮	400,00	BR-COFINS	Tax	3	12,00	12,00	01		COFINS
⋮	400,00	BR-CSLL	Tax	0	0,00	0,00	01		CSLL
⋮	400,00	IRPJ-N	Tax	0	0,00	0,00			IRPJ
⋮	400,00	BR-ISS	Tax	2	8,00	8,00	01		ISS
⋮	400,00	BR-PIS	Tax	0,65	2,60	2,60	01		PIS

OK   Cancel

Application Messages 1836635 ▼   1 of 1

« 🔔 ▼   View all Messages for this Queue and Status   Move To Queue   Message Queue Settings   Duplicate And Release   ♡

...   ▼

Input Message Data

▽   ⚙ ▼   ⬆ ▼   24 ▼   ☰ ▼

✓		Name
☐	⋮	MESSAGE_REQUESTS.js...

Output Message Data

▽   ⚙ ▼   ⬆ ▼   24 ▼   ☰ ▼

✓		Name
☐	⋮	MESSAGE_RESPONSE.txt

...   ▼

The messaging standard is supported by the application messages, with an authentication token provided for each call to the third-party partner's API.

Message Request.json

Message Response.json

```json
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "StandardSales",
        "transactionDate": "2024-02-22T00:00:00Z",
        "amountCalcType": "net",
        "companyLocation": "42453675818190",
        "documentCode": "V11556",
        "locations": {
            "entity": {
                "taxRegime": "individual",
                "type": "stateGovernment",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "69900-000",
                    "cityName": "Osasco",
                    "country": "BRA"
                },
                "activitySector": {
                    "type": "cnae"
                }
            },
            "establishment": {
                "taxRegime": "realProfit",
                "type": "individual",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "01000-000",
                    "cityName": "São Paulo",
                    "country": "BRA"
                },
                "activitySector": {
                    "type": "cnae"
                }
            }
```

```json
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "StandardSales",
        "transactionDate": "2024-02-22T00:00:00Z",
        "amountCalcType": "net",
        "companyLocation": "42453675818190",
        "documentCode": "V11556",
        "locations": {
            "entity": {
                "taxRegime": "individual",
                "type": "stateGovernment",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T",
                    "subjectToSRF1234": false
                },
                "address": {
                    "zipcode": "69900-000",
                    "cityName": "Rio Branco",
                    "country": "BRA",
                    "cityCode": 1200401,
                    "countryCode": "0",
                    "state": "AC"
                },
                "activitySector": {
                    "type": "cnae"
                },
                "federalTaxId": ""
            },
            "establishment": {
                "taxRegime": "realProfit",
                "type": "individual",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "01000-000",
                    "cityName": "São Paulo",
                    "country": "BRA"
```

18.7 Handling Withholding Taxes for Non Inventory Sales Parts/ Services

User needs to define the WHT taxes in the *tax codes* page as explained above. The WHT taxes are calculated when the customer order is created using external tax engine AVALARA.

The Withholding taxes calculated will be reflected in the Tax Lines, **Withholding** command available in the Customer Invoice lines.

18.8 Tax Calculation for Services Using Single Occurrence Address

Single Occurrence address is used for defiing a temporary delivery address for a particular order. The Order header must have been saved. The country codes and the address formats needed to be defined using *Application Base Setup/Enterprise/Basic Data/Address Presentation*. A single-occurrence delivery address is defined for the order. The ordered parts will be delivered to this address. This is a temporary address and it will be used only for a specific order.

Define a single occurrence address using *Operations Tab/Single Occurrence Address* available in the Customer Order header level.

Upon entering the single ocurrence address, the delivery address will be updated by enabling the single occurrence toggle button as follows.

```
"entity": {
    "taxRegime": "individual",
    "type": "stateGovernment",
    "taxesSettings": {
        "issRfRateForSimplesTaxRegime": 0,
        "pCredSN": 0,
        "subjectToPayrollTaxRelief": true,
        "subjectToWithholdingPis": true,
        "subjectToWithholdingCofins": true,
        "subjectToWithholdingCsll": true,
        "cofinsSubjectTo": "T",
        "pisSubjectTo": "T",
        "csllSubjectTo": "T",
        "subjectToSRF1234": false
    },
    "address": {
        "zipcode": "69900-000",
        "cityName": "Rio Branco",
        "country": "BRA",
        "cityCode": 1200401,
        "countryCode": "0",
        "state": "AC"
```

```
"establishment": {
    "taxRegime": "realProfit",
    "type": "individual",
    "taxesSettings": {
        "issRfRateForSimplesTaxRegime": 0,
        "pCredSN": 0,
        "subjectToPayrollTaxRelief": true,
        "subjectToWithholdingPis": true,
        "subjectToWithholdingCofins": true,
        "subjectToWithholdingCsll": true,
        "cofinsSubjectTo": "T",
        "pisSubjectTo": "T",
        "csllSubjectTo": "T"
    },
    "address": {
        "zipcode": "01000-000",
        "cityName": "São Paulo",
        "country": "BRA",
        "cityCode": 3550308,
        "countryCode": "0",
        "state": "SP"
```

```
},
"rendered": {
    "address": {
        "neighborhood": "B",
        "zipcode": "69900-000",
        "cityName": "Rio Branco",
        "country": "BRA",
        "cityCode": 1200401,
        "countryCode": "0",
        "state": "AC"
```

18.9 Delimitations

No known delimitations.

19 Gross Revenue Accounting

19.1 Overview Legal Requirement

In Brazil it's a legal requirement to post revenues including taxes. The requirement is to post gross amounts on the CO Invoice to a revenue account.

In Brazil, usually prices contain ICMS/PIS/COFINS/ISS taxes. This means that tax percentage is expressed for the gross price where sum of tax amounts of the aforesaid tax types also become a portion of the tax base amount. When it comes to the revenue accounting, it's the Gross Revenue which should be disclosed in the Profit & Loss Account.

19.2 Process Overview
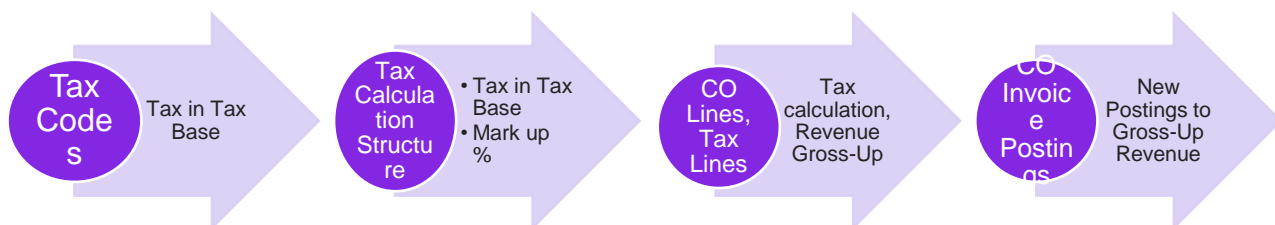
- o In **Tax Codes** page newly introduced a column, "Tax in Tax Base", to facilitate Inclusion of taxes to the tax base amount. (*Explained in a separate chapter*)
- o In **Tax Calculation Structures** page introduced two new columns, "Tax in Tax Base" and "Mark up (%)" functionality. (*Explained in a separate chapter*)
- o CO Line and the CO Tax Lines indicate the tax amount calculated according to the new way of tax calculation.
- o CO Invoice lines and CO Invoice Tax Lines indicate the tax amount calculated according to the new way of tax calculation.
- o In CO Invoice postings, two new postings are included to gross-up the revenue.

19.3 Prerequisites

The company must be set-up to use Brazilian localization, see chapter Company Set up, and the parameter "*Gross Revenue Accounting*" must be enabled.

19.4 Tax in Tax Base

Tax in Tax Base concept explained how the taxes are included in the Tax Base Amount. To facilitate this requirement, new LCC Parameter, "Extended Tax Codes and Tax Calculation Structures set-up" introduced, and the concept of Tax in Tax Base calculations and the IFS Solution explained in detail in the previous chapter.

19.5 Revenue Gross-up in Customer Order Line level

19.5.1 Sales Price Without Tax In All Price Sources
In Brazilian context, taxes are included in the Tax Base Amount and the sales price should be able to define exclusive of taxes in all sales pricing sources. To comply with this requirement, Brazilian companies need to define price without tax in all the price sources like Sales Part, Price Lists, Customer Agreements.

19.5.2 CUSTOMER ORDER LINE LEVEL

When creating a Customer Order, in line level, "Price inclusive of Tax" is calculated based on the Tax Calculation Structure set up, "Tax in Tax Base". If the "Tax in Tax Base" is set to "Yes", Tax Base Amount is calculated with inclusion of tax and the corresponding tax amount will be calculated accordingly.

Customer order line is created with the net amount 100.00

Customer order line level, Tax Base Amount calculated inclusive of tax and then the Tax Amount calculated accordingly.

		Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount/Curr	Tax Amount/Base
⋮		**111.11**	ICMS-1	Tax	10	**11.11**	11.11

Gross Amount: 111.11   Net Amount: 100.00   Tax Amount: 11.11

Set Default   OK   Cancel

19.6 Customer Order Invoice Postings

19.6.1 CUSTOMER ORDER INVOICE LINE LEVEL
From the Customer Order Invoice Line level, Customer Invoice Tax Lines, again it's possible to verify the accuracy of Tax Base Amount and the Tax Amount.

Customer Invoice Tax Lines

Gross Amount: 111.11   Net Amount: 100.00   Tax Amount: 11.11 Tax Amount

Tax Line Details

Set Default

		Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency
⋮		**111.11**	ICMS-1	Tax	10	**11.11**	11.11	22.22

OK   Cancel

19.6.2 CUSTOMER INVOICE POSTINGS TO REVENUE GROSS-UP

In core version of the application, Customer invoice postings contain only one posting control to post the tax, that is IP4- Tax Disbursed, invoice. On the contrary to the Core application, in Brazil, First, it's required to gross-up the Revenue by tax amount and disclosed in the P&L Account. Then in the next step, in P&L, Operational Revenue should be derived by deducting the Tax Amount.

To facilitate these requirements, two new postings introduced for Brazilian country specifics, as follows,

1) M295: Tax in Sales Revenue -This posting is used to gross up the Revenue.
2) M296: Tax Deduct from Gross Revenue – This posting is used to derive "Operational Revenue" by deducting the Tax portion included in the Gross Revenue.

Posting Control

		Posting Type	Code Part Name	Control Type
☐	⋮	M295 - Tax in Sales Revenue	Account	AC7 - Tax code
☐	⋮	M296 - Tax Deduct from Gross Revenue	Account	AC7 - Tax code

Brazilian specific postings in CO Invoice F Voucher:

Voucher Rows

			Trans Code	Tax Code	Currency Code	Correction	Currency Debit Amount	Currency Credit Amount	Currency Amount
☐	⋮	📎	IP2		BRL	No	111.11		111.11
☐	⋮	📎	IP4	ICMS-10%	BRL	No		11.11	-11.11
☐	⋮	📎	M28	ICMS-10%	BRL	No		100.00	-100.00
☐	⋮	📎	M295	ICMS-10%	BRL	No		11.11	-11.11
☐	⋮	📎	M296	ICMS-10%	BRL	No	11.11		11.11

19.6.3 NEW CONTROL TYPES SPECIFIC TO BRAZIL

Business Transaction Code is introduced as a new Control Type for IP4, M28, M295, M296, M30 and M31 Posting Types. Make sure to check whether the mandatory LCC parameter "Brazilian specific fiscal attributes" is enabled and basic data for Business Transaction ID is available to use this Control Type.

19.7 Delimitations

Gross Revenue Accounting is not supported in this Project Invoice – Initial Solution. Tax in Sales Revenue and Tax Deduct from Gross Revenue should be manually posted.

20 Nota Fiscal issue date as applied date on inventory transactions for goods issue

20.1 Overview Legal Requirement

According to the Brazilian tax legislation, taxes must be paid on the Nota Fiscal issue date. The accounting practice says that revenues must be recognized at goods issue and that revenues are posted including taxes. These requirements can be fulfilled by ensuring that the Nota Fiscal issue date is set as the applied date on related inventory transactions for goods issue.

20.2 Process Overview

This process ensures the applied date on inventory transactions for goods issue is updated with the Nota Fiscal issue date, in a scenario where the Nota Fiscal is issued on a date <u>after</u> the Customer Order has been set to "Delivered" in IFS.

Deliver Customer order → Create Customer Invoice and send NF-e XML to tax authority → Set Fiscal Note issue date as applied date on inventory transactions → Transfer Inventory Transactions

20.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Nota Fiscal issue date applied on inventory transactions for goods issue" parameter must be enabled.

20.4 Deliver customer order

Deliver the Customer Order following IFS standard process. During this step OESHIP inventory transactions will be created with the date on which the record was created as Applied Date (standard functionality).

20.5 Create Customer Invoice and send NF-e XML to Tax Authority

Create the preliminary Customer Invoice and send the NF-e XML to tax authority (SEFAZ) for authorization. Once the NF-e XML file is approved by the tax authority, the Customer Invoice can be printed and posted, the Nota Fiscal issue date is defined and is set on the F Voucher created.

See further information in the *Outgoing Nota Fiscals* chapter.

20.6 Set Nota Fiscal Issue Date as applied date on inventory transactions

In this automated step the IFS standard function "Modify Date Applied" is used to compare the Applied Date on the OESHIP inventory transactions (generated when the customer order was delivered in IFS) with the Nota Fiscal issue date (after acceptance from the tax authority). If the Nota Fiscal issue date is <u>later</u> than the date on the transactions, the Applied Date on these will be updated automatically to be the same as the Nota Fiscal issue date (if the conditions described in the Delimitations chapter are fulfilled).

20.7 Transfer Inventory Transactions

Use the IFS standard function **Transfer Inventory Transactions** to transfer the transactions to IFS Financials. In this step vouchers will be created in General Ledger and the date on the created MPL voucher will be equal to the date on the Customer Invoice F voucher.

20.8 Delimitations

The solution is based on the IFS standard function "Modify Date Applied". This function has several conditions that must be fulfilled before the date on an inventory transaction can be changed:

- The inventory transaction may not have **Has Transferred Postings** selected.
- The transaction may not have been transferred to IFS Financials.
- The transaction may not be included in the inventory statistics.
- The new date of the transaction must be later than or the same as the start date of the latest period in the inventory value statistics and cannot be later than the current date.
- The new date may not belong to an accounting period that has already been closed.
- The date for a reverse transaction must not be earlier than the original transaction.

21 Cancel PostedAuth Customer Order Invoices

21.1 Overview Legal Requirement

The general rule stated by Brazilian government says that companies are allowed to cancel authorized Nota Fiscals up until 24 hours from the issue date and time. There are some scenarios that still allow cancellation even after 24 hours (can be connected to penalty fee or audit).

21.2 Process Overview

This functionality enables to cancel Posted/Printed or PostedAuth Customer Invoice.
Once the Invoice is cancelled;

- Invoice is set to the status, "Cancelled"
- K voucher created and reverts the original F voucher postings
- Customer Order moves back to the status "Picked".

21.3 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the "Cancel PostedAuth Customer Order Invoices" parameter must be enabled.

21.4 Cancel PostedAuth Customer Order Invoices

In Brazil, this functionality is enhanced by "Outgoing Nota Fiscal" functionality. Therefore please refer the "Cancel Approved Nota Fiscal" chapter for more details.

21.5 Delimitations

- This functionality is only supported for Customer Order Debit Invoice and Customer Order Collective Debit Invoice.

22 Taxes in intracompany goods movement

22.1 Overview Legal Requirement

According to the Brazilian tax regulations, when goods are moved from one site of the company to another site of the same company (e.g., movements between municipals within the country):

- Taxes should be calculated and paid by the sending site.
- The receiving site can take the input tax credit if goods are not used for own purpose.
- If goods are used for own purpose in the receiving site, inventory cost at arrival should be increased by the tax amount.

It's a legal requirement to issue a Fiscal Note for business transactions related to transfer of goods.

The **Tax Document** functionality has been introduced to support tax calculations and postings for intracompany goods movement scenarios, such as;

- Site to Site
- Site to Remote Warehouse
- Remote Warehouse to Site
- Remote Warehouse to Remote Warehouse
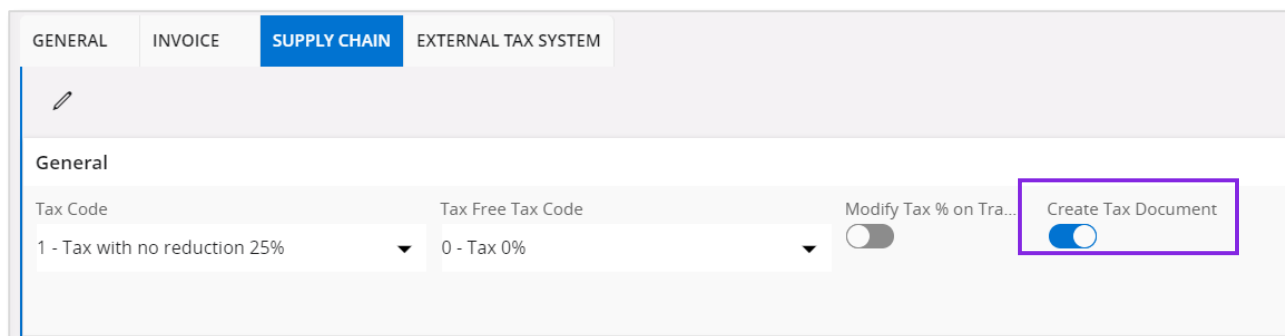
The Tax Document is developed as generic core functionality and not controlled by LCC parameter. For Brazil the Tax Document is integrated with Outgoing/Incoming Nota Fiscal functionality.

22.2 Process Overview

Enter Basic Data → Create Shipment order → Process Shipment to Completed state → Create Outgoing Tax Document → Add Brazil specific attributes and tax information to the Outgoing Tax Document

Deliver the Shipment → Create Outgoing Nota Fiscal → Send Nota Fiscal to Tax Authorities → Receive Approved response from Tax Authorities → Postings are created on the Outgoing Tax Document

Create Incoming Nota Fiscal → Approve Incoming Nota Fiscal → Create Incoming Tax Document → Post Incoming Tax Document

22.3 Prerequisites

Go to **Company/Tax Control/Supply Chain** page and enable "Create Tax Document" parameter.

22.4 Define Basic Data

The attributes Acquisition Origin, Acquisition Reason and Goods/Services Statistical Code has been added to Inventory Part. Values entered here are fetched as default values when an Outgoing Tax Document line is created for the particular Inventory Part.

22.5 Create and process Shipment Order

Create a Shipment Order for any of below goods movement scenarios within the same company, using IFS Cloud standard functionality.

- Site to Site
- Site to Remote Warehouse
- Remote Warehouse to Site
- Remote Warehouse to Remote Warehouse

Use a Shipment Type that creates a shipment when releasing the Shipment Order.
Release the Shipment Order and process the connected Shipment until Completed state using IFS Cloud standard functionality. Create the Outgoing Tax Document via the command in Shipment header - **Create Outgoing Tax Document**. An Outgoing Tax Document will be created in Preliminary state.

22.6 Process Tax Document with Nota Fiscal

22.6.1 OUTGOING NOTA FISCAL

Once the Outgoing Tax Document is created the Brazil specific attributes (Business Transaction ID on the header and Acquisition Origin, Acquisition Reason, Goods/Services Statistical Code and Business Operation on Tax Document line) and tax information, such as Tax Calculation Structure or Tax Codes, must be entered. When the shipment is delivered the average cost from the inventory transaction SHIPODSIT- or SHIPODWHS- are transferred to the Outgoing Tax Document and the taxes are then calculated. At this point the Outgoing Nota Fiscal can be created. The creation of the Outgoing Nota Fiscal is either a manual or automatic process.

Manual creation of Outgoing Nota Fiscal
Company flag" Manually process Outgoing Nota Fiscal" has to be enabled in the Company/Invoice/NF-E compliance tab.

The Outgoing Nota Fiscal is created via a command from the Outgoing Tax Document header. Once using the creation command the application is validating if all mandatory data is there to create an Outgoing Nota Fiscal. If all mandatory data is not registered the Outgoing Nota Fiscal can't be created. Once the Outgoing Nota Fiscal is created, the document has to be sent to the Tax authorities. This can be sent by the command in header **Send Nota Fiscal**.

Automatically creation of Outgoing Nota Fiscal
Company flag "Manually process Outgoing Nota Fiscal" must be disabled in Company/Invoice/NF-E compliance tab.

When the connected shipment is delivered and the cost and taxes are calculated on the Outgoing Tax Document, the Outgoing Nota Fiscal is created automatically. Once the Outgoing Nota Fiscal is created, it is automatically sent to the Tax authorities for approval.

22.6.2 RESPONSE FROM TAX AUTHORITIES

Below table shows how Outgoing Tax Document and Shipment statuses gets affected by different responses from Tax Authorities for the Nota Fiscal.

NF Transaction	Nota Fiscal Status	Outgoing Tax Document Status	Shipment Status
NF Created	Initiated	Preliminary	Completed
Response received, status Code 110	Declined	Cancelled (Preliminary Tax Document)	Completed (next step: Deliver)
Response received, status Code 100	Approved	Posted	Completed
Limited in this release Request to cancel the approved Nfe (Means Tax Document is Posted when sending the Request) - Response Status code 135	Cancelled	Cancelled (Posted Tax Document)	Completed (next step: Deliver)
Limited in this release Response Received Status code 999, 155 etc	Error	Preliminary 1.Rectify the error and re-send the Nfe from Nota Fiscal (use same Nfe no) 2. a) Send a Void Request from a Nota Fiscal b) Approved void Request, cancel the preliminary tax document	1. Completed 2. a) send a void request = Completed or closed (step: Delivered) b) Approved void request = Completed (next step: Deliver)
Preliminary Outgoing Tax Document cancelled (connected to a NF)	This functionality is restricted validating whether a Nfe is connected		

22.6.3 INCOMING NOTA FISCAL
After receiving approval from the Tax Authorities for the Outgoing Nota Fiscal, the Outgoing Tax Document is posted, and the creation of Incoming Nota Fiscal and Incoming Tax Document is either a manual or Automatic process.

Manual creation of Incoming Nota Fiscal
*Company flag" Manually process Incoming Nota Fiscal" must be enabled in **Company/Invoice/NF-E compliance** tab*

When the Outgoing Nota Fiscal is approved by tax authorities, the Incoming Nota Fiscal can be created via the header command **Create Incoming Nota Fiscal**. As soon as the incoming Nota Fiscal is manually approved, the Incoming Tax Document can be created via the command in Incoming Nota Fiscal Header **Create Incoming Tax Document**. The Incoming Tax Document will be a mirror image of the Outgoing Tax Document. Now the postings can be done manually from the command in header **Post Tax Document.**

Automatic creation of Incoming Nota Fiscal

Company flag Manually process Incoming Nota Fiscal" has to be disabled in Company/Invoice/NF-E compliance tab.

When the Outgoing Tax Document is approved by tax authorities, the Incoming Nota Fiscal is created automatically. Once the Incoming Nota Fiscal is manually approved the Incoming Tax Document is created and posted automatically. The Incoming Tax Document will be a mirror image of the Outgoing Tax Document.

22.7 Tax Document with 3rd party external tax system

Brazil country specifics basic data must be entered to be able to use the Brazil Avalara in the Intracompany goods movement scenario.

To use the Brazil external tax system (Avalara) in the intracompany goods movement scenario, first an Outgoing Tax Document must be created. When an Outgoing Tax Document is available the Brazil specific attributes have to be entered, such as Business Transaction ID on the header and Acquisition Origin, Acquisition Reason, Goods/Services Statistical Code and Business Operation on Tax Document line. Tax calculation structure or Tax codes should not have any value. Once delivering the connected shipment the call to receive taxes from Avalara is done. The Brazil Avalara is then sending calculated taxes back to IFS Cloud and the taxes are calculated on the Outgoing Tax Document. From here the Nota Fiscal process continues as described above.

