

Country Solution Brazil

IFSCLOUD26R1

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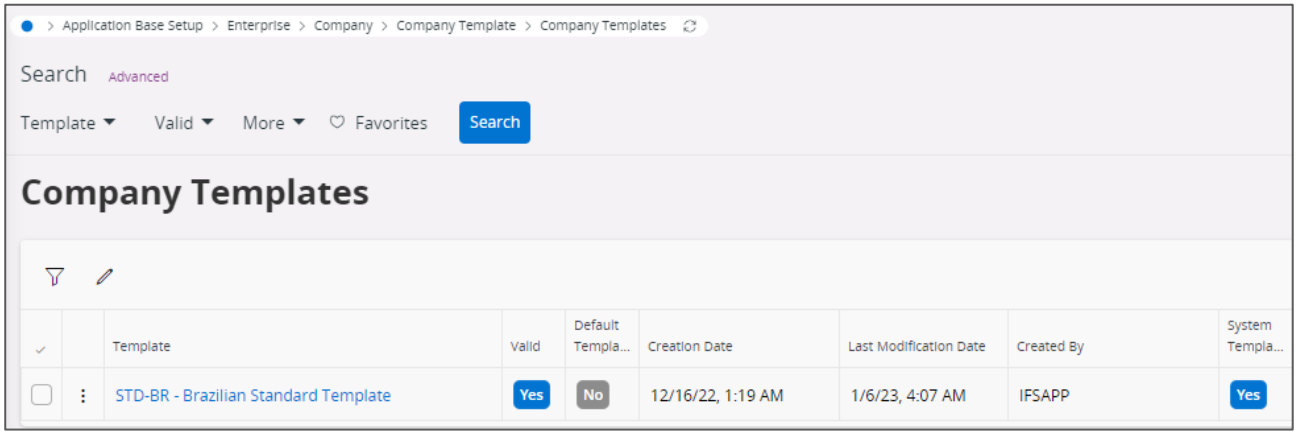
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1 Basic Data Setup

1.1 Company Setup

1.1.1 Overview

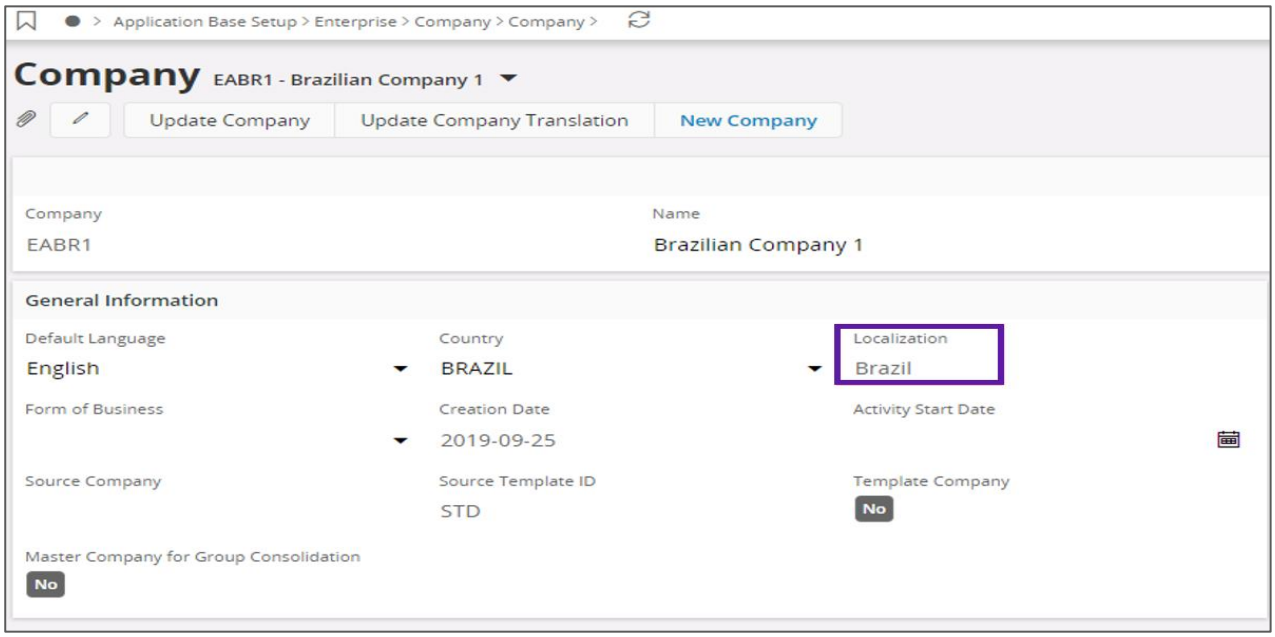
Create a new Brazilian company. The company can be created based on the Brazilian Standard Template (STD-BR).



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

1.1.2 Define Localization

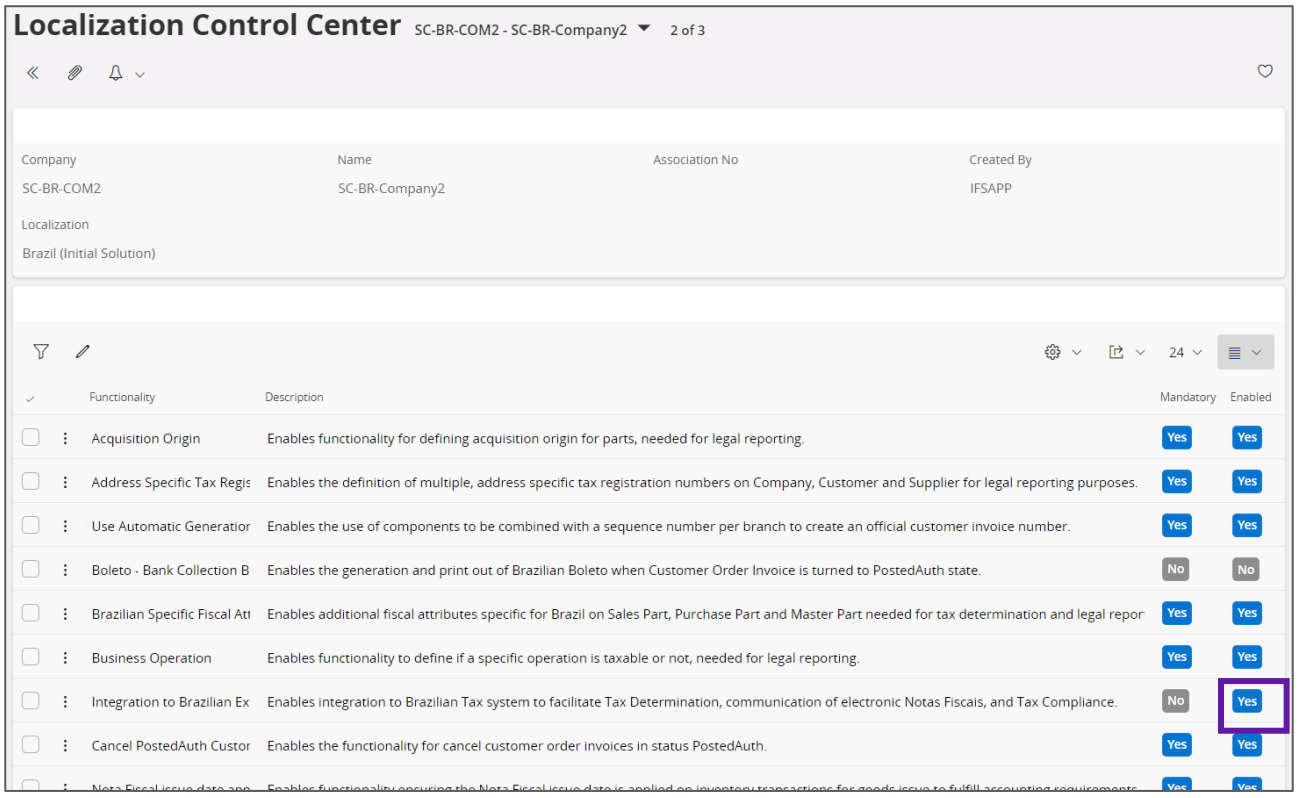
- Open the page, ***Company***.
- Search for the company.
- Select “Brazil” in the drop-down list in the **Localization** field and **save**. Note that this cannot be changed once transactions are created for the company.



1.1.3 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.



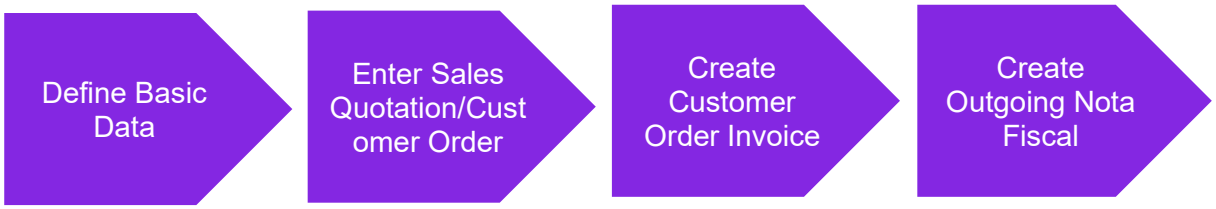
1.2 Business Operation

1.2.1 Overview Legal Requirement

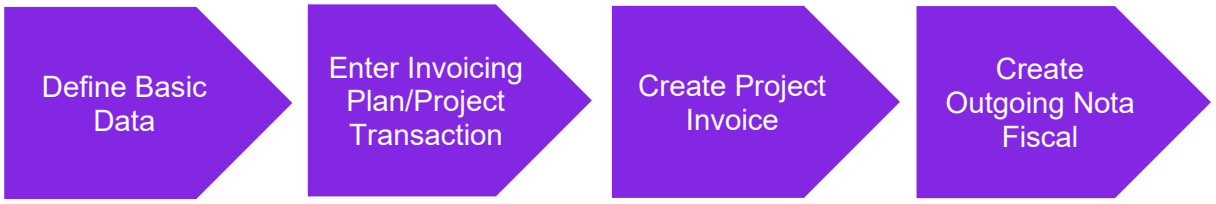
The Business Operation (Brazilian CFOP code) is a code specified by the Brazilian tax system and determined by the federal government. It can be used to define if a specific operation is taxable or not and is mandatory information for the NF-e XML (electronic version of the Nota Fiscal).

1.2.2 Process Overview

1.2.2.1 PROCESS OVERVIEW - SALES



1.2.2.2 PROCESS OVERVIEW - PROJECT INVOICE (INITIAL SOLUTION)



1.2.2.3 PROCESS OVERVIEW - PROCUREMENT



1.2.3 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).

1.2.4 Define Basic Data.

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

1.2.5 CFOP with the AVALARA Integration

From IFS Cloud 21R2 release onwards the Business Operation (CFOP) is associated with integration with an external tax calculation partner, hence the code will be received and recorded

into the lines of the following objects, where tax determination with the external tax system is supported:

- Sales Quotation
- Customer Order
- Customer Invoice
- Project Invoice
- Order Quotation
- Purchase Order Line
- Incoming Nota Fiscal and Bill of Lading
- Outgoing Tax Document

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 icms 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 Order Quotation and/or Purchase Order user will not be able to add a value when creating an Order Quotation Line and/or 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 Order Quotation and/or Purchase Order line). The value received from Avalara doesn't have to exist in the basic data in IFS Cloud, regardless of whether it will be added to the Order Quotation and/or Purchase Order LineTax 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.

1.3 Acquisition Origin

1.3.1 Overview of Legal Requirement

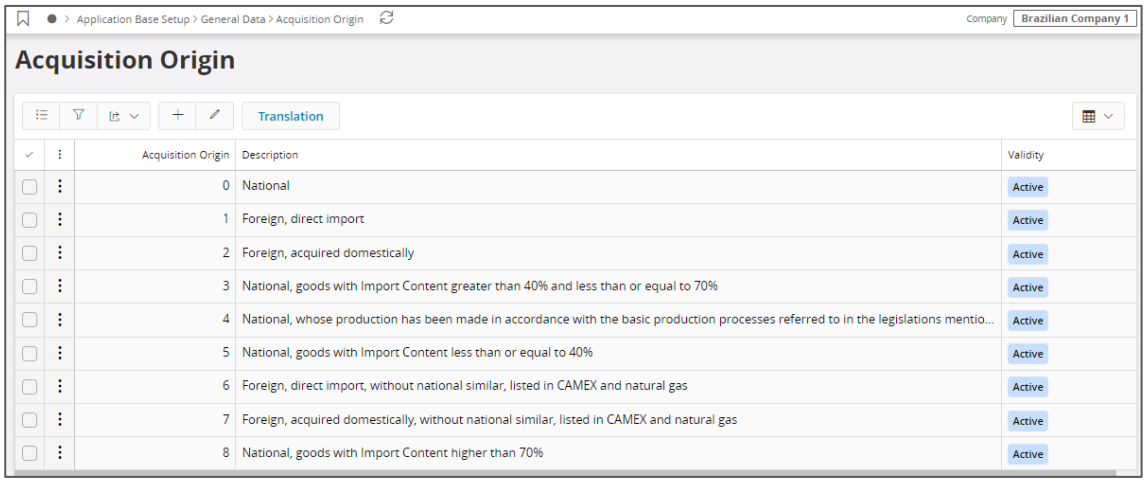
The Brazilian Tax Authority provides a list of numeric codes to be used to indicate the acquisition origin for a part. The information is used for tracking if a company is applying the proper tax rates. The acquisition origin of a sold part is mandatory information in the NF-e XML file. This is also possible to set 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.

1.3.2 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).

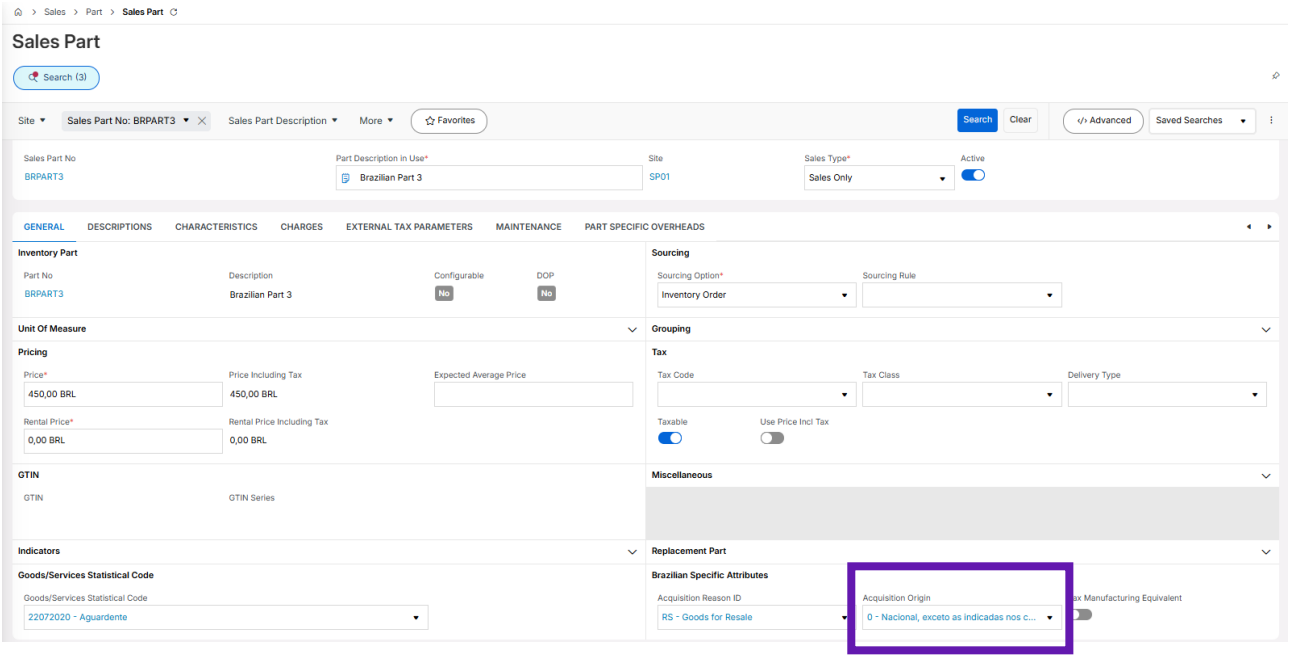
1.3.3 Define Basic Data.

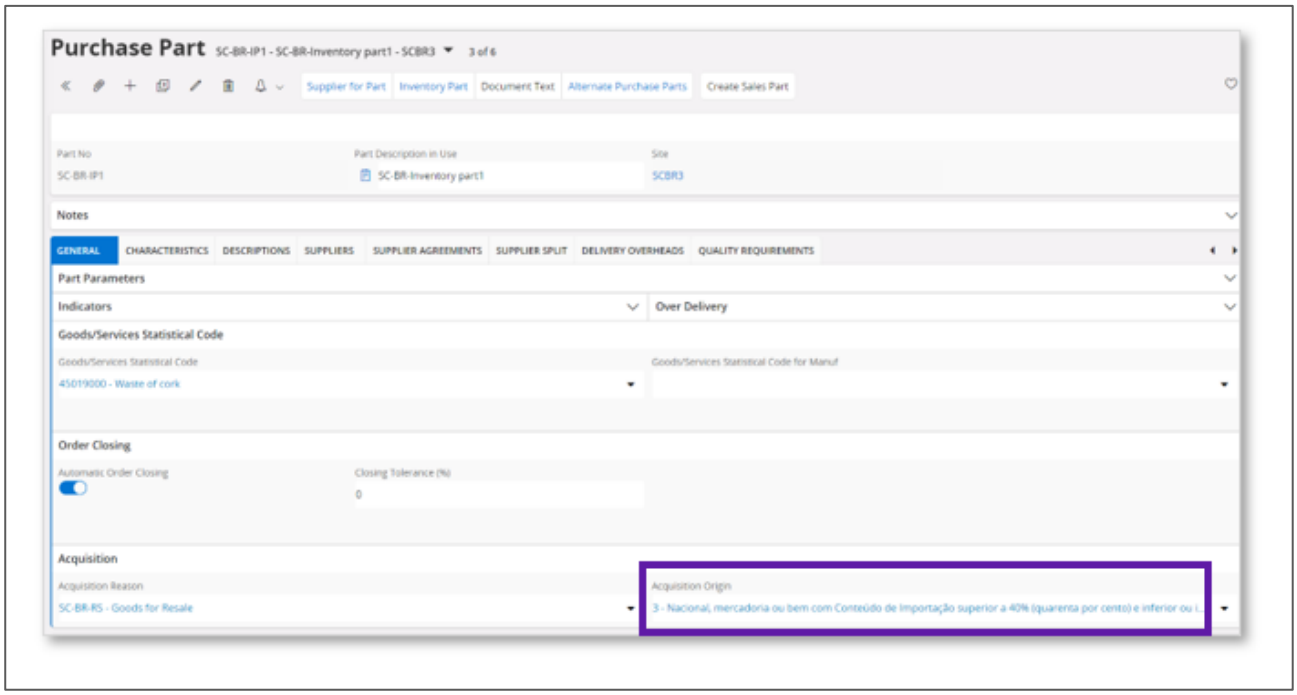
Enter the Acquisition Origin basic data for your company in the ***Application Base Setup/General Data/Acquisition Origin*** page.



1.3.4 Define Acquisition Origin in the Part Level

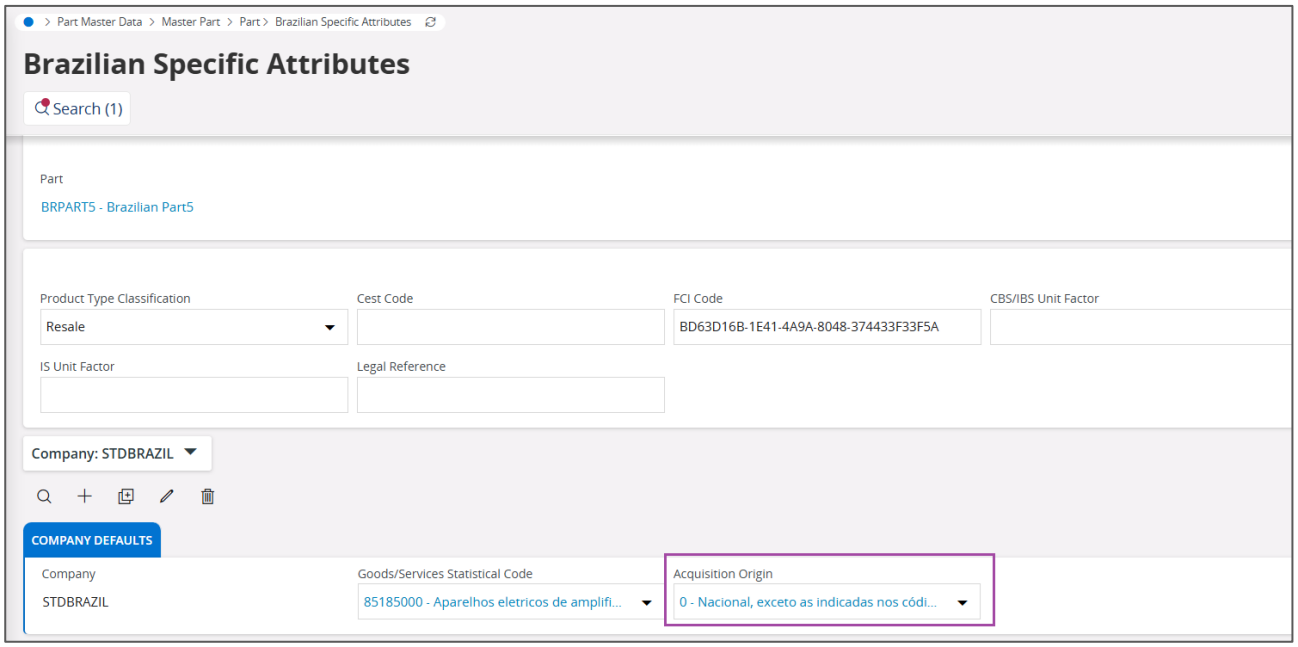
The default value for Acquisition Origin can be defined in Sales Part, Purchase Part and Inventory Part pages.





1.3.5 Defining Acquisition Origin via Master Part

In ***Part Master Data/Master Part/Part*** page, find the Part No, then select the command button Brazilian Specific Attributes and connect the acquisition origin:



The Acquisition Origin connected in the Brazilian Specific Attributes for a given Part No will be copied to other part-related pages, if this part exists as Sales Part, Non-Inventory Sales Part, Inventory Part, and Purchase Part in application.

Optionally, a specific Acquisition Origin can be defined directly in the Sales Part, Non-Inventory Sales Part, Inventory Part, or Purchase Part, different from the one connected to the Master Part, if needed.

1.3.6 Fetching Logic for Acquisition Reason

The Acquisition Origin will be fetched into the lines of the following objects:

- Business Opportunity
- Sales Quotation
- Customer Order
- Customer Invoice
- Outgoing Tax Document
- Outgoing Nota Fiscal
- Project Invoice
- Order Quotation
- Purchase Order Line
- Incoming Nota Fiscal and Bill of Lading
- Incoming Tax Document

The default value for Acquisition Origin will be fetched from the Sales Part into the Business Opportunity Lines, and it can be modified manually. When the Sales Quotation is created from a Business Opportunity, the Acquisition Origin value for each order line is fetched from the Business Opportunity.

The default value for Acquisition Origin will be fetched from the Sales Part into the Sales Quotation and Customer Order Lines, and it can be modified manually. When the Customer Order is created from a Sales Quotation, the Acquisition Origin value for each order line is fetched from the Sales Quotation.

The default value for Acquisition Origin will be fetched from the Purchase Part into the Order Quotation and Purchase Order Lines, and it can be modified manually. When the Purchase Order is created from an Order Quotation, the Acquisition Origin value for each order line is fetched from the Order Quotation.

The default value for Acquisition Origin will be fetched from the Inventory Part into Outgoing Tax Document Lines, and it can be modified manually.

The default value for Acquisition Origin will be fetched from the Report Code Details into Project Invoice Lines, and it can be modified manually.

In the Outgoing Nota Fiscal, the Acquisition Origin is fetched into the lines from the connected object.

In the Incoming Nota Fiscal, the Acquisition Origin is fetched into the lines from the connected object, but it be entered and/or modified manually.

1.3.7 Tax Determination with External Tax System

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.

1.3.8 Delimitations

No part lines, rental lines, and non-line connected charges are supported for the procurement flow. Furthermore, the flows Purchase Requisition and Purchase Order Change Order are not supported. For the Sales flow, rental lines and non-line connected charges are not supported.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

1.4 Goods/Services Statistical Codes

1.4.1 Overview of Legal Requirement

NCM is the Brazilian classification system of goods, which determines the import duties and taxes needed 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. The NCM code is mandatory information in the NF-e XML file.

The Service Code (Código de Serviço) is a standardized classification used to identify and categorize different types of services provided by businesses. This code is essential for the correct taxation of services, especially regarding the ISS (Imposto Sobre Serviços), which is a municipal tax applied to service providers.

Each service type is assigned a specific code according to the Lista de Serviços (Federal List LC 116) defined by Brazilian tax legislation. This list is detailed and includes a wide range of services. The correct application of the Service Code is crucial for calculating the appropriate tax rates and for the accurate issuance of Service Nota Fiscal.

The NBS Code , Brazilian Nomenclature of Services. (Nomenclatura Brasileira de Serviços) is a standardized classification used to identify and categorize different types of services provided by businesses. This code is essential for the correct taxation of services, especially regarding the new taxes introduced in new Brazilian Tax reform.
To differentiate it from the service code still used under the current tax system in Brazil, a toggle must be selected to indicate that the code refers to the NBS.

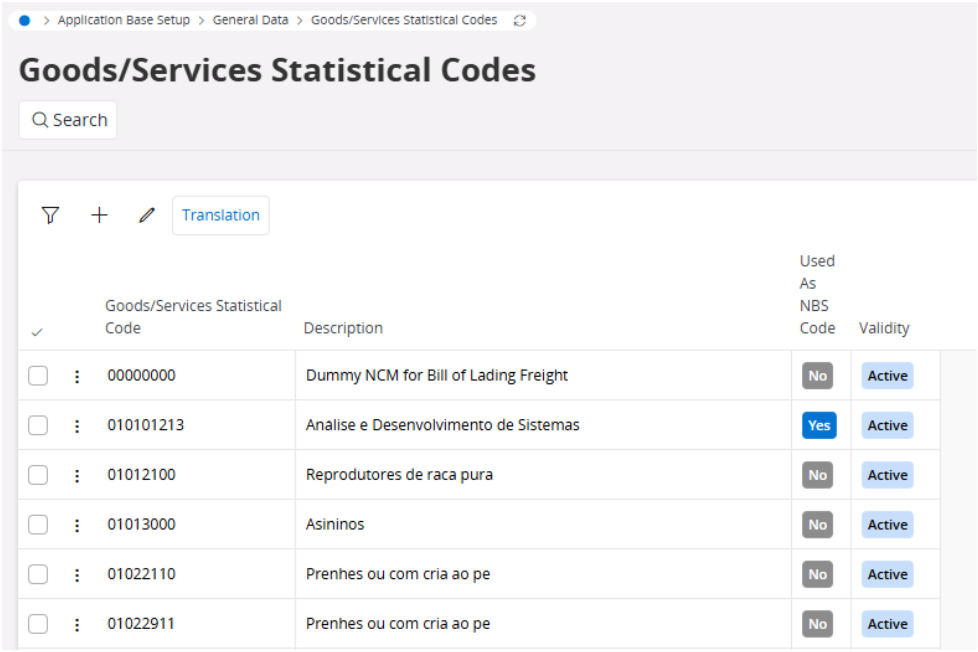
In IFS Applications, the NCM Codes for the classification of Goods and Federal Service Codes for the classification of Services are handled with Goods/Services Statistical Codes functionality.

1.4.2 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” Localization Control Center parameter must be enabled (mandatory for Brazil localization).

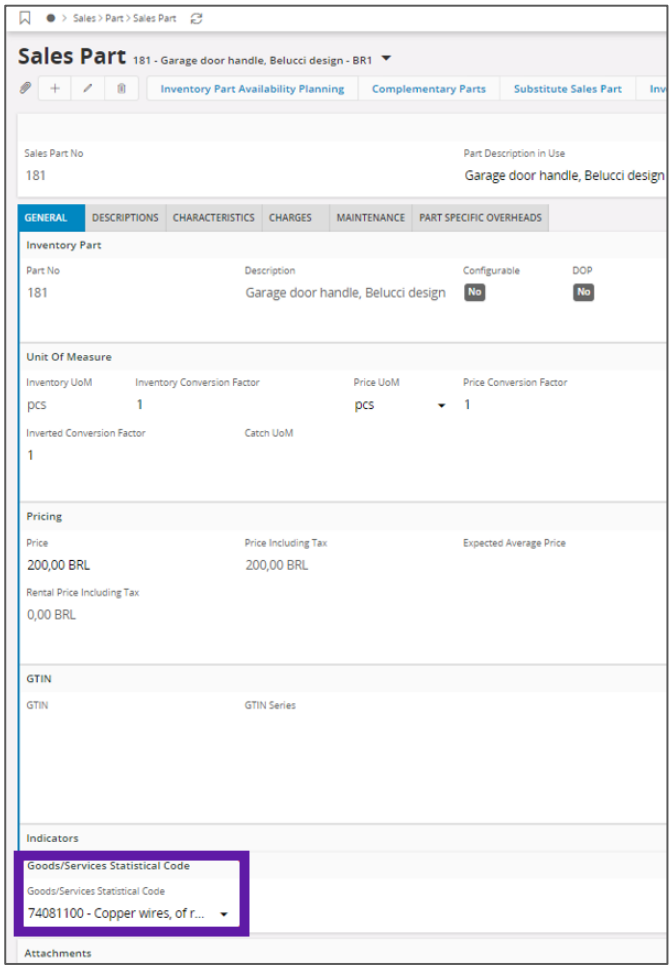
1.4.3 Enter Basic Data

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

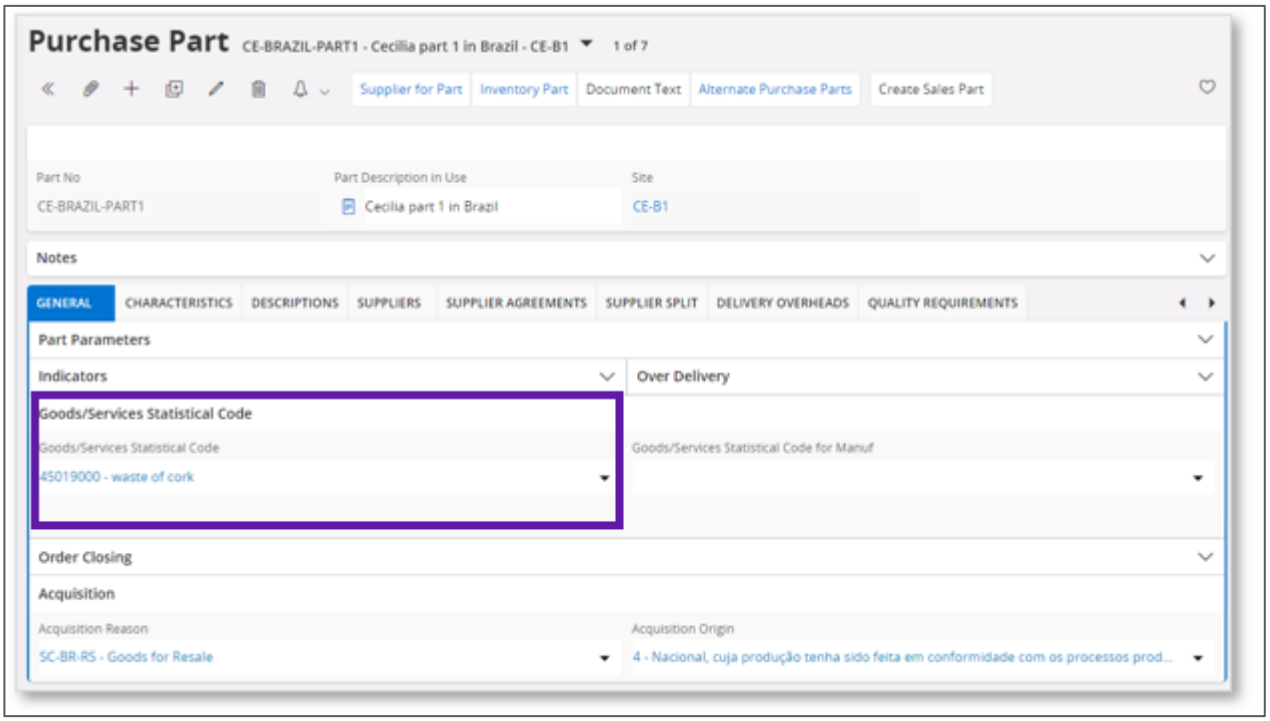


1.4.4 Define Goods/Services Statistical Codes in the Part Level

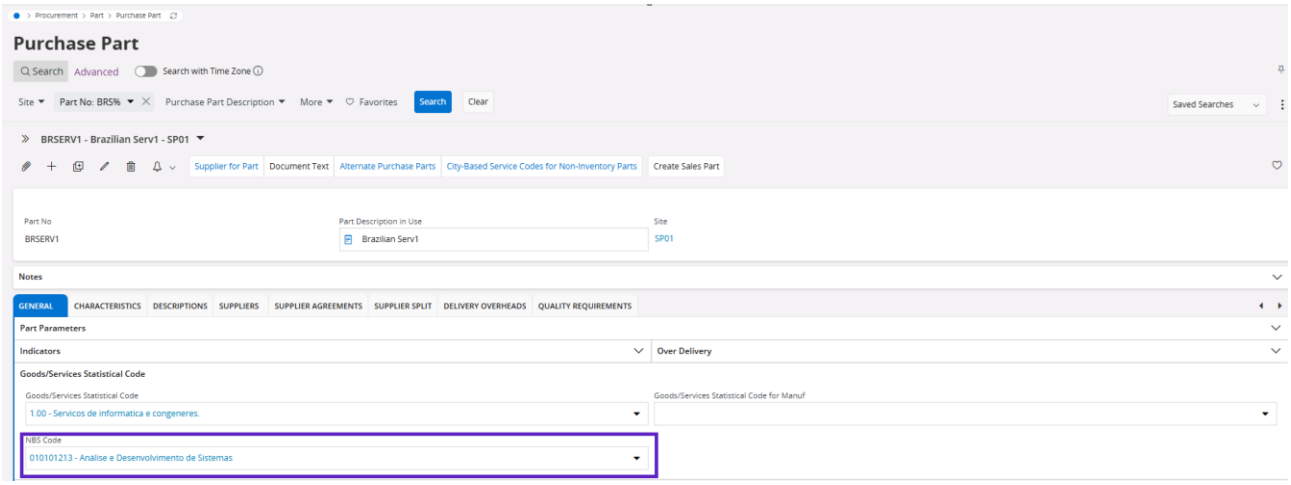
Connect the goods/service statistical code to sales parts on the ***Sales/Part/Sales Part*** page.



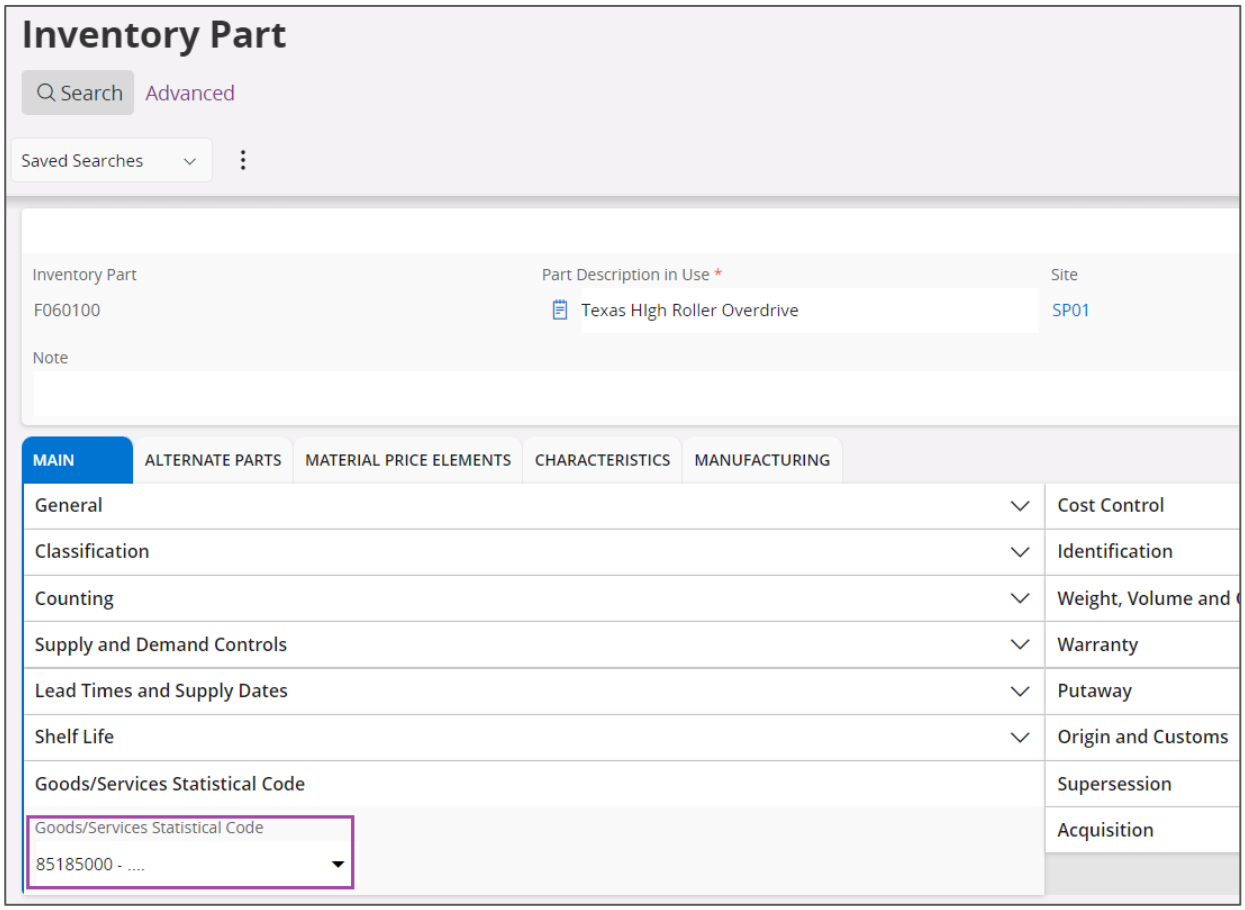
Connect the goods/service statistical code to purchase parts in the ***Procurement/Part/Purchase Part*** page.



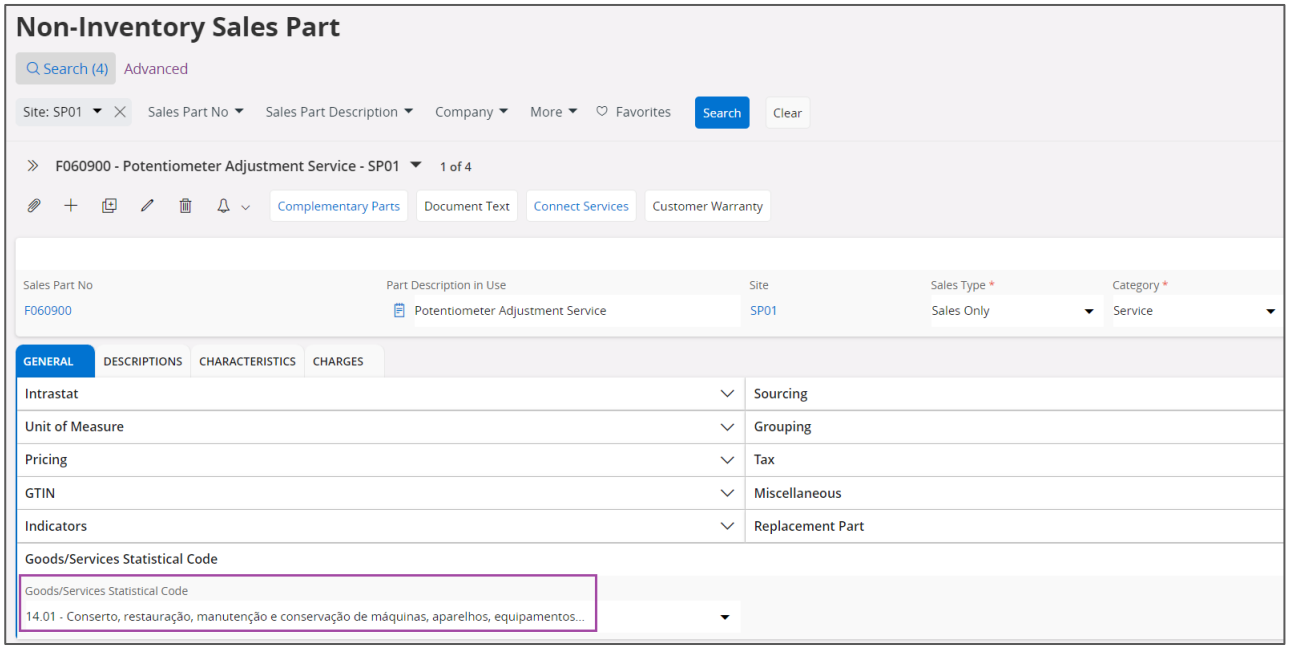
Connect the NBS code to non-inventory sales parts on the ***Procurement/Part/Purchase Part*** page. The NBS code is the new service code introduced with the tax reform and is registered in the goods/service statistical code marked with NBS.



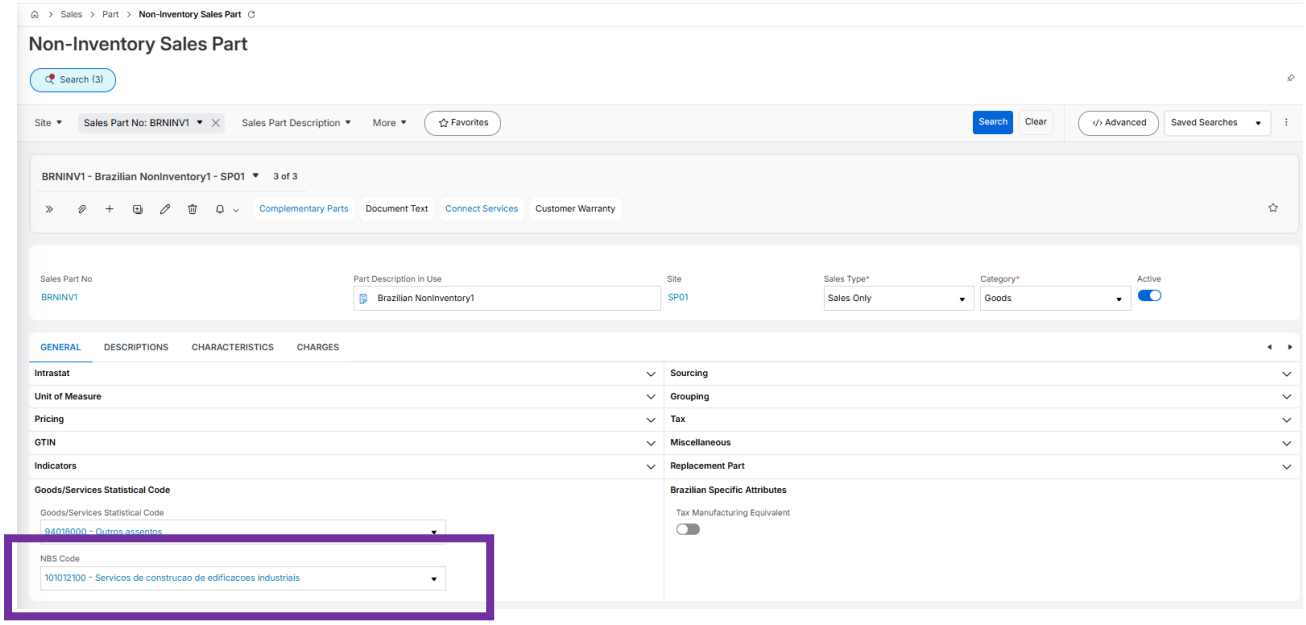
Connect the goods/service statistical code to inventory parts in the ***Warehouse Management/Part/Inventory Part*** page.



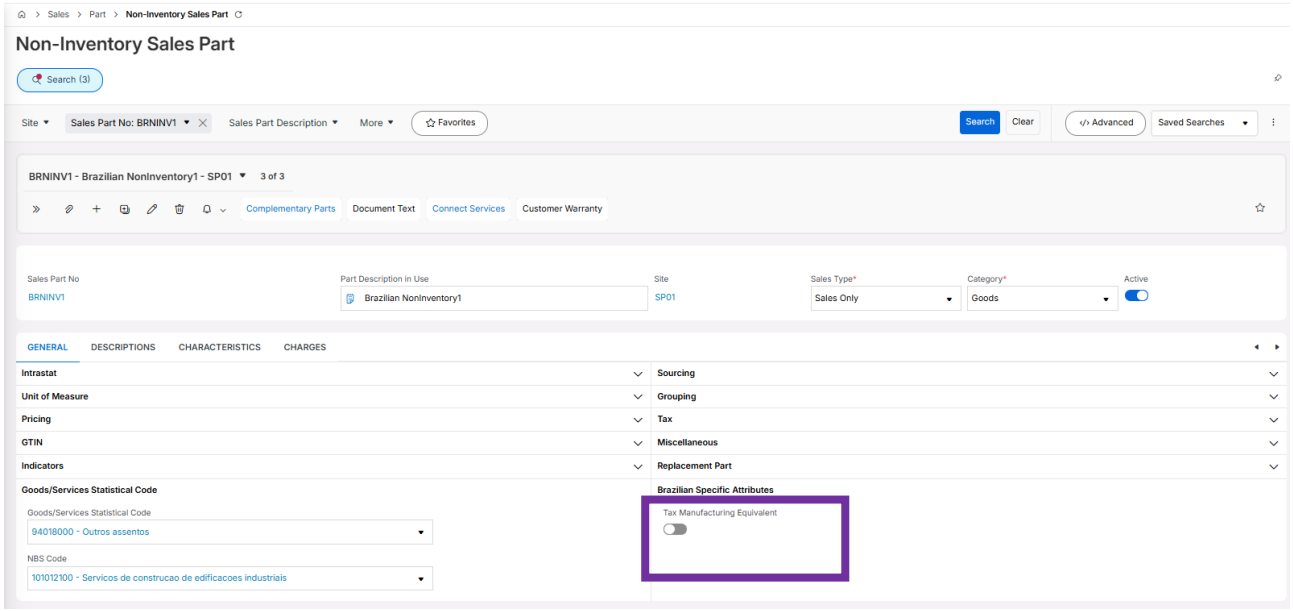
Connect the goods/service statistical code to non-inventory sales parts on the ***Sales/Part/Non-Inventory Sales Part*** page.



Connect the NBS code to non-inventory sales parts on the ***Sales/Part/Non-Inventory Sales Part*** page. The NBS code is the new service code introduced with the tax reform and is registered in the goods/service statistical code marked with NBS.

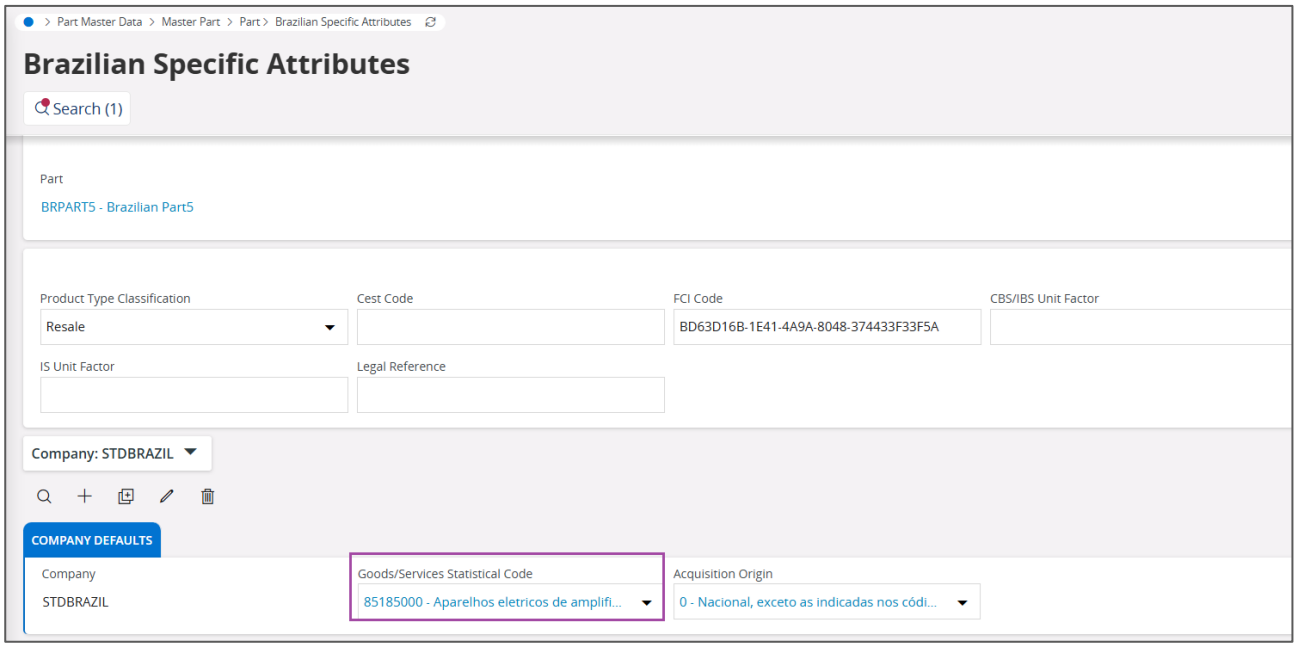


Set Tax Manufacturing Equivalent to force the calculation of IPI in a company whose CNAE is not an industrial company.



1.4.5 Defining Goods/Services Statistical Codes via Master Part

In ***Part Master Data/Master Part/Part*** page, find the Part No, then select the command button Brazilian Specific Attributes and connect the goods/service statistical code:

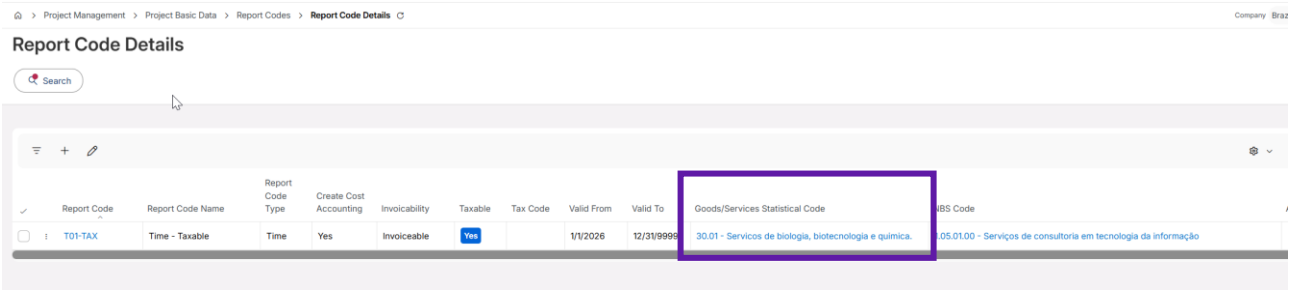


The Goods/Services Statistical Code connected in the Brazilian Specific Attributes for a given Part No will be copied to other part-related pages, if this part exists as Sales Part, Non-Inventory Sales Part, Inventory Part, and Purchase Part in application.

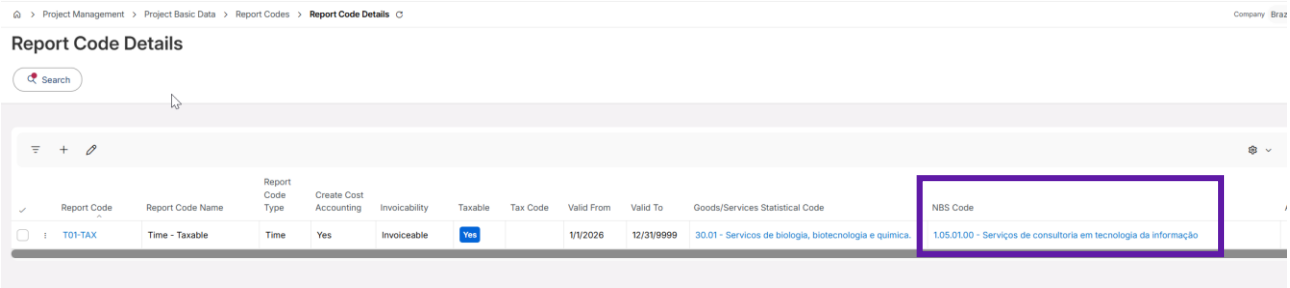
Optionally, a specific Goods/Services Statistical Code can be defined directly in the Sales Part, Non-Inventory Sales Part, Inventory Part, or Purchase Part, different from the one connected to the Master Part, if needed.

1.4.6 Define Goods/Services Statistical Codes and NBS Codes in Report Codes

Connect goods/service statistical codes to report codes on the ***Project Management/Project Basic Data/Report Codes/Report Code Details*** page.



Connect NBS codes to report codes on the ***Project Management/Project Basic Data/Report Codes/Report Code Details*** page. The NBS code is the new service classification code introduced with the tax reform and is defined on the ***Goods/Services Statistical Codes*** page marked as an NBS code.



1.4.7 Fetching Logic for Goods/Service Statistical Codes

The Goods/Service Statistical Codes will be fetched into the lines of the following objects:

- Business Opportunity
- Sales Quotation
- Customer Order
- Customer Invoice
- Outgoing Tax Document
- Outgoing Nota Fiscal
- Project Invoice
- Order Quotation
- Purchase Order Line
- Incoming Nota Fiscal and Bill of Lading
- Incoming Tax Document

The default value for Goods/Service Statistical Code will be fetched from the Sales Part into the Business Opportunity Lines, and it can be modified manually. When the Sales Quotation is created from a Business Opportunity, the Goods/Service Statistical Code for each order line is fetched from the Business Opportunity.

The default value for Goods/Service Statistical Code will be fetched from the Sales Part into the Sales Quotation and Customer Order Lines, and it can be modified manually. When the Customer Order is created from a Sales Quotation, the Goods/Service Statistical Code for each order line is fetched from the Sales Quotation.

The default value for Goods/Service Statistical Code will be fetched from the Purchase Part into the Order Quotation and Purchase Order Lines, and it can be modified manually. When the Purchase Order is created from an Order Quotation, the Goods/Service Statistical Code for each order line is fetched from the Order Quotation.

The default value for Goods/Service Statistical Code will be fetched from the Inventory Part into Outgoing Tax Document Lines, and it can be modified manually.

The default value for Goods/Service Statistical Code will be fetched from the Report Code Details into Project Invoice Lines, and it can be modified manually.

In the Outgoing Nota Fiscal, the Goods/Service Statistical Code is fetched into the lines from the connected object.

In the Incoming Nota Fiscal, the Goods/Service Statistical Code is fetched into the lines from the connected object, but it be entered and/or modified manually.

1.4.8 Tax Determination with External Tax System

Goods/Service Statistical Code will be included in the Avalara request file for each item. See further information in the *Appendix* for the mapping between IFS and Avalara.

1.4.9 Delimitations

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

Project Invoicing for the 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.
- Credit Project Invoices and Project Correction Invoices.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

1.5 Brazilian Specific Fiscal Attributes

1.5.1 Overview of Legal Requirement

The **Business Transaction Code** is required in the 3rd party tax calculation engine 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 the 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 the Brazilian Tax Authority per period.

The **FCI** (Import Content File) hash code is provided by Brazilian Tax Authority for parts containing coefficient of imported inputs in manufacturing process.

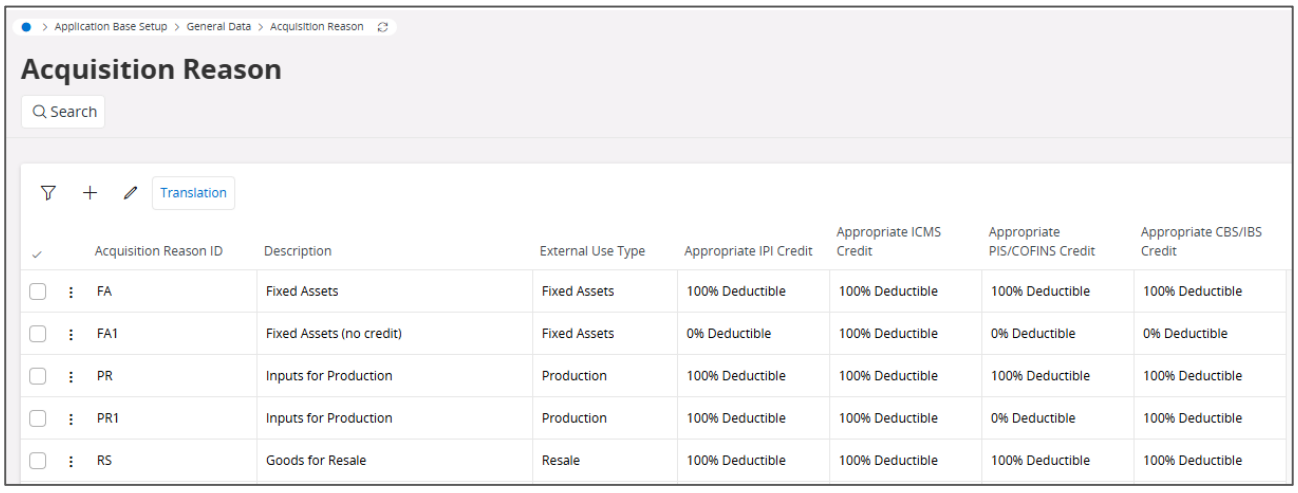
The **Acquisition Reason** is used by the customers and recipients of Nota Fiscal when applying for a given good. This is required for 3rd party tax calculation engine to properly identify the business scenario details performed and return calculated tax amounts, with other relevant tax-related information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

1.5.2 Enter Basic Data

1.5.2.1 Acquisition Reason

Navigate to Application Base Setup > General Data > Acquisition Reason. Enter the Acquisition Reason ID and Description, select the External Use Type from the drop-down list, and define the credit appropriation setup for ICMS, IPI, PIS/COFINS, and CBS/IBS taxes.

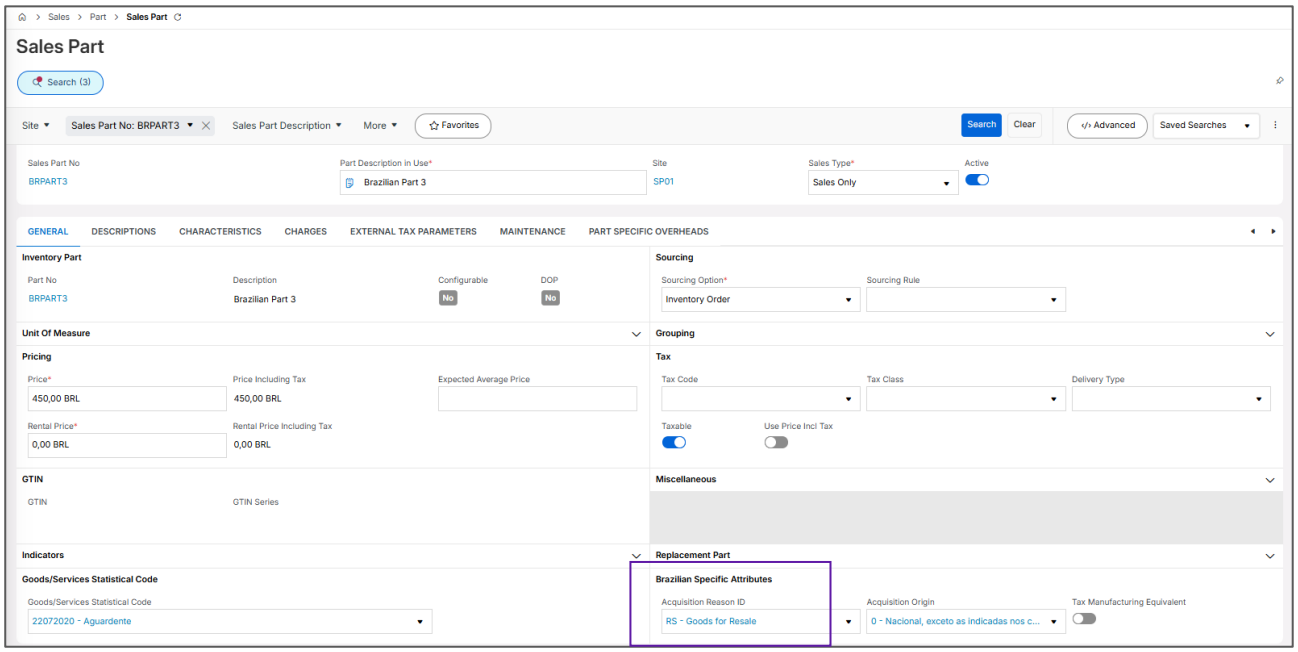
The credit appropriation setup determines whether these taxes will be posted as recoverable taxes or absorbed into the cost of goods for incoming procurement transactions.

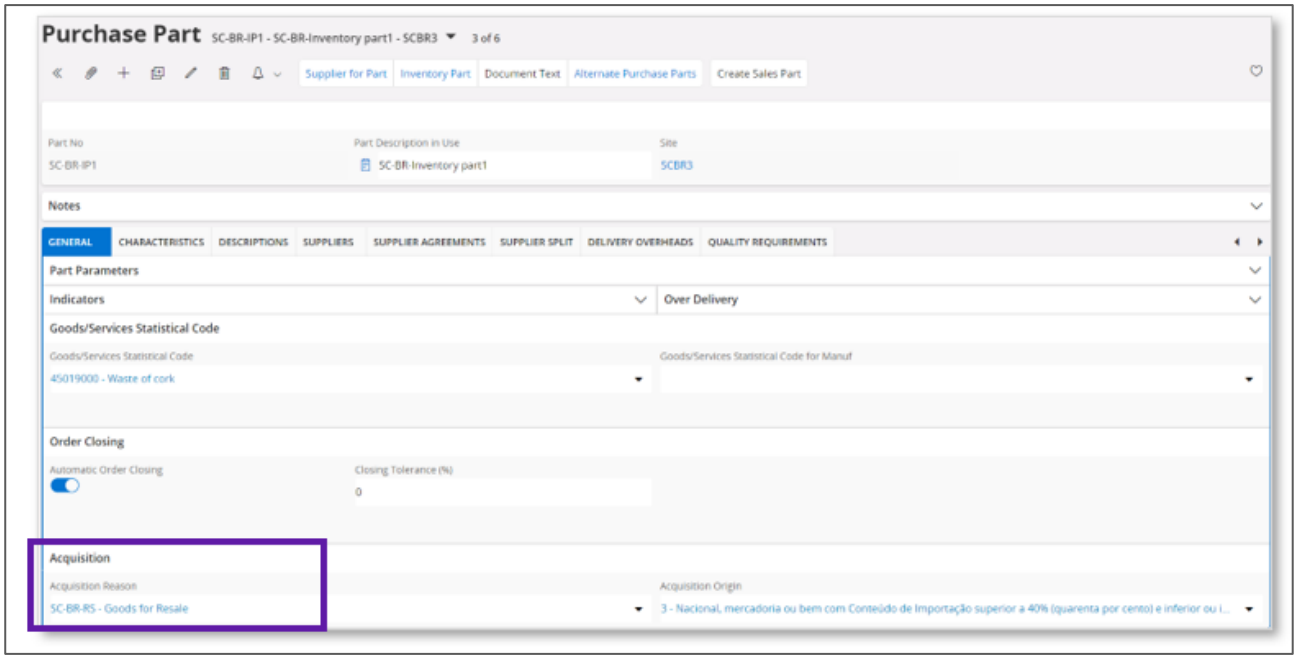


Acquisition Reason ID	Description	External Use Type	Appropriate IPI Credit	Appropriate ICMS Credit	Appropriate PIS/COFINS Credit	Appropriate CBS/IBS Credit
FA	Fixed Assets	Fixed Assets	100% Deductible	100% Deductible	100% Deductible	100% Deductible
FA1	Fixed Assets (no credit)	Fixed Assets	0% Deductible	100% Deductible	0% Deductible	0% Deductible
PR	Inputs for Production	Production	100% Deductible	100% Deductible	100% Deductible	100% Deductible
PR1	Inputs for Production	Production	100% Deductible	100% Deductible	0% Deductible	100% Deductible
RS	Goods for Resale	Resale	100% Deductible	100% Deductible	100% Deductible	100% Deductible

The Use Type defined for given the Acquisition Reason ID is one of the key attributes used by External Tax System for tax determination.

The Acquisition Reason can be defined in both part level and Business Transaction Code levels. Select it from list of values in the field **Acquisition Reason ID** in Sales Part and/or Purchase Part.





The Acquisition Reason is automatically fetched into the field **Acquisition Reason Id** in the object lines (Sales Quotation, Customer Order, Order Quotation, Purchase Order, etc..). The fetching of Acquisition Reason Id to the Sales Quotation line is done in two ways:

1st – The Acquisition Reason ID is automatically derived from the related part used in the transaction, e.g.: from the Sales Part in sales transactions, the Purchase Part in procurement transactions, and the Inventory Part in transfer transactions.

2nd – If the Acquisition Reason ID is not found at Part level, then this is derived from the Business Transaction Code.

The Acquisition Reason ID can also be entered and/or modified manually directly in the object line level in Sales Quotation, Customer Order, Order Quotation, Purchase Order and Outgoing Tax Document.

In Outgoing Nota Fiscal, the Acquisition Reason field is not editable at the line level, since in these scenarios, tax calculation with ExternalTax System is always done based on the source object from which the fiscal document was generated from.

In Incoming Fiscal Documents, the Acquisition Reason field is primarily derived from the source object to which this is related, e.g. Purchase Order. In cases where incoming Fiscal Document is not linked to a source object, the Acquisition Reason ID is fetched from Part or Business Transaction Code level, depending on the scenario. However, manual editing at the line level is allowed, since for incoming transactions the Fetch External Tax option is supported directly on the Incoming Nota Fiscal and Bill of Lading page.

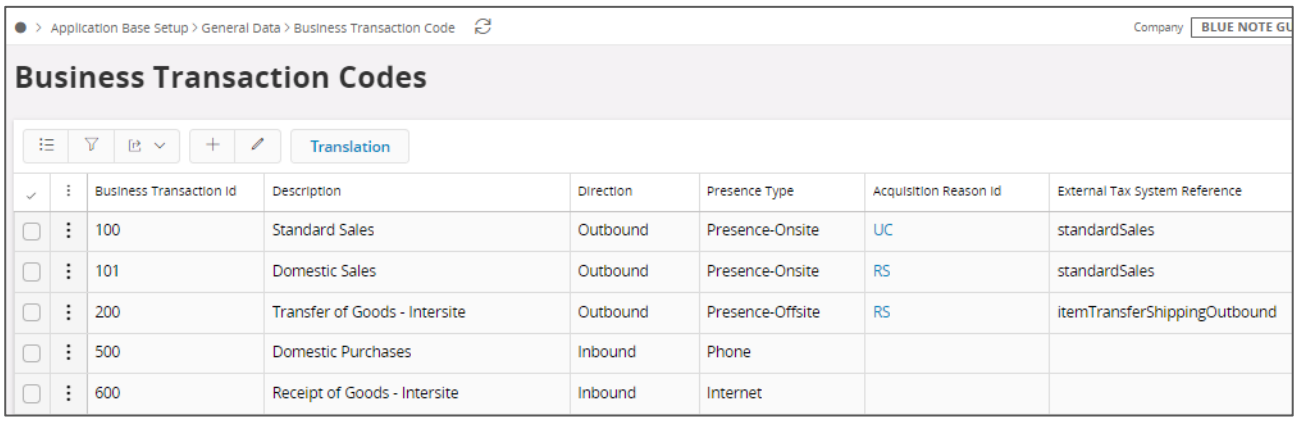
1.5.2.2 Business Transaction Code

Navigate to the ***Business Transaction Codes*** page available in *Application Base Setup/General Data/Business Transaction Code. Enter Business Transaction* ID, description, and direction (Inbound/Outbound). For example, in the procurement flow, the Direction should be set to Inbound, while in the sales flow the Direction should be set to Outbound.

Define Presence Type with one of options from the dropdown list in the Business Transaction Codes. This information is reported to Brazilian Tax Authority in the electronic Nota Fiscal of goods in the tag <indPres> under <ide> element.

When tax determination is performed through integration with an External Tax System, the Business Transaction ID must be linked to an External Tax System Reference. This reference is the main parameter used in tax determination, as it specifies the business scenario being executed. The complete list of reference values used to manage different business scenarios must be obtained directly from the tax determination partner to ensure accurate configuration.

The Acquisition Reason can optionally be defined in the Business Transaction Code level.

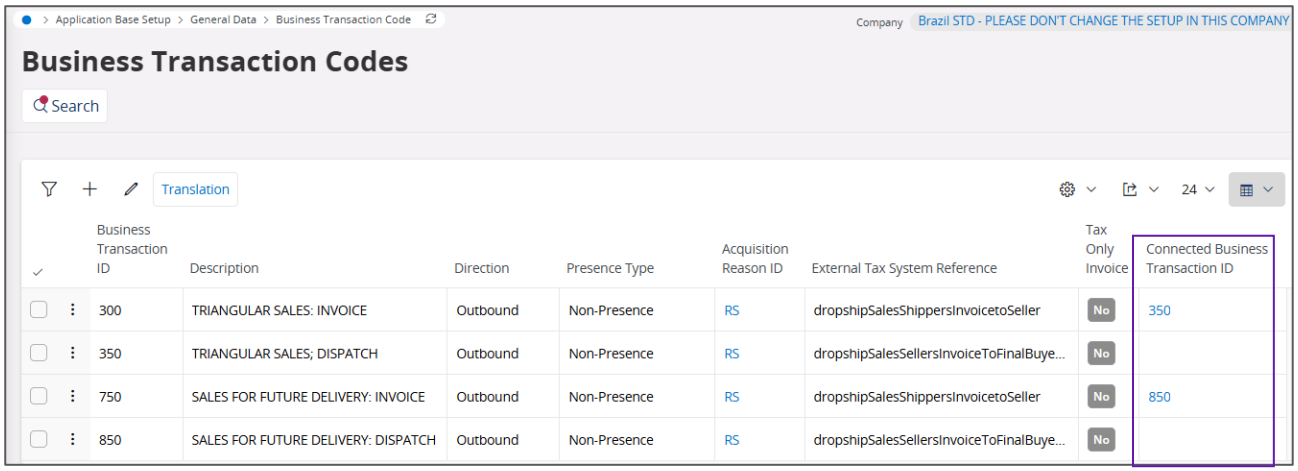


Business Transaction Id	Description	Direction	Presence Type	Acquisition Reason Id	External Tax System Reference
100	Standard Sales	Outbound	Presence-Onsite	UC	standardSales
101	Domestic Sales	Outbound	Presence-Onsite	RS	standardSales
200	Transfer of Goods - Intersite	Outbound	Presence-Offsite	RS	itemTransferShippingOutbound
500	Domestic Purchases	Inbound	Phone		
600	Receipt of Goods - Intersite	Inbound	Internet		

The column Connected Business Transaction ID supports scenarios in which a second Nota Fiscal must be created for the same transaction — specifically the Sales for Future Delivery and Triangular Sales scenarios.

Validations for Connected Business Transaction ID:

- The Business Transaction ID must be outbound for sales-related flows.
- The Connected Business Transaction ID must be unique and cannot match the primary Business Transaction ID.
- A Connected Business Transaction ID cannot be assigned to multiple Business Transaction IDs.



Business Transaction ID	Description	Direction	Presence Type	Acquisition Reason ID	External Tax System Reference	Tax Only Invoice	Connected Business Transaction ID
300	TRIANGULAR SALES: INVOICE	Outbound	Non-Presence	RS	dropshipSalesShippersInvoicetoSeller	No	350
350	TRIANGULAR SALES; DISPATCH	Outbound	Non-Presence	RS	dropshipSalesSellersInvoiceToFinalBuye...	No	
750	SALES FOR FUTURE DELIVERY: INVOICE	Outbound	Non-Presence	RS	dropshipSalesShippersInvoicetoSeller	No	850
850	SALES FOR FUTURE DELIVERY: DISPATCH	Outbound	Non-Presence	RS	dropshipSalesSellersInvoiceToFinalBuye...	No	

The column ***Coastal Shipping*** refers to transporting goods by sea between ports within the same country. It is required by 3rd party tax calculation engine to properly identify the destinations and return calculated taxes. The value set in this field will be included in the Avalara request file and Avalara will return the percentage of ICMS tax according to the state where the sender and recipient is placed.

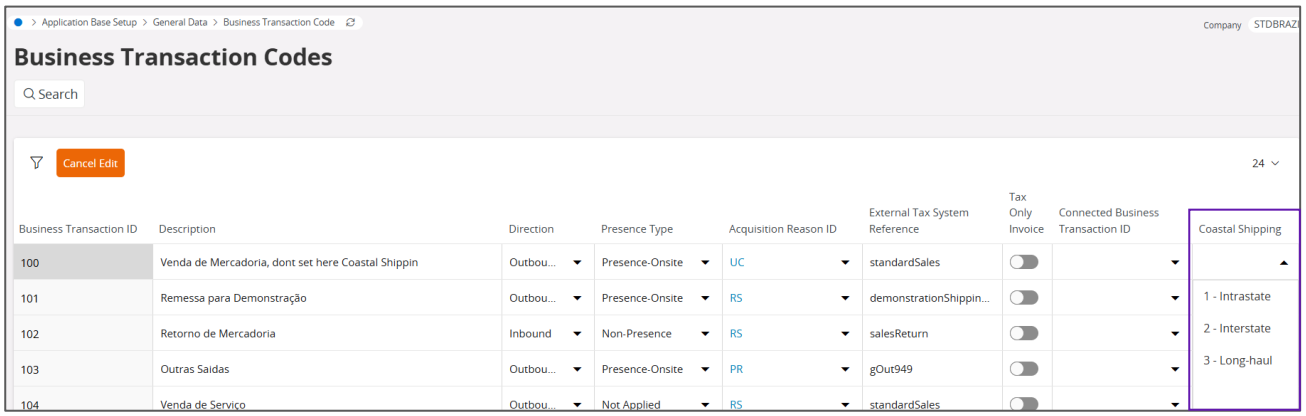
- When the ***Coastal Shipping*** is selected to number ***1 - Intrastate***, Avalara will apply the percentage of ICMS tax according to the state where the sender is placed.
- When the ***Coastal Shipping*** is selected to number ***2 – Interstate***, Avalara will apply the percentage of ICMS tax according to the state where the sender and the receiver is placed.
- When the ***Coastal Shipping*** is selected to number ***3 – Long-Haul***, Avalara will apply the percentage of ICMS tax with exemption applied for exportation

Note: For ***Coastal Shipping*** option number ***2 – Interstate***, there is a limitation where Avalara will not return the correct percentage of ICMS tax. Since, in Brazil the ICMS percentages depends on the sender and the recipient states involved in the transaction and the Avalara JSON file do not include the recipient state. Therefor Avalara will base the ICMS tax on the addresses in the JSON file, which is the sender and the receiver. If the receiver address is outside Brazil, it should be treated as exportation, option number 3. To be able to receive the correct ICMS tax from Avalara for this scenario the user must configure a customized rule in Avalara. With this customized rule, the user

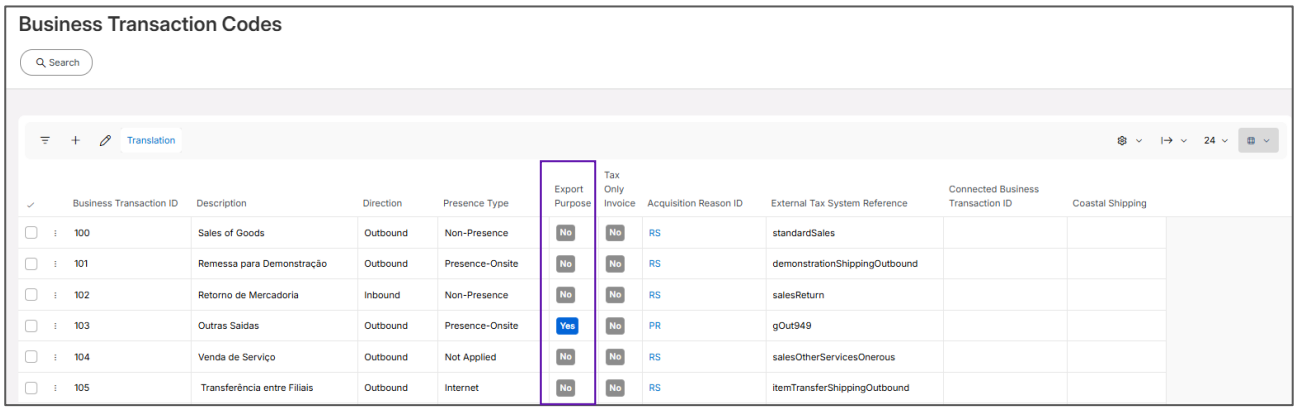
can determine what is the ICMS percentage to be fetched when JSON file is integrated, containing specifics parameters as filter, to fetch that specific rule.

Coastal Shipping is supported by each Avalara call in Sales Quotation, Customer Order, Customer Invoice and Outgoing Nota Fiscal.

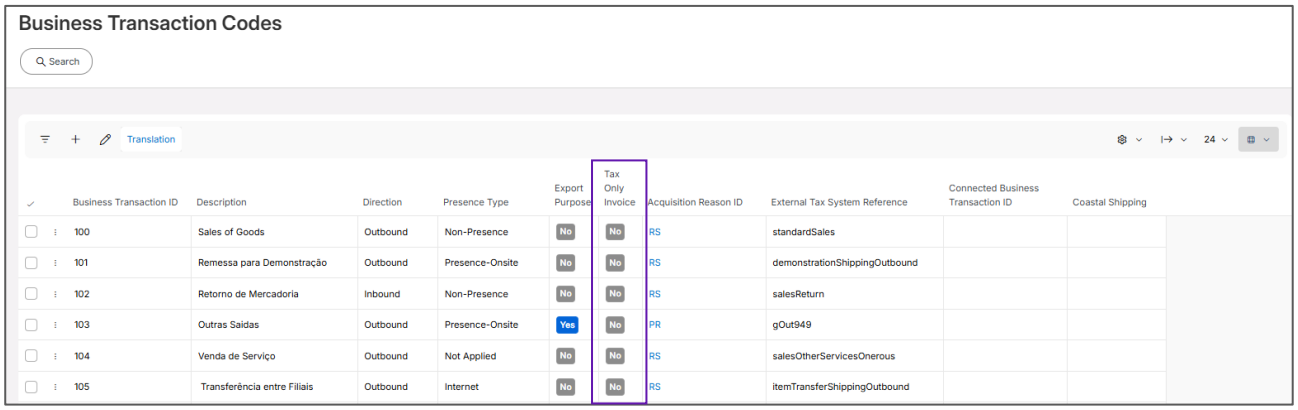
If no value is defined in the Coastal Shipping field no value will be sent, and Avalara will instead decide the value based on the address information included in the JSON file.



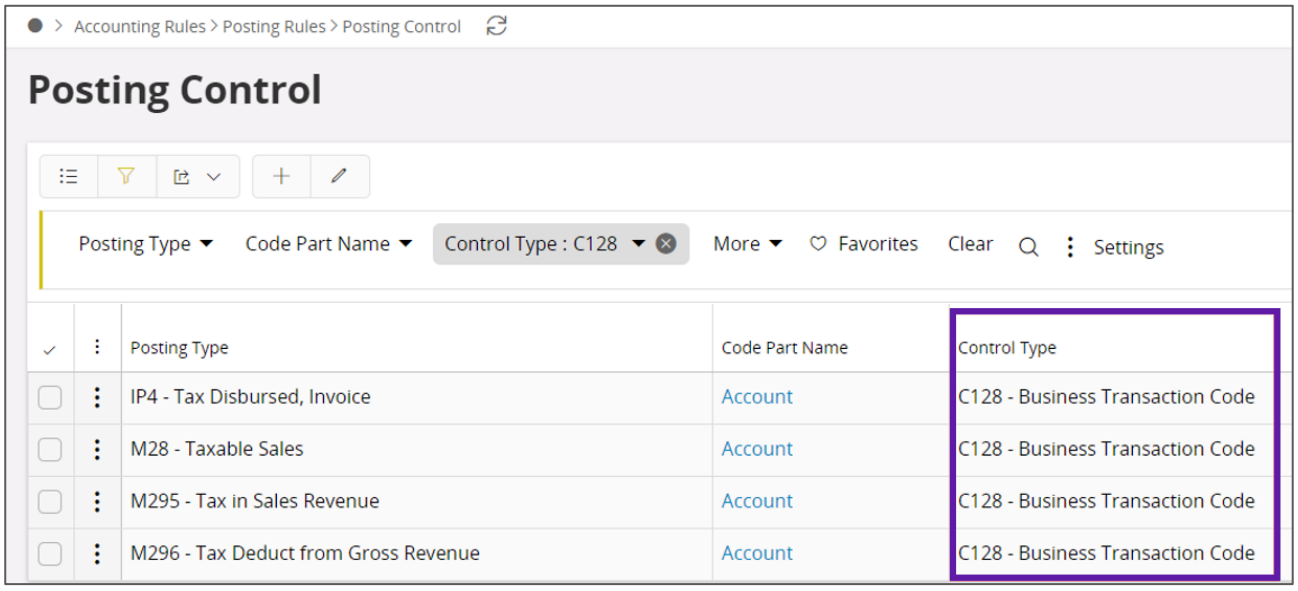
Enable the Export Purpose toggle for Business Transaction Codes with Direction = Outbound that are used to handle domestic business scenarios which must be treated as equivalent to export operations. When this toggle is enabled, the application fetches the Custom Unit of Measure (UoM) defined for the Inventory Part and uses it as the taxed unit of measure in the electronic Goods Nota Fiscal, even in scenarios where the recipient's country in the Nota Fiscal is Brazil. This behavior affects the following XML tags under the <prod> element: <qTrib>, <uTrib>, and <vUnTrib>.



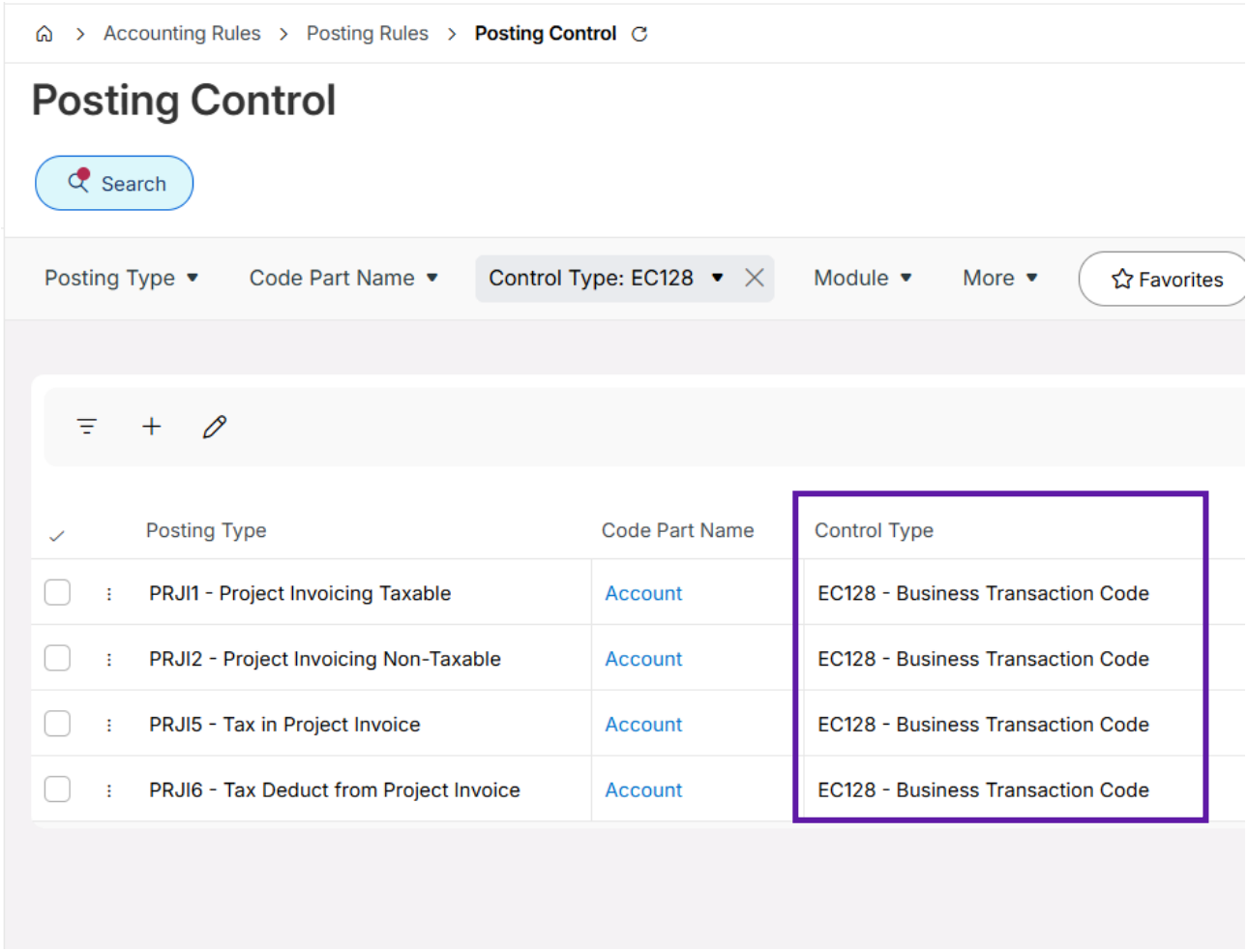
Enable the Tax Only Invoice toggle for Business Transaction Codes with Direction = Inbound that are used when receiving Incoming Nota Fiscal of goods with Purchase Order, but for non-billable transactions. For further details, see Chapter 21 - Support to Issue and Receive Manual Nota Fiscal.