22.8 Postings

22.8.1 OUTGOING TAX DOCUMENT

Following basic data are used when posting the Outgoing Tax Document:

- Voucher Type: MPT
- Function Group: LT
- Business Events: ICBS-TAX - Intracompany Tax – Sender

Posting Type	Posting Type Description	Debit/Credit	Control type
M297	Tax Disbursed, Intracompany Part Movements	Credit	AC7 – Tax Code
M298	Counter Posting, Tax Disbursed, Intracompany Part Movements	Debit	AC1 – Fixed Value

22.8.2 INCOMING TAX DOCUMENT

Following basic data are used when posting the Incoming Tax Document:

- Voucher Type: MPT
- Function Group: LT
- Business Events: ICBS-TAX - Intracompany Tax – Receiver

Posting Type	Posting Type Description	Debit/Credit	Control type
M300	Counter Posting, Tax Received, Intracompany Part Movements	Credit	AC1 – Fixed Value
M299	Tax Received, Intracompany Part Movements	Debit	AC1 – Fixed Value

In *Tax Document Posting Analysis* page both successful and erroneous postings can be viewed. In case of erroneous postings, when rectified the error the posting can be rerun through command **Post Tax Document** in both Outgoing and Incoming Tax Document.

22.9 Handling of Non-deductible Taxes

When moving goods between sites of the same company, if the goods received in the demand site are used for own purpose (meaning demand site cannot take the input tax credit), then inventory cost applicable for the demand site should be increased by the nondeductible tax amount. In Brazil the most common scenario is either the taxes will be 100% deductible or 0% deductible.

Handling non-deductible taxes for standard cost parts

When handling the standard cost parts in purchasing flow, the non-deductible tax amount is treated as a price difference is invoice matching. New posting types are introduced to handle this difference in supplier invoice matching. Therefore, when handling non-deductible taxes for standard cost parts in intra company goods movements, we need to follow a similar approach. The non-deductible tax amount should be posted separately when generating tax postings for incoming tax document, using a new posting type.

A new posting type needs to be introduced to handle it along with tax document postings. Following new posting type should be created. This will not be connected to a default account and user needs to manually define the required account in ***posting control*** page.

Posting Type	Description	Component
M303	Non-Deductible Tax, Intracompany Part Movements	INVENT

Following control types will be enabled.
- AC1 – Fixed Value

- AC7 – Tax Code

<u>Calculation of non-deductible taxes</u>

In Brazil, when moving goods between sites/RWHs of the same company, the same tax code will be applicable for both sites. Therefore, when creating the tax postings in the demand site, system should check if the applicable tax code has any non-deductible tax percentage. If so, the non-deductible tax should be posted using the above new posting type.

The inventory postings created for the logistics movements will not have any impact. They will be created as it is and non-deductible tax amount will be posted through the tax postings of incoming tax document. Please see below example for more information.

- Assume parts are moved between two sites of the same company.
- Standard cost of the part in both sites is 100.
- Quantity moved between sites 10.

<u>100% Deductible Scenario</u>
- Applicable tax code in both sites 10% and 100% deductible
- Calculated total tax %: 100 x 10 x 10% = 100
- Deductible%: 100 x 100% = 100
- Nondeductible%: 100 x 0% = 0

Tax document postings

Supply Site	Outgoing TD		Dr	Cr
		M297		100
		M298	100	

Demand Site	Incoming TD		Dr	Cr
		M299	100	
		M300		100

```
          2610                              2699
                 M297    100      M298   100  M300    100




          2641
 M299   100
```

Since there are no nondeductible taxes involved, nothing to be posted under non-deductible posting type (M303).

0% Deductible Scenario
- Applicable tax code in both sites 10% and 0% deductible
- Calculated total tax %: 100 x 10 x 10% = 100
- Deductible%: 100 x 0% = 0
- Nondeductible%: 100 x 100% = 100

Tax Document Postings

Supply Site	Outgoing TD		Dr	Cr
		M297		100
		M298	100	

Demand Site	Incoming TD		Dr	Cr
		M303	100	
		M300		100

```
         2610                              2699
              | M297    100        M298   100 | M300    100
              |                               |
              |                               |
              |                               |
              |                               |


         Acc XXXX
  M303   100 |
             |
             |
             |
             |
             |
             |
```

Since the taxes are 100% nondeductible, the full nondeductible tax amount is posted against M303 under incoming tax document in demand site.

Handling of Multiple Taxes

The above examples are mainly for the basic scenario where you have a single tax code. But the most practical scenario would be to have multiple tax codes (tax structures) with different deductible tax percentages in each of them. Below example explains how the postings should be created for multiple tax scenarios.
- Assume parts are moved between two sites of the same company.
- Standard cost of the part in both sites is 100.
- Quantity moved between sites 10.

Tax Structure used in the goods movement has the following tax codes:
- Tax code1 - 10% and 40% deductible
- Tax code2 – 20% and 100% deductible
- Tax code3 – 15% and 0% deductible

Taxes will be calculated as follows for the above tax codes:

Tax Code	Tax Base Amount	Total Tax Amount	Deductible Amount	Nondeductible Amount
Tax code1 - 10% & 40% deductible	100 x 10 = 1000	1000 x 10% = 100	100 x 40% = 40	100 x 60% = 60
Tax code2 – 20% & 100% deductible	100 x 10 = 1000	1000 x 20% = 200	200 x 100% = 200	200 x 0% = 0
Tax code3 – 15% & 0% deductible	100 x 10 = 1000	1000 x 15% = 150	150 x 0% = 0	150 x 100% = 150

Tax Document Postings

Supply Site	Outgoing TD		Dr	Cr
		M297		100
		M298	100	
		M297		200
		M298	200	
		M297		150
		M298	150	

Demand Site	Incoming TD		Dr	Cr
		M299	40	
		M303	60	
		M300		100
		M299	200	
		M300		200
		M303	150	
		M300		150

	2610	
	M297	100
	M297	200
	M297	150

2699			
M298	100	M300	100
M298	200	M300	200
M298	150	M300	150

Acc XXXX		
M303	60	
M303	150	

2641		
M299	40	
M299	200	

***Even though two sites have different standard costs, still the taxes and nondeductible taxes should be calculated based on the cost in supply site. This is because when goods are sent from the supply site, it's the supply site cost that should be considered as the applicable price/cost for the demand site.

Handling of non-deductible taxes for weighted average/FIFO/LIFO parts

For the weighted average/FIFO/LIFO parts, the non-deductible tax amount should be absorbed as a part of inventory cost for the demand site. Therefore, it was decided to add the nondeductible tax amount to the INTORDTR transaction created against the demand site at the point of delivering the goods from the supply site. When calculating the new WA cost applicable for the demand site it will automatically consider the non-deductible tax portion which is already absorbed into INTORDTR transaction.

A new posting type needs to be introduced to handle it along with tax document postings. Following new posting type should be created. This will not be connected to a default account and user needs to manually define the required account in *posting control* page.

Posting Type	Description	Component
M304	Non-Deductible Tax, Order Transit	INVENT

Following control types will be enabled.
- AC1 – Fixed Value

- AC7 – Tax Code

This is how the posting should be created in WA scenario.
Example:
- Assume parts are moved between two sites of the same company.
- WA cost of the part in Supply sites is 100
- Quantity moved between sites 10
- WA cost of the part in demand site is 200 and existing qty in demand site is 10
- Applicable tax code in both sites 10% and 40% deductible
  - Calculated total tax %: 100 x 10 x 10% = 100
  - Deductible%: 100 x 40% = 40
  - Nondeductible%: 100 x 60% = 60

Created inventory transactions:

Supply Site	SHIPODSIT- - Deliver Shipment Order to a site in the same company		Dr	Cr
		M4	1000	
		M1		1000

Demand Site	INTORDTR - Move to Internal Order Transit due to Issue		Dr	Cr
	*** This is how it will work after handling the ND tax	M3	1060	
		M4		1060
		M4	60	
		M156		60

New weighted average applicable to the demand site = (1060 + (200 x 10))/20 = 153
Total amount to be posted = 153 x 10 = 1530

Demand Site	SHIPODSIT+ - Receive Shipment Order from a site in the same company		Dr	Cr
		M1	1530	
		M3		1530

T Accounting

1400			
		M1	1000
M3	1060		
M1	1530	M3	1530
	2590		2530

1405			
M4	1000		
		M4	1060
M4	60		
	1060		1060

*** Inventory value increased by 60 (2590 – 2530)

M156	60

Tax Document Postings

Supply Site	Outgoing TD		Dr	Cr
		M297		100
		M298	100	

Demand Site	Incoming TD		Dr	Cr
		M299	40	
		M300		40
		M304	60	
		M300		60

2610

	M297	100

2699

M298	100	M300	40
		M300	60

2641

M299	40	

XXXX

M304	60	

Handling of Different Scenarios

The goods movement using shipment order can be done for lot of different scenarios like Site to Site, Site to RWH, RWH to RWH etc. But the non-deductible tax handling should be done only for the goods movements done between two sites. This means only for the scenarios where the following set of transactions are created.

- Supply Site: SHIPODSIT- - Deliver Shipment Order to a site in the same company
- Demand Site: INTORDTR - Move to Internal Order Transit due to Issue
- Demand Site: SHIPODSIT+ - Receive Shipment Order from a site in the same company

Few example scenarios where the above transactions are created:

- Movement between two sites of the same company
- Movement from a site to a RWH of another site of the same company
- Movement between two RWHs of two sites of the same company

Apart from above scenarios, all the other scenarios are similar to goods movement between two locations of the same site, and non-deductible taxes need not to be calculated for such scenarios.

22.10 Delimitations

- Manual entering of multiple tax codes in Outgoing Tax Document tax dialog are not supported in this release, only single tax code, tax calculation structure or Brazil Avalara tax integration.

- The following responses from tax authorities are not supported in this release:

NF Transaction	Nota Fiscal Status	Outgoing Tax Document Status	Shipment Status
Request to cancel the approved Nfe (Means Tax Document is Posted when sending the Request) - Response Status code 135	Cancelled	Cancelled (Posted Tax Document)	Completed (next step: Deliver)
Response Received Status code 999, 155 etc.	Error	Preliminary 1.Rectify the error and re-send the Nfe from Nota Fiscal (use same Nfe no) 2. a) Send a Void Request from a Nota Fiscal b) Approved void Request, cancel the preliminary tax document	1. Completed 2. a) send a void request = Completed or closed (step: Delivered) b) Approved void request = Completed (next step: Deliver)

Incoming Nota Fiscal

22.11 Overview Legal Requirement

In Brazil, it's a legal requirement to issue a Nota Fiscal for the business transactions related to sales, procurement, transfer of goods and other non-billable operations. The Nota Fiscal must be authorized by the Brazilian Tax Authority prior to shipment of goods and the printed version of Nota Fiscal (DANFE – Auxiliary Document for e-Nota Fiscal) is used to support the transportation of goods to the recipient's locations.

The Nota Fiscal must be received by the goods recipient before the goods is received into inventory.

All inventory transactions created from procurement must be identified by the Nota Fiscal number and Nota Fiscal item. These references are used when submitting tax reporting to the tax authority at the end of tax period. These references might also be required in Tax Audits. The references are also widely used in the daily operations in Brazilian companies.

22.12 Process Overview

Incoming Nota Fiscal could be received to IFS Cloud in two ways,

a. Receive Incoming Nota Fiscal Automatically (NF-e) – Using External Supplier Invoice Flow

IFS Cloud core *External Supplier Invoice* flow is used to upload the received Incoming Nota Fiscal XML file (NF-e). Once uploaded by using the IFS Cloud core functionalities, Incoming Nota Fiscal could be created automatically.

b. Enter Incoming Nota Fiscal Manually – Using **Incoming Nota Fiscal** Page

User can enter an Incoming Nota Fiscal based on the DANFe document received from the supplier together with the goods using **Incoming Nota Fiscal** page.

Once the Incoming Nota Fiscal is created, user can create Manual Supplier Invoice & Approve the Incoming Nota Fiscal.

Finally, user can create the inventory transactions related to the goods receipt and process Manual Supplier Invoice.

Note: User can also create the inventory transactions related to the goods receipt before creating the Manual Supplier Invoice or Incoming Nota Fiscal depending on the requirement.

22.12.1   RECEIVE INCOMING NOTA FISCAL AUTOMATICALLY (NF-E) – USING EXTERNAL SUPPLIER INVOICE FLOW
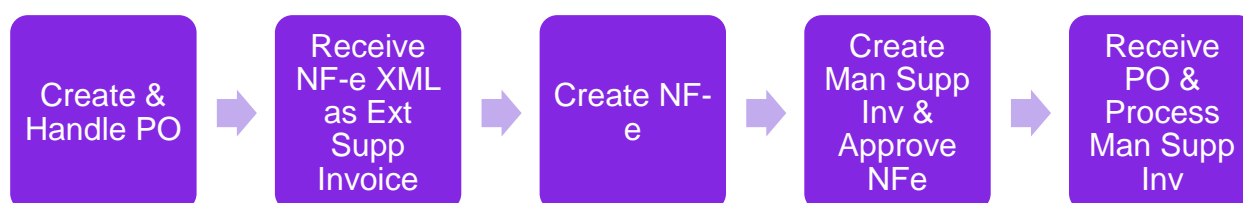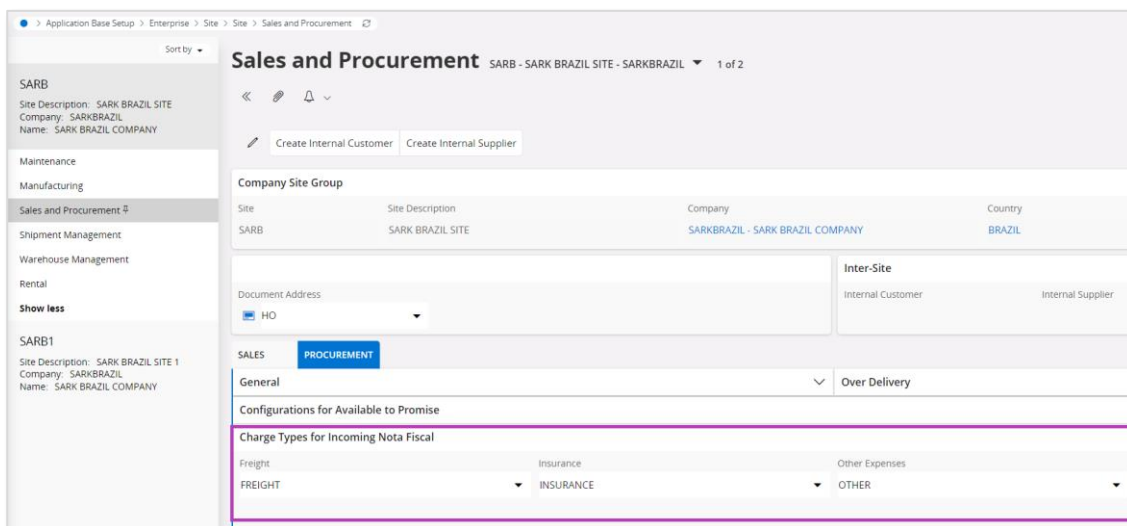
Create & Handle PO → Receive NF-e XML as Ext Supp Invoice → Create NF-e → Create Man Supp Inv & Approve NFe → Receive PO & Process Man Supp Inv

22.12.2 ENTER INCOMING NOTA FISCAL MANUALLY (DANFE) – USING INCOMING NOTA FISCAL PAGE

```
┌─────────────┐     ┌─────────────┐     ┌─────────────┐     ┌─────────────┐
│  Create &   │ ──▶ │   Enter     │ ──▶ │ Create Man  │ ──▶ │ Receive PO &│
│  Handle PO  │     │ Incoming Nota│    │ Supp Inv &  │     │ Process Man │
│             │     │   Fiscal    │     │ Approve NF  │     │  Supp Inv   │
└─────────────┘     └─────────────┘     └─────────────┘     └─────────────┘
```
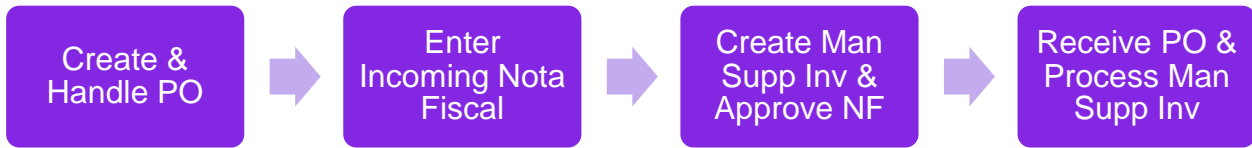
22.13 Prerequisites

- The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Incoming Nota Fiscal" parameter must be enabled.

- The "Address Specific Tax Registration Numbers" parameter must be enabled.
  Read the chapter "Address Specific Tax Registration Numbers" and setup Supplier and Company CNPJ accordingly.

- Create Purchase Charge types related for Freight, Insurance & Other Expenses using standard functionality and select them in Application Base Setup/Enterprise/Site/Site/Sales and Procurement/Procurement tab.

- Media Code "E-INVOICE" and Default Load Type "SUPPEXT" must be set up on the Supplier in page **Application Base Setup/Enterprise/Supplier/Supplier/Invoice**, tab **Message Defaults**. This set-up is defined per Company ID.

- The core functionality *External Supplier Invoice Tax Codes* must be defined and make sure that the correct Tax Type Category relates to each tax code. In this page the Brazilian tax types categories have been added. Enter "*" for both Supply and Delivery Country.

- Go to Financials/Supplier Invoice/External Invoice/External Supplier Invoice Parameters & enable "Used for Incoming Nfe"

- Enable/Disable the "Manually Process Incoming Nota Fiscal" toggle in Application Base Setup/Enterprise/Company/Company/Invoice/NF-E COMPLIANCE tab.

22.14 Receive Incoming Nota Fiscal Automatically (NF-e) – Using External Supplier Invoice Flow

IFS Cloud standard External Supplier Invoice flow is used in this scenario to upload the received Incoming Nota Fiscal XML file. Once uploading the NFe XML in External Supplier Invoice flow, Incoming Nota Fiscal could be created automatically.
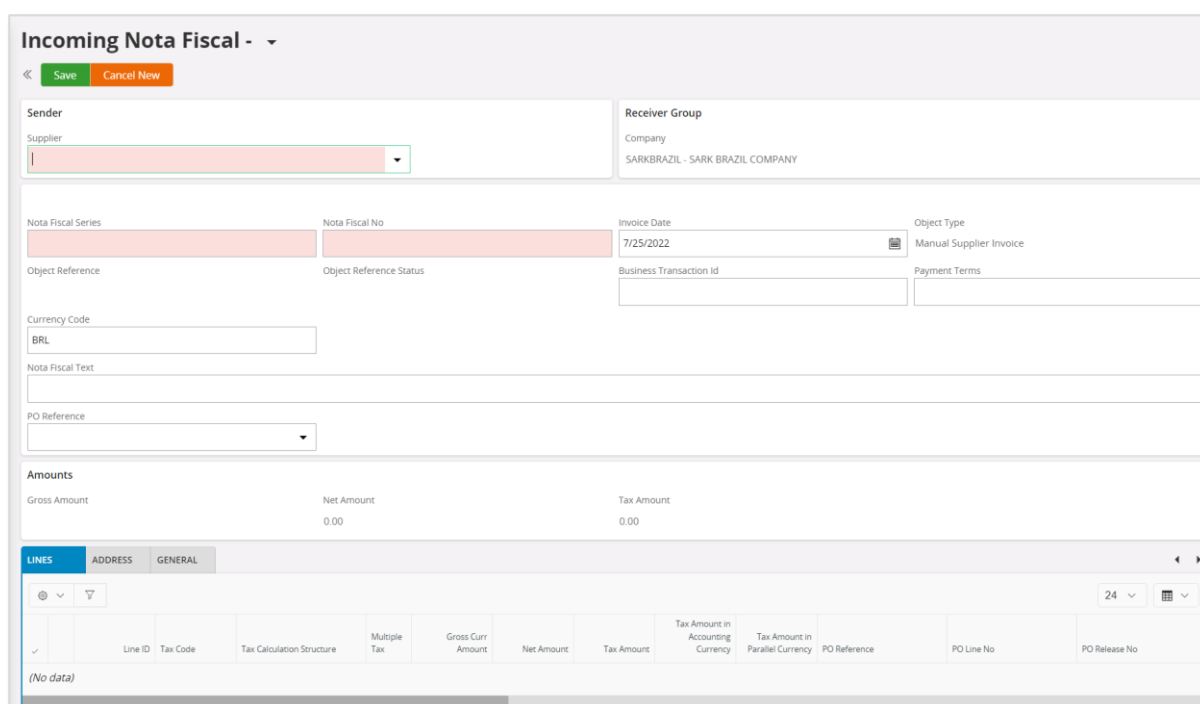
Please see the details in the process described step by step in below chapters.

22.14.1 CREATE AND HANDLE PURCHASE ORDER

Follow the normal process to enter a purchase order but with the addition to include the Brazil attributes needed as described in this document. Inventory purchase parts are added in the *Procurement/Order/Purchase Order* page. Release and confirm purchase order with the Brazilian specific taxes either manually entered or fetched from Avalara in the PO lines.

22.14.2 RECEIVE INCOMING NF-E XML FILE AND CREATE THE INCOMING NOTA FISCAL

Use IFS Core External Supplier Invoice flow to load the incoming NF-e XML and create the NFe using **Create Nota Fiscal** command.

Note
This activity is used to read an external input file, unpack the file data and call a dedicated interface (API) that will continue with the further processing of data.

Correct Company and the Supplier Identification
When NE-e XML is loaded from the Core External Supplier Invoice interface, the correct Company and the Supplier Identified from the CNPJ numbers.
Company and Supplier CNPJ Nos are defined in the NF-e XML in below tags:

a) Supplier CNPJ No
<emit>
    <CNPJ>21816476000175</CNPJ>

b) Company CNPJ No

```
<dest>
        <CNPJ>45504618000127</CNPJ>
```

Please note that the CNPJ number of the destination/receiving company is the key when mapping the incoming XML file to a Company ID in IFS. No External Supplier Invoice Load ID can be created without this match.
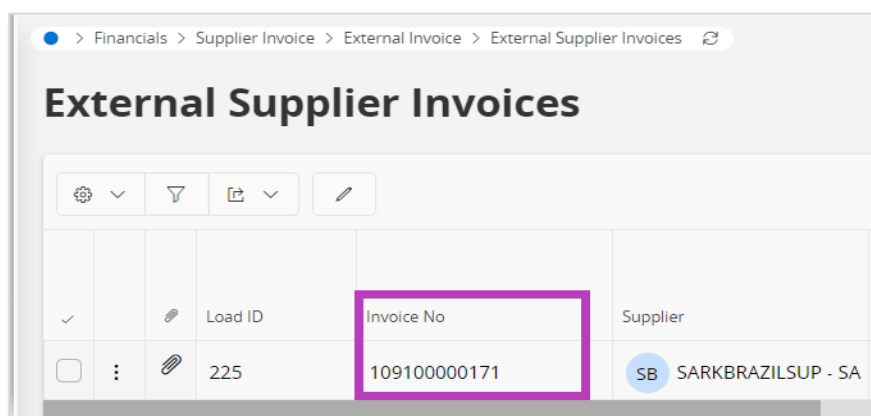
Nota Fiscal No as Supplier Invoice No

Receiving NF-e XML contains the Nota Fiscal No which is loaded in the IFS Application as the Supplier Invoice No.
Below is the tag containing the Nota Fiscal No,

```
<ide>
        <serie>S09</serie>
        <nNF>S00000003</nNF>
```

From the **External Supplier invoice** page below, you can see that the Nota Fiscal "Series" and "No" both concatenated and inserted as the Supplier Invoice No.
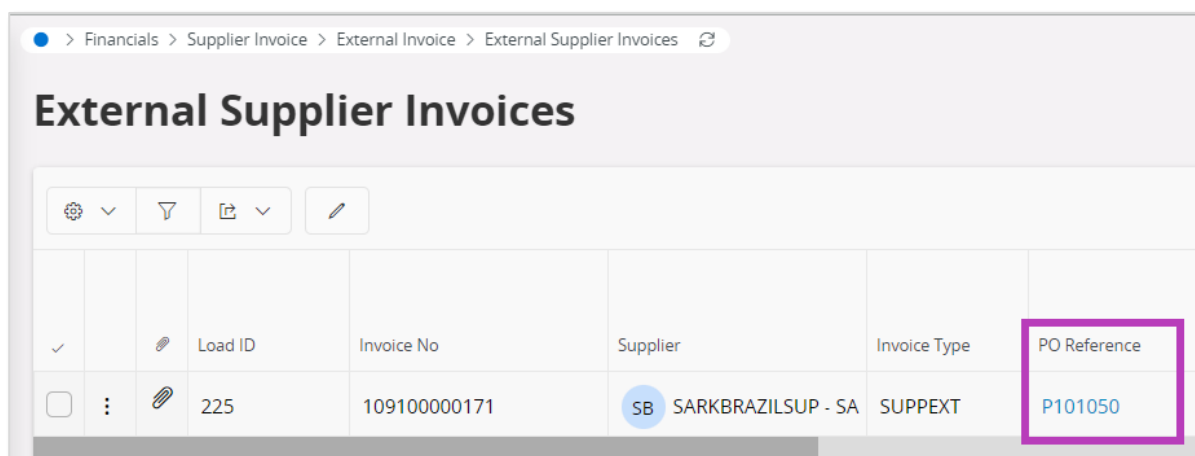
PO Reference on Supplier Invoice

PO No is included in the NF-e XML file in the below tag,
(<xPed>PO No</xPed>)
From the **External Supplier invoice** page below, you can see that the PO No received in relation to the Nota Fiscal is visible.