Note: Business Transaction Code has been introduced as a new Control Type EC128, made available for IP4, M28, M295, M296, M30, M31, M297 and M307 Posting Types.



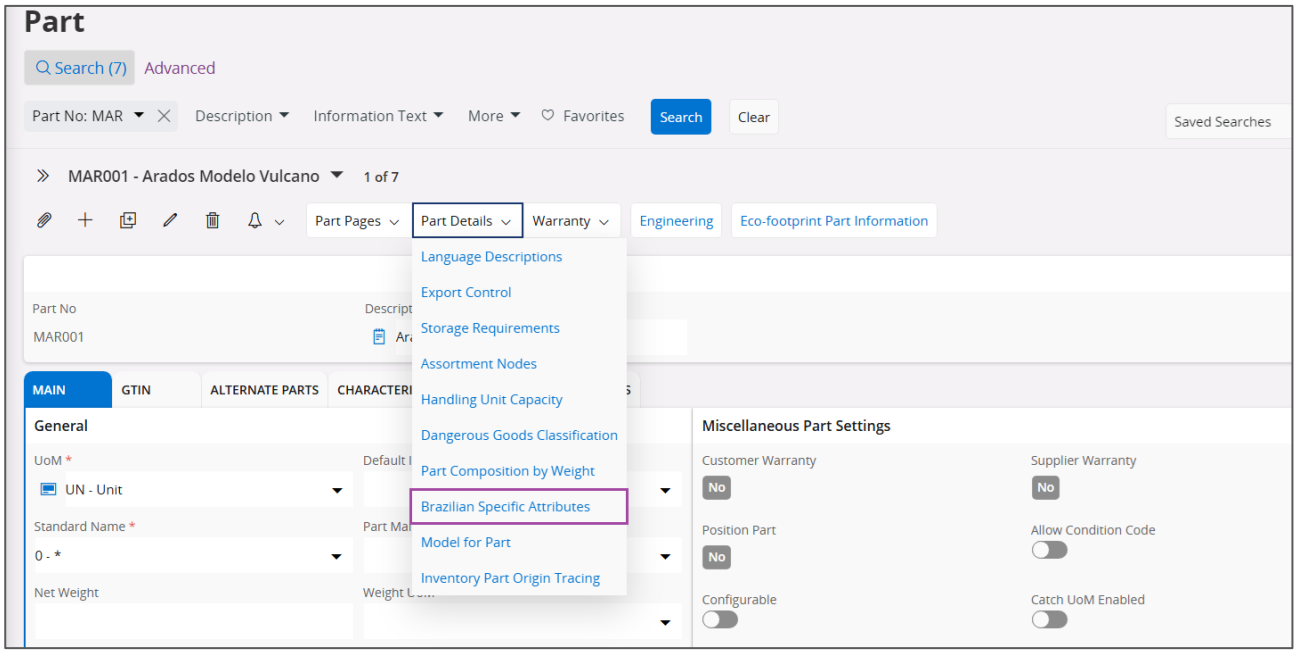
In addition, EC128 is available for PRJI1, PRJI2, PRJI5, and PRJI6 posting types used in project invoicing.



The default value for Business Transaction Code can be defined in entity and address level in Customer/Address/Delivery Tax Information and Supplier/Address/Delivery Tax Information.

1.5.2.3 Brazilian Specific Attributes for Master part

To enter Product Type Classification, CEST, FCI Hash Code, CBS/IBS Unit Factor, IS Unit Factor and Legal Reference for the parts, select “Brazilian Specific Attributes” in the ***Part Master Data/Master Part/part*** page, command group **Part Details**.



On the Brazilian Specific Attributes page, select the appropriate **Product Type Classification** for the part from the dropdown menu. The value selected for the part is integrated to external tax system and will be used for Brazilian tax reporting.

For the Purchasing flow it is mandatory to set the **Product Type Classification** for the part as either Goods or Services to run Avalara. This value can be changed, however if changed open order will not be affected, meaning they will not be updated with the new classification. If classification of a part is missing, then user tries to fetch external taxes from Avalara, a warning will be triggered.

The 7-digit code from the official CEST list (provided by the Brazilian Government) which fits the part can be set in the **CEST Code** field.

Next, enter the FCI Hash Code in the **FCI Code** field and save the record. The FCI (Import Content File) hash code is provided by Brazilian Tax Authority for parts containing coefficient of imported inputs in manufacturing process.

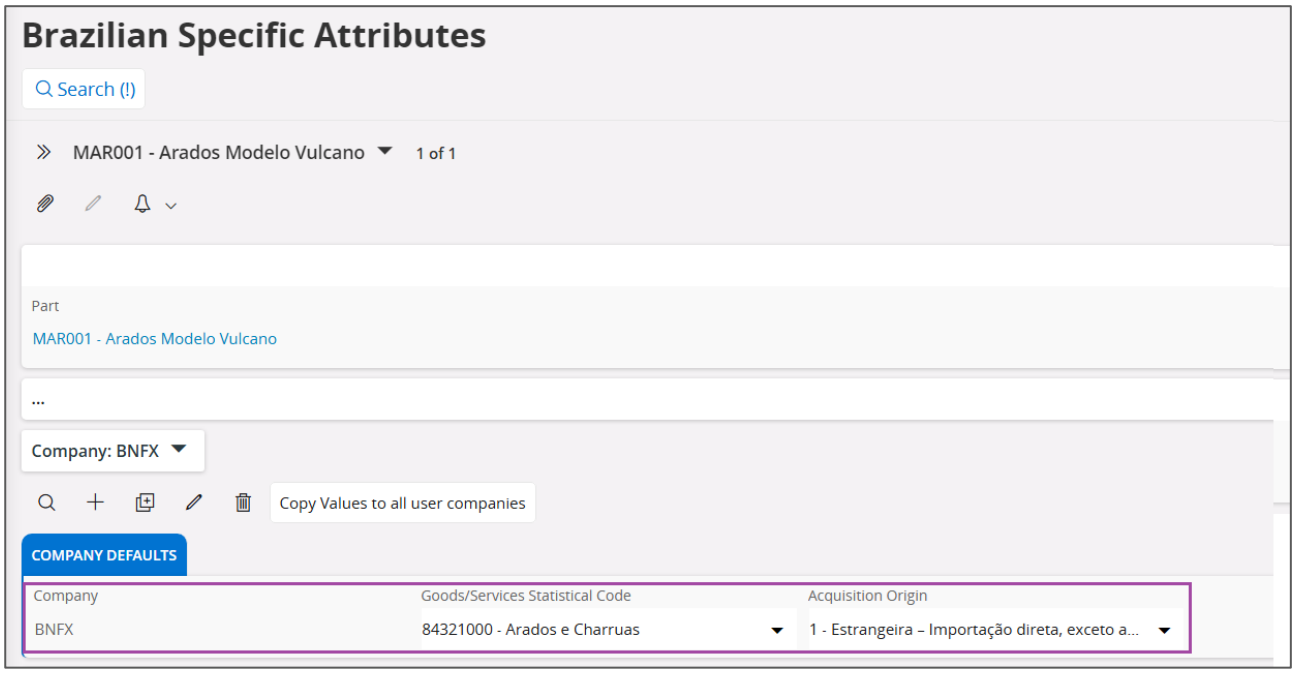
The **Legal Reference** to identify the specific legal basis and tax treatment. In the external tax calculation, this refers to the technical name of the item, as defined in legislation that specifies a list of products subject to a particular tax rule. This name is typically used if, and only if, the product belongs to an NCM classification that may be subject to different CBS and IBS tax rates.

Next, enter the **CBS/IBS Unit Factor** and/or **IS Unit Factor** to specify the conversion factor between the commercial unit and the taxable unit. This factor is used to calculate the taxable quantity that will be multiplied by the specific tax rate. The values of “cbsIbsUnitFactor” and “isUnitFactor” must be multiplied by the commercial quantity of the item to obtain the quantity in the taxable unit as required by legislation and save the record.



The NCM codes and purpose for acquisition can also be defined at the Master Part level. On the Brazilian Specific Attributes page, select the appropriate NCM code to classify the part from the **Goods/Service Statistical Codes** dropdown list. Next, choose the option for the **Acquisition Origin** field and save the record. Once the record is saved, the application copies the configuration from the master part to all related part pages, such as Sales Part, Purchase Part, and Inventory Part.

In cases where the NCM code and purpose for acquisition may differ between purchase and sales process for the same part, these can be specifically defined directly in the Purchase Part and Sales Part pages, in **Goods/Service Statistical Codes** and **Acquisition Origin** fields.



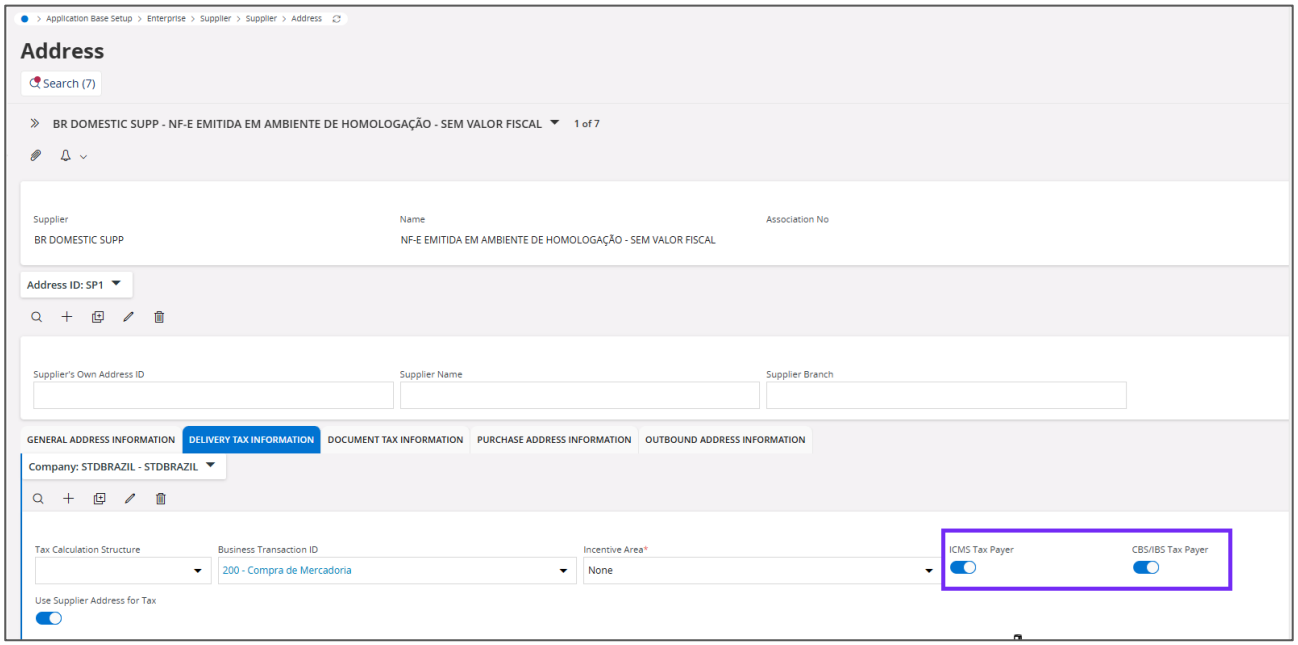
1.5.2.4 ICMS Taxpayer

ICMS Taxpayer 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.)

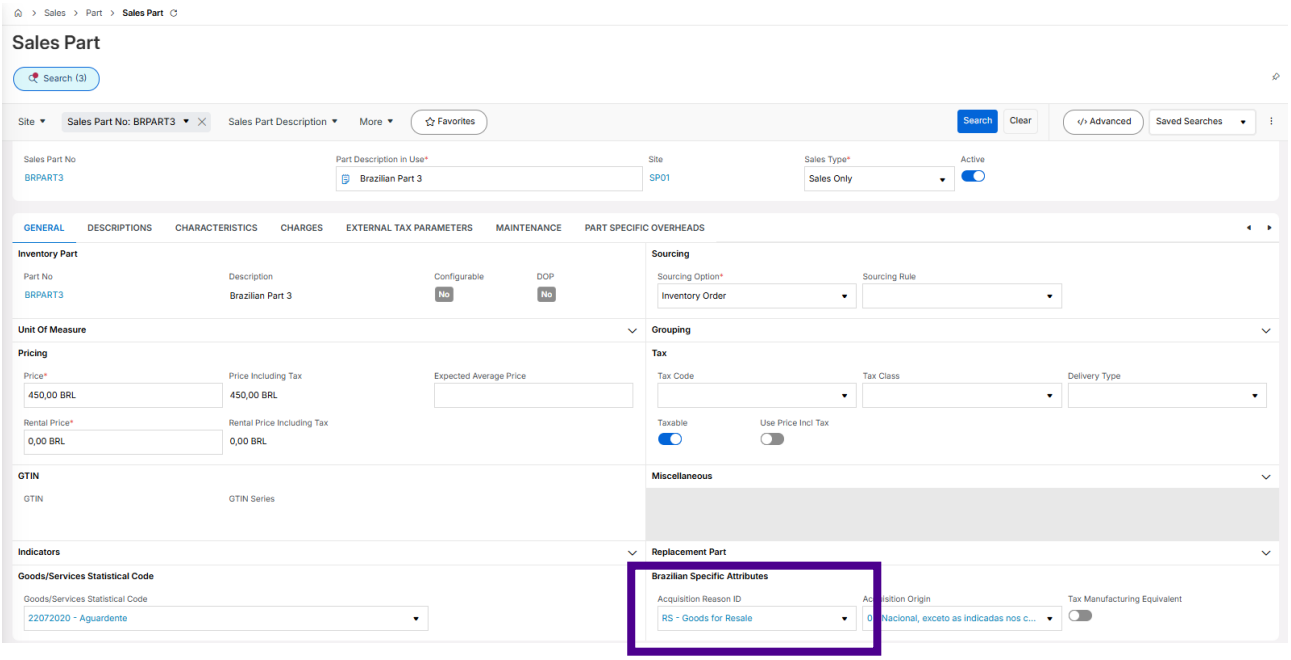
1.5.2.5 CBS/IBS Taxpayer

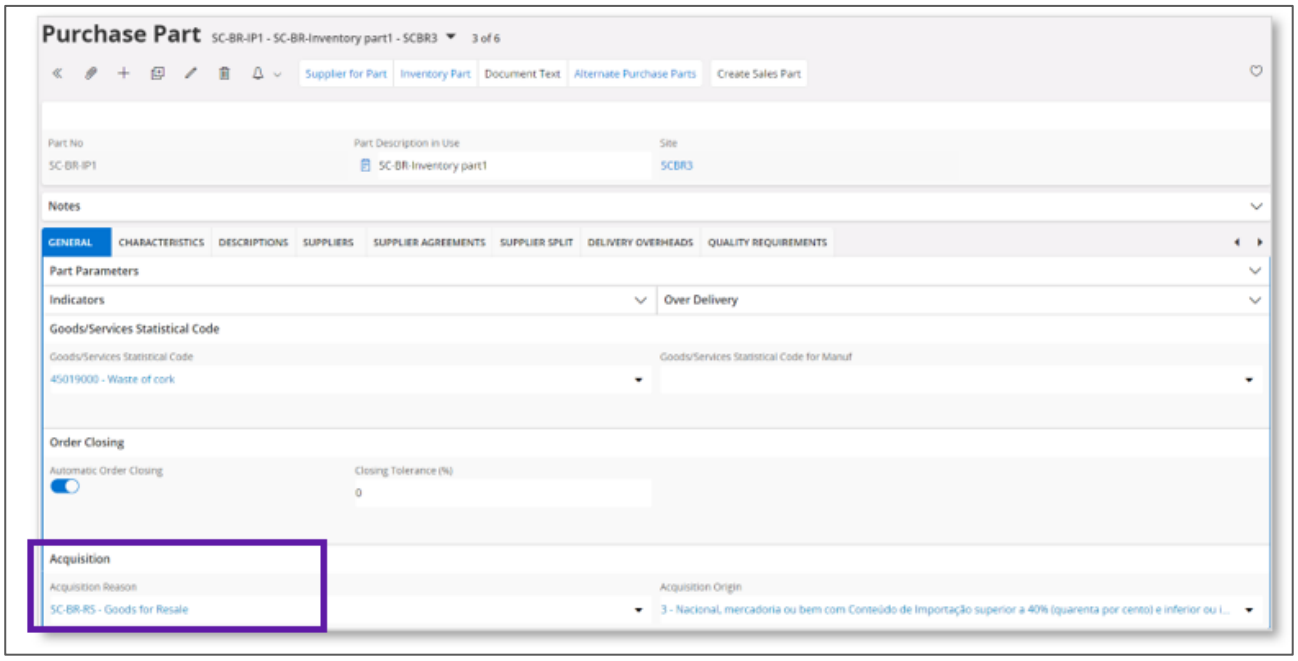
CBS/IBS Tax Payer is used both for sales flow and procurement flow. For the procurement flow, the value can be set in the ***Supplier/Address/Delivery Tax Information*** tab where it indicates that the

supplier is a CBS/IBS 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.)



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.





The Tax Manufacturing Equivalent can also be defined in sales part level, inventory part level, non inventory sales part level, supplier for purchase part level and package part level. When using the Avalara integration, you will need to set the Tax Manufacturing Equivalent to force the IPI calculation in a company whose CNAE is not classified as an industrial company, enable the manufacturing toggle in Brazilian Specific Attributes group.

1.6 Brazilian Charge Category for Purchase Charges

1.6.1 Overview of 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, such as for example freight and insurance.

1.6.2 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 the correct Avalara tag) to get the correct calculated part line taxes.

The **Brazil Charge Category** can be set and edited on the ***Purchase Charge Type*** page, in the ***Purchase Order*** page on the ***Charge*** tab, in the ***Supplier for Purchase Part*** page on the ***Charge*** tab and in the ***Incoming Dispatch Advice*** Charges assistant. The 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.

1.6.3 Process overview Purchase Charges



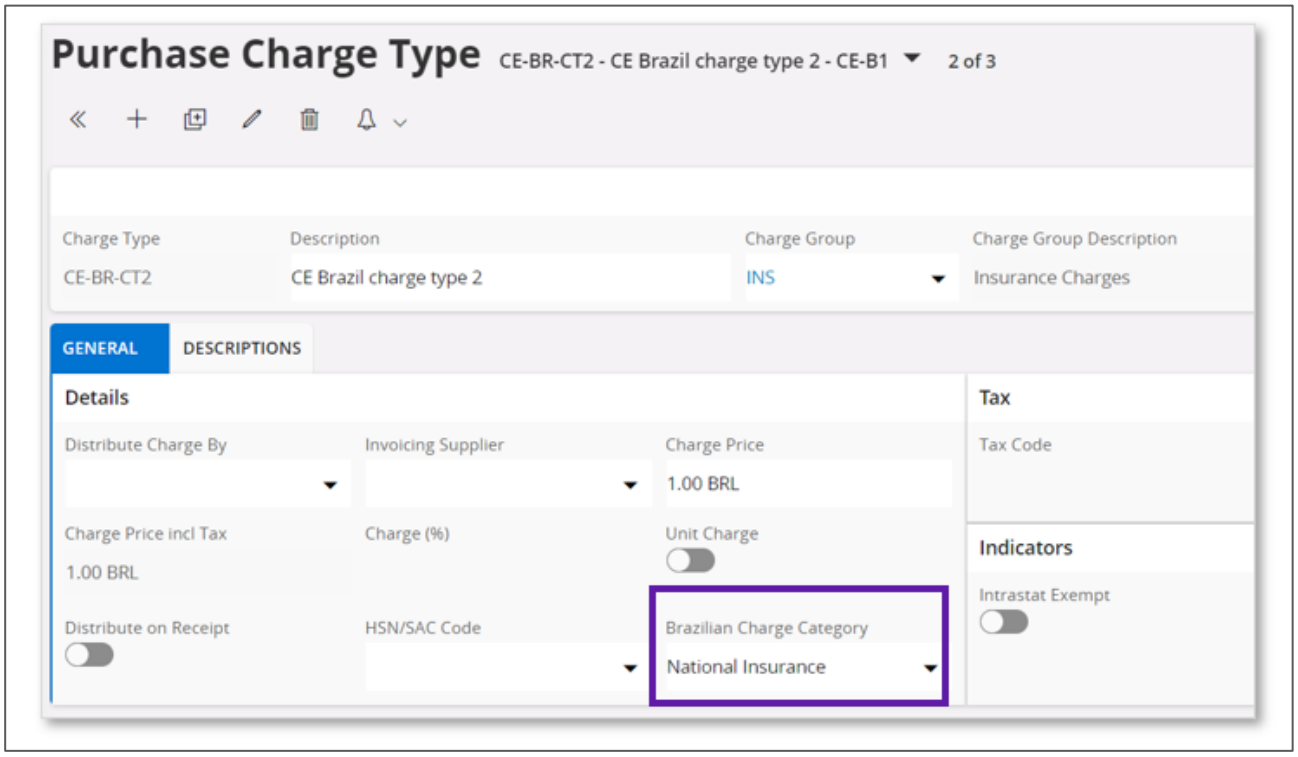
1.6.4 Prerequisites

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).

1.6.5 Connect Brazil Charge Category

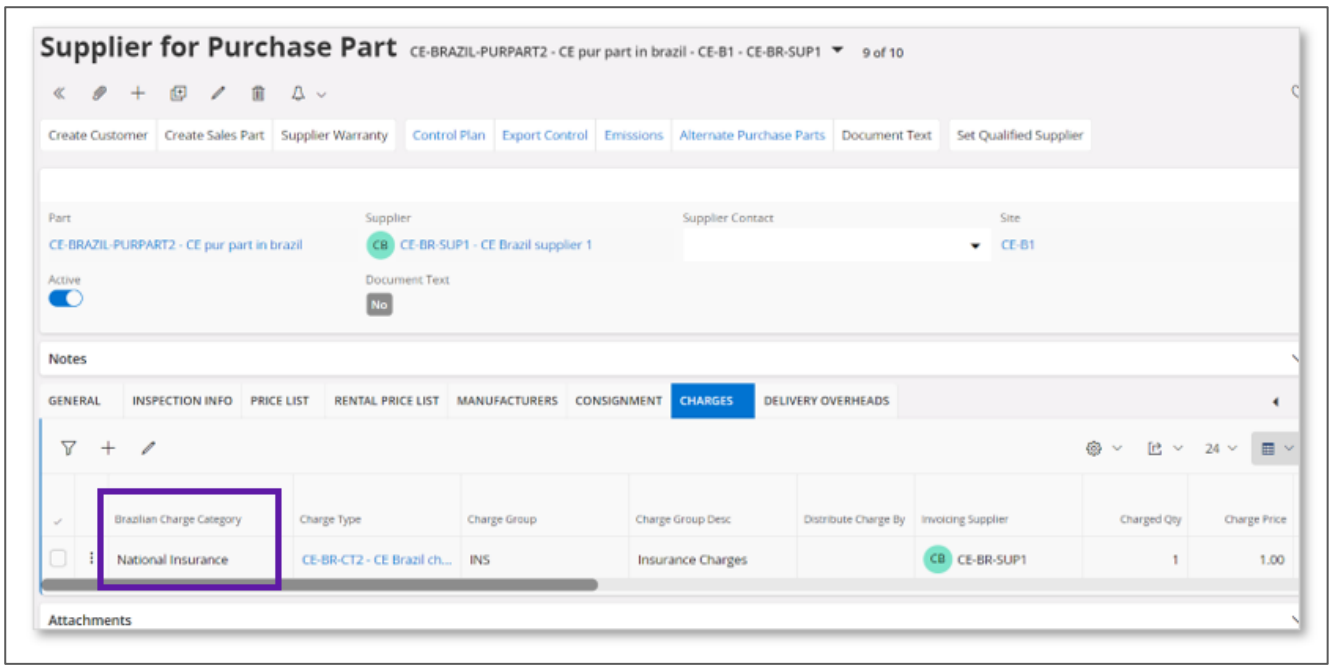
In ***Purchase Charge Type*** page there is a field for **Brazilian Charge Category** only visible when Site company is using Avalara. The possible values to choose from are as below:

- 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)



1.6.6 Default Charges on Supplier for Purchase Part

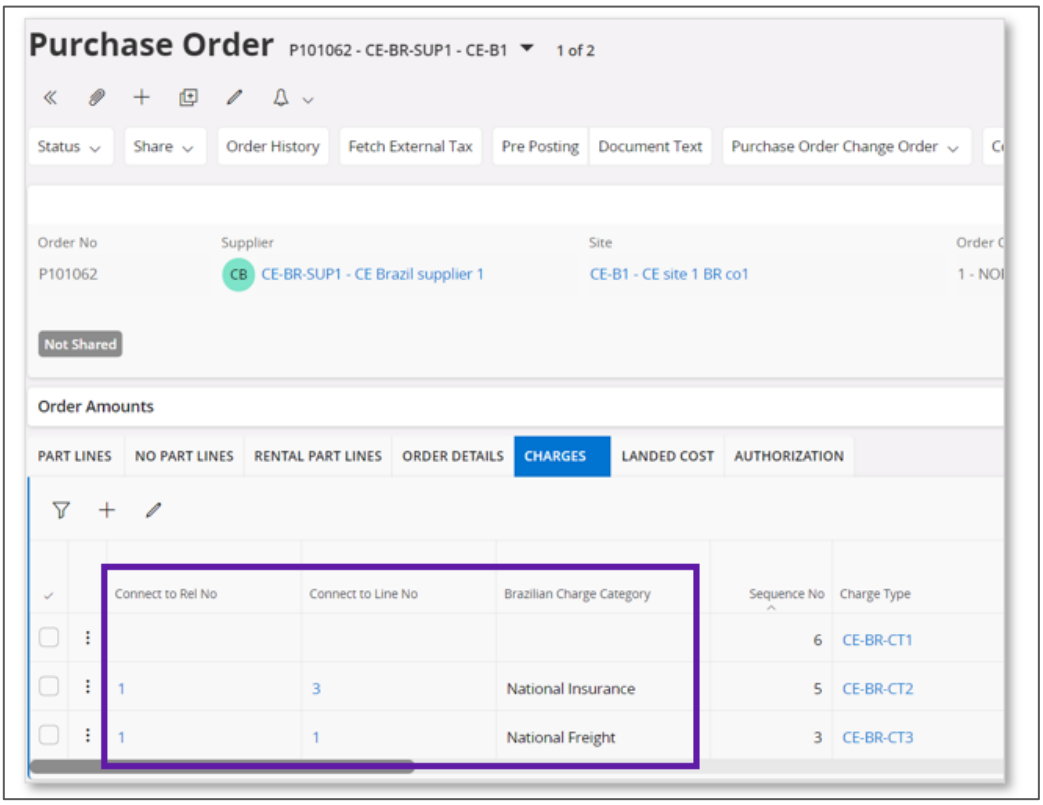
If needed it is possible to add default values for Charges in the ***Supplier for Purchase Part*** page. If a Brazil Charge Category has been set for the Purchase Charge Types this value will be defaulted, but the values can also be changed in this page.



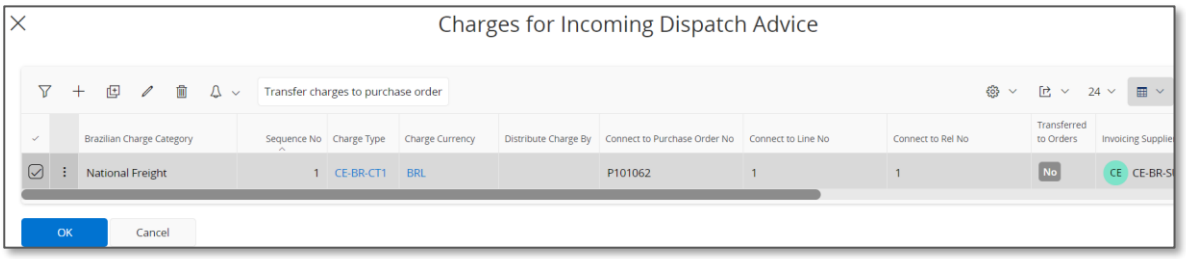
1.6.7 Add or modify Charges in Purchase Order and/or Incoming Dispatch Advice

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**.

1.6.8 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.

1.7 Brazilian Charge Category for Sales Charges

1.7.1 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.

1.7.2 Solution overview

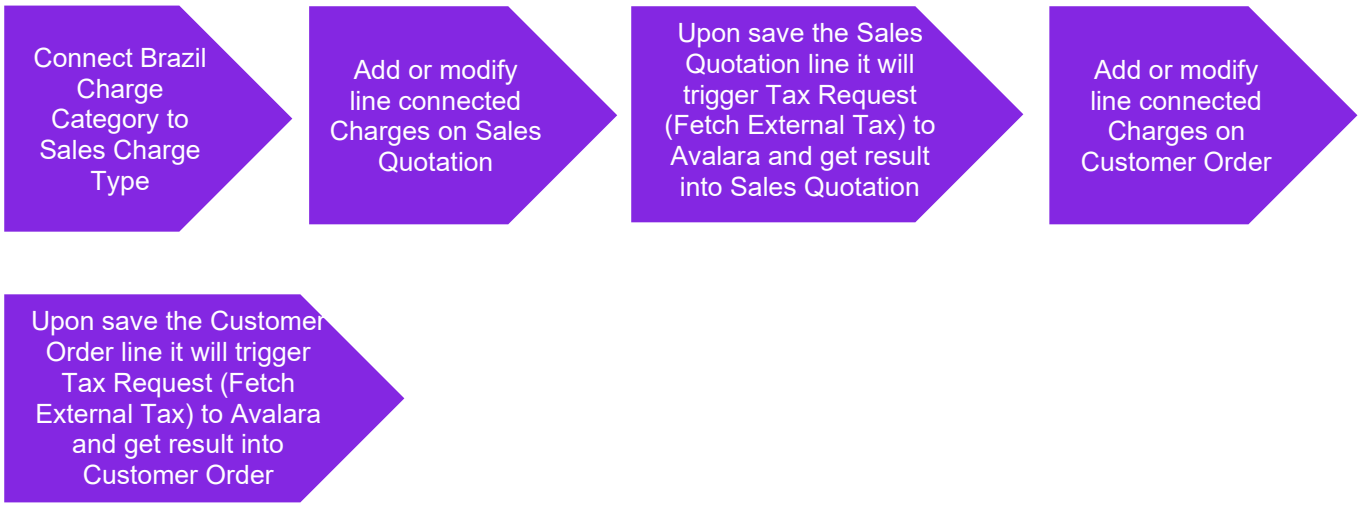
To support this, a **Brazilian Charge Category** is connected to the **Sales Charge Type** when using the Brazil localization with Avalara Tax Integration.

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 ***Sales Quotation*** page on the ***Charge*** tab, 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.

1.7.3 Process overview Sales Charges



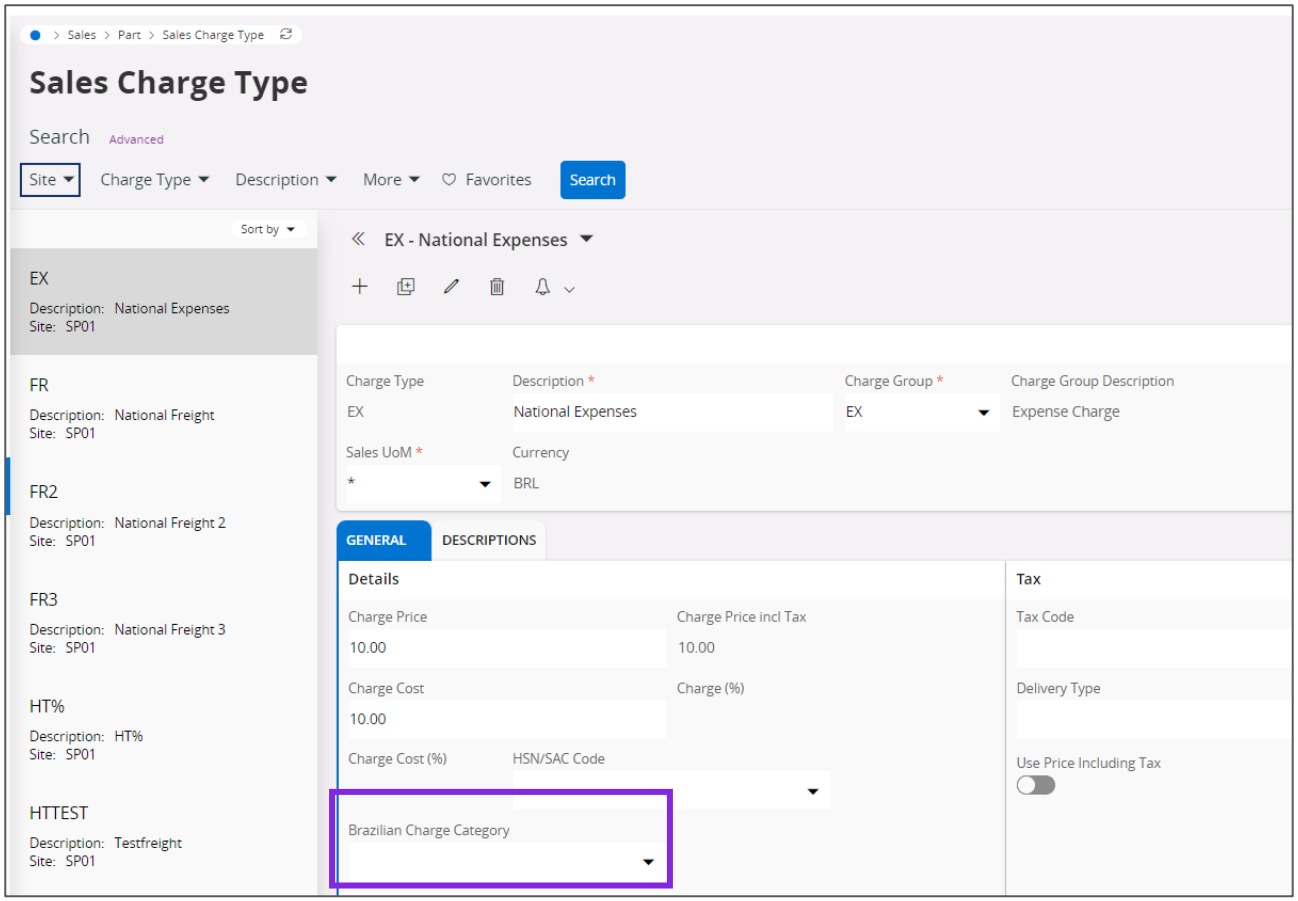
1.7.4 Prerequisites

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.

1.7.5 Connect Brazil Charge Category

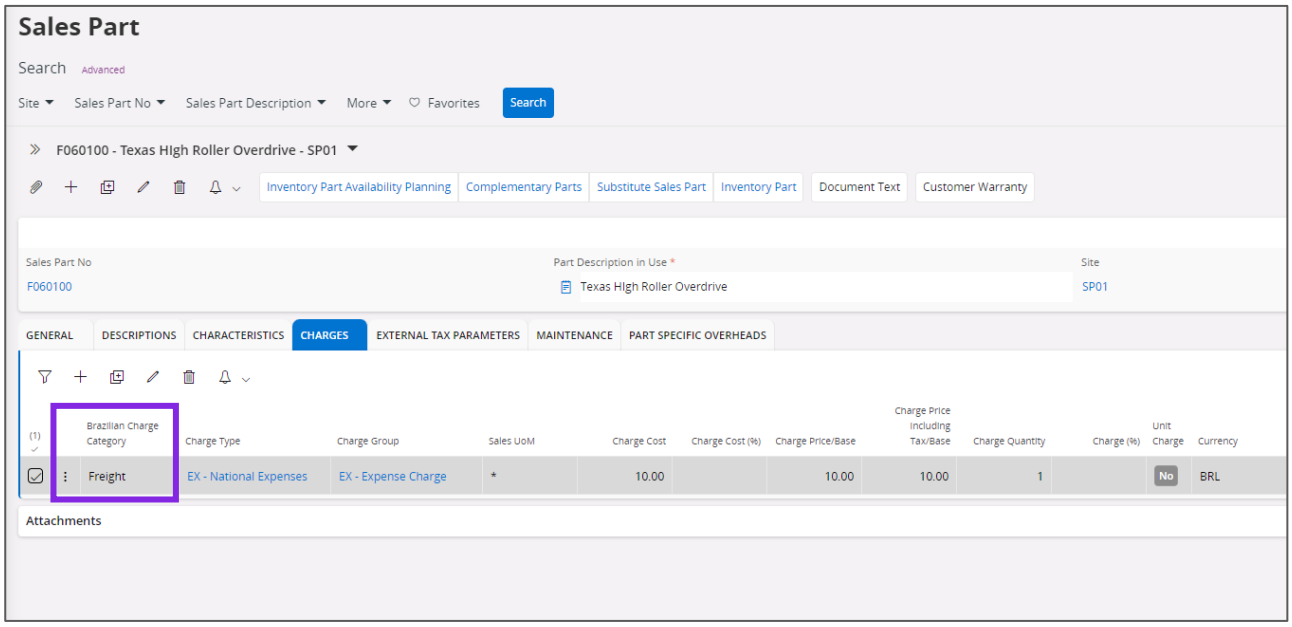
In ***Sales Charge Type*** page there is a field for **Brazilian Charge Category** which is only visible when the Localization Control Center parameters are enabled for the company. The possible values to choose from are as below:

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



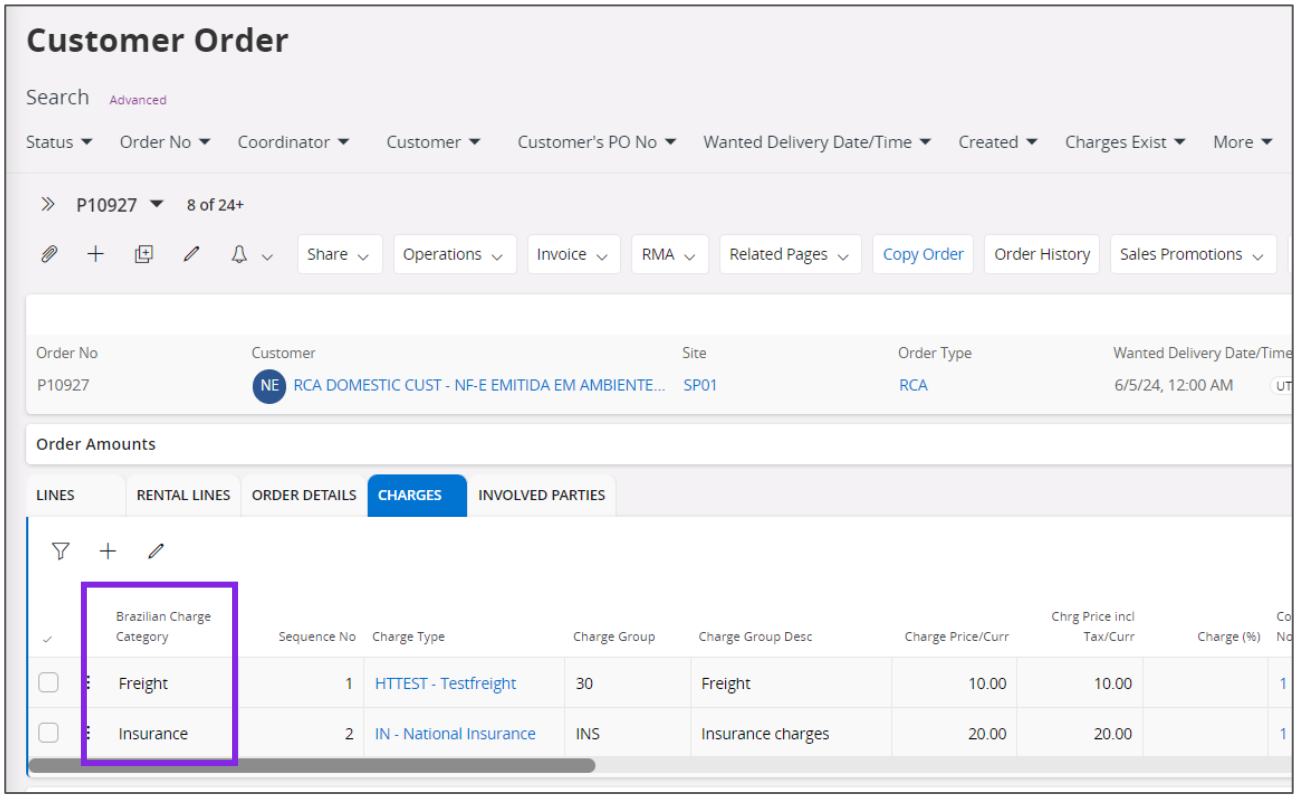
1.7.6 Default Sales Charges for Sales Part

If needed, it is possible to add default values for Charges on 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.



1.7.7 Add or Modify Charges in Sales Quotation and Customer Order

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



1.7.8 Tax Request to Avalara

Sales Quotation line and 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.

1.7.9 Delimitations

- Fetch taxes from Avalara to a sales quotation and customer order line containing Non-Inventory Sales Part of type “Goods” is not supported.
- The Brazilian charge category will only be visible in the sales quotation and customer order charges tab when the charge line is connected to a quotation/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.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

1.8 Classification of Business and Form of Business

1.8.1 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.

1.8.2 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

1.8.3 Prerequisites

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

1.8.4 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.

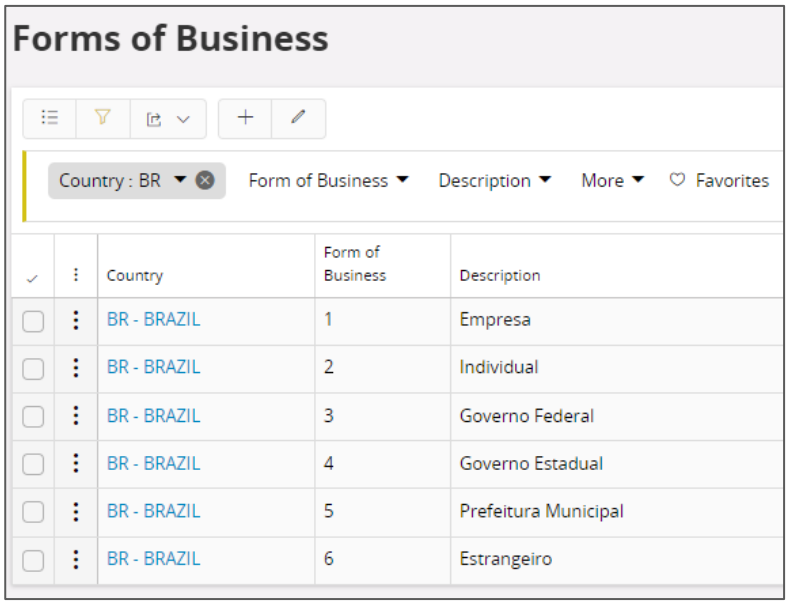
In the **External Tax System Reference** column, the user can manually define the *External Tax System References* according to the value and format given by the 3rd party tax calculation integrator. In example below, you can see the *External Tax System References* mapped according to the AVALARA requirements.



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

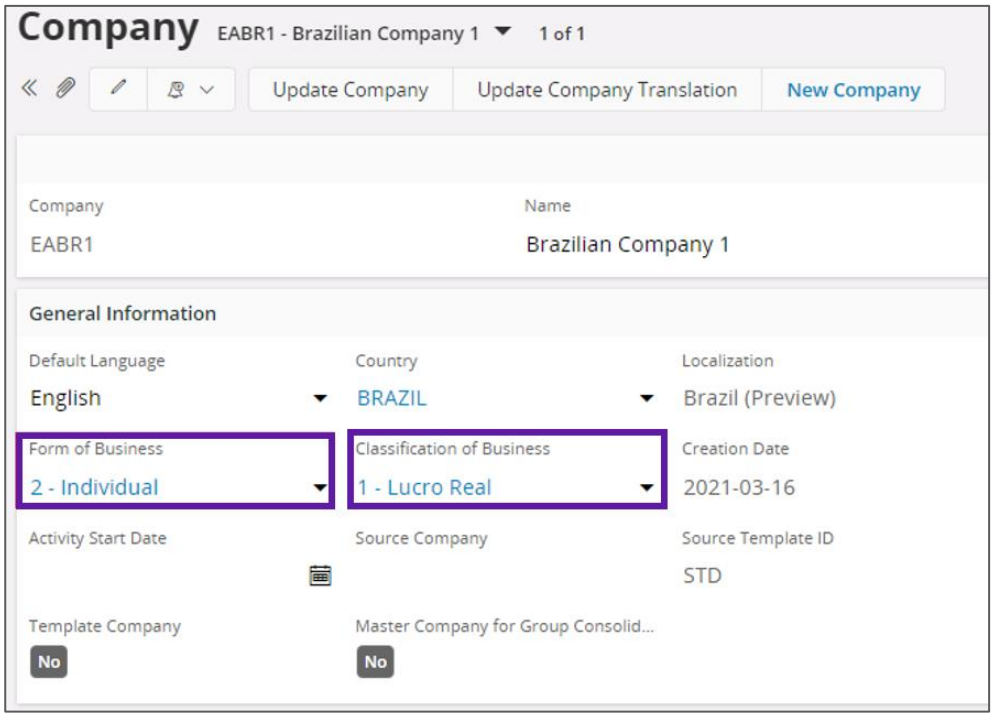
Forms of Business

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.



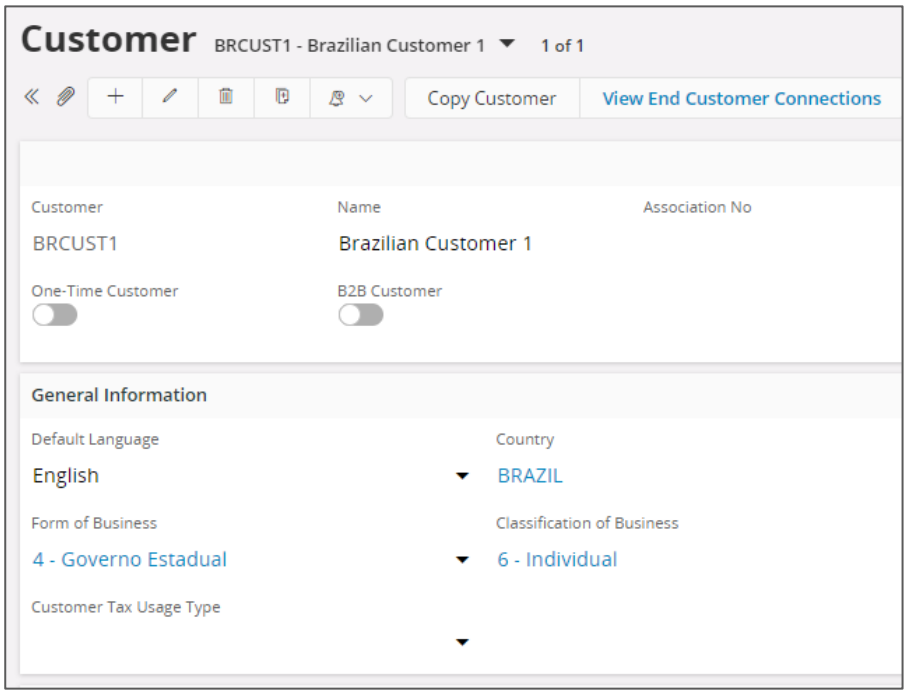
Company: Form of Business and Classification of Business

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.

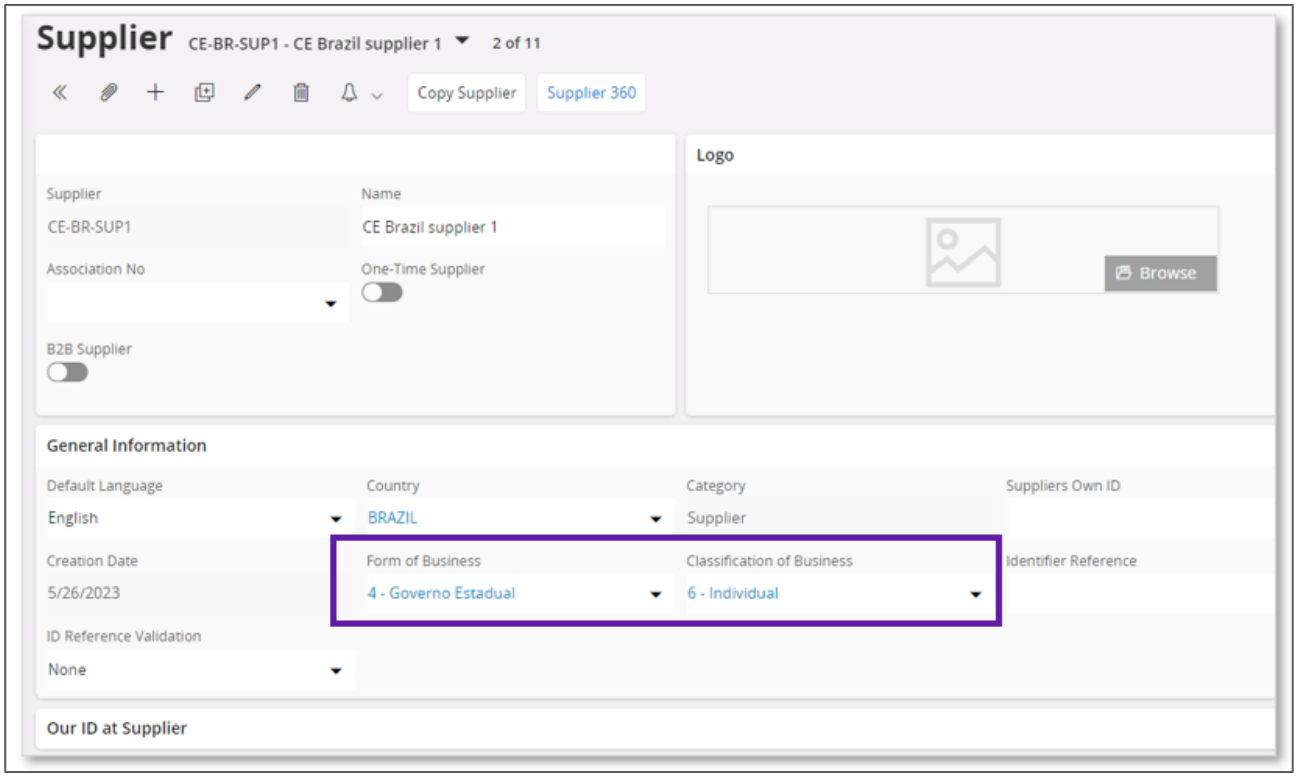


The field **Form of Business** must be 6 for foreign customers, that indicates this is an international customer. The description must be "Foreign" (“Estrangeiro”).

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”.

1.9 Address Specific Tax Registration Numbers

1.9.1 Overview Legal Requirement

In Brazil, all entities and individuals engaged in business or professional activities must obtain unique tax identification numbers from the appropriate Tax Authority , depending on their legal nature and scope of operations.

CNPJ (Cadastro Nacional da Pessoa Jurídica) is the corporate tax identification number assigned to legal entities before they can commence business activities. The CNPJ must be informed on all incoming and outgoing *Nota Fiscals* issued or received by the company. Each CNPJ is linked to a specific physical address.
There is a validation process to ensure the CNPJ number are valid. Alphanumeric CNPJ are already being considered in this validation.

CPF (Cadastro de Pessoas Físicas) is the individual tax identification number issued by the Federal Revenue Service of Brazil (Receita Federal).

State Registration (Inscrição Estadual) is a tax identification number issued by state-level tax authorities (*Secretarias da Fazenda Estaduais*) for companies that are taxpayers of ICMS (Tax on the Circulation of Goods and Services). This registration is also associated with a specific physical address.
There is a validation process to ensure the State Registration number are valid.

City Registration (Inscrição Municipal) is a municipal tax identification number issued by local tax authorities. It is required for companies that provide services and are subject to ISS (Service Tax). The City Registration is mandatory for issuing the *NFS-e* (Electronic Service Invoice), obtaining the business operating license (*alvará de funcionamento*), and maintaining compliance with municipal regulations. This registration is also specified by physical address.

CNAE (Classificação Nacional de Atividades Econômicas) is an economic activity classification code defined by the Brazilian Federal Revenue Service. It consists of a seven-digit number that identifies the primary and secondary economic activities performed by a business. A company may hold multiple CNAE codes, one for its main activity and others for additional operations.

SUFRAMA (Superintendência da Zona Franca de Manaus) is a registration number issued by the regulatory agency of the Manaus Free Trade Zone. Companies registered with SUFRAMA may benefit from specific tax incentives applicable to operations within the Free Trade Zone.

State Registration for Tax Substitution (Inscrição Estadual de Substituição Tributária) is a specific registration number issued by state tax authorities to ICMS taxpayers subject to the Tax Substitution regime (*Substituição Tributária*). This registration applies when the company remits the tax to the state authority on a periodic basis rather than per fiscal documents. It is tied to a particular physical address, and a company may hold multiple registrations — one for each state in which it conducts taxable transactions.

The tax registration numbers described above must be included by both the issuer and the receiver in fiscal documents — *NF-e* for goods and *NFS-e* for services — and in all relevant tax reporting processes, depending on the applicable case, to ensure proper identification and compliance with municipal, state, and federal tax authorities.

1.9.2 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.

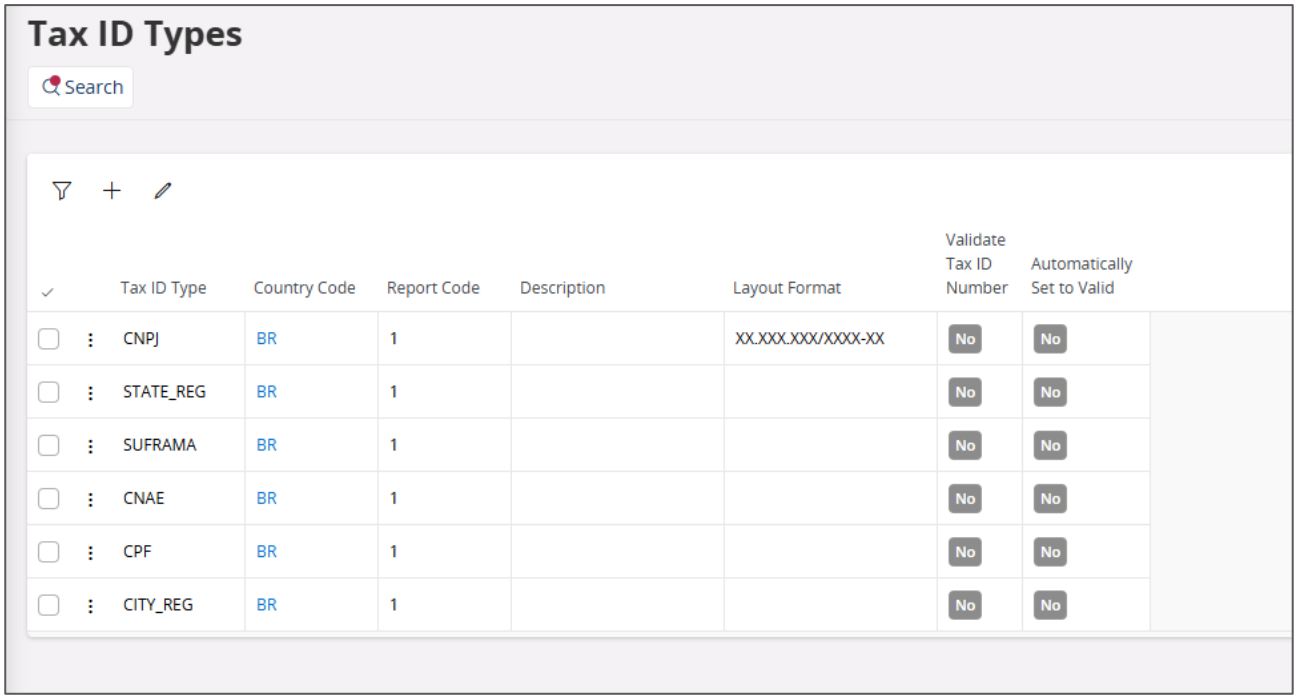
1.9.3 Enter Basic Data for Tax ID Types

In IFS Applications, the Brazilian unique identification numbers are handled via the following Tax Type IDs:

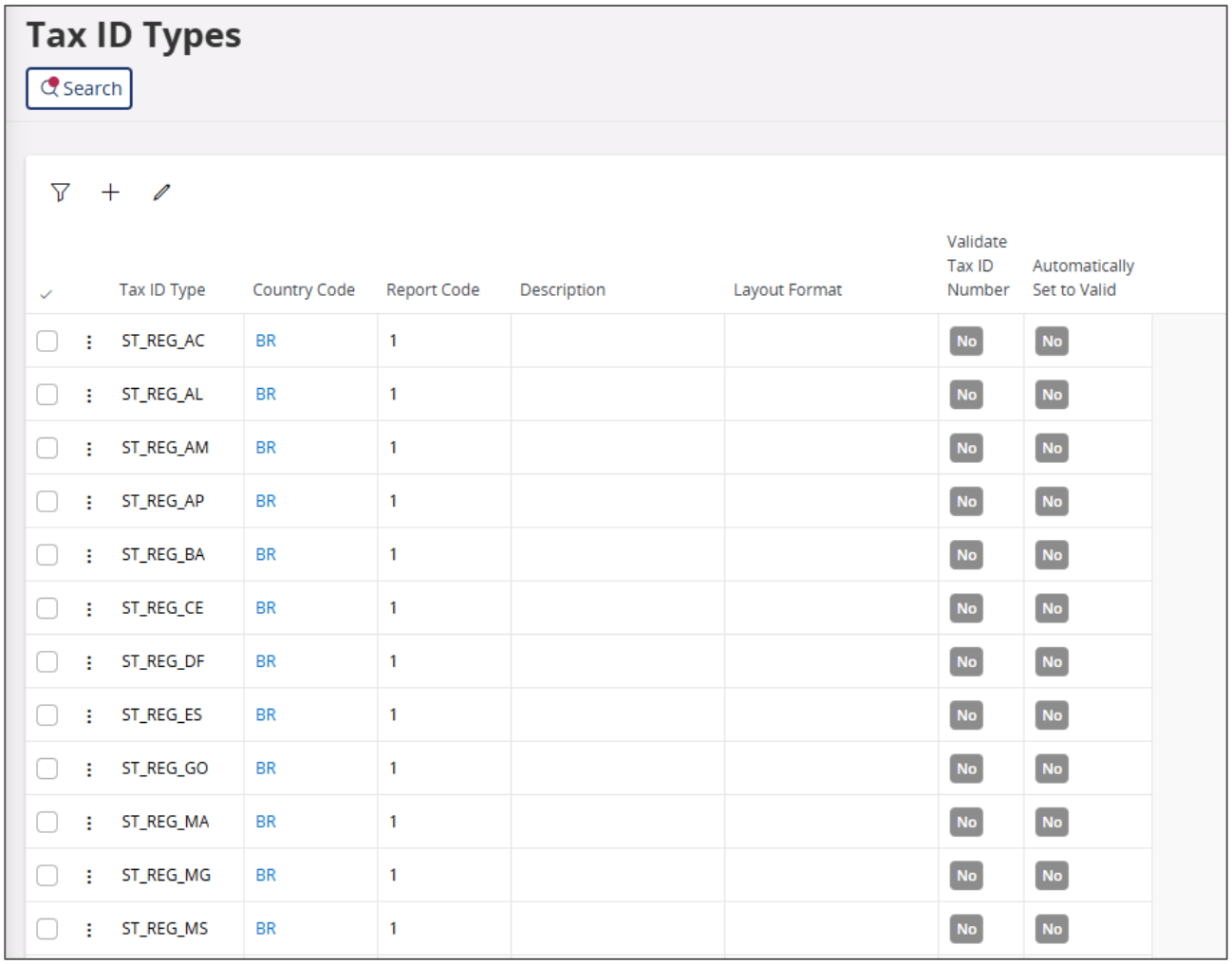
Unique Identification Number	Tax Type ID
CNPJ	CNPJ
CPF	CPF
State Registration	STATE_REG
Municipality Registration	CITY_REG
CNAE	CNAE
SUFRAMA	SUFRAMA

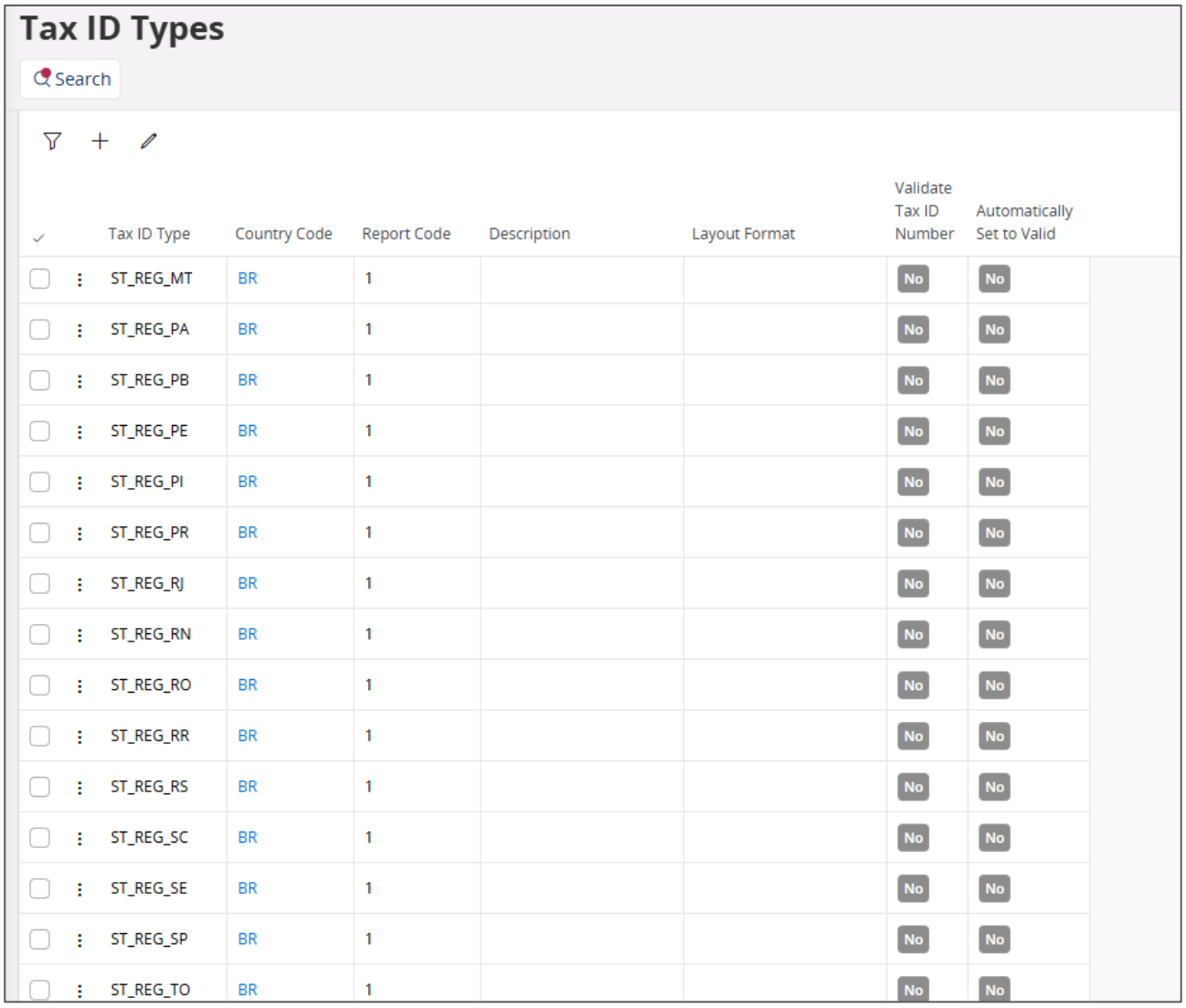
State Registration for Tax Substitution	ST_REG%

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



Note that a company may have multiple State Registrations for Tax Substitution, depending on the states where the recipients of the Nota Fiscal are located. In such cases, the Tax Type ID to be used starts with ST_REG, and the last two characters refer to the state where the registration applies. For example, for the state of Acre (acronym AC), the corresponding Tax Type ID would be ST_REG_AC.

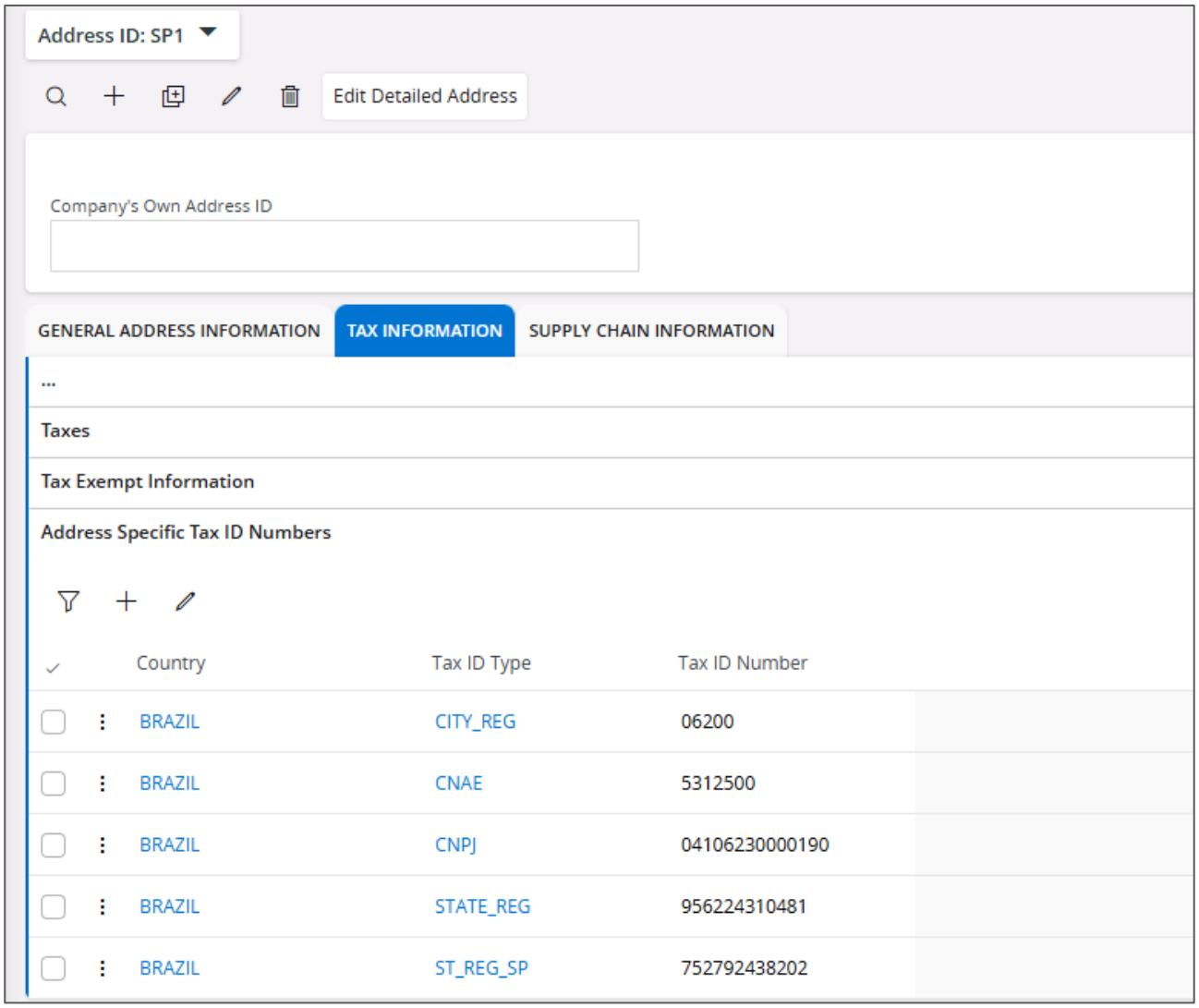

Tax ID Types
Search
Tax ID Type
Country Code
Report Code
Description
Layout Format
Validate Tax ID Number
Automatically Set to Valid
ST_REG_AC BR 1 No No
ST_REG_AL BR 1 No No
ST_REG_AM BR 1 No No
ST_REG_AP BR 1 No No
ST_REG_BA BR 1 No No
ST_REG_CE BR 1 No No
ST_REG_DF BR 1 No No
ST_REG_ES BR 1 No No
ST_REG_GO BR 1 No No
ST_REG_MA BR 1 No No
ST_REG_MG BR 1 No No
ST_REG_MS BR 1 No No



1.9.4 Entering Address Specific Tax ID Numbers

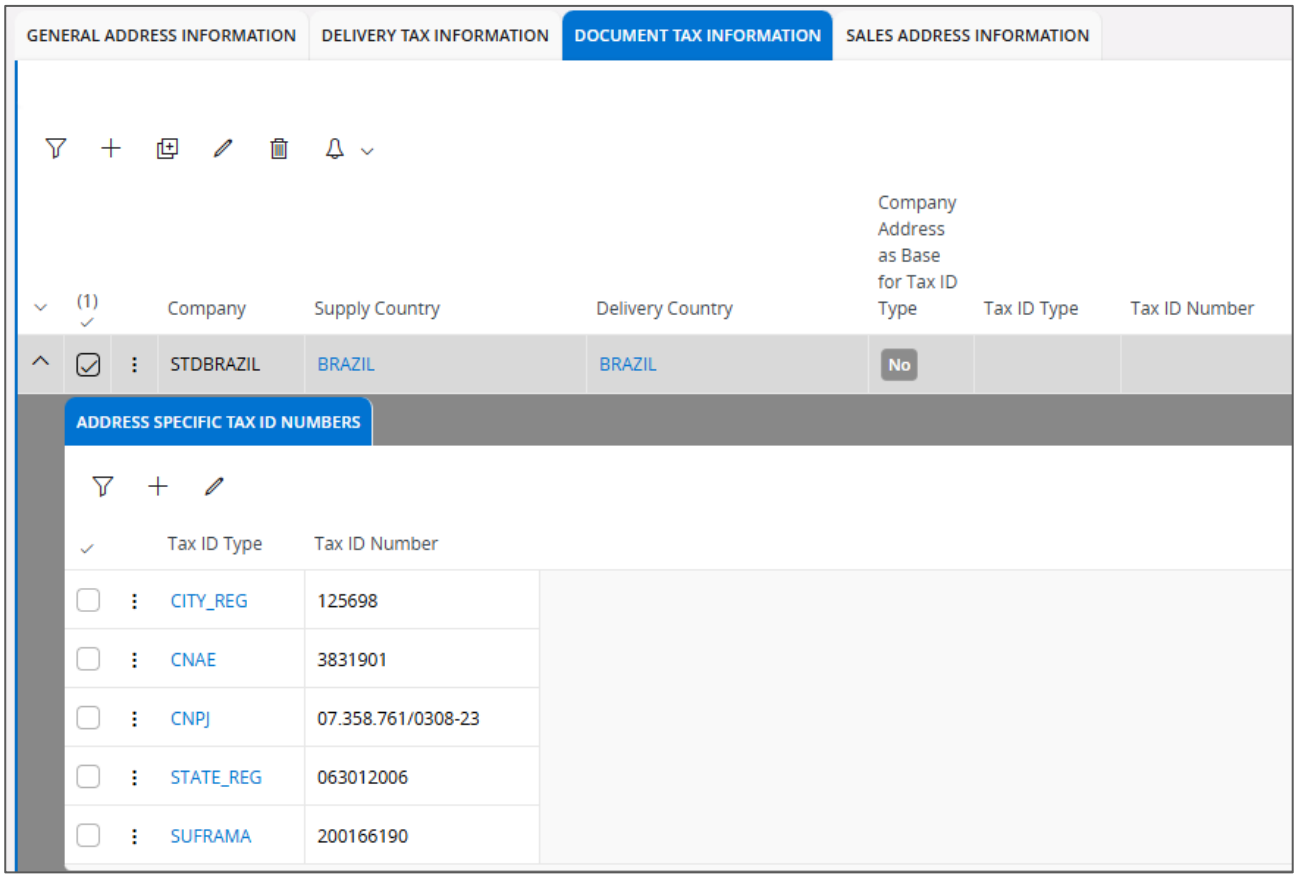
1.9.4.1 COMPANY

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



1.9.4.2 CUSTOMER

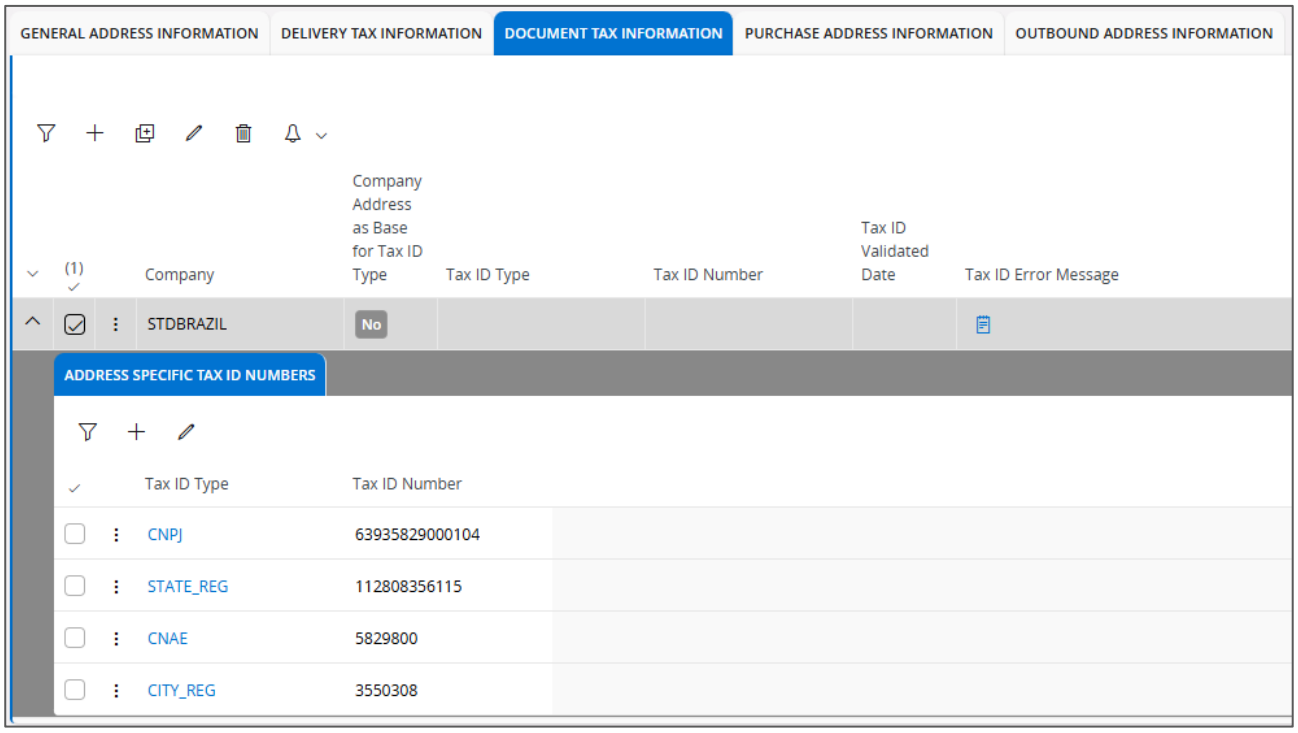
Enter address specific tax ID numbers for your customer on tab ***Document Tax Information*** in the ***Application Base Setup/Enterprise/Customer/Customer/Address*** page, in the nested list below your Brazilian company.



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.

1.9.4.3 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.

1.9.9 Delimitations

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

1.10 Service Codes per Service and City

1.10.1 Overview Legal Requirement

The federal service codes provided by the Brazilian government and used to classify services are managed in IFS Applications as Goods/Services Statistical Codes. For more details on this functionality, please refer to the chapter on Goods/Services Statistical Codes.

In addition to the federal codes, each municipality in Brazil may have its own list of Service Codes. These municipal codes generally align with the Service List established by federal law (LC 116) but may include additional details or specific categorizations relevant to the local economy. These codes are used when issuing the Service Nota Fiscal.

In IFS Applications, the specific service codes for classifying services according to the various lists provided by each municipality are managed using the City-Based Service Codes per Non-Inventory Part and City-Based Service Codes per Report Code pages.

1.10.2 Prerequisites

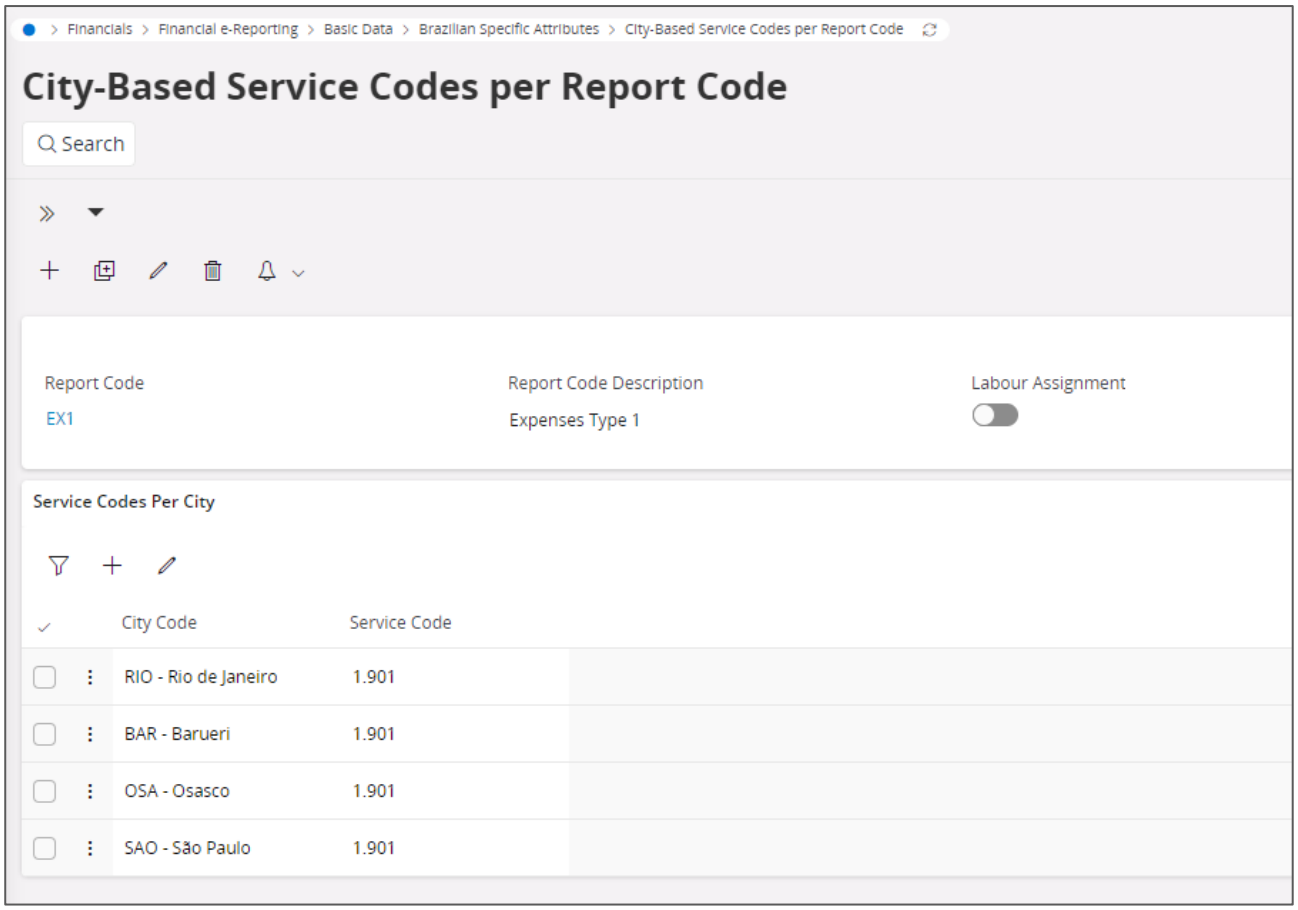
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter.

1.10.3 Enter Basic Data – Services Handled via Project Invoice

Open the ***Financials/Financial e-Reporting/Basic Data/Brazilian Specific Attributes/City-Based Service Codes per Report Code page*** and enter a Report Code.

Select the "Labor Assignment" toggle button if this service requires a local crew to be physically present at the location where it will be provided.

In the session Service Codes per City, enter the Service Code provided by each city where this service, the Report Code, will be provided and received.

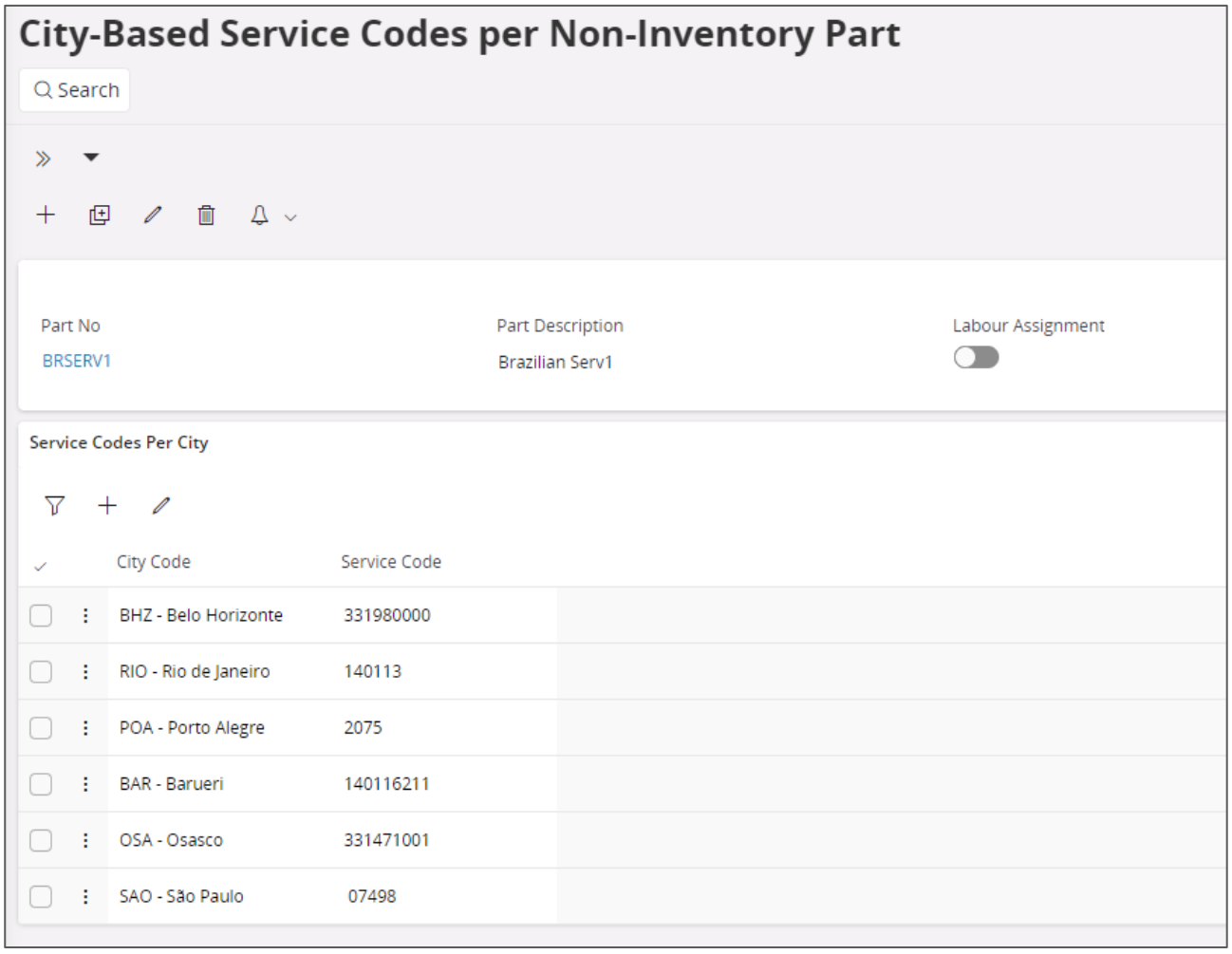


1.10.4 Enter Basic Data – Services Handled via Customer Order

Open the ***Financials/Financial e-Reporting/Basic Data/Brazilian Specific Attributes/City-Based Service Codes per Non-Inventory Part*** page and enter a Non-Inventory Sales Part.

Select the "Labor Assignment" toggle button if this service requires a local crew to be physically present at the location where it will be provided.

In the session Service Codes per City, enter the Service Code provided by each city where this service, the Report Code, will be provided and received.

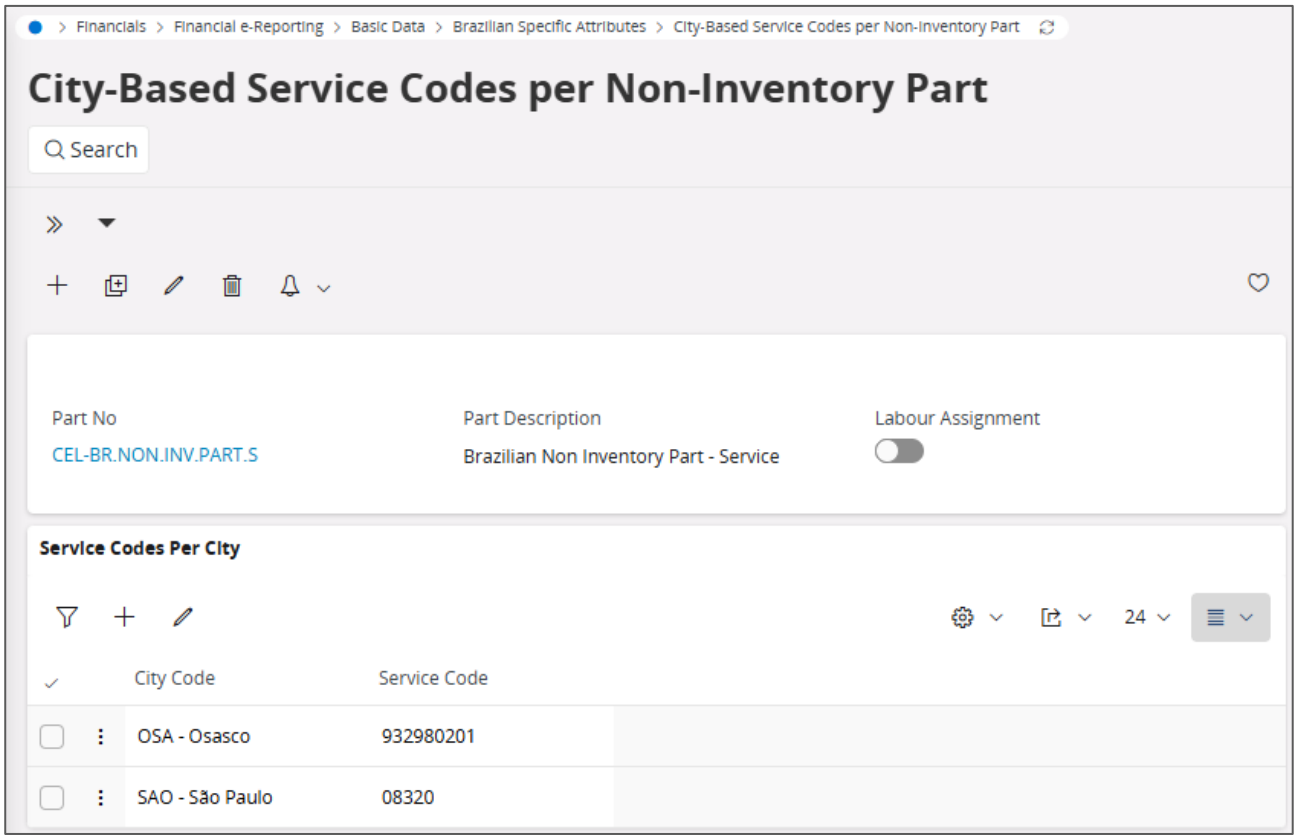


1.10.5 Enter Basic Data – Services Handled via Purchase Order

Open the ***Financials/Financial e-Reporting/Basic Data/Brazilian Specific Attributes/City-Based Service Codes per Non-Inventory Part*** page and enter a Non-Inventory Part.

Select the "Labor Assignment" toggle button if this service requires a local crew to be physically present at the location where it will be provided.

In the session Service Codes per City, enter the Service Code provided by each city where this service, the Report Code, will be provided and received.



1.10.6 Tax Determination with External Tax System

City-Based Service Codes will be included in the Avalara request file for each item. See further information in the *Appendix* for the mapping between IFS and Avalara.

1.11 Payment Mode

1.11.1 Overview Legal Requirement

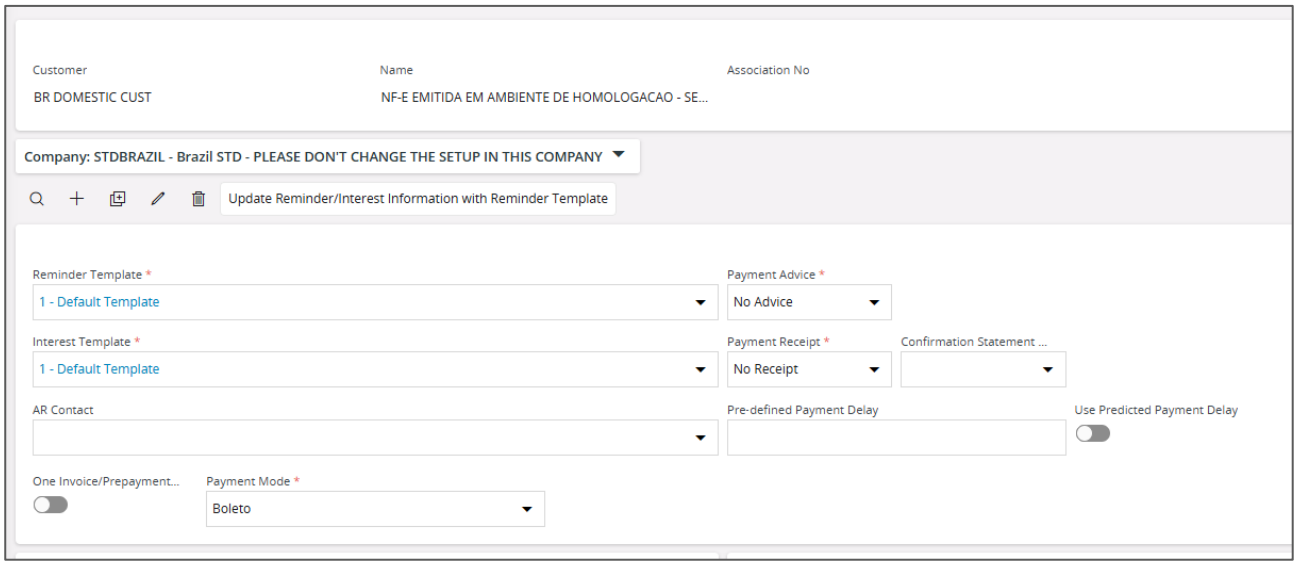
In Brazil, the Payment Mode specifies how the buyer has made, or will make, the payment for the business transaction. This information must be reported under the Payment Information group of the NF-e layout established by the Brazilian Tax Authority (SEFAZ).

1.11.2 Prerequisites

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

1.11.3 Enter Payment Mode for Customer

In IFS Applications, the payment mode for electronic Nota Fiscal purposes must be defined in the dropdown field Payment Mode, in Customer, Payment tab:



The values in the dropdown list are:

Description	Numeric Code for NF-e
Cash	01
Check	02
Credit Card	03
Debit Card	04
Store Credit	05
Meal Voucher	10
Food Voucher	11
Gift Voucher	12
Fuel Voucher	13
Trade Bill (Duplicata Mercantil)	14
Bank Slip (Boleto Bancário)	15
Bank Deposit	16
Instant Payment (PIX)	17
Bank Transfer / Digital Wallet	18
Loyalty Program / Cashback	19
No Payment (e.g., goods shipment, bonus, sample)	90
Other payment methods	99

The numeric code related to the payment mode selected is fetched into the tag <tPag> under element <pag>\<detPag> in the NF-e XML file:

```
<cobr>
  <fat>
    <nFat>9/7562</nFat>
    <vOrig>1052.00</vOrig>
    <vDesc>0.00</vDesc>
    <vLiq>1052.00</vLiq>
  </fat>
  <dup>
    <nDup>001</nDup>
    <dVenc>2025-08-24</dVenc>
    <vDup>1052.00</vDup>
  </dup>
</cobr>
<pag>
  <detPag>
    <tPag>15</tPag>
    <vPag>1052.00</vPag>
  </detPag>
</pag>
```

1.12 Automatic Generation of Official Document Number

1.12.1 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.

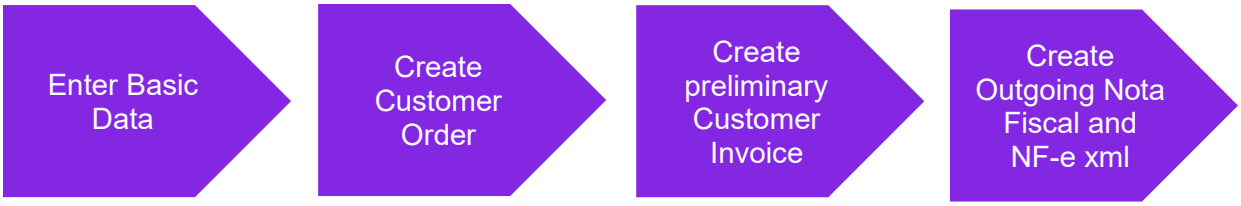
The Brazilian law admits a branch of the company to have a separate series, which is a commonly used business practice. The Nota Fiscal series are separating goods and services.

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

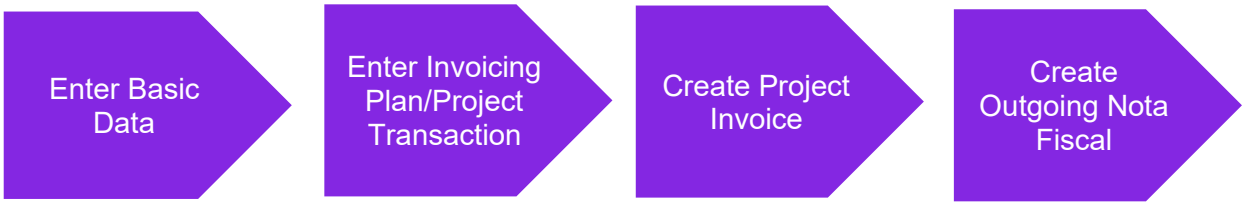
1.12.2 Process Overview

The “Official Document Number” functionality is a generic solution to support generation of official invoice numbers in the Core application. It can be configured to support the requirements in Brazil, following the below process:

1.12.2.1 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF GOODS



1.12.2.2 PROCESS OVERVIEW WITH PROJECT INVOICE – INITIAL SOLUTION

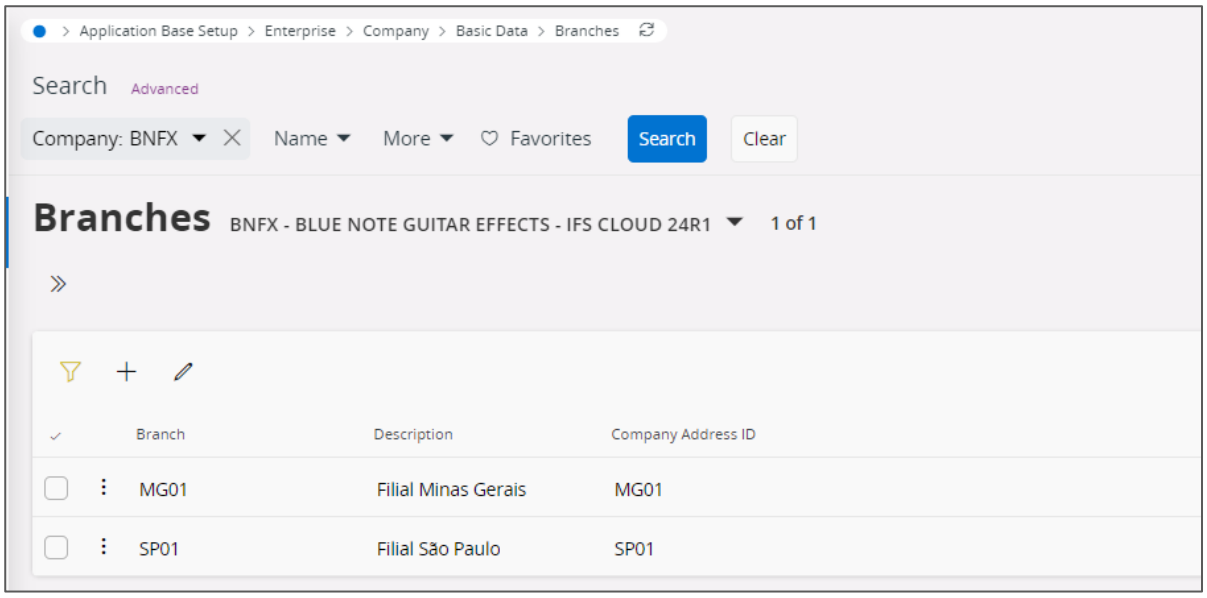


1.12.3 Enter Basic Data

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

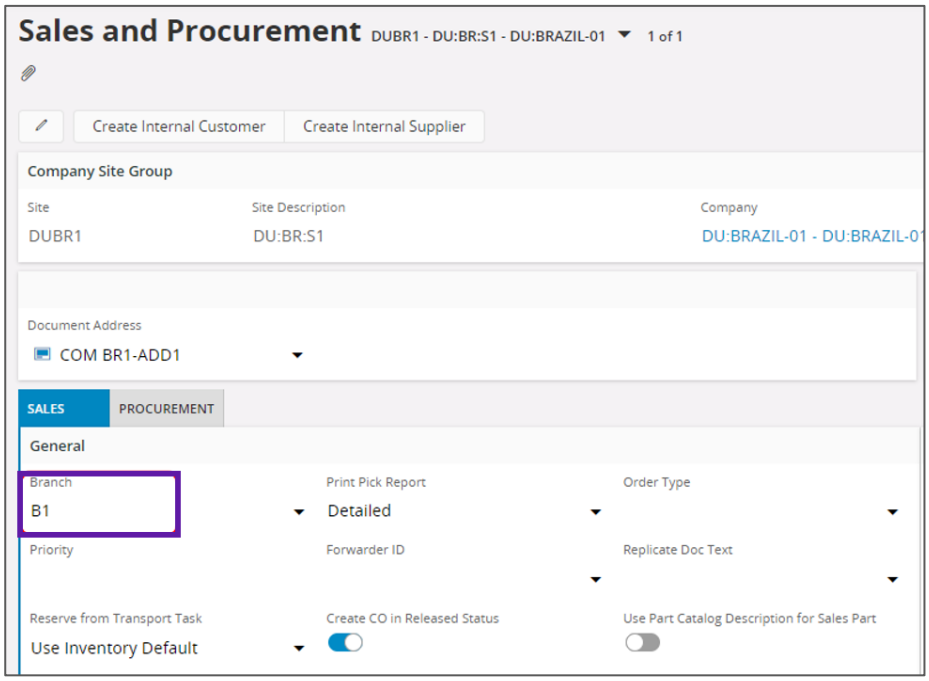
1.12.3.1 DEFINE COMPANY BRANCHES

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



1.12.3.2 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.



1.12.3.3 DEFINE OFFICIAL DOCUMENT COMPONENTS PER COMPANY

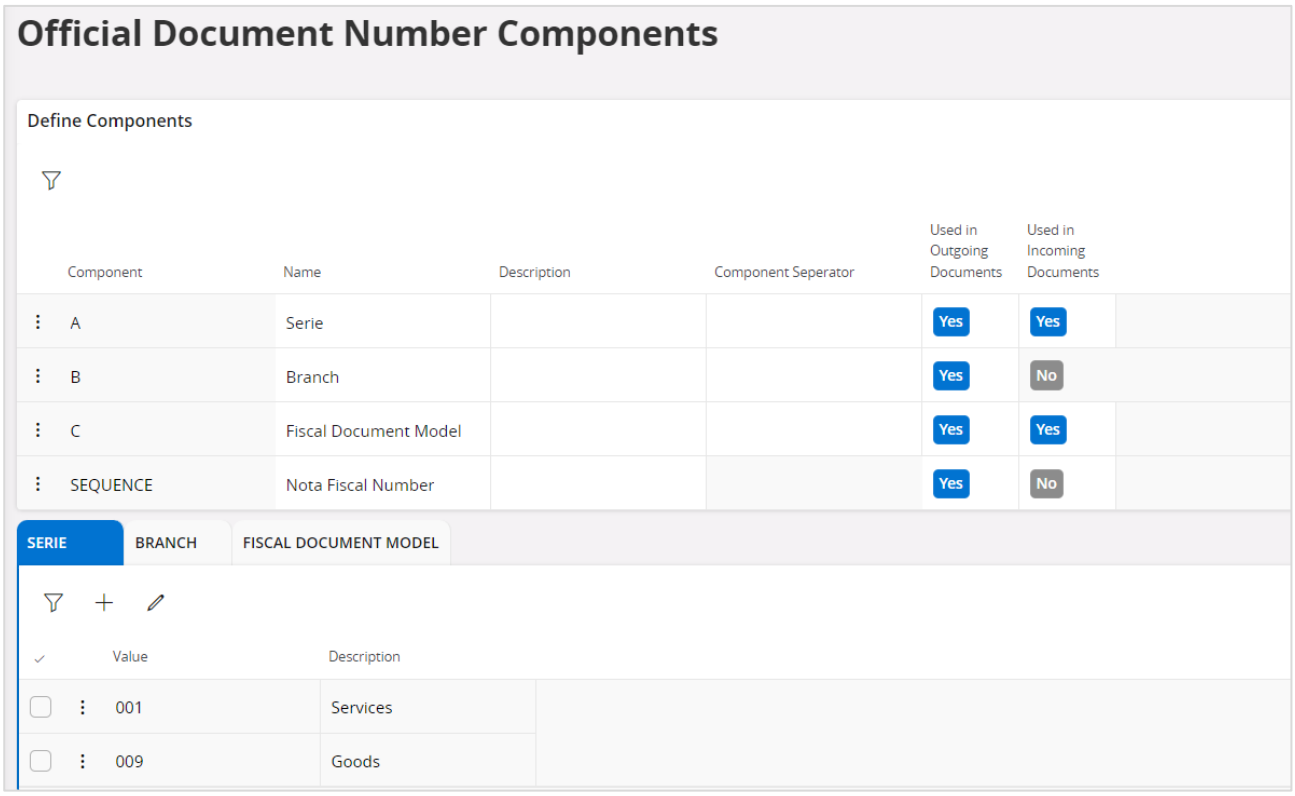
The official document components are defined in two steps:

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

Open the ***Financials/Customer Invoice/Basic Data/Official Document Number Components*** page for the relevant Company, specify names and descriptions as follows on the ***Define Components*** session:

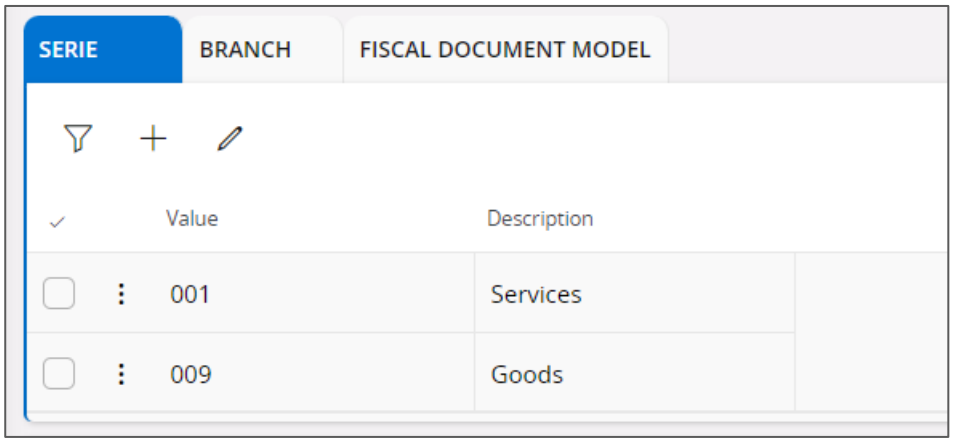
- Component A: Serie
- Component B: Branch
- Component C: Fiscal Document Model
- Sequence: Nota Fiscal Number

After saving, the ***Component A*** tab will be renamed to “Serie”, ***Component B*** tab will be renamed to “Branch” and ***Component C*** tab will be renamed to “Fiscal Document Model”. As a result, these components will be used when generating the official document number for Nota Fiscais.



1.12.3.4 DEFINE SERIES FOR NOTA FISCAL

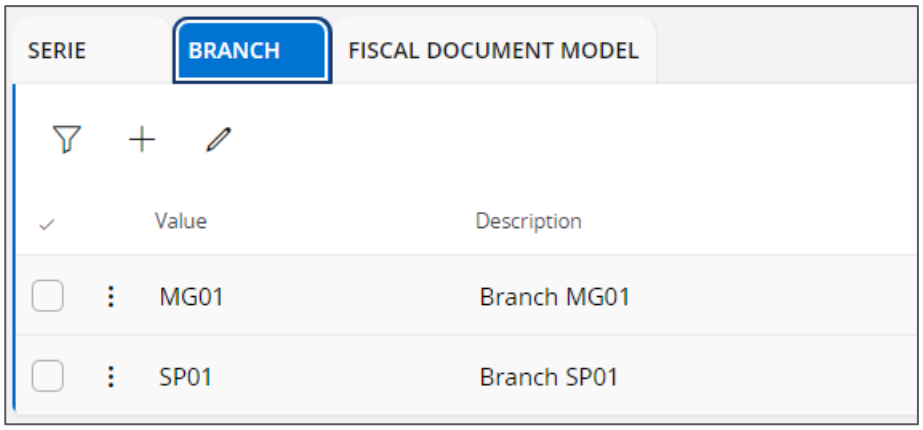
In the ***Serie*** tab (Component A) the series to be used in Nota Fiscal of goods and/or services can be defined for company.



1.12.3.5 DEFINE BRANCHES FOR NOTA FISCAL

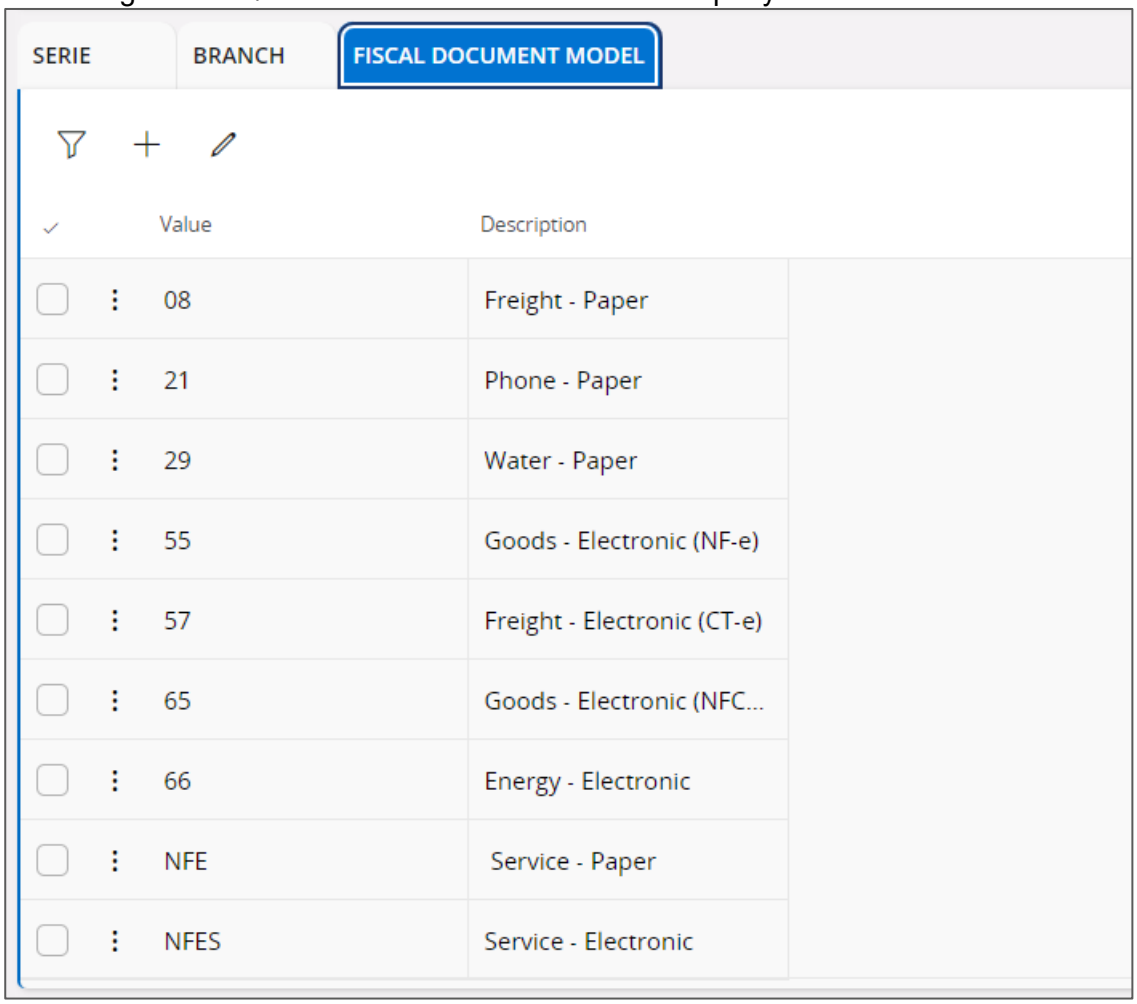
The Branch (Component B) should correspond to the Branches created for the Company. The purpose is to utilize this component when the company operates with multiple Sites, ensuring that Official Document Numbers are unique and avoiding duplication when Invoices are processed, since the invoice numbers 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.



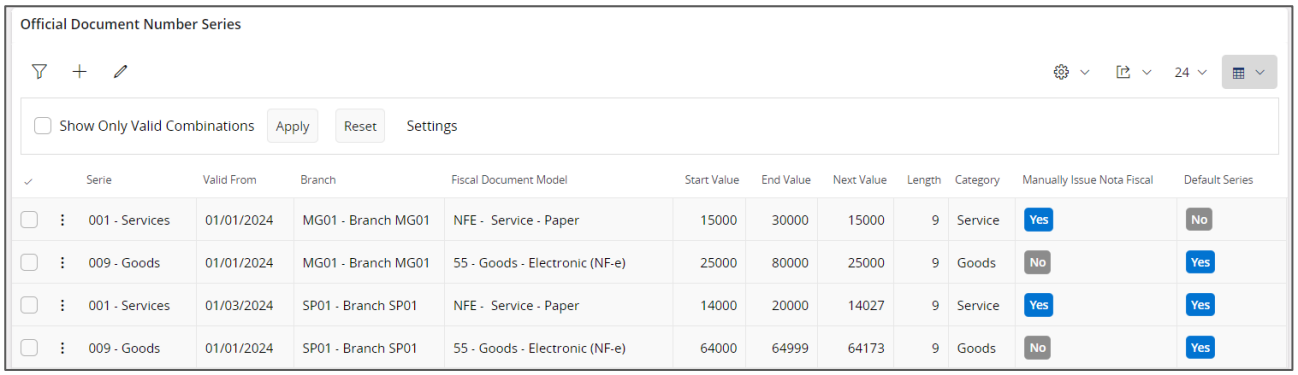
1.12.3.6 DEFINE FISCAL DOCUMENT MODELS FOR NOTA FISCAL

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



1.12.3.7 DEFINE NOTA FISCAL SERIES AND NUMBER PER BRANCH

In the ***Official Document Number*** session, set the combination of components to be used when Nota Fiscal of goods and/or services are generated per Branch.

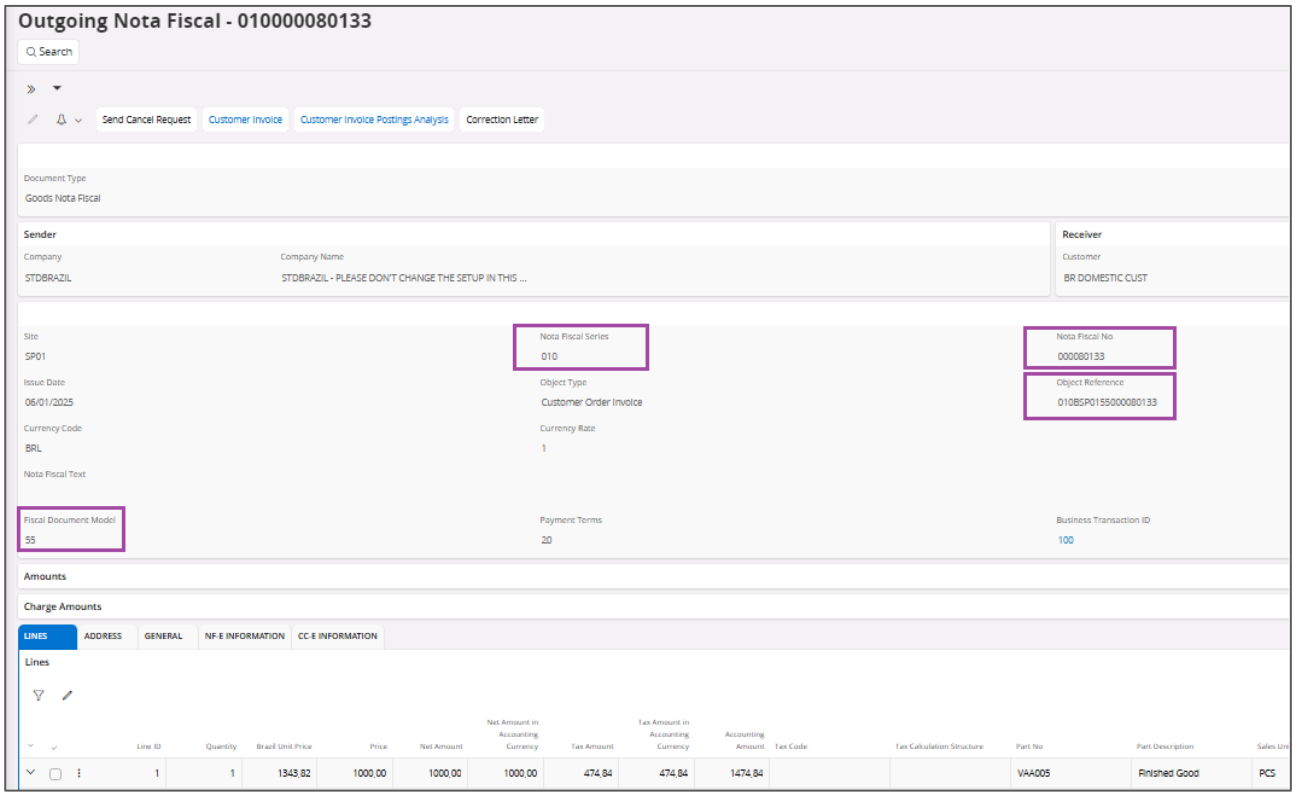


Serie	Valid From	Branch	Fiscal Document Model	Start Value	End Value	Next Value	Length	Category	Manually Issue Nota Fiscal	Default Series
001 - Services	01/01/2024	MG01 - Branch MG01	NFE - Service - Paper	15000	30000	15000	9	Service	Yes	No
009 - Goods	01/01/2024	MG01 - Branch MG01	55 - Goods - Electronic (NF-e)	25000	80000	25000	9	Goods	No	Yes
001 - Services	01/03/2024	SP01 - Branch SP01	NFE - Service - Paper	14000	20000	14027	9	Service	Yes	Yes
009 - Goods	01/01/2024	SP01 - Branch SP01	55 - Goods - Electronic (NF-e)	64000	64999	64173	9	Goods	No	Yes

Configure values for Nota Fiscal Series (Component A), Branch (Component B), and Fiscal Document Model (Component C) using the available list of values provided in these fields, where the options available for selection are the ones previously entered on each respective component tabs. 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.

1.12.1 Create Nota Fiscal and Send NF-e - Goods

In the various flows supported for issuing electronic Nota Fiscal of goods in the application (sales, transfers, returns, importation, etc..), the Series (Component A), the Model (Component C), and the Number (Sequence) are retrieved according to the default Series configuration for Goods and Services, based on the Official Document Number:



The Nota Fiscal Series, Nota Fiscal Number, Fiscal Document Model and the Nota Fiscal ID are fetched from preliminary Nota Fiscal to the JSON request file integrated to External Tax System, and eventually will be displayed in the below tags of NF-e xml file:



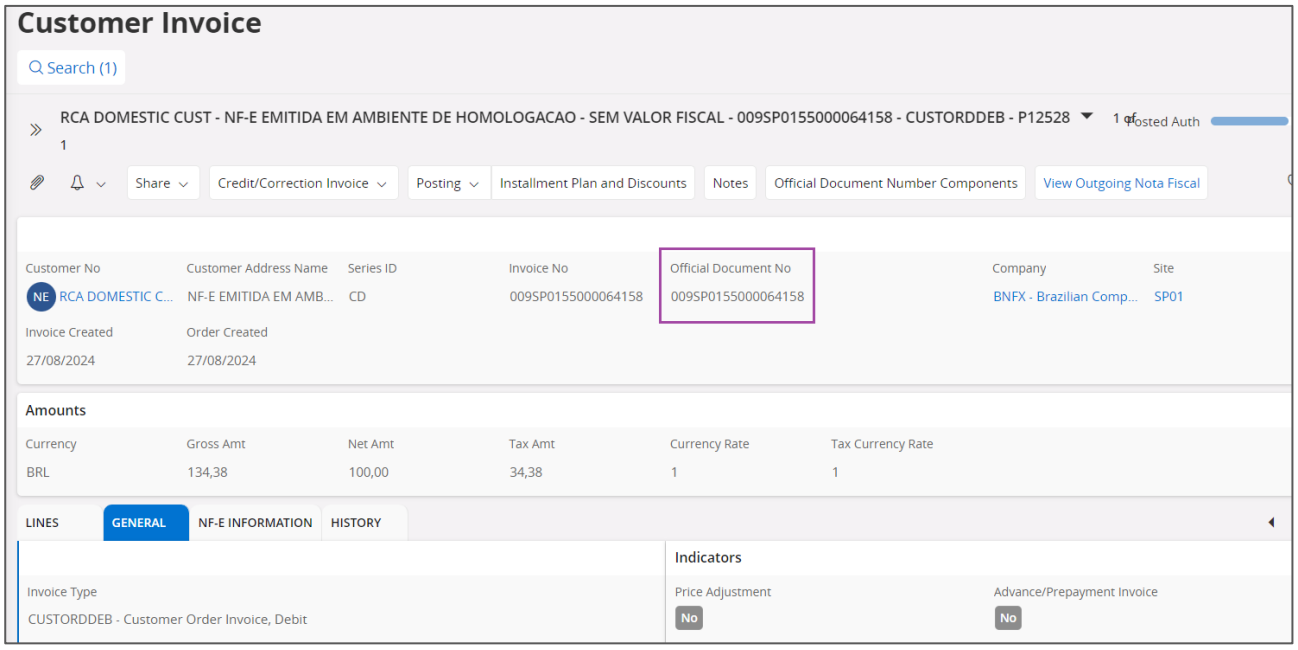
- <nNF>: Nota Fiscal Number, the Component “Sequence Number" field is used. XML tag must be 9 characters (left zeros is used if number is less than 9 positions)

- <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)

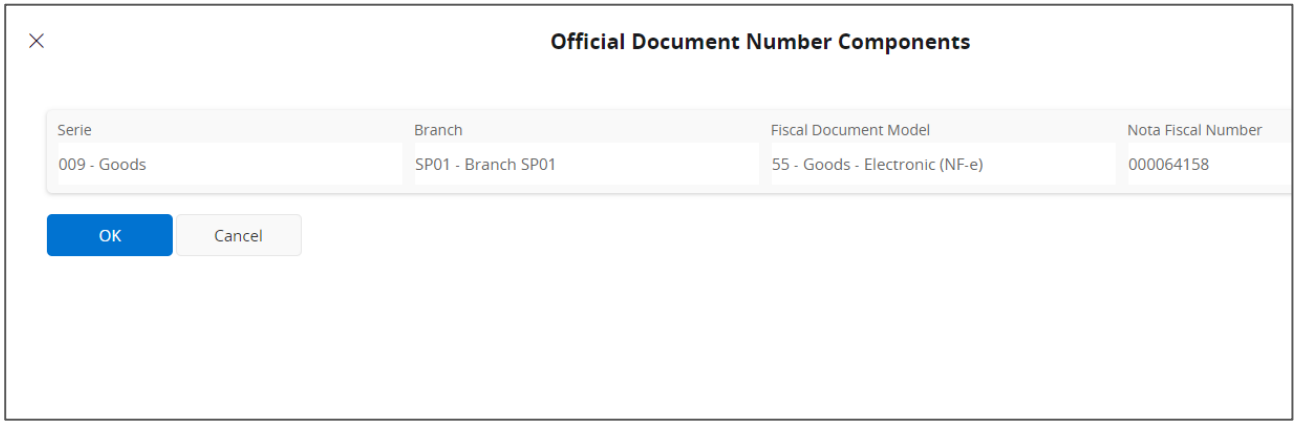
- <mod>: Nota Fiscal Model, fetched from the Component C.

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



Please note that once the Nota Fiscal is approved and the related Customer Invoice changes to "posted" status, the application automatically sets the Official Document Number as the Invoice Number (Series + Branch + Model + Sequence), to facilitate reconciliation in subsequent processes.

Click the Official Document Number Components button to verify the values of components separately in the dialog:



1.12.2 Project Invoice

1.12.2.1 Enter Invoicing Plan/Project Transaction

Enter an Invoicing Plan/Project Transaction using standard functionality.

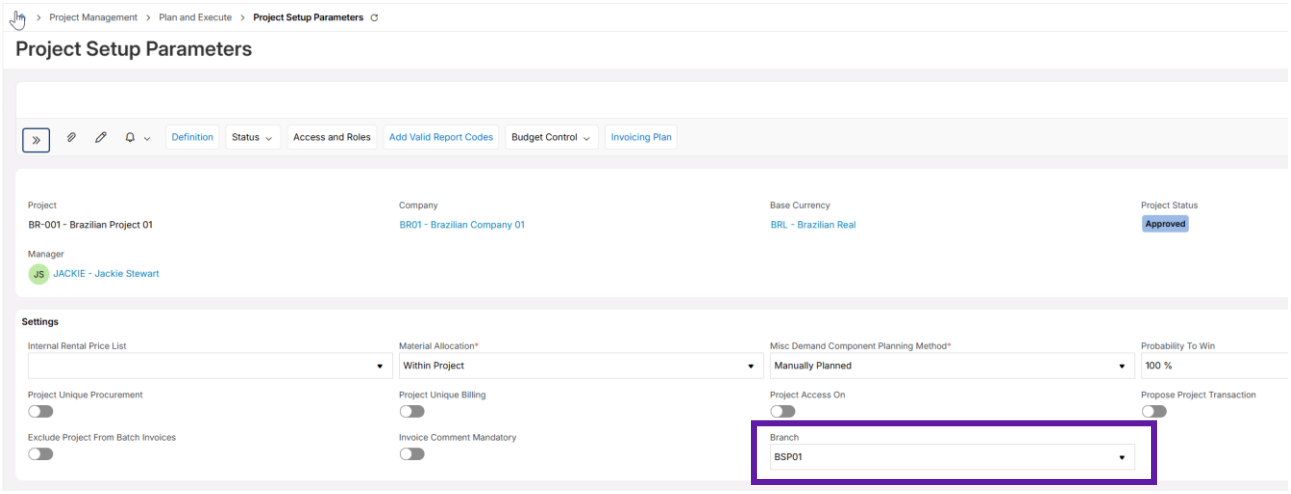
1.12.2.1 Create Project Invoice

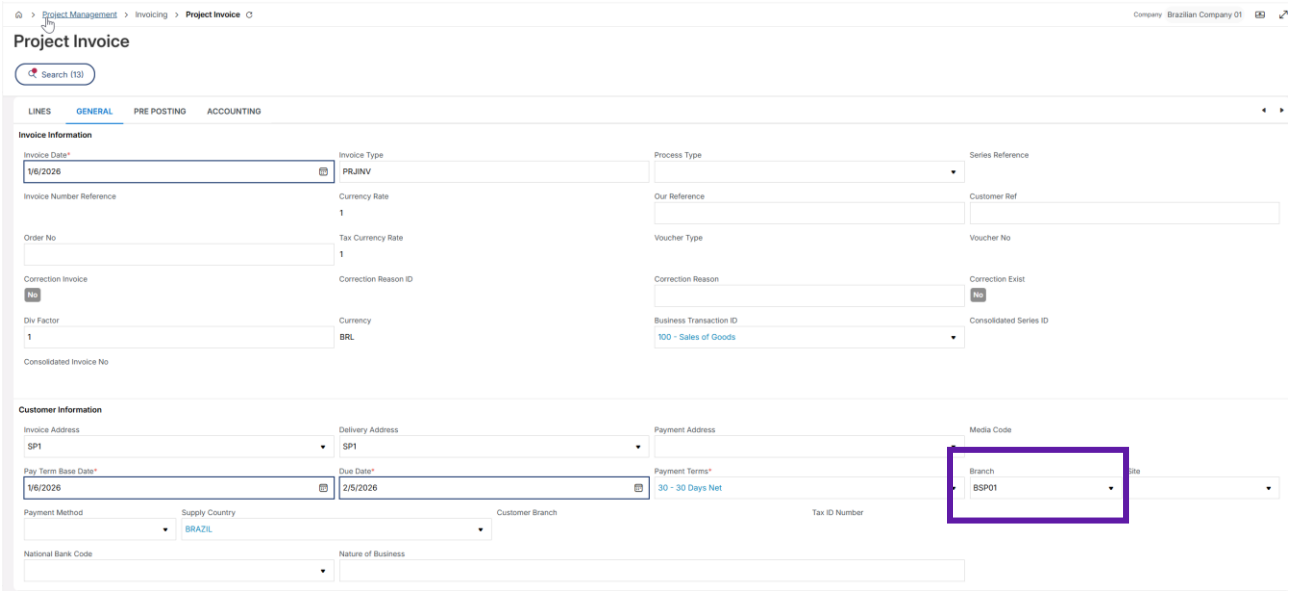
Create a preliminary Project Invoice.

If a Branch is connected to a Project on the ***Project Management/Plan and Execute/Project Setup Parameters*** page, the 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.

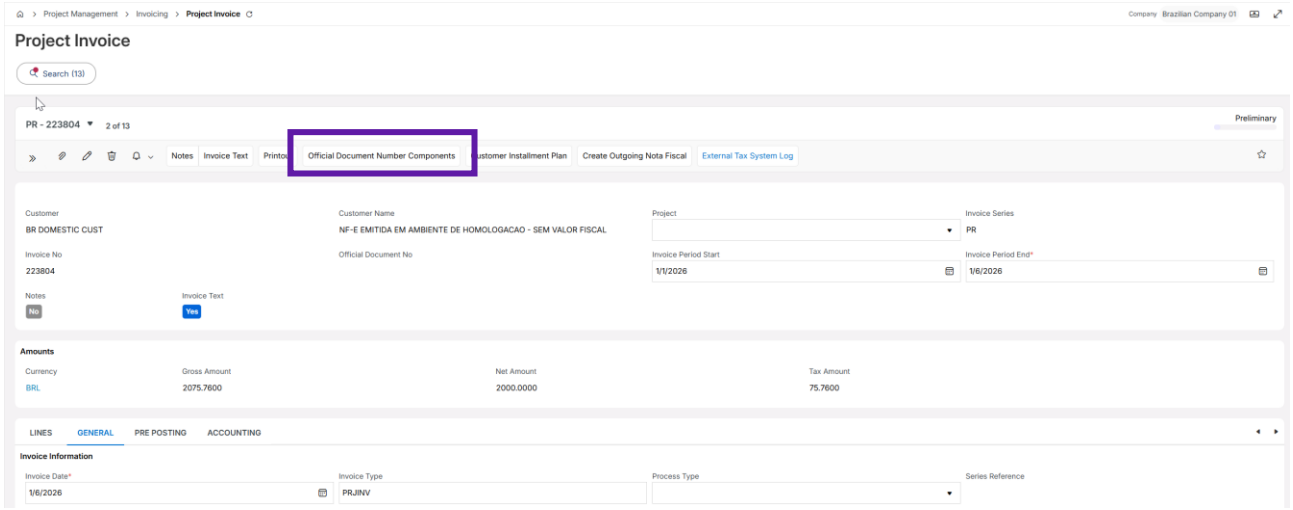


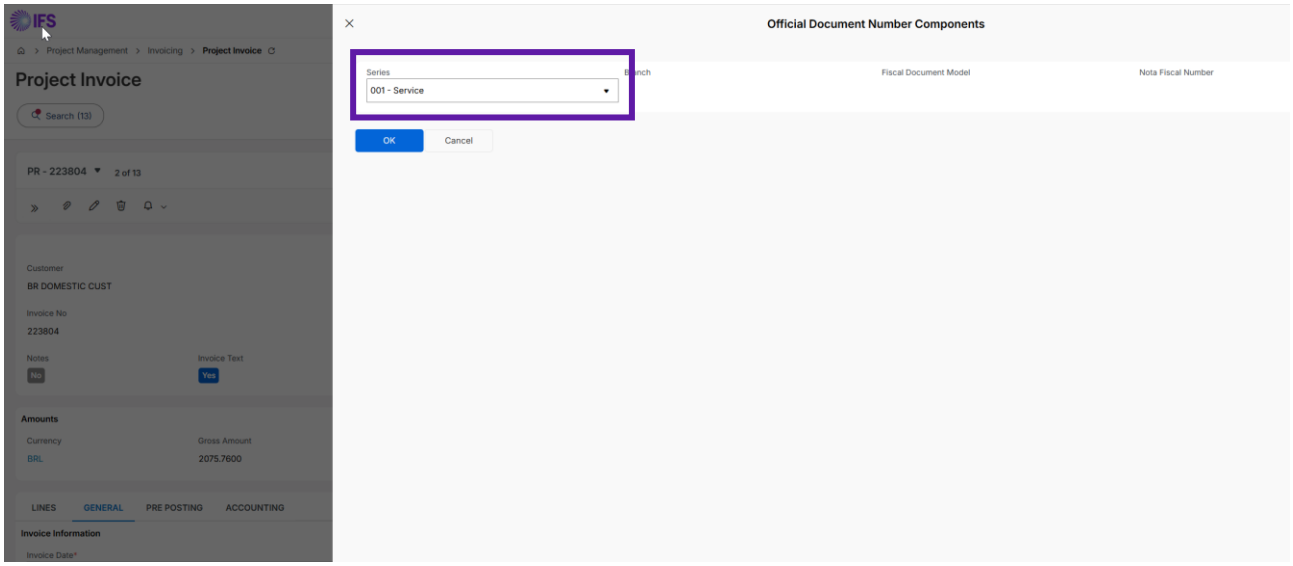


If a Branch is not connected to a Project, the Branch should be manually entered on the Project Invoice. This value can be manually changed by the user as long as the invoice is in “Preliminary” status and no Outgoing Nota Fiscals are created for the Project Invoice.

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

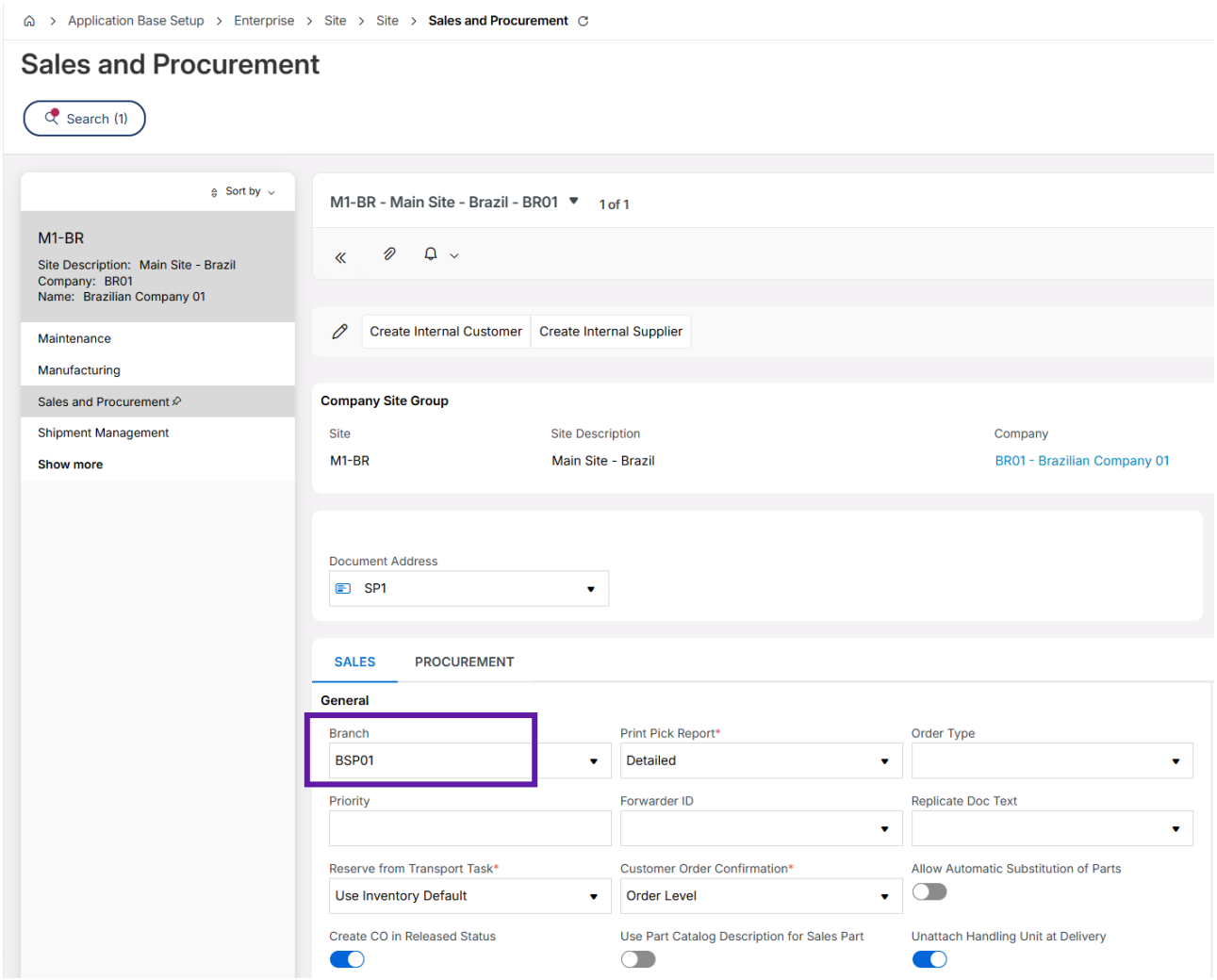
When a Branch is fetched/entered on the Project Invoice, the default **Nota Fiscal Series** defined for the Branch is shown in the ***Official Document Number Components*** dialog.





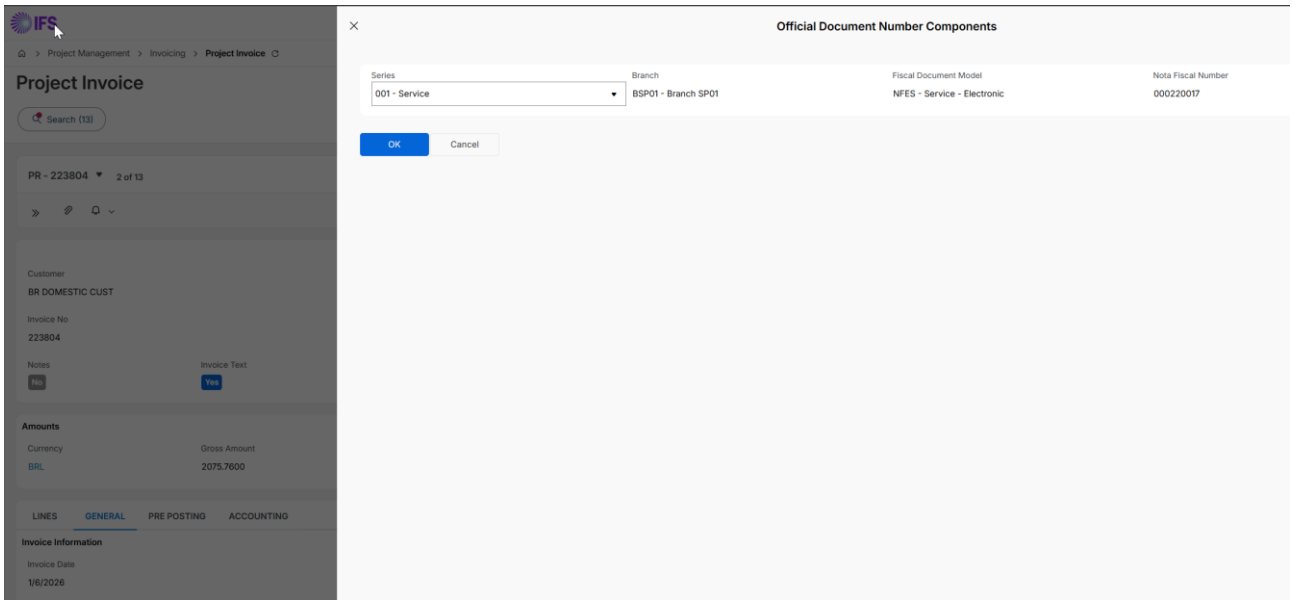
1.12.2.2 Create Outgoing Nota Fiscal

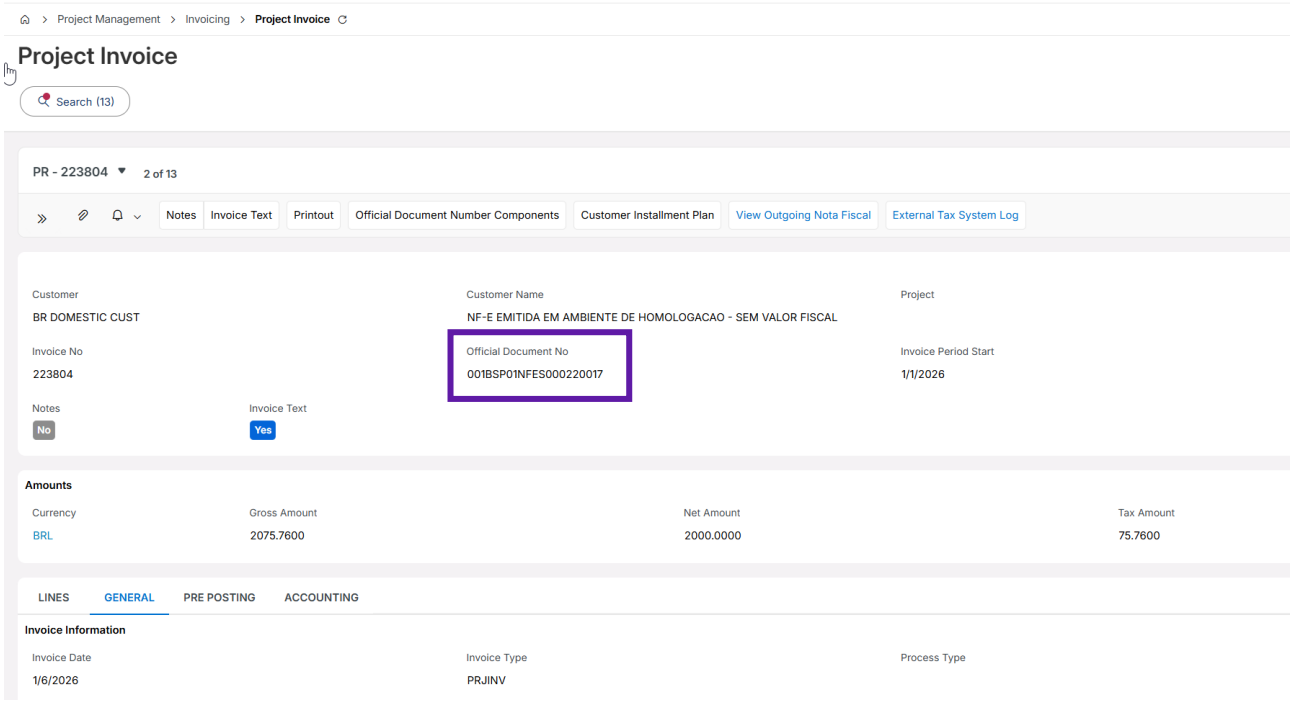
When creating an Outgoing Nota Fiscal, the value of the Branch on the Project Invoice will be used to derive a Site according to the basic data in ***Application Base Setup/Enterprise/Site/Site/Sales and Procurement*** tab.



Create the Outgoing Nota Fiscal from the Project Invoice.

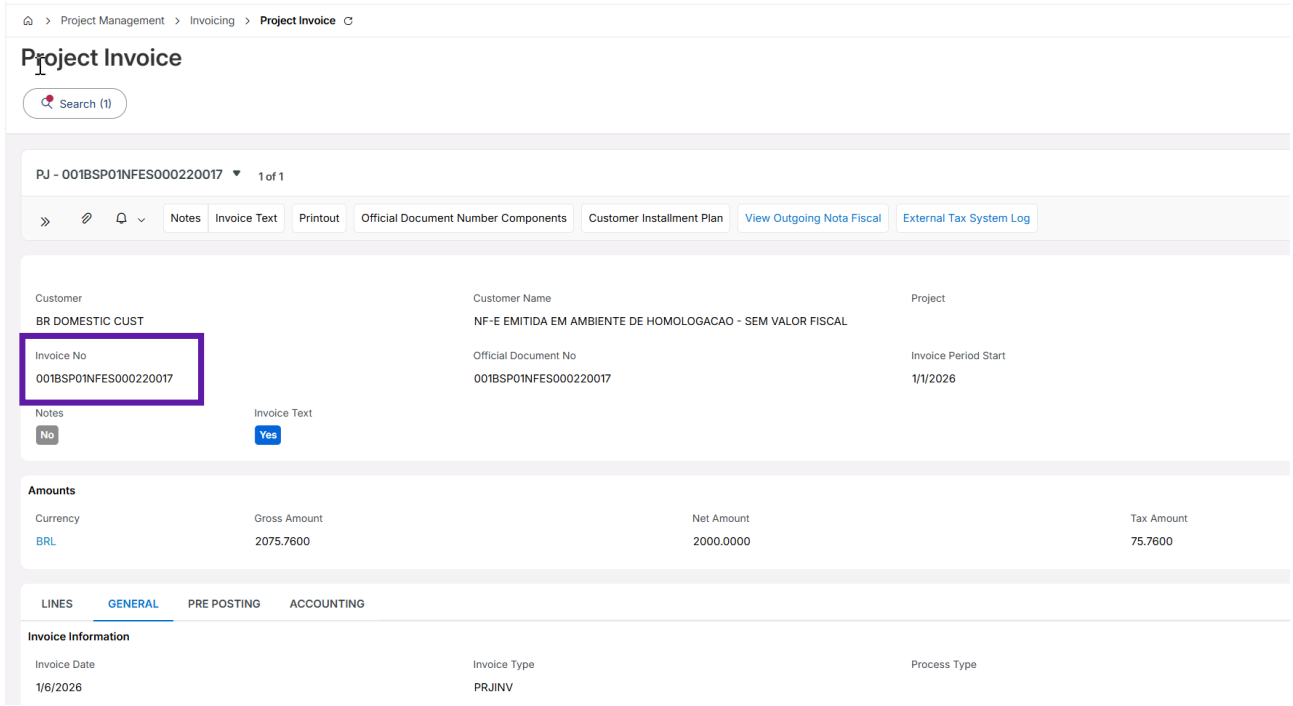
The project invoice is updated with the official document number references.





After the outgoing nota fiscal is approved, the project invoice can be released.

When the project invoice is posted, the official document number is automatically set as the **Invoice No** of the project invoice.



1.12.2.3 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.

- Credit Project Invoices and Project Correction Invoices.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

2 Tax Calculation with Tax Calculation Structures

2.11.2 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.

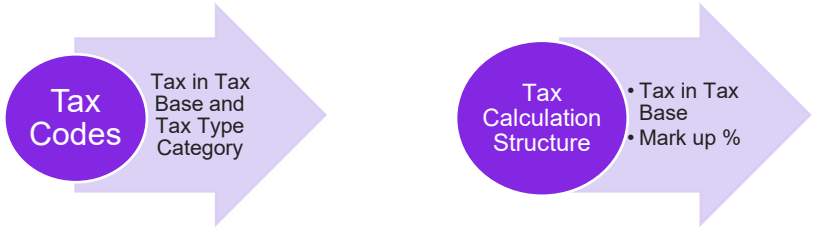
For legal tax reporting purposes, a tax type category must be defined for each tax code.

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 (%).

2.11.3 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 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 (%).**

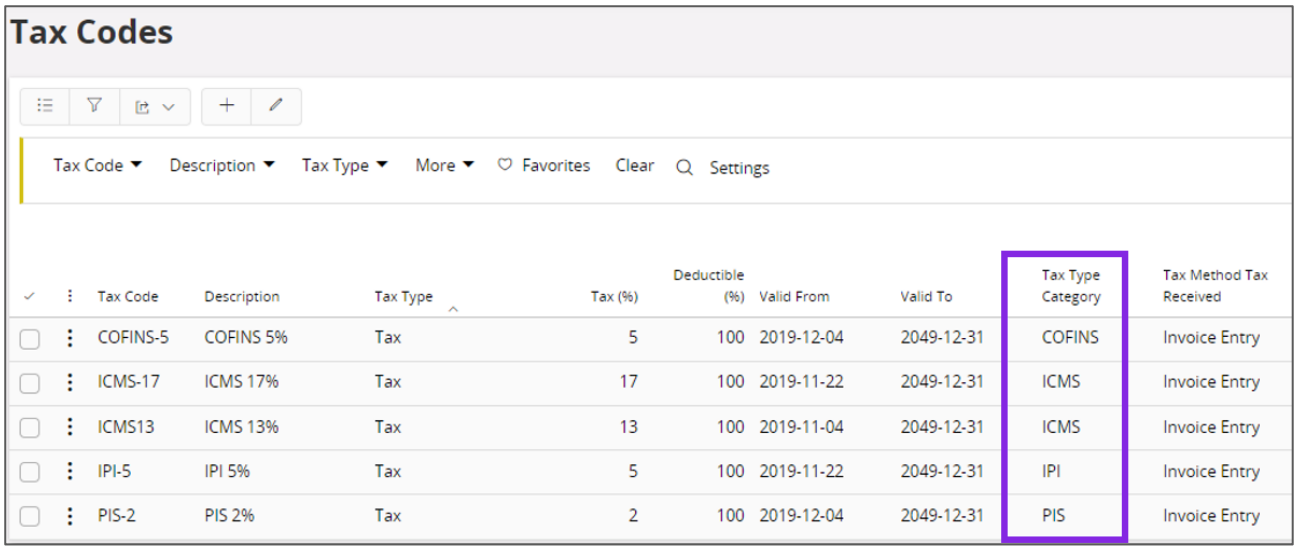
2.2 Prerequisites

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 not 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).

2.3 Tax Type Category in tax codes page

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

2.4 Tax in Tax Base in Tax Codes Page

2.4.1 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,

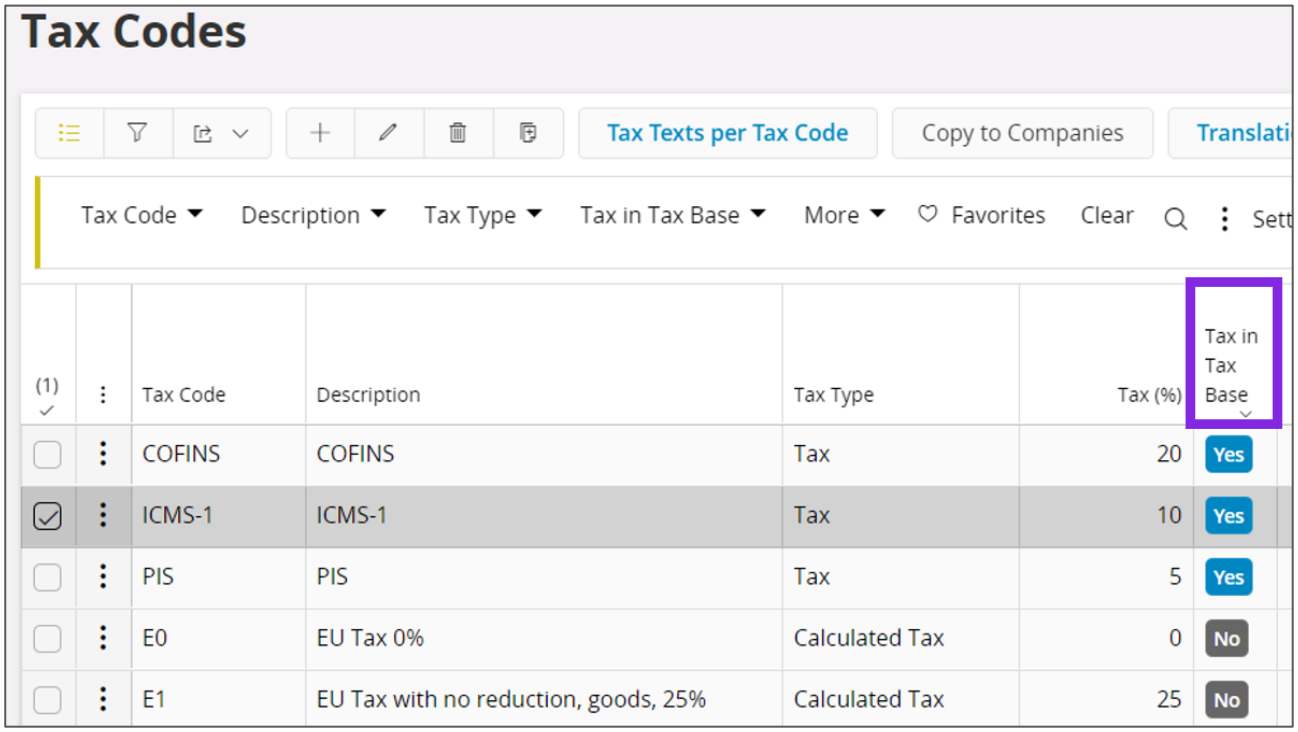
$$Tax\ Base\ Amount = \frac{p * 100}{100 - t}$$

Where;
p – Net Amount
t -Tax Rate

2.4.2 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*) = $\frac{p*100}{100-t}$
(Tax Base Amt for
Tax Calculation)

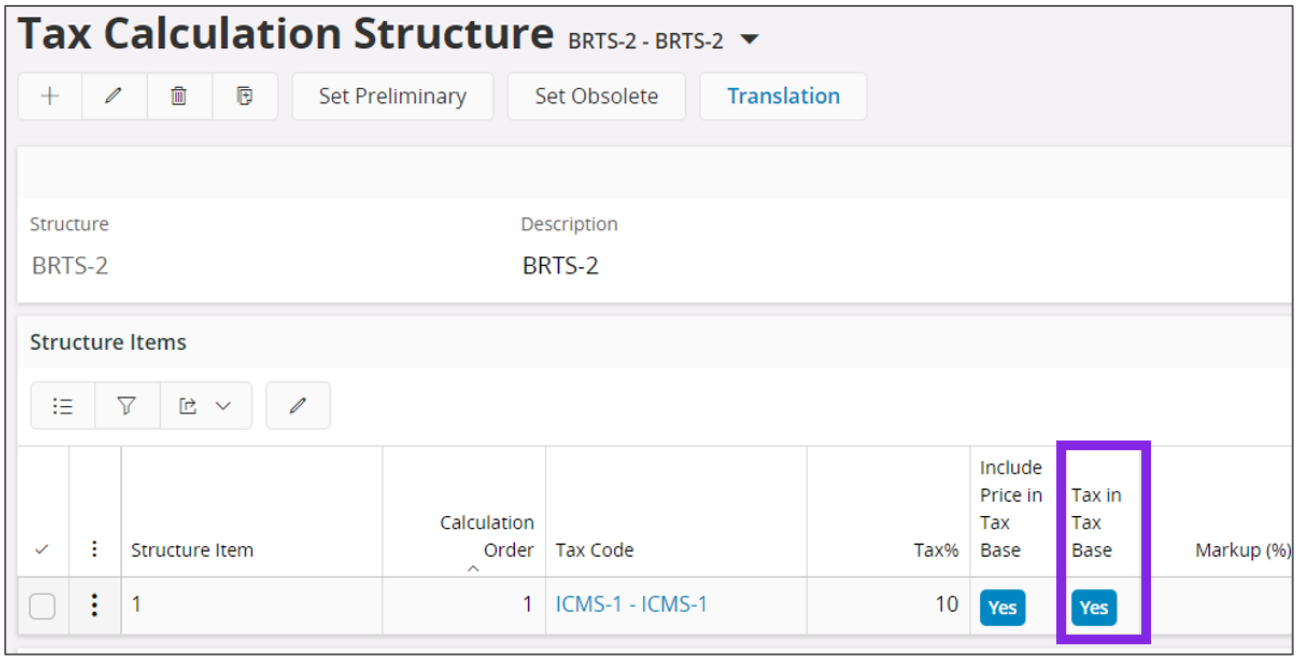
$$TB = \frac{100 \times 100}{100-10} = 111.11$$

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

2.4.3 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.



2.5 Markup (%) in Brazilian Tax Calculation

2.5.1 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”*

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

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,

$= (p + m)$

$= (100+10\%)$

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

(Tax Base Amt for Tax Calculation)

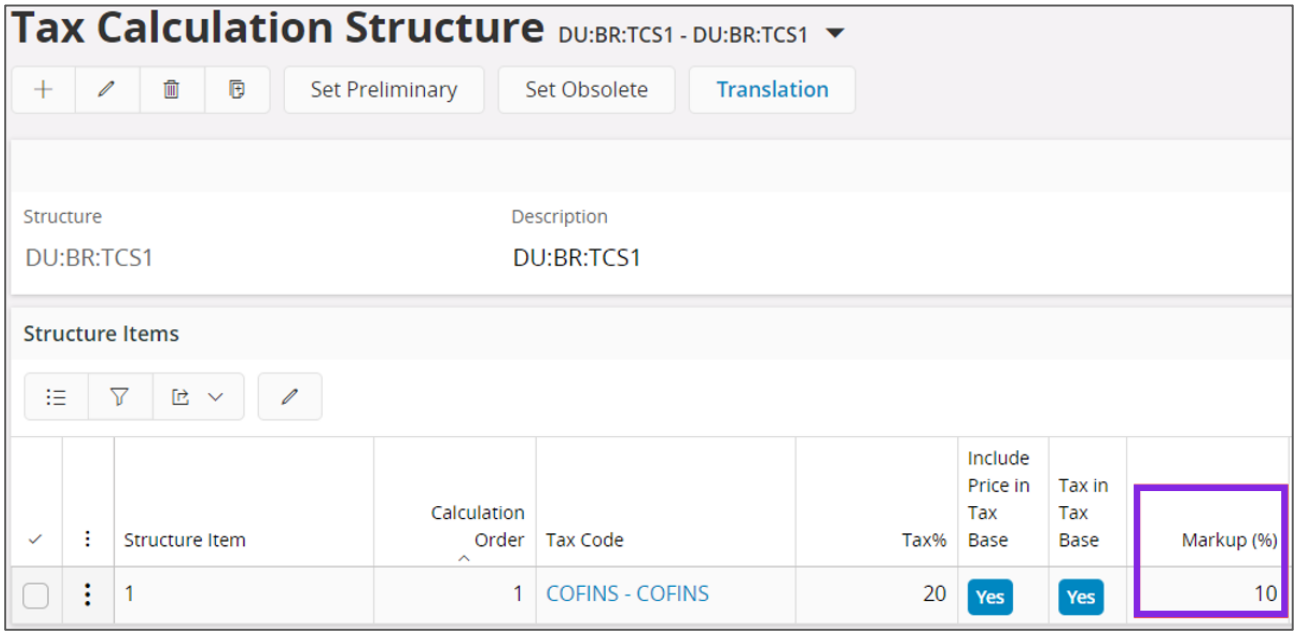
TB $= \frac{100 + 10\%}{100- 20} * 100 = 137.50$

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

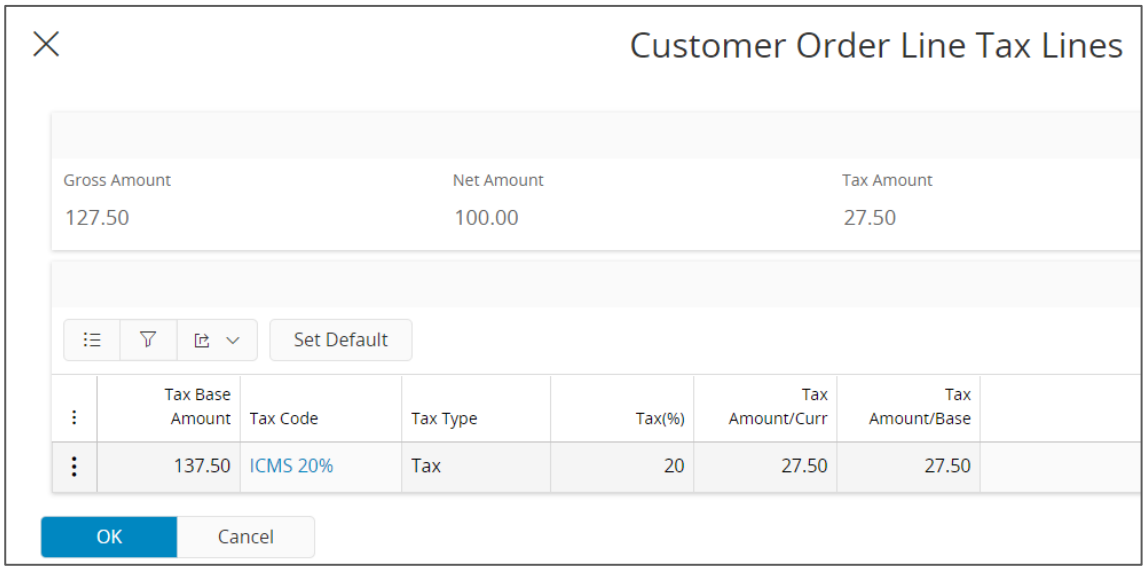
2.5.2 DEFINE MARKUP (%) IN TAX CALCULATION STRUCTURE

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.



2.6 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.

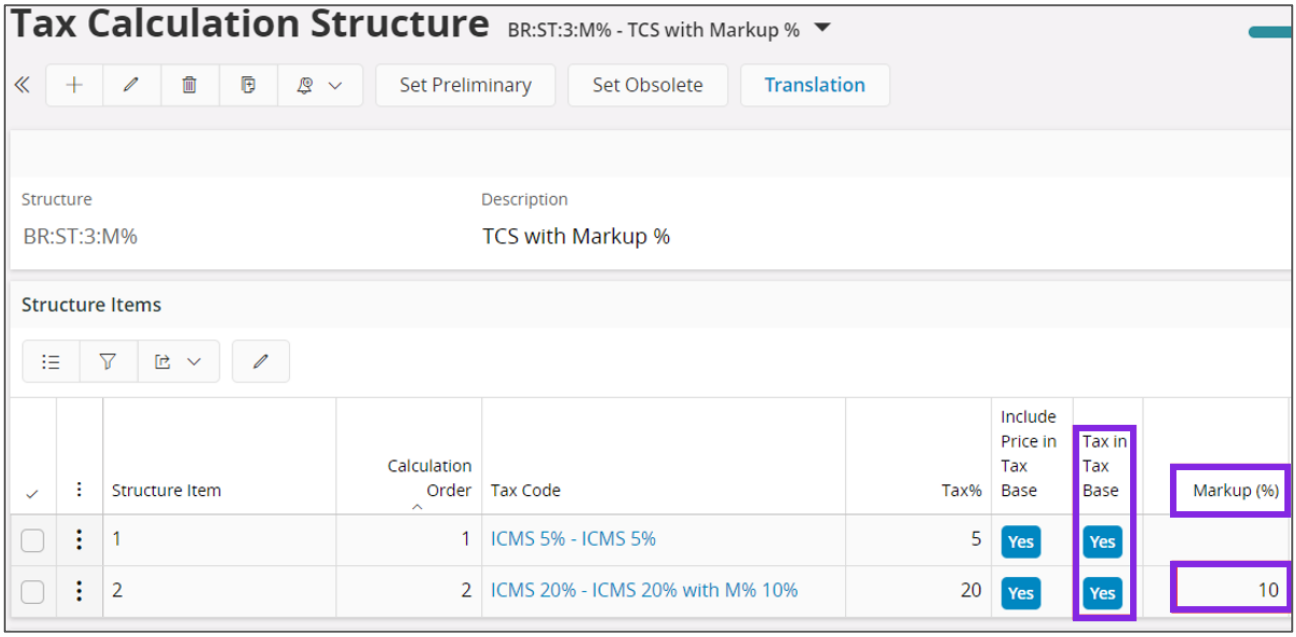
$$Tax\ Base\ Amount = \frac{p * 100}{100 - (t1 + t2 + t3 + \cdots . tn)}$$

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,

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

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

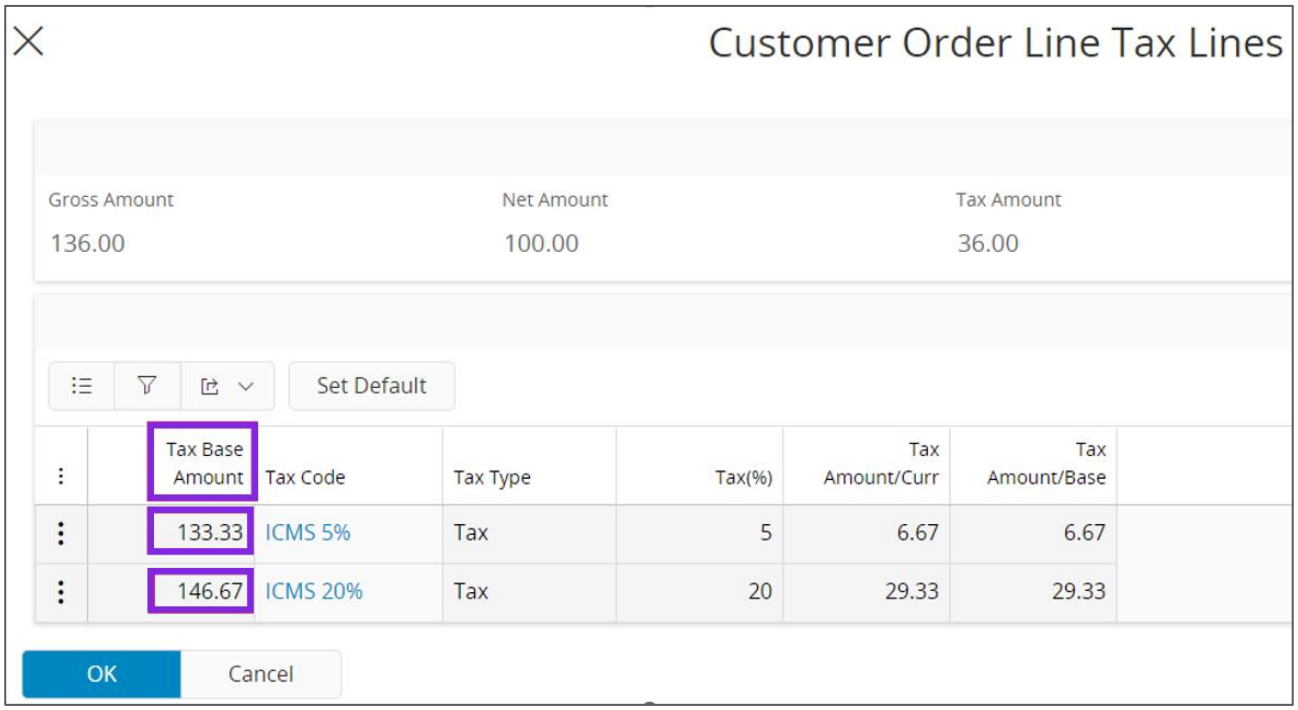
$$Tax\ Amount = 6.67$$

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

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

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

$$Tax\ Amount = 29.33$$



2.7 Delimitations

No additional support for manual tax handling.
Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

3 Tax Calculation with External Tax System

3.1 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, Order Quotation 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, OQ or PO Line level.

The integration supports the following functional flows in IFS:

- Business Opportunity
- Sales Quotation
- Customer Order
- Customer Order Invoice
- Customer Order Line Connected Charge Lines
- Outgoing Tax Document
- Project Invoice – Initial Solution
- Order Quotation
- Purchase Order, Part Lines
- Purchase Order Line Connected Charge Lines
- Purchase Order Change Order
- Incoming Nota Fiscal

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, in the Sales flow based on the information on the customer, business opportunity, sales quotation, customer order, customer order invoice and tax document, in Project Invoicing flow from the information on the Customer, Project Invoice, or in the Procurement flow from the supplier, order quotation and purchase order. The following main parameters are used to identify the correct tax rate:

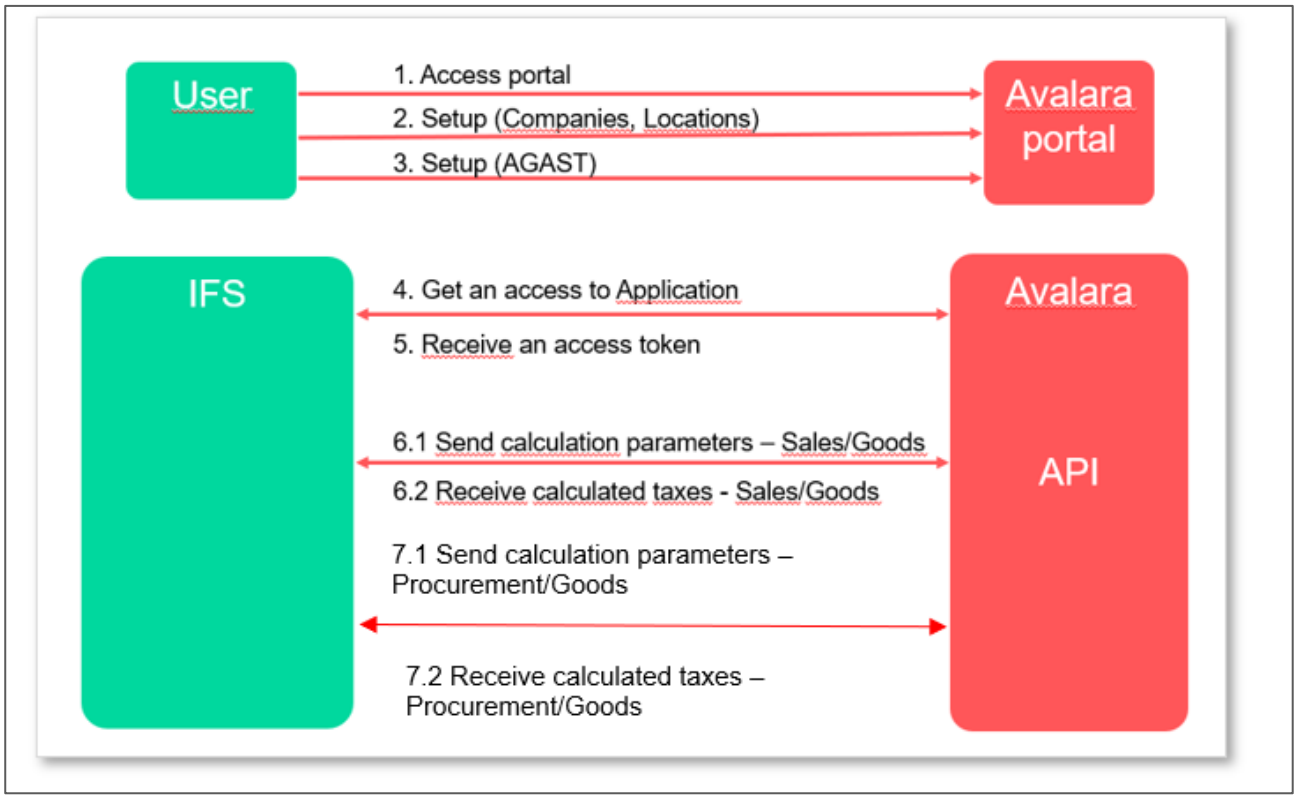
- Company Document Address
- Company tax registration numbers, activity sector and tax regime
- Customer setting for ICMS Taxpayer
- Customer setting for IBS/CBS Tax
- Customer Document Address (the document address associated with the customer order or the Project Invoice)
- Customer tax registration numbers, activity sector and tax regime

- Supplier setting for ICMS Taxpayer
- Supplier setting for IBS/BS Taxpayer
- Supplier Document Address and supplier tax registration numbers
- Classification of Business and Tax Rates of the Tax Codes connected to the suppliers under the Simple National tax regime
- Goods classification code (NCM) on sales respectively purchase parts in OQ and/or PO
- Goods acquisition reason on sales respectively purchase parts in OQ and/or PO
- Goods acquisition origin on sales respectively purchase parts in OQ and/or PO
- Business transaction code on sales respectively order quotation and/or purchase order
- Discount Amount on the OQ line
- Discount Amount on the PO line
- Line connected charge on PO
- Line connected charge on CO
- Line connected charge on SQ

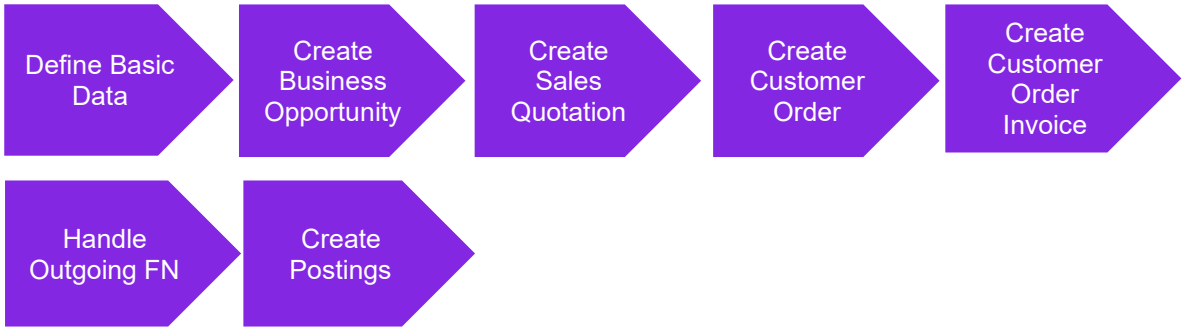
In addition to these main parameters, information such as the price and quantity is also passed to the AvaTax software to ensure the correct tax types and tax rates are fetched. The discount amount is needed to be calculated if any discount is added for each row in the order quotation and/or purchase 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 Business Opportunity, Sales Quotation Tax Lines, Customer Order Tax Lines, Customer Order Invoice Tax Lines, Project Invoice Tax Lines, Order Quotation Tax Lines, Purchase Order Tax Lines etc.