Nota Fiscal Line information as Supplier Invoice Lines

Nota Fiscal Line information are included in the below NF-e XML tags,

```
<det nItem="1">
    <prod>
        <cProd>SARKBRPART1</cProd>
        <cEAN>SEM GTIN</cEAN>
        <xProd>BR-Inventory Part</xProd>
        <NCM>24012020</NCM>
        <CEST>0105700</CEST>
        <EXTIPI/>
        <CFOP>6101</CFOP>
        <uCom>pcs</uCom>
        <qCom>1.0000</qCom>
        <VunCom>118.32</VunCom>
        <vProd>118.32</vProd>
        <cEANTrib>SEM GTIN</cEANTrib>
        <uTrib>pcs</uTrib>
        <qTrib>1.0000</qTrib>
        <vUnTrib>118.32</vUnTrib>
        <vFrete>10.00</vFrete>
        <vSeg>5.00</vSeg>
        <vOutro>5.00</vOutro>
        <indTot>1</indTot>
        <xPed>P100753</xPed>
    </prod>
```

Each of the NF-e XML Lines received in relation to the Nota Fiscal are inserted into the ***External Supplier invoice Line Information*** page as the separate lines. Correspondent line information contains Qty, Price...etc. extracted directly from the NF-E XML.

Charge lines can be separated using the Charge Line toggle in line level.

Nota Fiscal Tax information as Supplier Invoice Tax Lines

Nota Fiscal tax information is included in the below NF-e XML tags:
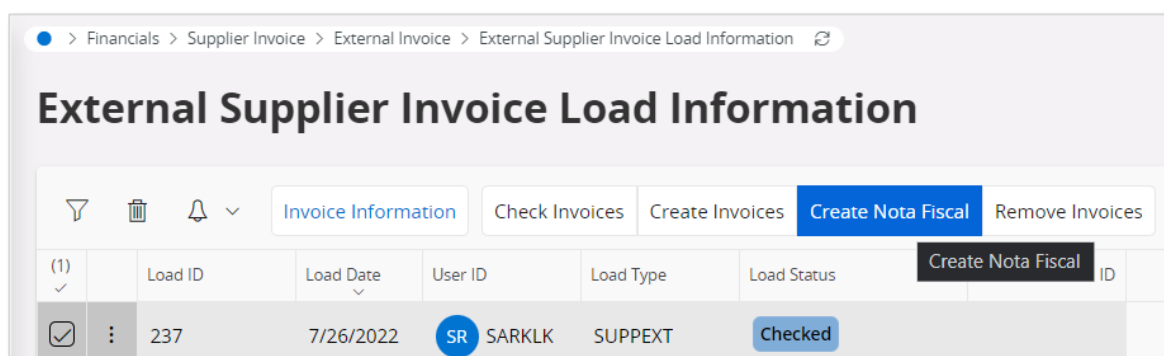
```xml
26        </prod>
27        <imposto>
28            <vTotTrib>21.11</vTotTrib>
29            <ICMS>
30                <ICMS00>
31                    <pICMS>10</pICMS>
32                    <vICMS>11.11</vICMS>
33                </ICMS00>
34            </ICMS>
35            <IPI>
36                <CENQ/>
37                <IPITrib>
38                    <pIPI>10</pIPI>
39                    <vIPI>10</vIPI>
40                </IPITrib>
41            </IPI>
42        </imposto>
```

Each of the NF-e XML Tax Lines received in relation to the Nota Fiscal is inserted into the *External Supplier invoice Tax Information* page as separate tax lines.

Create Incoming Nota Fiscal using External Supplier Invoice

- Go to *Financials/Supplier Invoice/External Invoice/External Supplier Invoice Load Information* and select the command **Create Nota Fiscal**.

- View Incoming Nota Fiscal

- Create Manual Supplier Invoice

Note: Manual Supplier Invoice will create automatically when creating the Incoming Nota Fiscal, if user disables the "Manually Process Incoming Nota Fiscal" toggle in Application Base Setup/Enterprise/Company/Company/Invoice/NF-E COMPLIANCE tab

- Approve Nota Fiscal

22.15 Enter Incoming Nota Fiscal Manually (DANFe) – Using Incoming Nota Fiscal Page

Create Incoming Nota Fiscal manually using *Financials/Financial e-Reporting/Incoming Nota Fiscal* page. For this purpose, you can use DANFE document received with goods.

- Ensure the Purchase Order number (or numbers) is referenced in field **PO Reference**.

- Columns **Goods/Services Statistical Codes**, **Business Operation** and **Acquisition Origin** are available also on the line level.

Create Manual Supplier Invoice using the command **Create Manual Supplier Invoice.**

Approve the Nota Fiscal.

22.16 Receive Purchase Order

Receive the Purchase Order by selecting "Receive" in the ***Financials/Supplier Invoice/Manual Supplier Invoice/Lines*** page (IFS standard). This option will be available for supplier invoice lines with reference to a Purchase Order number, line and release no.

Ensure the Nota Fiscal number is entered as Receipt Reference.

The goods arrival can also be registered <u>before</u> the Manual Supplier Invoice is created using IFS standard functions "Register Arrival" and via "Incoming Dispatch Advice". Enter the Nota Fiscal number as Receipt Reference. Then create the Manual Supplier Invoice and match to the PO receipt.

Receive with Serials/Lots can be handled with the existing core functionality.

Receipt Serials/Lots via Generic receipt

Receipt Serials/Lots via Incoming Dispatch Advice

Receipt Serials/Lots via Supplier Invoice

Go to the *Warehouse Management/Transaction History/Inventory Transactions History* page. Ensure the new fields **Nota Fiscal Number** and **Nota Fiscal Item** are enabled for the page. These will present reference to Nota Fiscal number and Nota Fiscal item (line).

22.17 Post Invoice

Follow the IFS standard process to post the invoice.

22.18 Delimitations

Brazilian specific tax needs to be handled manually since 3rd party tax calculation service is not integrated in these flows.

23 Incoming Nota Fiscal - New Presentation for Charges

23.1 Overview Legal Requirement

In Brazil, it's a legal requirement to issue a Nota Fiscal for the business transactions related to sales, procurement, transfer of goods and other non-billable operations. The Nota Fiscal must be authorized by the Brazilian Tax Authority prior to shipment of goods and the printed version of Nota Fiscal (DANFE – Auxiliary Document for e-Nota Fiscal) is used to support the transportation of goods to the recipient's locations.

The Nota Fiscal must be received by the goods recipient before the goods are received into inventory.

All inventory transactions created from procurement must be identified by the Nota Fiscal number and Nota Fiscal item. These references are used when submitting tax reporting to the tax authority at the end of tax period. These references might also be required in Tax Audits. The references are also widely used in the daily operations in Brazilian companies.

23.2 Other Business Objectives

3. Enabling the possibility of fair presentation of procurement related Charges on the Incoming Nota Fiscal Lines.

4. Enabling the recording of multiple line connected charges related to Purchase Order lines.

5. Enabling the direct cross reference between Incoming NF, Receipt Reference, and Supplier Invoice by using the Receipt Reference as the Incoming Nota Fiscal Number

23.3 Process Overview

Incoming Nota Fiscal could be received to IFS Cloud in two ways,

a. Receive Incoming Nota Fiscal Automatically (NF-e) – Using External Supplier Invoice Flow

   IFS Cloud core *External Supplier Invoice* flow is used to upload the received Incoming Nota Fiscal XML file (NF-e). Once uploaded by using the IFS Cloud core functionalities, Incoming Nota Fiscal could be created automatically.

b. Enter Incoming Nota Fiscal Manually – Using *Incoming Nota Fiscal* Page
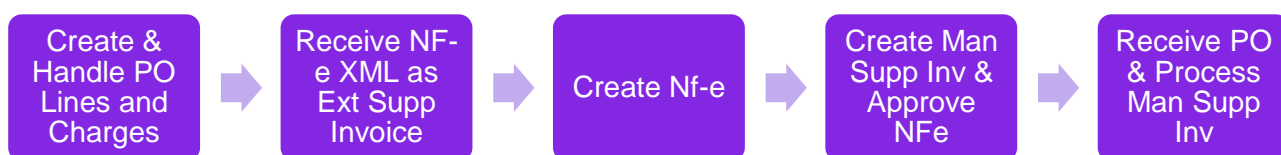
User can enter an Incoming Nota Fiscal based on the DANFe document received from the supplier together with the goods using **Incoming Nota Fiscal** page.

Once the Incoming Nota Fiscal is created, user can create the Manual Supplier Invoice & Approve the Incoming Nota Fiscal.

Finally, the user can create the inventory transactions related to the goods receipt and process Manual Supplier Invoice.

Note: User can also create the inventory transactions related to the goods receipt before creating the Manual Supplier Invoice or Incoming Nota Fiscal depending on the requirement.

23.3.1 RECEIVE INCOMING NOTA FISCAL AUTOMATICALLY (NF-E) – USING EXTERNAL SUPPLIER INVOICE FLOW

| Create & Handle PO Lines and Charges | ➜ | Receive NF-e XML as Ext Supp Invoice | ➜ | Create Nf-e | ➜ | Create Man Supp Inv & Approve NFe | ➜ | Receive PO & Process Man Supp Inv |

23.3.2 ENTER INCOMING NOTA FISCAL MANUALLY (DANFE) – USING INCOMING NOTA FISCAL PAGE

| Create & Handle PO Lines and Charges | ➜ | Enter the Incoming Nota Fiscal | ➜ | Create NF-e | ➜ | Approve the Incoming Nota Fiscal and Create the Manual Supplier Invoice | ➜ | Receive PO & Process the Manual Supplier Invoice |

23.4 Process Overview

| Create & Handle PO Lines and **Charges** | ➜ | Release the Purchase Order | ➜ | Save the NF-e Header & Fetch the PO details | ➜ | Approve NF-e | ➜ | Process and Create the Manual Supplier Invoice | ➜ | Match the Po Lines and Charge Lines | ➜ | Post Man Supp Inv |

Copy Unreceived PO Lines/Copy Unmatched PO Receipts ⬆

23.5 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set up chapter. And the "Incoming Nota Fiscal" parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab.

23.6 Define Basic Data

Create Purchase Charge types related for Freight, Insurance & Other Expenses using standard functionality and select them in *Application Base Setup/Enterprise/Site/Site/Sales and Procurement/Procurement tab*.

23.7 Enter Incoming Nota Fiscal Manually (DANFe) – Using Incoming Nota Fiscal Page / External Supplier Invoice Flow

IFS Cloud standard External Supplier Invoice flow or the manually entering Incoming Nota Fiscal flow could be used in this scenario.

Please refer the steps described above in the Incoming Nota Fiscal Chapter to create and approve the Incoming Nota Fiscal.

23.7.1 CREATE AND HANDLE PURCHASE ORDER

Follow the IFS standard Core process to enter a purchase order for inventory purchase parts in the *Procurement/Order/Purchase Order* page. Release and confirm the Purchase Order with the multiple line connected Charges.

Make sure that the multiple purchase order charges are connected to relevant Purchase Order Lines and Release Numbers using the *"Connect to Line No"* and *"Connect to Rel No"* columns available under the "Charges" tab.
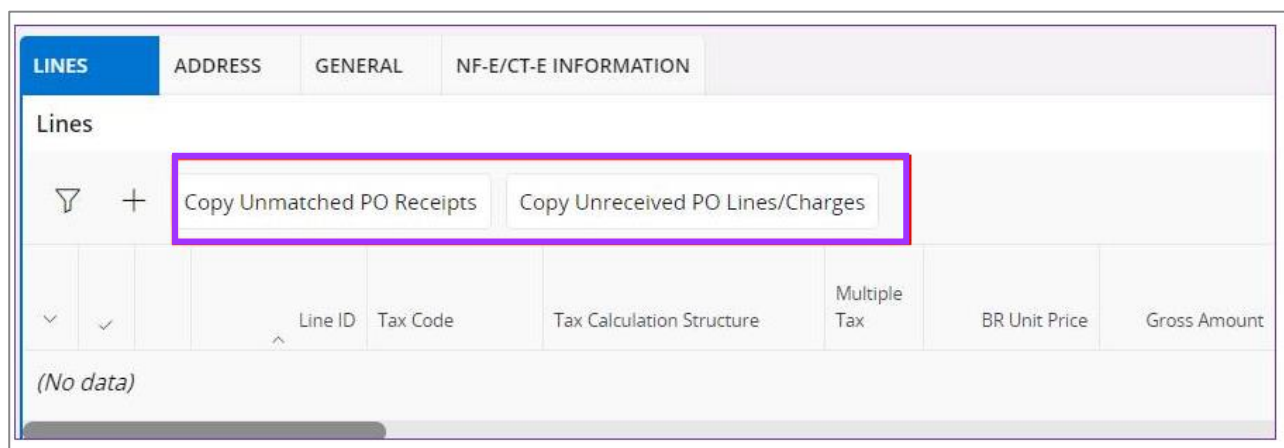
23.7.2 RECEIVE INCOMING GOODS AND CREATE THE INCOMING NOTA FISCAL (MANUALLY OR AUTOMATICALLY)

Use IFS Core External Supplier Invoice flow to load the incoming NF-e XML and create the NFe using "Create Nota Fiscal" command or create an Incoming Nota Fiscal manually using the DANFe document received.

23.7.3 FETCH THE PO DETAILS USING THE TWO OPTIONS AVAILABLE IN THE INCOMING NOTA FISCAL LINES
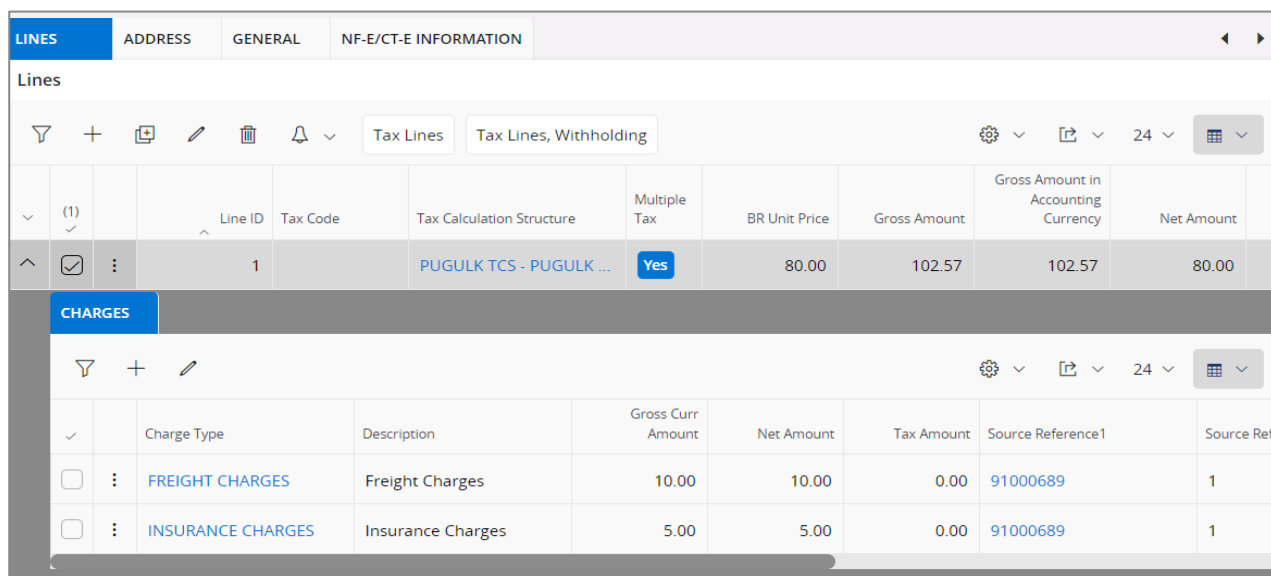
❖ **Copy Unmatched PO Receipts** option can be used when the user needs to register the prior receipts of the goods before creating the Incoming Nota Fiscal.

❖ **Copy Unreceived PO Lines/ Charges** option will be used when the user needs to record the receipts of the goods after creating and approving the Incoming Nota Fiscal.

23.7.4 INCOMING NOTA FISCAL LINES WILL BE CREATED WITH LINE CONNECTED CHARGES REFLECTED IN A NESTED TABLE AS FOLLOWS.

Purchase part line connected charges for a local (Brazilian) Supplier – **Incoming Nota Fiscal**

Purchase part line connected charges for a Foreign Supplier – **Import Nota Fiscal**

			1		Yes	100.00	100.00	400.00	100.00

CHARGES

		Charge Type	Description	Gross Amount	Net Amount	Tax Amount	Gross Amount in Accounting Currency
☐	⋮	AFRMM	AFRMM	20.00	20.00	0.00	80.00
☐	⋮	DEMURRAGE	Demurrage	5.00	5.00	0.00	20.00
☐	⋮	WHARFAGE	Wharfage	10.00	10.00	0.00	40.00
☐	⋮	SISCOMEX	SISCOMEX	5.00	5.00	0.00	20.00
☐	⋮	INTERNATIONAL FREIGHT	International Freight	10.00	10.00	0.00	40.00

23.7.5 APPROVE THE INCOMING NOTA FISCAL & CREATE THE MANUAL SUPPLIER INVOICE

Approve the Incoming Nota Fiscal and Create the Manual Supplier Invoice.

23.7.6 MATCH THE PO LINES AND CHARGE LINES SEPARATELY AND POST THE MANUAL SUPPLIER INVOICE

User can separately match both purchase order lines and purchase charge lines and post the relevant Supplier Invoice with multiple charges.

23.8 Delimitations

External tax engine "AVALARA" is used to calculate the taxes for the procurement flows. For Procurement it covers the tax determination via integration to Brazilian external tax system (Avalara). Also line connected charges are supported. In the procurement flow Gross price is used when tax calculation is done via AVALARA.

The tax amount relevant to purchase part is proportionately calculated and shown in the Part Lines, and this results in generating incorrect postings (Missing Tax Amounts) in the Manual Supplier Invoice level. User needs to manually match the gross amount in the invoice lines and create manual postings for the missing tax amount.

Please consider the following example.

- Tax amounts have been distributed proportionately for part lines.

- Tax amount is missing (32.4-14.4) in the Manual Supplier Invoice line level.

Refer the below workaround for the missing tax amount in the Manual Supplier Invoice and Posting lines.

- When creating the Incoming Nota Fiscal,

  - Tax amount is taken from the tax dialog, instead of the PO line
  - Net amount will now have the net amount of part line + net amounts of all charge lines connected to part line

- When creating the Manual Supplier Invoice from Incoming Nota Fiscal,

  - Only part line will be created.
  - Part line will have amounts from part line and connected charge lines

- When matching receipts,

  o User needs to manually adjust **Invoiced Gross Amt/Inv Curr** to correct value

Following postings will be created based on the adjusted Gross amount.

Supplier Invoice Vouchers

I 2024000041 ▼

Voucher Type	Voucher No	Date	Year	Period
I	2024000041	2/28/2024	2024	2

Voucher Postings

	Account	Cost Cent	Proj Activity Seq No	Transaction Code	Process Code	Invoic. Quan...	Curre... Code	Currency Rate	Convers... Factor	Debit Amount in Transaction Currency	Credit Amount in Transaction Currency	Amount in Transaction Currency
☐	2455 - Delivered, not invoiced			M18		1	BRL	1	1	106.60		106.60
☐	4992 - Negative price difference purchasing			M19		0	BRL	1	1	26.60		26.60
☐	2455 - Delivered, not invoiced			M18		1	BRL	1	1		26.60	-26.60
☐	2440 - Accounts payable - trade			IP1			BRL	1	1		130.00	-130.00
☐	2641 - Charged input VAT			IP3			BRL	1	1	0.00		0.00
☐	2641 - Charged input VAT			IP3			BRL	1	1	23.40		23.40
☐	2641 - Charged input VAT			IP3			BRL	1	1	0.00		0.00

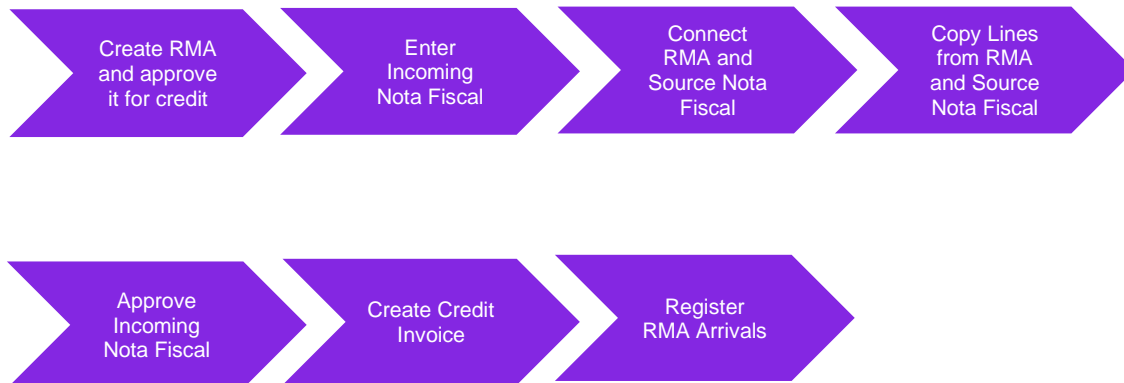# 24 Incoming Nota Fiscal – Customer Returns for credit

24.1 Overview Legal Requirement

Brazilian government requires that companies issue an accompanying Nota Fiscal whenever the goods are moved between different taxpayer units. When the customer return purchased goods to the company, an outgoing Nota Fiscal must be issued by the customer to accompany the returned goods and this Nota Fiscal must be received as incoming Nota Fiscal by the company.

When receiving an Incoming Nota Fiscal from Customer Returns transaction, following rules must be adhered:

- In Brazil, you can only process a return once the preceding outgoing nota fiscal has been authorized in Tax Authority system.

- The customer return *nota fiscal* must be based on the company's original *nota fiscal.* If merchandise is fully returned, the Incoming *nota fiscal* amounts must be identical to the company's original *nota fiscal.*

- If merchandise is partially returned, the incoming *nota fiscal* amounts must be proportional to the company's original *nota fiscal.*

- The tax rates and costs must be returned in the same amounts as those amounts that were used in the company's original *nota fiscal.*

- The customer return *nota fiscal* issued by the customer is always related to <u>one</u> outgoing Nota Fiscal previously issued by the Company, according to Brazilian guideline for NF-e.

24.2 Process Overview

Create RMA and approve it for credit → Enter Incoming Nota Fiscal → Connect RMA and Source Nota Fiscal → Copy Lines from RMA and Source Nota Fiscal

Approve Incoming Nota Fiscal → Create Credit Invoice → Register RMA Arrivals

24.3 Prerequisites

The company must be set-up to use Brazilian localization, see chapter Company Set up, and the parameter "*Incoming Nota Fiscal*" must be enabled.

24.4 Prepare RMA for items to return from Customer

Use IFS Cloud generic functionality to create Return Material Authorization for the Customer Orders on which goods to be returned were delivered with Outgoing Nota Fiscal issued.

Make sure the items and quantities in Return Material Authorization lines match the lines and quantities informed by customer in the incoming customer return Nota Fiscal to be received.

The Tax Lines in Return Material Authorization are copied from Customer Order Tax Lines. In case of partial returns, the taxes amounts will be prorated according to the quantity selected for return.

Once the Return Material Authorization is created, release it and approve it for credit.

24.5 Receive Incoming Nota Fiscal

24.5.1 CREATE INCOMING CUSTOMER RETURN NOTA FISCAL MANUALLY

Create the incoming Nota Fiscal manually using *Financials/Financial e-Reporting/Incoming Nota Fiscal* page. For this purpose, you can use DANFe document received.

Select the "Document Type" as Customer Return Nota Fiscal.

Enter the Nota Fiscal number in the field **Document No**, Nota Fiscal Series in the field **Document Series** and then fill all the relevant data from DANFe.

24.5.2 COPY RMA AND OUTGOING NOTA FISCAL SOURCE ITEMS

Once the Nota Fiscal header is saved, enter the Return Material Authorization previously created and approved for credit in the field **Source Reference1**:

In the Nota Fiscal Source List, enter the Nota Fiscal ID issued from Customer Order, on which goods returned were originally delivered and save the record:

Select command button **Copy Lines from RMA and Outgoing Nota Fiscal** in the page header. The items of Source Nota Fiscal informed, for which RMA lines are created and approved for credit, are fetched into Incoming Nota Fiscal:
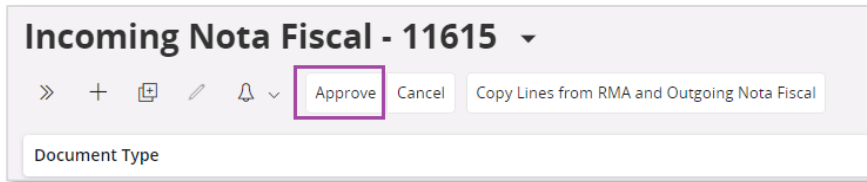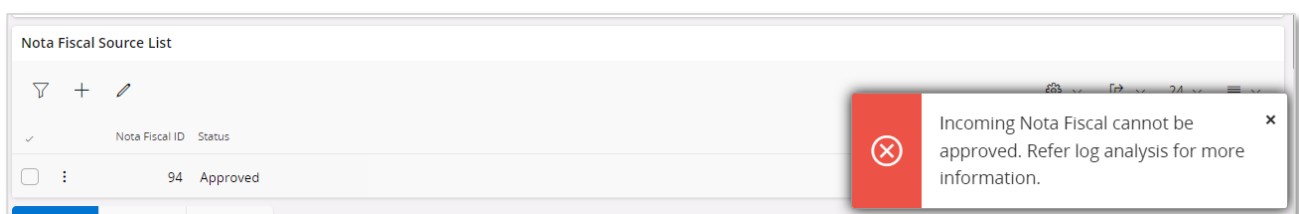

The Tax lines in the Incoming Nota Fiscal are copied from Return Material Authorization Tax Lines.

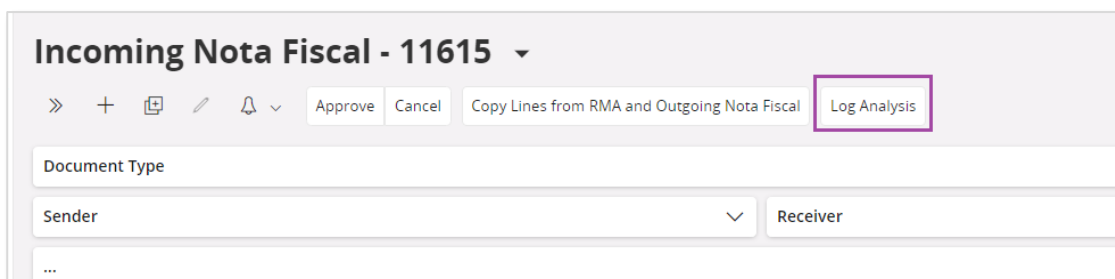## 24.5.3 APPROVE INCOMING NOTA FISCAL

Select command button **Approve** in the page header:

The application performs the reconciliation checks. If some error is found during approval process, the error message popup, informing that Log Analysis can be verified for further details:

Select command button **Log Analysis** in the page header:

The application opens the right-side panel, listing the errors and warnings recorded:

There two Log Types can be listed in this panel:

- Warning: Only informative, do not prevent Incoming Nota Fiscal of being approved.

- Error: Prevents Incoming Nota Fiscal of being approved.

Once the Log Analysis is verified, the errors listed can be adjusted and command button **Approve** can be selected over again. When reconciliation checks find no more errors, the status in the Incoming Nota Fiscal changes from Initiated to Approved.

24.6 Create Customer Credit Invoice from Incoming Nota Fiscal

Once the incoming customer return Nota Fiscal is in Approved status, select the command button **Create Customer Credit Invoice** in the page header:

After Customer Credit Invoice is created, the Object Reference is recorded for Incoming Nota Fiscal:

The credit invoice can be reached from command button **Customer Credit Invoice** in the page header:

Select command group Share and then click the Print Invoice option to post and authorize the Customer Credit Invoice:

24.7 Return Material Authorization Arrivals

The RMA arrivals are registered using IFS Cloud generic functionality.

Go to **Procurement/Receipt/Register Arrivals**, find the RMA lines and select command button **Receive** in the page header:

In the Receive panel, enter the Nota Fiscal reference in the field **Receipt Reference** as [Nota Fiscal Series]/[Nota Fiscal No], inform the Location and click the Ok button:

The inventory transactions OERETURN created from RMA arrivals are identified with Nota Fiscal Number and Item Number:

Inventory Transactions History

		Transaction ID	Transaction Code	Part	Site	Configuration ID	Fiscal Note Number	Fiscal Note Item	Direction	Quantity
☐	⋮	520949	OERETURN - Receipt of Re	F060200 - Smoking Blu...	SP01 - CROSSROADS	*	1615	1	+	1 pcs
☐	⋮	520948	OERETURN - Receipt of Re	F060200 - Smoking Blu...	SP01 - CROSSROADS	*	1615	2	+	1 pcs

The Return Material Authorization status changes to Return "Completed".

25 Incoming Nota Fiscal – Bill of Lading

25.1 Overview Legal Requirement

Bill of Lading is a legal document connected to product transportation in Brazil. It's emitted by a carrier to the customer, declaring the amount of the transportation service (freight value) and its taxes (ICMS, PIS, COFINS and IRPJ).

The customer might pay for a Bill of Lading for the transportation when receiving deliveries or at products receipts. For receipts, the Bill of Lading refers to one or more receipt fiscal notes.
Bill of Lading Document can be in two forms.

CT-e (Conhecimento de Transporte Eletrônico) – CT-e is the electronic invoice for transport within Brazil. CT-e is an XML document that contains the cargo value including taxes.

DACTE (Documento Auxiliar do Conhecimento de Transporte Eletrônico) - DACTE (CT-e auxiliary document) is the printed form of the CT-e. The DACTE is not a CT-e substitute. It is only an auxiliary document to assist in the consultation of CT-e. The DACTE is carried with the vehicle during transport.

25.2 Process Overview

Bill of Lading could be received to IFS Cloud in two ways,

   a. Receive Bill of Lading Automatically (CT-e) – Using External Supplier Invoice Flow

   IFS Cloud core *External Supplier Invoice* flow is used to upload the received Bill of Lading XML file (CT-e). Once uploaded by using the IFS Cloud core functionalities, Bill of Lading could be created automatically.

   b. Enter Bill of Lading Manually – Using *Incoming Nota Fiscal* Page

   User can enter a Bill of Lading based on the DACTe document received from the carrier (transport supplier) using *Incoming Nota Fiscal* page.

Once the Bill of Lading is created, user can create Manual Supplier Invoice & Approve the Bill of Lading.

Finally, user can match the charge lines and process Manual Supplier Invoice.

Note: User need to process the receipt transaction along with the distribution of the Bill of Lading charges at any point before doing the matching PO receipts transaction, using standard IFS functionalities.

25.2.1 RECEIVE BILL OF LADING AUTOMATICALLY (CT-E) – USING EXTERNAL SUPPLIER INVOICE FLOW
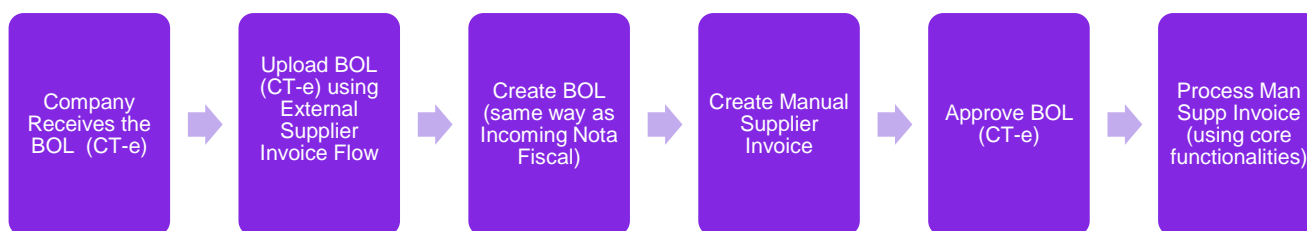
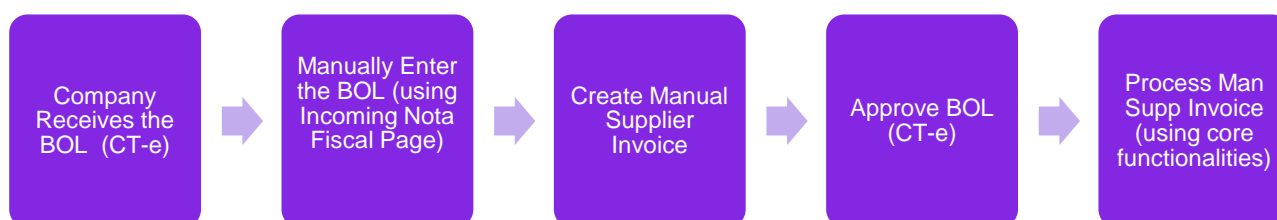| Company Receives the BOL (CT-e) | → | Upload BOL (CT-e) using External Supplier Invoice Flow | → | Create BOL (same way as Incoming Nota Fiscal) | → | Create Manual Supplier Invoice | → | Approve BOL (CT-e) | → | Process Man Supp Invoice (using core functionalities) |

Note: User need to process the receipt transaction along with the distribution of the Bill of Lading charges at any point before doing the matching PO receipts transaction, using standard IFS functionalities.

25.2.2 ENTER BILL OF LADING MANUALLY (DACTE) – USING INCOMING NOTA FISCAL PAGE

| Company Receives the BOL (CT-e) | → | Manually Enter the BOL (using Incoming Nota Fiscal Page) | → | Create Manual Supplier Invoice | → | Approve BOL (CT-e) | → | Process Man Supp Invoice (using core functionalities) |

Note: User need to process the receipt transaction along with the distribution of the Bill of Lading charges at any point before doing the matching PO receipts transaction, using standard IFS functionalities.

25.1 Prerequisites

- The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Incoming Nota Fiscal" parameter must be enabled.

- The "Address Specific Tax Registration Numbers" parameter must be enabled
  Read the chapter "Address Specific Tax Registration Numbers" and setup Supplier (Carrier) and Company CNPJ accordingly.

- Purchase Charge type related for Freight should be in place in Application Base Setup/Enterprise/Site/Site/Sales and Procurement/Procurement tab.

- Media Code "E-INVOICE" and Default Load Type "SUPPEXT" must be set up on the Supplier in page **Application Base Setup/Enterprise/Supplier/Supplier/Invoice**, tab **Message Defaults**. This set-up is defined per Company ID.
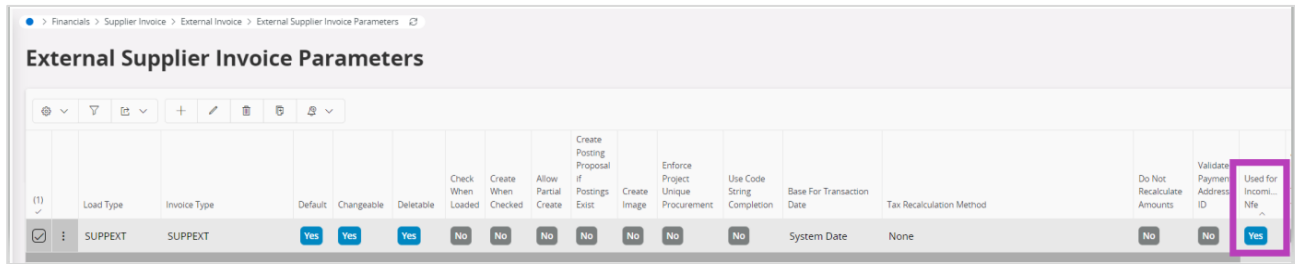

- The core functionality *External Supplier Invoice Tax Codes* must be defined and make sure that the correct Tax Type Category relates to each tax code. In this page the Brazilian tax types categories have been added. Enter "*" for both Supply and Delivery Country.

- Go to **Financials/Supplier Invoice/External Invoice/External Supplier Invoice** Parameters & enable "Used for Incoming Nfe".

External Supplier Invoice Parameters

- Enable/Disable the "Manually Process Incoming Nota Fiscal" toggle in Application Base Setup/Enterprise/Company/Company/Invoice/NF-E COMPLIANCE tab.

25.2 Receive Bill of Lading Automatically (CT-e) – Using External Supplier Invoice Flow

IFS Cloud standard External Supplier Invoice flow is used in this scenario to upload the received Bill of Lading XML file (CT-e). Once uploading the CTe XML in External Supplier Invoice flow, Bill of Lading could be created automatically.

Please see the details in the process described step by step in below chapters.

25.2.1 RECEIVE CTE XML FILE AND CREATE THE BILL OF LADING

Use IFS Core External Supplier Invoice flow to load the CT-e XML and create the Bill of Lading using **Create Nota Fiscal** command.

Note
This activity is used to read an external input file, unpack the file data and call a dedicated interface (API) that will continue with the further processing of data.

Bill of Lading Document Identification

<mod>57</mod>
If the mod value is "57", it is identified as a Bill of Lading document.

Company Supplier Identification

<emit>
<CNPJ>40730441000163</CNPJ>

```
<xNome>SARKBRAZILFREIGHT</xNome>
</emit>
```
Freight Carrier (Supplier) will be identified using the CNPJ value of <emit>.

```
<dest>
<CNPJ>45504618000127</CNPJ>
<xNome>SARKBRAZIL</xNome>
<dest>
```

Company will be identified using the CNPJ value of <dest>. Here the CNPJ linked to "Site" will be identified.

Service Start & End Location Identification

```
<cMunIni>1200401</cMunIni>
```

First two numbers in <cMunIni> represent the Numeric State code of the Service Start State and last 5 numbers represent the Numeric City code of the Service Start City.

```
<cMunFim>3550308</cMunFim>
```

First two numbers in <cMunFimi> represent the Numeric State code of the Service End State and last 5 numbers represent the Numeric City code of the Service End City.

Gross Amount & Taxes Identification

```
<vPrest>
    <vTPrest>12.05</vTPrest>
    <vRec>12.05</vRec>
    <Comp>
        <xNome>Frete Valor</xNome>
        <vComp>12.05</vComp>
    </Comp>
</vPrest>
<imp>
    <ICMS>
        <ICMS00>
            <CST>00</CST>
            <vBC>12.05</vBC>
            <pICMS>17.00</pICMS>
            <vICMS>2.05</vICMS>
        </ICMS00>
    </ICMS>
    <vTotTrib>2.05</vTotTrib>
</imp>
```

<vTPrest> represents the Gross Amount of the Bill of Lading and Tax details can be found inside <imp> tag.

Create Bill of Lading using External Supplier Invoice

- Go to *Financials/Supplier Invoice/External Invoice/External Supplier Invoice Load Information* and select the command **Create Nota Fiscal**.

View Bill of Lading using command View Incoming Nota Fiscal

Document Type

Document Type
Bill of Lading

Sender		Receiver
Supplier		Company
SARKBRAZILFREIGHT - SARK BRAZIL FREIGHT SUPPLIER		SARKBRAZIL - SARK BRAZIL COMPANY

Bill of Lading Series	Bill of Lading No	Invoice Date	Object Type
001	000060315	10/21/2021	Manual Supplier Invoice
Object Reference	Object Reference Status	Payment Terms	Currency Code
001000060315	Preliminary	0	BRL

Bill of Lading Text
O valor aproximado dos tributos e de R$ 24,84

Business Transaction ID	Site
⯆	SARB ⯆

Amounts

Gross Amount	Net Amount	Tax Amount
12.05	10.00	2.05

LINES | ADDRESS

		Line ID	Tax Code	Tax Calculation Structure	Multiple Tax	Gross Curr Amount	Net Amount	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Part No/Charge Type	Description	Charge Line
☐	⋮	1	ICMS-17		No	12.05	10.00	2.05	2.05	1.03	FREIGHT	Freight Charges	Yes

Address details can be found in Address tab.

25.3 Enter Bill of Lading Manually (DACTe) – Using Incoming Nota Fiscal Page

Create Bill of Lading manually using *Financials/Financial e-Reporting/Incoming Nota Fiscal* page. For this purpose, you can use DACTE document received.

Select the Document Type as Bill of Lading.

Then fill all the relevant data in the DACTe.

25.4 Create Manual Supplier Invoice, Approve and Process Manual Supplier Invoice

Once creating the Bill of Lading automatically or manually, user can create Manual Supplier Invoice and approve the Bill of Lading Document. Finally, user can process the Manual Supplier Invoice using standard IFS functionality.

Create Manual Supplier Invoice

Approve Bill of Lading

Process Manual Supplier Invoice

Bill of Lading Document contains only freight charges and taxes related to freight for a specific delivery attached to one or more Incoming Nota Fiscals. Therefore, distribution of Bill of lading freight charges must be done at the arrival of the delivery. This can be performed using standard IFS functionalities like Register Arrivals or Incoming Dispatch Advice etc.

To process the Manual Supplier Invoice related to Bill of Lading, the arrival transaction of the goods related to delivery and the distribution of the charges must be performed. Once it is completed, user can match the Manual Supplier Invoice with correct charge lines and can be Authorized it for payment. *(Follow standard Manual Supplier Invoice process)*
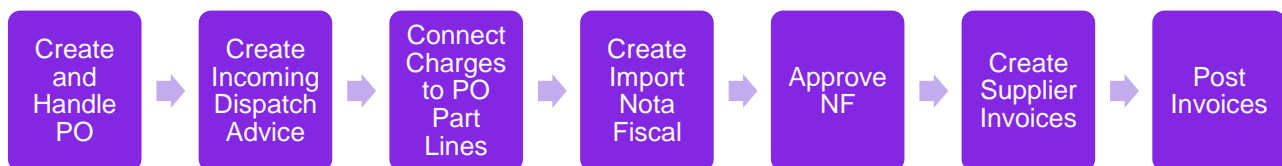
26 Importation - Tax Determination and Incoming Nota Fiscal for tax authority approval

26.1 Overview Legal Requirement

In Brazil, it's a legal requirement to issue a Nota Fiscal for the business transactions related to sales, procurement, transfer of goods and other non-billable operations. The Nota Fiscal must be authorized by the Brazilian Tax Authority prior to shipment of goods and the printed version of Nota Fiscal (DANFE – Auxiliary Document for e-Nota Fiscal) is used to support the transportation of goods to the recipient's locations.

In the Importation scenario, the Brazilian buying Company must apply correct taxes and issue an Incoming Nota Fiscal that should be approved by the Brazilian Tax Authority as this will not be done by the Foreign Supplier. The requirement therefore would be to prepare the Incoming Nota Fiscal with support for tax calculations and communication to the Tax Authority by the Brazilian buyer Company.

26.2 Process Overview

Create and Handle PO → Create Incoming Dispatch Advice → Connect Charges to PO Part Lines → Create Import Nota Fiscal → Approve NF → Create Supplier Invoices → Post Invoices

26.3 Business Objectives

The primary objective is the creation of Incoming Nota Fiscal for Incoming Dispatch Advise to support the import process.

Other Business Objectives would be to support for customs clearance related taxes and fees in Incoming Nota Fiscal and NF-e communication via Avalara from Incoming Nota Fiscal.
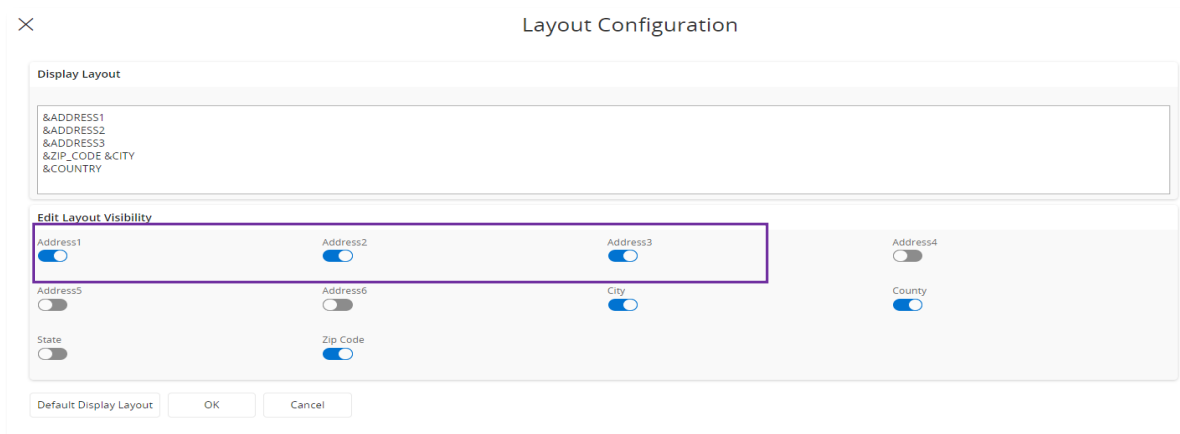
26.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set up chapter. And the "Incoming Nota Fiscal" parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab.

The company should have a foreign supplier, and to represent the authorities a state supplier and a federal supplier under the scenario that company decides to pay taxes instead of a broker.

26.5 Define Basic Data
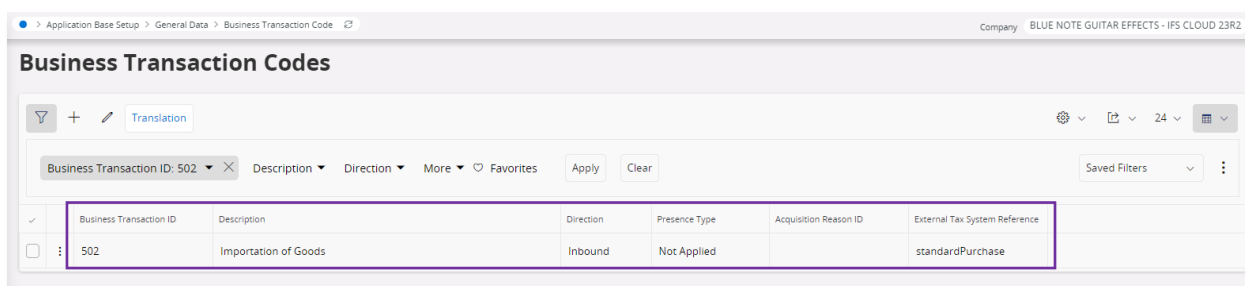
26.5.1 THE ADDRESS PRESENTATION

The Address Presentation for the foreign supplier's country should be set up for 3 addresses on the ***Application Base Setup/Enterprise/Basic Data/Address Presentation*** page for the supplier's country.

26.5.2 BUSINESS TRANSACTION CODE

Navigate to ***Business Transaction Codes*** page available in *Application Base Setup/General Data/Business Transaction Code.* Enter "502" as the Business Transaction ID for Importation of Goods.
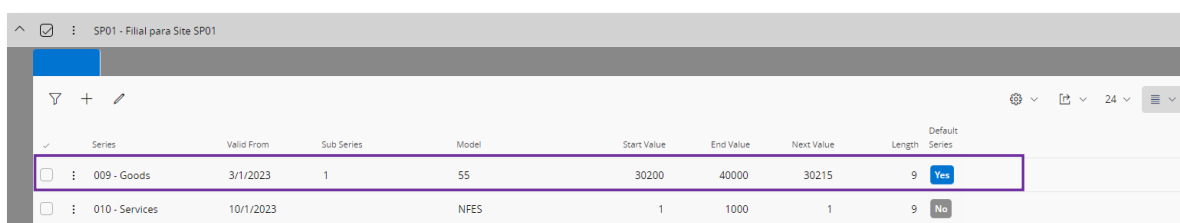

26.5.3 GENERATION OF OFFICIAL INVOICE NUMBER

Open the "Branches" tab in ***Application Base Setup/Enterprise/Company/Company/Invoice/Official Invoice Number Components*** page and enter the company Branch IDs that need Nota Fiscal numbers to be generated.