3.2 Process Overview

Integration Overview Example



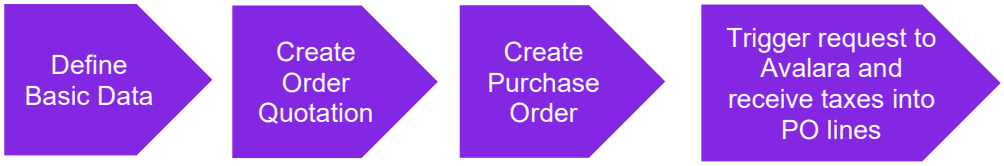
Process Overview with Customer Order sales of goods



Process Overview with Project Invoice – Initial Solution



Process Overview with Purchase Order purchase of goods



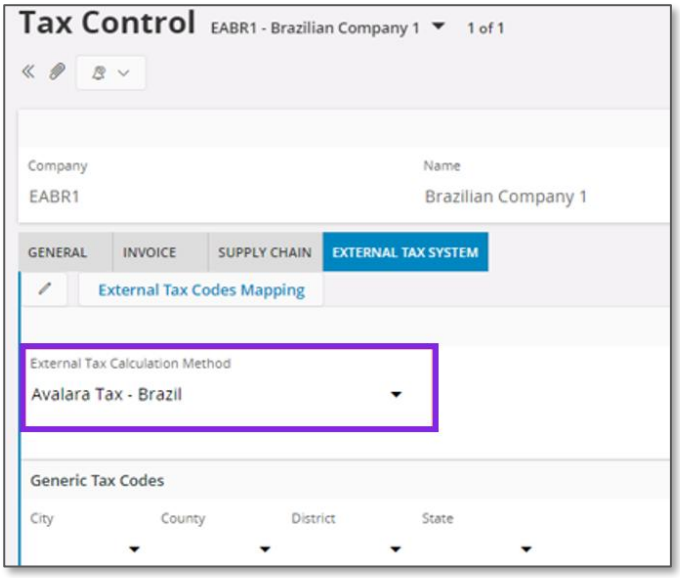
Process Overview with Incoming Nota Fiscal



3.3 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, States and Cities, are also needed for the Procurement flow.

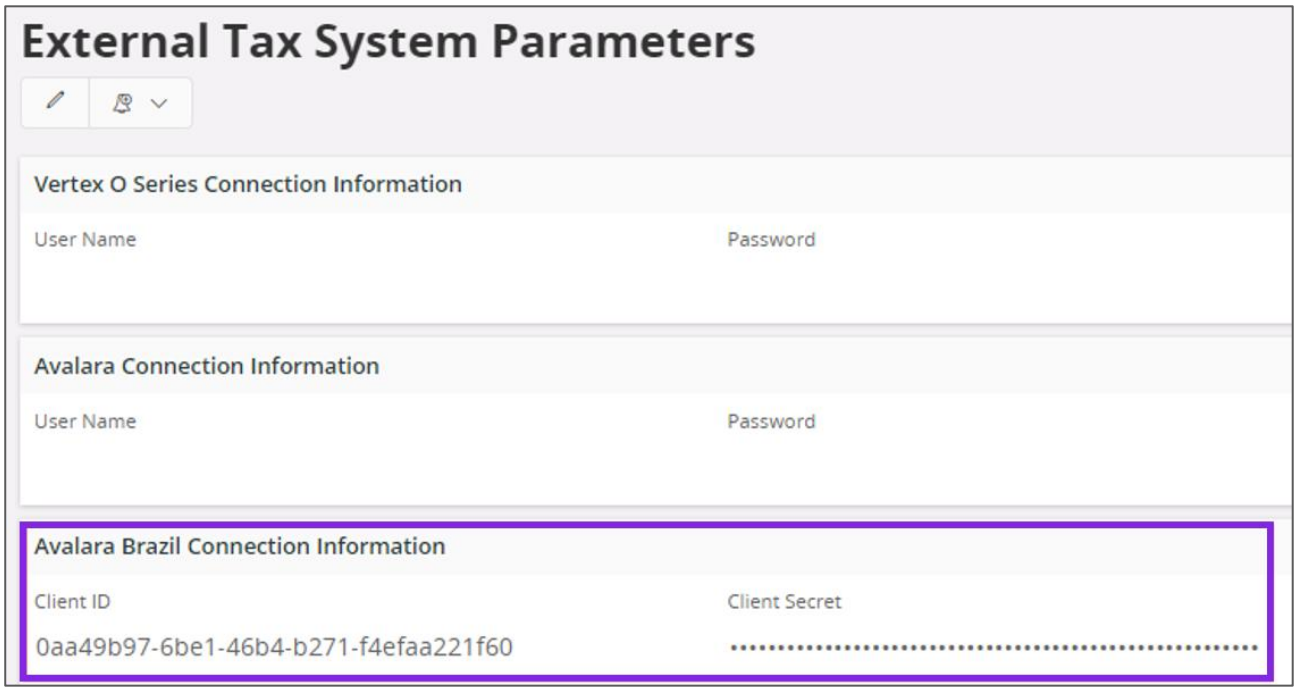
3.4 Define Basic Data

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.

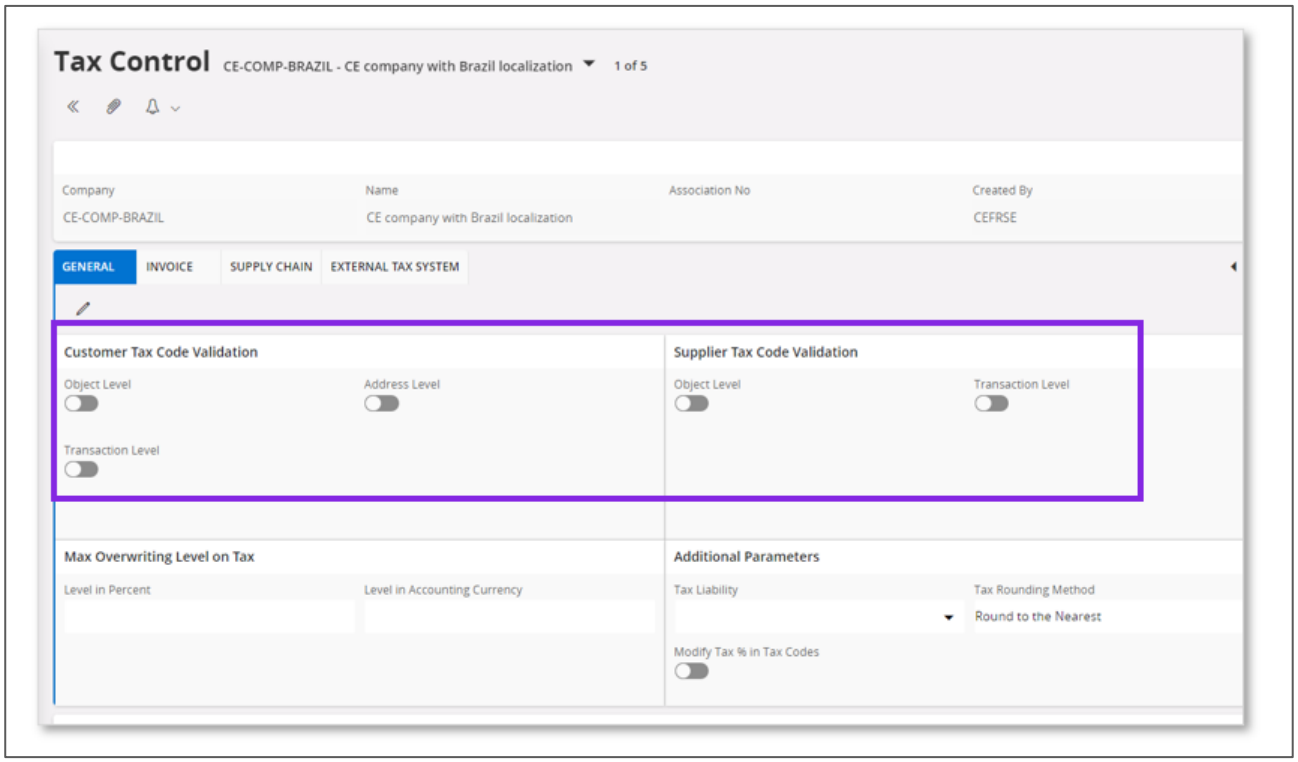
3.4.1 EXTERNAL TAX SYSTEM PARAMETERS

The Avalara Brazil connection information is defined in the page ***Application Base Setup/Enterprise/Tax/External Tax Systems/External Tax Systems Parameters***.



3.4.2 DISABLE CUSTOMER AND SUPPLIER TAX CODE VALIDATIONS

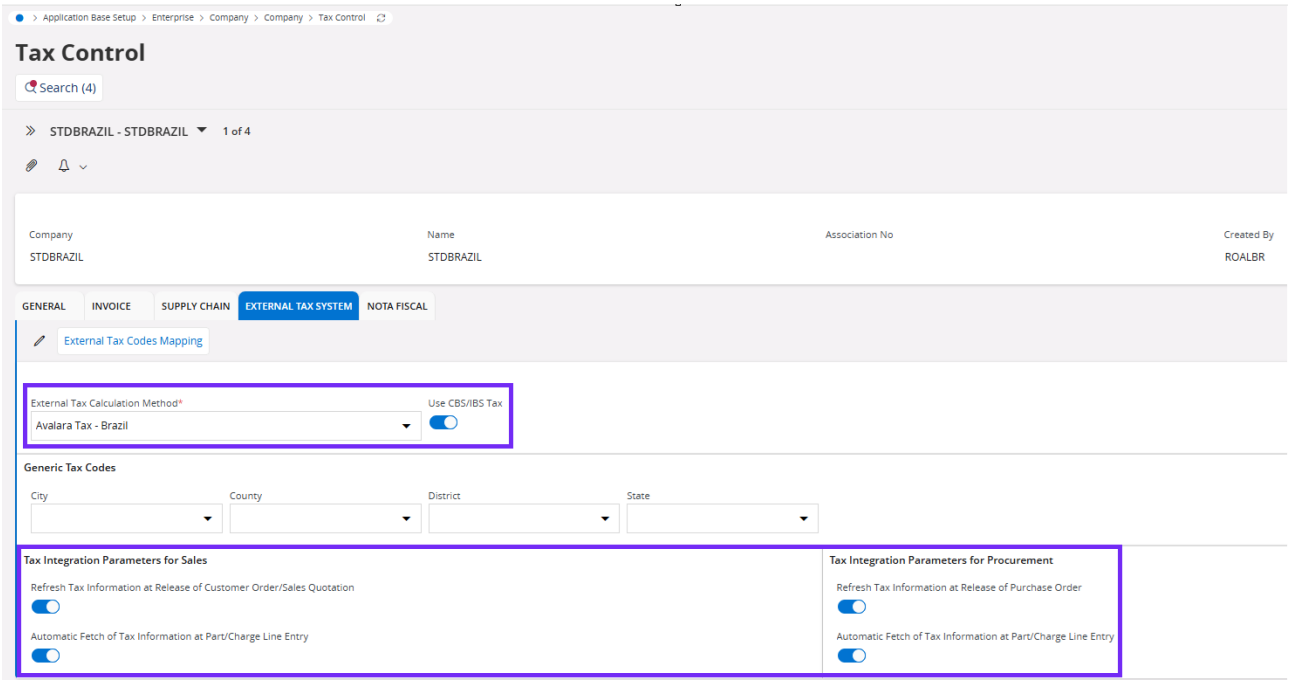
Disable Customer Tax Code Validations in the page ***Application Base Setup/Enterprise/Company/Company/Tax Control*** and the ***General*** tab. Also, do the same for the Supplier Tax Code Validation.



3.4.3 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 Syste****m.*

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.



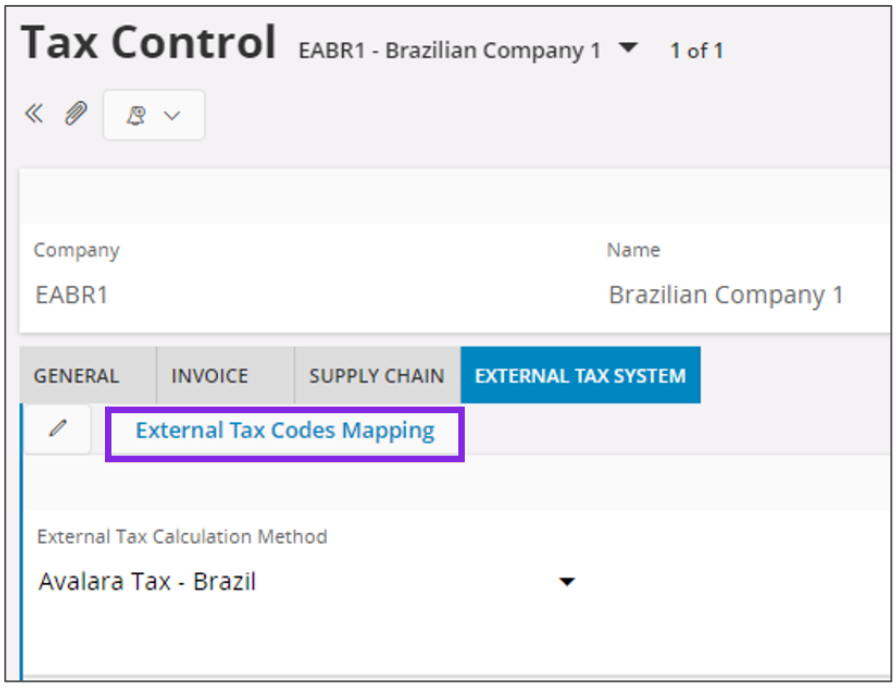
3.4.4 ENTER 0% TAX CODES FOR THE BRAZILIAN TAX TYPES

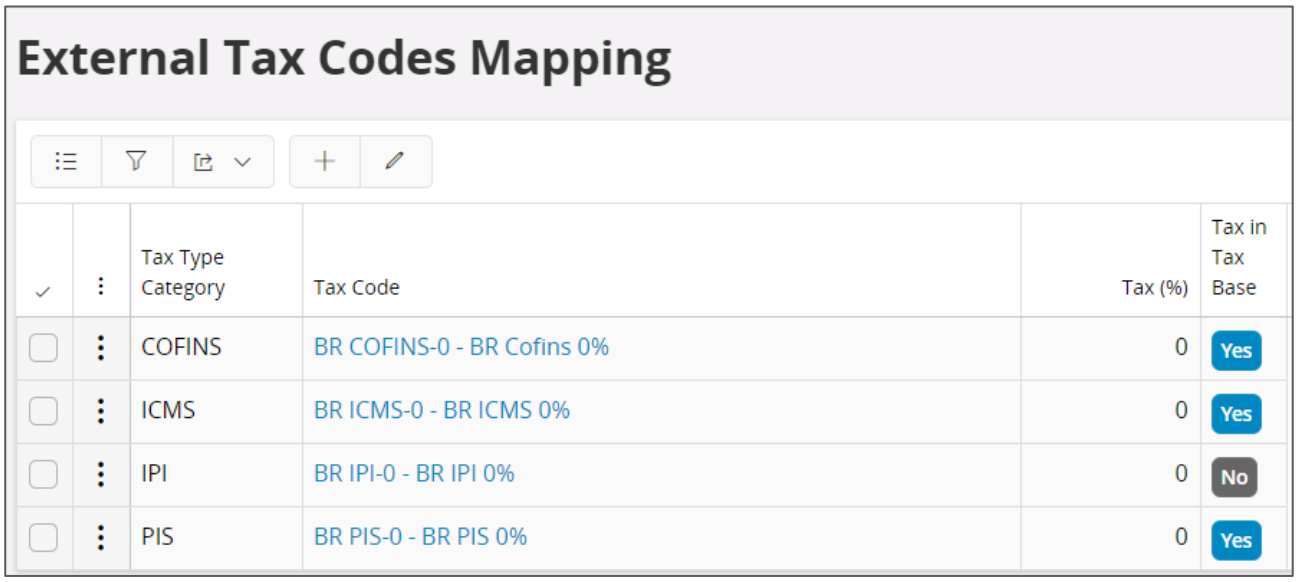
Add one tax code per tax type category with 0% in page ***Accounting Rules/Tax/Tax Codes***. The 0-percentage rate will be replaced by the correct percentage rate for the specific tax scenario in transaction level based on the tax response from 3rd party tax determination engine Avalara.

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

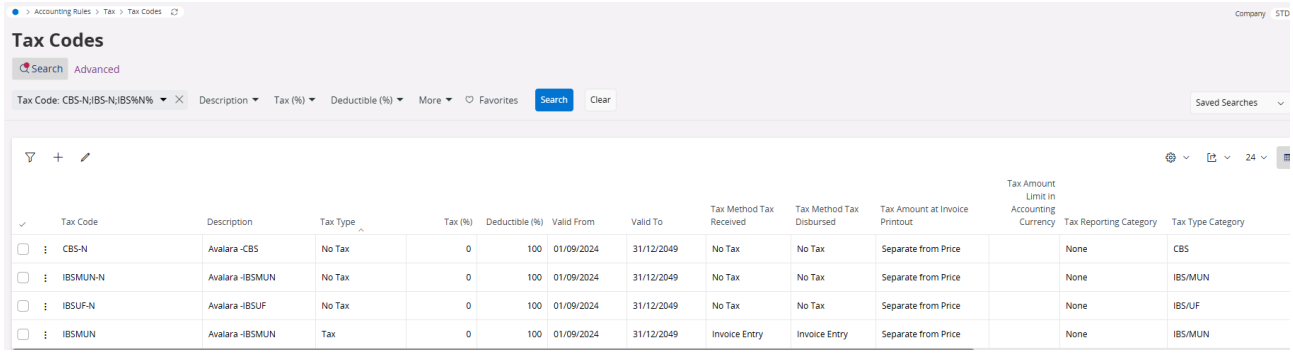
Next select the command **External Tax Code Mapping** in the page ***Application Base Setup/Enterprise/Company/Company/Tax Control*** *and* tab ***External Tax System***. Add pre-defined 0% tax codes.

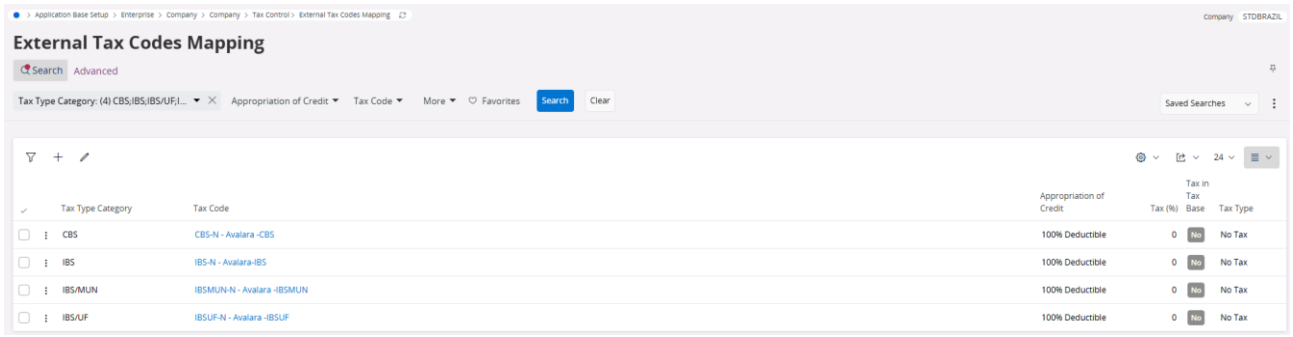




3.4.5 ENTER TAX TYPES CODES FOR NO TAX – RELATED NEW BRAZILIAN TAX REFORM

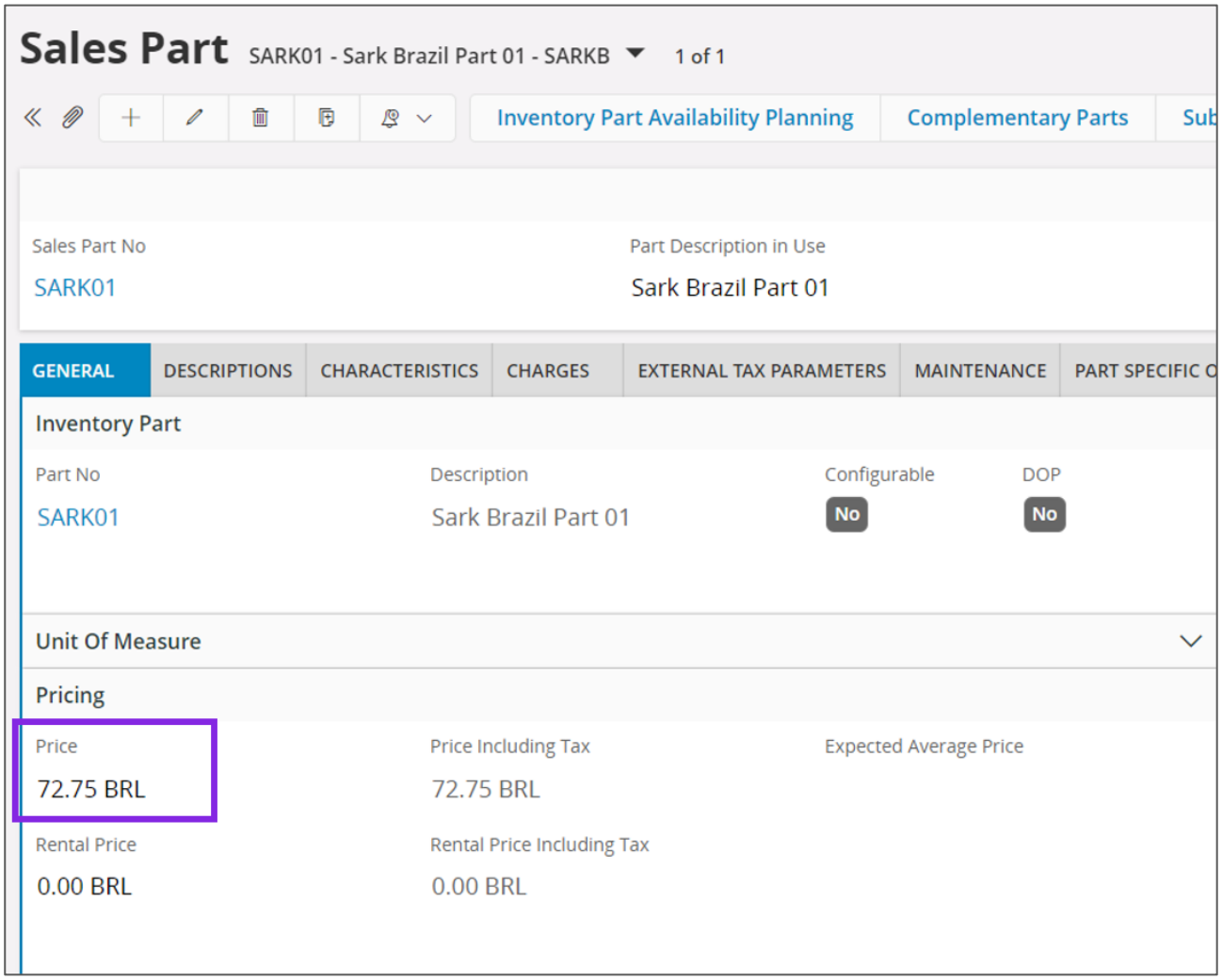
Add one tax code per tax type category with 0% in page ***Accounting Rules/Tax/Tax Codes***. The 0-percentage rate will be replaced by the correct percentage rate for the specific tax scenario in transaction level based on the tax response from 3rd party tax determination engine Avalara.





3.4.6 DEFINE THE SALES PART PRICE WITHOUT TAXES

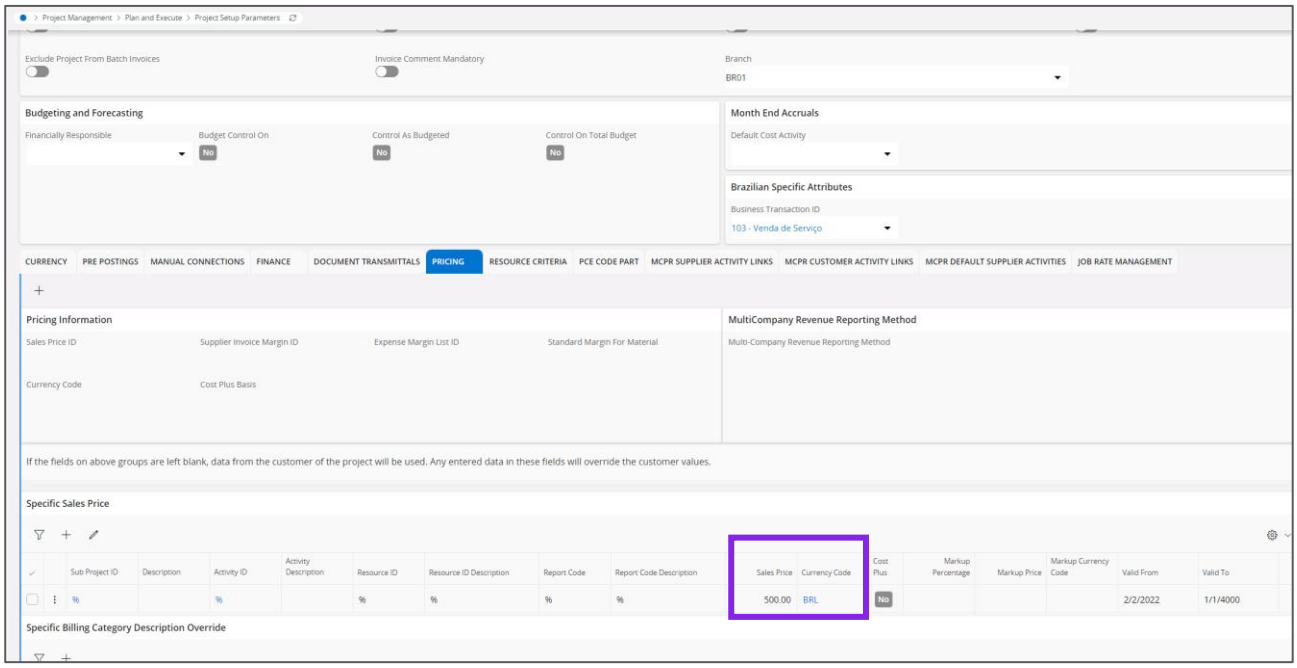
Avalara is using 3 different calculation types, namely “Net”, “Gross” and “Final”. Currently IFS is only support tax base amount on “Net” & “Gross” basis. Therefore, the users able to define sales price/Sales charge price with or without tax in sales part and other pricing sources.



Refer the Appendix 2 for more details.

3.4.7 DEFINE THE PROJECT SALES PRICE WITHOUT TAXES

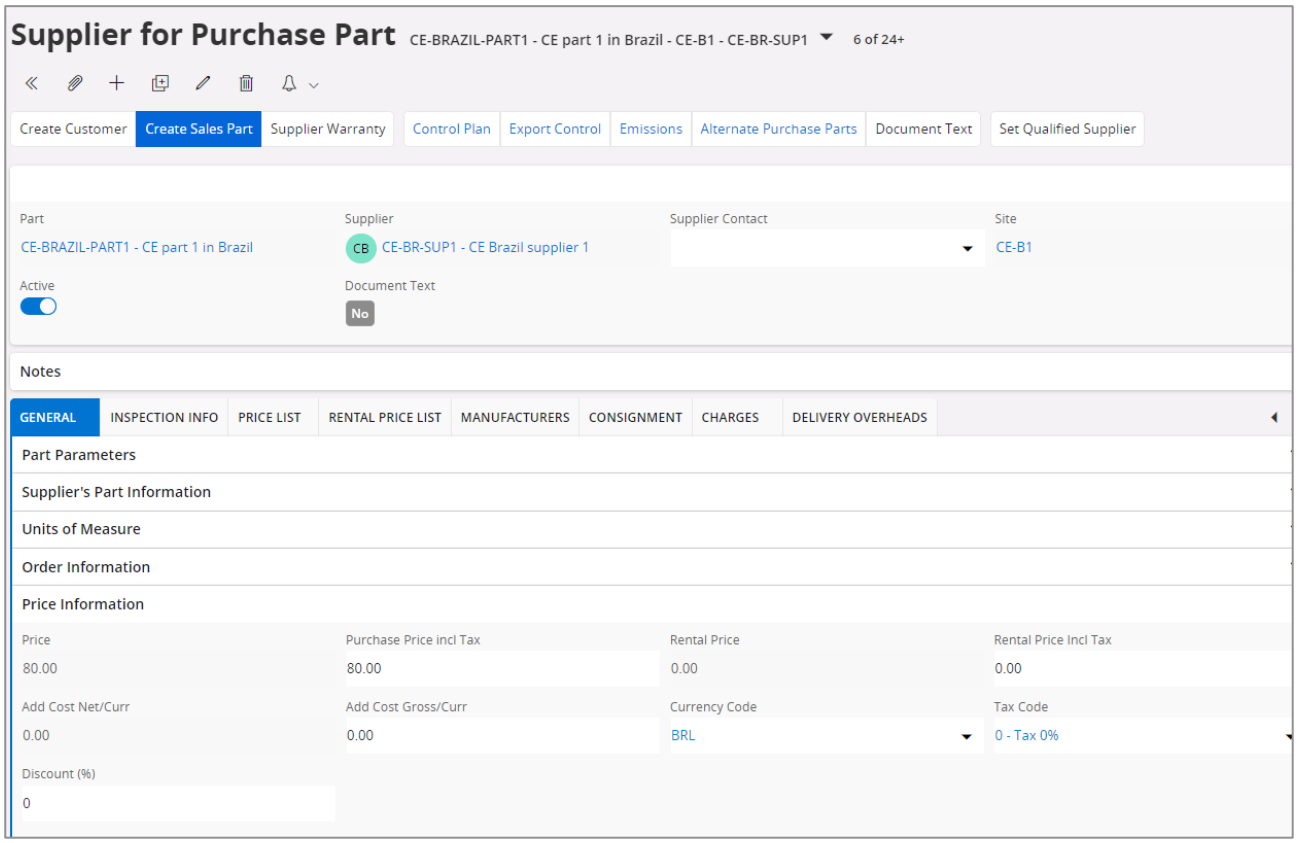
Avalara is using 3 different calculation types, namely “Net”, “Gross” and “Final”. Currently IFS is only support tax base amount on “Net” basis. Therefore, the users need to define sales price without tax in Project and other pricing sources.



Refer the Appendix 2 for more details.

3.4.8 DEFINE THE SUPPLIER FOR PURCHASE PART PRICE INCLUDING TAXES

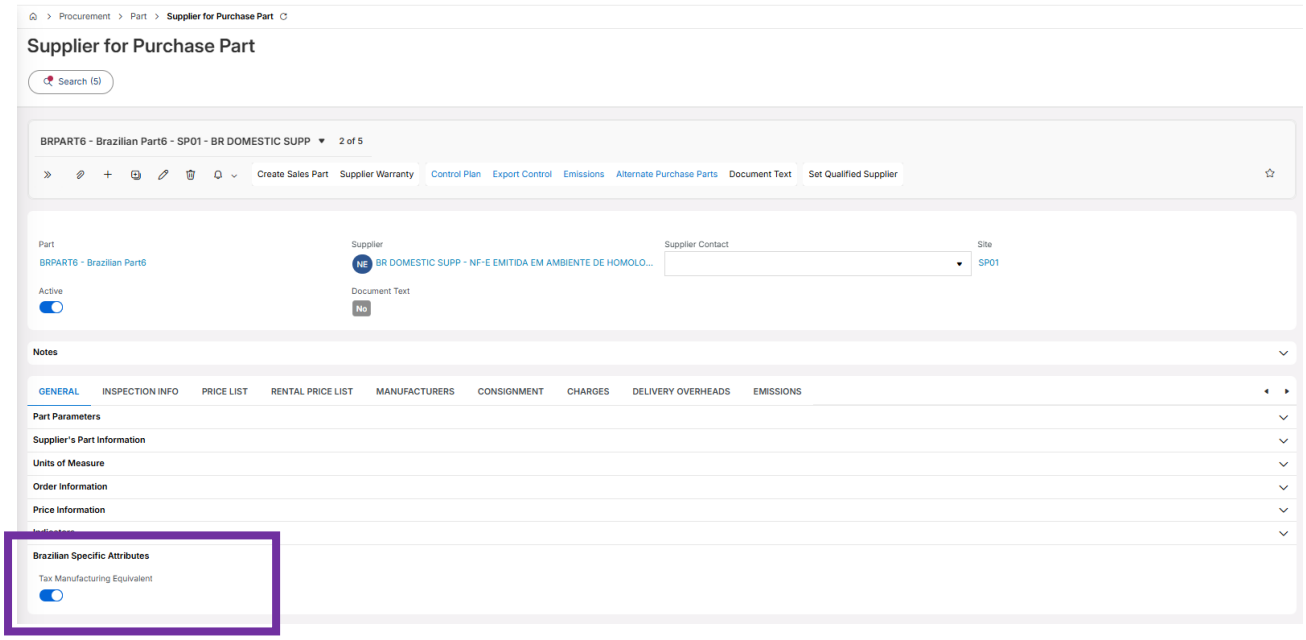
When using the Avalara integration, you will need to set the Purchase Part as taxable so you can add tax code as 0 in the ***Supplier for Purchase Part*** page. You should also enable the **Use Price incl Tax** toggle, so you can define the default Purchase Price incl Tax.



For companies using Avalara, the created order quotation and purchase orders will have the default setting as “Price incl Tax” (on OQ part line and PO header) regardless of setup on supplier and company.

3.4.9 DEFINE THE SUPPLIER FOR PURCHASE TAX MANUFACTURING EQUIVALENT

When using the Avalara integration, you will need to set the Tax Manufacturing Equivalent to force the IPI calculation in a company whose CNAE is not classified as an industrial company, enable the manufacturing toggle.



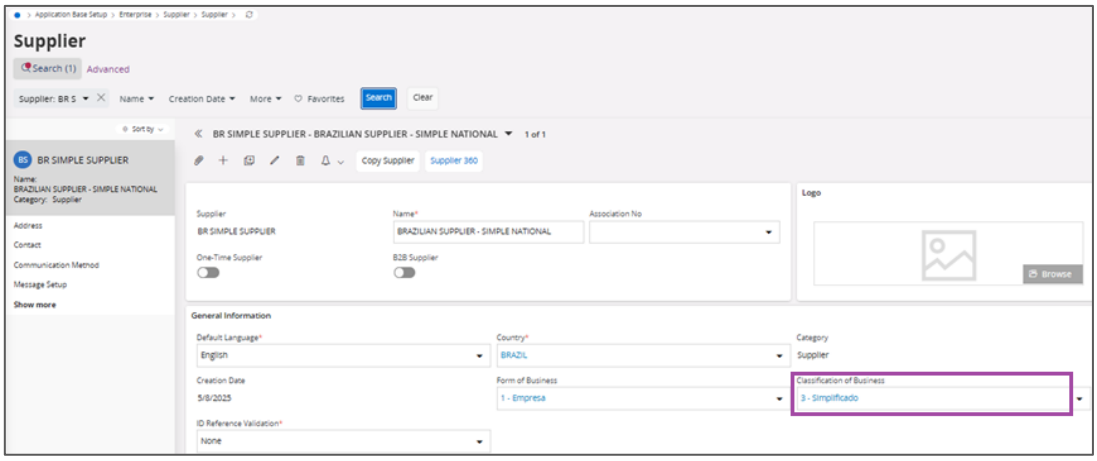
3.4.10 DEFINE THE SUPPLIER UNDER THE SIMPLE NATIONAL TAX REGIME

When a company purchases goods or services from a supplier that is registered under the Simple National Tax Regime, the third-party Brazilian External Tax System, Avalara, does not calculate the taxes, since the percentages depends on an information that they do not have, which is the supplier’s revenue used in the business transaction, in the last fiscal year.

According to the information received from Avalara, in such cases, the ERP solution is required to send the applicable tax percentage for these transactions in the integration JSON file when we call Avalara to get the taxes calculated by them.

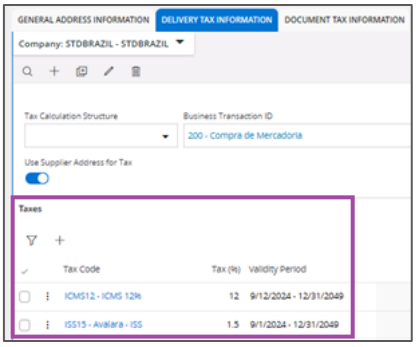
The following configurations must be set to ensure that tax rates are properly sent to Avalara when tax calculation is triggered for Order Quotation, Purchase Order, and Incoming Nota Fiscal:

- The Classification of Business field in the header of the Supplier page must be set to one of the following values: **3 - Simplified**, **4 - Simplified Above Gross Limit**, or **5 - Simplified Entrepreneur** to indicate that the supplier is under the Simple National Tax Regime.

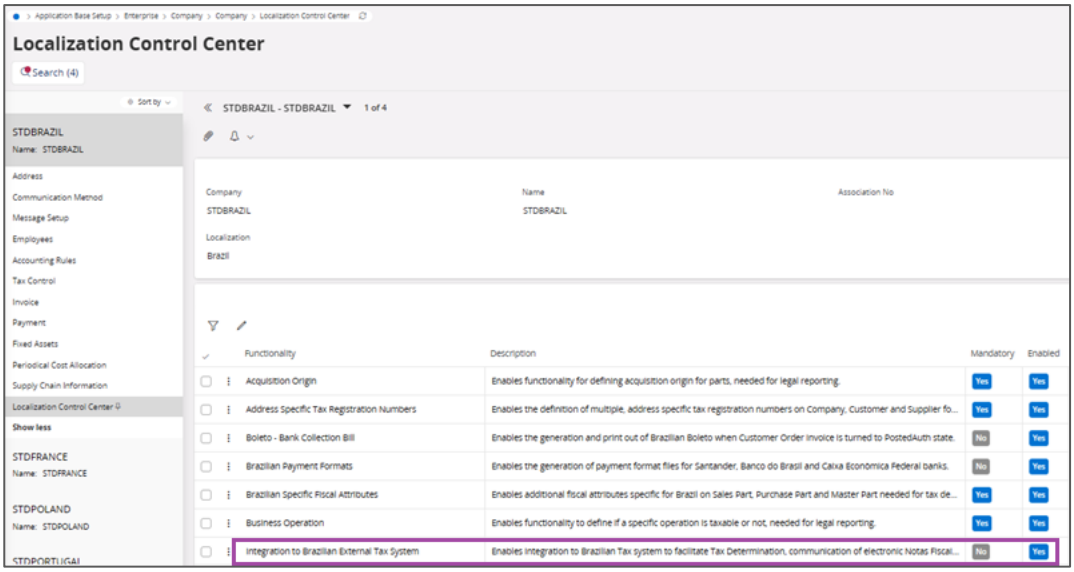


- In the Delivery Tax Information section of a supplier's address, only ICMS and/or ISS tax codes must be connected to the Supplier's Address ID:

    - The ICMS tax code must use the ICMS Tax Type Category.
    - The ISS tax code must use the ISS Tax Type Category. These categories are set on the Tax Codes page.



- If the company is Brazilian and has the **Integration to Brazilian External Tax System** parameter enabled in its LCC settings, then certain validations will be applied when adding tax codes by each Supplier's Address ID.



- Each supplier's address may have only one tax code per tax type (ICMS or ISS) when its Classification of Business is set to 3, 4, or 5 (valid values from the Classification of Business list that indicate the supplier is under the Simple National tax regime). This prevents duplicate tax codes and ensures that only one ICMS and one ISS code are sent for tax calculation.

    - Validation message included: For suppliers classified under the Simple National Tax Regime, only one Tax Code may be entered for the Tax Type Categories ICMS and ISS.

- When the supplier's Classification of Business is set to 3, 4, or 5, only ICMS and ISS tax codes are allowed in the Delivery Tax Information section, as other tax types may be returned by Avalara.

    - Validation message included: For suppliers classified under the Simple National Tax Regime, only Tax Codes with a Tax Type Category defined as ICMS or ISS may be entered.

3.5 Create Business Opportunity

For Business Opportunity you must manually run the **Update External Taxes** command for the opportunity lines to initiate a new tax request to Avalara.

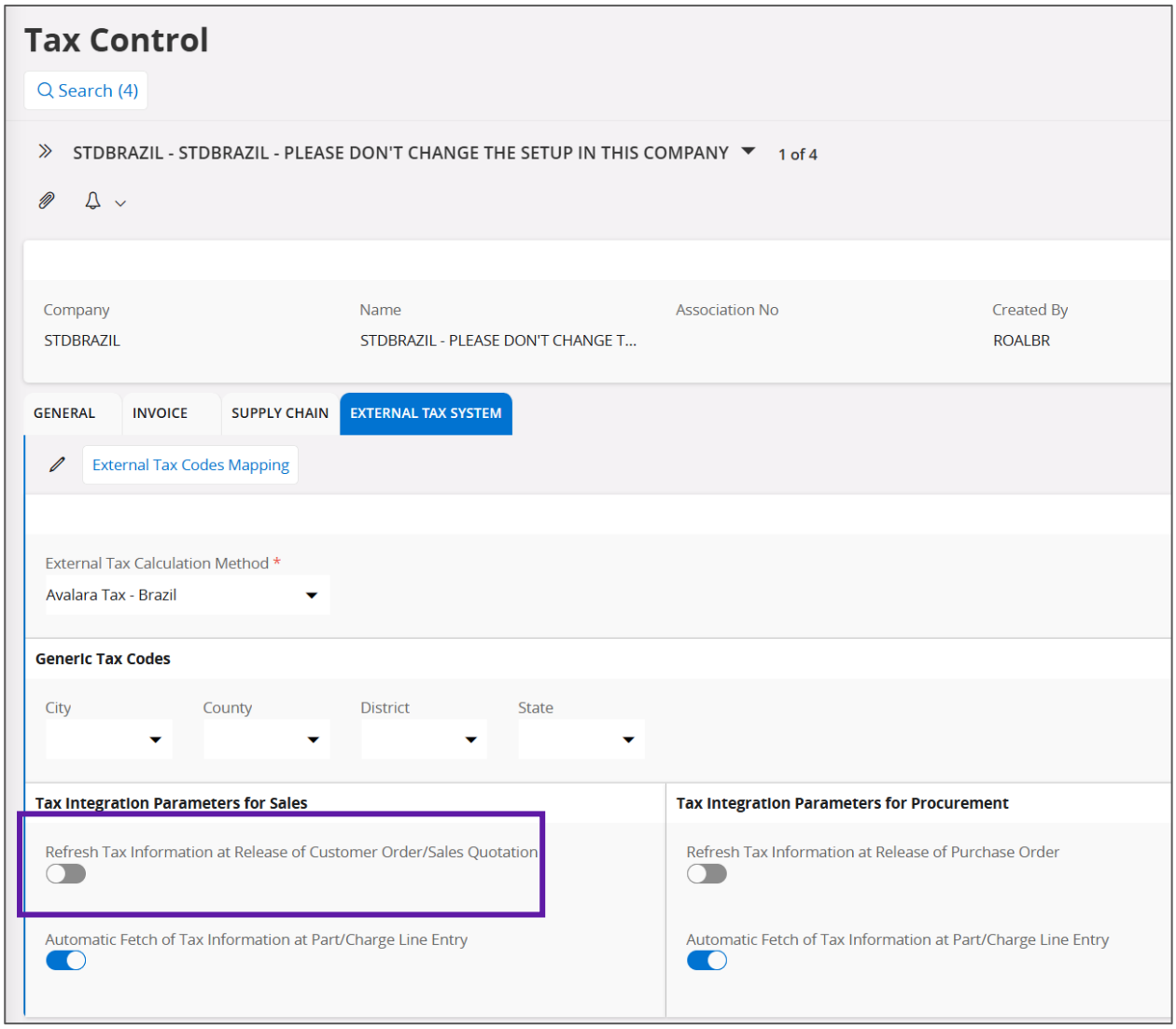
3.6 Create Sales Quotation

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

- New sales quotation line is added
- Sales Qty is updated
- Sales Price is updated
- Ouotation Address is updated
- Sales charge Line is connected to a SQ line
- Quotation Line Address is updated
- Goods/Services Statistical Code is updated
- Acquisition Origin updated
- Acquisition Reason Id is updated
- Sales Quotation is Released

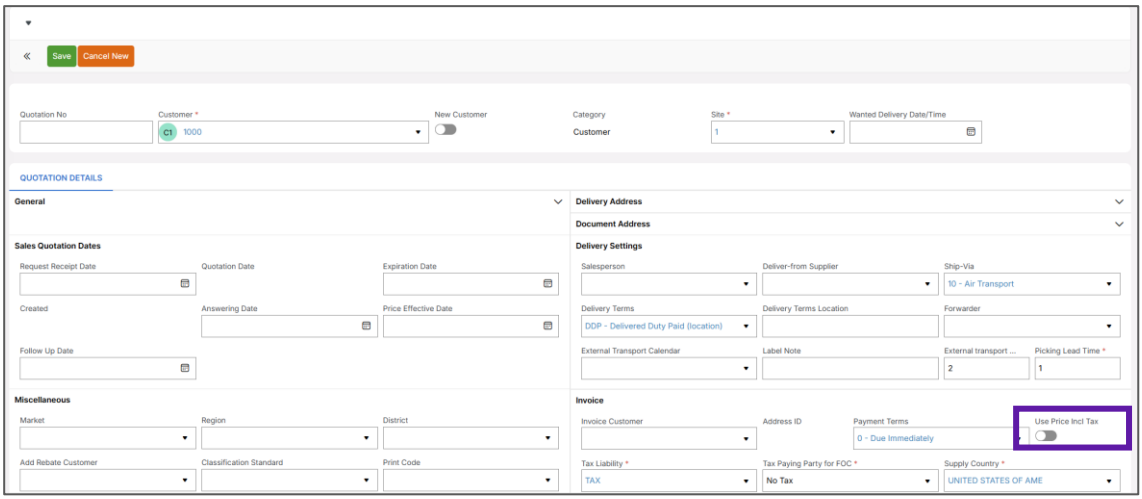
User can decide whether the taxes are Calculated/Fetched upon, "Release of Sales Quotation" or "Line Entry Level". This is controlled by the IFS Application core functionality, ***Company/Tax Control/External Tax System*** tab, "*Tax Integration Parameters for Sales*".

Example: If user decides not to send tax requests upon releasing the quotation. Then you need to disable the option **Refresh Tax Information at Release of Customer Order/Sales Quotation** in ***Company/Tax Control/External Tax System*** tab.



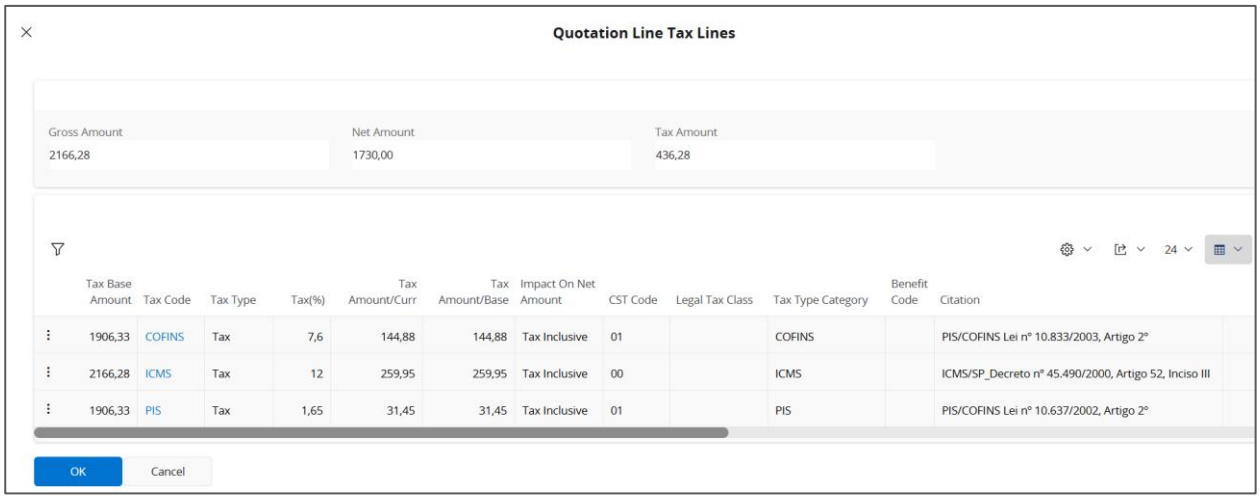
IFS Cloud supports both **Net** and **Gross** Avalara tax calculation methods for **Sales Quotation**. The applied calculation method depends on the status of the **"Use Price Including Tax"** toggle.

- When **enabled**, the Sales Quotation is subject to **Gross tax calculation**.
- When **disabled**, the Sales Quotation is subject to **Net tax calculation**.



IFS Cloud treats **Price** as the net price and **Price Including Tax** as the gross Price. The gross price represents the sum of the raw price and the inclusive tax, calculated on a per-part basis. The price value sent to Avalara for tax calculation is determined by the status of the **Use Price Including Tax** toggle.

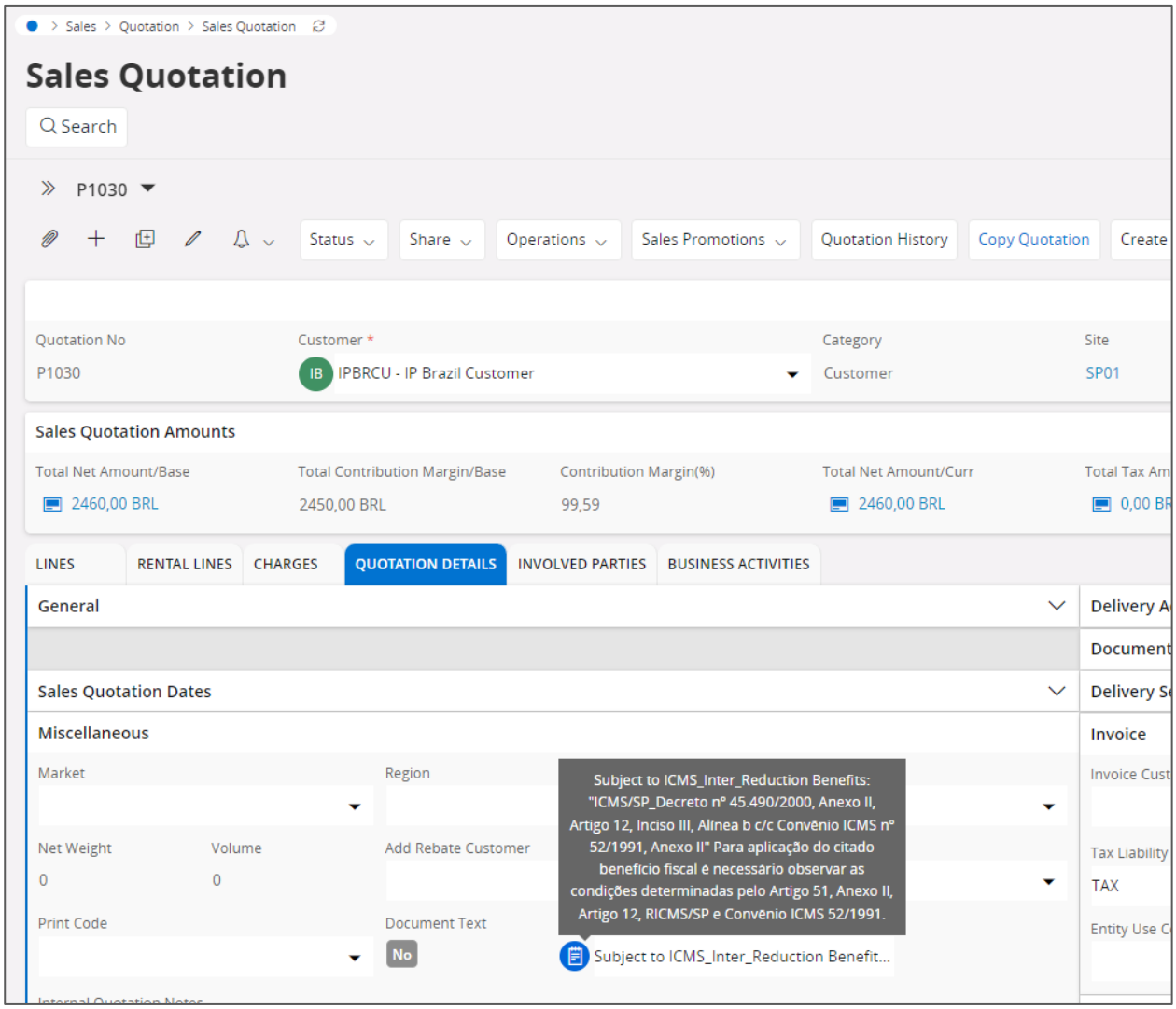
The Sales Quotation Line/Tax Lines dialog will be updated with the data received from Avalara, including Tax Base Amount, IFS Tax Code (fetched based on the tax codes mapping set-up), Tax %, Tax Amount, CST Code, Legal Tax Class (for IPI taxes) and Tax Type Category.

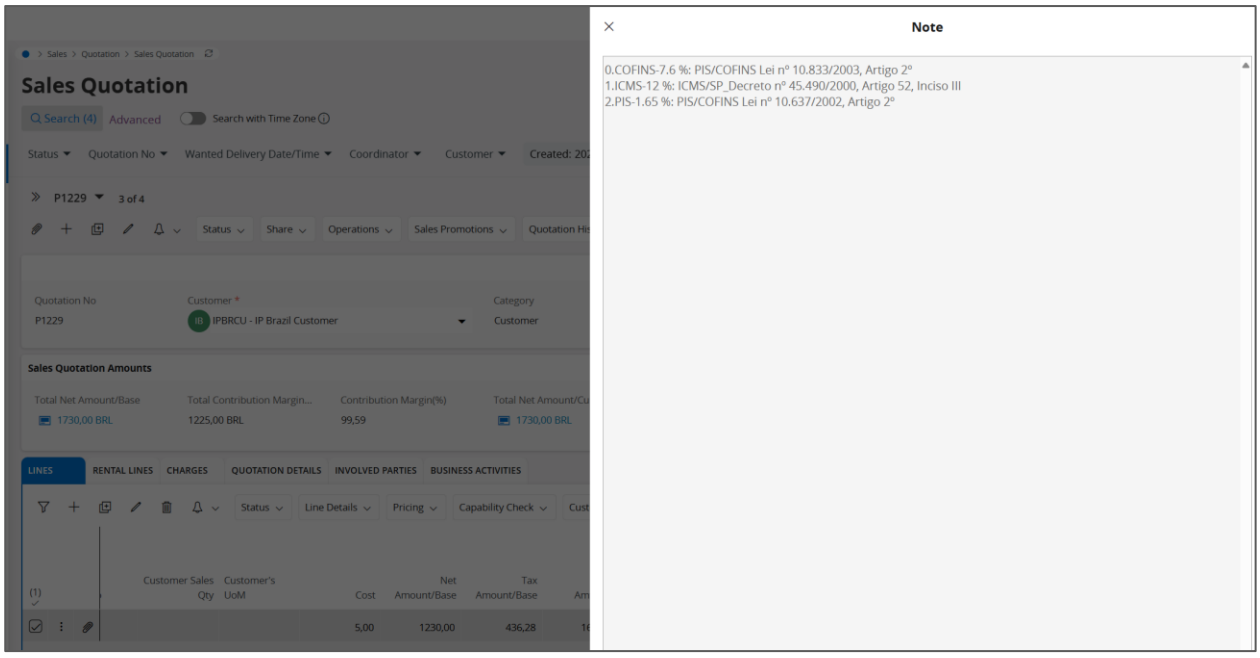


3.7 Citation Information in Sales Quotation Level

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 Sales Quotation header and on the Sales Quotation lines.





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

3.8 Create Customer Order

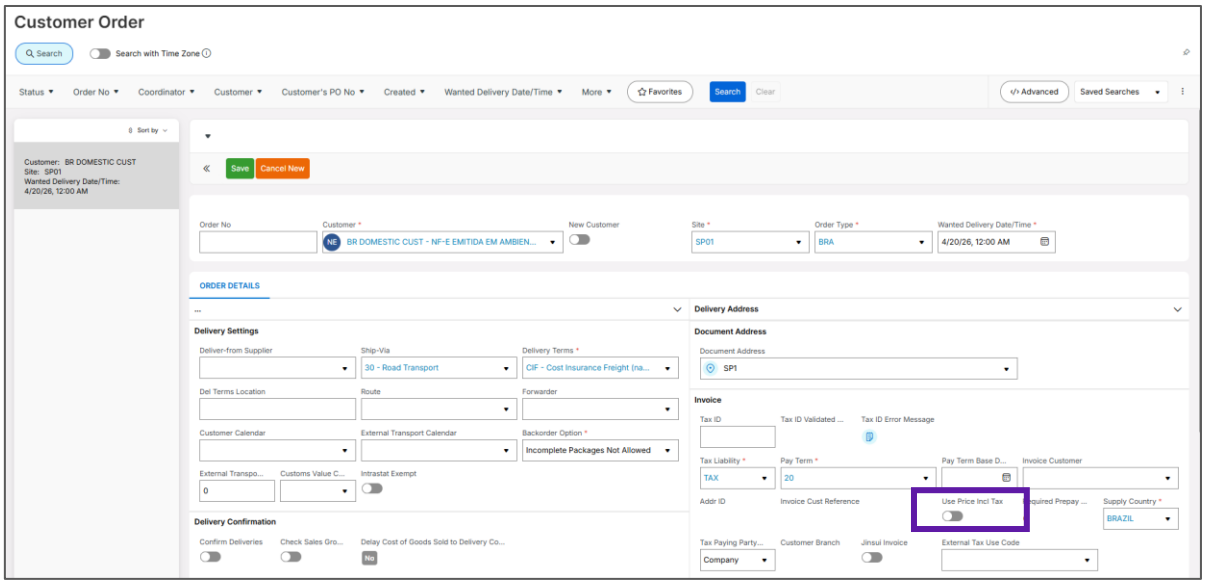
For Customer Order a new tax Calculated/Fetched is initiated resulting in new tax requests being sent to Avalara under the following circumstances:

- 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*”.

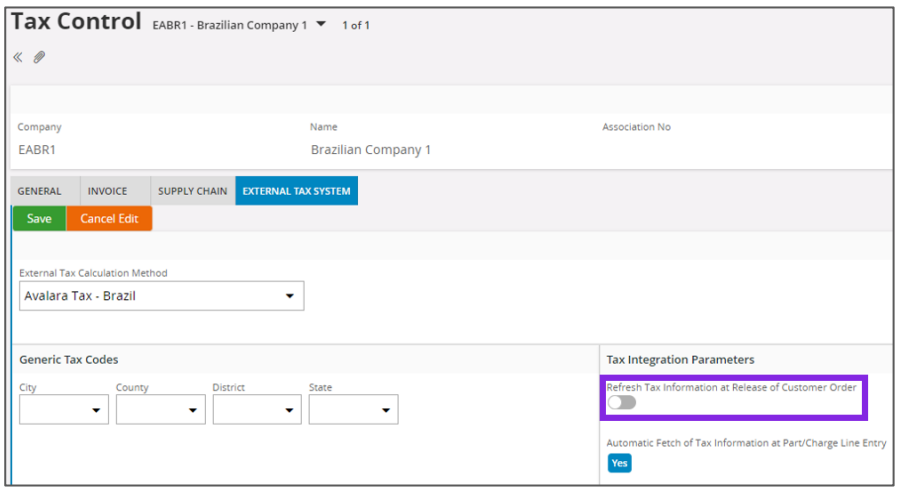
IFS Cloud supports both **Net** and **Gross** Avalara tax calculation methods for **Customer order**. The applied calculation method depends on the status of the **“Use Price Including Tax”** toggle.

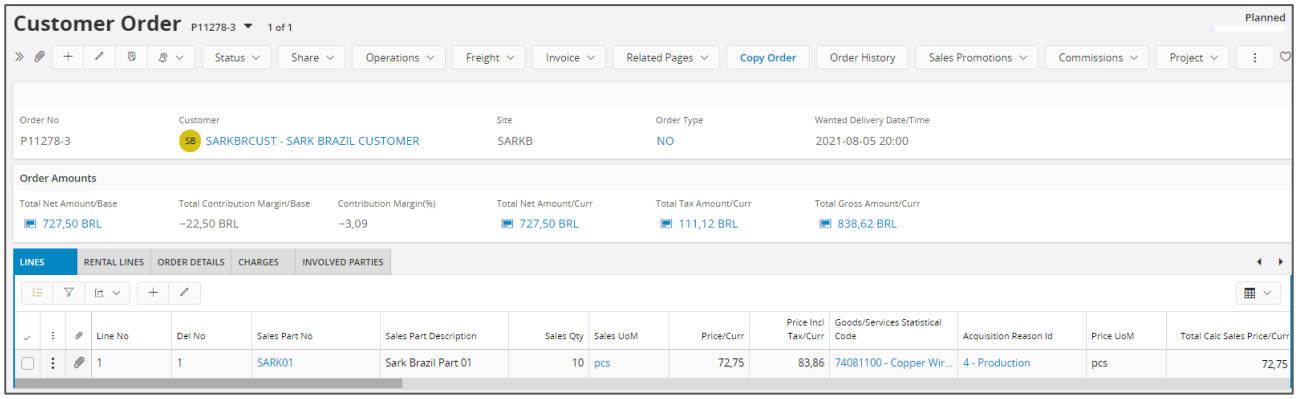
- When **enabled**, the Customer order is subject to **Gross tax calculation**.
- When **disabled**, the Customer order is subject to **Net tax calculation**.

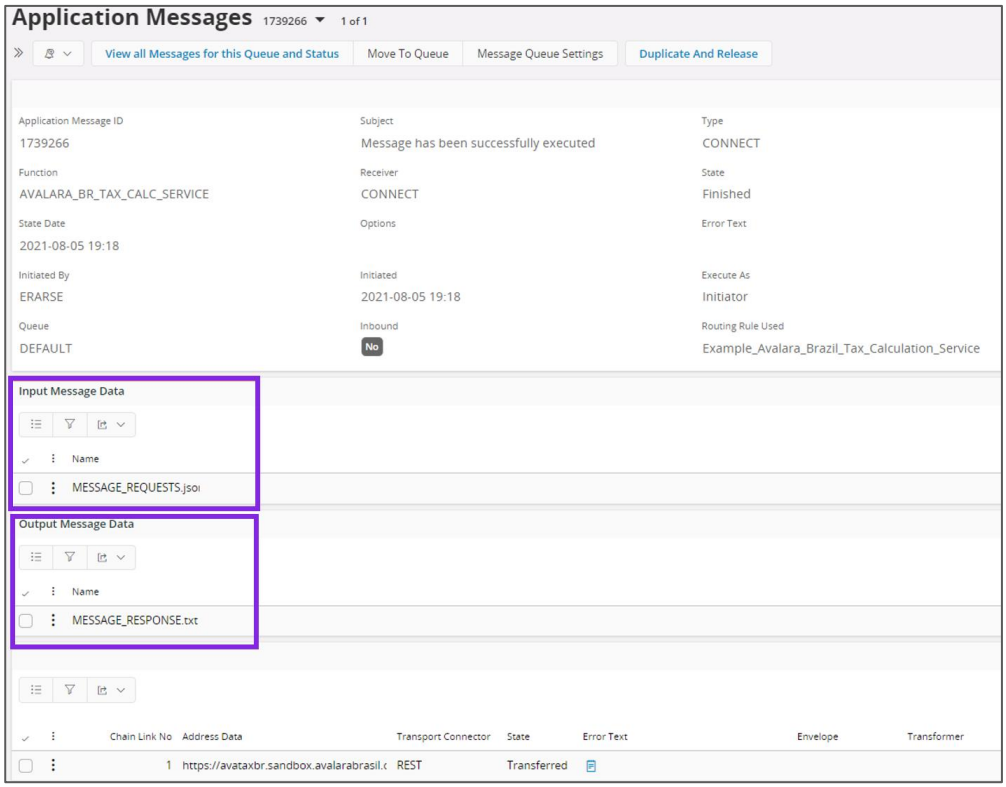


IFS Cloud treats **Price** as the net price and **Price Including Tax** as the gross Price. The price value sent to Avalara for tax calculation is determined by the status of the **Use Price Including Tax** toggle.

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).






Application Messages 1739266 1 of 1
View all Messages for this Queue and Status
Move To Queue
Message Queue Settings
Duplicate And Release
Application Message ID
1739266
Subject
Message has been successfully executed
Type
CONNECT
Function
AVALARA_BR_TAX_CALC_SERVICE
Receiver
CONNECT
State
Finished
State Date
2021-08-05 19:18
Options
Error Text
Initiated By
ERARSE
Initiated
2021-08-05 19:18
Execute As
Initiator
Queue
DEFAULT
Inbound
No
Routing Rule Used
Example_Avalara_Brazil_Tax_Calculation_Service
Input Message Data
Name
MESSAGE_REQUESTS.jso
Output Message Data
Name
MESSAGE_RESPONSE.txt
Chain Link No
Address Data
Transport Connector
State
Error Text
Envelope
Transformer
1
https://avataxbr.sandbox.avalarabrasil.c
REST
Transferred

*MESSAGE_REQUEST (5).json - Notepad

File Edit Format View Help


```
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*MESSAGE_RESPONSE (4).txt - Notepad

File Edit Format View Help


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"invoiceNumber":0
"invoiceSerial":0
"messageType":"goods"
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                "federalTaxId":"77214253000192"
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                "cityCode":3550308
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                "state":"SP"
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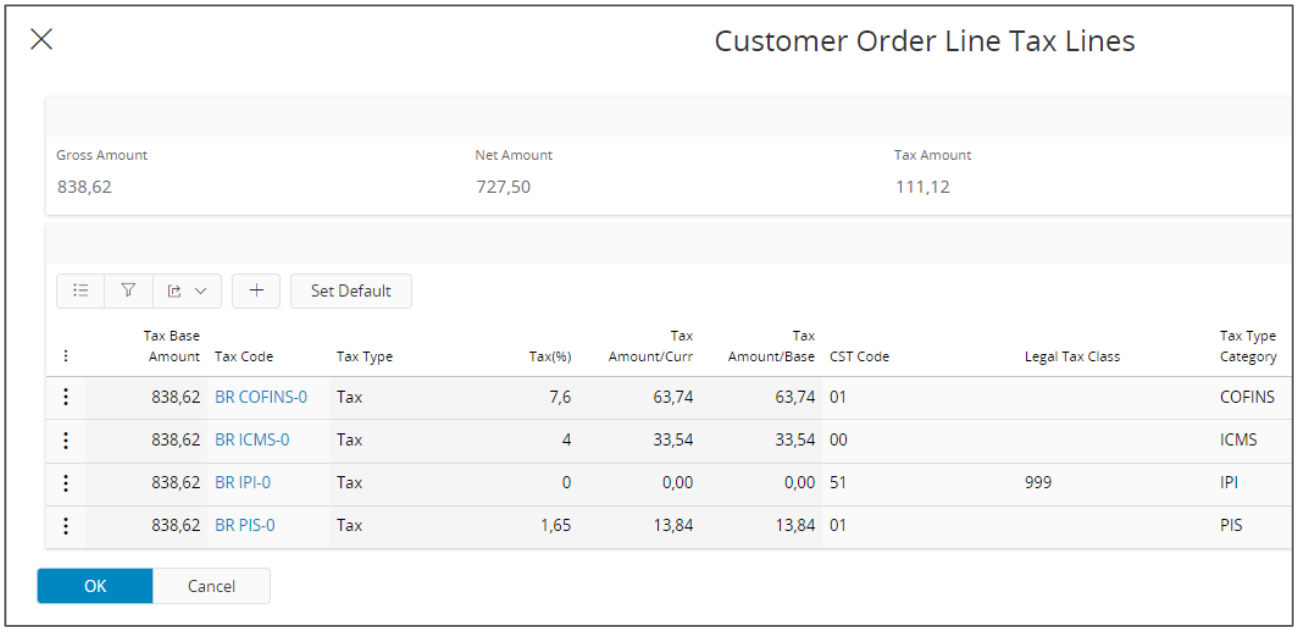
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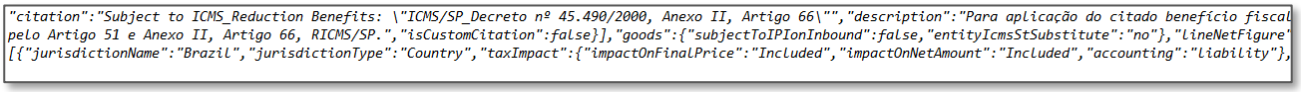
The Customer Order Line/Tax Lines dialog will be updated with the data received from Avalara, including Tax Base Amount, IFS Tax Code (fetched based on the tax codes mapping set-up), Tax %, Tax Amount, CST Code, Legal Tax Class (for IPI taxes) and Tax Type Category.



Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount/Curr	Tax Amount/Base	CST Code	Legal Tax Class	Tax Type Category
838,62	BR COFINS-0	Tax	7,6	63,74	63,74	01		COFINS
838,62	BR ICMS-0	Tax	4	33,54	33,54	00		ICMS
838,62	BR IPI-0	Tax	0	0,00	0,00	51	999	IPI
838,62	BR PIS-0	Tax	1,65	13,84	13,84	01		PIS

3.8.1 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.



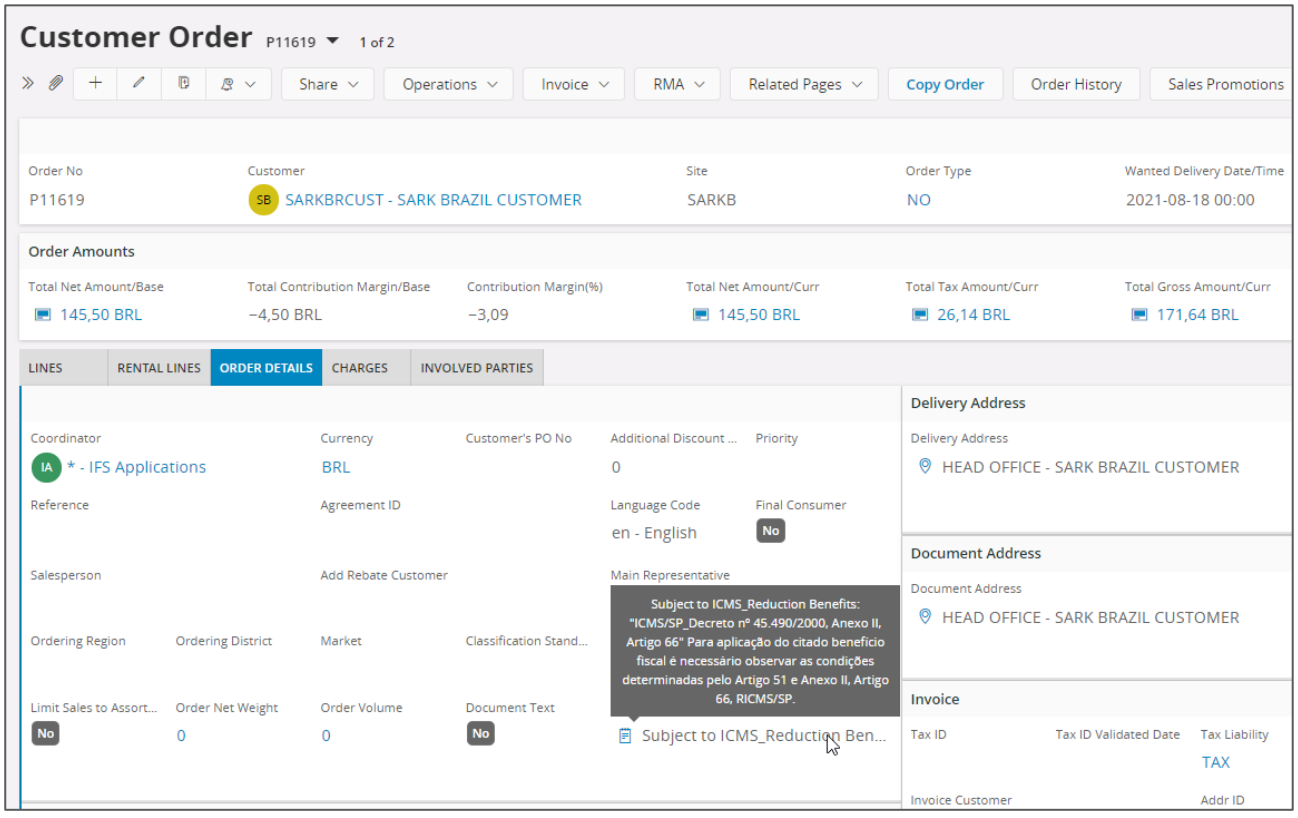
```
        "establishment":{}},

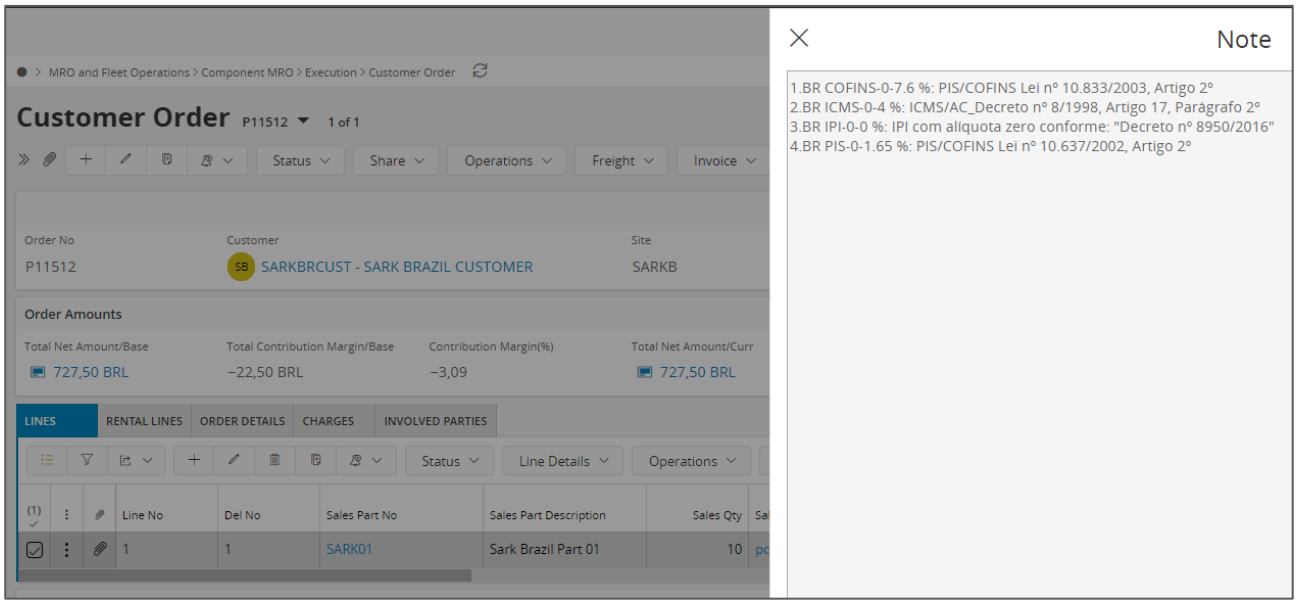
        "lines":[{
                "lineCode":1
        "itemCode":"SARK01"
        "numberOfItems":10
        "lineUnitPrice":83.862
        "lineAmount":838.62
        "lineTaxedDiscount":0
        "useType":"production"
        "operationType":"standardSales"
        "orderNumber":"P11278-3"

"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.

3.9 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.

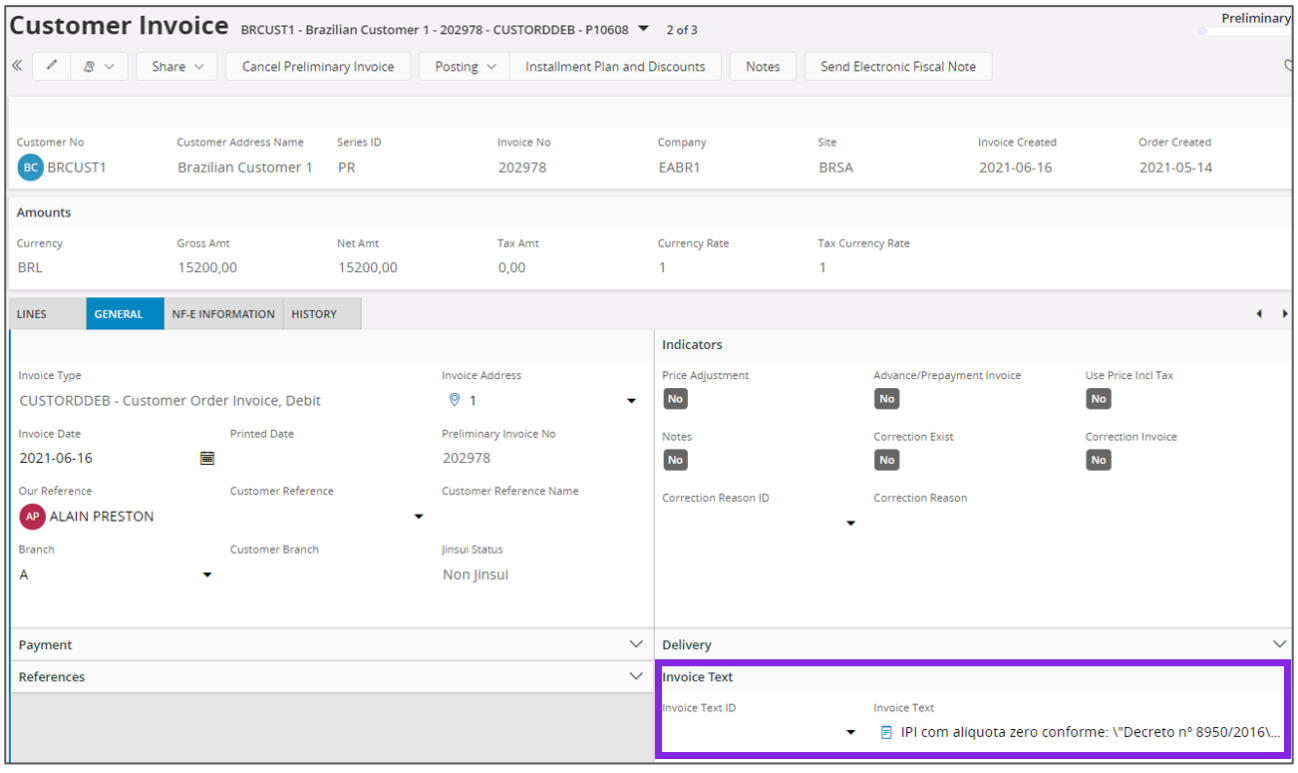
The Avalara tax calculation method (Net or Gross) is determined by the status of the "**Use Price Including Tax"** toggle in the **Customer Invoice header**, following the same logic applied to **Sales Quotations** and **Customer Orders**.