26.5.4 INTEGRATION TO BRAZILIAN EXTERNAL TAX SYSTEM – NF-E COMMUNICATION

Select "Avalara" as the NF-e Communication Method in page ***Application Base Setup/Enterprise/Company/Company/Invoice*** and tab ***NF-E COMPLIANCE***.

26.5.5 ICMS TAX PAYER

ICMS Tax Payer functionality of the Foreign Supplier should be disabled in the ***Financials/Supplier Invoice/Supplier/Address/Delivery Tax Information*** page.

26.5.6 FOREIGN TAX ID

Enter address specific tax ID numbers for foreign supplier on tab ***Document Tax Information*** in the ***Application Base Setup/Enterprise/Supplier/Supplier/Address*** page, in the nested list below your Brazilian company.

26.5.7 DEFINE IMPORT SPECIFIC CHARGES

The following Import Specific Charges should be set up in the **Procurement/ Part/ Purchase Charge Type** page.

- International Freight
- International Insurance
- International Expenses
- AFRMM
- Wharfage
- SISCOMEX
- Demurrage

For the above charges, the relevant Charge Category should be selected from the dropdown "Brazilian Charge Category".

26.6 Create Purchase Order

Follow the IFS standard Core process to enter a purchase order for inventory purchase parts in the ***Procurement/Order/Purchase Order*** page. Enter the Business Transaction ID as "502-Importation of Goods" when saving the Purchase Order.

Note:
Since AVALARA Brazilian integration is supported for the tax calculation for Purchase Order, Brazilian specific taxes will be calculated in the PO level automatically.

Upon the calculation of taxes, release and confirm the Purchase Order.

26.7 Create the Incoming Dispatch Advice

Follow the IFS standard Core process to enter an Incoming Dispatch Advice on **Procurement/Receipt/Dispatch Advice/Incoming Dispatch Advice** page. Manually enter the details of Delivery Note No, Sender ID, Ship Date, Customs Declaration No and date. Then save the dispatch advice.
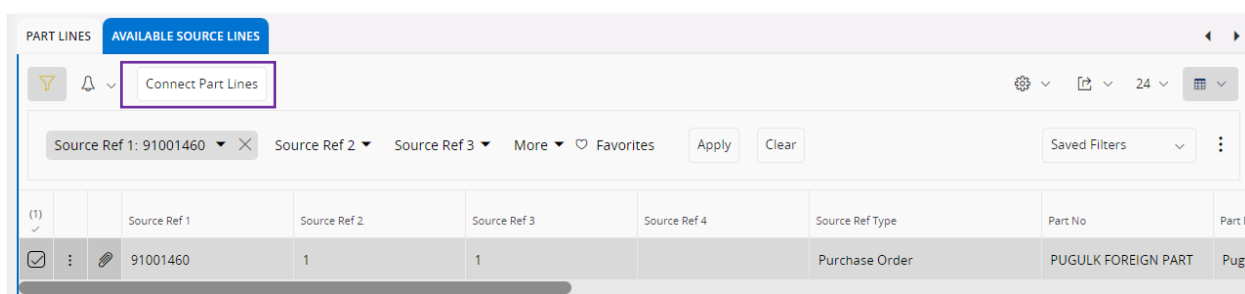
26.7.1 CONNECT PURCHASE ORDER PART LINES TO INCOMING DISPATCH ADVICE

Once Incoming Dispatch Advice is saved, connect the previously created Purchase order/s to the Incoming Dispatch Advice from "Available Source Lines" tab.

When Part Lines are connected to the Incoming Dispatch Advice, the PO Part Lines will be available in "Part Lines" tab.

26.7.2 CONNECT CHARGES TO PURCHASE ORDER PART LINES

Charges can be entered from selecting the PO Part Lines in the "Part Lines" tab in the Incoming Dispatch Advice.

The Importation Specific Charges can then be entered in "Charges for Incoming Dispatch Advice" dialog. The charges need to be connected to relevant Purchase Order/s and Purchase Order Lines.

The Invoicing Supplier for the Import Specific charges will be a Brazilian Supplier other than the Foreign Supplier.

Once that's done, the Charges can be connected to the Purchase Order Part Lines from the command **Transfer Charges to Purchase Order**.

26.8 Enter Incoming Nota Fiscal – Using Incoming Nota Fiscal Page

Create Incoming Nota Fiscal manually using *Financials/Financial e-Reporting/Incoming Nota Fiscal* page. Select the "Document Type" as Import Nota Fiscal.

Select the Site and the default series for the selected Branch will be picked. The Nota Fiscal Document Number in "Document No" field will be automatically generated.

Then enter the previously created Incoming Dispatch Advice No in the field **Dispatch Advice**. This will get the connected Purchase Orders in the Incoming Dispatch Advice to the *Incoming Nota Fiscal* page. Save the header level.

Upon saving the Nota Fiscal the two command buttons **Send Nota Fiscal** and **Customs Clearance Info** will be visible on the Nota Fiscal Header.

Once the Incoming Nota Fiscal is saved, the lines can be received using the "Copy Unreceived PO Lines".

The PO lines and the Charges will be received accordingly, and the Charges will be presented in a nested table connected to the lines.

Once the lines are entered according to the Purchase Order/s, the relevant Customs Clearance Info for each line item need to be included. This can be edited either through the command **Customs Clearance Info** in the page header or through the separate columns in the line item.

26.8.1 ENTER CUSTOMS CLEARANCE INFO FROM THE PAGE HEADER COMMAND BUTTON

If the details are the same for all the connected Purchase Orders, the command button **Customs Clearance Info** in the *Incoming Nota Fiscal* page header can be used.
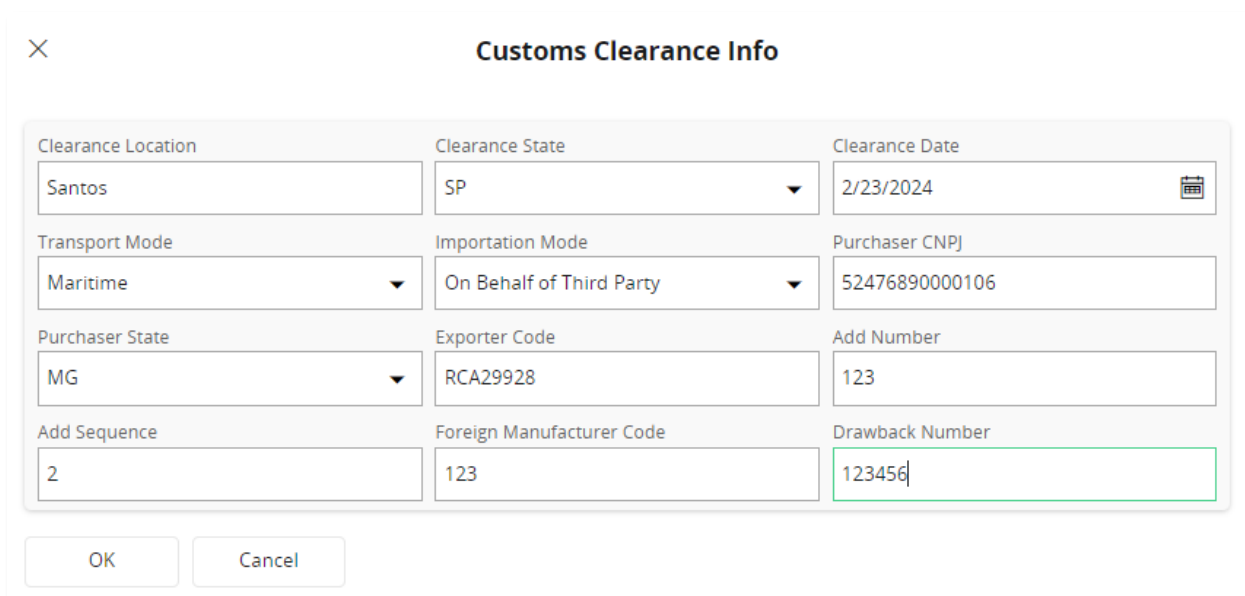
This will open the dialog box "Customs Clearance Info", where you can enter the specific details relevant to the Purchase. Fill the details and save.
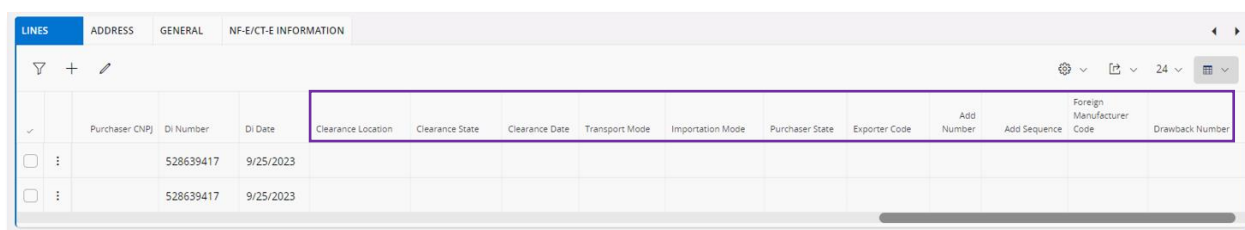
26.8.2 ENTER CUSTOMS CLEARANCE INFO IN THE LINE ITEMS

If needed to enter the Customs Clearance Info separately for each line item, it can be entered from line by line as required.

Once saved, the details will appear in the line items, these are mandatory fields that needs to be filled before sending the Nota Fiscal to get it approved.

Use the command **Send Nota Fiscal** to generate the NF-e JSON file and send it to the third-party system integrator to communicate with the Brazilian Tax Authority for approval. Refer the appendix for more details on the request JSON file sent to AVALARA.

26.9 Incoming Nota Fiscal – Approved

Once the request file sent by the Brazilian Company gets approved, the Incoming Nota Fiscal will come to the "Approved" state. Refer the appendix for more details on the request JSON file sent to AVALARA.

SEFAZ Status Code "100" indicates the response file is approved and this will be mentioned in the Response file received from AVALARA.

```
"key": "35240204106230000190550090000020161000826564",
"subscriptionId": "0aa49b97-6be1-46b4-b271-f4efaa221f60",
"state": "SP",
"protocol": "135240000902210",
"status": {
    "code": "100",
    "desc": "Autorizado o uso da NF-e",
    "protocol": "135240000902210",
    "authorizationDateTime": "2024-02-29T00:42:34-03:00",
    "accessKey": "35240204106230000190550090000020161000826564",
    "serial": "9",
    "number": "2016"
```

Refer the Response file details received from AVALARA below.

26.9.1 CREATING THE SUPPLIER INVOICES

Once the Incoming Nota Fiscal is Approved, the command Button **Create Supplier Invoices** will be enabled in the Nota Fiscal header. This can be used to Create the Manual Supplier Invoice for the Foreign Supplier and the Tax only Manual Supplier Invoices.

This will open the "Create Tax Invoice" dialog box. Here, the Brazilian company can enable/disable the "Company Pay Taxes" toggle button as per their requirement i.e., If the company decides to pay taxes instead of a broker, they can enable the "Company Pay Taxes" toggle button.

Then, the Federal Tax Payer and the State Tax Payer needs to be correctly entered accordingly.

If the company decides a broker should pay taxes, they can disable the "Company Pay Taxes" toggle button.

Once the Suppliers are entered accordingly in the 'Create Tax Invoices' dialog box, the Tax Invoices will be created accordingly.

26.9.2 POSTING THE SUPPLIER INVOICES – FOREIGN SUPPLIER INVOICE

The **View Invoices** command in the Incoming Nota Fiscal header can be used to View the created Supplier Invoices.

The Manual Supplier Invoice for the Foreign Supplier will be created in the Transaction Currency terms and accordingly to the Purchase Price of the relevant Part for Supplier.

Use the IFS standard core process to Post the Foreign Supplier Invoice.

26.9.3 POSTING THE SUPPLIER INVOICES – TAX INVOICES

The IFS standard core process is used to Post the Tax Only Invoices created in the Importation process.

Note: If the User has selected that the Company is paying taxes,

The taxes from Incoming Nota Fiscal's Tax Lines having Tax Type Categories "IPI", PIS", "II", "IOF" and "COFINS" set on its Tax Codes must be posted in the Manual Supplier Invoice which Supplier is the "Federal Tax Authority".

The taxes from Incoming Nota Fiscal's Tax Lines having Tax Type Categories "ICMS", and "ICMS-ST" set on its Tax Codes must be posted in the Manual Supplier Invoice which Supplier is the "State Tax Authority".

Supplier Invoice Vouchers

I 2024000014 ▼

Voucher Type	Voucher No	Date	Year	Period
I	2024000014	2/29/2024	2024	2

Voucher Postings

		Voucher Company	Account	Cost Cent	Code C	Code D	Code E	Code F	Proj Activity Seq No	Transact... Code	Process Code	Invoi... Quan...	Curre... Code	Currency Rate	Convers... Factor	Tax Code	Debit Amount in Transaction Currency	Credit Amount in Transaction Currency
☐	⋮	PUGULK BRAZIL 1	2492 - Oth. Acc Payable - Brazilian State Tax							IP1			BRL	1	1			178.42
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	ICMS 0%	178.42	

Note: If the User has not selected the Company Pay Taxes,

The Tax Only Manual Supplier Invoice is created for the Broker Supplier in the dialog. All taxes from Incoming Nota Fiscal's Tax Lines are posted in this single Manual Supplier Invoice.

Supplier Invoice Vouchers

I 2024000006 ▼

Voucher Type	Voucher No	Date	Year	Period
I	2024000006	2/22/2024	2024	2

Voucher Postings

		Voucher Company	Account	Cost Cent	Code C	Code D	Code E	Code F	Proj Activity Seq No	Transact... Code	Process Code	Invoi... Quan...	Curre... Code	Currency Rate	Convers... Factor	Tax Code	Debit Amount in Transaction Currency	Credit Amount in Transaction Currency
☐	⋮	PUGULK BRAZIL 1	2494 - Other. Acc Payable - Brazilian Broker							IP1			BRL	1	1			490.12
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	COFINS 0%	96.50	
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	ICMS 0%	282.62	
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	II	90.00	
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	IOF	0.00	
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	IPI 0%	0.00	
☐	⋮	PUGULK BRAZIL 1	2641 - Charged input VAT							IP3			BRL	1	1	PIS 0%	21.00	

26.9.4 POSTING THE SUPPLIER INVOICES – THE SUPPLIER INVOICE FOR CHARGES

The Supplier Invoice for Line Connected Charges can be created from ***Financials/ Supplier Invoice/ New Manual Supplier Invoice*** page.

Use the **Copy Unmatched PO Receipts** command to receive the lines for the Manual Supplier Invoice.

Then the line connected charges will be copied to Invoice Lines accordingly.

New Manual Supplier Invoice

○── Header Information ──●── Line Information ──○── Posting Information

Invoice ⌄

Line Information

Gross Amount	Net Amount	Tax Amount	Non-deductible Tax Amount	Cost Amount
280.00	280.00	0.00	0.00	280.00

Lines

▽ + ✎ | Copy Unmatched PO Receipts | Copy Unreceived PO Lines   ⚙ ⌄   ⬈ ⌄   24 ⌄   ▦ ⌄

		Line ID	Delivery Type	Income Type Identity	Tax Code	Tax Calculation Structure	Multiple Tax Lines	Tax (%)	Tax Method Tax Received	Part No/Charge Type	Gross Amount	Net Amount	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Non-deductible Tax Amount
☐	⋮	1					No			AFRMM	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	2					No			DEMURRAGE	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	3					No			WHARFAGE	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	4					No			INTERNATIONAL EXPEN...	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	5					No			INTERNATIONAL FREIGHT	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	6					No			INTERNATIONAL INSUR...	40.00	40.00	0.00	0.00	0.00	0.00
☐	⋮	7					No			SISCOMEX	40.00	40.00	0.00	0.00	0.00	0.00

Once done, the Manual Supplier Invoice can be created for charges and the IFS Standard core process can be used to Post the Invoice.

Manual Supplier Invoice SI - 001-91001460 ⌄   1 of 1   Posted

« 📎 ✎ 🔔 ⌄ | New Manual Supplier Invoice | More Information | Pre Posting | Installment Plan And Discounts | View Vouchers | Purchasing ⌄   ⋮   ♡

PO Reference	Receipt Reference	Sub Contract Reference		Invoice Advice Referen...	Project ID	Supplier
91001460				▤	⌄	PB PUGULK BROKER SUPP - Pugulk Broker S...

Invoice Type	Series ID	Invoice No		Currency	Currency Rate	Invoice Date	Arrival Date
SUPPINV	SI	001-91001460		BRL	1	2/29/2024 📅	2/29/2024 📅

Pay Term Base Date	Payment Terms		Due Date	Plan Pay Date	Payment Reference	Voucher Type Referen...	Voucher No Reference
2/29/2024 📅	0 - Due Immediately ⌄		2/29/2024 📅	2/29/2024 📅		I	2024000015

Authorizer ID	Notes	Advance Invoice	Period Allocation	Pre-posting	Received Attachments	On Hold Installment	Posting Proposal
* ⌄	No	No	No	No	No	No	No

Utility Bills	Gross Amount	Net Amount	Tax Amount
No	280.00	280.00	0.00

Line Information

Gross Amount	Net Amount	Tax Amount	Non-deductible Tax A...	Cost Amount
280.00	280.00	0.00	0.00	280.00

26.10 Incoming Nota Fiscal – Cancelled

The general rule stated by Brazilian government says that companies are allowed to Cancel Authorized Nota Fiscals up until 24 hours from the issue date and time. There are some scenarios that still allow cancellation even after 24 hours (can be connected to penalty fee or audit).

The **Send Cancel Request** command will send the request to cancel the referenced Nota Fiscal number.

Once the Incoming Nota Fiscal cancellation request gets accepted by the Brazilian Tax Authority, cancelled response message will be received, and the Incoming Nota Fiscal will be set to the "Cancelled" state. Refer the appendix for more details on the request JSON file sent to AVALARA.

SEFAZ Status Code "101" indicates the response file is cancelled and this will be mentioned in the Response file received from AVALARA

Refer the Response file details received from AVALARA below.

```
"key": "35240204106230000190550090000020191000000005",
"subscriptionId": "0aa49b97-6be1-46b4-b271-f4efaa221f60",
"status": {
    "code": "101",
    "desc": "Cancelamento de NF-e homologado",
    "protocol": "135240000903070",
    "accessKey": "35240204106230000190550090000020191000000005",
    "authorizationDateTime": "2024-02-29T07:21:57-03:00"
```

The handling of Supplier Invoices will not be applicable as the Cancellation Request process happens prior to the "Create Supplier Invoices". Therefore, no manual supplier Invoices will be created for the Cancelled NF.

26.11 Incoming Nota Fiscal – Error Response

Once the request file sent by the Brazilian Company is found with any errors, AVALARA will send an error response to the request. When the return message from the Tax Authority is "Error" the command **Send Void Request** will be available in the *Incoming Nota Fiscal* page.

SEFAZ Status Code "225" indicates the response file has an error and this will be mentioned in the Response file received from AVALARA. Status code "225" is one of examples for Error responses that can be received.

The company can fix the issue found in such Nota Fiscal and request authorization again.

If the error cannot be rectified the Nota Fiscal must be **Voided**. A void request must be sent and approved by the Tax Authority.

After receiving a void request approval from the tax authority, the NF-e status code will be updated to "Voided" state.

Status Code "102" indicates the response file is voided and this will be mentioned in the Response file received from AVALARA.

27 Incoming Nota Fiscal for Services

27.1 Overview Legal Requirement

In Brazil, it's a legal requirement to issue a Nota Fiscal to register a transfer of ownership or possession of a good or a commercial activity provided by a company to an individual or another company that is doing business in Brazil. The Nota Fiscal must be authorized by the Brazilian Tax Authority by the service provider, and the authorized Nota Fiscal will be issued to the recipient company.

In situations where the Nota Fiscal records monetary value transfer between the parties, the Nota Fiscal is also intended for the collection of taxes and non-use features tax evasion.

27.2 Business Objectives

The primary business objective here is to enable a new Incoming Nota Fiscal type for Services in the *Incoming Nota Fiscal* page to support for services related business activities in Brazil.

This also seeks to support for the Tax handling in Incoming Nota Fiscal for Services, specifically in relation with Tax Withholding.

27.3 Process Overview

In IFS Cloud, Service Incoming Nota Fiscal could be entered manually by using the *Incoming Nota Fiscal* Page. User can enter an Incoming Nota Fiscal based on the DANFe document received from the supplier.

Enter Incoming Nota Fiscal	→	Create Manual Supplier Invoice	→	Approve Incoming Nota Fiscal	→	Process Manual Supplier Invoice
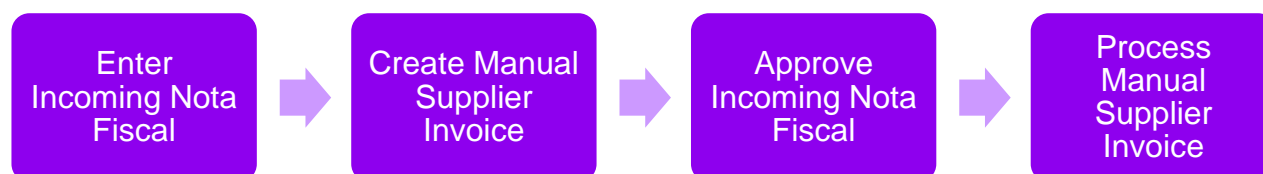
Note: Receiving the Incoming Nota Fiscal Automatically (NF-e), using the External Supplier Invoice Flow is not supported for the Incoming NF for Services flow. Each city in Brazil has the freedom to develop its own layouts for the files. Since Brazil has over 5000 cities and there is no standardized, unified layout that can be applied to facilitate the automatic upload process, in this solution, only the *manual entry of Service NF* is supported.
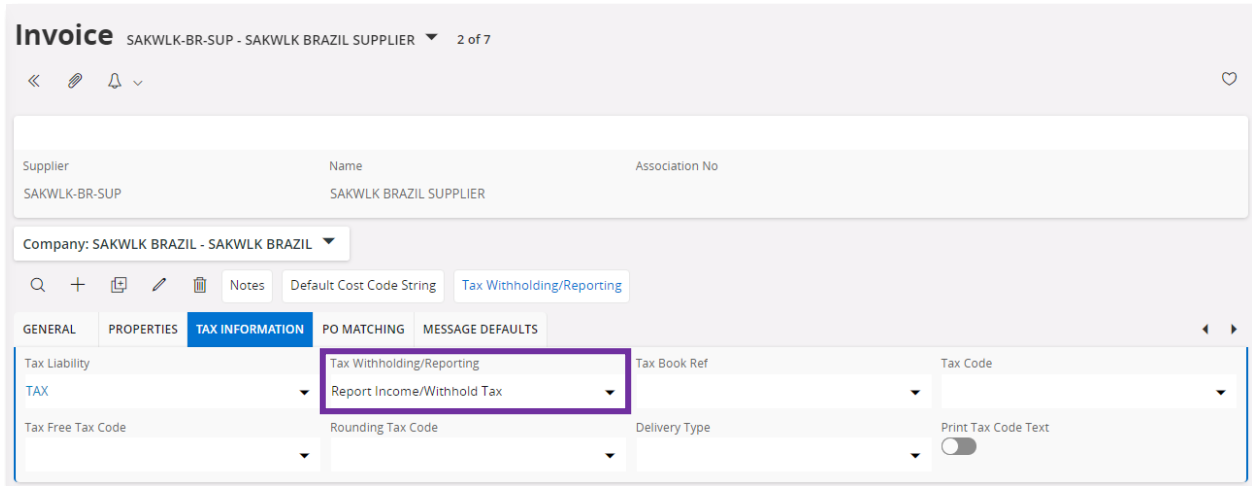
27.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Incoming Nota Fiscal" parameter must be enabled.

The supplier must be enabled for Tax Withholding in *Application Base Setup/ Enterprise/Supplier/Invoice/Tax Information* tab.

27.5 Define Basic Data

The supplier must be enabled for Tax Withholding in *Application Base Setup/ Enterprise/Supplier/Invoice/Tax Information/ Tax withholding Reporting* tab.
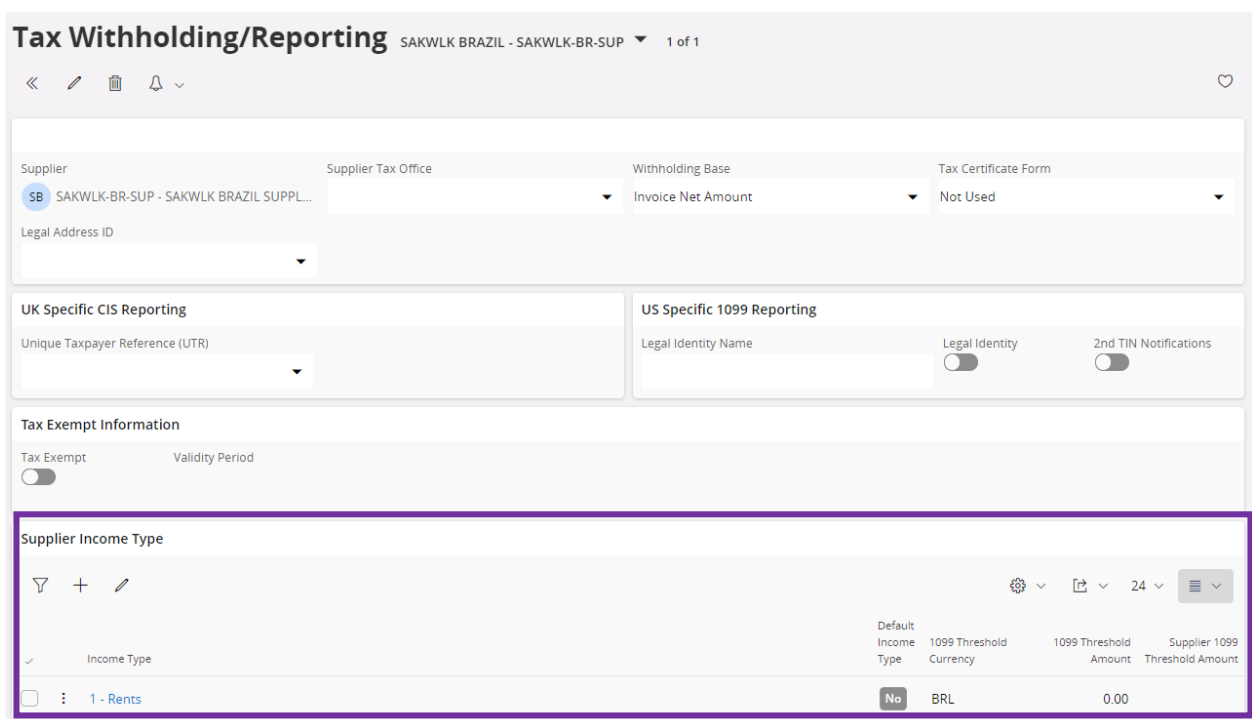
Define a default income type for Tax Withholding from the **Tax Withholding/Reporting** command in the header.

Define Tax Codes related to Brazilian specific Tax Withholding, tax type categories in **Accounting Rules/ Tax/ Tax Codes** page.

Tax Codes

	Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed	Tax Amount at Invoice Printout	Tax Amount Limit in Accounting Currency	Tax Reporting Category	Tax Type Category
☐ ⋮	COFINS/RF 10	COFINS/RF 10%	Tax Withhold	10	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	COFINS/RF
☐ ⋮	CSLL/RF 10	CSLL/RF 10%	Tax Withhold	10	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	CSLL/RF
☐ ⋮	ICMS/RF 5	ICMS/RF 5%	Tax Withhold	5	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	ICMS/RF
☐ ⋮	INSS/AR 15	INSS/AR 15%	Tax Withhold	15	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	INSS/AR
☐ ⋮	INSS/RF 12	INSS/RF 12%	Tax Withhold	12	100	10/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	INSS/RF
☐ ⋮	IRRF 10	IRRF 10%	Tax Withhold	10	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	IRRF
☐ ⋮	ISS/RF 7	ISS/RF 7%	Tax Withhold	7	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	ISS/RF
☐ ⋮	PIS/RF 3%	PIS/RF 3%	Tax Withhold	3	100	9/1/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	PIS/RF
☐ ⋮	W10	WHT 10%	Tax Withhold	10	100	11/23/2017	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	None
☐ ⋮	WHT12	WHT 12%	Tax Withhold	12	100	12/15/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	None
☐ ⋮	WHT15	WHT 15%	Tax Withhold	15	100	12/15/2023	12/31/2049	Invoice Entry	Invoice Entry	Separate from Price		None	None

27.6 Enter Incoming Nota Fiscal Manually – Using Nota Fiscal Page

Create Incoming Nota Fiscal manually using **Financials/Financial e-Reporting/Incoming Nota Fiscal** page. Select the Document Type as Services Nota Fiscal from the list. For this purpose, you can use Services NF document as the reference. Complete the Incoming NF header level information and save the header.

Incoming Nota Fiscal - ▾

« | Save | Cancel New

Document Type

Document Type
Services Nota Fiscal ▲

Nota Fiscal
Bill of Lading
Customer Return Nota Fiscal
Import Nota Fiscal
Services Nota Fiscal

Receiver

Company
SAKWLK BRAZIL - SAKWLK BRAZIL

Fiscal Document Model | Document No | Invoice Date
 | | 12/20/2023

Object Type | Object Reference | Object Reference Status | Currency Rate
Manual Supplier Invoice | | | 1

Document Text
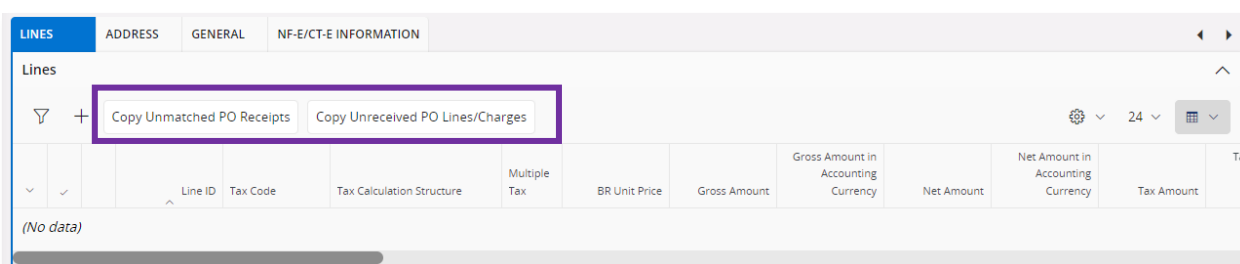
Business Transaction ID | Payment Terms | Site | PO Reference

Currency Code

Note: If there are connected POs make sure that the relevant Purchase Order number (or numbers) is entered in the field **PO Reference** *in Incoming Nota Fiscal.*
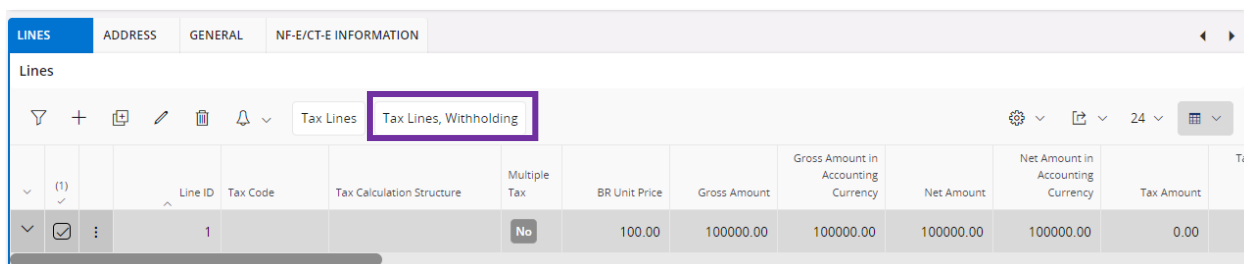
Enter the Incoming Nota Fiscal lines information referring the Services NF Received and save the lines.

Note: If there is a connected PO reference in the NF header, the core application functionalities "Copy Unmatched PO receipts" and "Copy Unreceived PO Lines" can be used to create non-Inventory related Incoming Nota Fiscal lines.
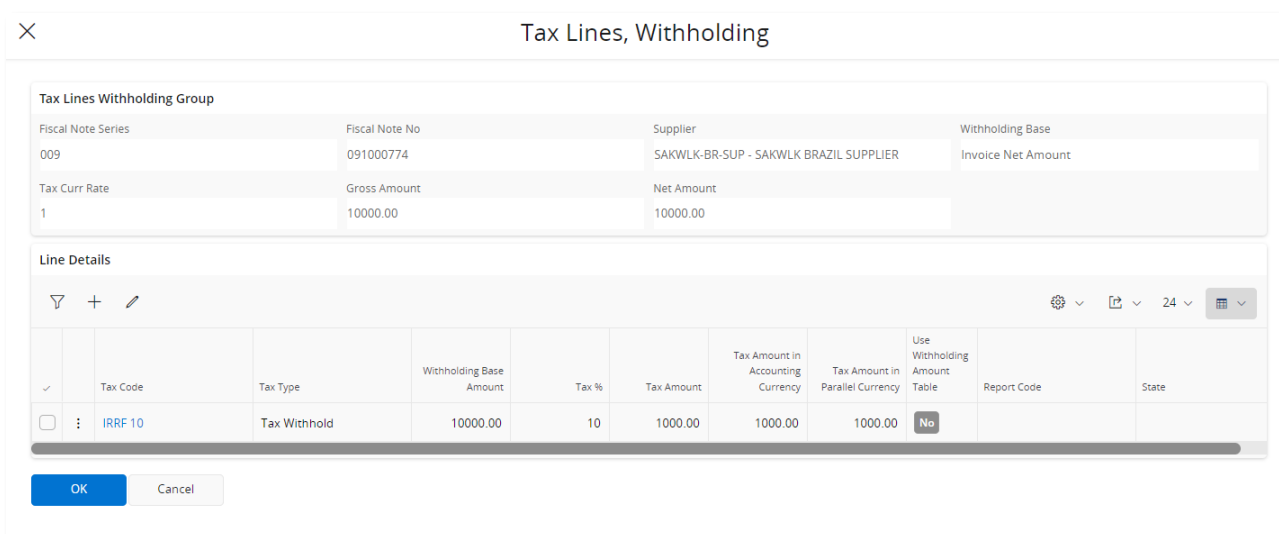
Once the lines are saved, the newly introduced **Tax Lines, Withholding** command will be enabled.

Enter the Tax Withholding Information by referring the Service NF document and save the line information.

Note: The default Tax Withholding Codes given for the supplier in Supplier/Invoice/Tax Information/ Tax withholding Reporting/ Default Tax Withholding Codes will not be copied to the "Tax Lines, Withholding" dialog. The user needs to manually enter the Tax Withholding Codes for each Nota Fiscal item.

Once done, Approve the Incoming NF and create Manual Supplier Invoice by using the command **Create Manual Supplier Invoice**.

27.7 Post Invoice

Follow the IFS standard process to post the Supplier invoice.

27.8 Invoice Postings

A "U Voucher" in addition to the "I Voucher" will be created to record the Tax Withholding postings in Supplier Invoice.

Note: This is the IFS standard core process to post the Tax Withholding in Supplier invoice level.

28 Boleto – Bank Collection Bill

28.1 Overview Legal Requirement

Boleto is an accounts receivable document used to receive money from customers. This is not a legal requirement but is a widely used business requirement. This document is a copy of the customer invoice and can be paid in any institution or bank, until the due date.

There are enough key elements in the Boleto so the payer can easily identify all data needed to make the right compensation of the amounts.
It is estimated that 50 million of Boletos are paid monthly in Brazil.

The system covers Boleto for following Brazilian banks: **Bradesco, Itaú, Santander, Banco do Brasil,** and **Caixa Econômica Federal**.

28.2 Solution Overview

- Boleto functionality should be enabled on company level and the Payment basic data for specific bank should be defined.

- Boleto could be printed soon after the Customer Invoice is set to the status "PostedAuth".

- The amount is compensated in the company's bank account just after the customer process the Boleto's payment and can be identified manually or automatically by using a file integration (core process).

- Boleto's layout - Each bank has a specific layout for the Boleto printout. This document describes the solution for bank Bradesco.

28.3 Process Overview
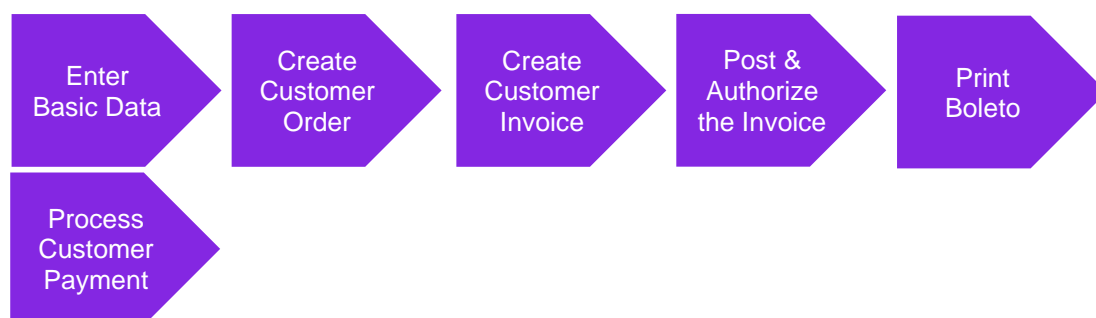
28.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set up chapter. The 'Boleto – Bank Collection Bill' parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab. The **Customer Invoice Creation Method** field should be set to 'Brazilian Boleto' on the *Company/Invoice/General* tab.

28.5 Define Basic Data

Payment Format per Company:

Select the Customer Payment Format Id that will be used to print the Boleto. After selection, the Payment Format it will be available for use in the company.

Payment Method:

Enter a new Payment Method and connect to Payment Format in *Financials/Payment Basic Data/Cash Book/Payment Methods* page.

Payment Institutes:

Define Payment Institute for bank in *Financials/Payment Basic Data/Cash Book/Payment Institutes page.* The field **Our Identity** should be filled with the number of the bank and respective control digit because it is important information to be printed in the Boleto.

Payment Institute Offices:

Define a Payment Institute Office to be used in the Cash Account that will be used to print the Boleto in *Financials/Payment Basic Data/Cash Book/Payment Institute Offices.*

Cash Account:

After creating Payment Institute and Payment Institute Office it is necessary to create the Cash Account that will be used to print the Boleto in *Financials/Payment Basic Data/Cash Book/Cash Account* page. The field **Short Name** can be used to define the unique identifier of the Cash Account in the system. Fill the **Office Code** column using LOV, the **Account Number** column should be filled with the account number and the control digit of the account, as the picture below:

Format Specific Info per Institute:

Make sure that all Boleto definitions are filled in *Financials/Payment Basic Data/Cash Book/Payment Institutes/Payment Methods per Institute/Format Specific Information per Institute.* Enter record in **Format Specific Info per Institute** page using cash account defined previously. This definition can be found in the Bank's documentation related to the layout of the Boleto. Start value mentioned here is the "Our Number" in Boleto layout.

Customer Master Data:

Attach Payment Method to the customer on *Customer/Payment* tab. Make sure that the option **Use Default Method for Installments** is enabled. Further add a line to "Electronic Payment Address" as shown in the screenshot below.

Cash Account per Customer:

Define Cash Account per customer in *Financials/Payment Basic Data/Cash Book/Cash Accounts/Cash Account per Customer* page. Make sure that the Cash Account that will be responsible for the Boleto's printout is enabled as **Default**.

28.6 Boleto Printout

28.6.1 PRINT BOLETO FROM CUSTOMER INVOICE

When Customer Invoice is in the "PostedAuth" state the "Print Boleto" button is enabled and user can print the Boleto.

Bank   **Payer Receipt**

Payer Name:
SARK BRAZIL CUSTOMER

Beneficiary	CNPJ / CPF	Guarantor	Due Date
SARK BRAZIL COMPANY	78.733.562/0001-31		16-NOV-20

Address of Company
Caljunto Nova 1024 Bairro 08190-145 São Paulo SP

Portlofio / Our Number	Portlofio	Currency	Quantity	Amount	Office / Payee Code
190/00000000060-5	190	Real			1234/123456-7

Doc Date	Document No	Currency Document	Accepted	Processing Date	Installment Amount
16-NOV-20	333000001027-1	DT2	N	24-NOV-20	87.33

Authentication mechanics

Bank |237-7| 23791.23413 90000.000001 60012.345603 7 84410000008733

Paying Place	Due Date
Can be paid in any Bank Agency.	16-NOV-20

Beneficiary	CNPJ / CPF	Office / Payee Code
SARK BRAZIL COMPANY	78.733.562/0001-31	1234/123456-7

Address of Company
Caljunto Nova 1024 Bairro 08190-145 São Paulo SP

Doc Date	Document No	Currency Document	Accepted	Processing Date	Portlofio / Our Number
16-NOV-20	333000001027-1	DT2	N	24-NOV-20	190/00000000060-5

Bank Use	Portlofio	Currency	Quantity	Amount	(=) Document Amount
	190	Real			87.33

Intruction (All information in this boleto are the sole responsibility of the Beneficiary).

(-) Discounts / Reductions

(+) Interest and Fine

(=) Total Amount

Payer Name:	SARK BRAZIL CUSTOMER	CNPJ / CPF:	58.265.036/0001-87
Address:	Rua Alhandra 70 08190-145 São Paulo SP BRAZIL		
Guarantor:		CNPJ:	

Code of Payment:

Authentication mechanics / COMPENSATION FORM

28.6.2 BOLETOS MANAGEMENT

The **Boletos Management** page was created to facilitate the use of the Boleto printing functionality, allowing to manage Boleto related data, even if it is already printed and to cancel or print again if necessary. The path is *Financials/Accounts Receivable/Boleto - Bank Collection Bill/ Boletos Management.*

In this page both the IFS Customer Invoice number as well as the Official Invoice number (represented by Nota Fiscal series concatenated with Nota Fiscal number) can be used when searching for Boletos.

28.6.3 BOLETOS HISTORY

Boletos History is a page that contains all the history actions performed on the *Boletos Manager* page. Once a Boleto document is printed, canceled or reprinted, it is possible to follow all the actions and have a complete history simply by analyzing this page.

28.7 **Delimitations**

Only five Brazilian banks are covered by this solution:
- Bradesco
- Itaú
- Santander
- Banco do Brasil
- Caixa Econômica Federal

29 Self-Billing Invoices in Brazil

29.1 Overview Legal Requirement

In Brazil, it's a legal requirement to receipt a Nota Fiscal for the business transactions related to procurement transactions and referred as Incoming Nota Fiscal. The Nota Fiscal must be authorized by the Brazilian Tax Authority prior to shipment of goods and the printed version of Nota Fiscal (DANFE – Auxiliary Document for e-Nota Fiscal) is used to support the transportation of goods to the recipient's locations.

The Nota Fiscal must be received by the goods recipient before the goods is received into inventory.

All inventory transactions created from procurement must be identified by the Nota Fiscal number and Nota Fiscal item. These references are used when submitting tax reporting to the tax authority at the end of tax period. These references might also be required in Tax Audits. The references are also widely used in the daily operations in Brazilian companies.

Note: The Primary business objective here is to enable the Supplier side Self-Billing functionalities in Brazilian localization to further support the above described, Incoming Nota Fiscal flow.

29.2 Other Business Objectives

1. Enabling the possibility of entering the Incoming Nota Fiscal prior to the goods arrival.

2. Enable direct cross reference between Incoming NF, Receipt Reference and Supplier Invoice by automatically filling the Receipt Ref as Incoming NF No.

29.3 Process Overview

    a. Enable Supplier for Self-Billing invoicing (Core functionality)

Incoming Nota Fiscal could be received to IFS Cloud in two ways,

    b. Receive Incoming Nota Fiscal either,
        1. Automatically (NF-e) – Using External Supplier Invoice Flow or,

        2. Enter Incoming Nota Fiscal Manually – Using ***Incoming Nota Fiscal*** Page

    c. Once the Incoming Nota Fiscal is created, application is validate whether the Supplier is Self-Billing enabled and, from the Incoming Nota Fiscal page user can receive the Goods by using the newly introduced option "Receipt Goods".

    d. Finally, user can create the inventory transactions related to the goods receipt and process Manual Supplier Invoice.

29.4 Process Overview
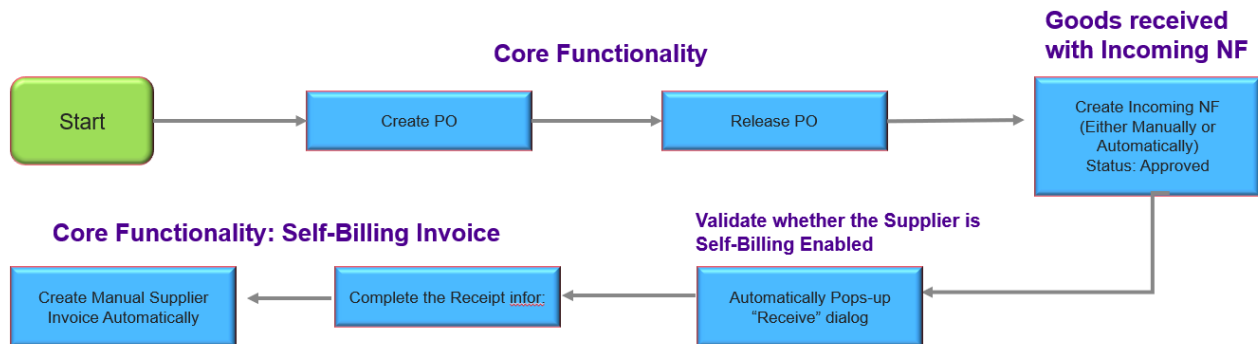
29.5 Prerequisites

The company must be set-up to use Brazilian localization, see the Company Set up chapter. And the "Incoming Nota Fiscal" parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab. The **Supplier should be enabled for Self-Billing Invoicing.**

29.6 Define basic data

The **Supplier should be enabled for Self-Billing Invoicing.**

29.7 Self-Billing: Receive Incoming Nota Fiscal and Supplier Invoice Flow

IFS Cloud standard External Supplier Invoice flow or the manually entering Incoming Nota Fiscal flow could be used in this scenario to facilitate Self billing supplier invoices.

Please refer the details in the process described step by step in related above chapters to how to create Incoming Nota Fiscal in Brazilian context.