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",
        "toImp": "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"
}
```


3.9.1 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.



3.9.2 HANDLE OUTGOING NOTA FISCALS

Please read chapter “Outgoing Nota Fiscals” for description.

3.9.3 CREATE POSTINGS

Please read chapter “Gross Revenue Accounting” and Appendix 2 for description.

3.10 Create Invoicing Plan/Project Transaction

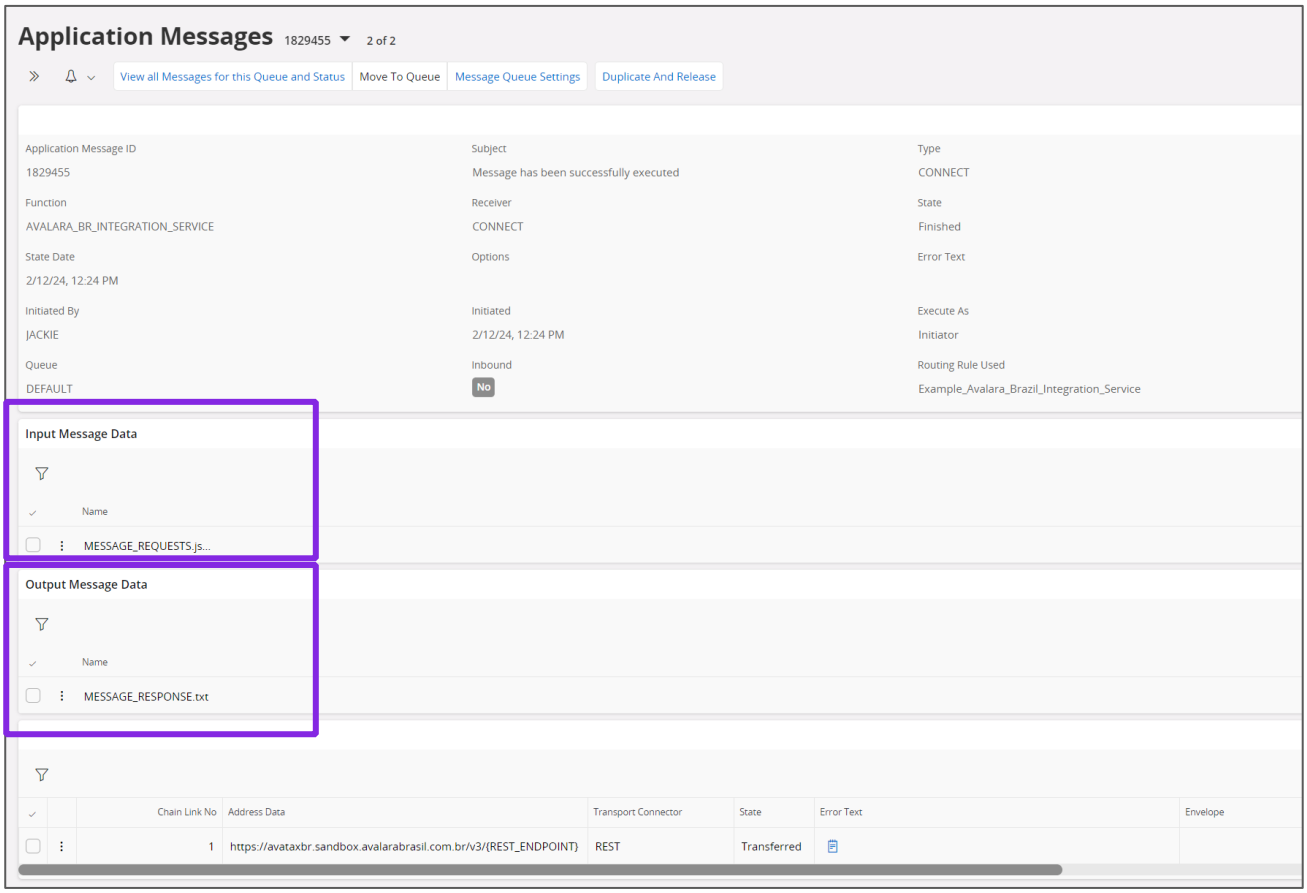
Enter an Invoicing Plan/Project Transaction using standard functionality.

3.11 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 the 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
- NBS 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.


Application Messages
1829455
2 of 2
View all Messages for this Queue and Status
Move To Queue
Message Queue Settings
Duplicate And Release
Application Message ID
1829455
Subject
Message has been successfully executed
Type
CONNECT
Function
AVALARA_BR_INTEGRATION_SERVICE
Receiver
CONNECT
State
Finished
State Date
2/12/24, 12:24 PM
Options
Error Text
Initiated By
JACKIE
Initiated
2/12/24, 12:24 PM
Execute As
Initiator
Queue
DEFAULT
Inbound
No
Routing Rule Used
Example_Avalara_Brazil_Integration_Service
Input Message Data
Name
MESSAGE_REQUESTS.js...
Output Message Data
Name
MESSAGE_RESPONSE.txt
Chain Link No
Address Data
Transport Connector
State
Error Text
Envelope
1
https://avataxbr.sandbox.avalarabrasil.com.br/v3/{REST_ENDPOINT}
REST
Transferred

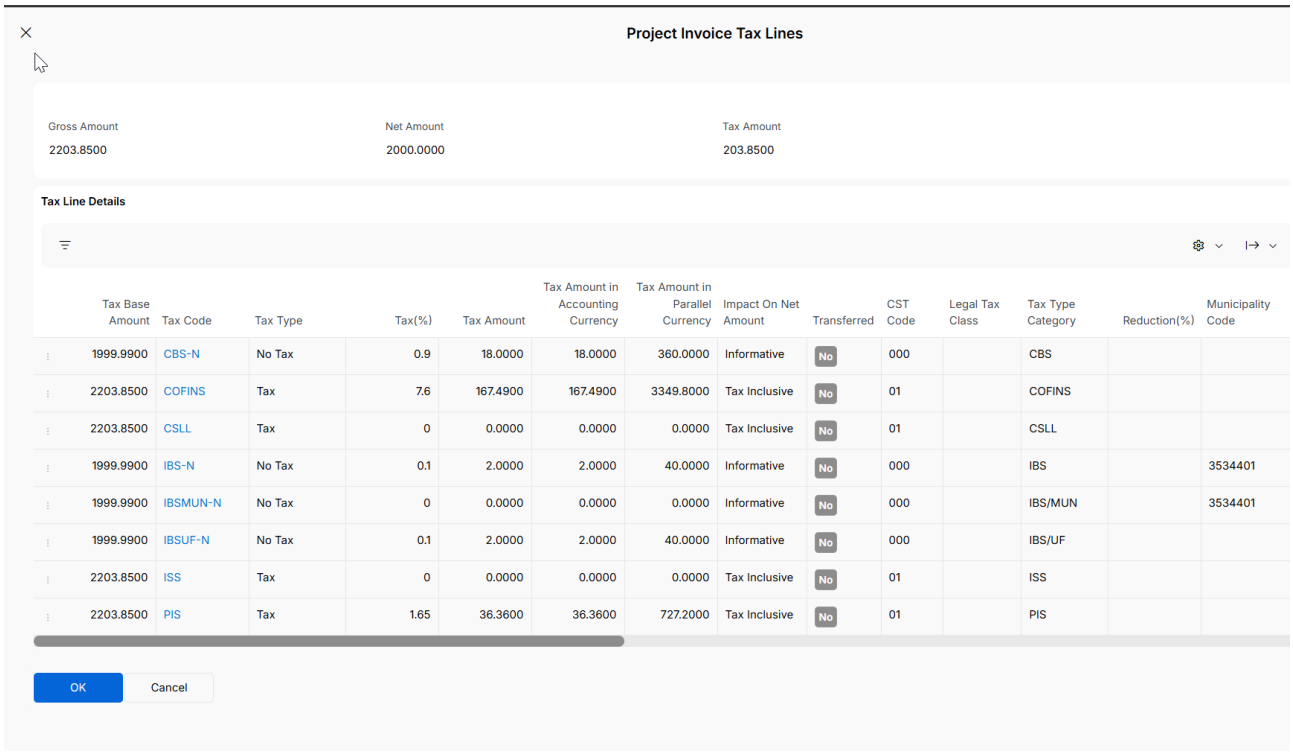
MESSAGE_REQUEST (13).json


```
{
    "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


```
{
    "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"
                },
```

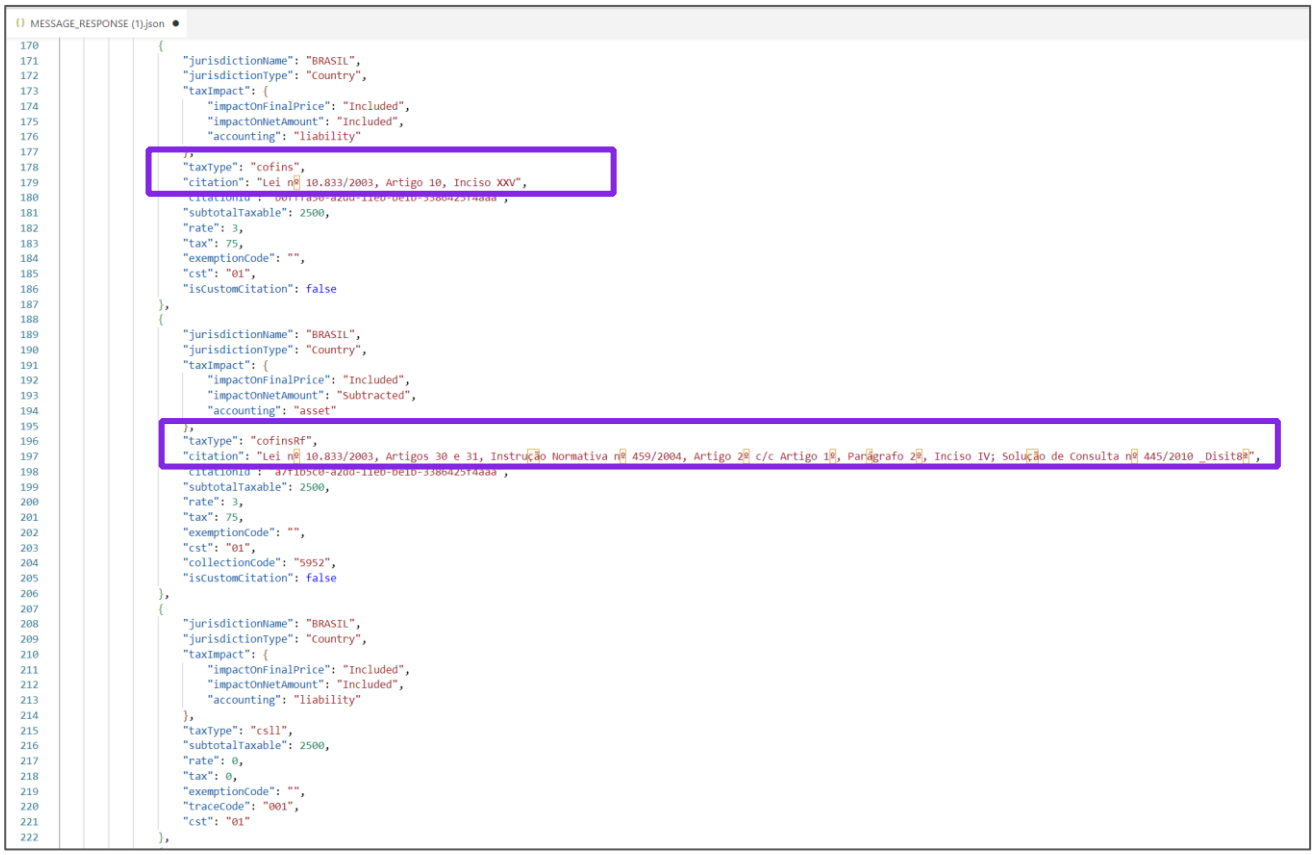
After Avalara completes tax determination, the ***Project Invoice Tax Lines*** dialog is updated with the tax attributes returned by Avalara. These attributes include the tax base amount, the IFS tax code (retrieved through the external tax codes mapping), applicable tax rates, calculated tax amounts, CST, Legal Tax Class for IPI taxes, Tax Type Category, and other Brazil-specific tax attributes provided by Avalara.



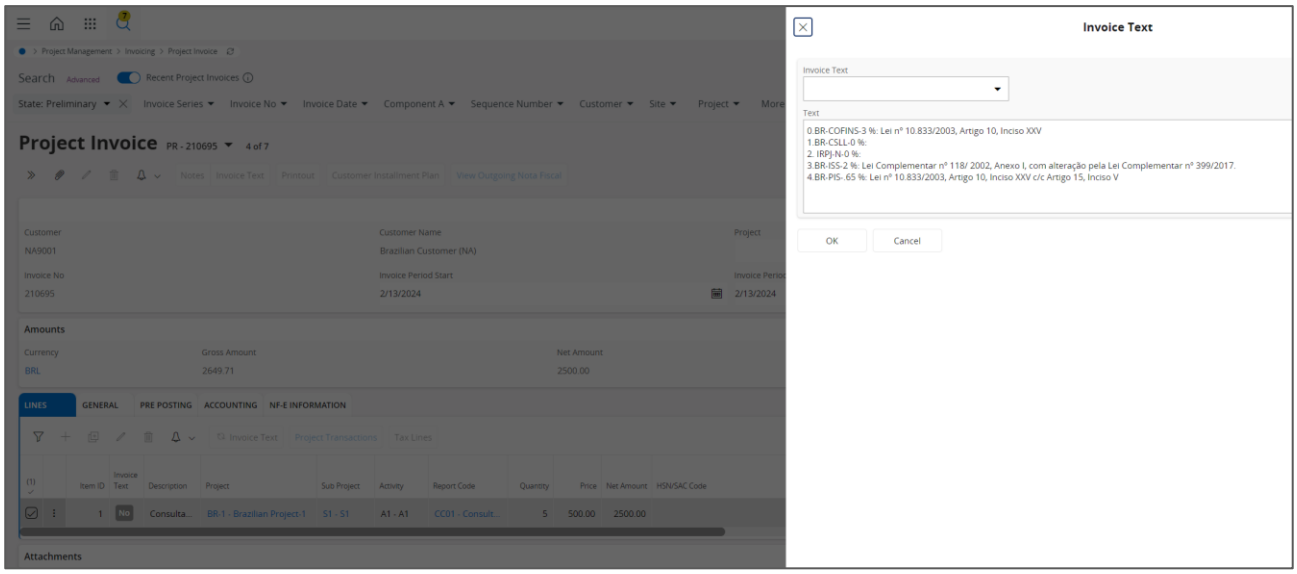
Tax Base Amount	Tax Code	Tax Type	Tax(%)	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Impact On Net Amount	Transferred	CST Code	Legal Tax Class	Tax Type Category	Reduction(%)	Municipality Code
1999.9900	CBS-N	No Tax	0.9	18.0000	18.0000	360.0000	Informative	No	000		CBS		
2203.8500	COFINS	Tax	7.6	167.4900	167.4900	3349.8000	Tax Inclusive	No	01		COFINS		
2203.8500	CSLL	Tax	0	0.0000	0.0000	0.0000	Tax Inclusive	No	01		CSLL		
1999.9900	IBS-N	No Tax	0.1	2.0000	2.0000	40.0000	Informative	No	000		IBS		3534401
1999.9900	IBSMUN-N	No Tax	0	0.0000	0.0000	0.0000	Informative	No	000		IBS/MUN		3534401
1999.9900	IBSUF-N	No Tax	0.1	2.0000	2.0000	40.0000	Informative	No	000		IBS/UF		
2203.8500	ISS	Tax	0	0.0000	0.0000	0.0000	Tax Inclusive	No	01		ISS		
2203.8500	PIS	Tax	1.65	36.3600	36.3600	727.2000	Tax Inclusive	No	01		PIS		

3.11.1 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.



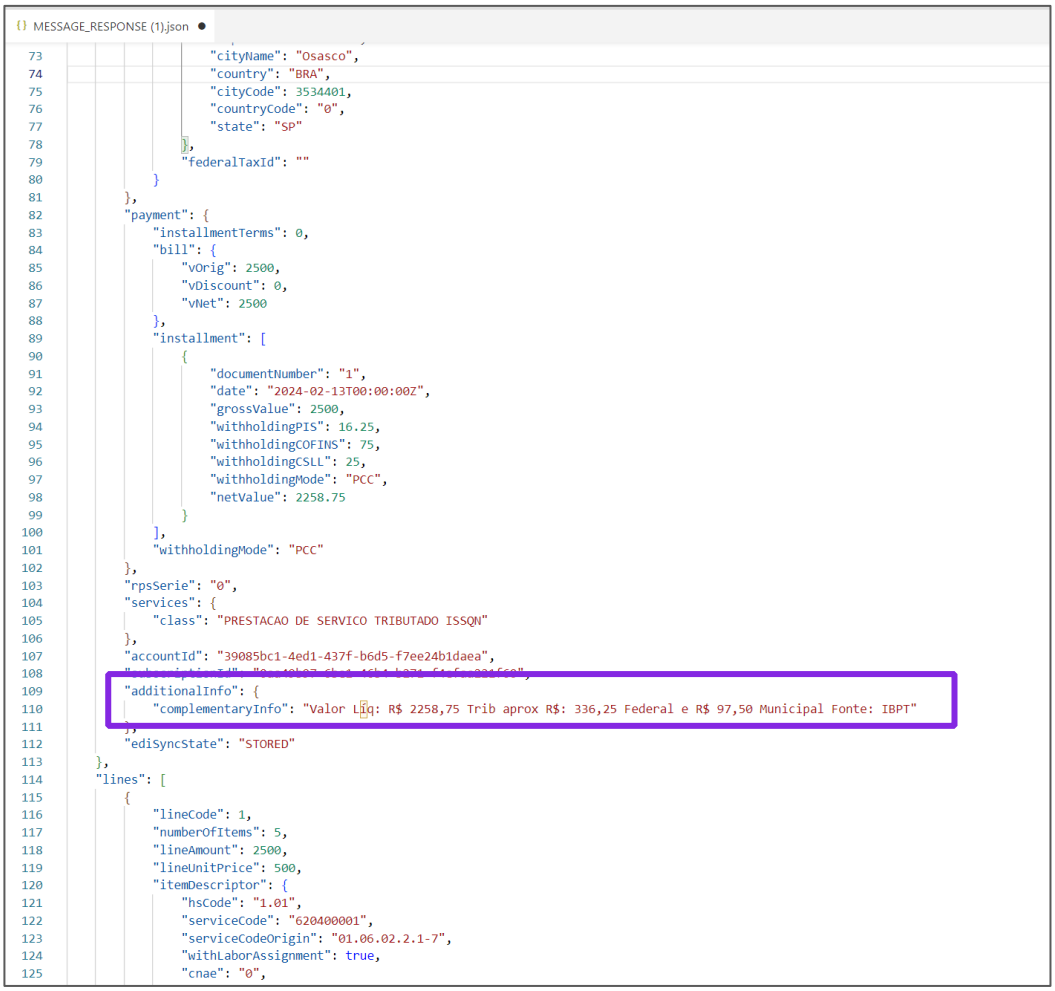
The Avalara “Citation Information” is saved as a “Note” on the Project Invoice lines.

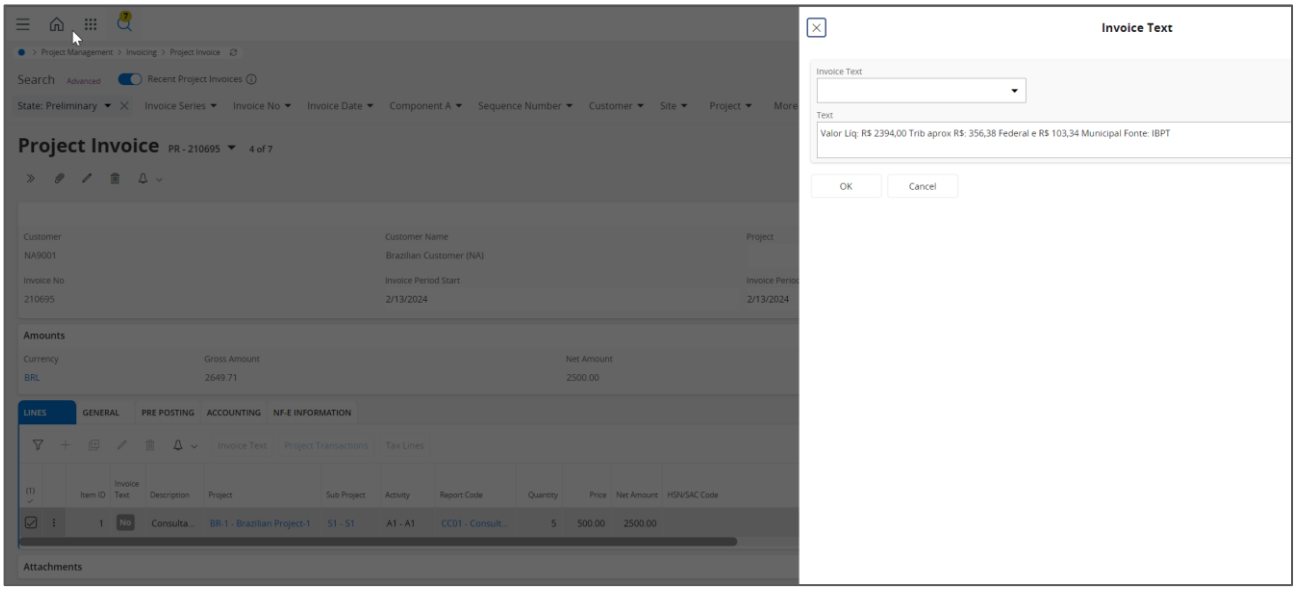


Refer the Appendix 2 for the Avalara Request File Mapping details.

3.11.2 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.


MESSAGE_RESPONSE (1).json
"cityName": "Osasco",
"country": "BRA",
"cityCode": 3534401,
"countryCode": "0",
"state": "SP"
"federalTaxId": ""
"payment": {
"installmentTerms": 0,
"bill": {
"vOrig": 2500,
"vDiscount": 0,
"vNet": 2500
"installment": [
"documentNumber": "1",
"date": "2024-02-13T00:00:00Z",
"grossValue": 2500,
"withholdingPIS": 16.25,
"withholdingCOFINS": 75,
"withholdingCSLL": 25,
"withholdingMode": "PCC",
"netValue": 2258.75
"withholdingMode": "PCC"
"rpsSerie": "0",
"services": {
"class": "PRESTACAO DE SERVICO TRIBUTADO ISSQN"
"accountId": "39085bc1-4ed1-437f-b6d5-f7ee24b1daea",
"additionalInfo": {
"complementaryInfo": "Valor Liq: R$ 2258,75 Trib aprox R$: 336,25 Federal e R$ 97,50 Municipal Fonte: IBPT"
"ediSyncState": "STORED"
"lines": [
"lineCode": 1,
"numberOfItems": 5,
"lineAmount": 2500,
"lineUnitPrice": 500,
"itemDescriptor": {
"hsCode": "1.01",
"serviceCode": "620400001",
"serviceCodeOrigin": "01.06.02.2.1-7",
"withLaborAssignment": true,
"cnae": "0",


Project Invoice
Search
Invoice Text
Valor Liq: R$ 2394,00 Trib aprox R$: 356,38 Federal e R$ 103,34 Municipal Fonte: IBPT
OK
Cancel

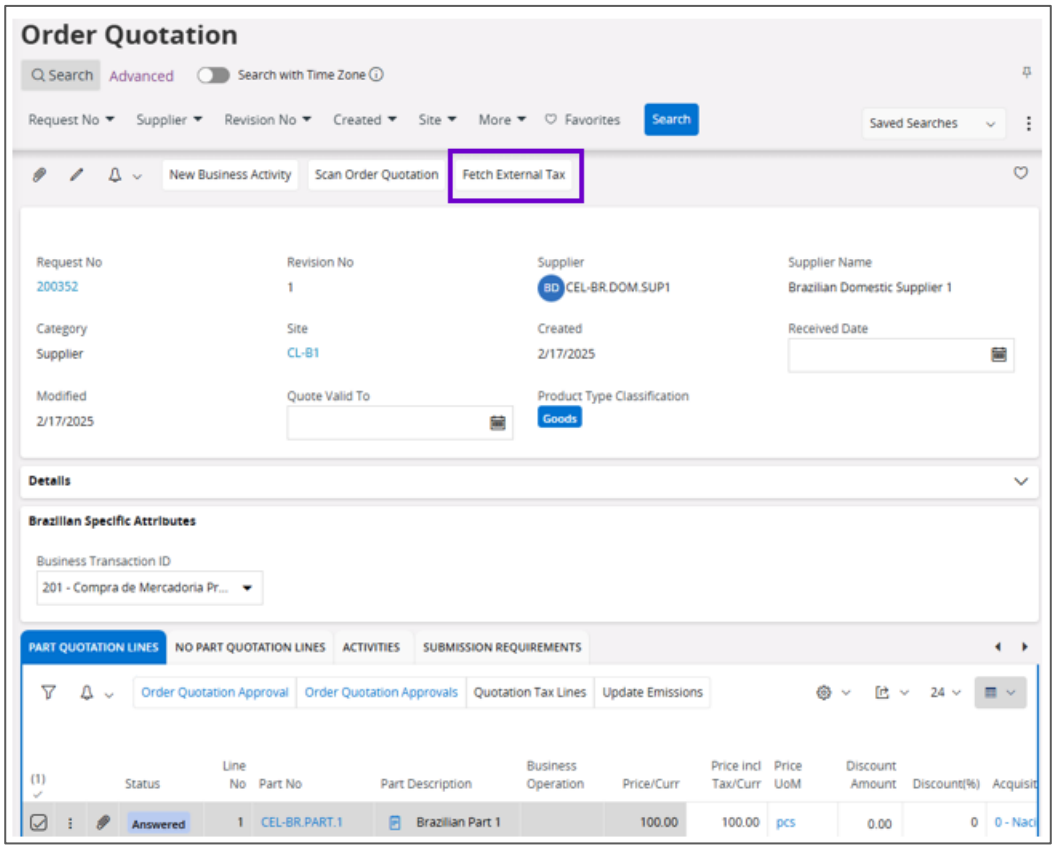
3.12 **Order Quotation**

For Order Quotation 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 order quotation line is added
- Quotation Qty is updated
- Quotation Price is updated
- If Company default Document Address is updated also manual command to fetch tax is needed
- Supplier Document Address is updated on Order Quotation
- Goods/Services Statistical Code is updated.
- Acquisition Origin updated
- Acquisition Reason is updated
- Manual command in Order Quotation to **Fetch External Taxes.**

In the ***Order Quotation*** header there is a new command available to Fetch External Taxes from Avalara. When at least one quotation line has status Answered, this command is used to manually trigger a tax calculation from Avalara.

To restrict the number of requests sent to Avalara, there will not be any requests sent to Avalara before a quotation has been manually executed by selecting the *Fetch External Tax* command. But after manually selecting the command, any change of the data will automatically generate a request to update taxes from Avalara.



When using the new manual command **Fetch External Taxes** in the OQ header, 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 OQ. Exception to this is for OQ 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 non-line connected charges are not supported for the procurement flow. Furthermore, the flows Purchase Requisition and Purchase Order Change Order not supported.

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

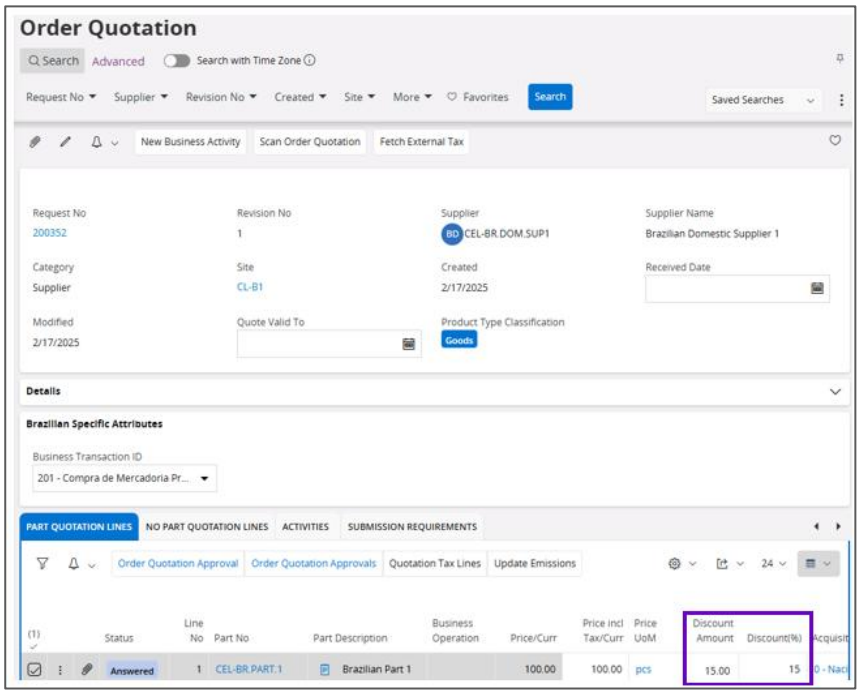
NOTE that for automatically created lines there will be no support for automatically getting the taxes from Avalara. The user needs to fetch the taxes for these lines by using the manual command in the Order Quotation header to fetch taxes.

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

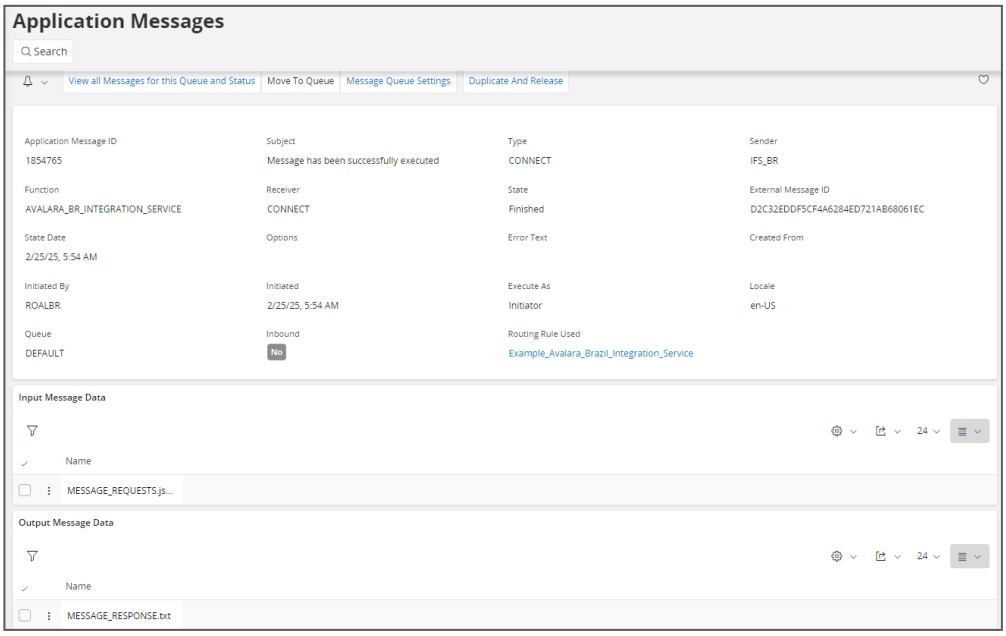
When adding new parts or changing information via a Purchase Order Change Order, this manual fetch will also be needed to get Avalara taxes updated.

When Order Quotation 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.

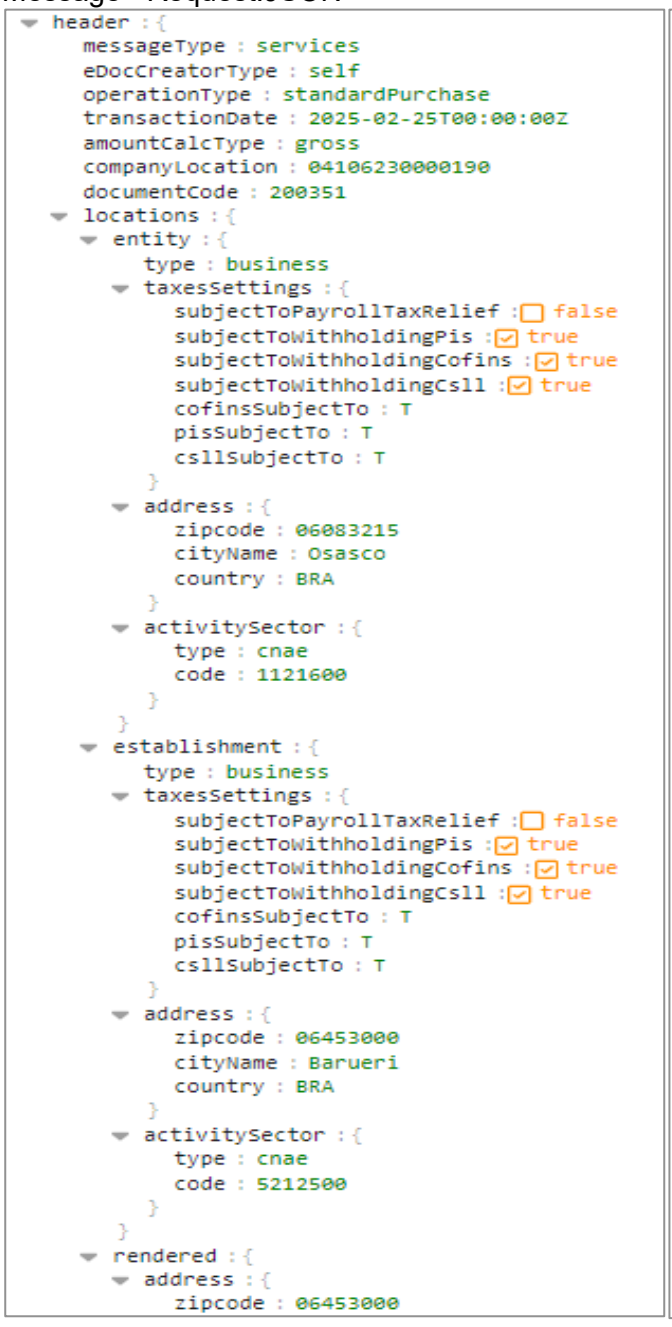
There is also a new column to show the **Discount Amount**, calculated as the discount percentage of the Price incl Tax/Base amount, multiplied by the line quantity.
When all information needed for the request to be sent is present, a request to Avalara can be processed correctly. If something is missing, 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.



Message Request.JSON

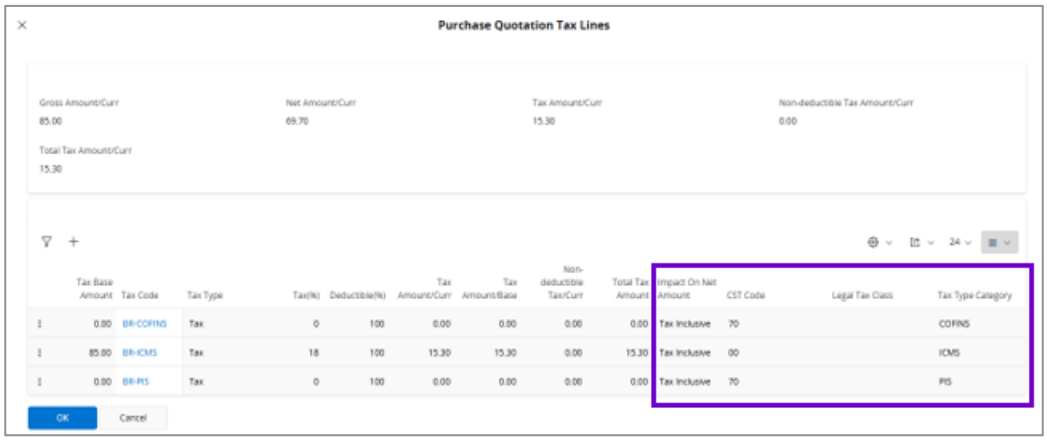


Message Response.JSON



When response message from Avalara has been received the tax lines will be updated in the dialog for Purchase Quotation Tax Lines.

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 quotation lines when using Avalara integration, the standard tax dialog is shown for no parts and rental parts. Lines with "**Tax Inclusive**" value in Impact On Net amount column will be considered for the total tax calculation. The tax is included in the price of the product or service and is calculated based on the total amount, which already includes the tax itself. This results in a higher final price as the tax applies to the price with the tax added.

Lines with "**Tax Exclusive**" value in Impact On Net amount column will be added to the final price. The tax is calculated separately from the price of the product or service, without being part of the amount used to calculate the tax. The final price is the product price plus the tax amount.

Order Quotation 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.

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

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

3.12.1 CITATION INFORMATION IN ORDER QUOTATION 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 in the new "Additional External Tax Information" field on the Order Quotation header and in the "Note" Field on the Order Quotation lines.

3.13 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

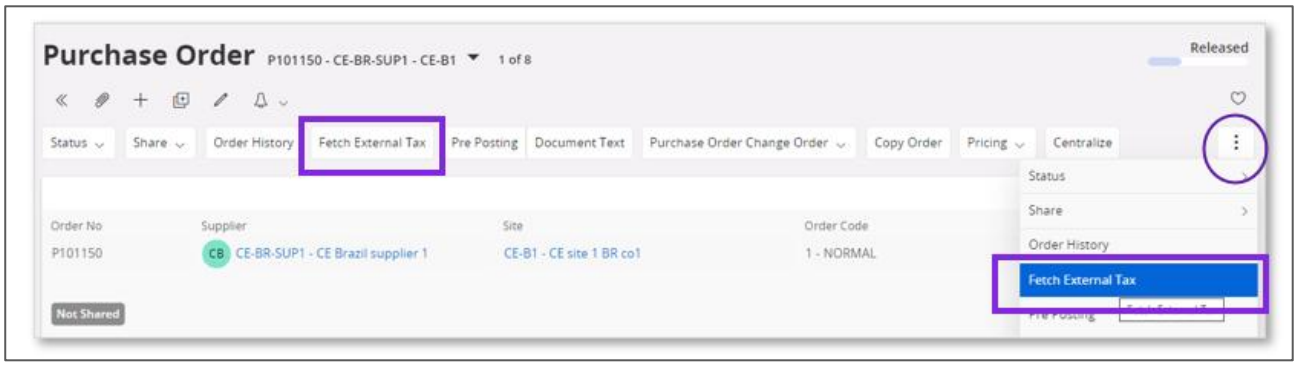
- If Company default Document Address is updated also manual command to fetch tax is needed
- Supplier Document Address is updated on Purchase Order
- Goods/Services Statistical Code is updated.
- Acquisition Origin updated
- Acquisition Reason Id is updated
- Line connected charges are added or updated.
- 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, non-line connected charges are not supported for the procurement flow. Furthermore, are the flows Purchase Requisition and Purchase Order Change Order not supported.

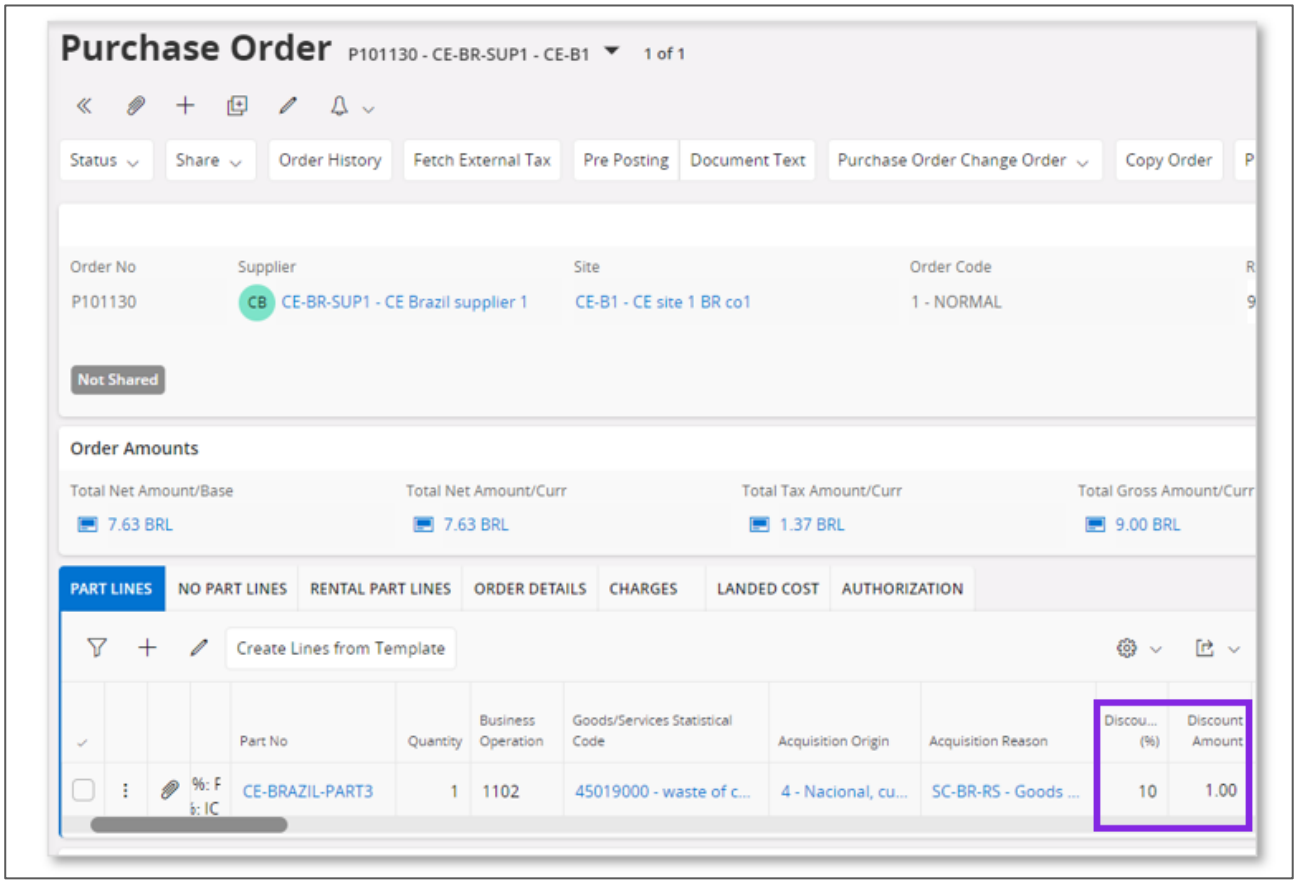
This means that those lines are not sent in the request to Avalara.

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.

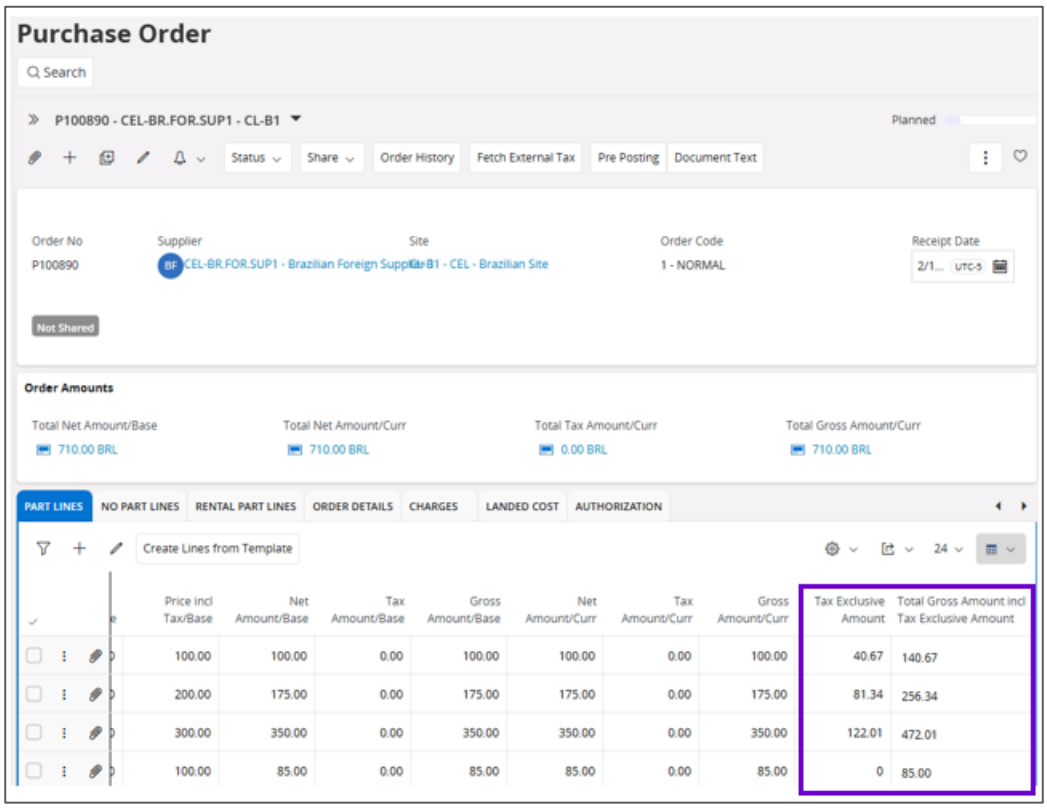


Columns **Tax Exclusive Amount** and **Total Gross Amount incl Tax Exclusive Amount** are also added to the PO part line.

Lines with the *"Tax Excluded"* value in Impact On Net amount column will be considered for **Tax Exclusive Amount.** The tax is calculated separately from the price of the product or service, without being part of the amount used to calculate the tax. The final price is the product price plus the tax amount.
Tax Exclusive Amount = Total sum of Tax Amount/Base

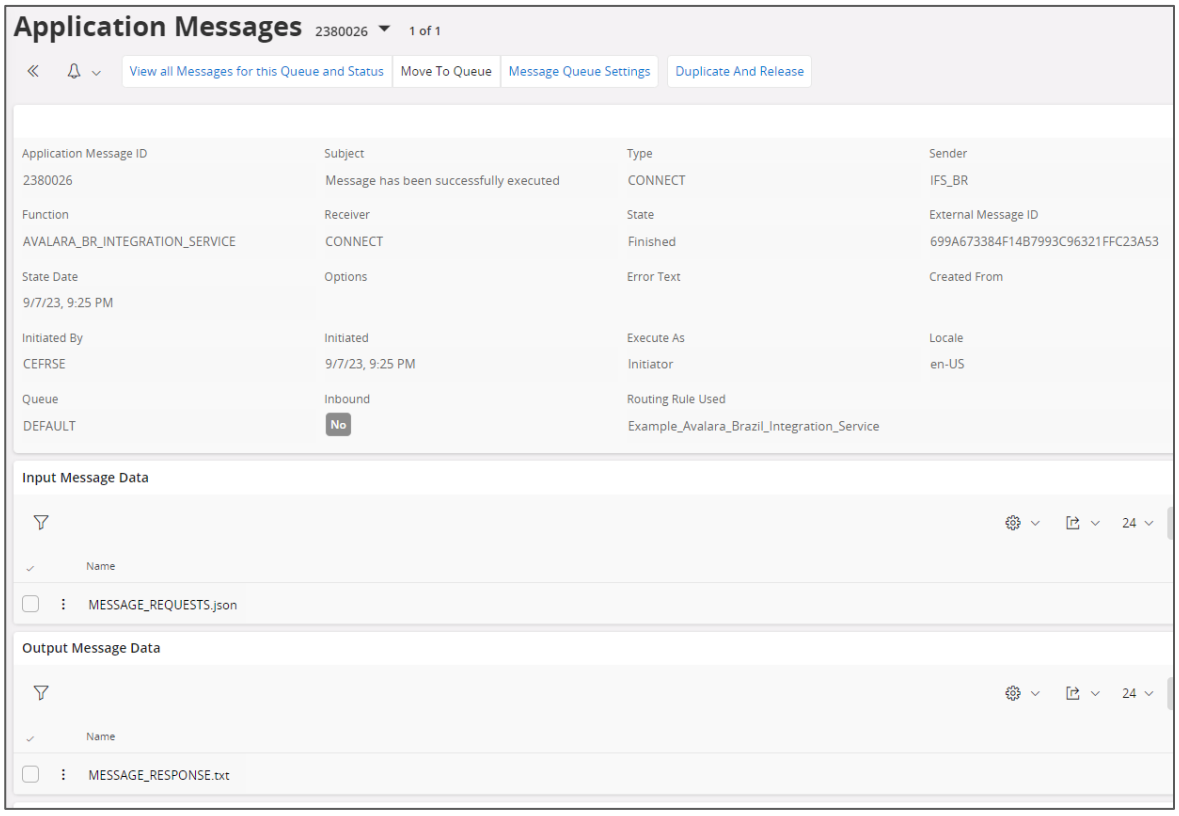
Total Gross Amount incl Tax Exclusive Amount, the total value of the transaction which combines the Tax Exclusive Amount and the taxes applied in accordance with Brazilian tax regulations (e.g., ICMS, IPI, ISS)

$$Total\ Gross\ Amount\ incl\ Tax\ Exclusive\ Amount = Tax\ Exclusive\ Amount + Total\ Gross\ Amount/Base$$



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.