29.7.1 CREATE AND HANDLE PURCHASE ORDER
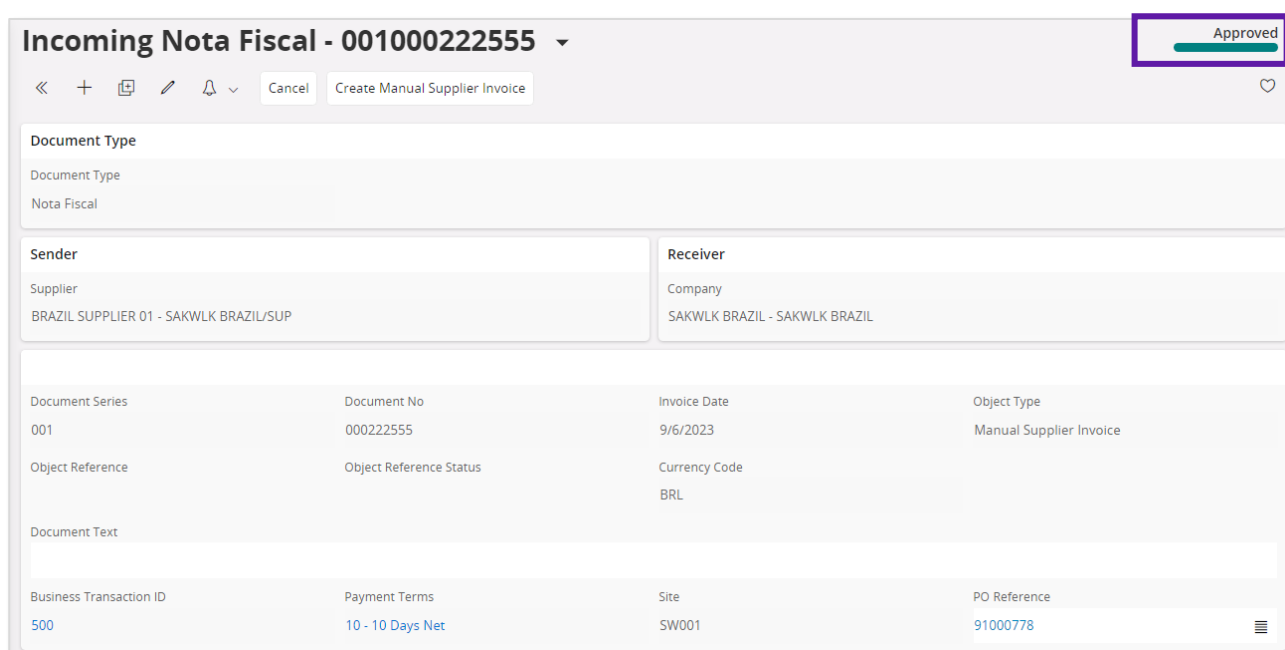
Follow the IFS standard Core process to enter a purchase order for inventory purchase parts in the *Procurement/Order/Purchase Order* page. Release and confirm purchase order.

29.7.2 Receive Incoming Goods and create the Incoming Nota Fiscal (Manually or Automatically
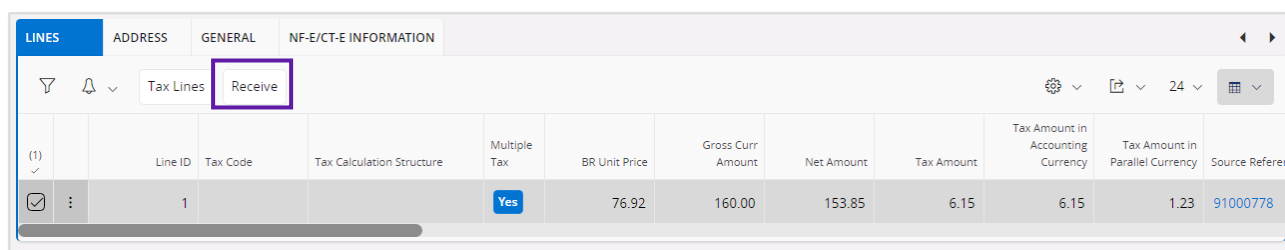
Use IFS Core External Supplier Invoice flow to load the incoming NF-e XML and create the NFe using **Create Nota Fiscal** command or create an Incoming Nota Fiscal manually.

29.7.3 APPROVE INCOMING NOTA FISCAL

The step of Approve incoming nota fiscal will validate whether the supplier is enabled for self-Billing.

Further, upon approving the Nota Fiscal, "Receipt" button on the face of the **incoming Nota Fiscal** page will be enabled.

29.7.4 RECEIPT DIALOG

User could click the "Receive" button and application will pops up the core "Receive" Dialog facilitating user to enter receipts from this step.

In this step, Incoming Nota Fiscal No will be automatically fetched as the Receipt Reference which will enable direct cross reference between Incoming NF and the Receipt Reference by automatically filling the Receipt Ref as Incoming NF No.

29.7.5 CREATE MANUAL SUPPLIER INVOICE AUTOMATICALLY

Once the "Receipt" dialog is completed with all required information and click the OK button, Manual Supplier Invoice will be automatically created. (Core Self-Billing functionality).

29.7.6 SAME CROSS REFERENCE FOR THREE IMPORTANT DOCUMENTS

Once completed, the same reference number should exist for all the three documents: Incoming Nota Fiscal, Receipt Reference and the Manual Supplier Invoice.

29.8 Delimitations

Supplier Self-Billing in Sub Contract Management is not supported in the Project Invoice – Initial Solution.

30 External Brazilian Reporting

30.1 Overview Legal Requirement

In Brazil the Legal Reporting are a mandatory official files that must be send Brazilian Federal Revenue Office. These files are related to taxes, accounting, inventory, services, etc.The official name for the legal reporting is "SPED Project".

Public Digital Bookkeeping System (Sped). It is a technological solution that formalizes the digital files of taxes and accounting bookkeeping of business systems within a specific and standardized format.
Instituted by Decree No. 6,022, of January 22, 2007, the Public Digital Bookkeeping System (Sped) is part of the Federal Government's Growth Acceleration Program (PAC 2007-2010) and constitutes yet another advance in the computerization of relationship between the tax authorities and taxpayers.
Benefits:

- Reduction of costs with the waiver of issuance and storage of paper documents;
- Elimination of paper;
- Cost reduction with the rationalization and simplification of ancillary obligations;
- Standardization of the information that the taxpayer provides to the different federated units;
- Reduction of involuntary involvement in fraudulent practices;
- Reduction of time spent with the presence of tax auditors at the taxpayer's premises;
- Simplification and streamlining of procedures subject to control by the tax administration (foreign trade, special regimes and transit between states);
- Strengthening control and inspection through the exchange of information between tax administrations;
- Quick access to information;
- Increased auditor productivity by eliminating steps to collect files;
- Possibility of exchanging information between the taxpayers themselves based on a standard layout;
- Reduction of administrative costs;
- Improved quality of information.
- Possibility of crossing between accounting and tax data;
- Availability of authentic and valid copies of the bookkeeping for different and concomitant uses;
- Reduction of the "Brazil Cost";
- Improving the fight against tax evasion;
- Preserving the environment by reducing paper consumption.

    Sped Project in Brazil:

On IFS Cloud we will provide some of these reports through integration with Avalara. The reports available are:

- NF-e – Electronic Nota Fiscal (chapters 19,20)
- CT-e – Bill of Lading (chapter 21)
- EFD ICMS / IPI
- EFD Contribuições
- EFD Reinf
- ECD
- ECF

30.2 Solution Overview

All tax/accounting reporting will be generated by the Avalara partner. Basic and transactional data will be sent from IFS to Avalara.

30.3 **Process Overview**

Flow chart IFS's source data to Avalara
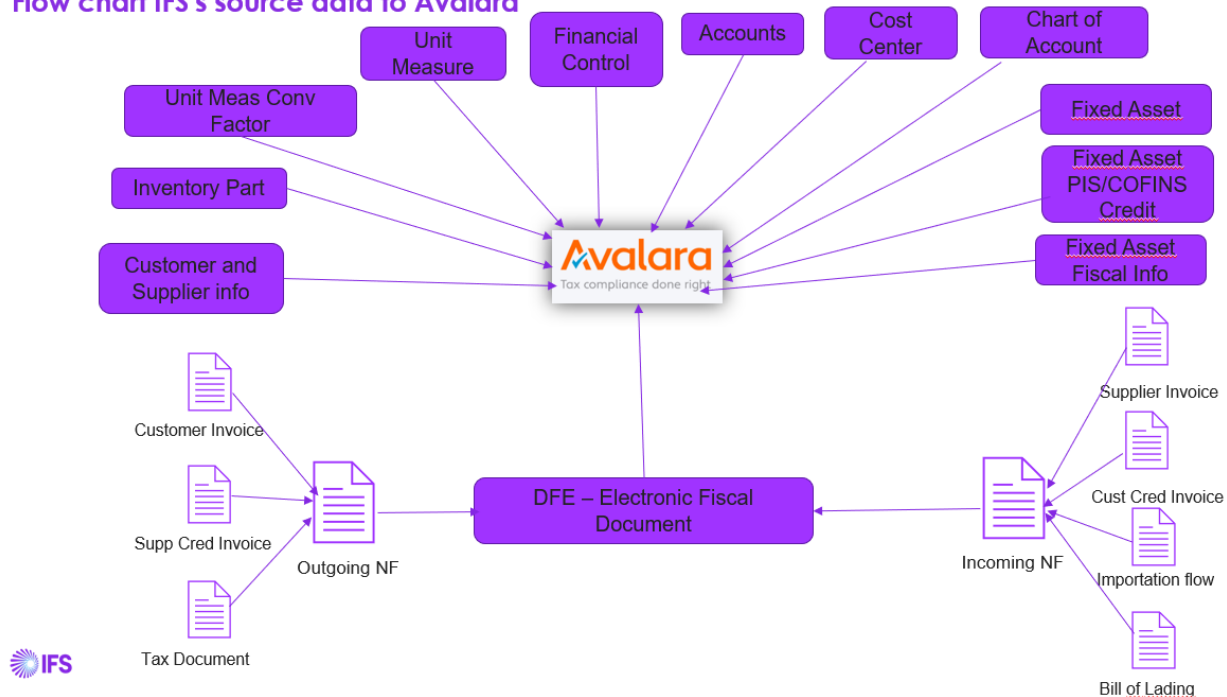
Flow chart IFS Integration to Avalara
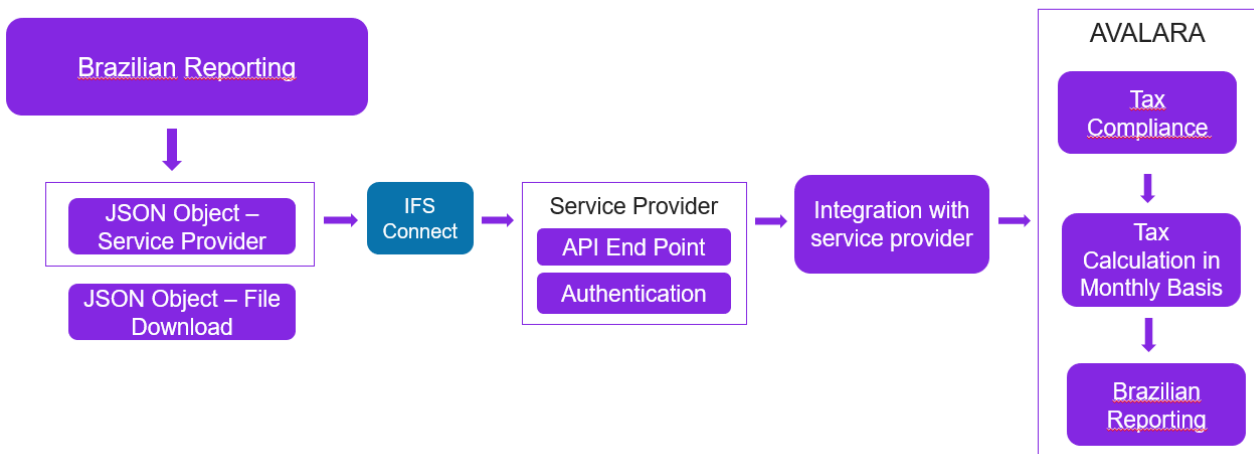
30.4 **Prerequisites**

The company must be set-up to use Brazilian localization, see the Company Set up chapter. The "Integration to Brazilian External Tax System" parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab.

30.5 Define basic data

To utilize the IFS integration for Avalara, some basic data set up is required with regards to the Company.

30.5.1 EXTERNAL TAX SYSTEM PARAMETERS

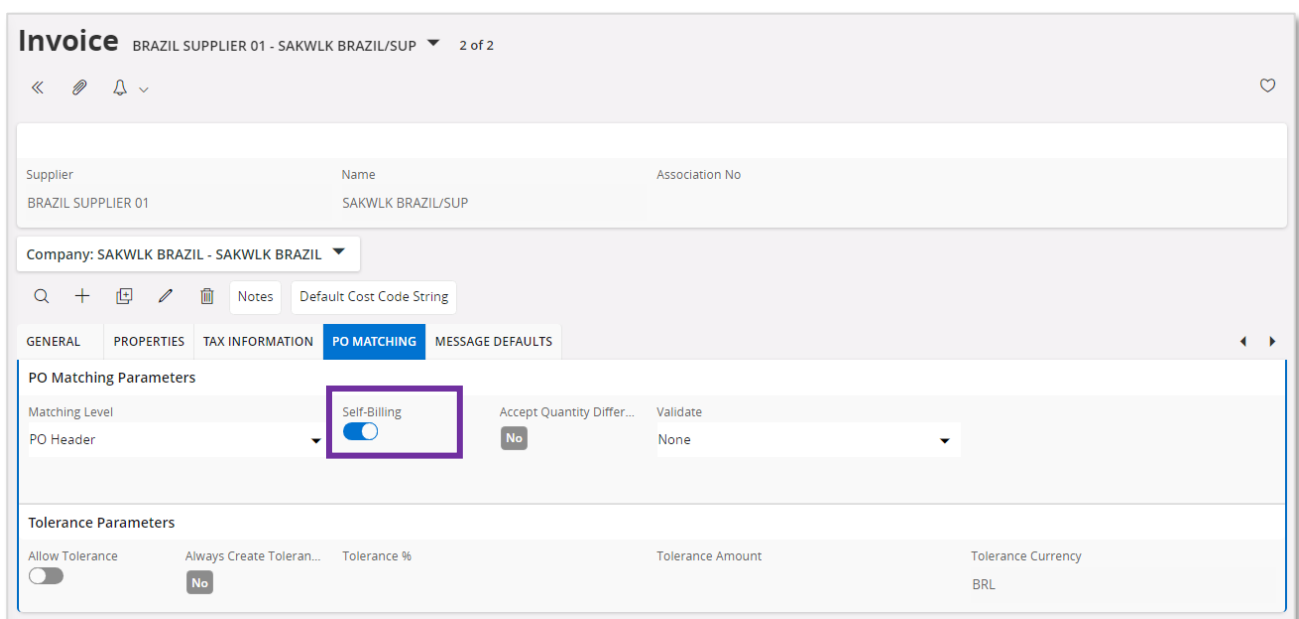The Avalara Brazil connection information is defined in page ***Application Base Setup/Enterprise/Tax/External Tax Systems/External Tax Report Information***.

30.6 Brazilian Reporting

The Brazilian Report support master data and transaction data needed by Avalara

Master Data
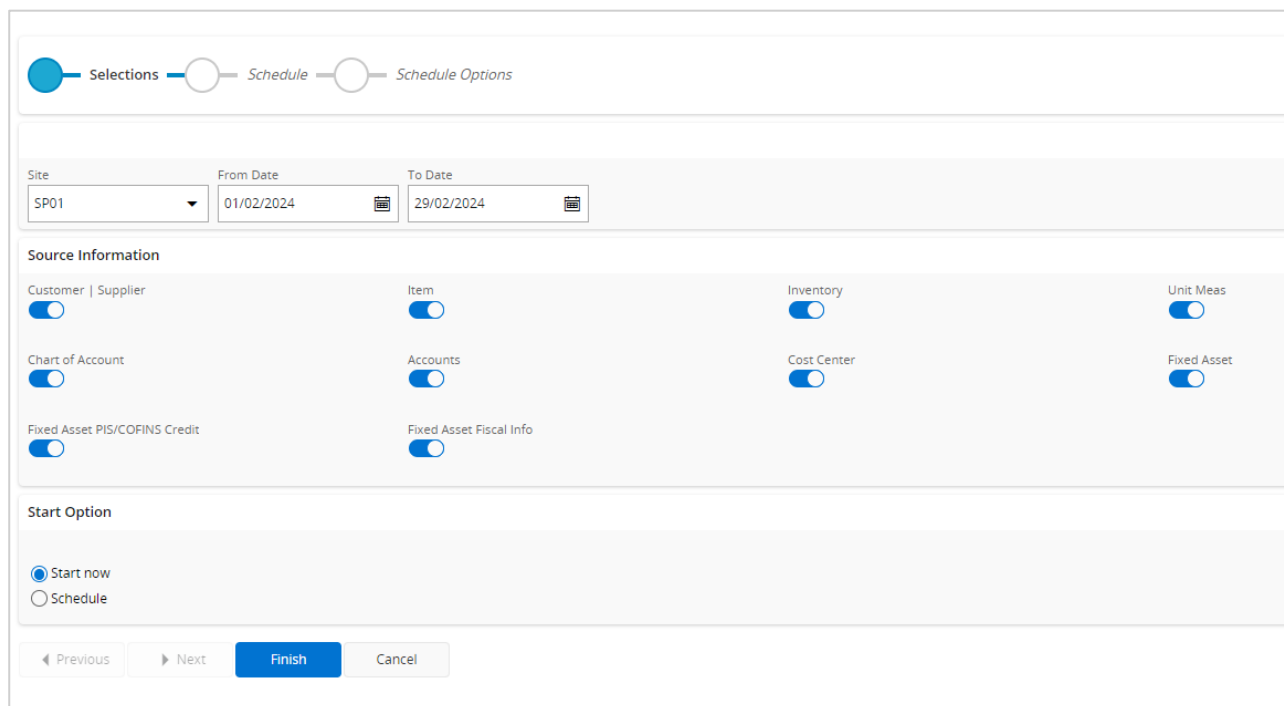
- Chart of Account
- Account
- Cost Center for EFD PIS and Cofins
- Customer/Supplier
- Inventory and non-inventory part
- Unit meas/ Unit Meas Conv Factor
- Fixed Asset

- **Transaction data needed by Avalara**

  - Fiscal Document
    - Incoming Nota Fiscal
    - Outgoing Nota Fiscal
    - Bill of Lading
    - Importation Process(24R2)
  - Inventory Transactions
  - Fixed Asset Pis/Cofins Credit
  - Fixed Asset Fiscal Info

30.6.1 MASTER DATA

30.6.1.1 Go to Financials/Financial e-Reporting/Brazilian Reporting / External Reporting select the Command "New Reporting".

Can choose to send a single endpoint or all at once. The format of execution can be online or scheduled (background).

After sending the endpoints, they will be available on the *external reporting* page.
On this page, we will be able to view the status of the interface and if any correction is necessary and send it again. Possible status is: Created, SentRequest, Error, Partly Completed, Completed.

If an error occurs in one or more endpoints, it will be possible to adjust and send it again through resend reporting.

30.6.2 FISCAL DOCUMENT

Go to *Financials/Financial e-Reporting/Brazilian Reporting / Fiscal Document Log:*

Fiscal Document Log

		Fiscal Document ID	Fiscal Document Number	Fiscal Document Date	Fiscal Document Status	Fiscal Document Type	Site	Sent Date	Error Text		Status
☐	⋮	324	001000009	27/02/2024	Approved	Nota Fiscal	SP01	27/02/2024 09:40	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	322	001000007	27/02/2024	Cancelled	Nota Fiscal	SP01	27/02/2024 05:16	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	321	000061006	26/02/2024	Approved	Nota Fiscal	SP01	27/02/2024 02:13	📄		Pending
☐	⋮	320	125586	27/02/2024	Approved	Nota Fiscal	SP01	27/02/2024 02:05	📄		Pending
☐	⋮	318	001000005	26/02/2024	Cancelled	Nota Fiscal	SP01	26/02/2024 12:27	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	317	001000004	26/02/2024	Cancelled	Nota Fiscal	SP01	26/02/2024 12:27	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	316	000061005	26/02/2024	Approved	Nota Fiscal	SP01	26/02/2024 12:28	📄		Completed
☐	⋮	315	001000003	26/02/2024	Approved	Nota Fiscal	SP01	26/02/2024 12:27	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	314	001000002	23/02/2024	Cancelled	Nota Fiscal	SP01	27/02/2024 05:09	📄	"errors":{"localExecucaoServico":["'Local Execucao Servico' possui u...	Error
☐	⋮	313	313	23/02/2024	Approved	Nota Fiscal	SP01	23/02/2024 14:23	📄		Completed

The fiscal document page is filled in for each incoming and outgoing nota fiscal whose status is:

- Incoming Nota Fiscal
    - Approved Status – Will be insert in Avalara System
    - Canceled Status – Will be delete in Avalara System
- Outgoing Nota Fiscal
    - Approved Status – Will be insert in Avalara System
    - Canceled, Voided, Declined Status – Will be change in Avalara System the nota fiscal Status

There are two method calls to integrate the tax document into the Avalara system. The first one is "POST" method which will validate endpoint structure errors and the second method is "GET" which will validate data errors.

The format of execution for both methods are background jobs.

After sending the endpoint, they will be available on the ***fiscal document log*** page.
On this page, we will be able to view the status of the interface and if any correction is necessary and resend it again. Possible status are: Created, SentRequest, Error, Pending and Completed. The Completed Status is available just after to send GET method.

30.6.3 CIAP BASIC DATA FOR ICMS AND PIS/COFINS CREDIT

30.6.3.1 Overview Legal Requirement

CIAP (Credit Control of Fixed Assets) is a record used within the scope of the Public Digital Bookkeeping System (SPED) in Brazil. SPED is a Brazilian government project that aims to modernize and unify companies' tax and accounting bookkeeping activities.

CIAP is part of Block G of SPED Fiscal, which deals with the Control of ICMS Credit for Permanent Assets. It is used to control and demonstrate ICMS credits related to the company's permanent assets, such as machinery, equipment and other assets used in production activities.

The idea behind CIAP is to allow companies to credit the ICMS paid on the acquisition of permanent assets over time, considering the depreciation of these assets. This way, the company can recover part of the tax paid in previous stages of the production chain. Therefore, the taxpayer who purchases item to compose the asset can use this physical report to perform the calculation of the credit of ICMS to be monthly appropriated referring to the acquisition of good of the fixed asset.

It is important that companies comply with SPED obligations, including correct CIAP basic data, to avoid tax problems and ensure transparency in accounting and tax operations.

Another point that we will also consider are the credits determined based on the acquisition value of goods incorporated into the fixed assets of the legal entity, acquired for use in the production of goods intended for sale, or in the provision of services that, depending on their nature, NCM, destination or date of acquisition, tax legislation allows the right to PIS/COFINS credit based on its acquisition value.

30.6.3.2 Fixed Asset Acquisition Process Overview

Create Fixed Asset and activate it using IFS Cloud core functionalities → Enter Fixed Asset Acquisition Nota Fiscal and/or Bill of Lading → Connect Fixed Asset and Incoming Nota Fiscal → Send JSON File to Avalara to start Asset Credit Control for ICMS and PIS/COFINS

30.6.3.3 Fixed Asset Sale Process Overview

Select Fixed Asset with Active Status → Sell Fixed Asset using IFS Cloud core functionalities → Enter Fixed Asset Outgoing Nota Fiscal

Connect Fixed Asset and Outgoing Nota Fiscal → Send JSON File to Avalara to write off the Fixed Asset

30.6.3.4 Fixed Asset Scrapping Process Overview

Select Fixed Asset with Active Status → Scrap Fixed Assets using IFS Cloud core functionalities → Send JSON File to Avalara to write off the Fixed Asset
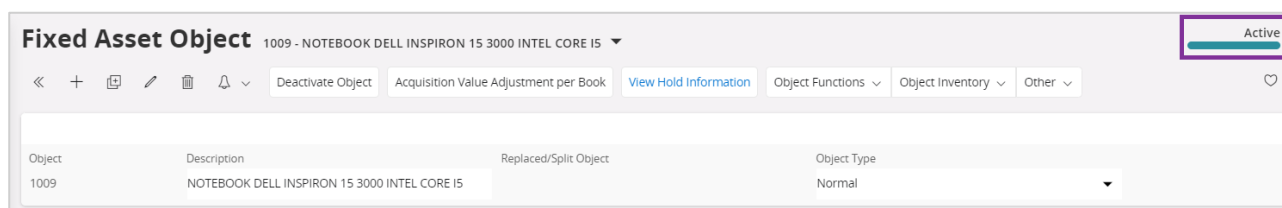
30.6.3.5 Prerequisites

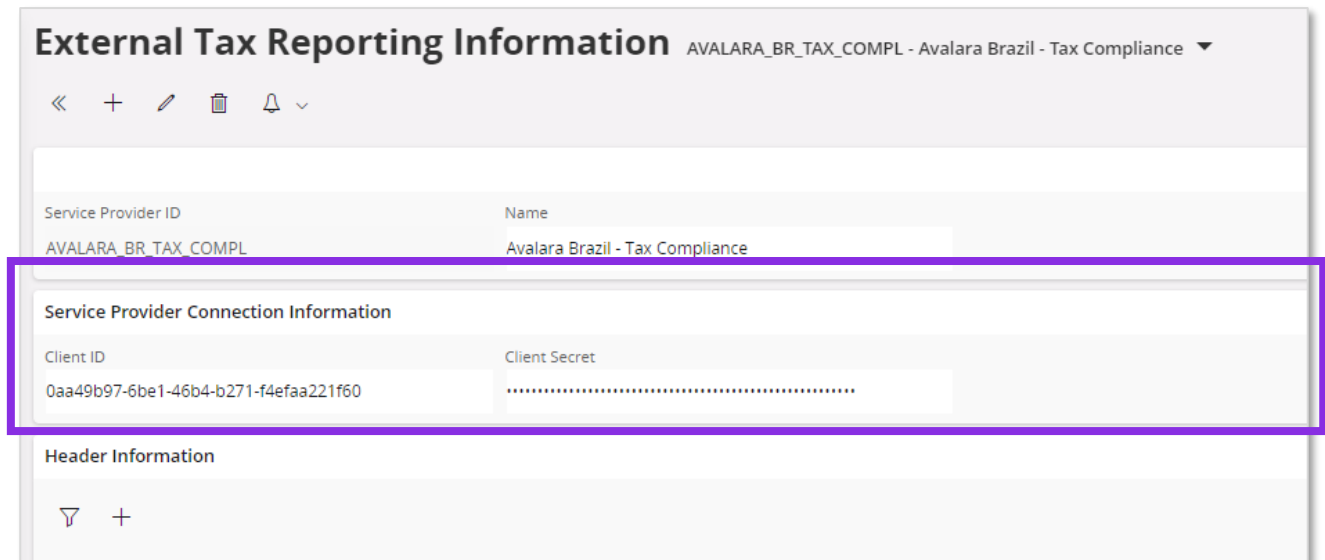- The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Integration to Brazilian External Tax System", "Incoming Nota Fiscal" and "Outgoing Nota Fiscal" parameters must be enabled.
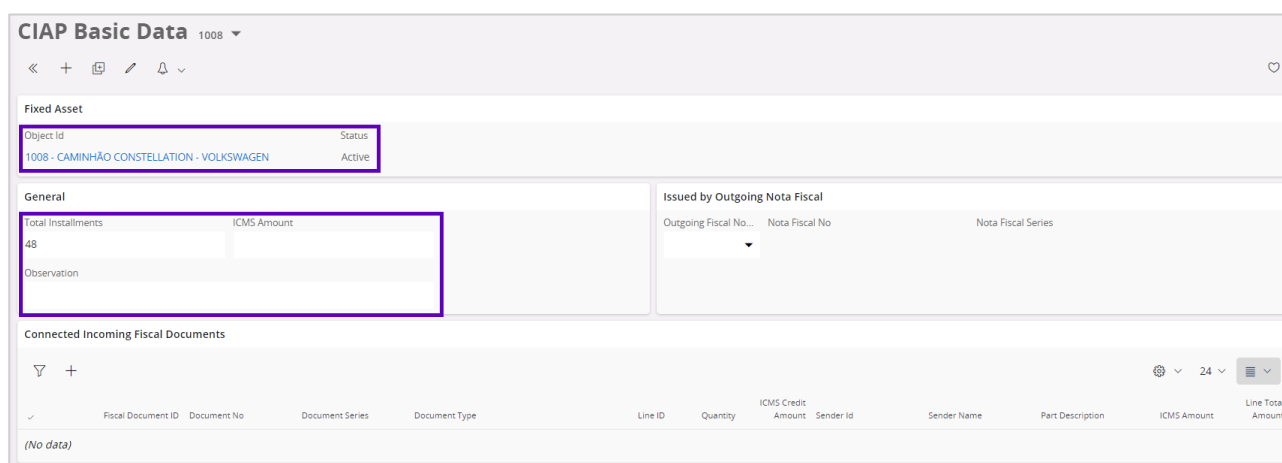
30.6.3.6 Define basic data

A Fixed Asset must be registered, and the IFS Cloud core functionalities must be executed until it reaches Active status.

30.6.3.7 CIAP Basic Data

It is necessary to fill below fields on the *Financials/Financial e-Reporting/Brazilian Reporting/CIAP Basic Data* page:

Object Id: Enter the Fixed Asset code which will initiate the credit process for ICMS and PIS/COFINS purposes. Only fixed assets with the Active status will be displayed
Total Installments: Enter the Total Number of Installments that will be used to calculate the CIAP credit by the Avalara partner
ICMS Amount: Enter the total value of ICMS with rights to the tax credit for the fixed asset. This total ICMS value is also automatically filled in, totaling the total ICMS of the notes connected in the Connecter Incoming Fiscal Documents session
Observation: Enter a brief description of the function of the asset in the site's activity

It is necessary to enter the incoming fiscal documents received regarding the acquisition of fixed assets in the gridline below:

You can connect the incoming fiscal documents to the fixed asset by manually entering information about the **Fiscal Document ID** and the **Line ID** fields. In this case, the remaining information will be automatically filled, both for incoming fiscal documents and for bill of lading.

The **ICMS Credit Amount** field contains the tax credit for given fixed asset in this fiscal note line. The value informed in such column will be added in the **ICMS Amount** field present in the header of the CIAP Basic Data/General tab. In necessary, it is possible to change de value recovered from the respective line of the fiscal note.

You can also modify the information of **Quantity** field in case acquisition of such fixed asset is related to only a part of the total quantity of this item in fiscal note line. The rest can also be connected to another fixed asset if you want.

You can enter the below information if the fixed asset was sold:

Outgoing Fiscal Note Id: Enter the Fiscal Note Id of the fixed asset sold

All basic and transaction data must be verified in the Avalara software and after the transaction data has been sent, check in the PVA available of the Brazilian Federal Revenue Office.

31 Brazilian Payment Formats

31.1 Overview Requirement

Brazilian payment formats are used to exchange Customer and Supplier financial information between companies and banks to process payments. Electronic files are generated by using the external files functionality.

There are two payment format processes, one for Customer communication and another one for Supplier communication. The purpose of this communication is to send and receive payment information from suppliers and customers to process such payments automatically.

The system covers the following Brazilian banks: **Bradesco, Itaú, Santander, Banco do Brasil, and Caixa Econômica Federal**.

31.2 Solution

This solution consists of outgoing and incoming file templates created by using the **External File** functionality. Below are the details about the available layout structures:

BANK	PARTY TYPE	PAYMENT FORMAT	DIRECTION FILE	FILE TEMPLATE	FILE TYPE	FILE LENGTH
BRADESCO	SUPPLIER	BR237SUP	REMITTANCE	SUP_GEN_BR_237_CP	BrPayment237Cp	500
			RETURN	SRF_BR_237_CP	ExtSuppPaymRet	
	SUPPLIER	BR237SUP240	REMITTANCE	CUST_GEN_BR_237_240_CR	BrPayment237Cp	240
			RETURN	CUP_BR_237_240_CR	ExtSuppPaymentRet240	
	CUSTOMER	BR237CUST	REMITTANCE	CUST_GEN_BR_237_CR	GenCustPaymentBr	400
			RETURN	CUP_BR_237_CR	ExtCustPayment	
ITAÚ	SUPPLIER	BR341SUP	REMITTANCE	SUP_GEN_BR_341_CP	BrPayment341Cp	240
			RETURN	SRF_BR_341_CP	ExtSuppPaymentRet240	
	CUSTOMER	BR341CUST	REMITTANCE	CUST_GEN_BR_341_CR	GenCustPaymentBr341	400
			RETURN	CUP_BR_341_CR	ExtCustPayment	
BANCO DO BRASIL	SUPPLIER	BR001SUP240	REMITTANCE	SUP_GEN_BR_001_CP	BrPayment240Cp	240
			RETURN	SRF_BR_001_CP	ExtSuppPaymentRet240	
	CUSTOMER	BR001P240CUST	REMITTANCE	CUST_BR_001_240_CR	BrPayment240Cr	240
			RETURN	CUP_BR_001_240_CR	BrPayment240CrRet	
SANTANDER	SUPPLIER	BR033SUP	REMITTANCE	SUP_GEN_BR_033_CP	BrPayment240Cp	240
			RETURN	SRF_BR_033_CP	ExtSuppPaymentRet240	
	CUSTOMER	BR033CUST	REMITTANCE	CUST_GEN_BR_033_CR	GenCustPaymentBr033	400
			RETURN	CUP_BR_033_CR	ExtCustPayment	
CAIXA ECONÔMICA	SUPPLIER	BR104SUP240	REMITTANCE	SUP_GEN_BR_104_CP	BrPayment240Cp	240
			RETURN	SRF_BR_104_CP	ExtSuppPaymentRet240	
	CUSTOMER	BR104P240CUST	REMITTANCE	CUST_BR_104_240_CR	BrPayment240Cr	240
			RETURN	CUP_BR_104_240_CR	BrPayment240CrRet	

The below process is used in the system to handle both customer and supplier payments, no matter what the payment format used.

```
┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
│Create Payment│ → │Create Payment│ → │   Generate   │ → │Send Remittance│
│   Proposal   │   │    Order     │   │Remittance File│   │File to the Bank│
└──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘
                                                                 ↓
┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
│  Create and  │ ← │Import Return │ ← │Import Return │ ← │Receive Return │
│Approve Mixed │   │   File in     │   │File in External│  │File from the Bank│
│   Payment    │   │   External    │   │   Payments   │   │              │
│              │   │   Payments    │   │              │   │              │
└──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘
```
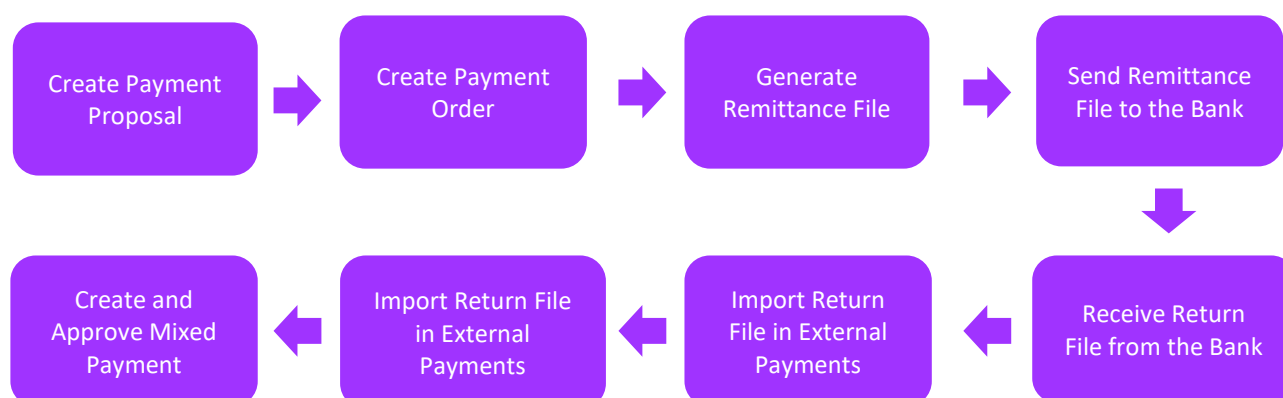
This document will describe the solution for **Banco do Brasil** Bank. Users can follow the same process for other banks as well.

31.3 Prerequisites

The company must be set up to use Brazilian localization, see the Company Set up chapter. The '**Brazilian Payment Formats**' parameter under the **Localization Functionality** section must be enabled on the *Company/Localization Control Center* tab to use Banco do Brasil, Caixa Economica, and Santander payment formats whereas Itau and Bradesco payment formats are implemented as a core solution.

To run the Customer process all basic data relevant to the Boleto process must be defined before starting the communications with the banks. Further, it is necessary to print the Boleto if the company has this process. Unpaid customer ledger items that match the Customer Payment Proposal loading criteria specified must exist.

To run the Supplier process, unpaid supplier ledger items that match the Supplier Payment Proposal loading criteria specified must exist.

31.4 Basic Data

All Basic Data stated in Boleto – Bank Collection Bill chapter 28 are necessary to set up before starting the remittance and return file generation for customer payments. In this section, additional basic data necessary to run remittance and return files for supplier payments are provided.

Enter all necessary **Payment Instruction Codes** that will be used during the communication with the bank in the *Financials/Payment Basic Data/Cash Book/Payment Instruction Codes* page.

Define **Payment Method** in *Financials/Payment Basic Data/Cash Book/Payment Institutes/Payment Methods per Institute* page.

Define **Format Specific Info per Institute** for the payment method in *Financials/Payment Basic Data/Cash Book/Payment Institutes/Payment Methods per Institute/ Format Specific Info per Institute* page.

The below information might differ from one payment format to another and should be filled according to the bank layout definitions and specifications.

Information specific to a particular Payment Method and Payment Institute. The information required depends on the Payment Format connected to the Payment Method. This field is defined on the *Client Mapping* page.

Define return **Message Codes** for each Format ID in *Financials/Payment Basic Data/Cash Book/Payment Formats per Company/Payment Formats/Payment Format Message Codes* page.

Related to the return file creation setup, connect the payment method to the *External Payment Parameters* page in the *Financials/Cash Book/External Interface/External Payment Parameters* page.

31.5 Customer File Generation

After printing Boletos, it is necessary to generate the Customer Payment Proposal to select the invoices that will be sent to the bank.

Create Customer Payment Proposal in *Financials/Accounts Receivable/Customer Payment Proposal/Customer Payment Proposals* page. The Customer Payment Proposal can be created automatically, using the **New Directing Debit Proposal** command button or by clicking **New**.

On the *Customer Payment Proposal Details* page, it is possible to insert or remove invoices/installments. The **Cash Account** and **Payment Method** fields will be automatically filled with the same information printed previously in the Boletos using the default entries or should be manually filled.

Select the above Proposal ID from the ***Customer Payment Proposal*** page and **Acknowledge** it*.* Afterward, click on the **Create Direct Debiting Order** command and enter the **Payment Method** and the **Payment Institute** used in this Proposal.

Upon finishing the above process Customer Payment Order and the remittance file will be generated.

Subsequently, the user can share the remittance file with the relevant banks.

31.6 Customer Return File

After the payment instructions are realized by the bank, the bank will provide a return file for the same remittance file provided.

The financial user will load this file to the system by using the External Interface functionality, in the ***Financials/Cash Book/External Interface/External Payments*** page using the **Load File** command*.*

Select the **Payment Institute** and **Payment Method** related to this return file. Browse for the return file received from the bank.

After loading the return file, click on the **Create Mixed Payment** command. The next step is to view the **Mixed Payment** created using the **Attached Mixed Payment** command.

Once the mixed payment is approved payment will be accounted and the status of the invoices will change to **PaidPosted**.

31.7 Supplier File Generation

The process to generate the Supplier remittance and return files is the same as Customer remittance and return file generation but with the use of Supplier Payment Formats.

Create Payment Proposal in *Financials/Accounts Payable/Supplier Payment Proposal/Supplier Payment Proposals* page. The Supplier Payment Proposal can be created automatically, using the **New Proposal** command, or by selecting **New**. On the *Supplier Payment Proposal Details* page, it is possible to insert or remove invoices/installments.

Select the above proposal ID from the *Supplier Payment Proposals* page and **Acknowledge** it. Afterward, click on the **New Payment Order** command and enter the **Payment Method** and the **Payment Institute** used in this Proposal.

Upon finishing the above process Supplier Payment Order and the remittance file will be generated.

Subsequently, the user can share the remittance file with the relevant banks to process all supplier payments.

31.8 Supplier Return File

After the payment instructions are realized by the bank, the bank will provide a return file for the same remittance file provided.

The financial user will load this file to the system by using the External Interface functionality, in the *Financials/Cash Book/External Interface/External Payments* page using the **Load File** command.

Select the **Payment Institute** and **Payment Method** related to this return file. Browse for the return file received from the bank.

After loading the return file, click on the **Create Mixed Payment** command. The next step is to view the **Mixed Payment** created using the **Attached Mixed Payment** command.

Once the mixed payment is approved payment will be accounted and the status of the invoices will change to **PaidPosted**.

31.9 Delimitations

Only five Brazilian banks are covered by this solution:
- Bradesco
- Itaú
- Santander
- Banco do Brasil
- Caixa Econômica Federal

32 Appendix

32.1 Appendix:01

The NF-e XML mapping to IFS Cloud is described in DocMan document "NF-e xml mapping to IFS (Brazil)".

32.2 Appendix:02

32.2.1 AVALARA INTEGRATION: TAX BASE AMOUNT: **NET**

Scenario: 01 Tax Base Amount: Net Amount – Excluding Tax: IPI

Let's have a look into the scenario below explaining a Brazilian tax calculation based on Net Amount and excluding the tax, IPI.

Net Amount calculation and Tax calculation

- Net Amount = 72.75

  Tax Base Amount = $\frac{72.75 \times 100}{100-(18+1.65+7.6)}$
  =100.00

- Tax: ICMS 18% = 18.00
  PIS 1.65% = 1.65
  COFINS 7.6% = 7.60
  Total Tax = 27.25
Gross Amount (72.75 + 27.25) = 100.00

AVALARA: Response File

Tax Base: Net

Net Amount from the Response file

Complete AVALARA Response file for the reference

AEFD93BF.json

IFS Application Tax Code Mapping

External Tax Codes Mapping

		Tax Code	Tax Type Category	Tax (%)	Tax in Tax Base
☐	⋮	COFINS-0-BR - COFINS Tax 0%	COFINS	0	Yes
☐	⋮	ICMS-0-BR - ICMS Tax 0%	ICMS	0	Yes
☐	⋮	PIS-0-BR - PIS Tax 0%	PIS	0	Yes

Customer Invoice Postings

			Trans Code	Tax Code	Currency Code	Correction	Currency Debit Amount	Currency Credit Amount	Currency Amount
☐	⋮	📎	IP2		BRL	No	100.00		100.00
☐	⋮	📎	IP4	PIS-0-BR	BRL	No		1.65	-1.65
☐	⋮	📎	IP4	COFINS-0-BR	BRL	No		7.60	-7.60
☐	⋮	📎	IP4	IPI-0	BRL	No		0.00	0.00
☐	⋮	📎	IP4	ICMS-0-BR	BRL	No		18.00	-18.00
☐	⋮	📎	M28		BRL	No		72.75	-72.75
☐	⋮	📎	M295	COFINS-0-BR	BRL	No		7.60	-7.60
☐	⋮	📎	M296	COFINS-0-BR	BRL	No	7.60		7.60
☐	⋮	📎	M295	ICMS-0-BR	BRL	No		18.00	-18.00
☐	⋮	📎	M296	ICMS-0-BR	BRL	No	18.00		18.00
☐	⋮	📎	M295	PIS-0-BR	BRL	No		1.65	-1.65
☐	⋮	📎	M296	PIS-0-BR	BRL	No	1.65		1.65

Scenario: 02 Tax Base Amount: Net Amount – Including Tax: IPI

Let's have a look into the scenario below explaining a Brazilian tax calculation based on Net Amount and including the tax, IPI.

Net Amount calculation and Tax calculation

- Net Amount $\quad$ = 78.75
  Tax Base Amount $\quad$ = $\dfrac{78.75 \times 100}{100-(7.6+1.65+12)}$
  =100.00
- Tax: ICMS $\quad$ 12% $\quad$ = 12.00
  PIS $\quad$ 1.65% $\quad$ = 1.65
  COFINS $\quad$ 7.6% $\quad$ = 7.60
  IPI $\quad$ 30% $\quad$ = 30.00 (100 X 30%)
  Total Tax $\quad$ = 51.25
Gross Amount (78.75 + 51.25) $\quad$ = 130.00

AVALARA: Response File

Tax Base: Net

Net Amount

Total Line Amt & Total Invoice Amt

```
"summary": {
    "numberOfLines": 1,
    "totalLineAmounts": 100,
    "totalTaxedDiscounts": 0,
    "totalUntaxedDiscounts": 0,
    "totalInsurances": 0,
    "totalFreights": 0,
    "totalOtherCosts": 0,
    "totalUnTaxedOtherCosts": 0,
    "totalInvoice": 130,
```

ICMS   12%= 12.00

```
"taxType": "icms",
"citation": "ICMS/AC_Decreto nº 8/1998, Artigo
"citationId": "ac789807-2fab-49ff-b921-be0682ec
"subtotalTaxable": 100,
"rate": 12,
"tax": 12,
```

COFINS   7.6%   =   7.60

```
"taxType": "cofins",
"citation": "PIS/COFINS Lei nº 10.833/2003,
"citationId": "670e7148-b125-46f6-837f-3bb4e
"subtotalTaxable": 100,
"rate": 7.6,
"tax": 7.6,
```

PIS   1.65%   =   1.65

```
"taxType": "pis",
"citation": "PIS/COFINS Lei nº 10.637/2002,
"citationId": "bfb5ddd3-00ca-42f7-a170-a9c4a
"subtotalTaxable": 100,
"rate": 1.65,
"tax": 1.65,
```

IPI   30%   =   30.00 (100 X 30%)

```
"taxType": "ipi",
"citation": "IPI Decreto nº 8950/2016",
"citationId": "56b13fd9-18fb-4d35-91dd-908
"subtotalTaxable": 100,
"rate": 30,
"tax": 30,
```

Complete AVALARA Response file for the reference

E87B5159.json

IFS Application Tax Code Mapping

External Tax Codes Mapping

✓	⋮	Tax Code	Tax Type Category	Tax (%)	Tax in Tax Base
☐	⋮	COFINS-0-BR - COFINS Tax 0%	COFINS	0	Yes
☐	⋮	ICMS-0-BR - ICMS Tax 0%	ICMS	0	Yes
☐	⋮	IPI-0 - IPI Tax 0%	IPI	0	No
☐	⋮	PIS-0-BR - PIS Tax 0%	PIS	0	Yes

Customer Invoice Postings

✓	⋮	📎	Trans Code	Tax Code	Currency Code	Correction	Currency Debit Amount	Currency Credit Amount	Currency Amount	Currency Rate
☐	⋮	📎	IP2		BRL	No	130.00		130.00	1
☐	⋮	📎	IP4	PIS-0-BR	BRL	No		1.65	-1.65	1
☐	⋮	📎	IP4	COFINS-0-BR	BRL	No		7.60	-7.60	1
☐	⋮	📎	IP4	IPI-0	BRL	No		30.00	-30.00	1
☐	⋮	📎	IP4	ICMS-0-BR	BRL	No		12.00	-12.00	1
☐	⋮	📎	M28		BRL	No		78.75	-78.75	1
☐	⋮	📎	M295	COFINS-0-BR	BRL	No		7.60	-7.60	1
☐	⋮	📎	M296	COFINS-0-BR	BRL	No	7.60		7.60	1
☐	⋮	📎	M295	ICMS-0-BR	BRL	No		12.00	-12.00	1
☐	⋮	📎	M296	ICMS-0-BR	BRL	No	12.00		12.00	1
☐	⋮	📎	M295	IPI-0	BRL	No		30.00	-30.00	1
☐	⋮	📎	M296	IPI-0	BRL	No	30.00		30.00	1
☐	⋮	📎	M295	PIS-0-BR	BRL	No		1.65	-1.65	1
☐	⋮	📎	M296	PIS-0-BR	BRL	No	1.65		1.65	1

32.2.2 AVALARA REQUEST FILE MAPPING

Refer _**Avalara Request mapping V3.xlsx**_ to see the Avalara Request File Mapping details.

📊
Avalara Request
mapping V3.xlsx

32.3 **Appendix:03**

Refer _**Avalara Request mapping V3.xlsx**_ to see the Avalara Request File Mapping details for NFe communication.

📊
Avalara Request
mapping V3.xlsx

32.4 Appendix:04

Refer the Excel file "Purchasing Final Avalara Request mapping" for details about the Avalara Request File Mapping.

Purchasing Final Avalara Request mapping

Purchasing Final
Avalara Request map

32.5 Appendix:05

1. Avalara Request and Response file mapping for the Import Nota Fiscal Approved.

BR85 Approval
Response.json

BR85 Approval
Request.json

2. Avalara Request and Response file mapping for the Import Nota Fiscal Cancelled.

BR85 Cancelled
Request.json

BR85 Cancelled
Response.json

3. Avalara Request and Response file mapping for the Import Nota Fiscal Voided.

BR 85 Voided
Request.json

BR 85 Voided
Response.json