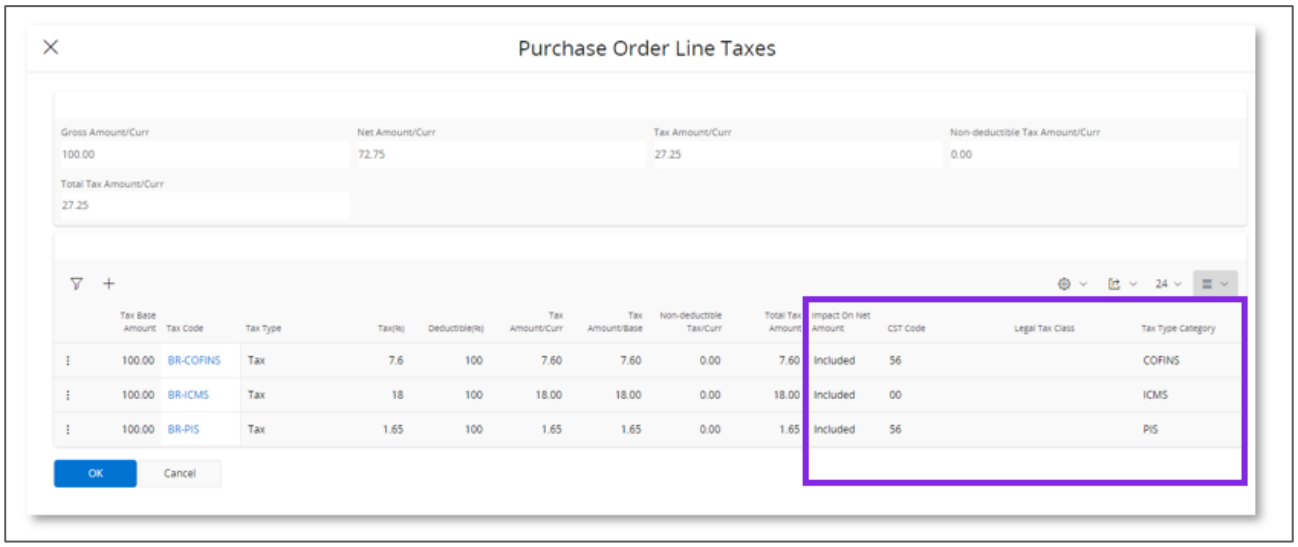



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"header": {
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    "amountCalcType": "gross",
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    "documentCode": "P101169",
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            "name": "CE-BR-SUP1",
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            },
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                "state": "SP",
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                "country": "BRA"
            },
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                "code": "7120100"
            }
        },
        "establishment": {
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            "stateTaxId": "25633398999991",
            "suframa": "865302326",
            "type": "individual",
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                "state": "SP",
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                "code": "2656265"
            }
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        "transport": null
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},
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    {
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        "itemCode": "CE-BRAZIL-PART1",
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        "lineAmount": 80,
        "lineTaxedDiscount": 0,
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        "orderNumber": "P101169",
        "orderItemNumber": "1",
        "freightAmount": 10,
        "insuranceAmount": 5,
```

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"header": {
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    "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
            },
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                "code": "7120100"
            },
            "federalTaxId": ""
        },
        "establishment": {
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            "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,
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        "model": "55",
        "idDest": 0,
        "tpEmis": "1",
        "class": "Compra de material para uso ou consumo",
        "tpImp": "1"
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    "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. Lines with "**Tax Inclusive**" value in Impact On Net amount column will be considered for the total tax calculation. The tax is included in the price of the product or service and is calculated based on the total amount, which already includes the tax itself. This results in a higher final price as the tax applies to the price with the tax added.

Lines with "**Tax Exclusive**" value in Impact On Net amount column will be added to the final price. The tax is calculated separately from the price of the product or service, without being part of the amount used to calculate the tax. The final price is the product price plus the tax amount.

.

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

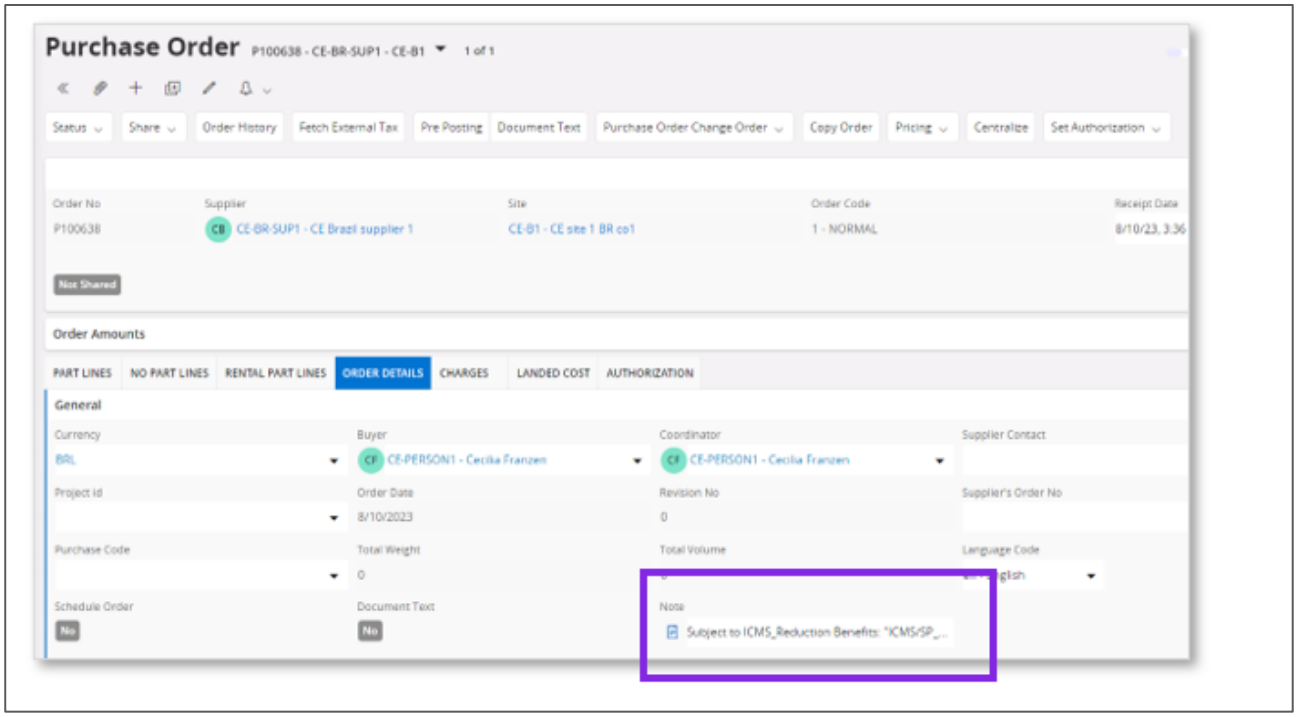
$$Part\ Line\ Tax = \ Part\ Gross * (\frac{Total\ Tax\ incl\ line\ connected\ charges}{Total\ Gross\ incl\ line\ connected\ charges})$$

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

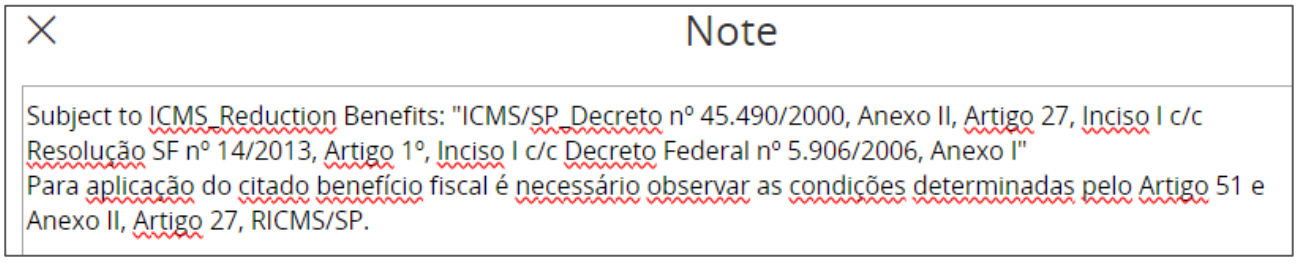
3.13.1 CITATION INFORMATION IN PURCHASE ORDER LEVEL

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.

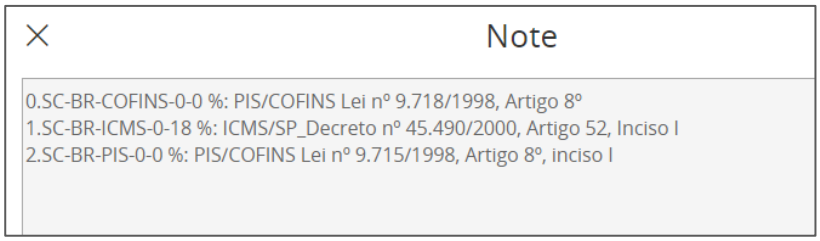
The Avalara “Citation Information” is saved as a “Note” on the Purchase Order header and on the Purchase Order lines.



Example from PO header Note:

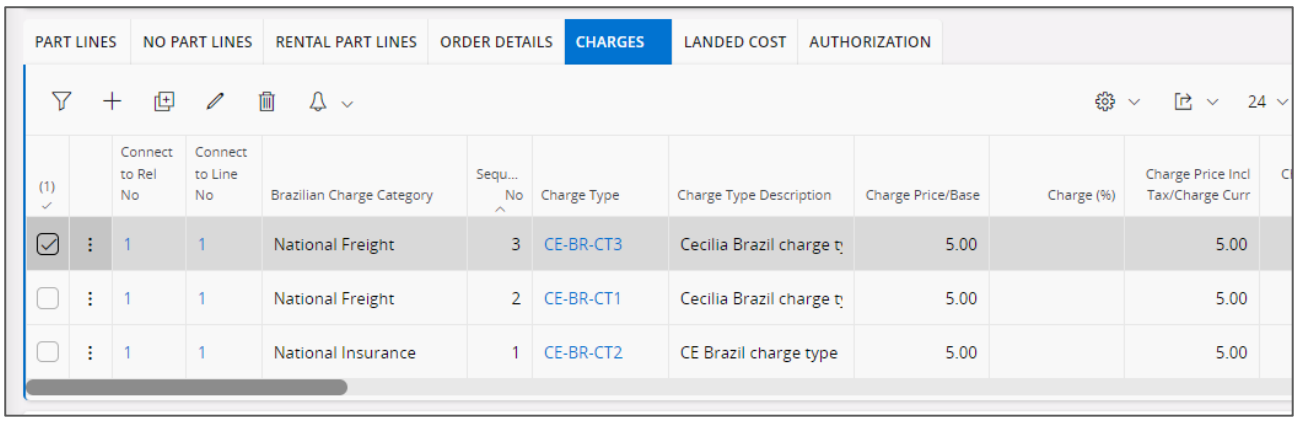


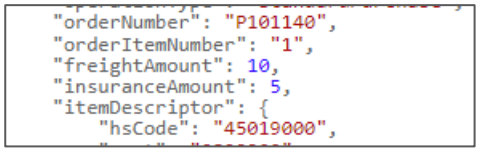
Example from PO line Note:


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

3.14 Tax Request to Avalara when having Line Connected Charges

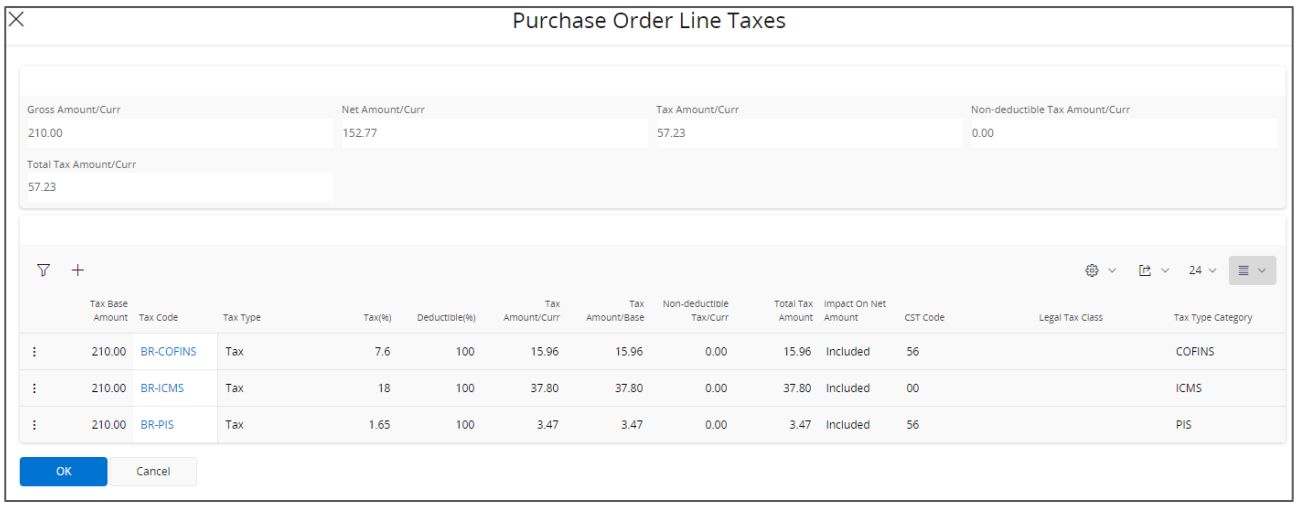
The charges that are using the same Brazilian Charge Category for a line will be summarized and sent for the different Avalara tags.
For example if two charge lines connected to line no 1, rel no 1 are having National Freight as Brazilian Charge Category, the sum of 5+5=10 will be shown in the request message as freightAmount.





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.

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

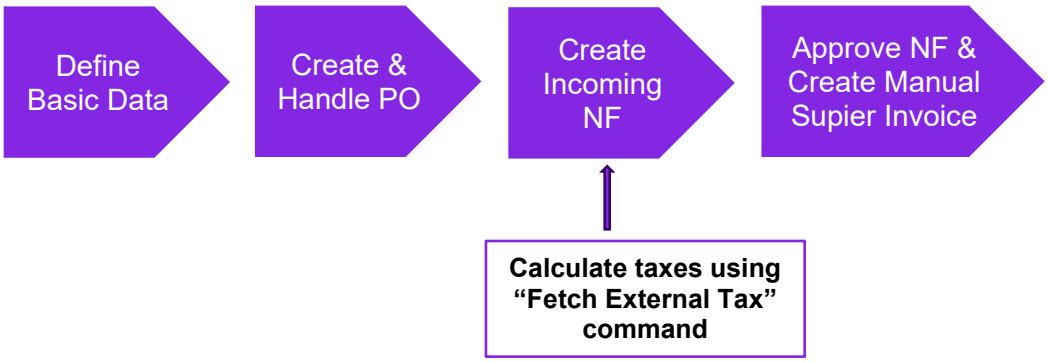
$$Part\ Line\ Net\ Amount = \ Part\ Gross - Part\ Line\ Tax$$

3.15 Purchase Order Change Order

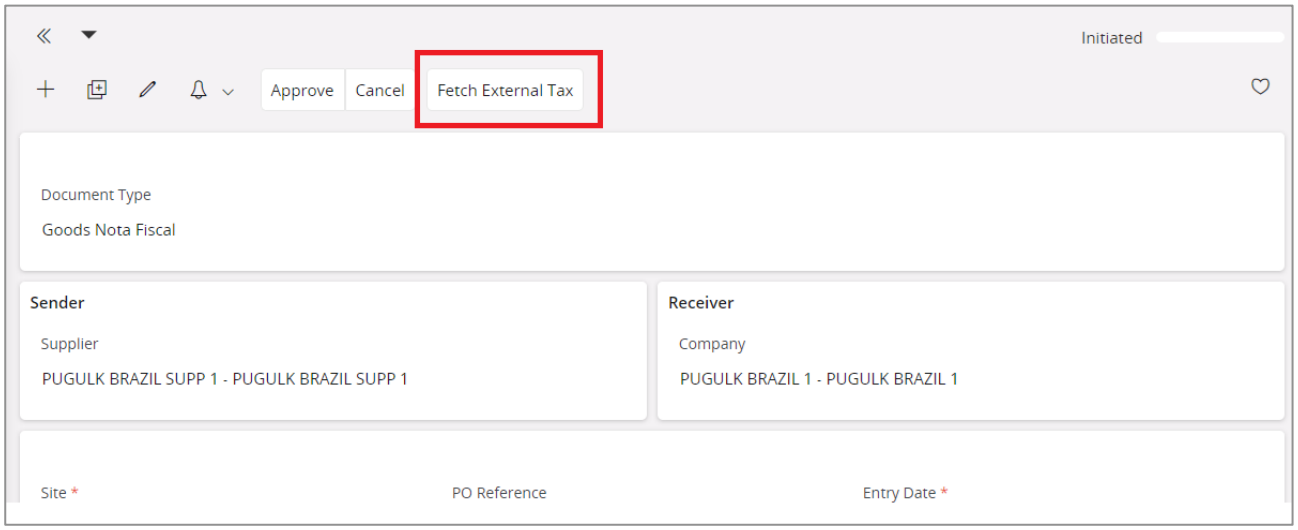
It is possible to also do changes to the Purchase Order via a Purchase Order Change Order (POCO). Either it is possible to always enforce the use of Purchase Order Change Order for changes (which can be set in Site setup), or to manually trigger the creation of a Purchase Order Change Order. When updating 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.

3.16 Integration with Avalara for Tax Determination on Incoming Fiscal Documents

An integration with third-party Brazilian External Tax System, Avalara Brazil, allows the user to rely on Avalara for retrieval of correct tax information in the Incoming Nota Fiscal object without having to adjust data manually.



User can decide whether the taxes need to be automatically calculated based on external tax calculation application, Avalara, on Incoming NF based on manual command in Incoming NF to **Fetch External Taxes.**



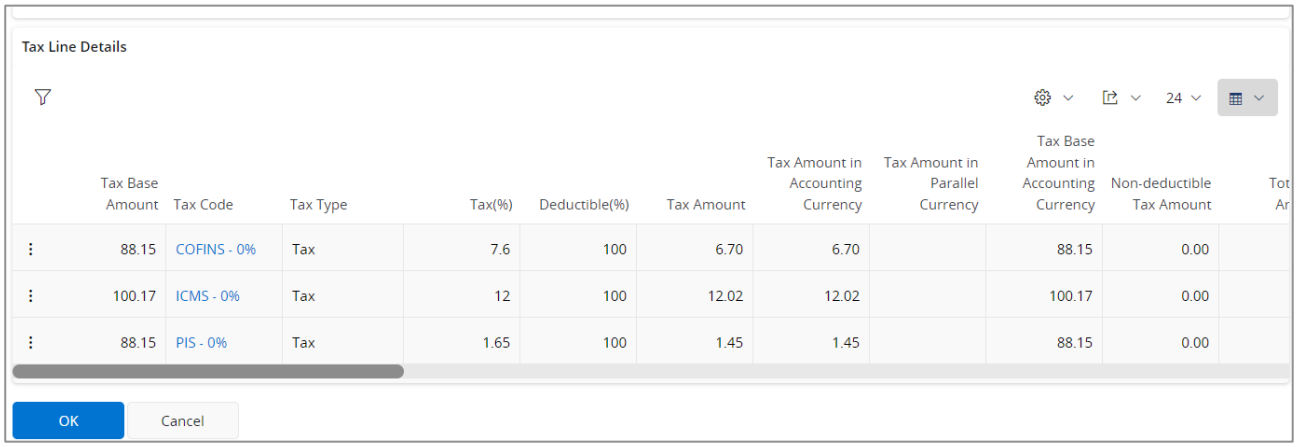
This Manual command in Incoming Nota Fiscal initiated in a new tax request being sent to the Avalara, depending on the Incoming NF status below,

- Initiated
- Error

When all information needed for the request to be sent is present, a request to Avalara can be processed correctly. If some information 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.

When response message from Avalara has been received, the tax lines will be updated in the dialog for Incoming Nota Fiscal Tax Lines.



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.

Exceptions for the Incoming Nota Fiscal Document types

Since the below two Incoming NF types are not relevant to the automatic tax calculations, the “Fetch External Tax” Command button is not enabled for the following Incoming NF Document Types,

- Import Nota Fiscal
- Complementary Nota Fiscal

Tax Basis for Incoming Nota Fiscal Automatic Tax Calculation

- If the Nota Fiscal has a connected Purchase Order,

– “amountCalcType” in the request file sent to Avalara will always be set to “Gross”

- If the Nota Fiscal does not have a connected Purchase Order,

– “amountCalcType” in the request file sent to Avalara will be decided based on the “Default“

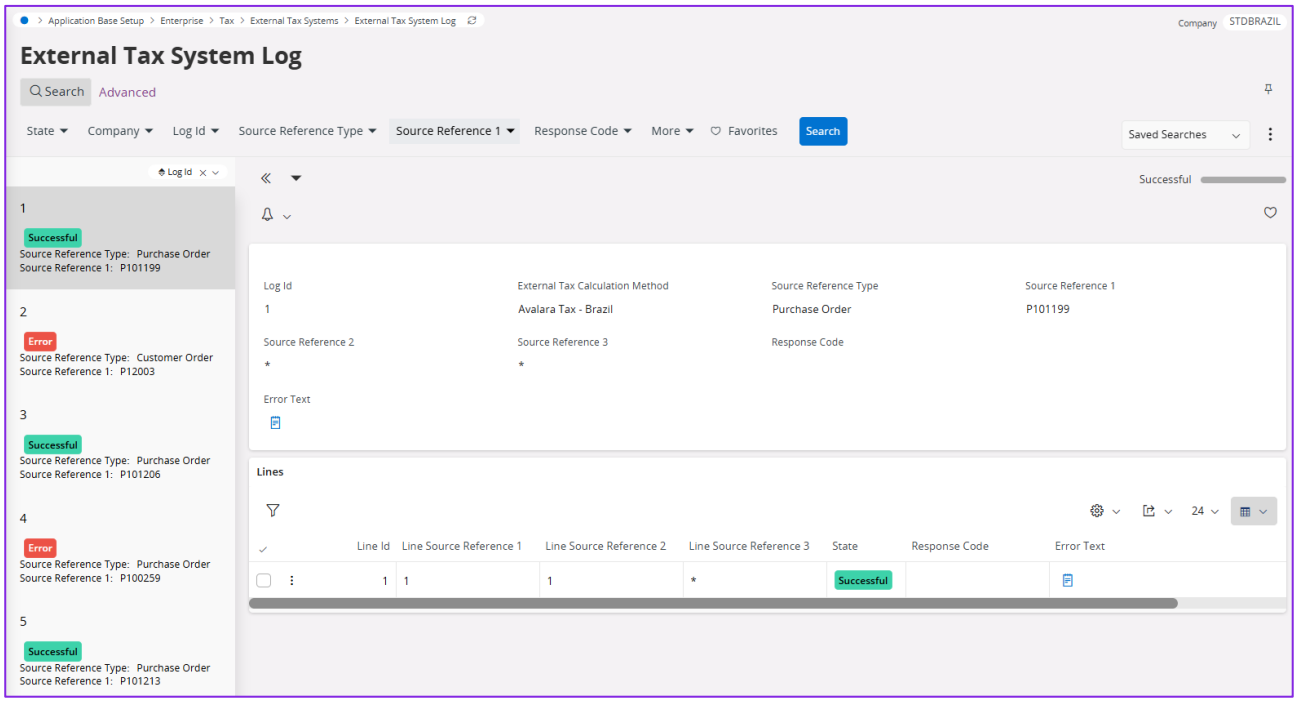
- Amount Method” set up in the company,

“amountCalcType” should be “Gross” when the “Default Amount Method” is “Gross” in the company
“amountCalcType” should be “Net” when the “Default Amount Method” is “Net” in the company

3.17 External Tax System Log

The External Tax System Log provides users with a detailed record of all tax calculation requests sent to **Avalara – Brazil** and the corresponding responses. Each entry shows whether the calculation was successful or if an error occurred, allowing users to easily trace and troubleshoot results.

The log is accessible through the ***Application Base Setup/Enterprise/Tax/External Tax Systems/ External Tax System Log*** page.



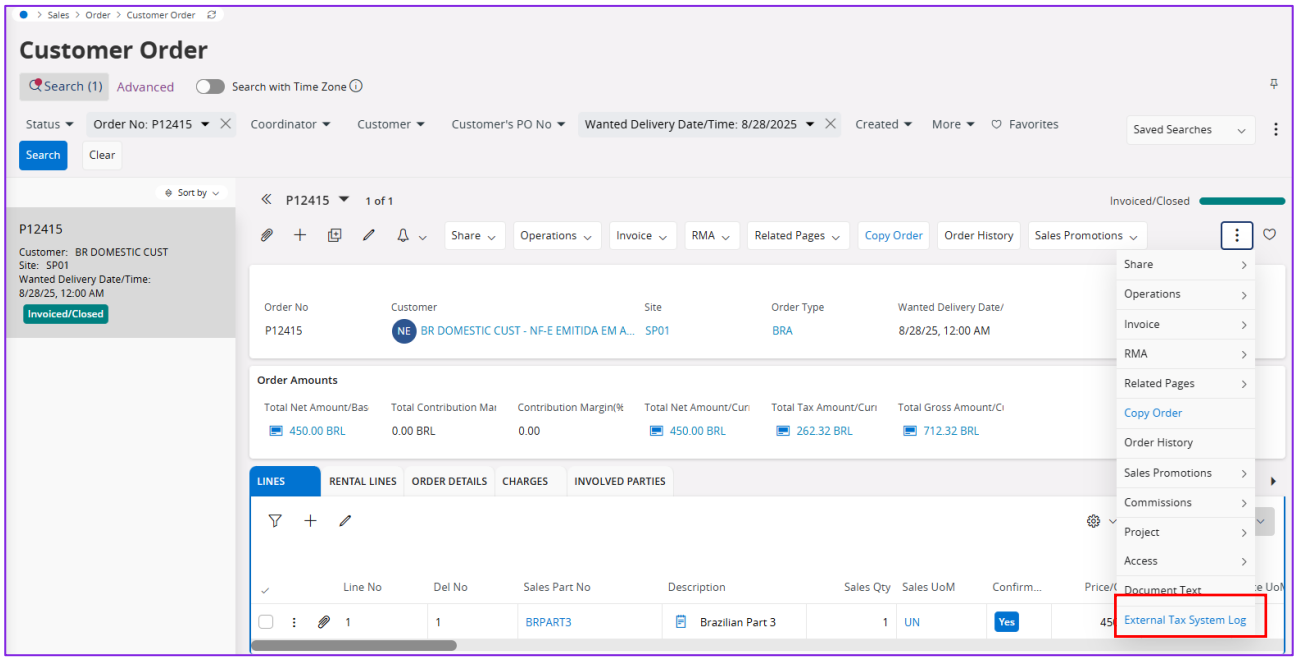
Whenever a user creates or updates any of the supported documents (e.g., Sales Quotation, Customer Order, Purchase Order, Customer Invoice, etc.) and a tax calculation is performed through Avalara – Brazil, the External Tax System Log is automatically updated with the latest response. This ensures the log always reflects the most current outcome of the integration.

The External Tax System Log is also accessible directly through the connected objects for tax calculation, from **the command button "External Tax System Log".** This feature ensures that the log is easily accessible from the exact transaction where the tax calculation occurred, providing a direct link between the response and the object.

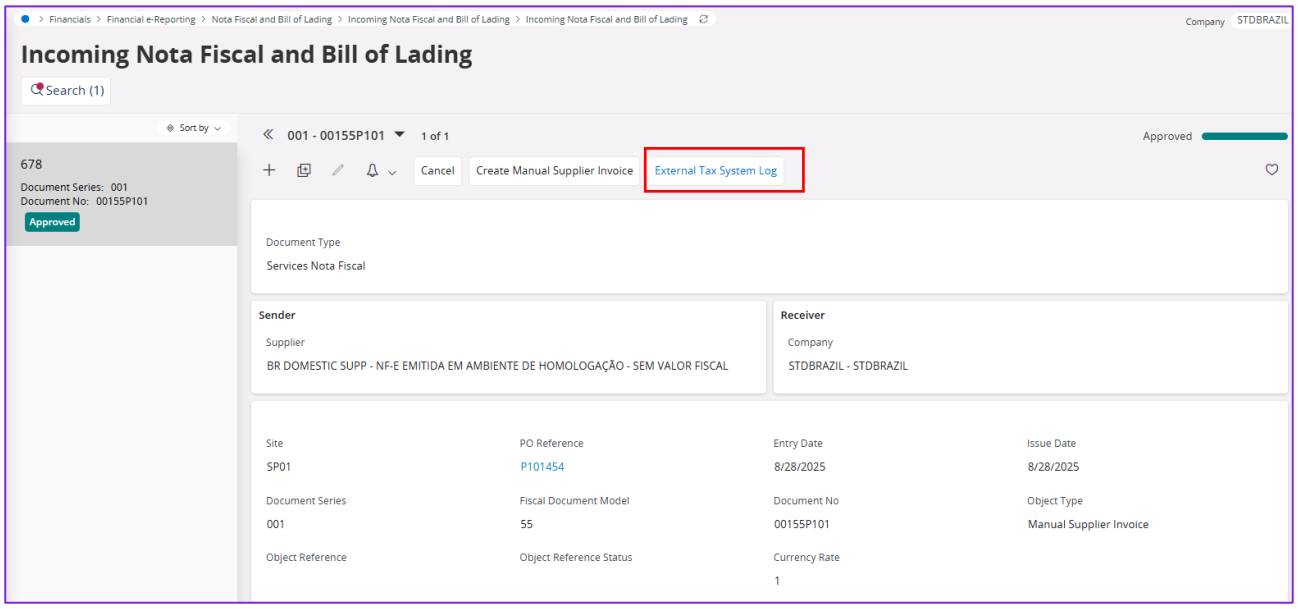
The **External Tax System Log** command button is available in the header of the following documents:

- Sales Quotation
- Order Quotation
- Customer Order
- Customer Invoice
- Purchase Order
- Outgoing Tax Document
- Project Invoice
- Incoming Nota Fiscal and Bill of Lading

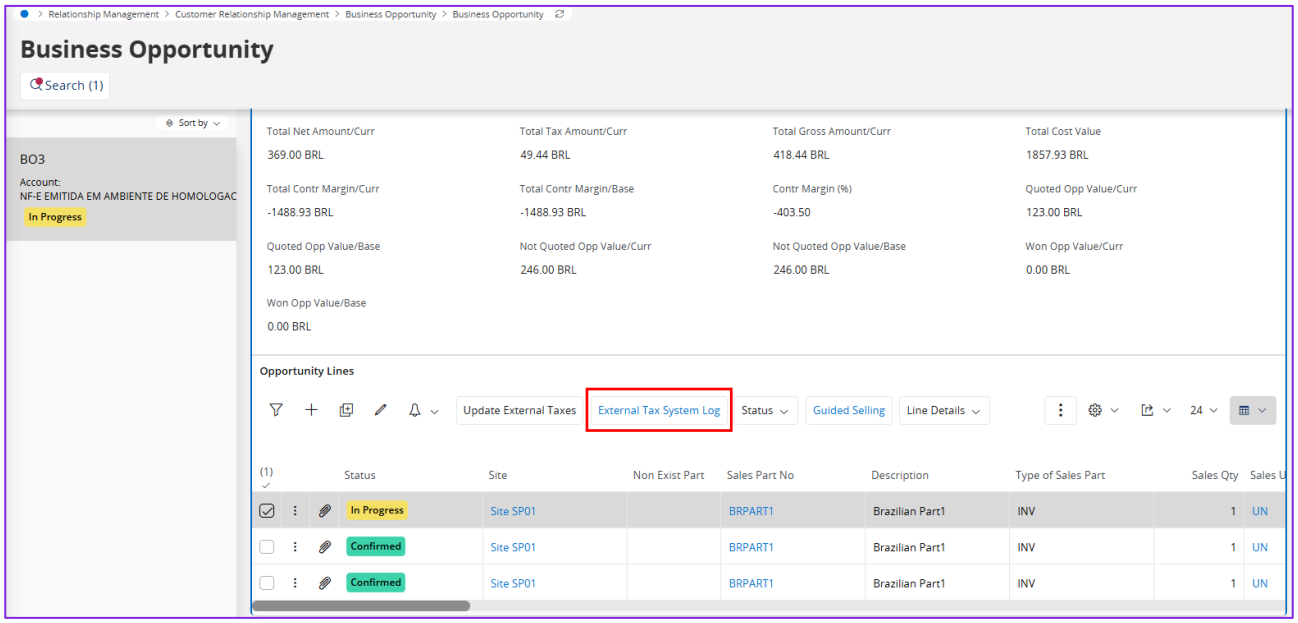
In the Customer Order page:



In the Incoming Nota Fiscal and Bill of Lading page:



Additionally, the button is also available in the **Opportunity Lines** section of **Business Opportunity**.



3.18 **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 taxpayer
- Interstate sale for non ICMS taxpayer
- 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 Order Quotation Part Lines and Purchase Order Part Lines. Also line connected charges are supported. In the procurement flow Gross price is used.
No part lines, rental lines non-line connected charges are not supported for the procurement flow. Furthermore, the flow Purchase Requisition is 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 the purchase order line is not supported. Also note that centralized Purchase Orders are also not supported.

The External Tax System Log functionality currently supports only Avalara Tax – Brazil.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

4 Outgoing Nota Fiscal for Goods

4.1 Overview Legal Requirement

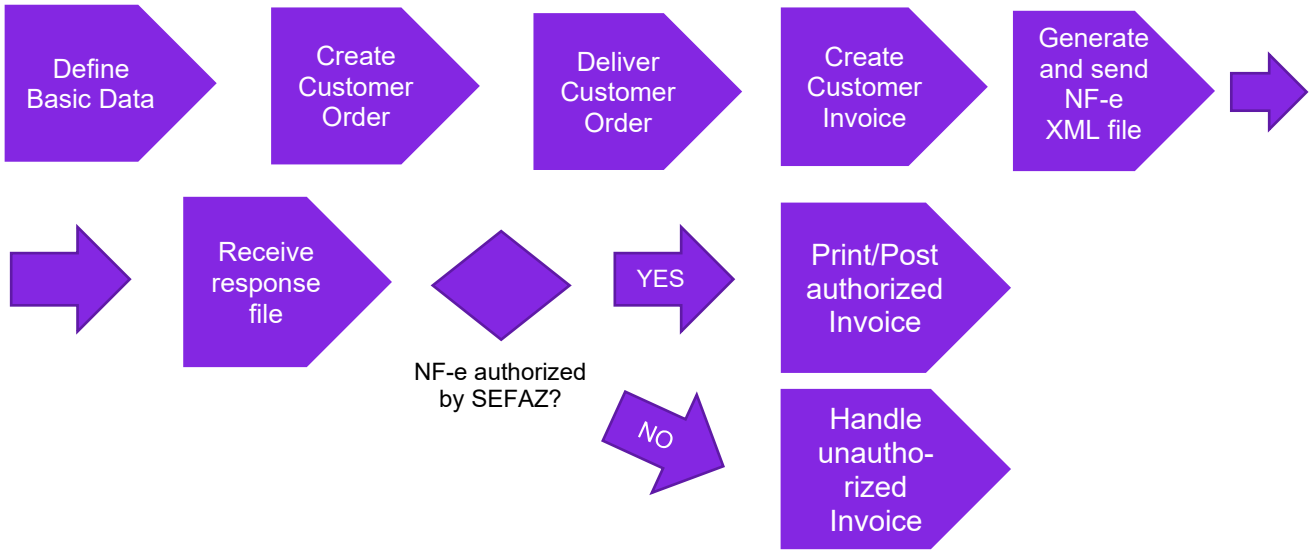
In Brazil the Nota Fiscal is a mandatory official document that must be issued to prove the existence of a commercial act, e.g. sale of goods. It's a tax document that registers transfer of ownership or possession of a good or commercial activity provided by a company to an individual or another company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

4.2 Process Overview

Customer Order



4.3 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.

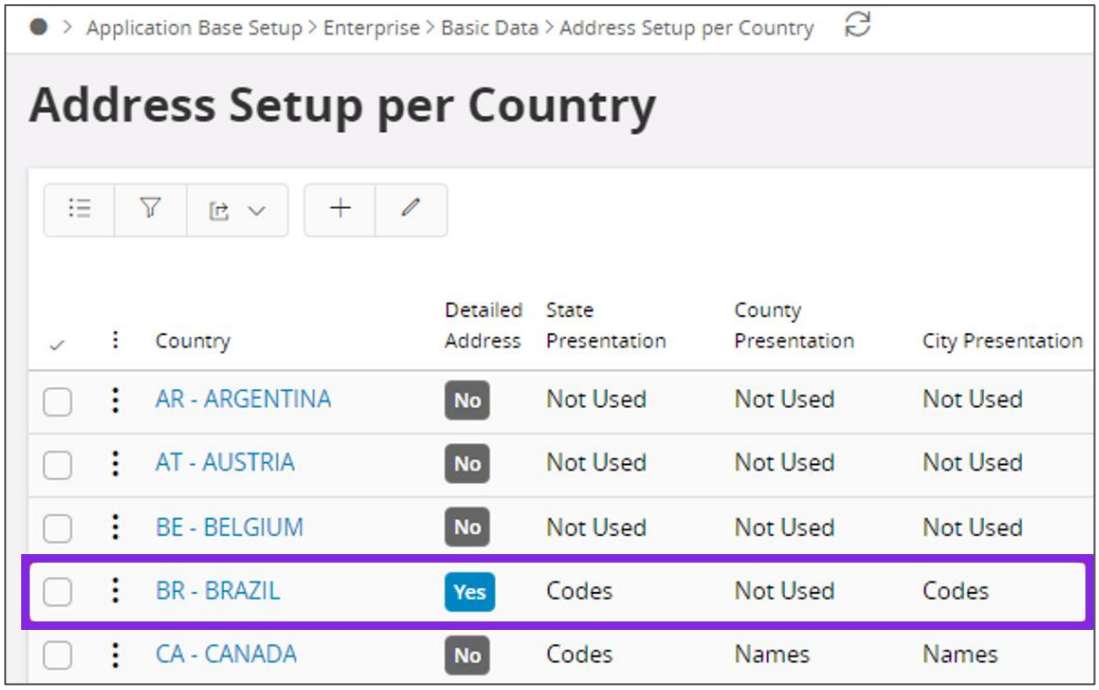
Note that also parameters "Acquisition Origin", "Business Operation", "Address Specific Tax ID Numbers", "Goods/Services Statistical Codes", "Extended Tax Codes Tax Calculation Structures set-up", and "Allow Cancel Customer Invoices" must be enabled to fulfill data requirements for the NF-e XML file.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

4.4 Define Basic Data

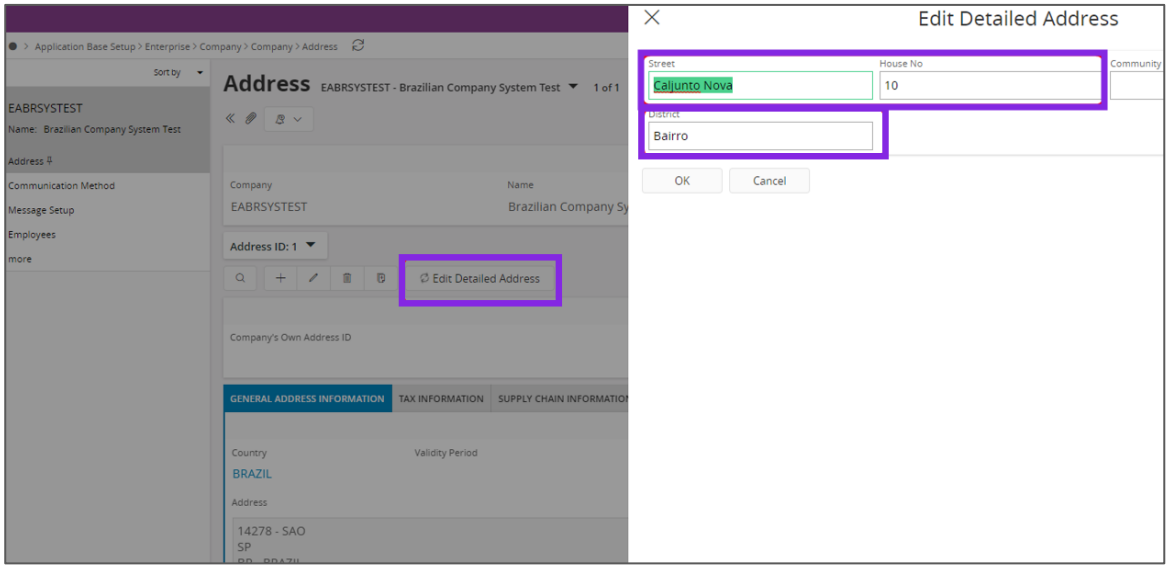
In order to fulfill the requirements for mandatory data in the NF-e XML sent to Tax Authority SEFAZ, please see details in the documentation of the xml file structure and mapping to IFS in the Appendix chapter.

4.4.1 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***. The use of Detailed Address is optional for retrieving the address information required for the Nota Fiscal.

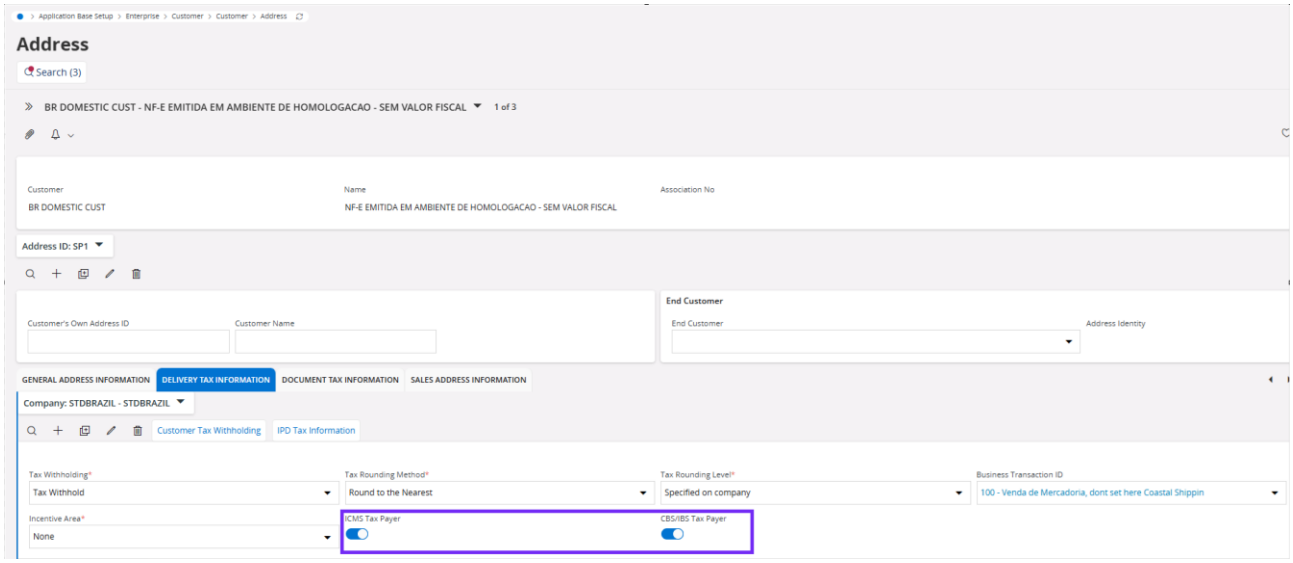


The "*Detailed Address*" functionality enables the possibility to define **Street**, **House No** and **District** in specific address fields on Company, Customer etc. When not used, the application fetches the Street, Building Number, and Borough from Address1, Address2, and Address3, respectively, in the Company's General Address Information tab, into the XML file of the electronic Nota Fiscal.



4.4.2 ICMS TAXPAYER

ICMS Taxpayer 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.



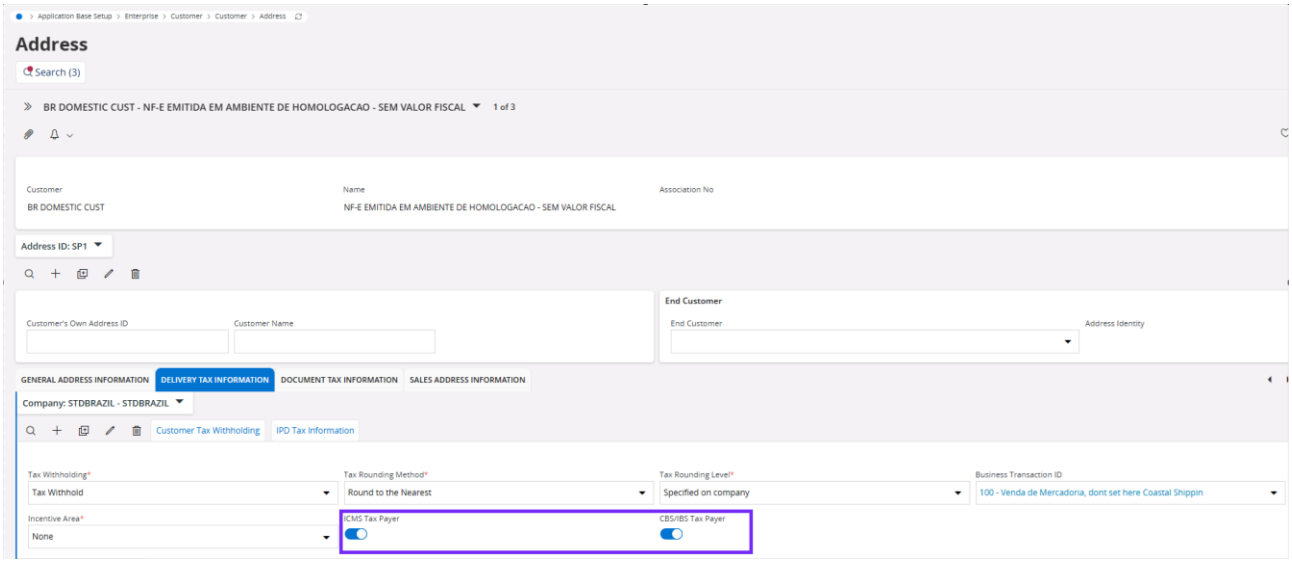
The setting, *ICMS Tax Payer* controls which value to be included in the NF-e XML file, block “dest” and tag “indIEDest.



- 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)

4.4.3 CBS/IBS TAXPAYER

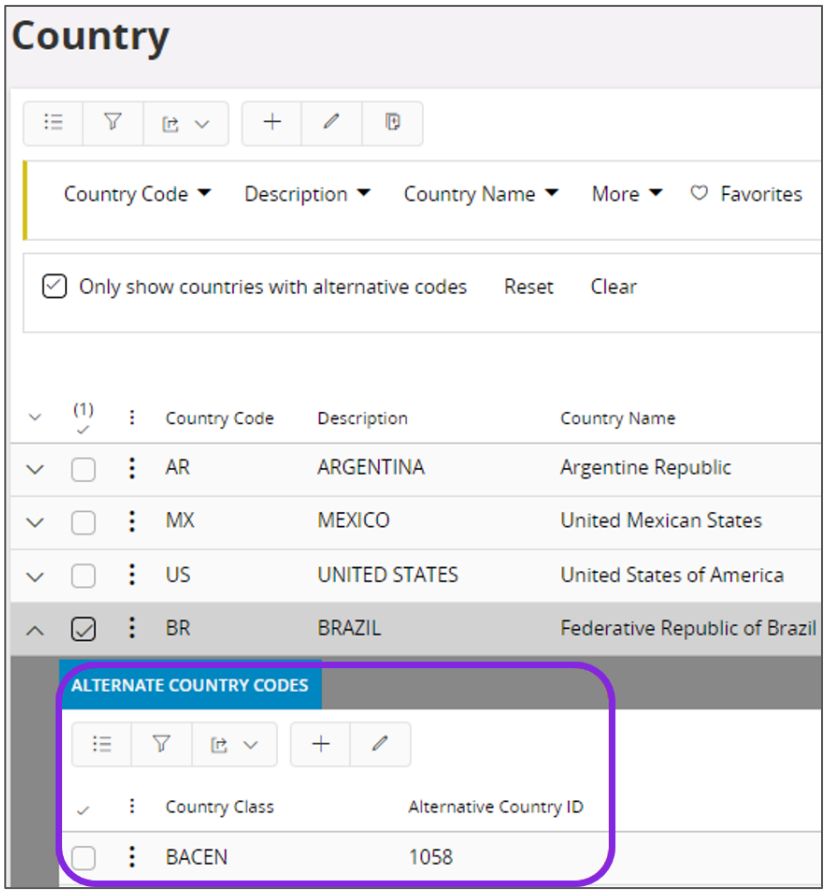
IBS/CBS Taxpayer functionality is available in the ***Sales/Customer/Customer/Address/Delivery Tax Information*** page which indicates that the customer is an CBS/IBS tax payer for the specific address ID.



4.4.4 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.

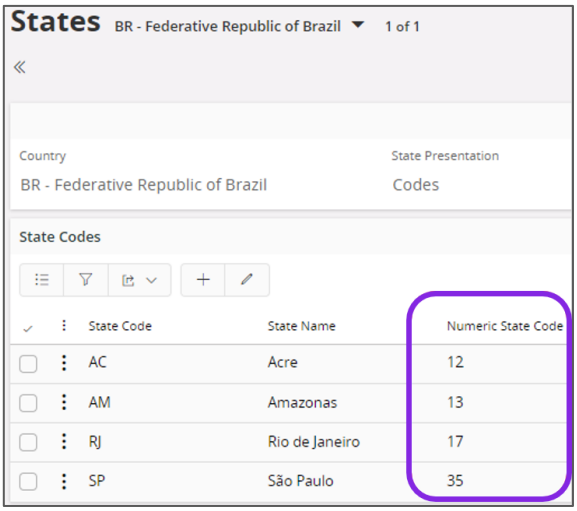
Use IFS standard functionality “Alternate Country Codes” to enter the BACEN codes in the ***Application Base Setup/System Setup/ISO Code Usage/Country*** page. For Brazil the Country Class ”BACEN” must be used to fetch values to the NF-e XML file.



4.4.5 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.

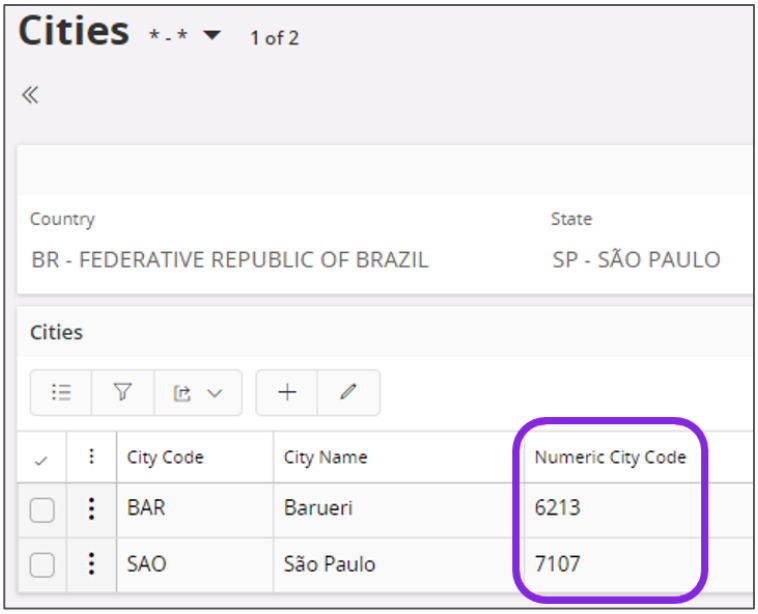
To define **IBGE State Code**, use IFS standard functionality “Numeric State Code” in the ***Application Base Setup/Enterprise/Basic Data/States*** page.



4.4.6 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.



4.4.7 FINAL CONSUMER

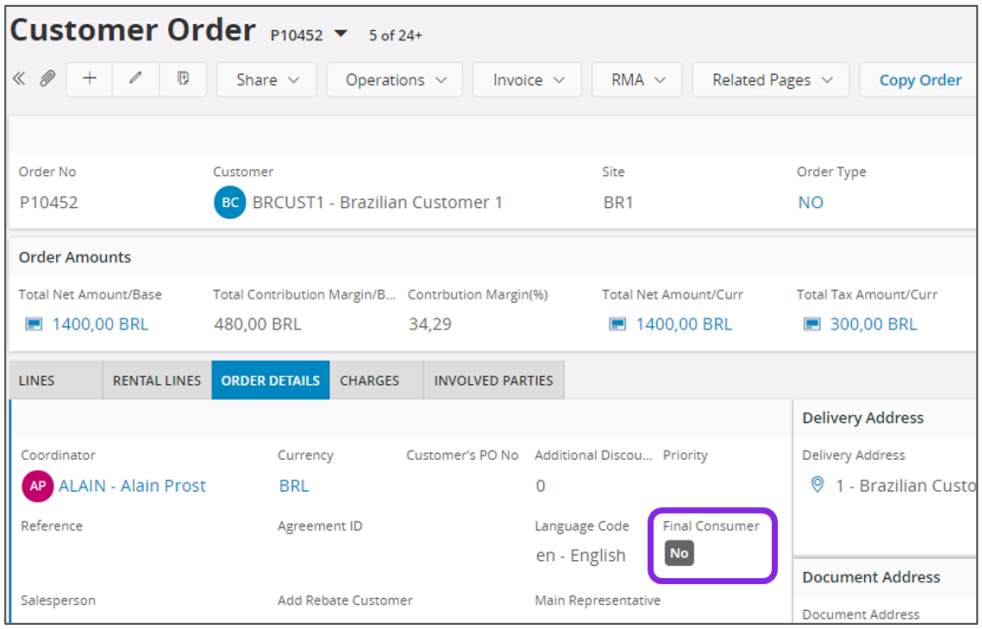
In the NF-e XML file there is a mandatory tag for “Final Consumer” (indFinal) with value Yes or No.

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

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

- The customer is a physical party (and not juridical)

- The order value is not greater than an amount in BRL specified by the Brazilian authorities
- Depending on type of sales operation

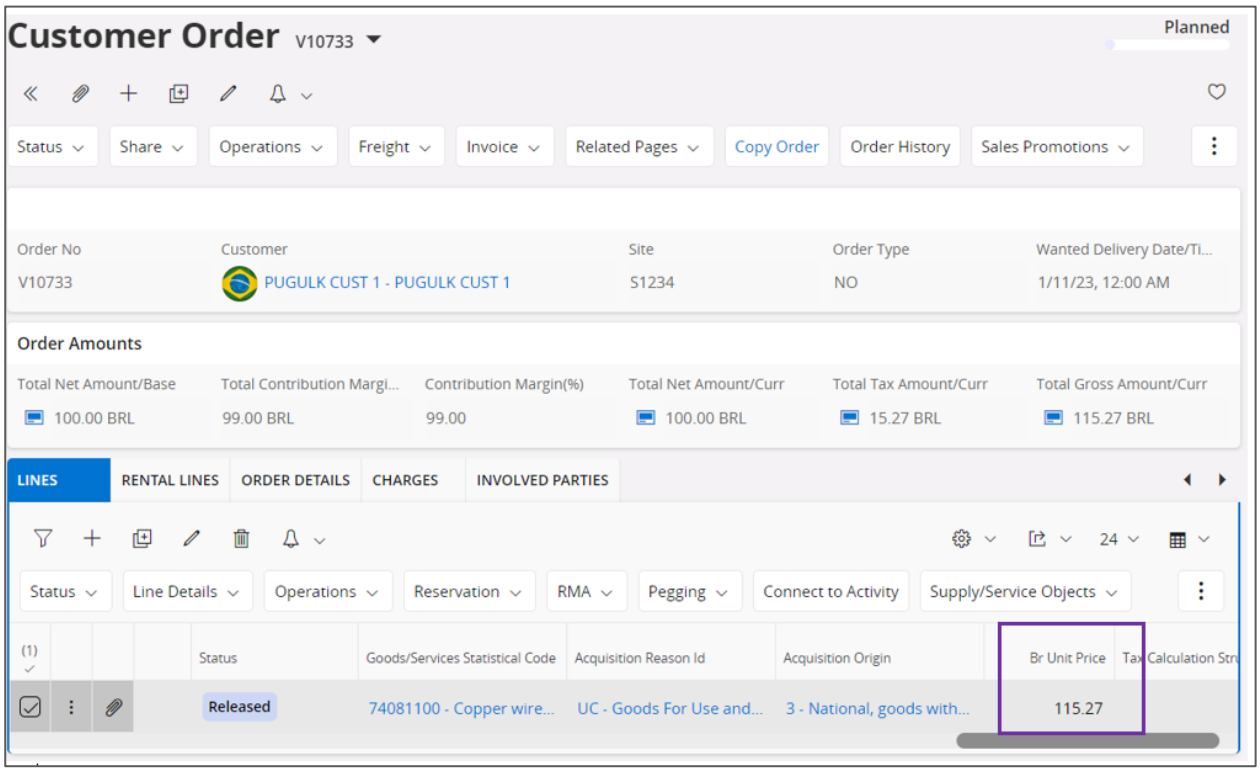


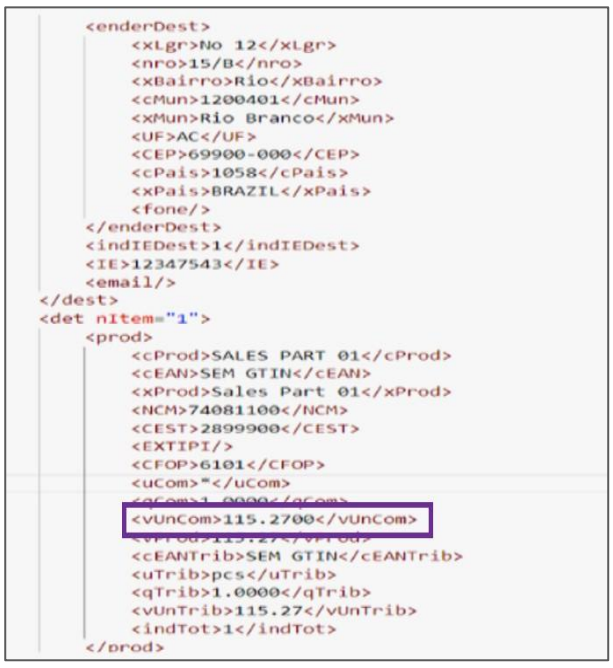


Placeholder – "Brazil Unit Price"

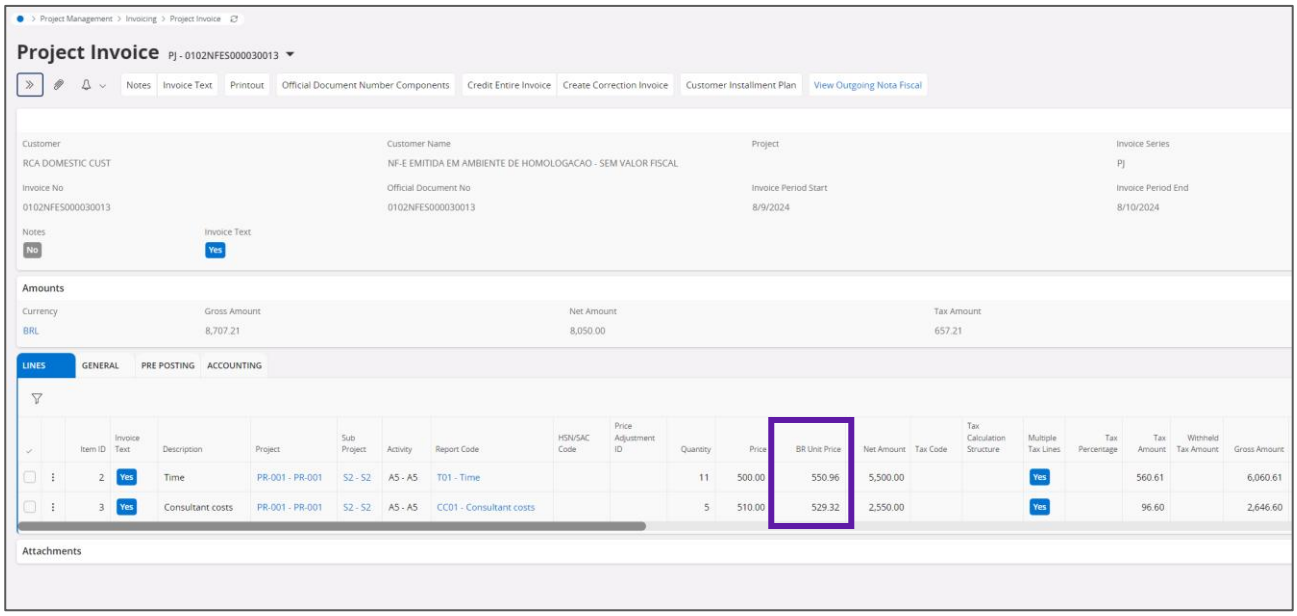
In Brazilian context, some taxes are included in the price of a product (in Brazilian way of explaining). This means that the tax amounts are included in the tax base amount. The tax % is expressed for the tax base amount which includes the tax amount as well. However, the logic used to embed the tax 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.

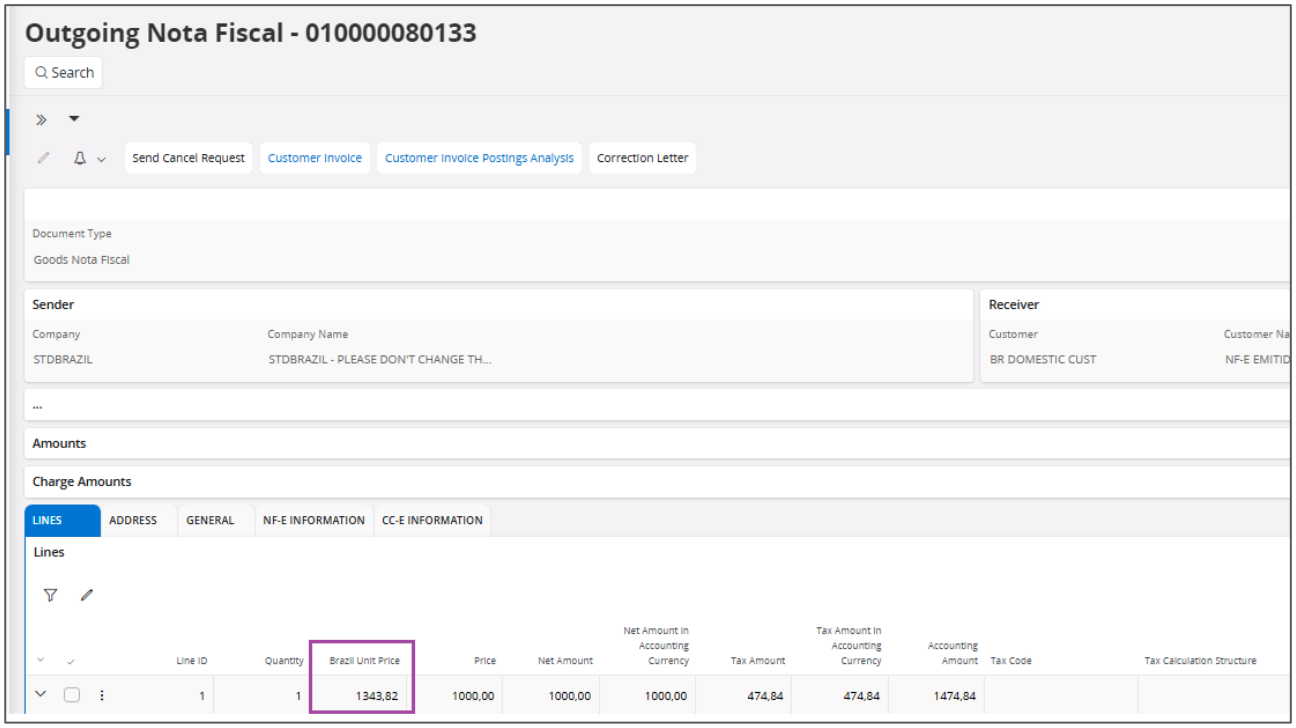
This is the placeholder in the Customer Order Line level – "**Brazil Unit Price**" in order to be the placeholder for the amount returned by Avalara in the attribute line "Unit Price" of JSON file., This will be sent as the unit price for Outgoing Nota Fiscal line and xml file item – "**VunCom".**





This is the placeholder in the Project Invoice Line level – "**Brazil Unit Price**" to represent 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.





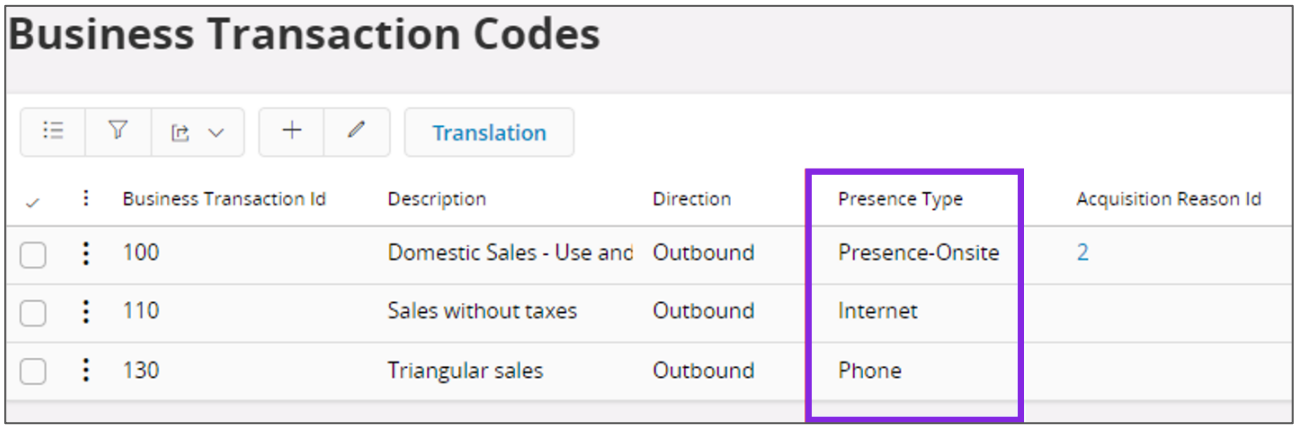
Note: When Avalara isn't used to calculate the relevant taxes, "**Brazil Unit Price**" will be calculated manually as follows.

Calculation

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

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

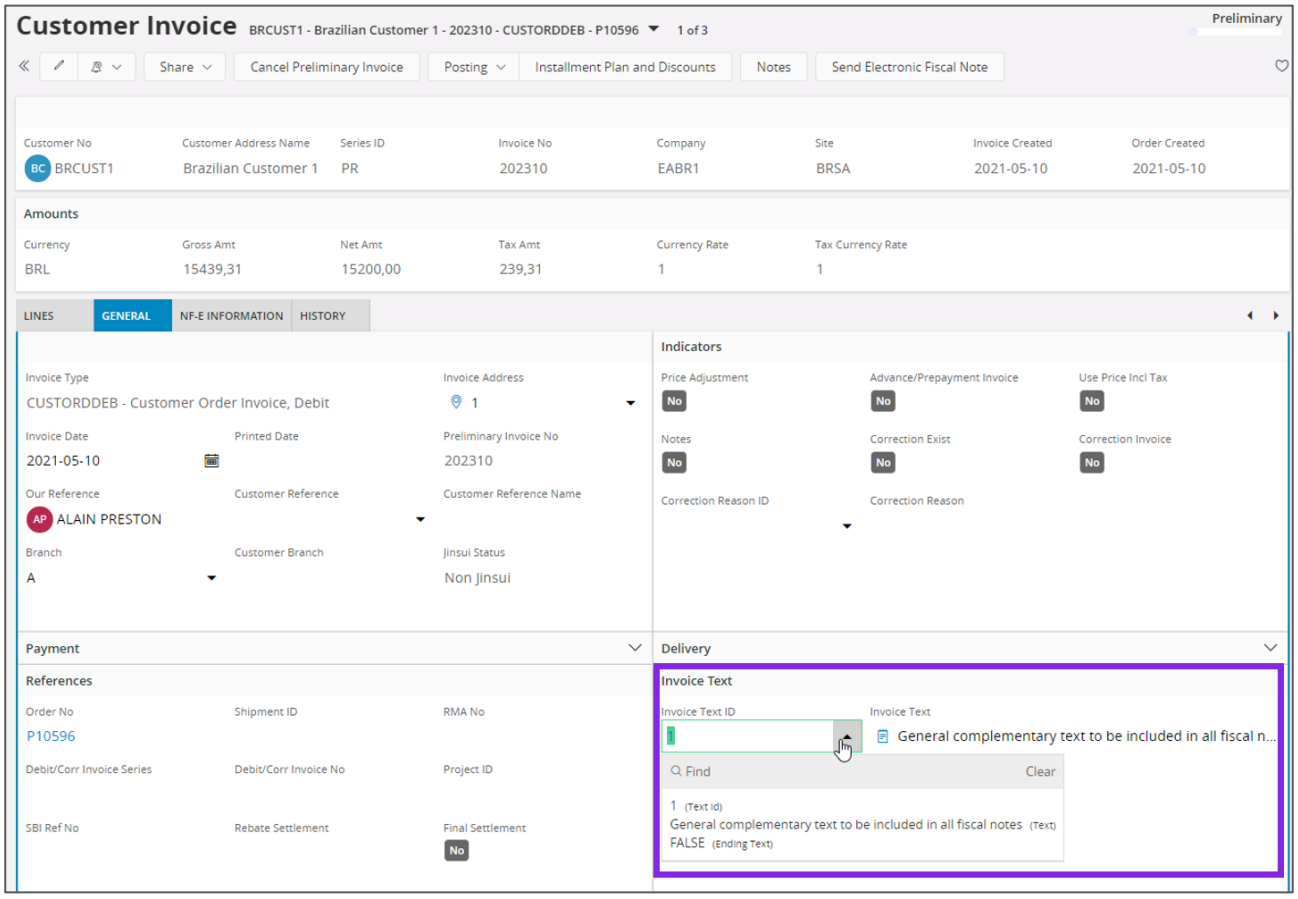
Presence-Offsite: 5

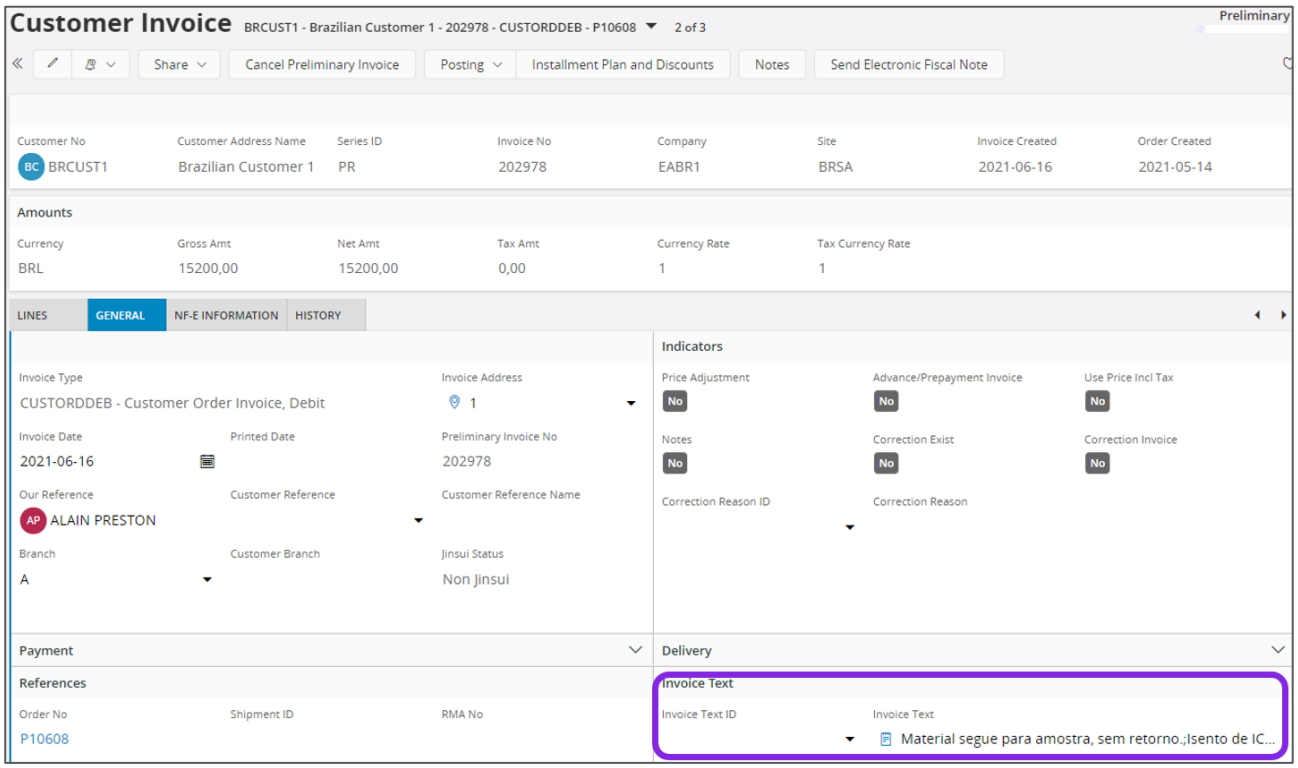
Non-Presence: 9



4.4.8 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”.

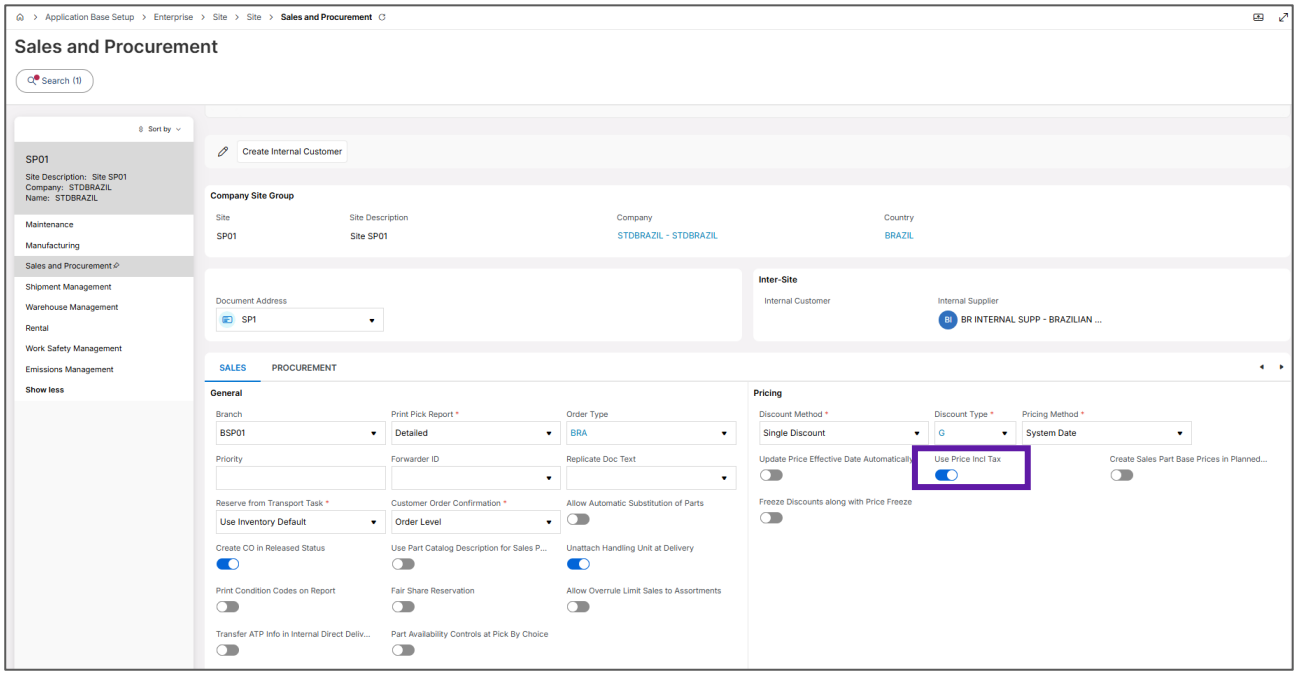
With an integration to 3rd party tax determination engine for Brazilian taxes enabled, this complementary information can be received in the response file and automatically saved as Invoice Text on the Customer Invoice.

```
- <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>
```

4.4.9 Tax Calculation Method

In IFS Cloud, Outgoing Nota Fiscal can be generated using either Net or Gross Avalara tax calculation methods.
When an intra-company goods movement is performed using a Shipment Order, the applicable tax calculation method is determined based on the basic data setup of the sender site.

- If the sender site has the **"Use Price Including Tax"** toggle **enabled**, the system applies Avalara Gross tax calculation.
- If the sender site has the **"Use Price Including Tax"** toggle **disabled**, the system applies Avalara Net tax calculation.

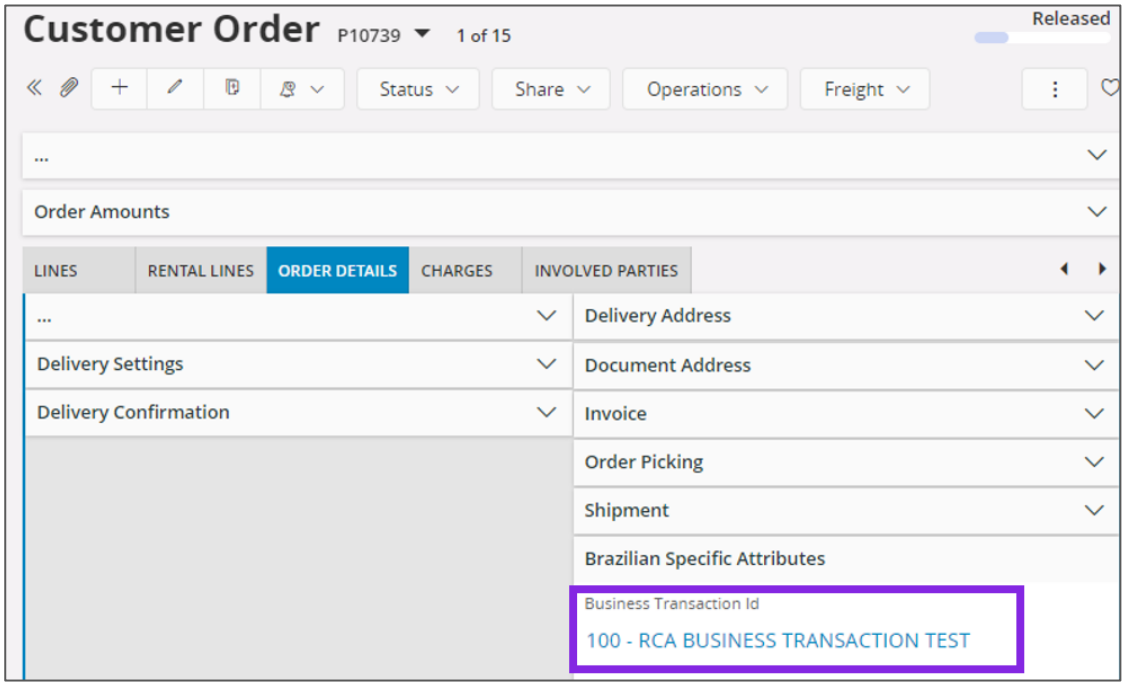


Accordingly, the price value in the outgoing tax document is interpreted as:

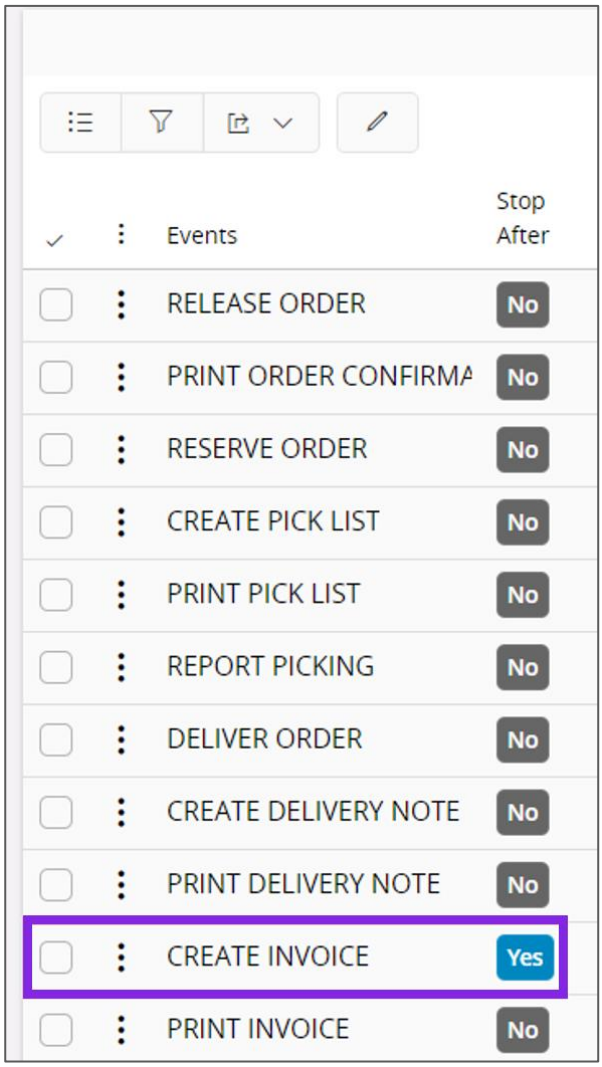
- Net price when the toggle is disabled
- Gross price when the toggle is enabled

4.5 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.

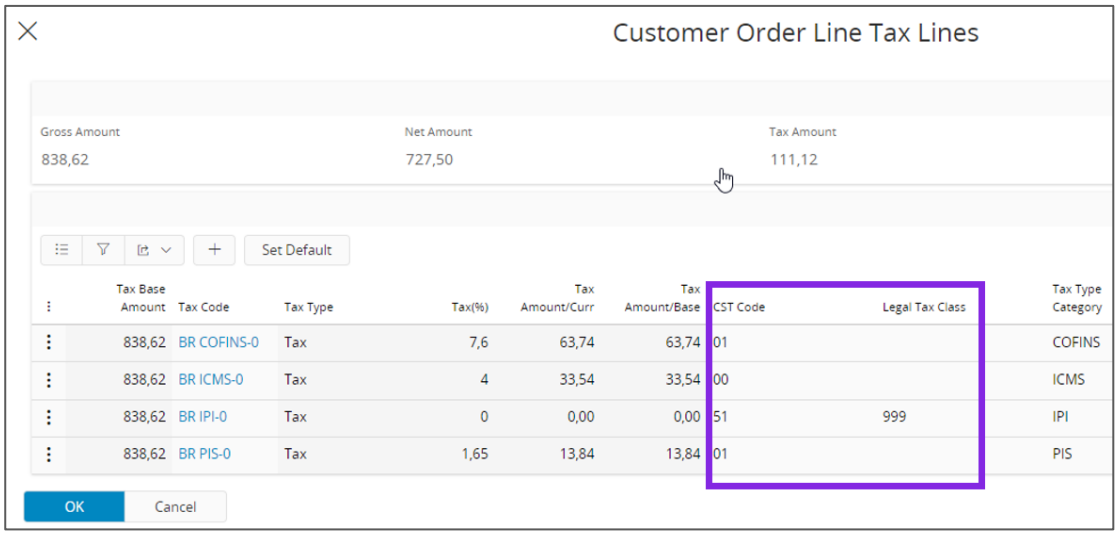


A Customer Order Type which stops the processing before the “Print Invoice” event is performed must be used.



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.



4.6 Deliver Customer Order

Single Order delivery

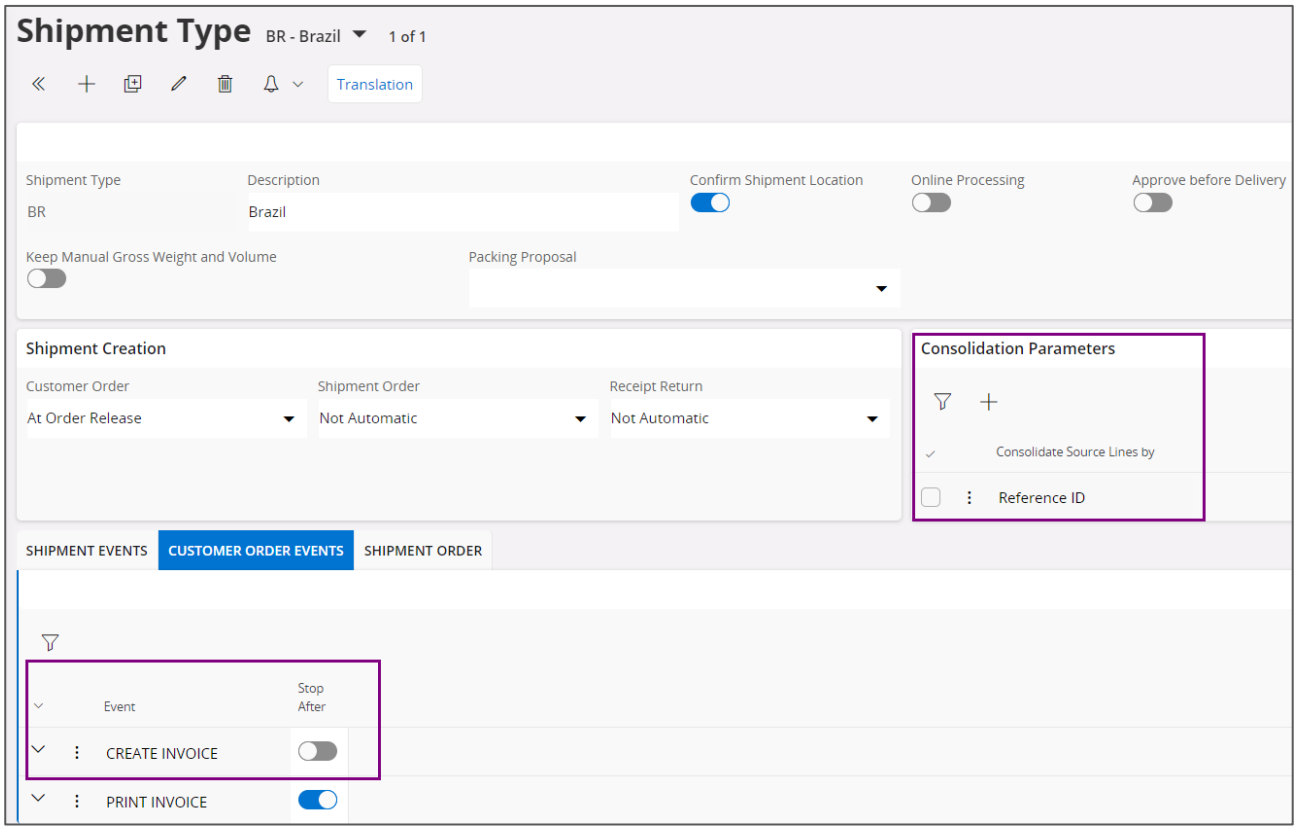
Deliver the single Customer Order using standard functionality.

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.

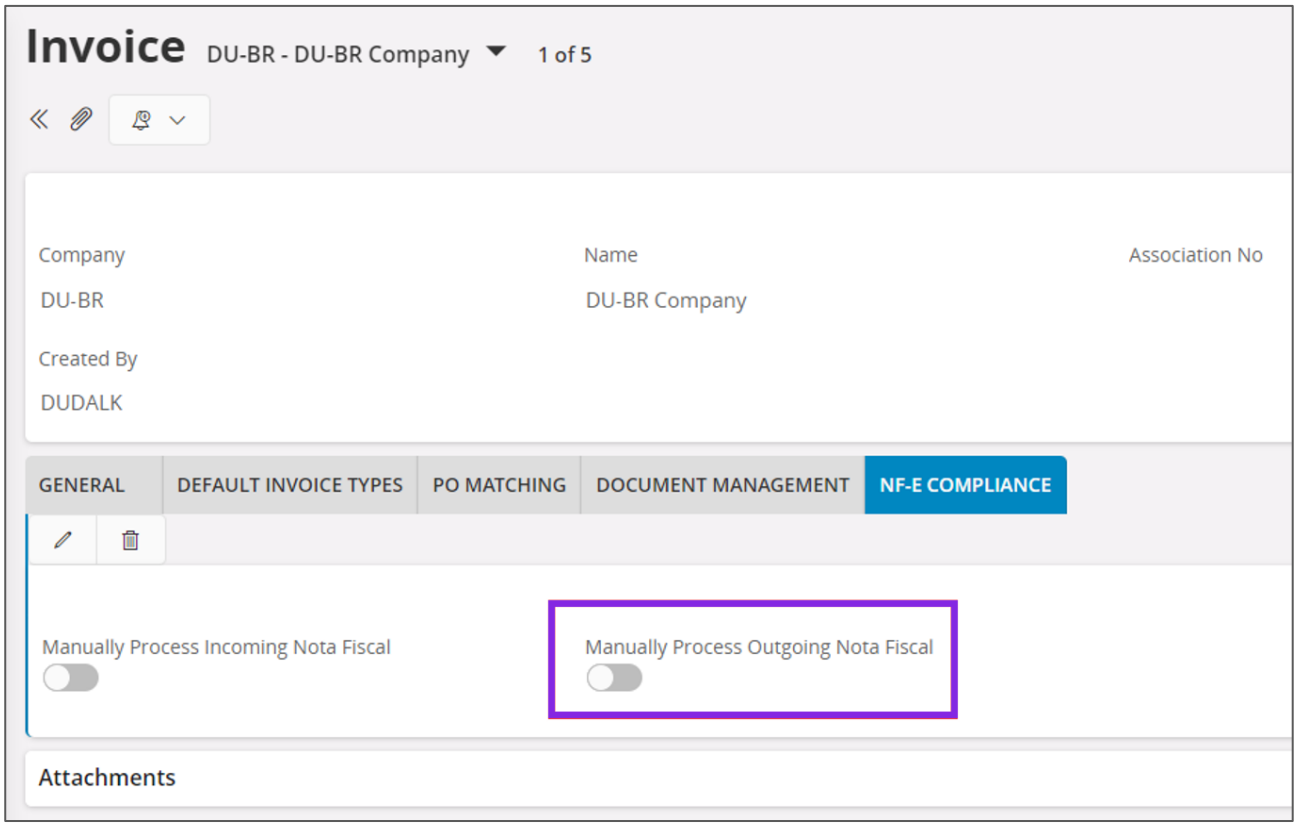
4.7 Create Customer Invoice

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

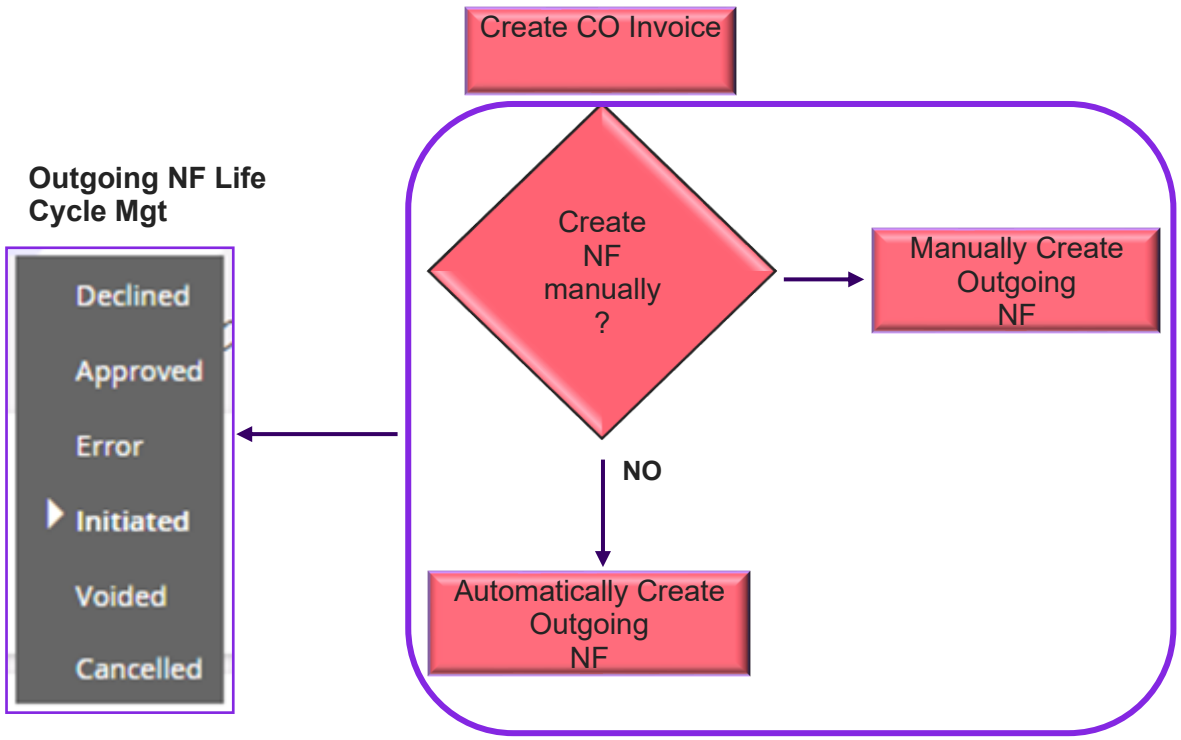
4.8 Create Outgoing Nota Fiscal

The Nota Fiscal 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.

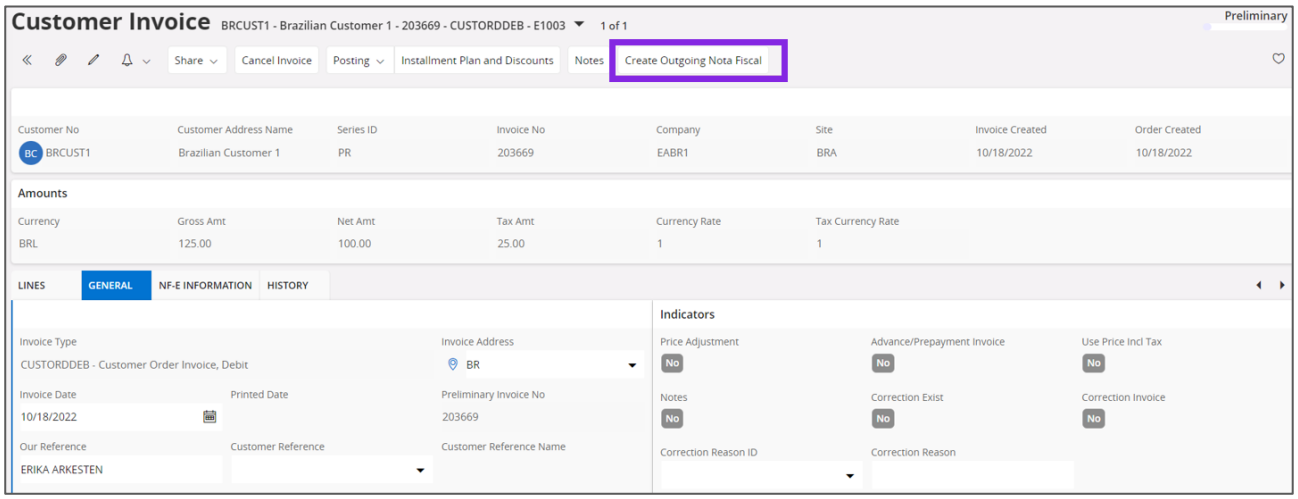
Parameter, Manually Process Nota Fiscal	**Outgoing Nota Fiscal object**	**NFe XML generation**
Enabled (Outgoing NF is Manually processed)	First, Customer Order Invoice is created and the Outgoing NF need to be manually created by using the command**, Create Outgoing Nota Fiscal.**	NFe XML need to be 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*	

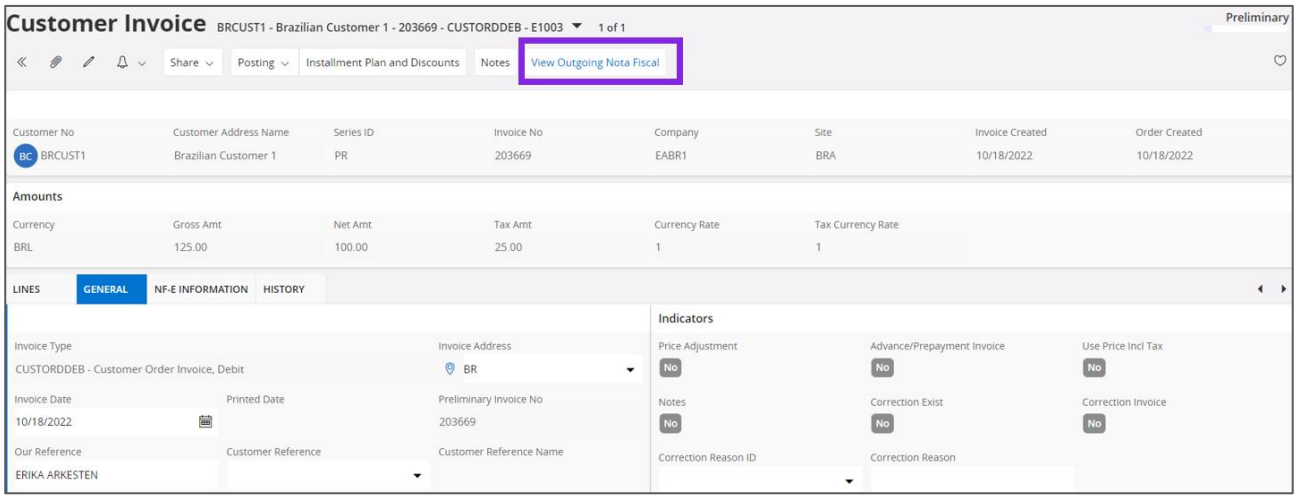
4.9 Outgoing Nota Fiscal Life Cycle Management

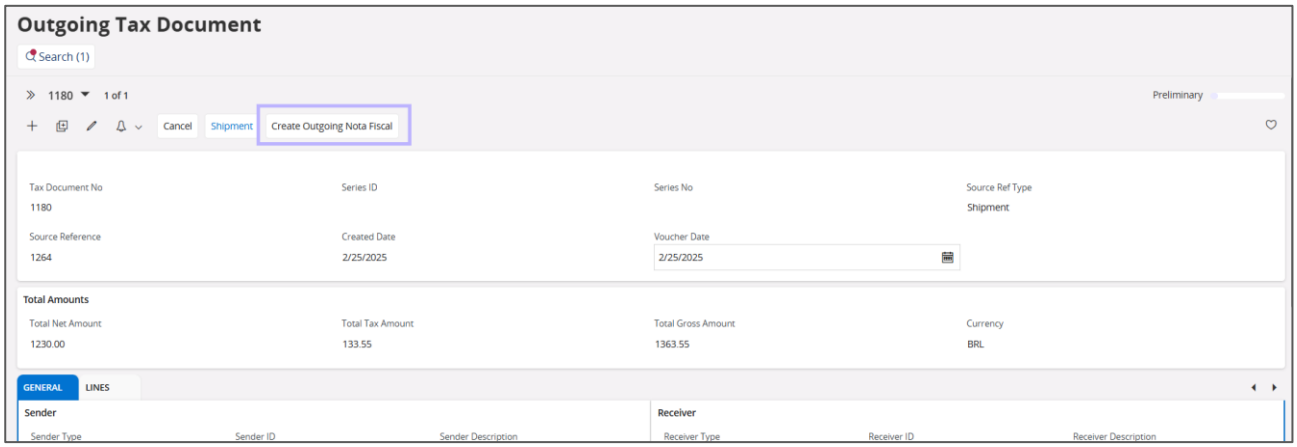
4.9.1 OUTGOING NF MANUALLY CREATED

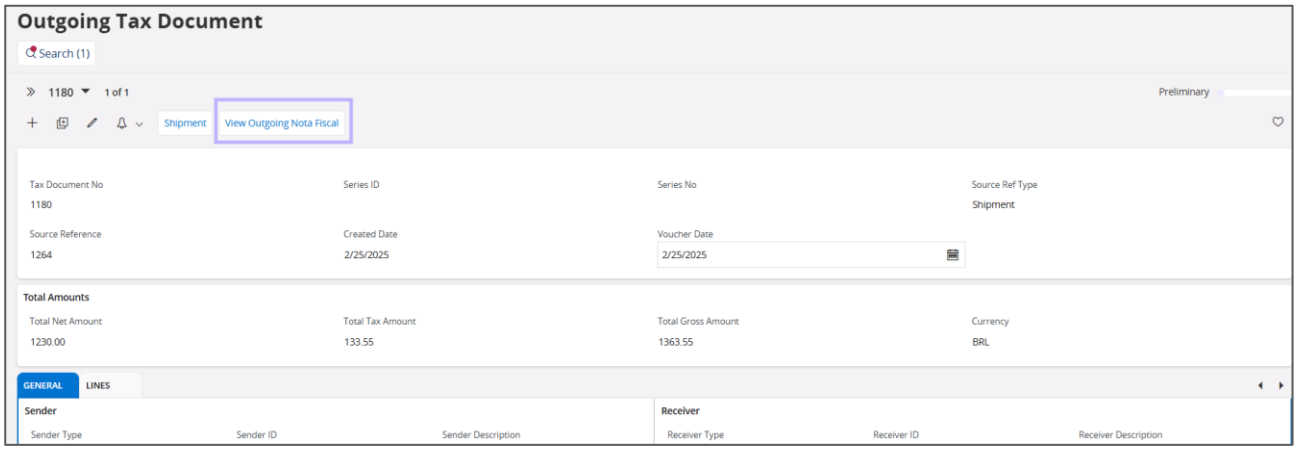
Company level parameter, "Manually Process Nota Fiscal" is enabled, then in the Customer Order Invoice process, Outgoing Nota Fiscal need to be manually created. To facilitate this manual process, command **Create Outgoing Nota Fiscal** is enabled on CO Invoice.

Same command is enabled on the Outgoing Tax Document for the Intracompany Goods Movement, Sales for Future Delivery and Triangular Sales scenarios as well.







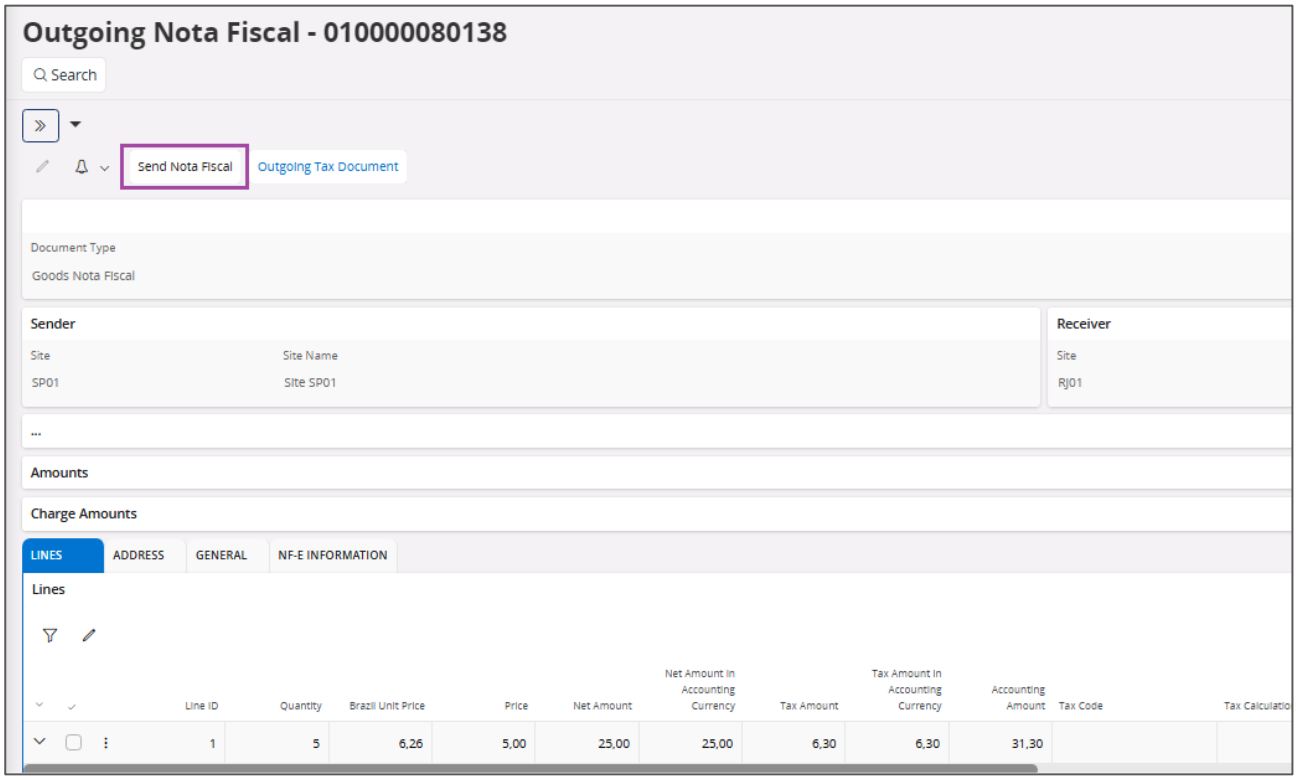


Outgoing Nota Fiscal is created in the "*Initiated*" state while the connected CO Invoice or Outgoing Tax Document in "Preliminary" state and the associated CO is in "Closed" state.

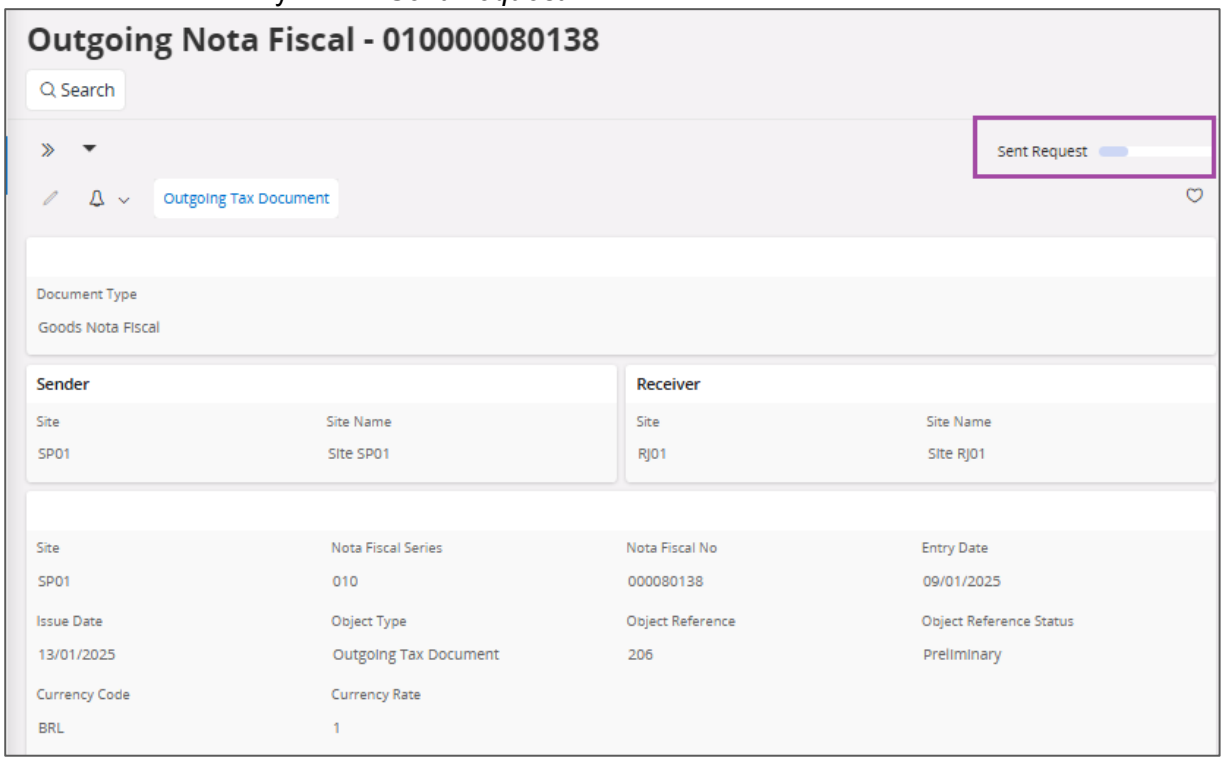
Outgoing NF Status	Customer Invoice / Outgoing Tax Document Status	CO Status
Initiated	Preliminary	Closed

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 to "*Sent Request*".



Note

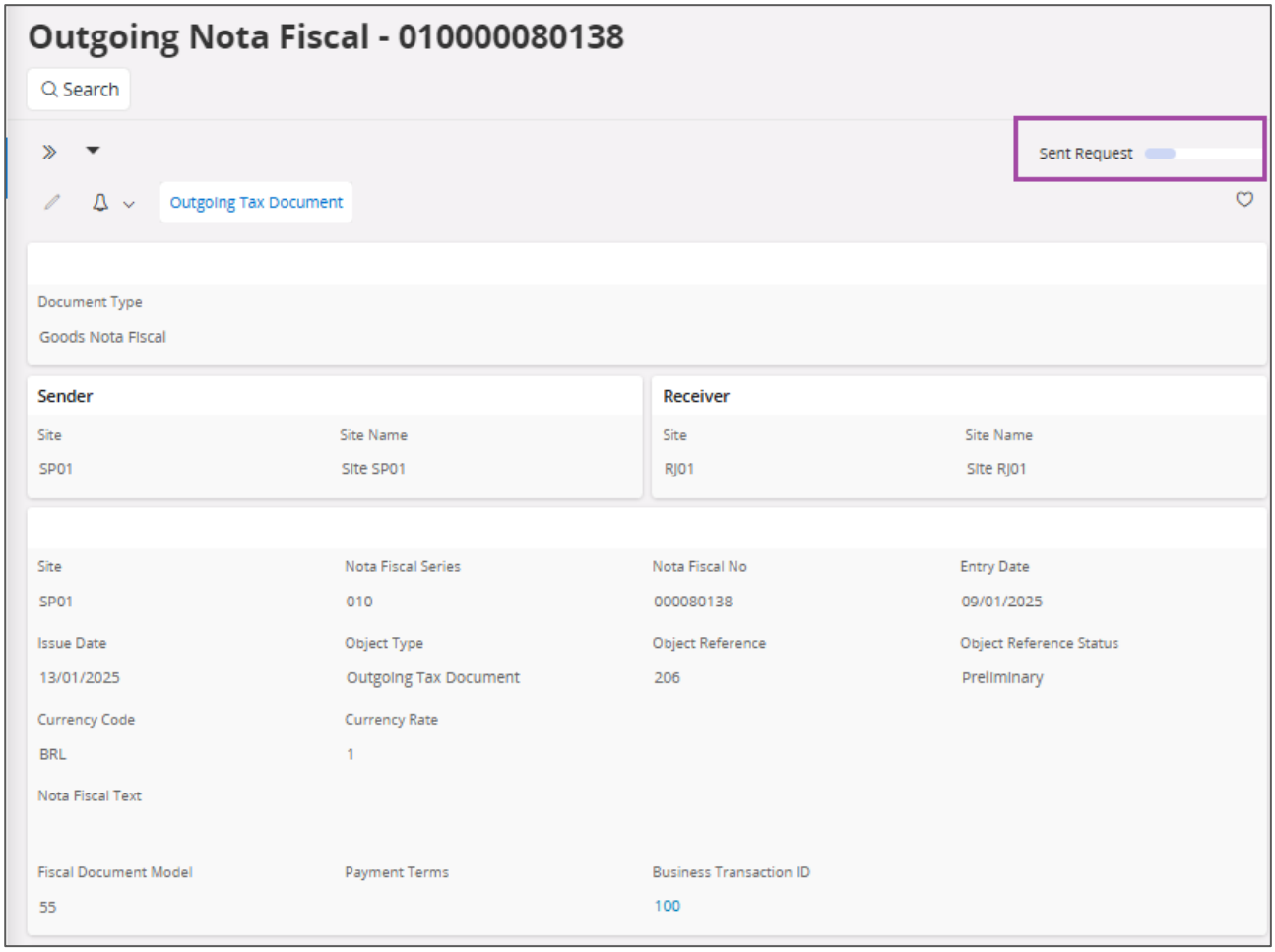
-When the Outgoing Nota Fiscal is set to the status of "Initiated" and "Sent Request", the IFS standard command on CO preliminary invoice "Print Invoice" is disabled.

4.9.2 OUTGOING NF AUTOMATICALLY CREATED

When the Company parameter, "Manually Process Nota Fiscal" is disabled, the Outgoing Nota Fiscal Object is automatically created in the Customer Order Invoice and Outgoing Tax Document processes. Once the Outgoing Nota Fiscal Object is created, 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 or Outgoing Tax Document is in "Preliminary" state and the associated CO is in "Closed" state.

Outgoing NF Status	Customer Invoice / Outgoing Tax Document Status	CO Status
Sent Request	Preliminary	Closed



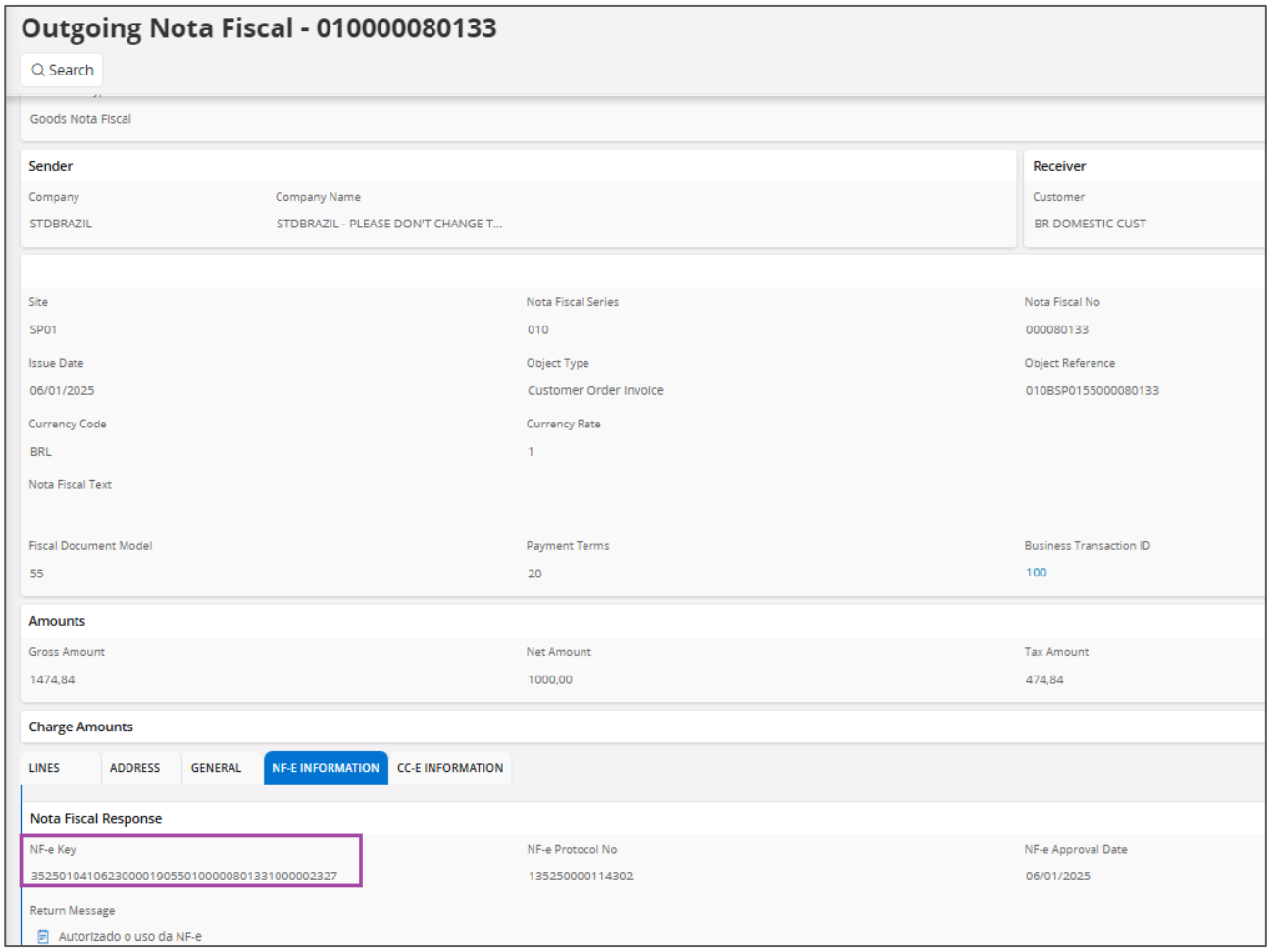
4.9.3 GENERATION AND ASSIGNING A “NF-E KEY” TO NF-E XML

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:

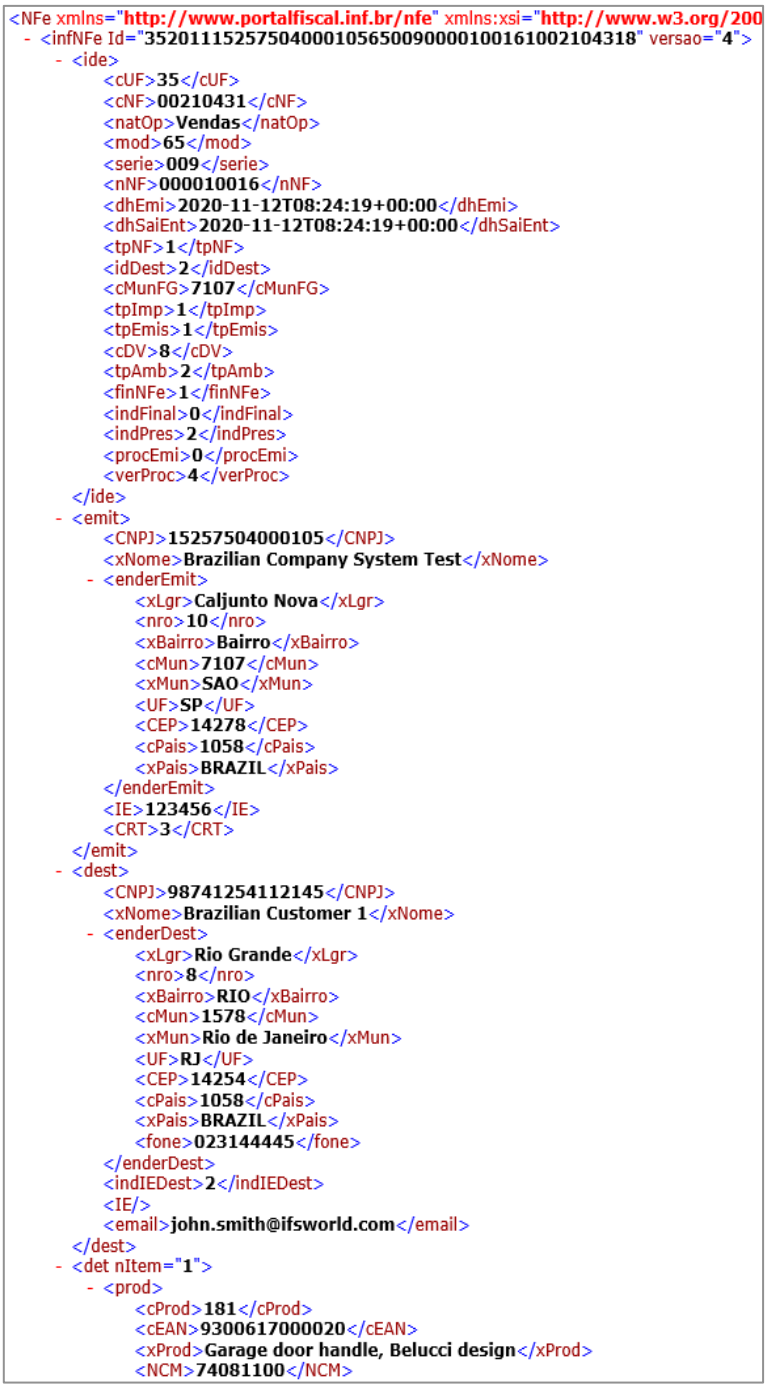
Data item	**Description**	**Number of characters**
cUF	State Code of Issuer	2
AAMM	Year and Month from Issuing Date of Nota Fiscal	4
CNPJ	CNPJ registration of Issuer	14
Mod	Nota Fiscal model from Nota Fiscal	2
Serie	Nota Fiscal Series from Nota Fiscal	3 (left zeros are used if series is less than 3 positions
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.



4.9.4 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).



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.

4.9.5 OUTGOING NF APPROVED

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

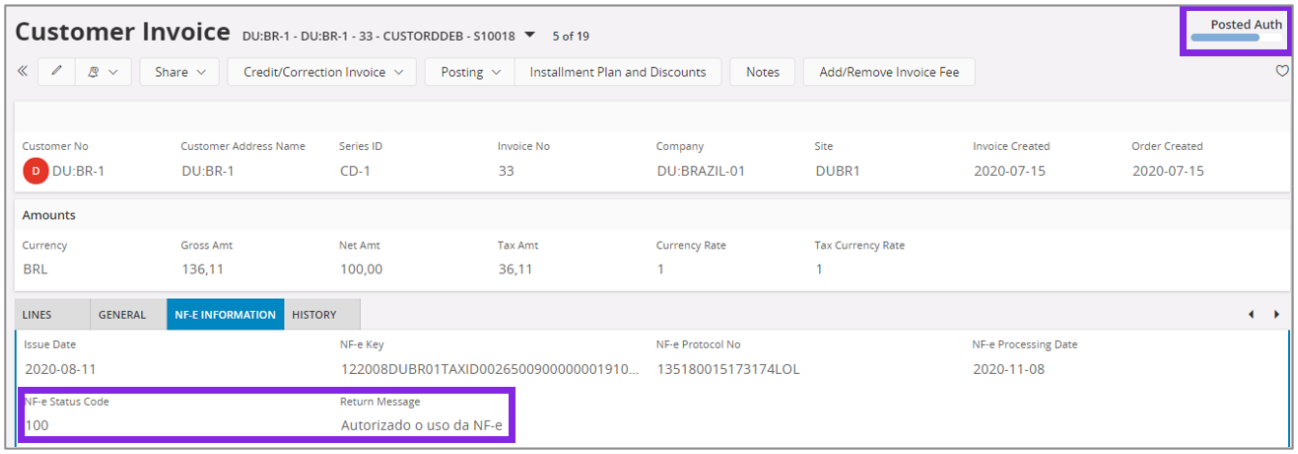
Out Going NF Status	CO Invoice Status	CO Status
Approved	Approved	Closed

4.9.5.1 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*".

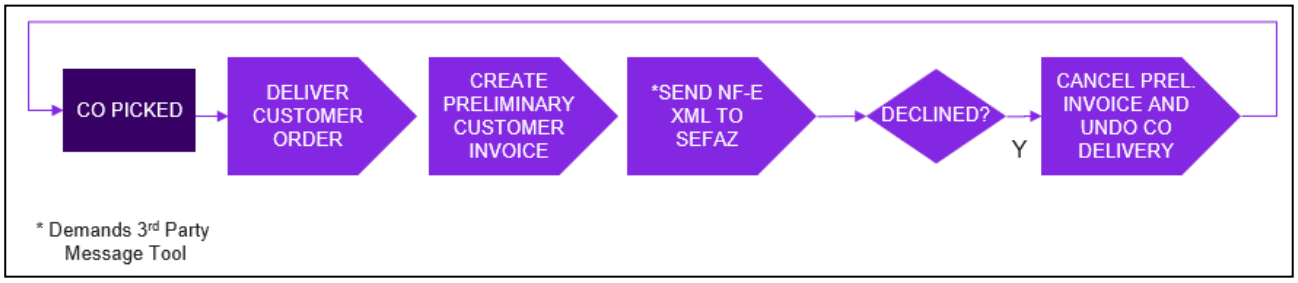



```
<?xml version="1.0" encoding="UTF-8"?>
- <SOAP-ENV:Envelope xmlns:SOAP-ENV="http://schemas.xmlsoap.org/soap/envelope/">
  - <SOAP-ENV:Header>
    - <fndcn:Message xmlns:fndcn="urn:ifsworld-com:schemas:fndcn" SOAP-ENV:mustUnderstand="1">
        <fndcn:Type>CONNECT</fndcn:Type>
        <fndcn:Function>NFE_RESPONSE</fndcn:Function>
        <fndcn:Sender/>
        <fndcn:Receiver/>
        <fndcn:SentAt/>
        <fndcn:ExpiresAt/>
      </fndcn:Message>
    </SOAP-ENV:Header>
  - <SOAP-ENV:Body>
    - <NFE_RESPONSE xmlns="urn:ifsworld-com:schemas:receive_nfe_response_service_receive_nfe_response_request">
        <FNE_STATE_ID>35190804106230000190550090000058191000006895</FNE_STATE_ID>
        <FNE_ENVIRONMENT>2</FNE_ENVIRONMENT>
        <FNE_STATE_DATE>15/01/2019</FNE_STATE_DATE>
        <FNE_STATE_USE>135190000261186</FNE_STATE_USE>
        <FNE_SEFAZ_STATUS_CODE>100</FNE_SEFAZ_STATUS_CODE>
        <FNE_RETURN_MESSAGE>Autorizado o Uso da NF-e</FNE_RETURN_MESSAGE>
      </NFE_RESPONSE>
    </SOAP-ENV:Body>
</SOAP-ENV:Envelope>
```

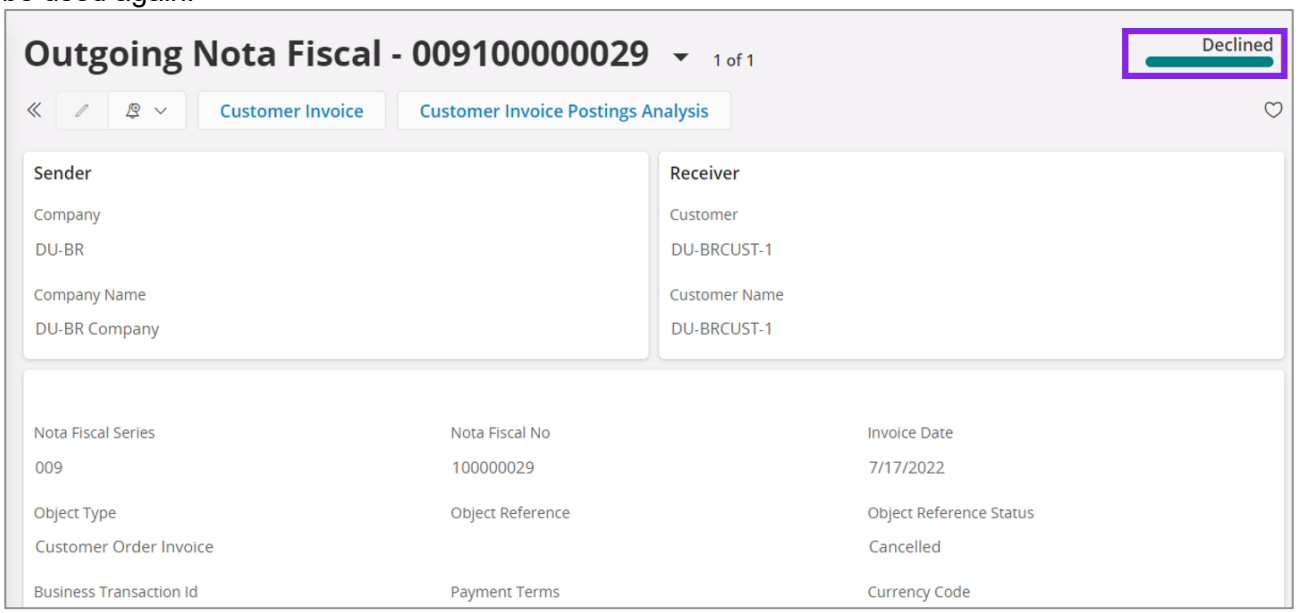
SEFAZ responses with any other status codes will not be further processed (neither automatically nor through manual commands) and the Customer Invoice will remain in status "Preliminary". Handling all these scenarios are described in chapters below.

4.9.6 OUTGOING NF DECLINED

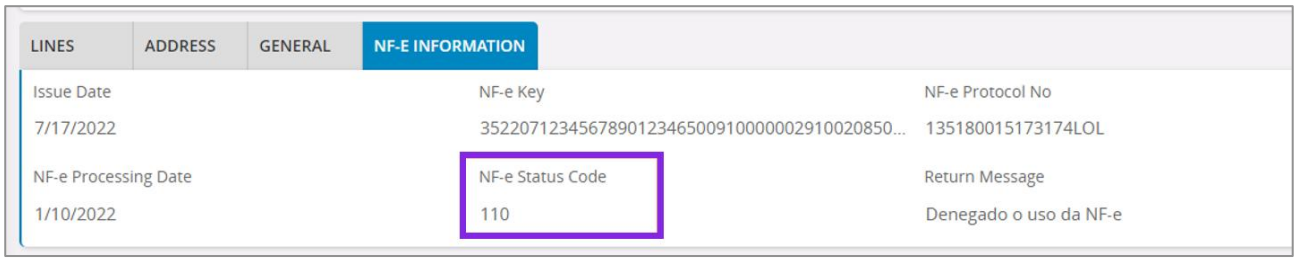
Outgoing Nota Fiscal could be Declined by the Brazilian Tax Authority . This could happen when the issuer or recipient has some pending issue and irregularities with the Brazilian Government, i.e. may not perform business transactions within the state.



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

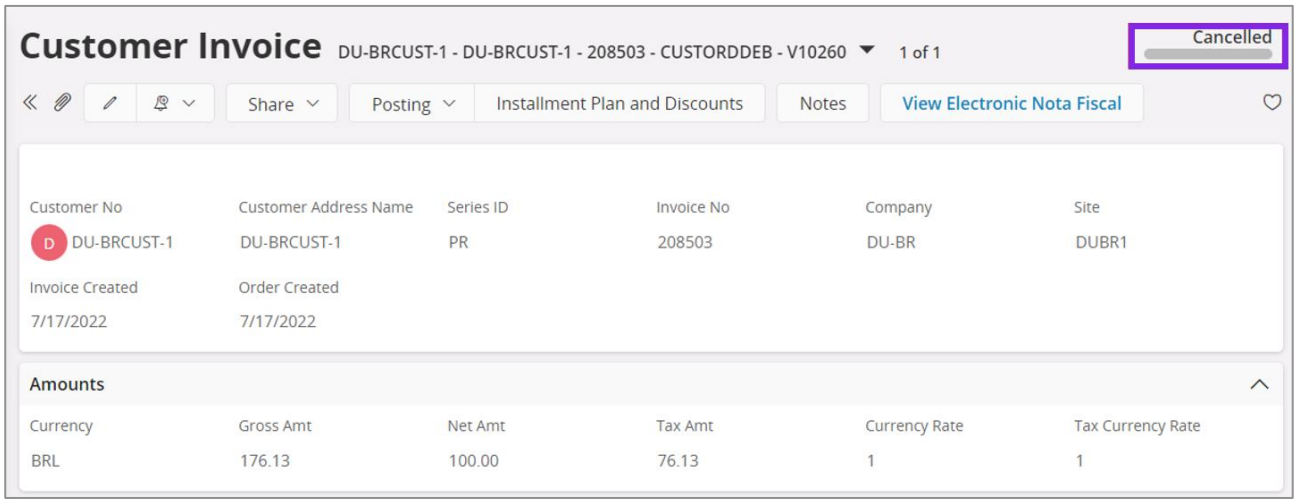


Once IFS Cloud received the Declined response message from the 3rd part integrator, Outgoing Nota Fiscal is set to the status "*Declined*".



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".

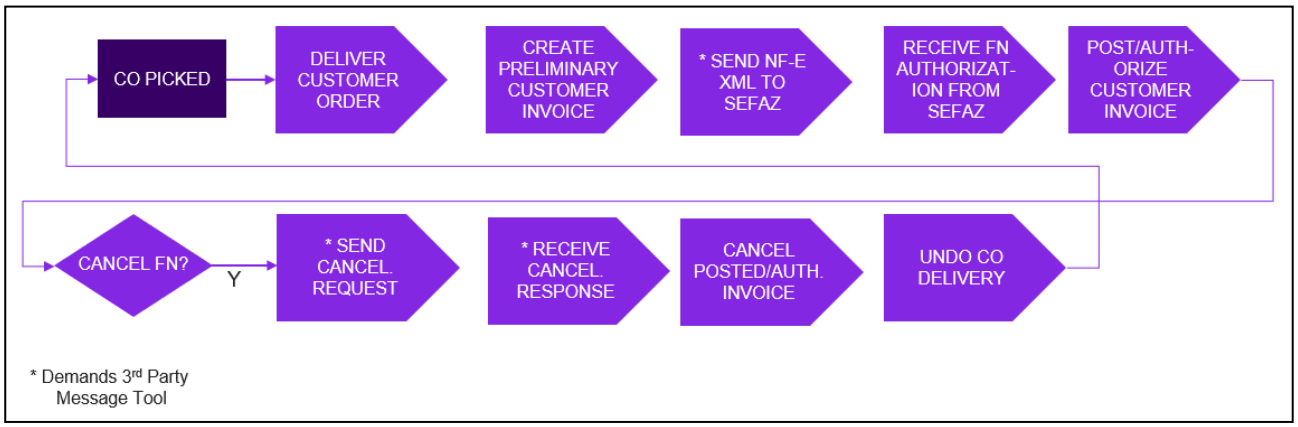


Outgoing NF Status	CO Invoice Status	CO Status
Declined	Cancelled	Picked

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).

4.9.7 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.

```
<infEvento>
    <xServ>CANCELAMENTO</xServ>
    <chNFe>35220177214253000192650090000010311002063978</chNFe>
    <tpAmb>2</tpAmb>
    <xJust>Pedido de Cancelamento de Nota Fiscal Eletronica</xJust>
</infEvento>
```

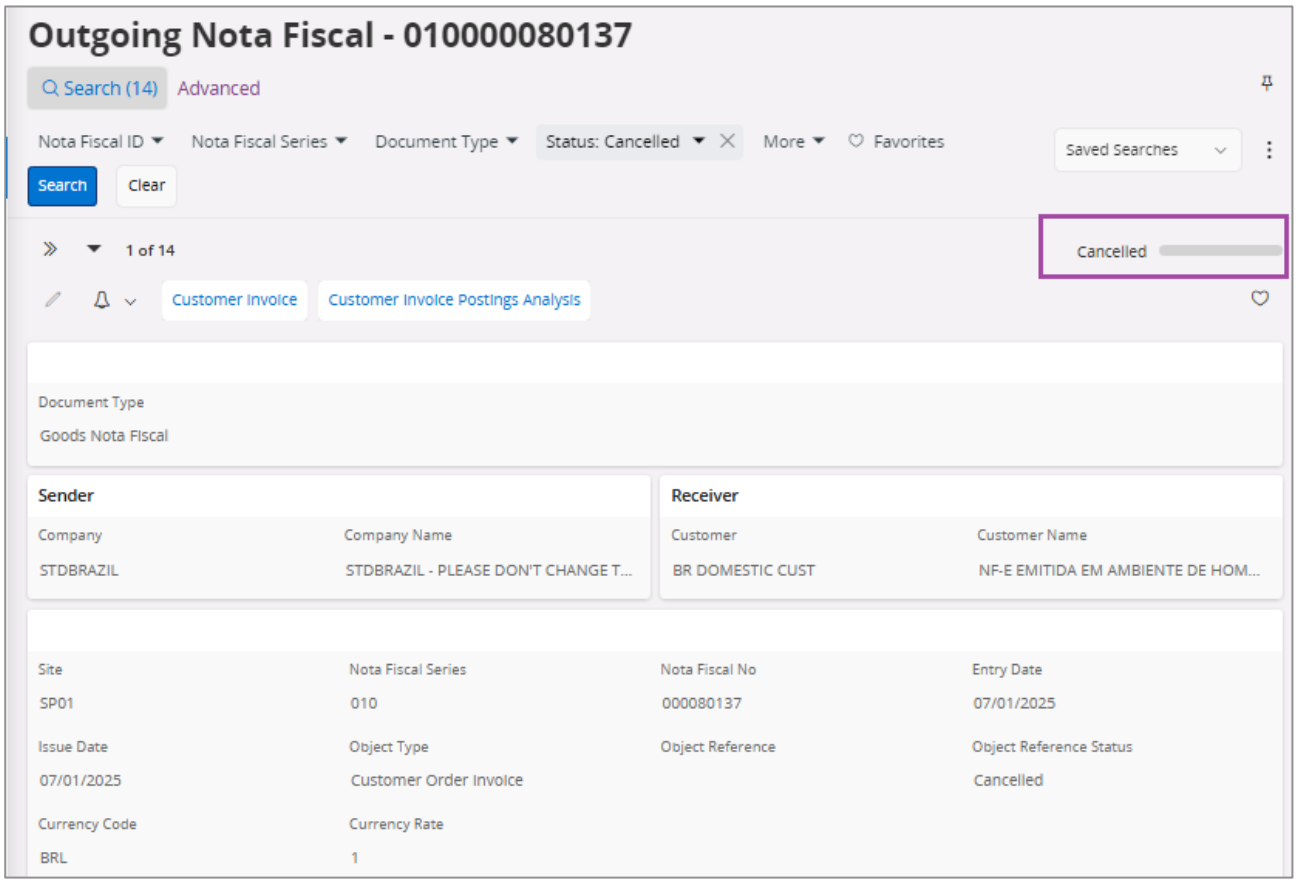
In the above scenario, Outgoing Nota Fiscal status is set to the “Cancelation Request Sent” while connected CO is still Authorized and CO status is Closed.

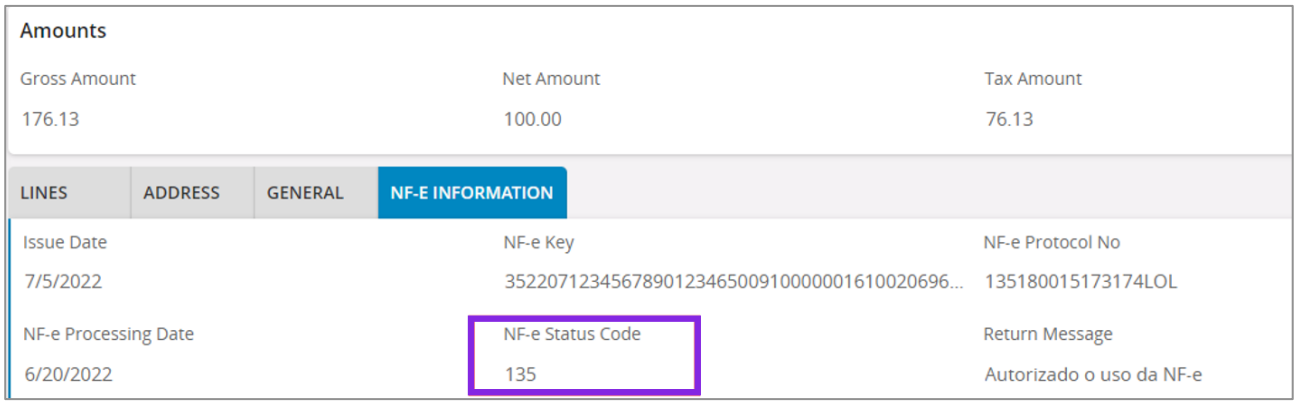
4.9.8 CANCEL APPROVED FOR OUTGOING NOTA FISCAL

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.

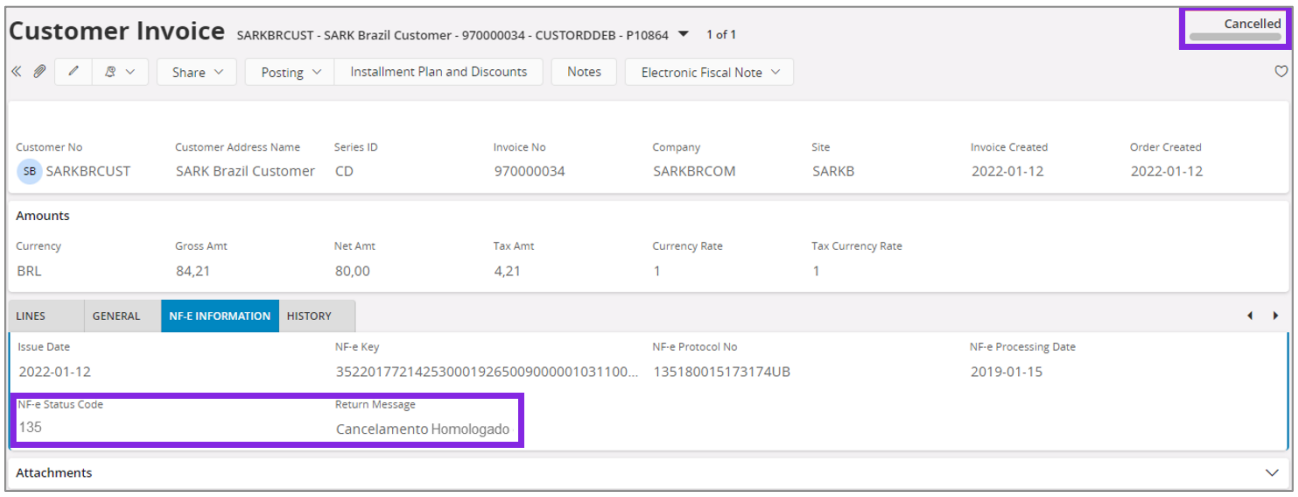
Out Going NF Status	CO Invoice Status	CO Status
Cancelled	Cancelled (Cancelled PostedAuth Invoice)	Picked

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.

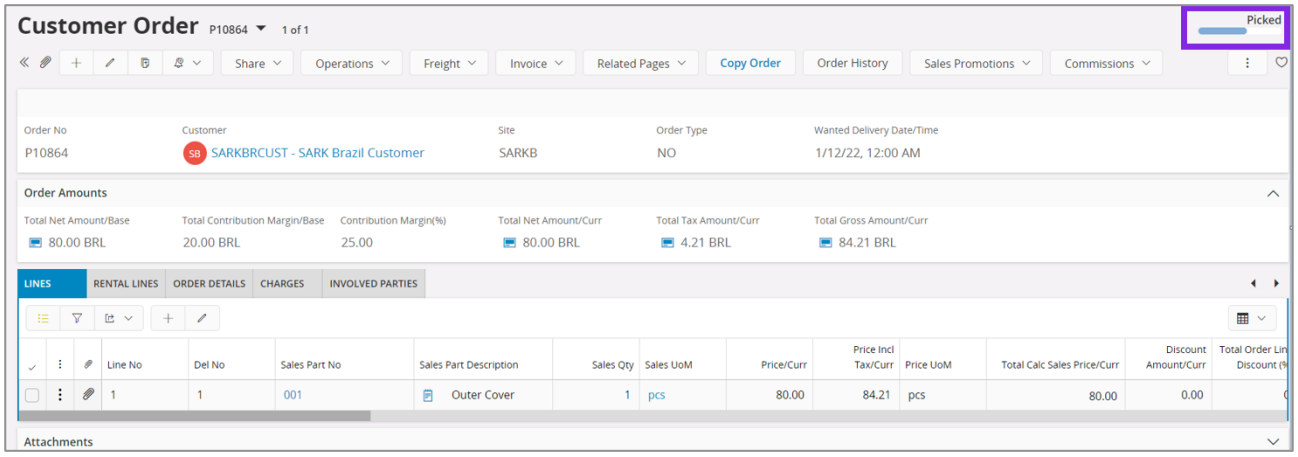




After receiving a cancel request approval xml file from the Tax Authority , the NF-e status code will be updated to “135 - Cancelamento Homologado” and the Customer Invoice status will be changed to “Cancelled”.



The referenced Customer Order will change status back to “Picked”.

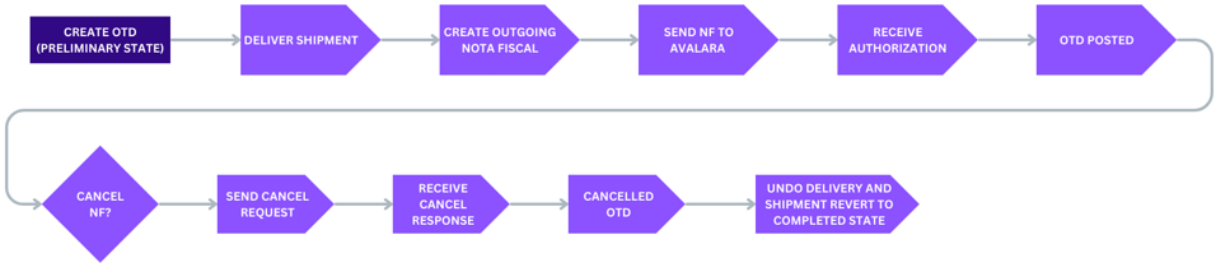


If a Payment Proposal, Mixed Payment, RMA, Credit Invoice or Correction Invoice is attached to any "PostedAuth" Invoice/Approved Nota Fiscal, an error will create to stop the cancellation process when receiving an approved cancellation response from SEFAZ.

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

4.9.9 CANCELLATION REQUEST SENT TO THE APPROVED 2ND (DELIVERY) OUTGOING NF

There are some specific cancellation handling for the scenarios which requires two Nota Fiscals for the same transaction, typically the Sales for Future Delivery and the Triangular Sales scenarios, where the 2nd Nota Fiscal is created from the Outgoing Tax Document.

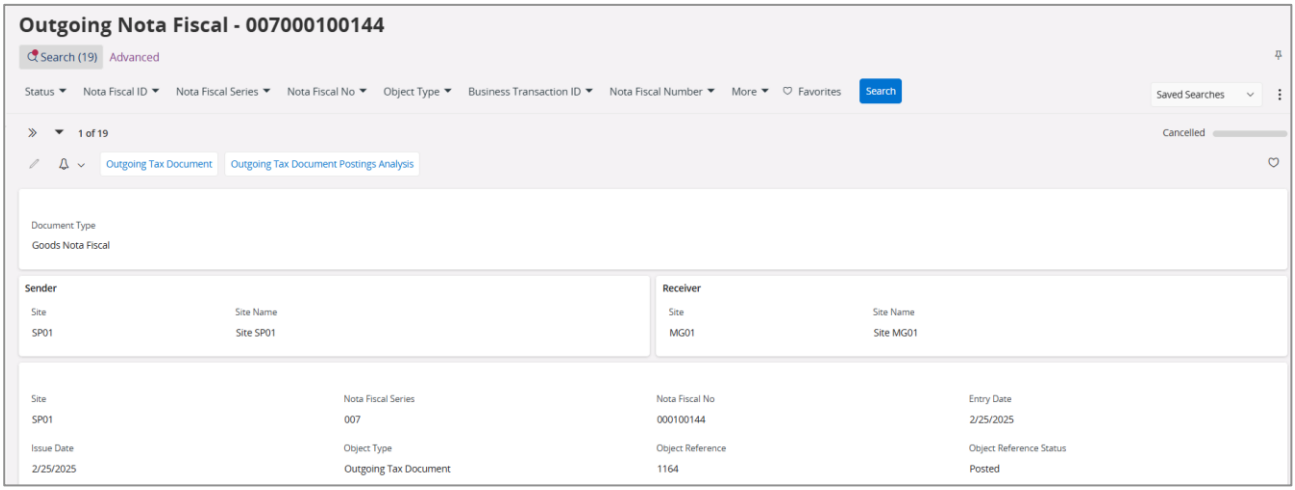


Outgoing NF Status	Outgoing Tax Document Status	CO Status
Cancelled	Cancelled	Picked

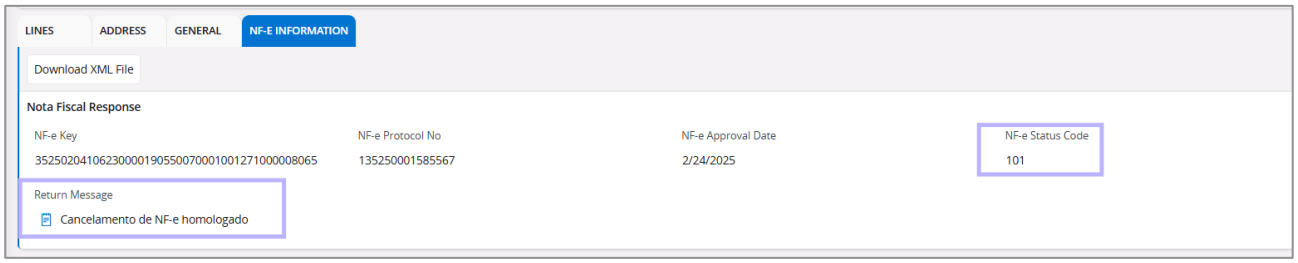
When cancelling the 2nd Nota Fiscal there are a few validations to be considered.

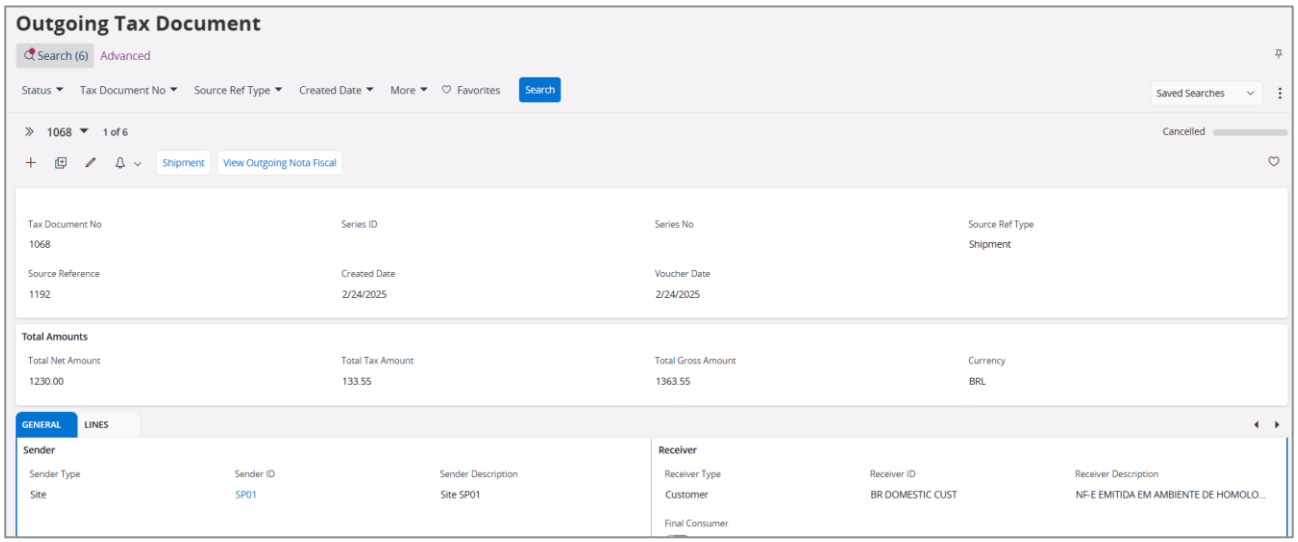
For Sales for Future Delivery (using Stage Billing), the 1st NF (Invoice NF) cannot be cancelled if an Outgoing Tax Document (OTD) exists. The OTD must be cancelled before proceeding with NF cancellation. If a 2nd NF (Delivery NF) exists, the system restricts the cancellation of the 1st NF and requires the cancellation of the 2nd NF first.

For Triangular Sales, the 1st NF (Invoice NF) cannot be cancelled if the 2nd NF (Delivery NF) exists. User must first send a cancellation request for the 2nd NF, which will trigger the automatic cancellation of the OTD along with 2nd and 1st cancellations. These validations ensure proper sequence, and compliance, and prevent inconsistencies in tax reporting.



After receiving a cancel request approval NF file from the Tax Authority , the NF-e status code will be updated to “101 - Cancelamento Homologado” and the Outgoing Tax Document status will be changed to “Cancelled”.





For both Sales for Future Delivery and Triangular Sales, the cancellation of a Nota Fiscal (NF) executes the reversal of all associated financial postings. Upon NF cancellation, the system automatically reverses M297 and M307 to ensure accurate tax and financial reconciliation.

1.1.1. 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

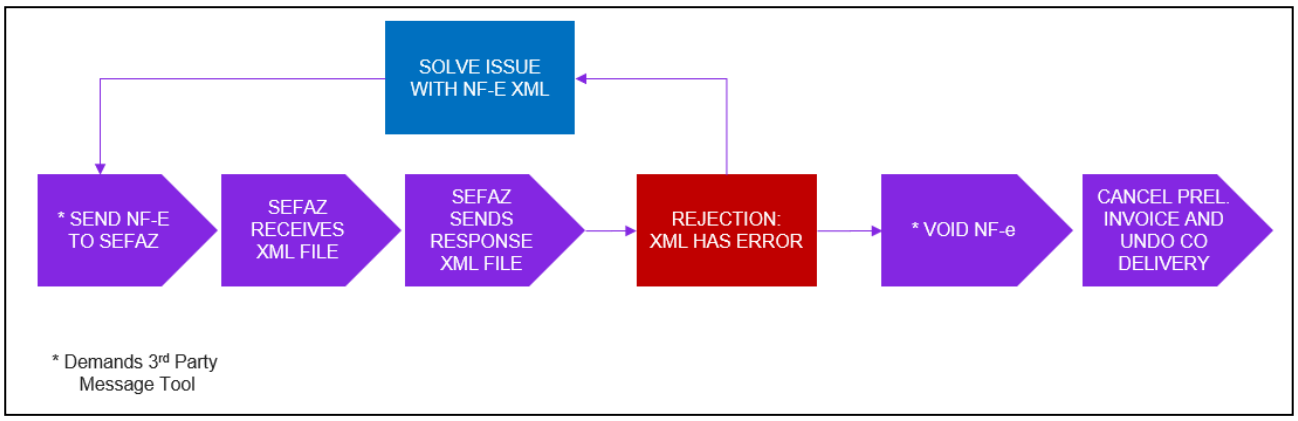
Outgoing NF Status	CO Invoice Status	CO Status
Error	Preliminary -Rectify the error and re-send the NFE (Use Same NFe No)	Closed

-Receive an Error Response which couldn’t be rectified

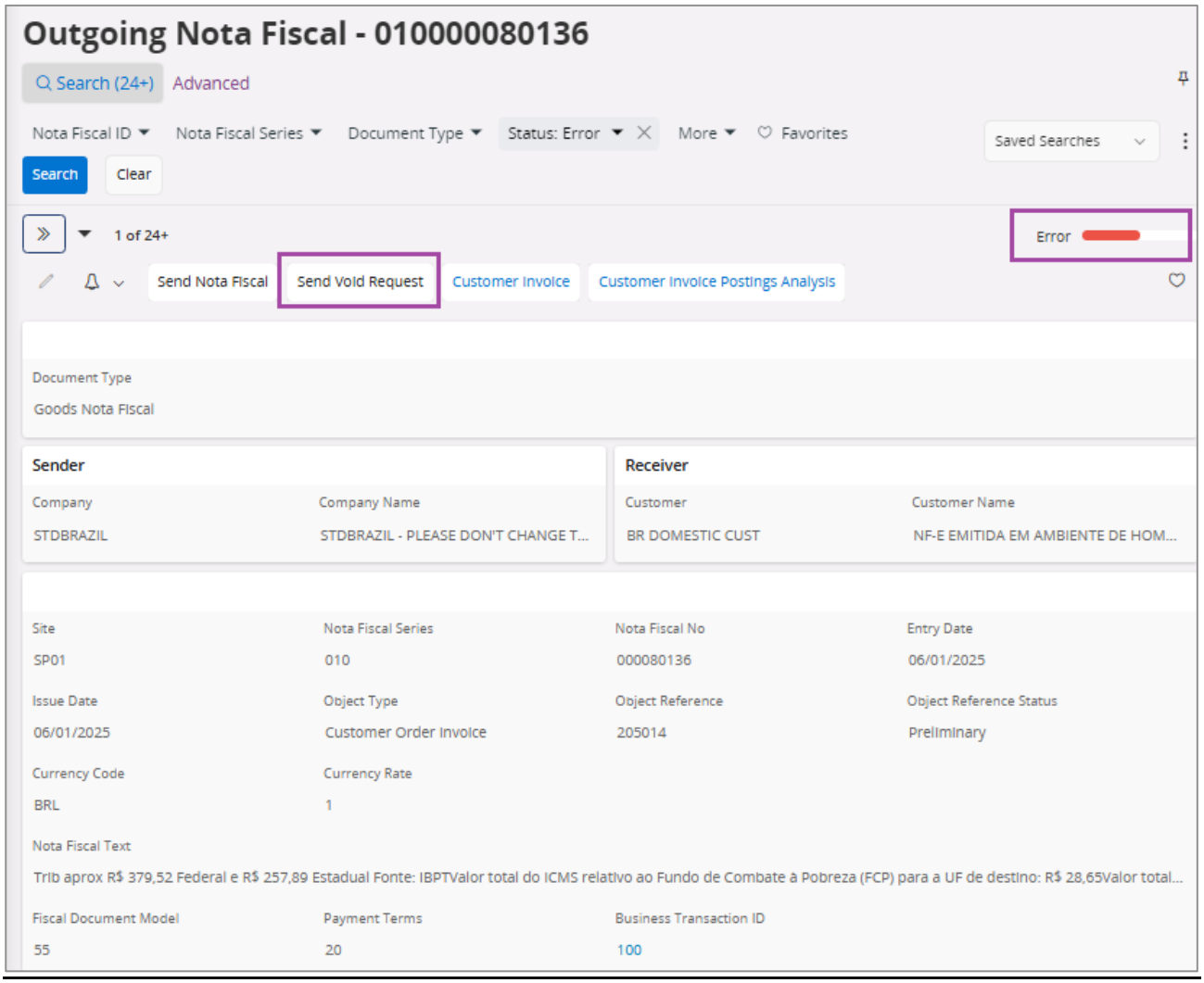
Outgoing NF Status	CO Invoice Status	CO Status
Error	Cancelled (Preliminary Invoice) a) Send Void Request from a Nota Fiscal.	 a) Send Void request- Closed b) Approved Void Request- Picked

	b) Approved Void Request- Cancelled the Preliminary state Invoice	

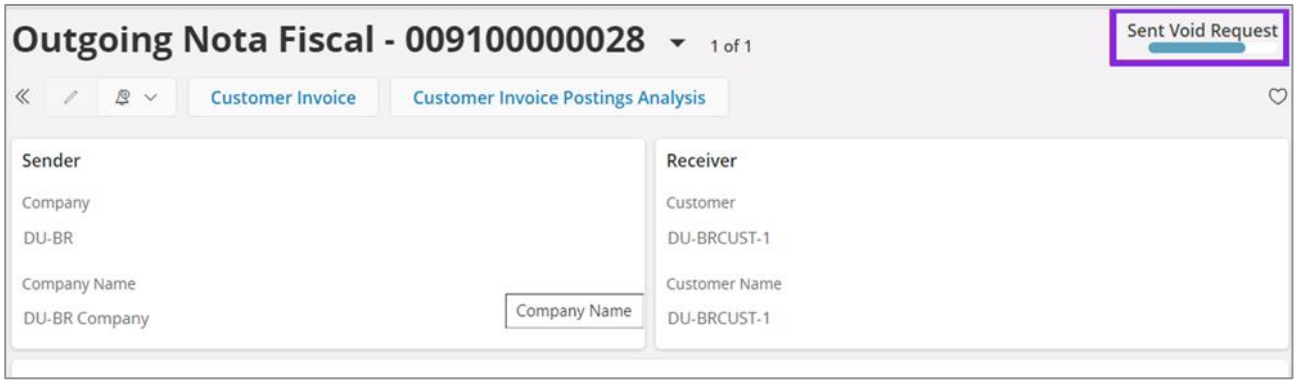
When a Nota Fiscal is rejected due to some error in the schema of xml file or some inconsistent information, the Nota Fiscal number can be used again. The companies can fix the issue found in such Nota Fiscal and request authorization again. If the problem cannot be fixed, the Nota Fiscal must be **Voided**.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



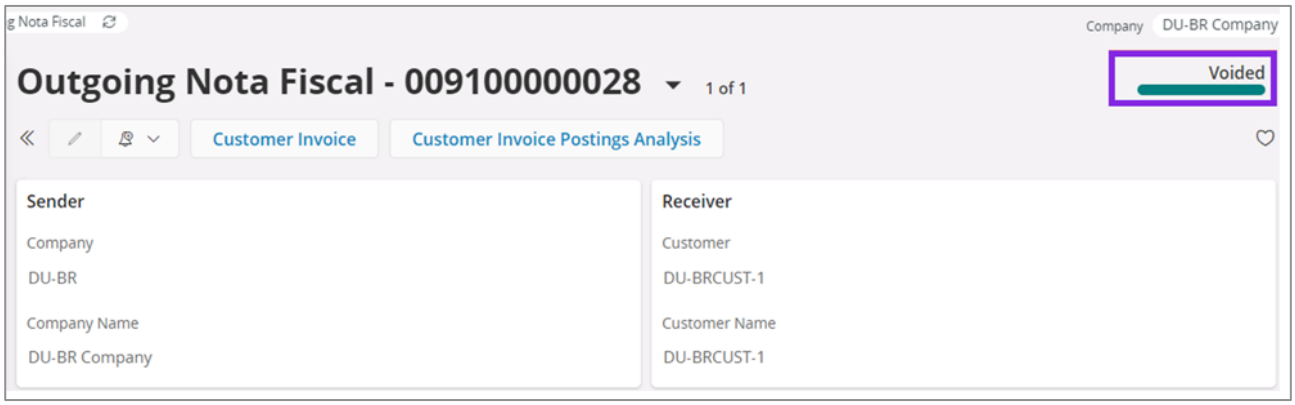
When the return message from the Tax Authority is “Error” the **command Send Void Request** will be available in the ***Outgoing Nota Fiscal*** page.

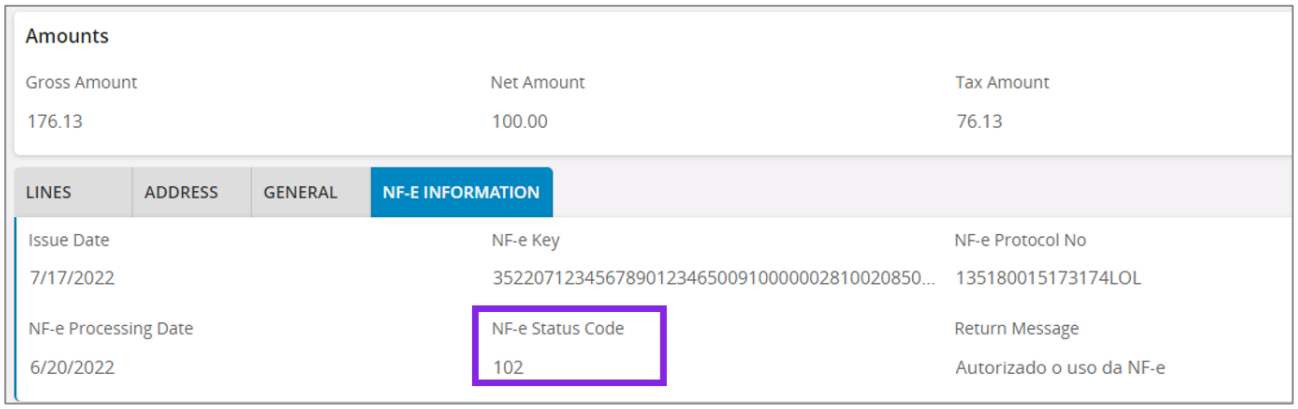


The **Send Void Request command** will generate an outgoing xml file representing the request to void the referenced Nota Fiscal number and the Outgoing Nota Fiscal is set to the status *"Sent Void Request".*

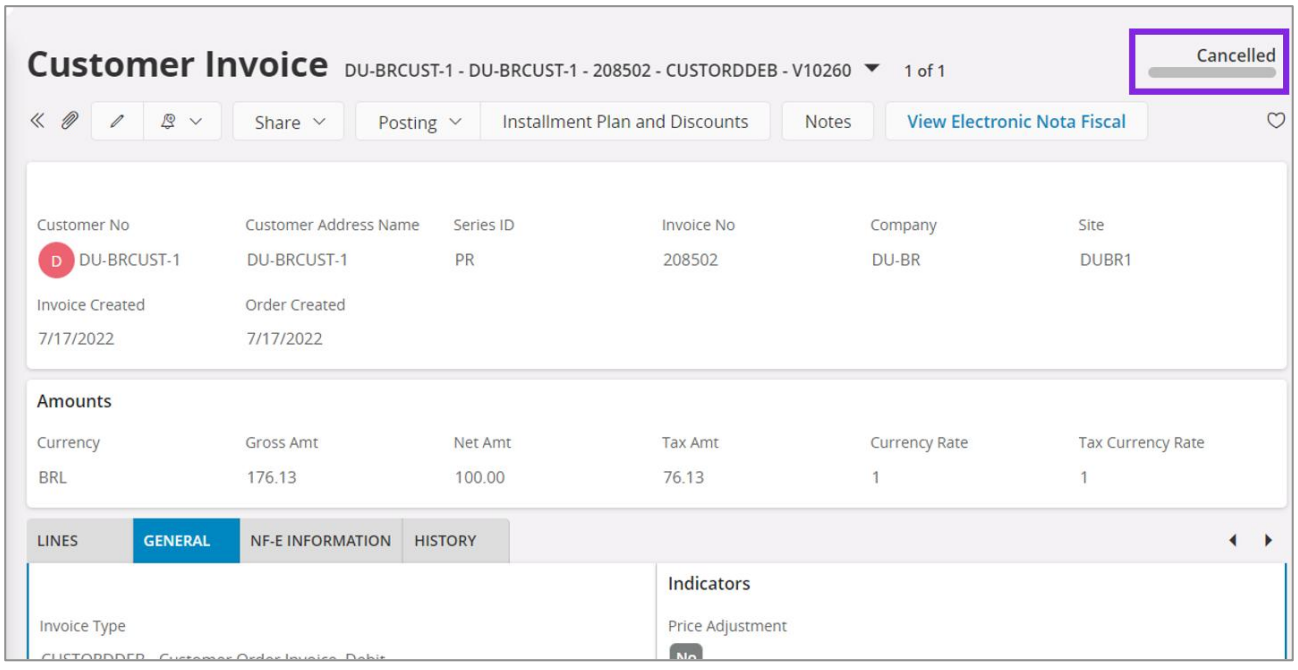


After receiving a void request approval xml file from the Tax Authority , the NF-e status code will be updated to "102 - Inutilização de número homologado" and the Outgoing NF status is set to *"Voided".*

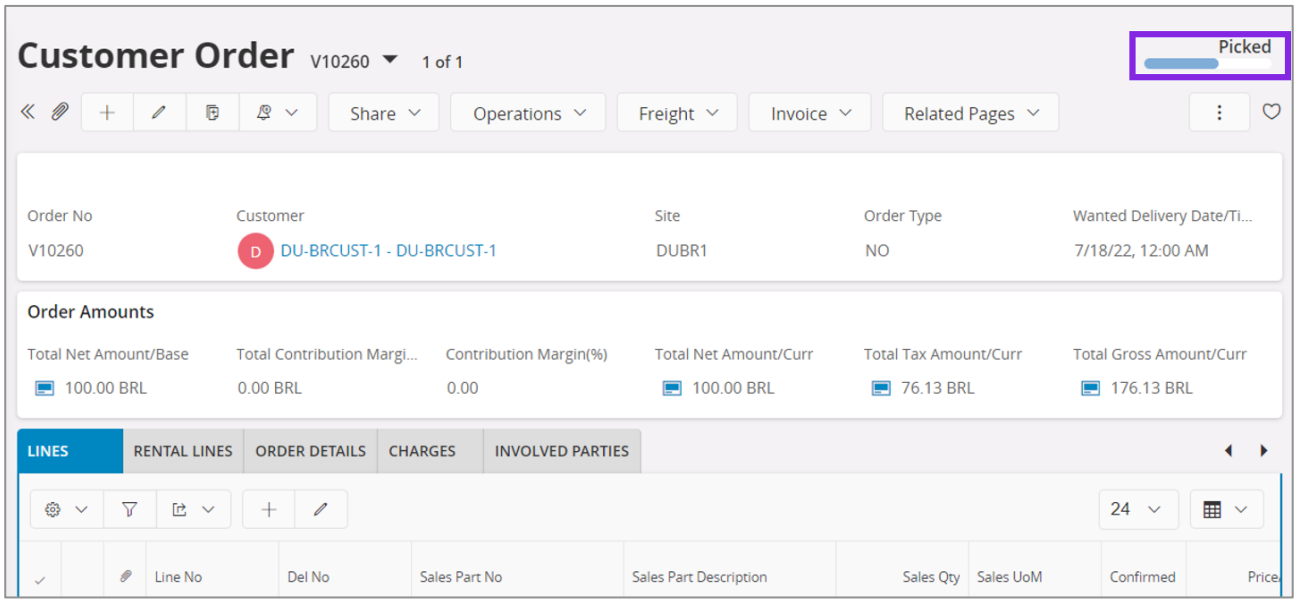




The connected Customer Order Invoice status will be changed to “Cancelled”.



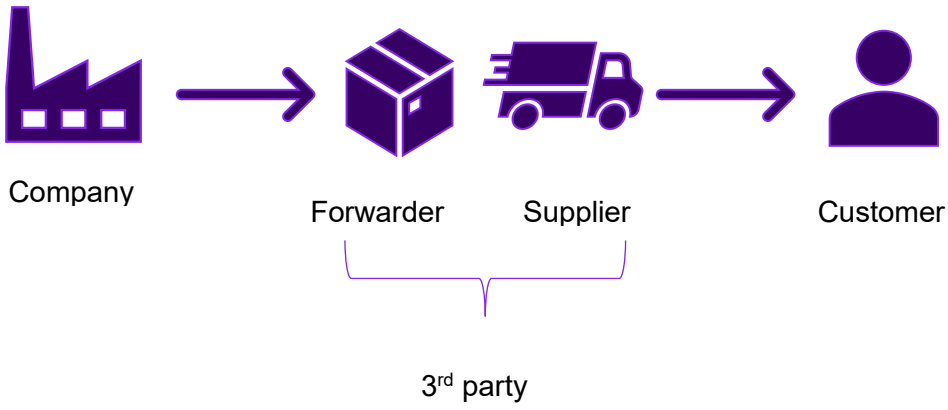
The referenced Customer Order will change status back to “Picked”.


Customer Order V10260 1 of 1
Picked
Share
Operations
Freight
Invoice
Related Pages
Order No
V10260
Customer
DU-BRCUST-1 - DU-BRCUST-1
Site
DUBR1
Order Type
NO
Wanted Delivery Date/Ti...
7/18/22, 12:00 AM
Order Amounts
Total Net Amount/Base
100.00 BRL
Total Contribution Margi...
0.00 BRL
Contribution Margin(%)
0.00
Total Net Amount/Curr
100.00 BRL
Total Tax Amount/Curr
76.13 BRL
Total Gross Amount/Curr
176.13 BRL
LINES
RENTAL LINES
ORDER DETAILS
CHARGES
INVOLVED PARTIES
24
Line No
Del No
Sales Part No
Sales Part Description
Sales Qty
Sales UoM
Confirmed

4.10 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.

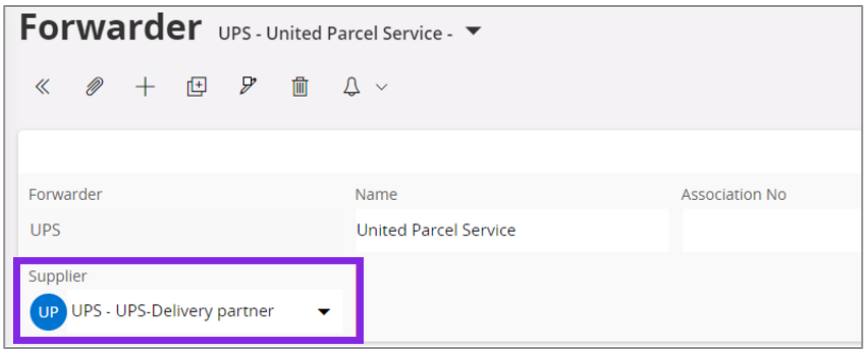
4.10.1 PROCESS OVERVIEW

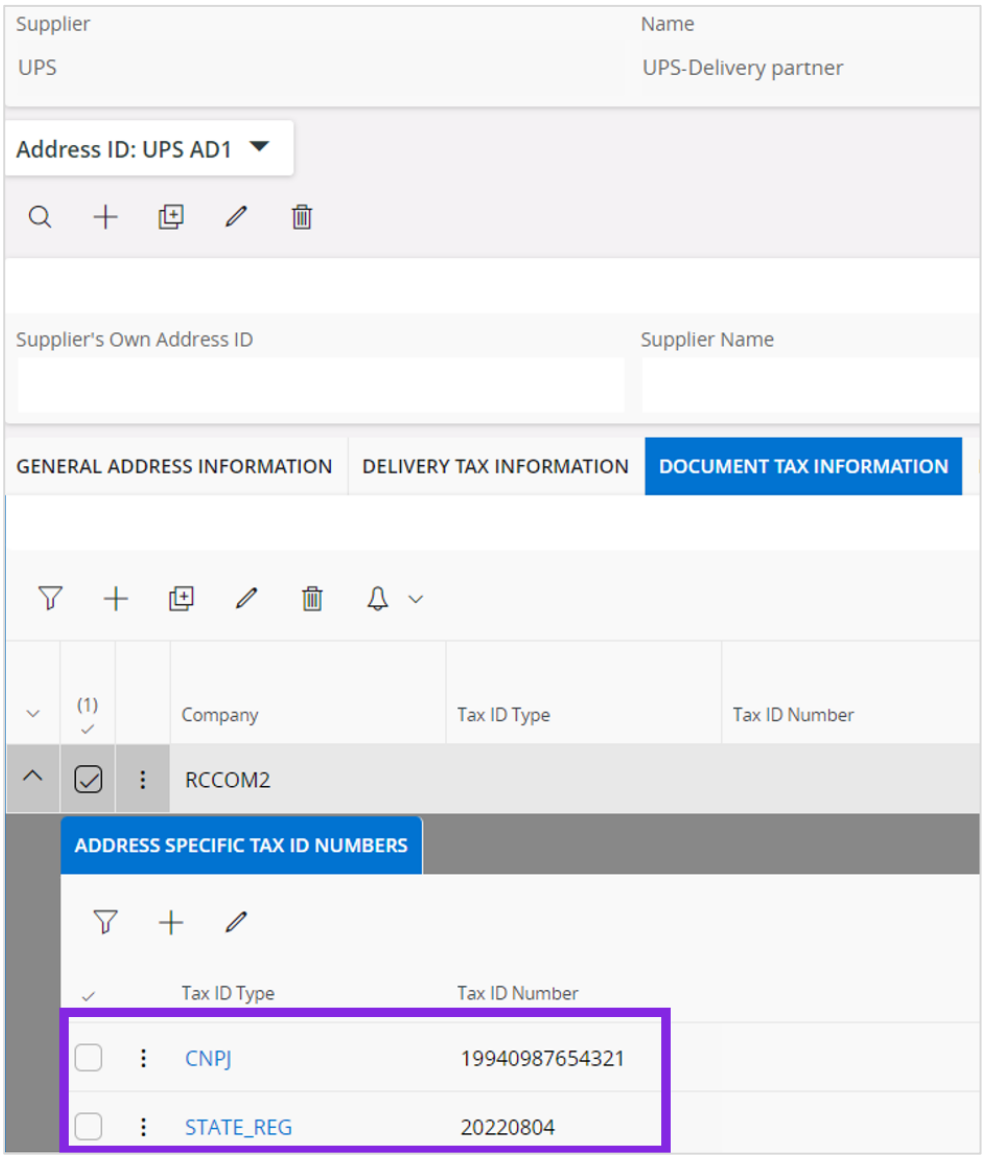


4.10.2 BASIC DATA

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.





4.10.3 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 :

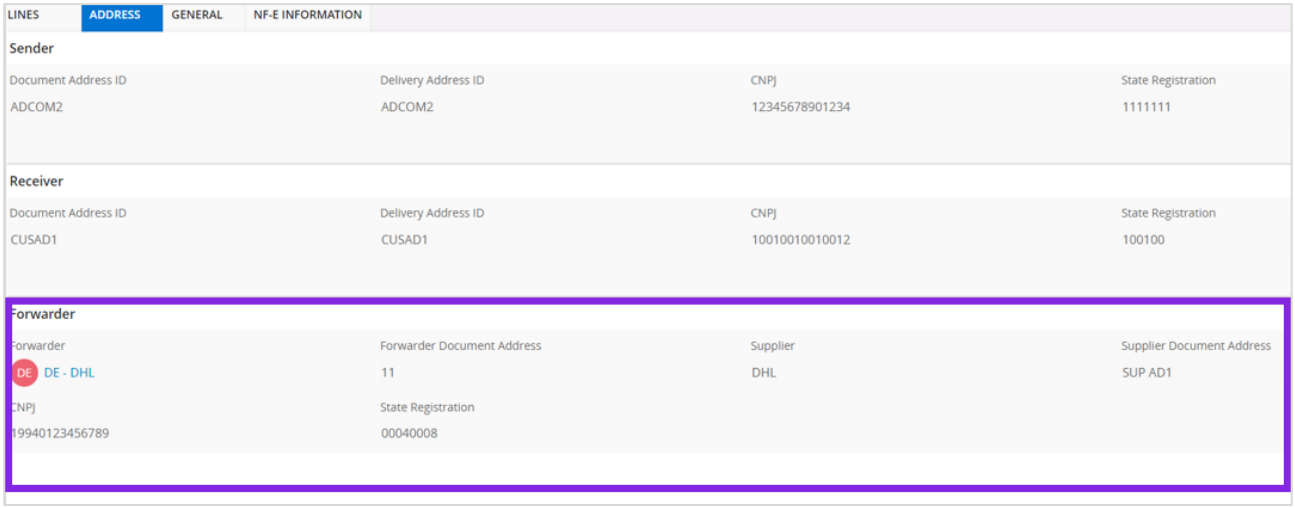
Attributes
Vehicle License Plate
Vehicle Country
Vehicle State
Volume Numbers
Volume Labels

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

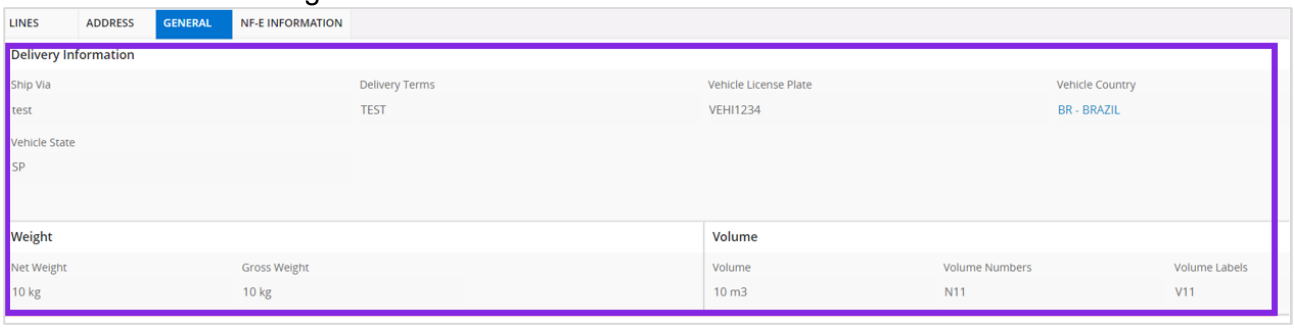
Attributes	Data entry method in customer order	Data entry method in Shipment order

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.



4.10.4 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>
```

4.11 Enter Invoicing Plan/Project Transaction

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

4.12 Create Project Invoice

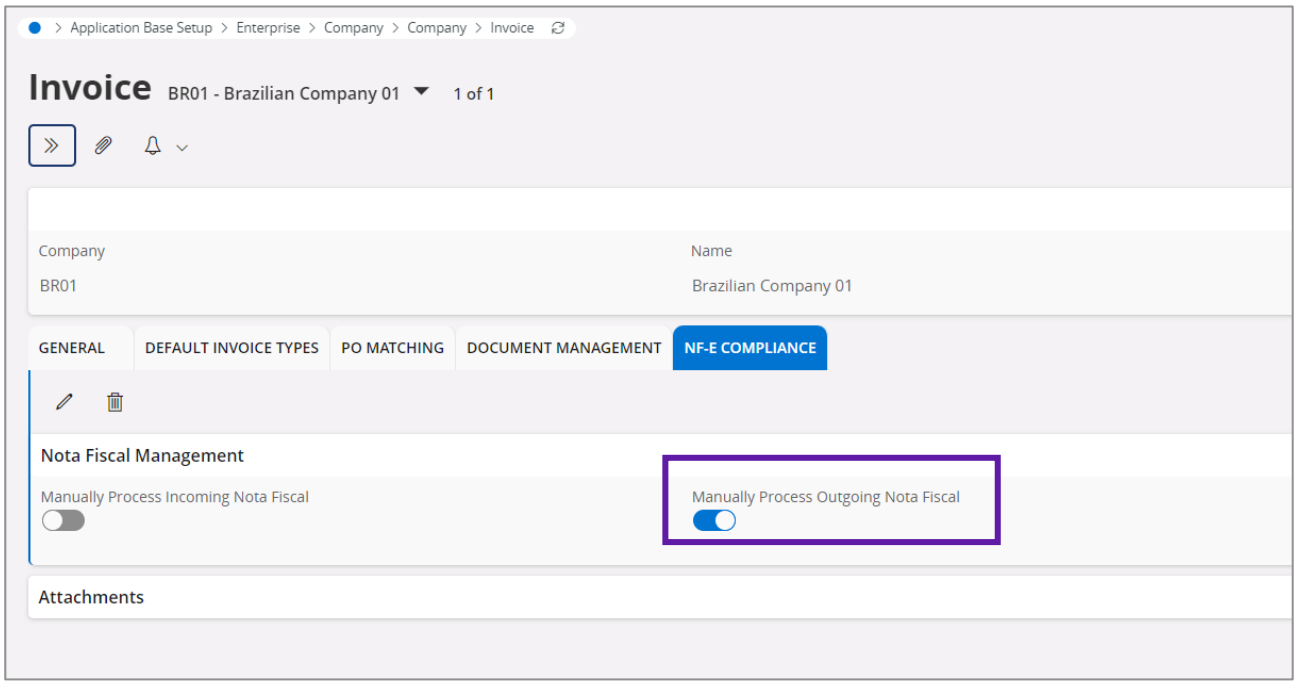
Create a preliminary Project Invoice.

Note

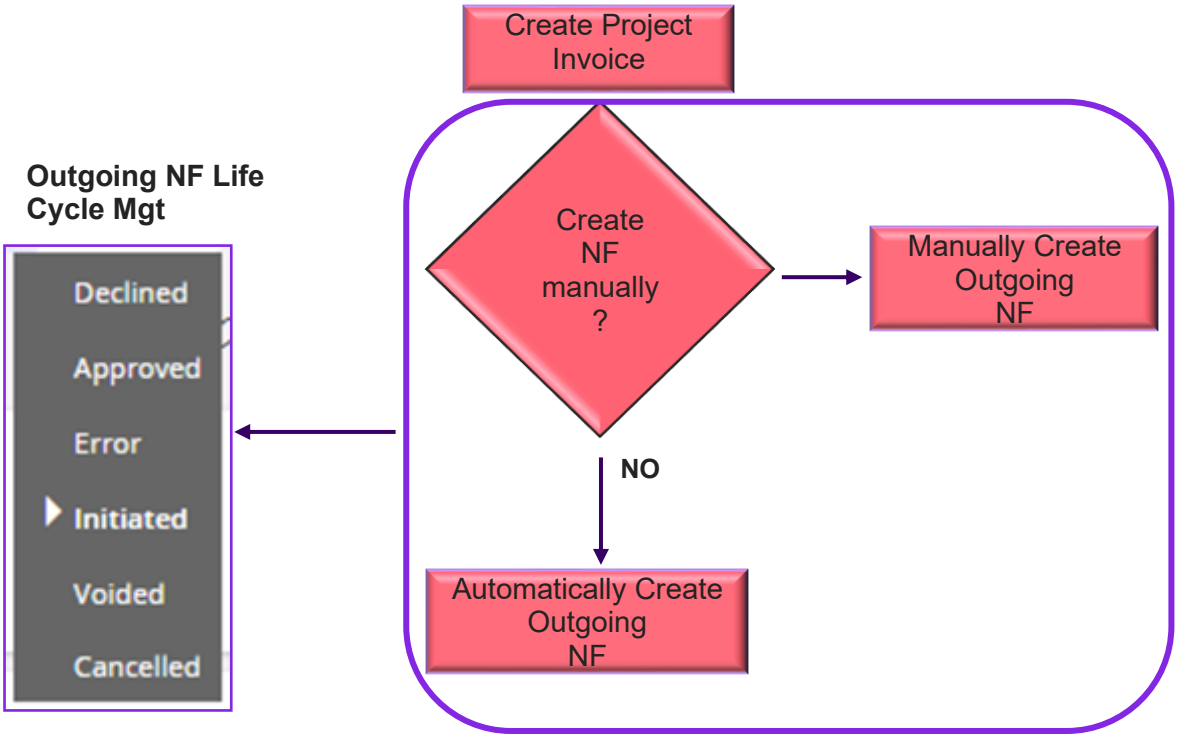
-When the Project Invoice created and is in "Preliminary" state, the IFS standard command on Project Preliminary Invoice "Send and Release Invoice"/"Release Invoice" is disabled.

4.13 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

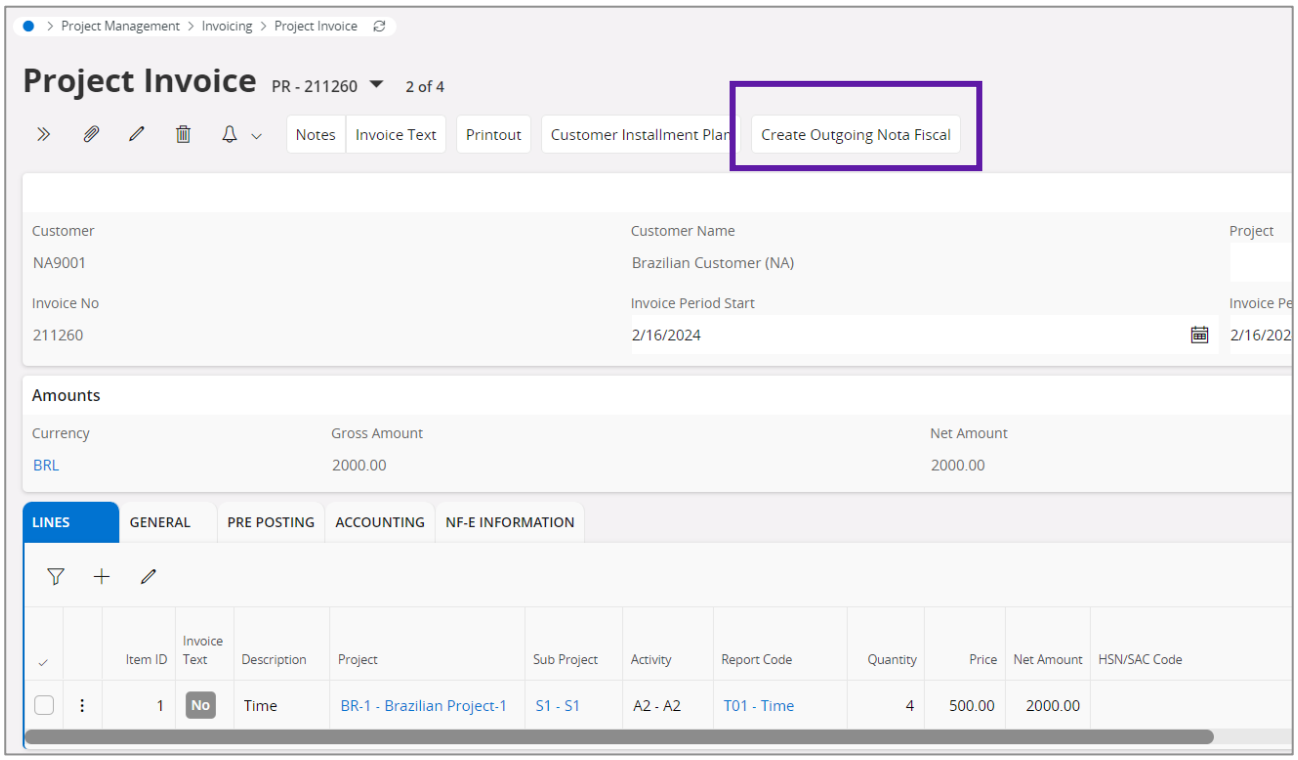


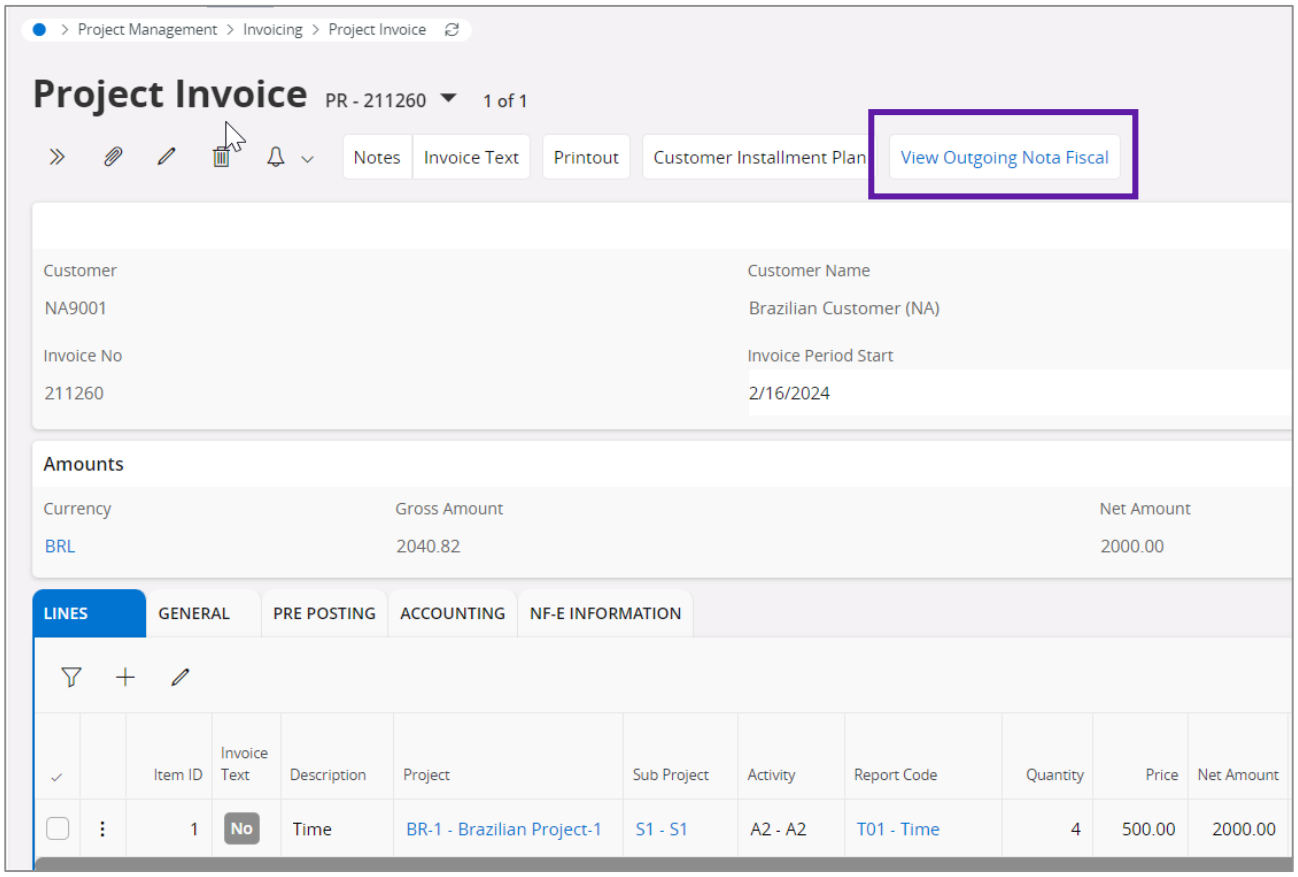
Below table shows, how this Company level parameter, *"Manually Process Nota Fiscal*" works with Project Invoice and the *Outgoing Nota Fiscal*.

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.

4.13.1 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

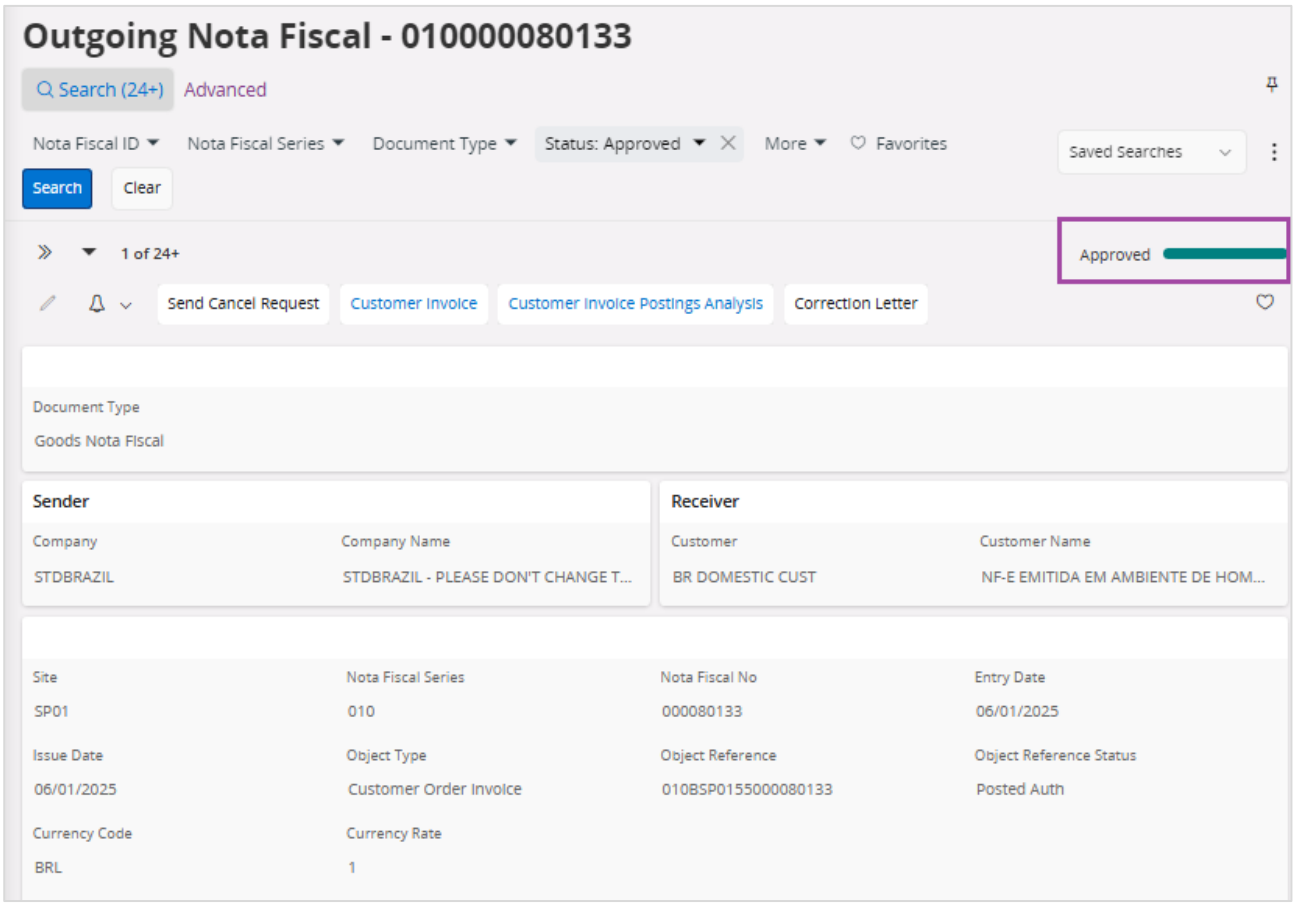
4.13.2 OUTGOING NF **AUTOMATICALLY CREATED**

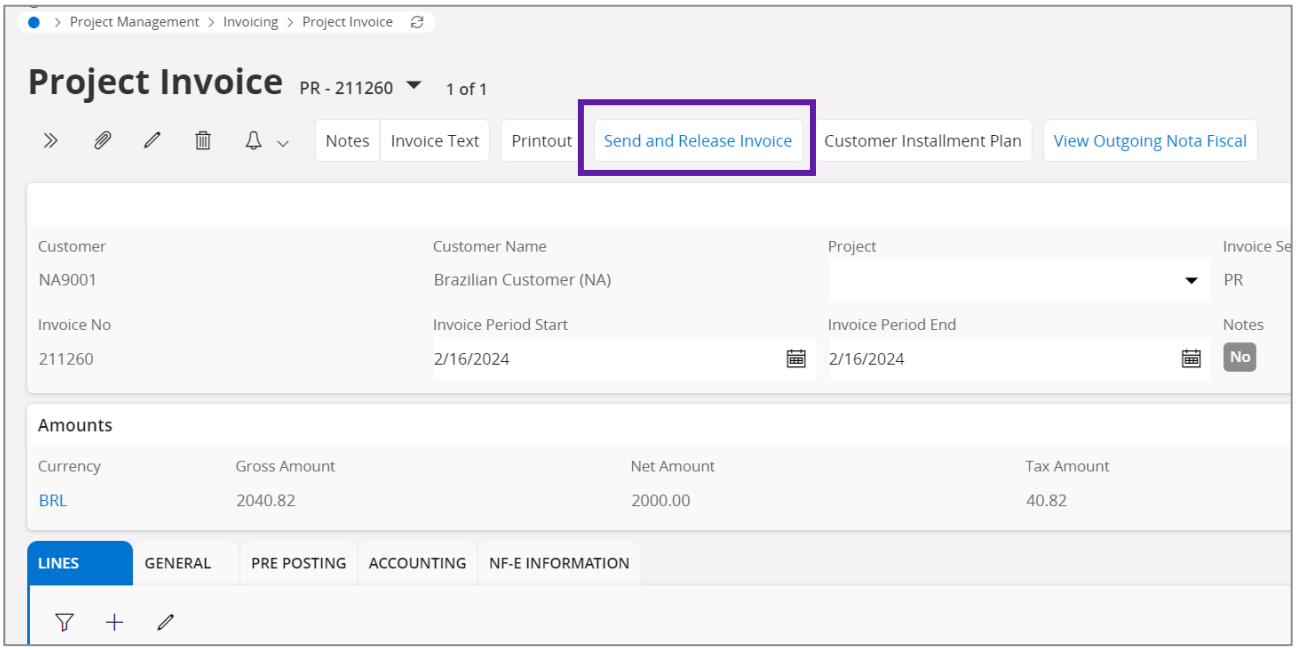
When the Company parameter, "Manually Process Nota Fiscal" is disabled, the Outgoing Nota Fiscal Object is automatically created in the Project Invoicing flow.

4.14 Outgoing Nota Fiscal Life Cycle Management

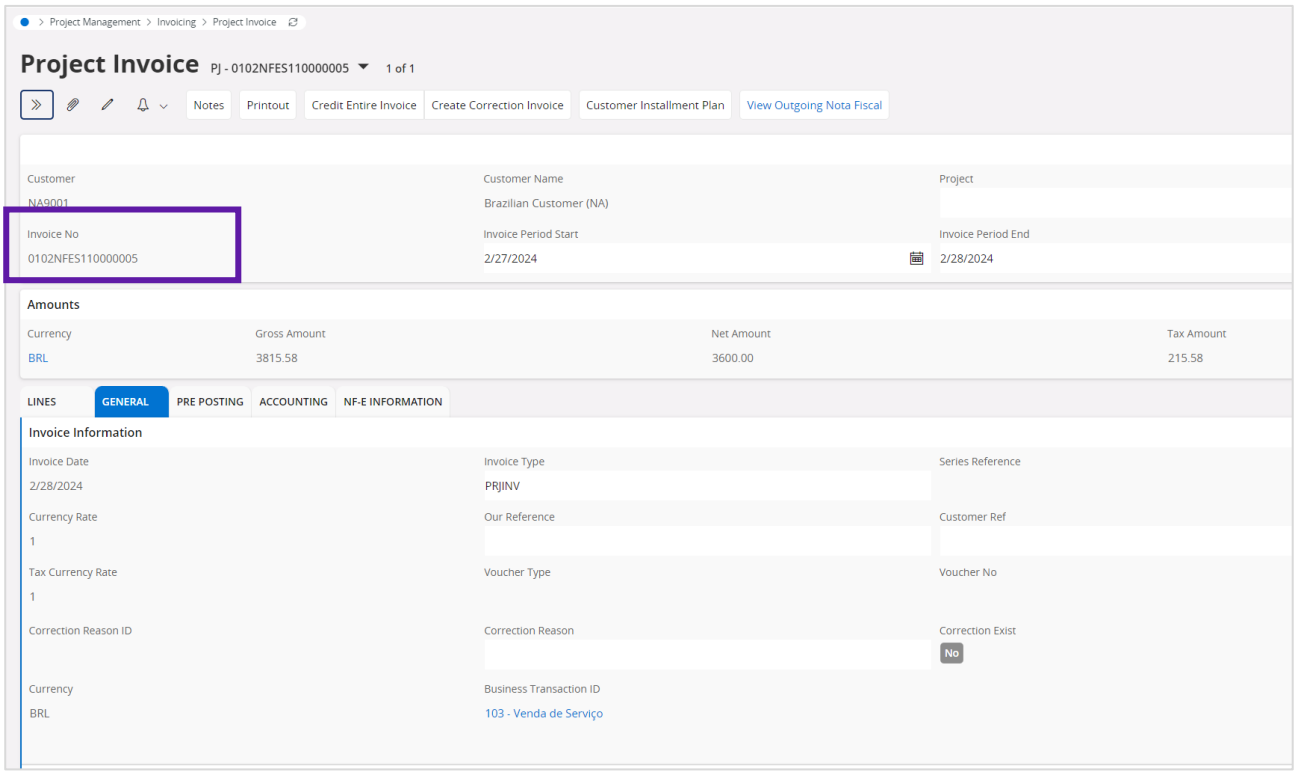
4.14.1 OUTGOING NF APPROVED

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



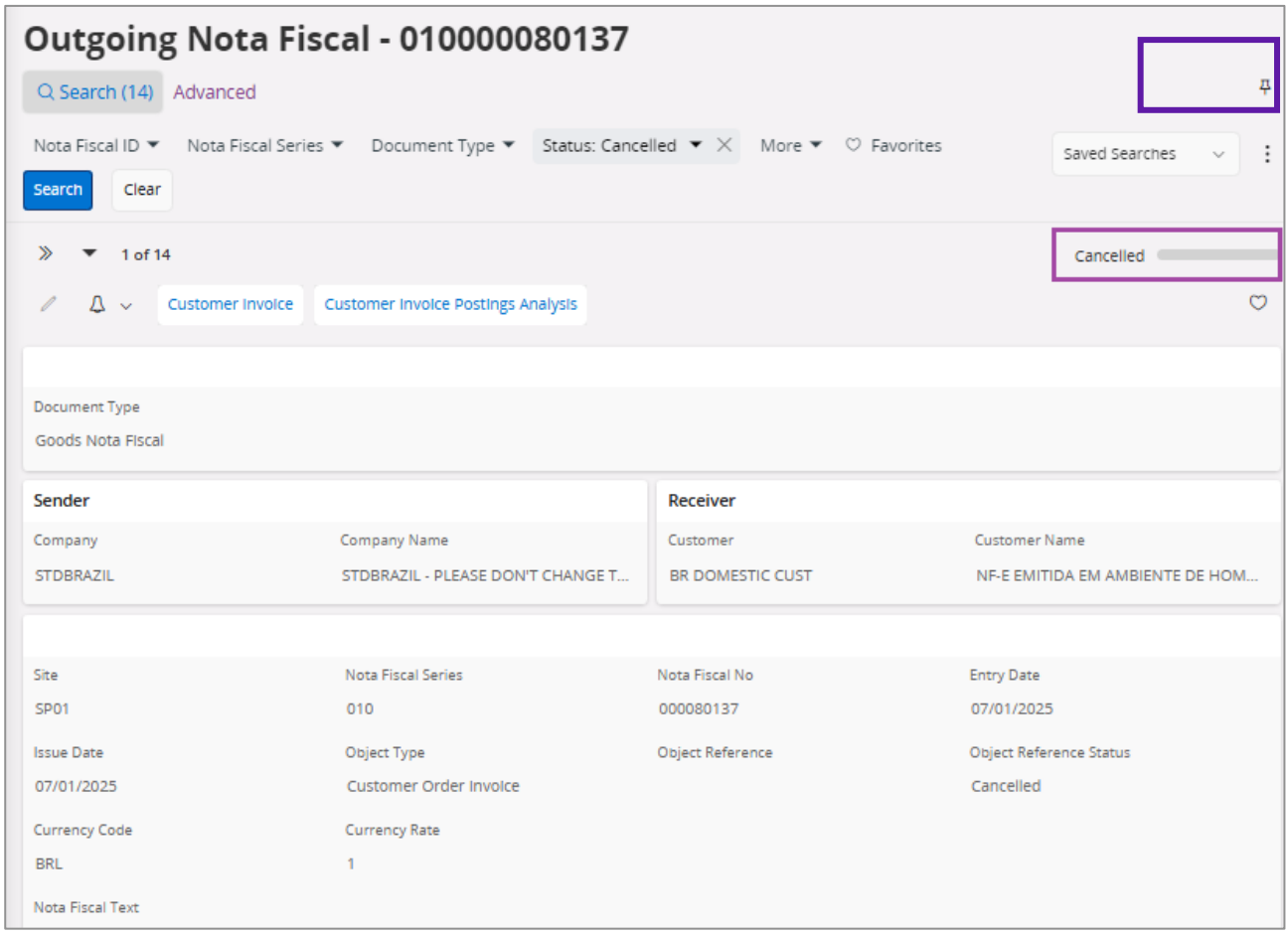


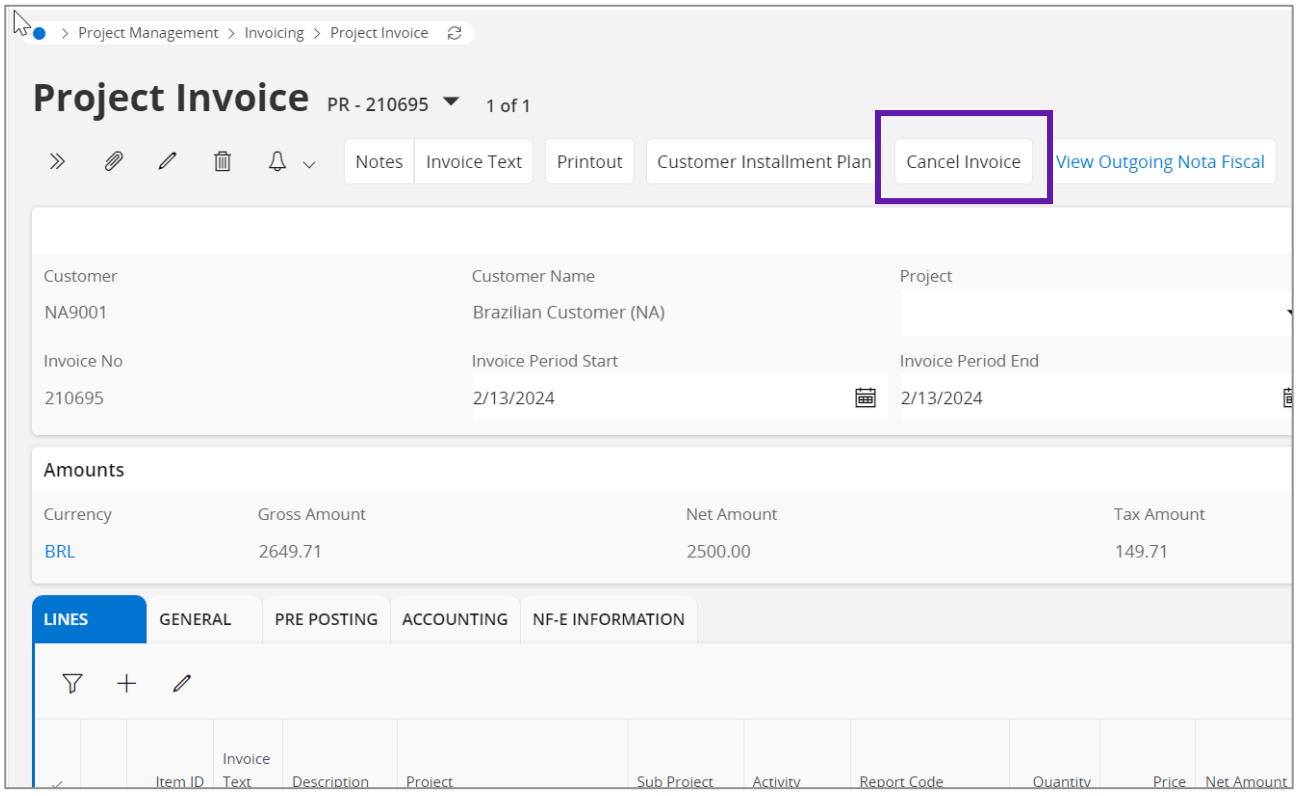
Users can send the Project Invoice of the approved Outgoing Nota Fiscal to the customer. Once the Project Invoice is sent, the status of the invoice will change to **PostedAuth,** and the Invoice No will be updated with the official document number.



4.14.2 OUTGOING NF CANCELLED

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


Outgoing Nota Fiscal - 010000080137
Search (14)
Advanced
Nota Fiscal ID
Nota Fiscal Series
Document Type
Status: Cancelled
More
Favorites
Saved Searches
Search
Clear
1 of 14
Cancelled
Customer Invoice
Customer Invoice Postings Analysis
Document Type
Goods Nota Fiscal
Sender
Company
Company Name
STDBRAZIL
STDBRAZIL - PLEASE DON'T CHANGE T...
Receiver
Customer
Customer Name
BR DOMESTIC CUST
NF-E EMITIDA EM AMBIENTE DE HOM...
Site
Nota Fiscal Series
Nota Fiscal No
Entry Date
SP01
010
000080137
07/01/2025
Issue Date
Object Type
Object Reference
Object Reference Status
07/01/2025
Customer Order Invoice
Cancelled
Currency Code
Currency Rate
BRL
1
Nota Fiscal Text


Project Management
Invoicing
Project Invoice
Project Invoice
PR - 210695
1 of 1
Notes
Invoice Text
Printout
Customer Installment Plan
Cancel Invoice
View Outgoing Nota Fiscal
Customer
Customer Name
Project
NA9001
Brazilian Customer (NA)
Invoice No
Invoice Period Start
Invoice Period End
210695
2/13/2024
2/13/2024
Amounts
Currency
Gross Amount
Net Amount
Tax Amount
BRL
2649.71
2500.00
149.71
LINES
GENERAL
PRE POSTING
ACCOUNTING
NF-E INFORMATION
Item ID
Invoice Text
Description
Project
Sub Project
Activity
Report Code
Quantity
Price
Net Amount

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”.

4.14.3 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.

4.15 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.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

5 Outgoing Nota Fiscal for Services

5.1 Overview Legal Requirement

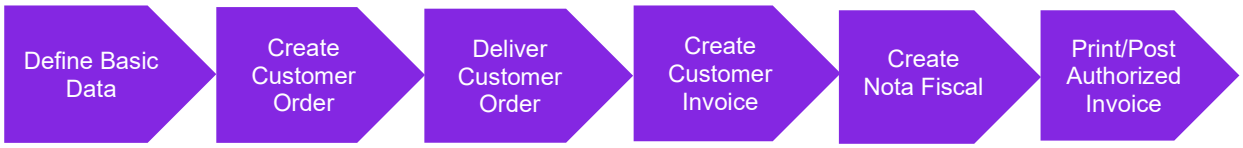
The Service Nota Fiscal (NFS, NFS-e) is a mandatory official document required to validate the provision of services in Brazil. It includes essential details, such as the service description, provider and customer information, price, the applicable service tax (ISS), and, in some cases, tax withholdings.

The document must always be issued in Brazilian Real (BRL). It serves as a tax record for services provided by a company to an individual or another company operating within Brazil.

5.2 Process Overview

In IFS Applications, the issuing of outgoing Service Nota Fiscal is available in two flows:

Customer Order



Project Invoice – Initial Solution



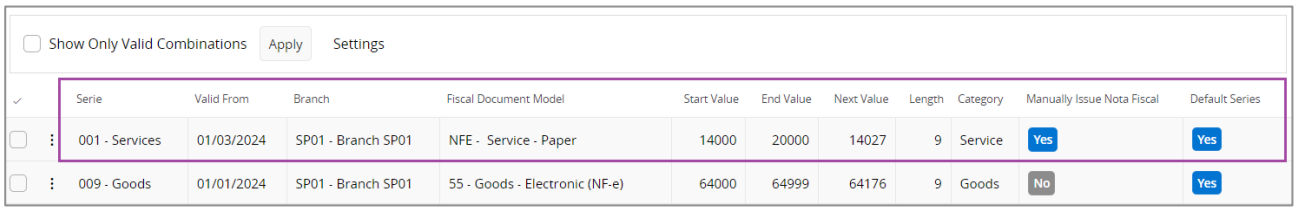
5.3 Prerequisites

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.

The "Post Preliminary Tax Withholding" parameter located in Application Basic Setup/Enterprise/Company/Company/Tax Control/Invoice tab must be disabled to ensure correct withholding tax calculation in Brazilian withholding scenarios.

Note that also parameters “Acquisition Origin”, “Business Operation”, “Address Specific Tax ID Numbers”, “Goods/Services Statistical Codes”, NBS Code, “Extended Tax Codes Tax Calculation Structures set-up”, and “Allow Cancel Customer Invoices” must be enabled to fulfill data requirements for the Nota Fiscal. The External Tax Codes Mapping must also be configured for given the Company; this is used to record taxes returned by external tax system in the application side. Please see the specific chapters on how to set up the data needed.

The default series used to issue service Nota Fiscal must be selected for Manually Issue Nota Fiscal in the Official Document Number:


Show Only Valid Combinations | Apply | Settings

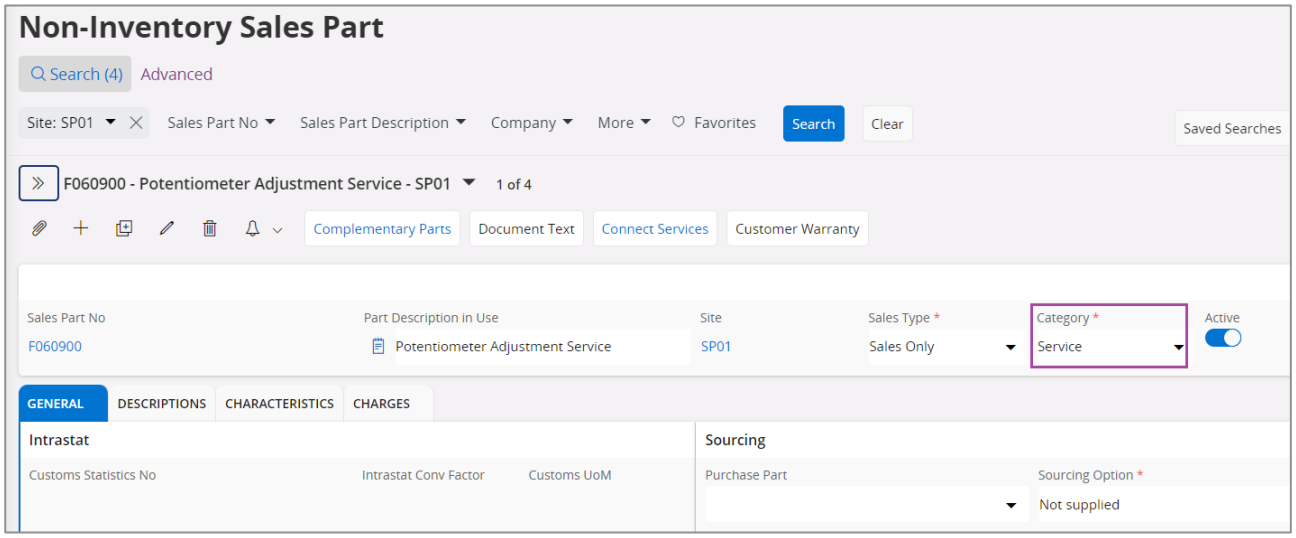
Serie	Valid From	Branch	Fiscal Document Model	Start Value	End Value	Next Value	Length	Category	Manually Issue Nota Fiscal	Default Series
001 - Services	01/03/2024	SP01 - Branch SP01	NFE - Service - Paper	14000	20000	14027	9	Service	Yes	Yes
009 - Goods	01/01/2024	SP01 - Branch SP01	55 - Goods - Electronic (NF-e)	64000	64999	64176	9	Goods	No	Yes

5.4 Define Basic Data

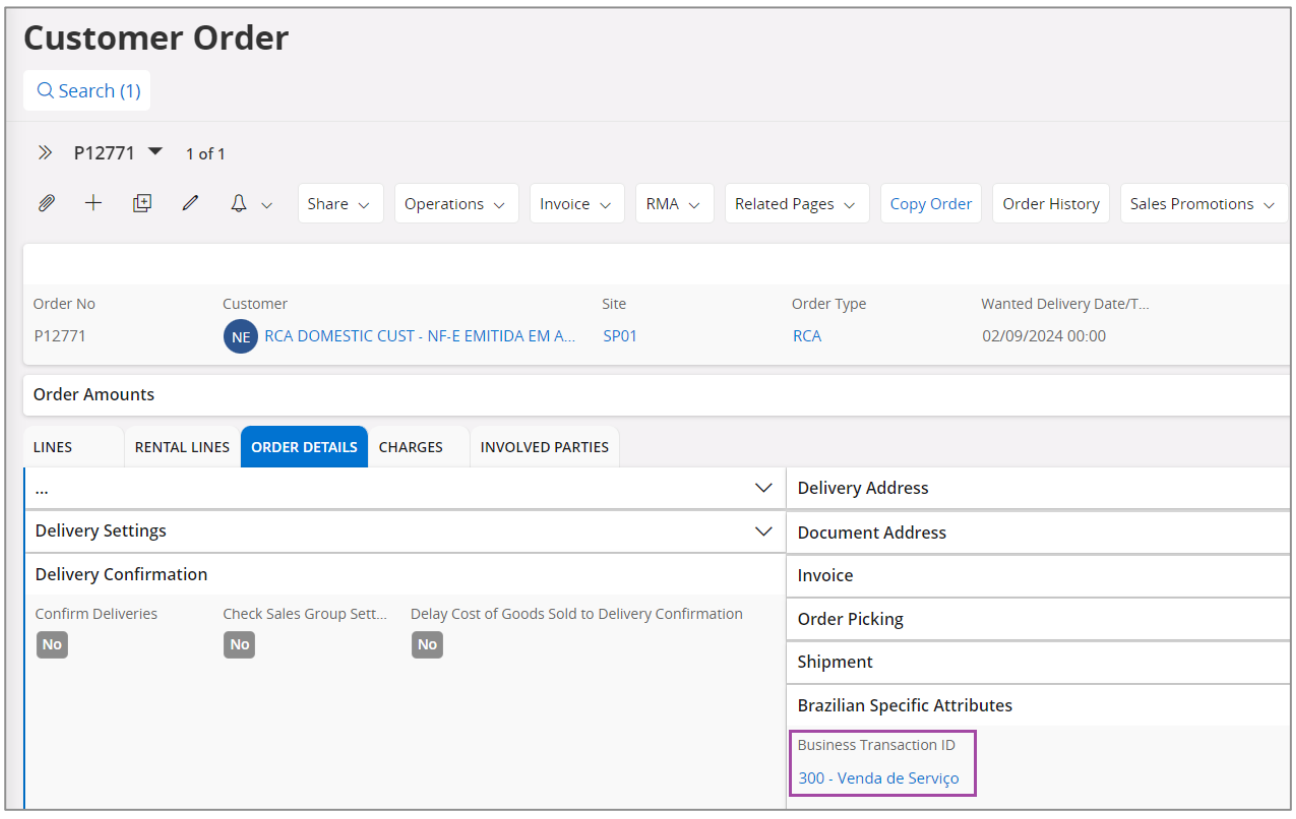
To fulfill the requirements for mandatory data in the Service Nota Fiscal, please see details in the chapters about Official Document Number, Brazilian Specific Fiscal Attributes, Goods/Services Statistical Codes and Service Codes per Service and City.

5.5 Creating Service Nota Fiscal in Customer Order flow

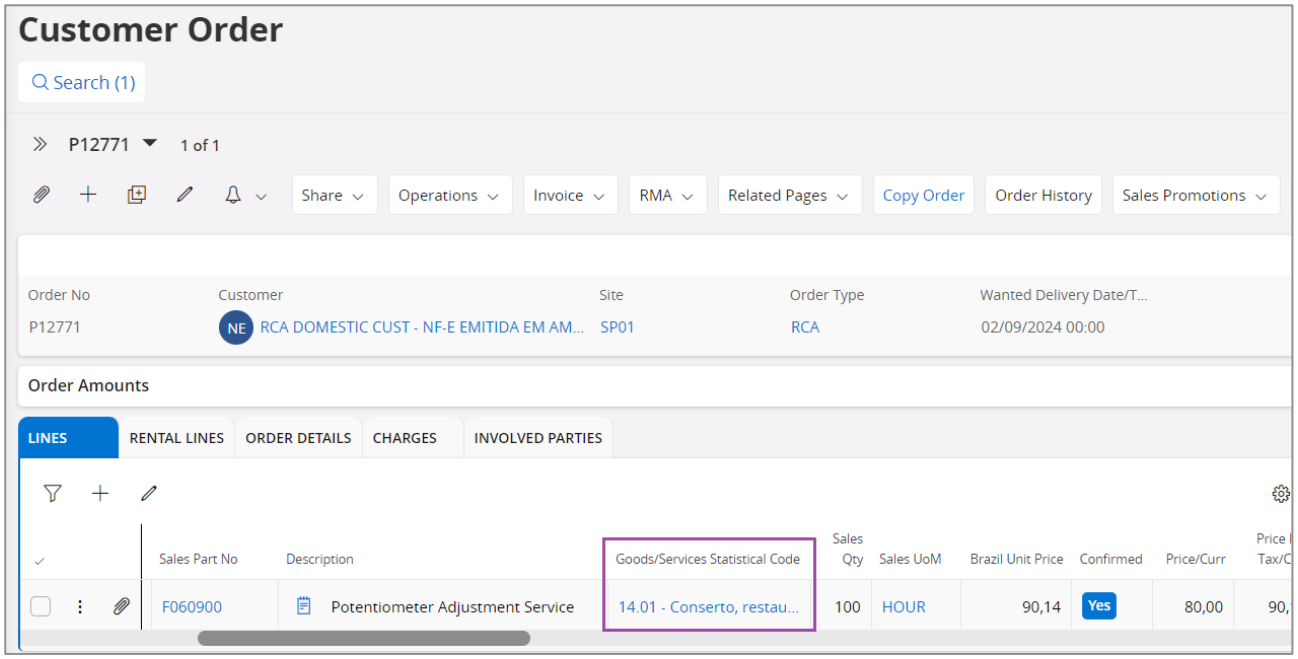
Enter a Customer Order to sell the service item using a Non-Inventory Sales Part, set with Category "Service":



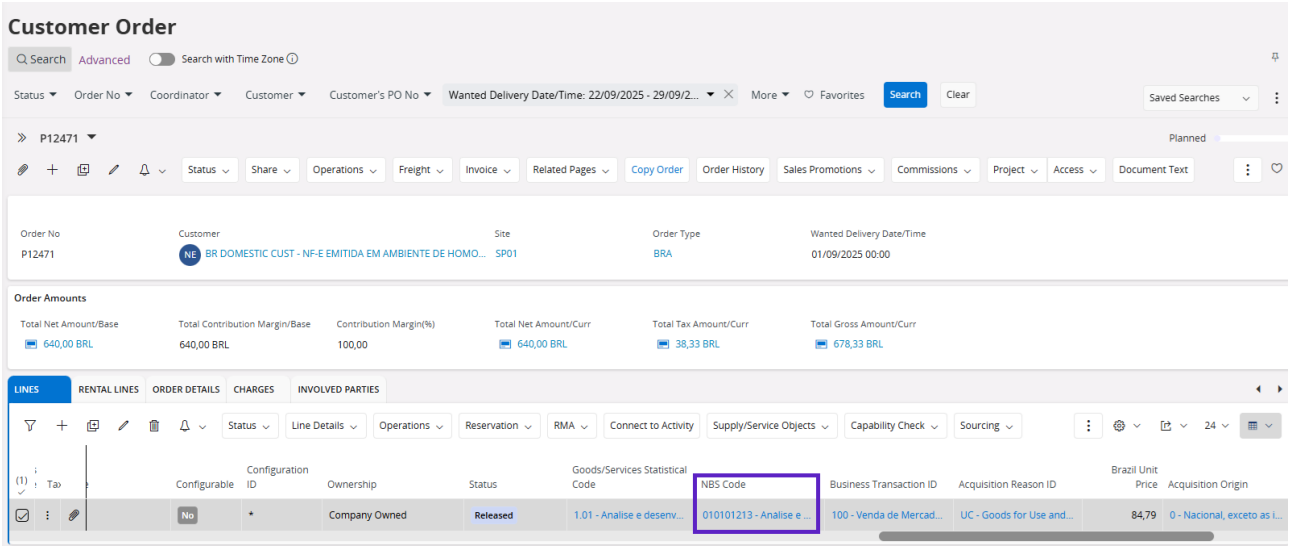
The default Business Transaction ID set in the Delivery Tax Information of Customer's Address is fetched into the field Business Transactions ID, in the Order Details tab:



In the Lines tab, the federal service code is fetched from Goods/Services Statistical Codes defined for Non-Inventory Sales Parts:



In the Lines tab, the NBS code is fetched from Goods/Services Statistical Codes (NBS Code checked) defined for Non-Inventory Sales Parts:



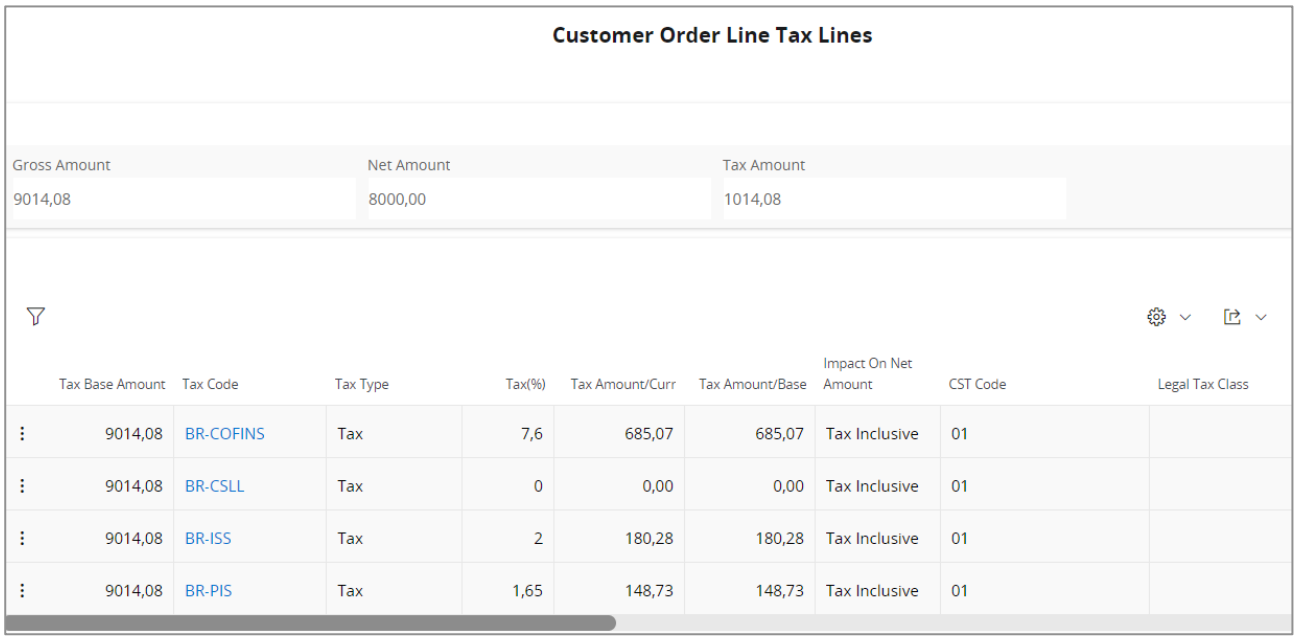
When a Customer Order line is saved or modified, the application sends a request to the external tax system Avalara. This request is in JSON format, communicated via REST API, and includes all relevant attributes at the installation, entity, part, and transaction levels necessary for tax determination.

Key attributes includes:

- The External Tax System Reference set for the Business Transaction ID used.
- The Goods/Service Statistical Code (Federal Service Code – LC 116).
- The NBS Code of goods/services statistical code (Service Code – Brazilian Tax Reform)
- Service Codes according to the specific list provided by administration of cities involved in the business transaction.

All of which are crucial for accurate tax calculation. Once Avalara returns the response, all tax details are recorded in the Customer Order Tax Lines dialog for each item.

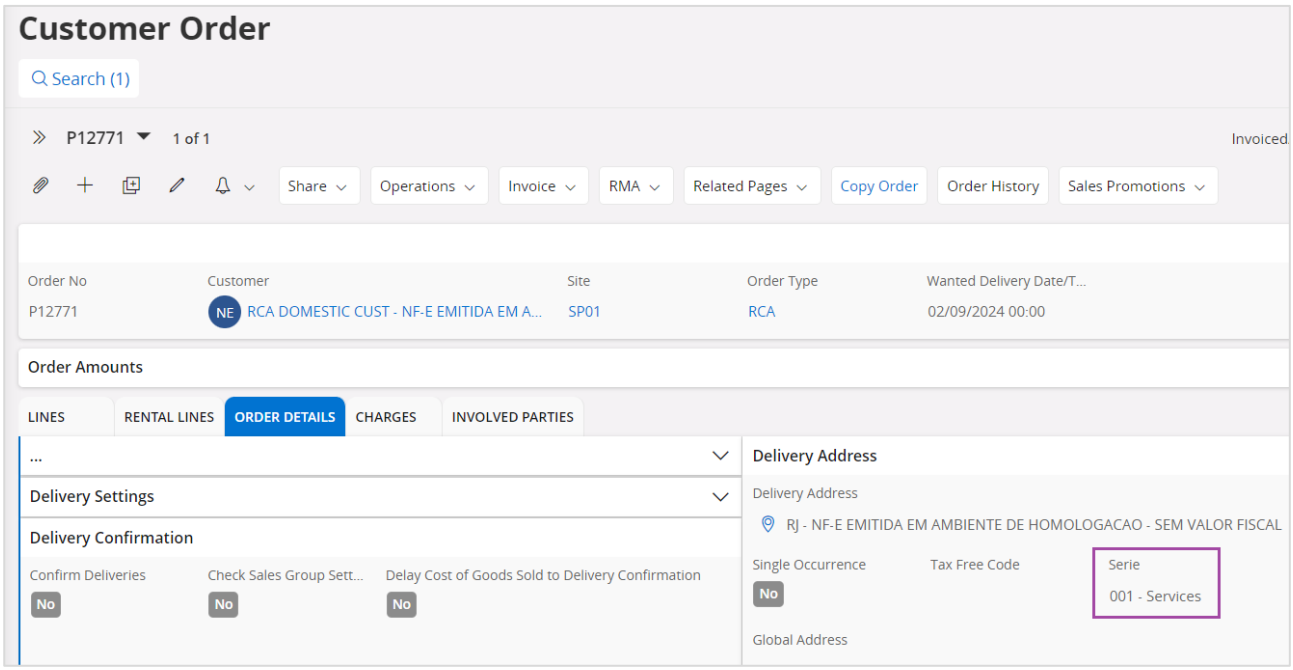
For more details about specific service codes at the city level, please refer to the chapter “Service Codes per Service and City.”



The price in the Customer Order line is communicated to Avalara as a net price. Avalara then returns the final price in the response file, including the tax-inclusive amounts. This final price is recorded in the "Brazil Unit Price" field of the Customer Order line:

Once the Customer Order lines are saved and taxes are returned, it must be processed up to the Customer Invoice, using the Core standard functionality.

In this flow, when the Customer Order is released, the application identifies the sales of service scenario based on parts entered in the lines and automatically fetches the default series set for the Services category from the Official Document Number into the Customer Order. Check the chapter Automatic Generation of Official Document Number for further details about the setup required for Nota Fiscal Series to be used when issuing Nota Fiscais in application.

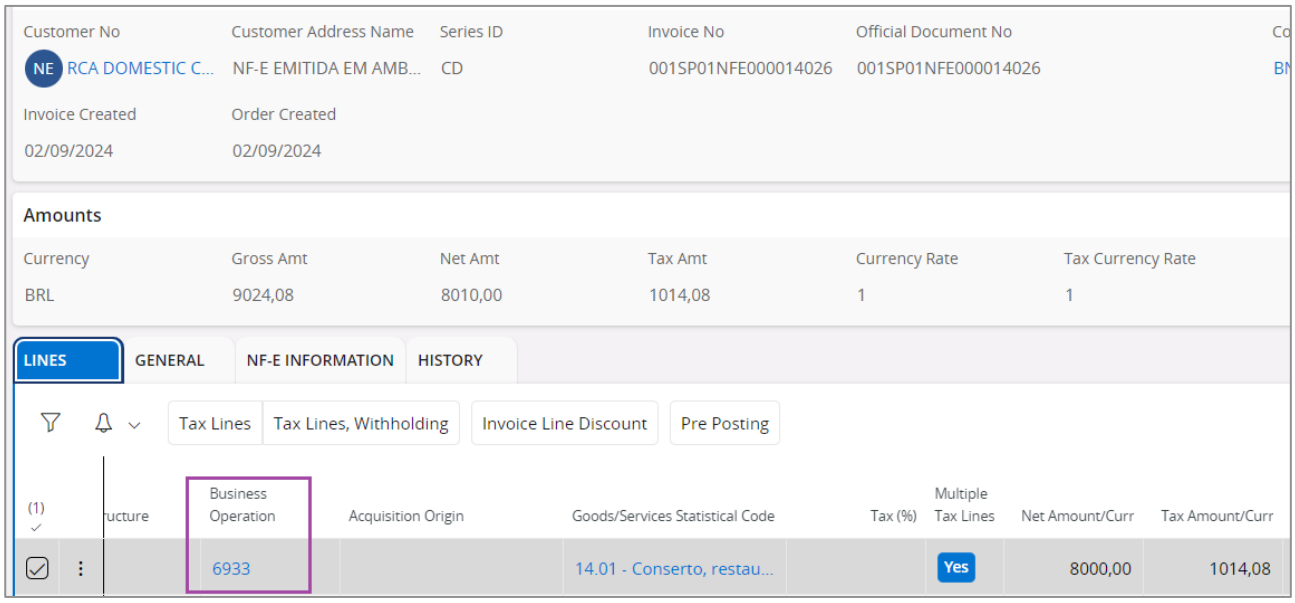


Once the Customer Invoice is created, the application sends a new tax determination request to Avalara to obtain the most up-to-date tax amounts. Similar to the Customer Order line process, the tax details returned can be verified in the Tax Lines dialog and the final price with tax-inclusive amounts is recorded in the "Brazil Unit Price" field.

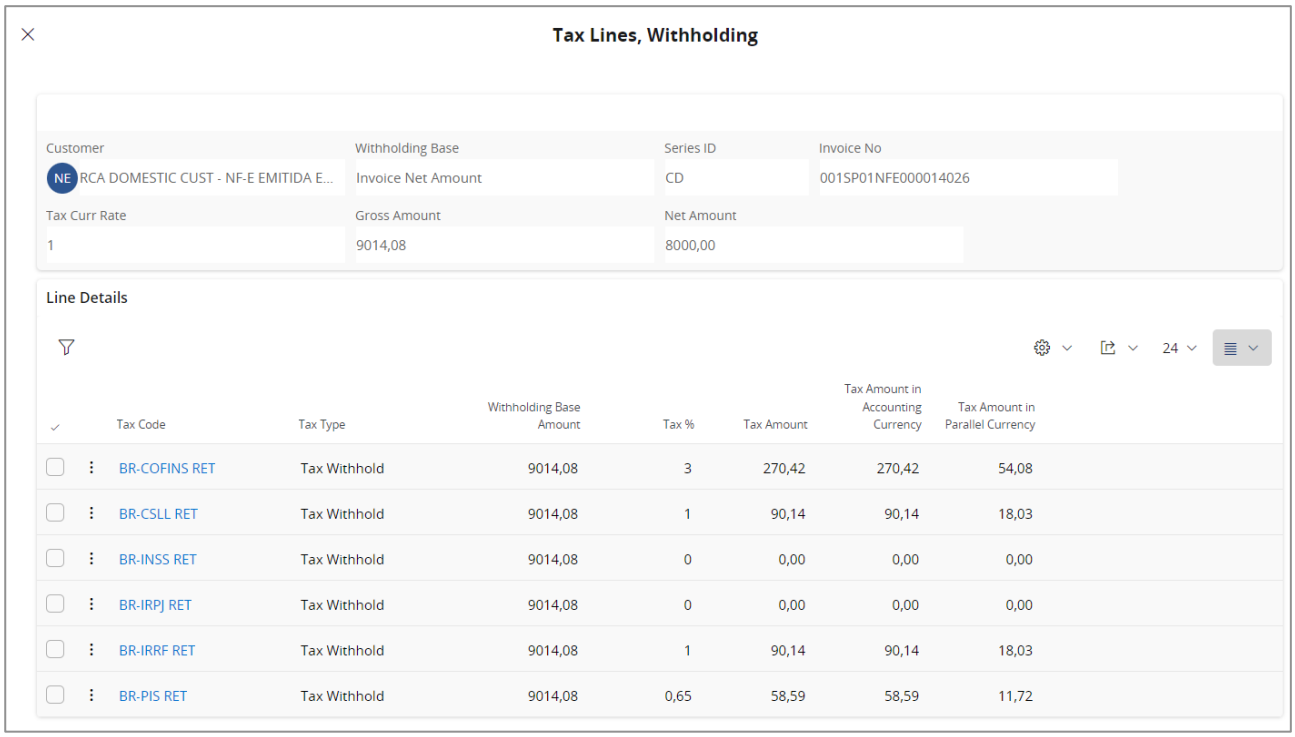
The series for Services can be verified along with the other components Branch, Fiscal Document Model and Nota Fiscal Number fetched, by clicking the button Official Document Number Components:



Additionally, the CFOP returned by Avalara is recorded in the "Business Operation" field on the Customer Invoice line:



The withholding taxes returned can be verified in the Tax Lines - Withholding dialog:

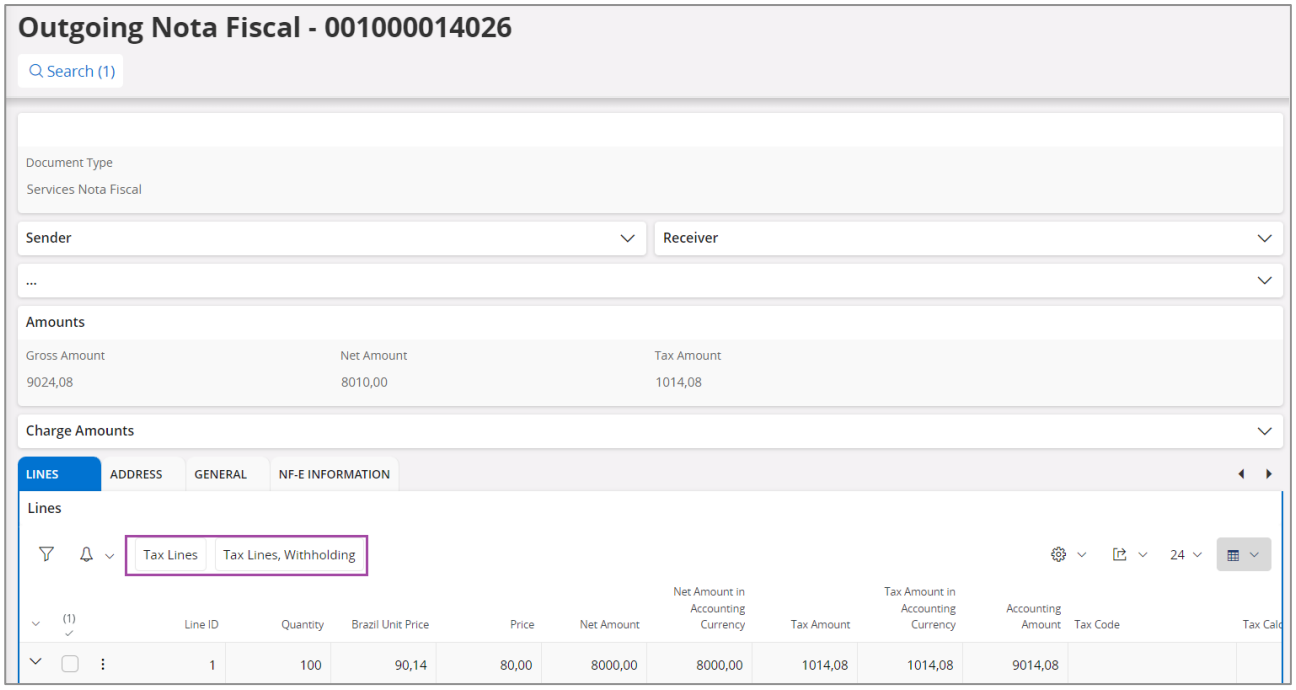


Notes: If the "Manually Process Outgoing Nota Fiscal" toggle button is selected in ***Company/Invoice/NF-e Compliance***, the Nota Fiscal must be created manually by clicking the command button "Create Outgoing Nota Fiscal" on the Customer Invoice page. If the toggle button is unselected, the Nota Fiscal will be created automatically, when the preliminary Customer Invoice is generated.

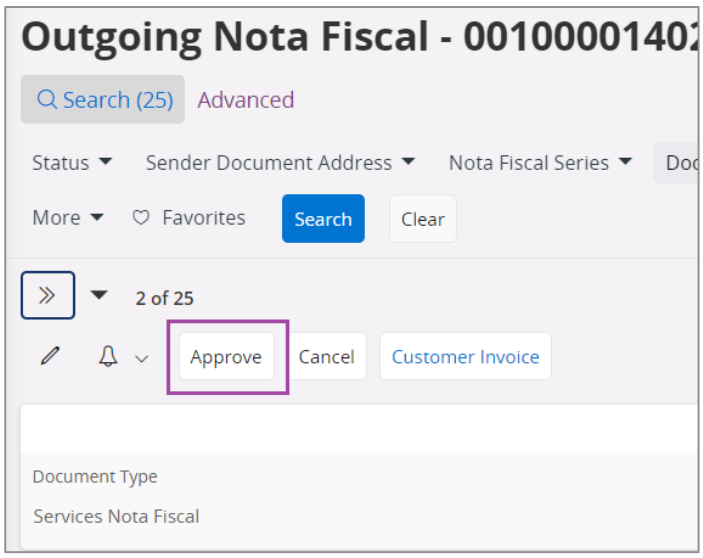
Once the outgoing Nota Fiscal is created, you can navigate from Customer Invoice to Outgoing Nota Fiscal by clicking the command button View Outgoing Nota Fiscal in the Customer Invoice page.

The Nota Fiscal created with Document Type “Services Nota Fiscal” contains all the relevant details in header and lines level.

Most of the information in the Nota Fiscal is directly copied from the related Customer Invoice, including the Brazil Unit Price, Business Operation (CFOP), Goods/Services Statistical Codes (federal service code), NBS Code, Nota Fiscal Series, Nota Fiscal Number, Fiscal Document Model, as well as regular taxes and withholding taxes, which be verified by clicking the "Tax Lines" and "Tax Lines – Withholding" buttons in the Lines tab:



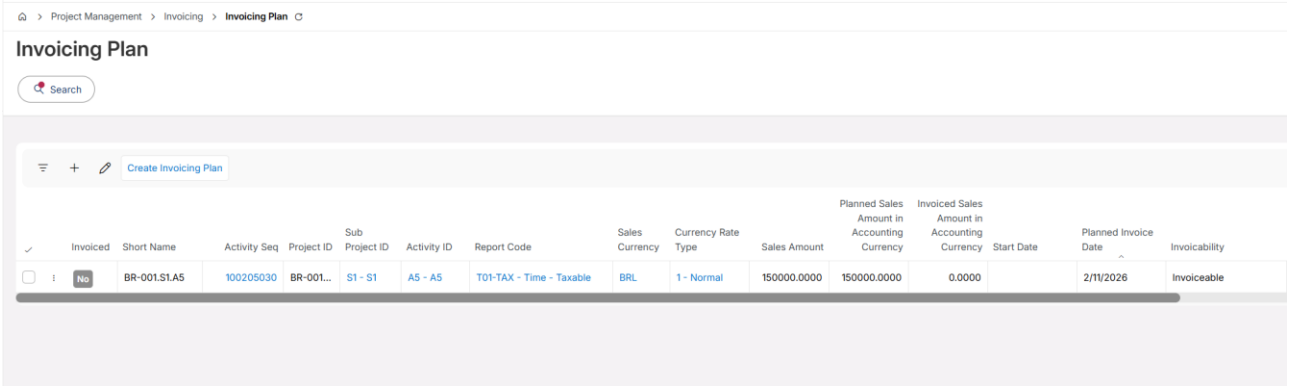
After service Nota Fiscal is created in Customer Order flow, it must be manually issued in the city hall administration web site and once the process is completed, it be approved in the application, by clicking the button Approve in the page header:



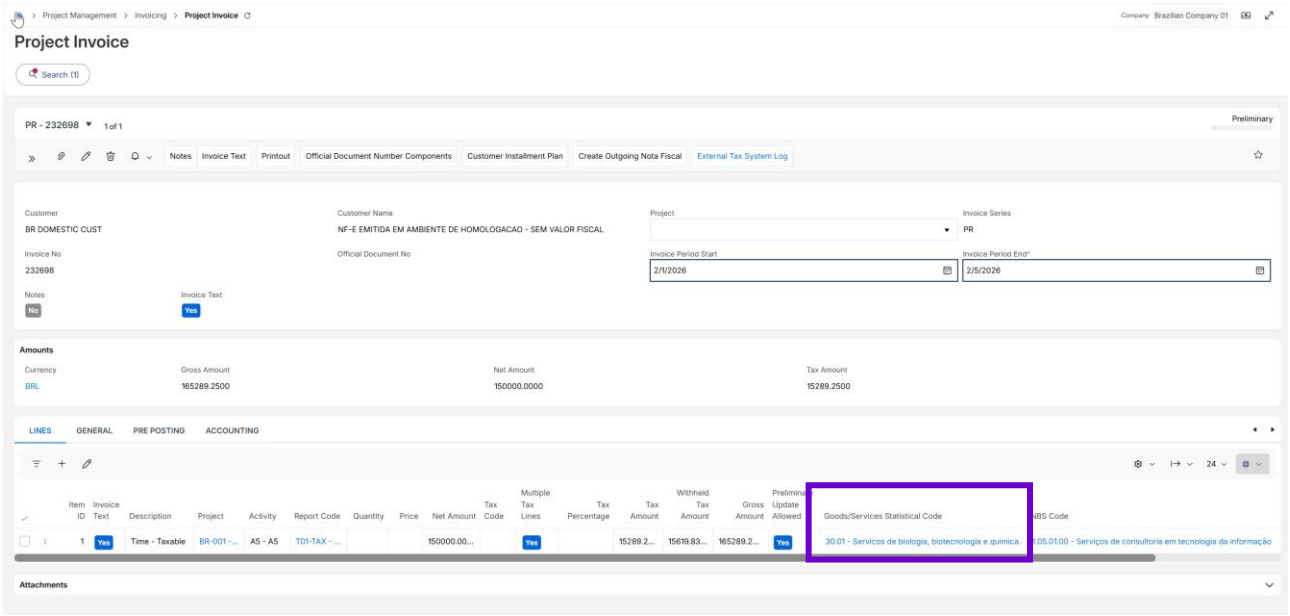
After the outgoing service Nota Fiscal is approved, the related Customer Invoice is automatically posted.

5.6 Creating Service Nota Fiscal in the Project Invoicing flow

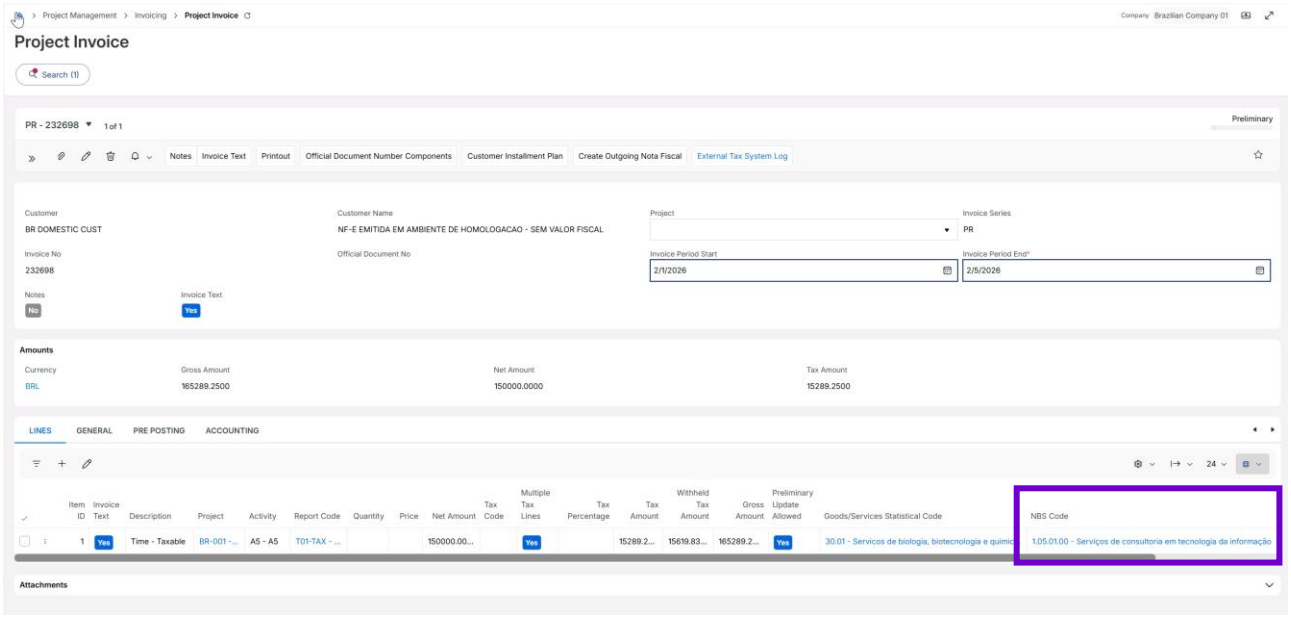
Project invoicing is driven by report codes that define the services delivered and the corresponding classification data required for tax determination. Create an invoicing plan or a project transaction using a report code.



When a project invoice is created from invoicing plans or project transactions, the ***Lines*** tab displays the federal service classification code retrieved from the Goods/Services Statistical Codes connected to the report code.



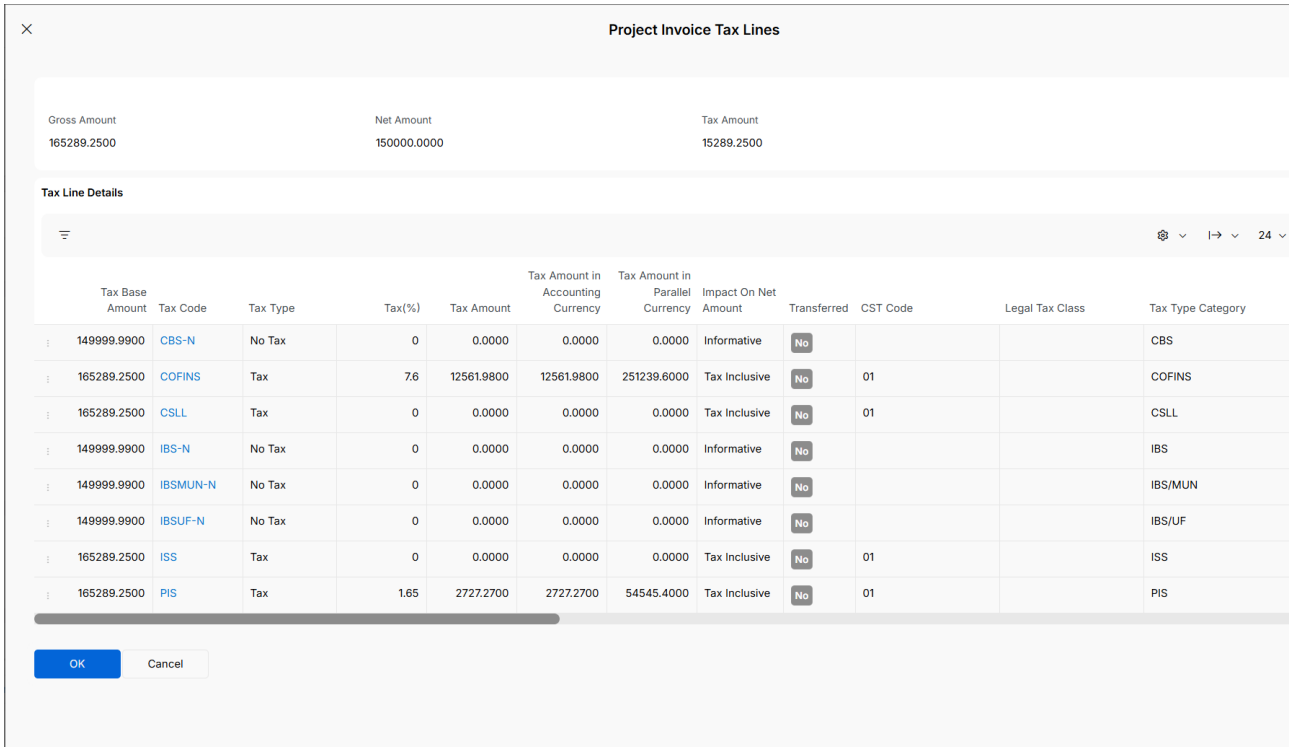
The NBS Code connected to the report code is also fetched to the project invoice line.



Each time a project invoice is created or modified, a tax calculation request is sent to Avalara. The request is sent in JSON format, and the key attributes in the request include:

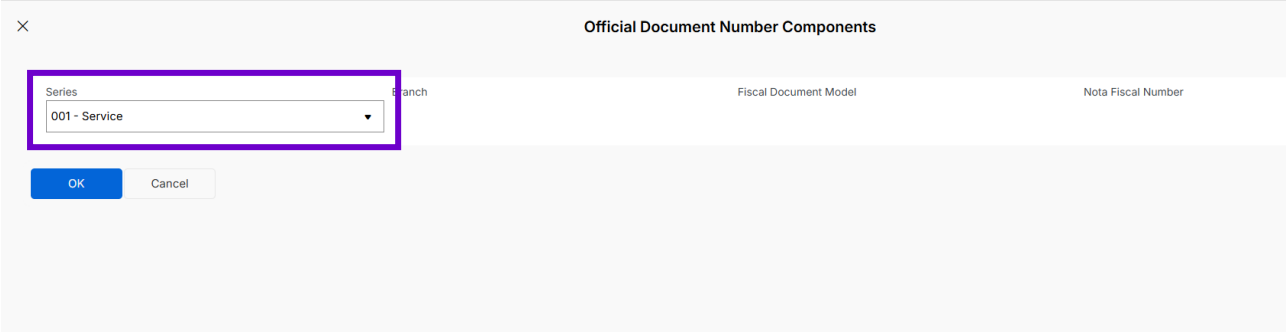
- The External Tax System Reference of the Business Transaction ID
- The Goods/Services Statistical Code (Federal Service Code – LC 116)
- The NBS Code
- The municipal service codes defined according to the cities involved in the transaction.

After Avalara returns the response, the project invoice updates the tax information in the ***Project Invoice Tax Lines*** dialog for each line. For details on city-level service codes, refer to *Service Codes per Service and City*.

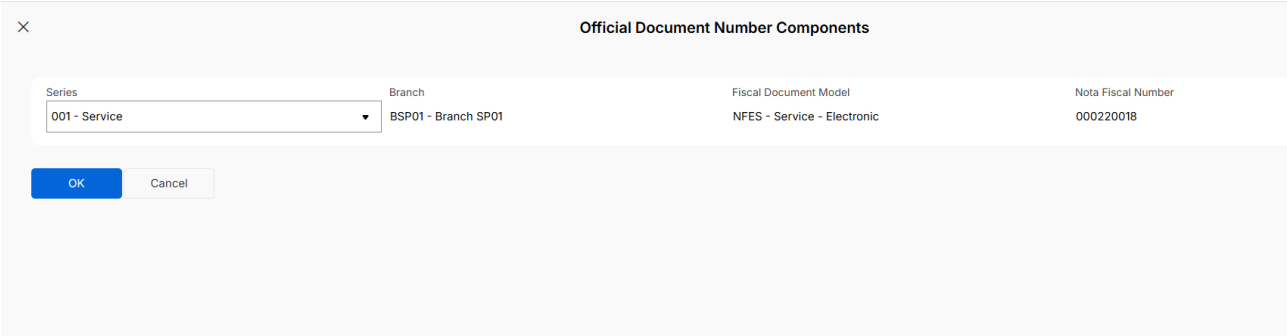


The project invoice line communicates the net price to Avalara during tax determination. Avalara returns the final price including applicable taxes, and this value is recorded in the **Brazil Unit Price** field.

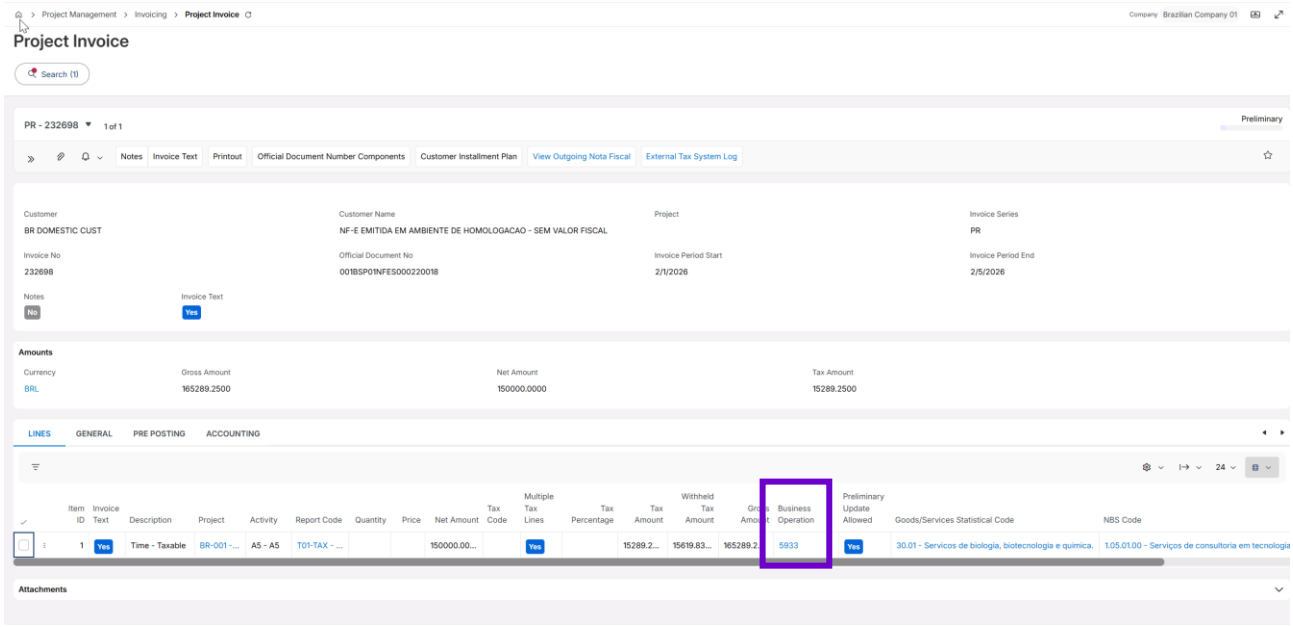
When the project invoice is created, the application fetches the default series configured for the Services category of the branch from the ***Official Document Number Components*** page into the project invoice. For details on how official document numbers are determined, refer to the *Automatic Generation of Official Document Number* section.



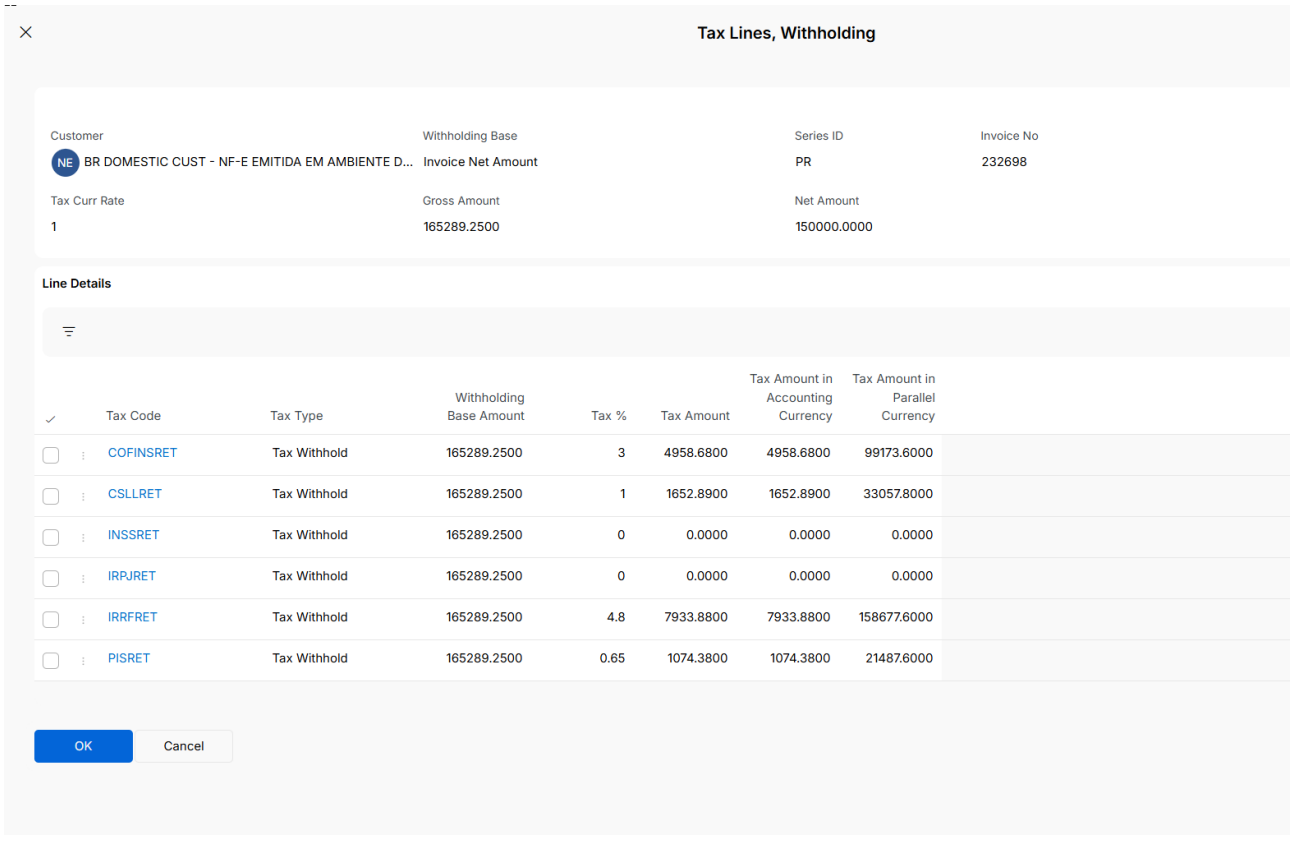
All document number components (Series, Branch, Fiscal Document Model, and Nota Fiscal Number) can be viewed through the **Official Document Number Components** command in the project invoice.



The CFOP returned by Avalara is recorded in the **Business Operation** field on the project invoice line. CFOP (Código Fiscal de Operações e Prestações) is a Brazilian transaction classification code used to determine whether a specific operation is taxable or not.



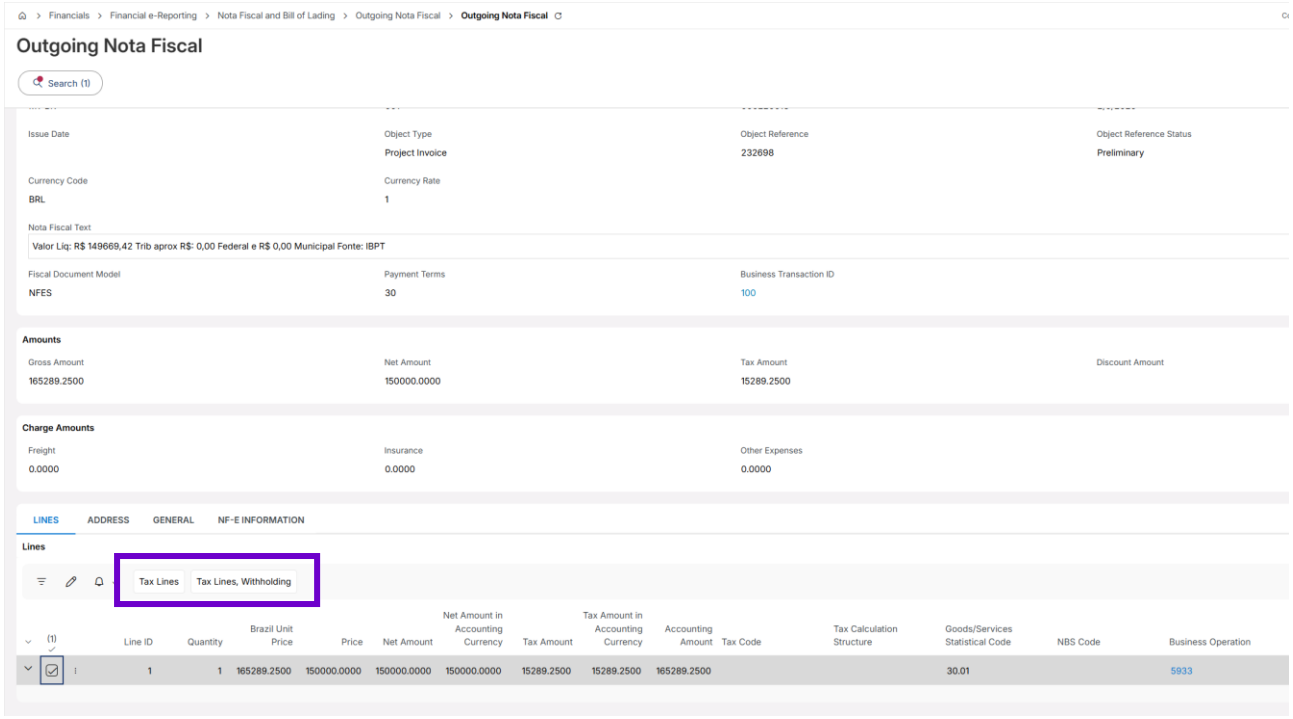
Any withholding taxes returned by Avalara can be reviewed in the **Tax Lines, Withholding** dialog.



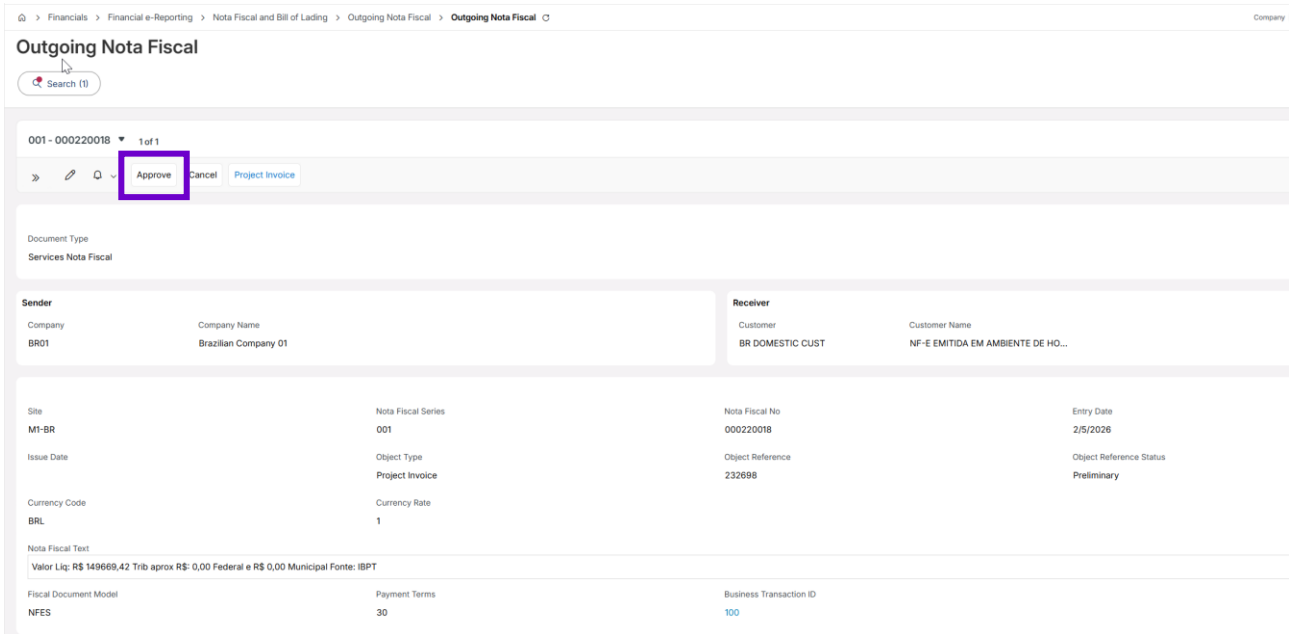
If the **Manually Process Outgoing Nota Fiscal** toggle is enabled in ***Company/Invoice/ NF-E Compliance***, the Service Nota Fiscal is created manually by selecting the **Create Outgoing Nota Fiscal** command on the ***Project Invoice*** page. If the toggle is not enabled, the nota fiscal is created automatically when the preliminary project invoice is generated. Once created, the outgoing nota fiscal can be viewed through the **View Outgoing Nota Fiscal** command.

The Service Nota Fiscal contains the relevant header and line-level information copied from the project invoice, including Brazil Unit Price, Business Operation (CFOP), Goods/Services Statistical

Code, NBS Code, Nota Fiscal Series, Nota Fiscal Number, Fiscal Document Model, and all regular and withholding taxes. These tax details can be reviewed through the **Tax Lines** and **Tax Lines, Withholding** commands.



After the Service Nota Fiscal is created, it must be issued through the applicable city hall administration website. Once issued, it can be approved in the application using the **Approve** command on the ***Outgoing Nota Fiscal*** page.



After the outgoing service nota fiscal is approved, the related project invoice can be posted.

5.7 Delimitations

There is currently no support for integrating service Nota Fiscal with municipal authorities using the third-party service provider Avalara. At this time, the process is only supported manually, which requires that the default service series be configured for manual issuance. Additionally, the user must manually issue the Nota Fiscal on the municipality's website.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

6 Outgoing Nota Fiscal – Supplier Returns for Credit

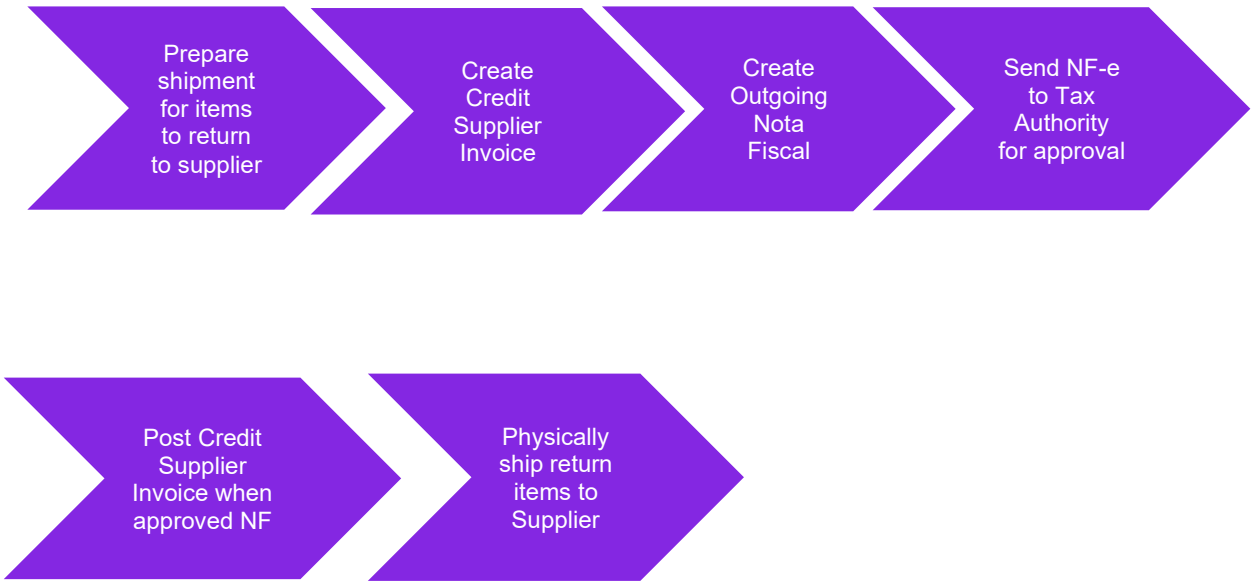
6.1 Overview Legal Requirement

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.*

6.2 Process Overview



- Creating a Credit Supplier Invoice will automatically generate an Outgoing Nota Fiscal Object.
- Generate NFe-xml and communicate with the third party system integrator
- Outgoing Nota Fiscal lifecycle management is applied (Explained more in detail in the *Outgoing Nota Fiscals* chapter)

- Credit Supplier Invoice could be processed according to the connected Outgoing Nota Fiscal status.

6.3 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.

6.4 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.

6.5 Create Credit Supplier Invoice

6.5.1 CREATE CREDIT SUPPLIER INVOICE NUMBER SERIES

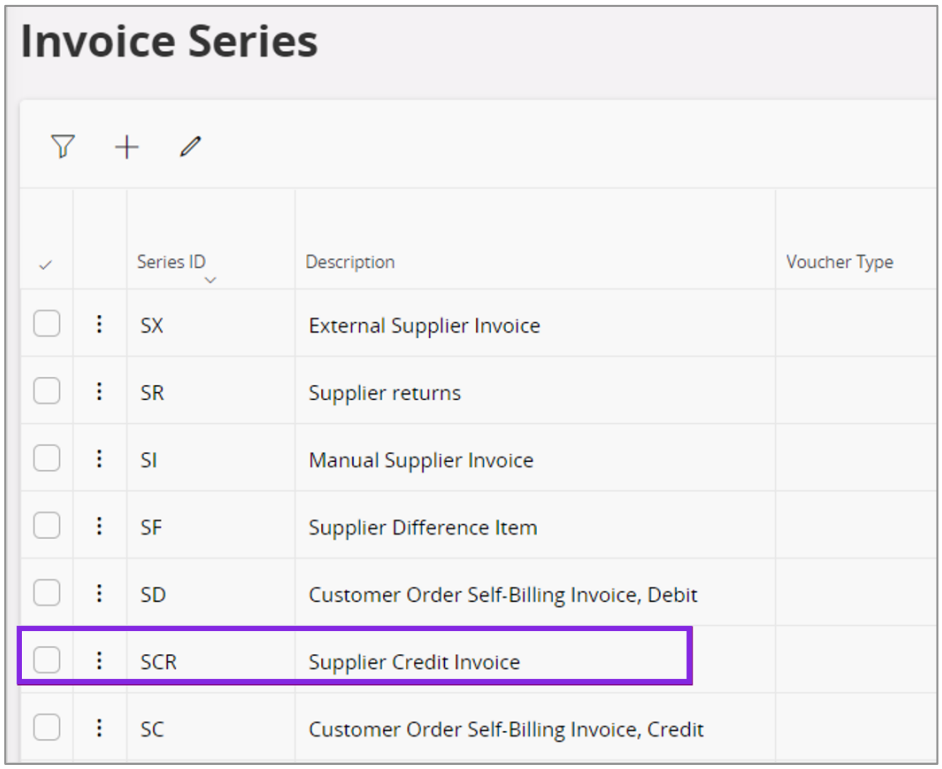
Since the Credit Supplier Invoice is produced by the buyer, it's required to have a system generated unique number series allocated for each Credit Supplier Invoice in Preliminary state.

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.

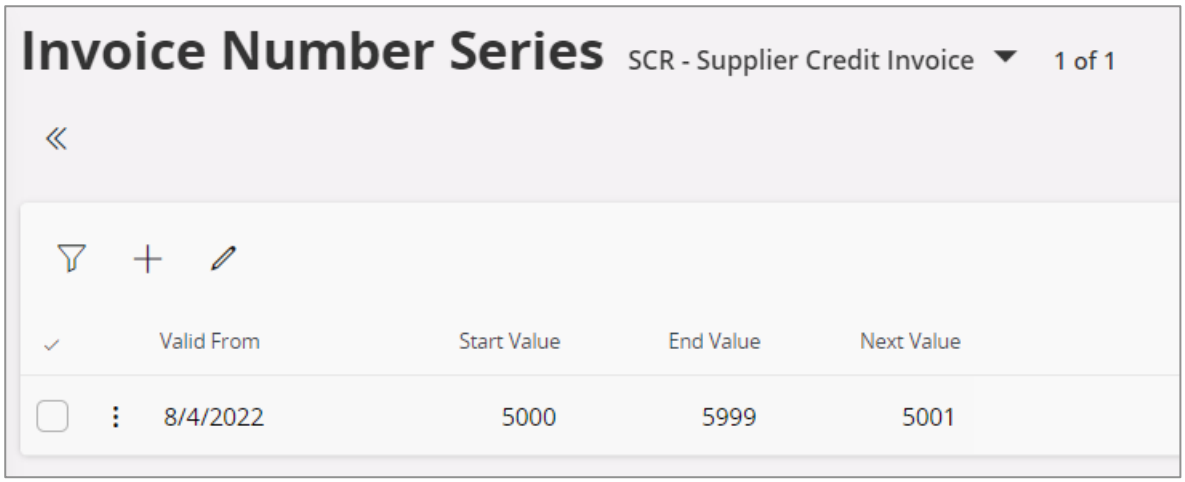
To have a system generated and unique number series used in Credit Supplier Invoice flow, use the IFS Cloud core functionality "Print Debit/Credit Notes" as described below.

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.

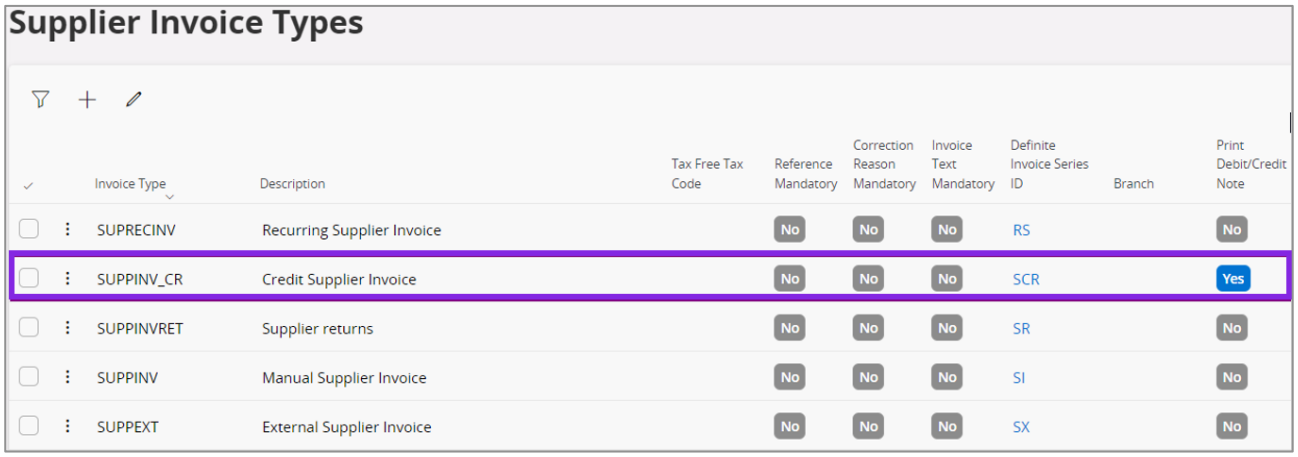


Then define an Invoice No series to be used.



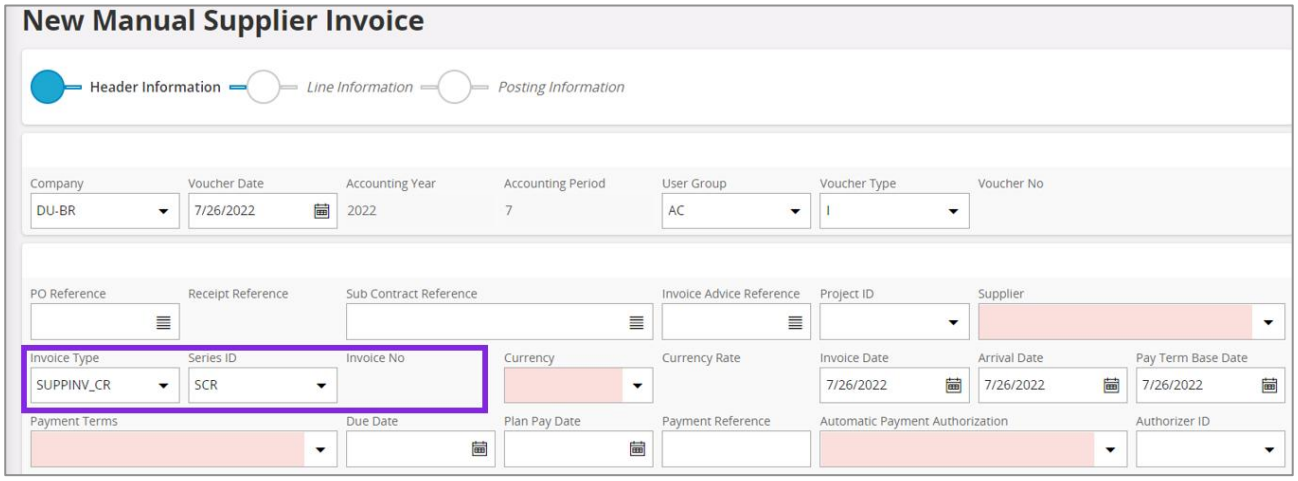
Define a separate Supplier Invoice Type used to generate Credit Supplier Invoice

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.



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.

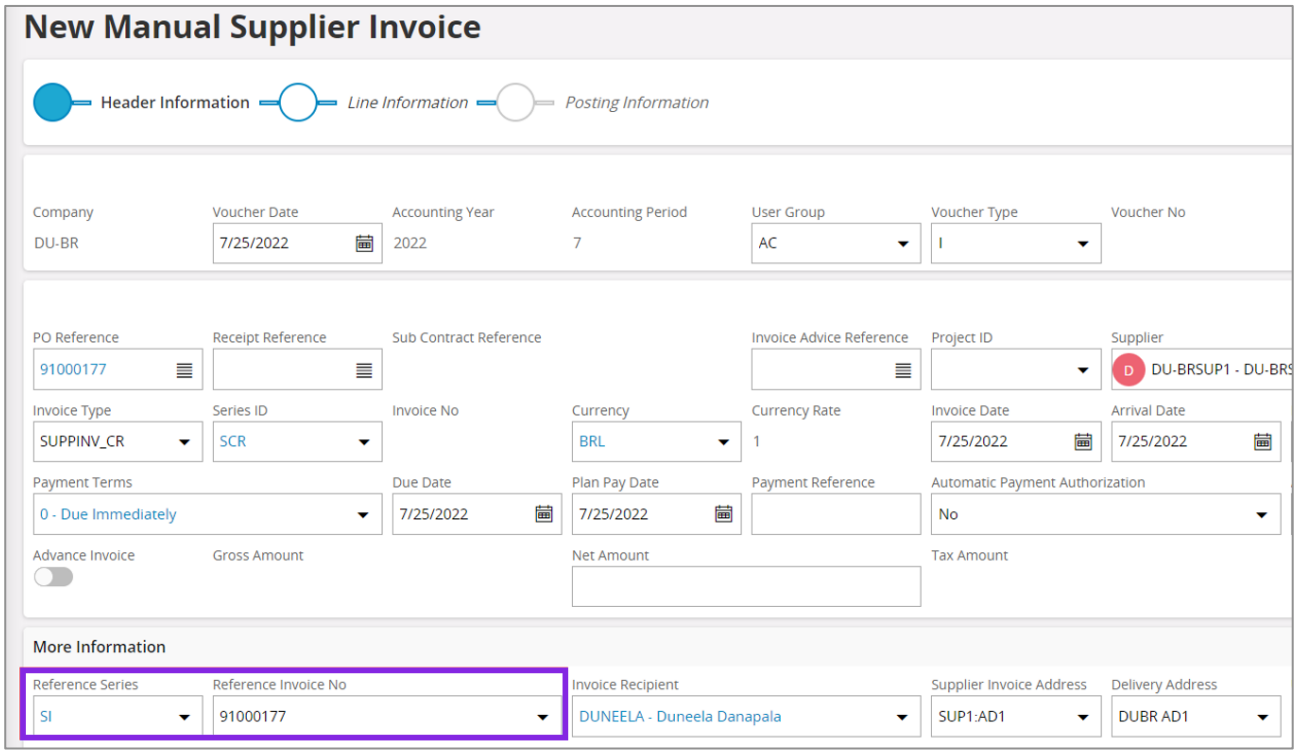
6.5.2 REFERENCE INVOICE NO IN THE CREDIT SUPPLIER INVOICE

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.

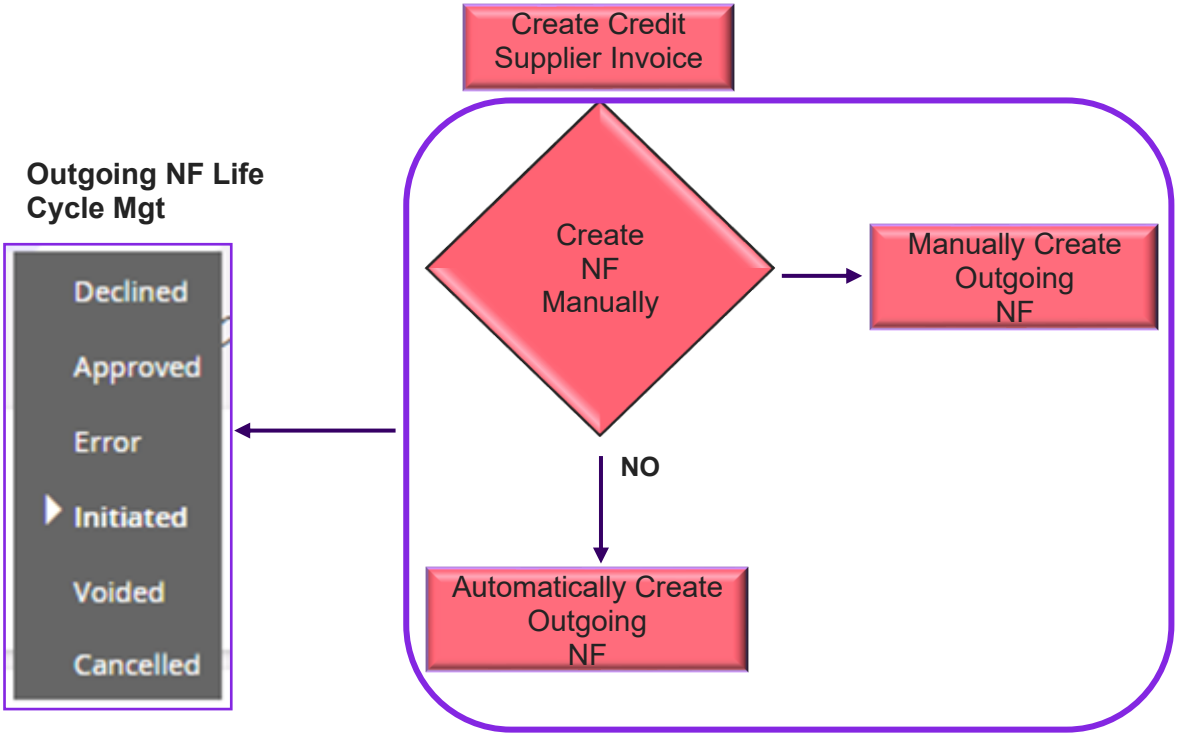
When a Credit Supplier Invoice is created for a Brazilian company, it's a must to connect the original Supplier Debit invoice as follows:



6.5.3 CREATE OUTGOING NOTA FISCAL MANUALLY/AUTOMATICALLY

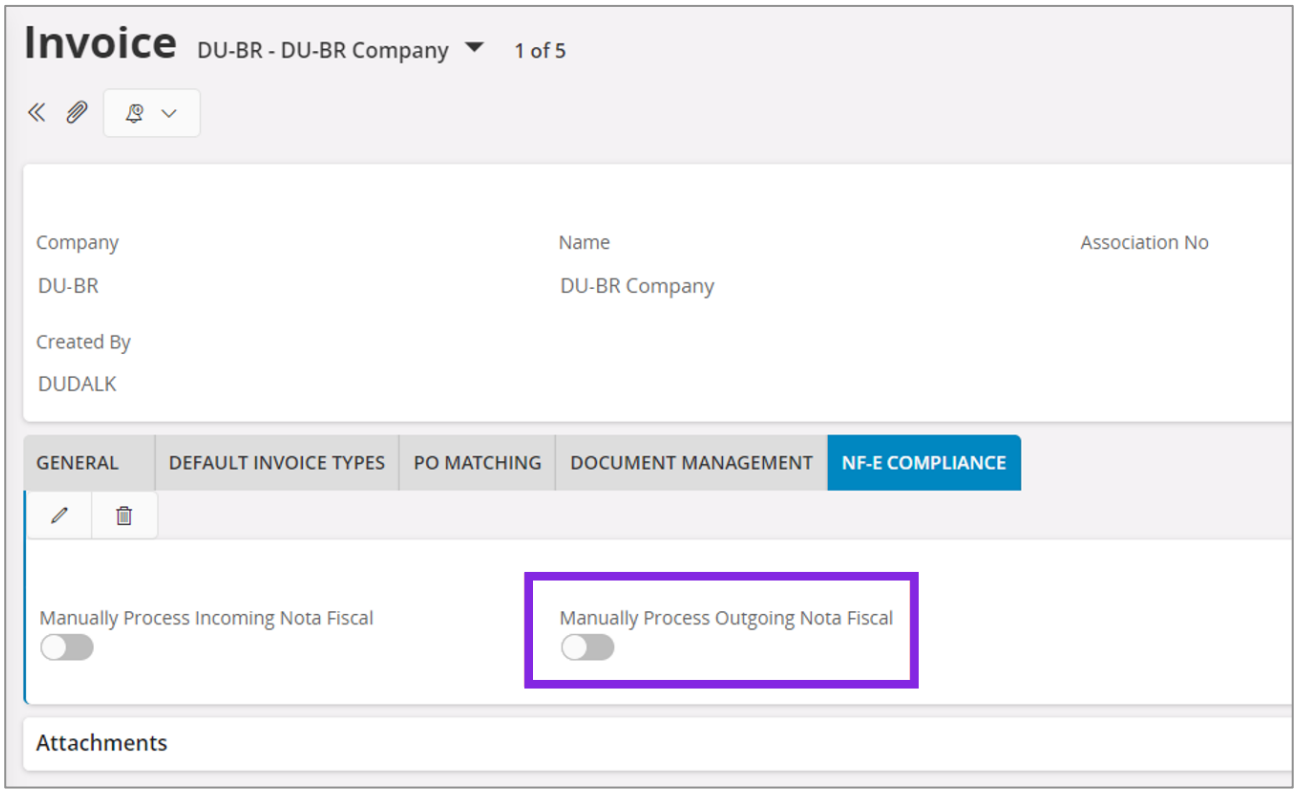
Create the Credit Supplier Invoice in Preliminary state using IFS standard functionality, then create an "Outgoing Nota Fiscal" object in the application. Once the Outgoing Nota Fiscal is created, the preliminary Credit Supplier Invoice number will be replaced by the Outgoing Nota Fiscal number.

Process Overview



6.5.4 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.



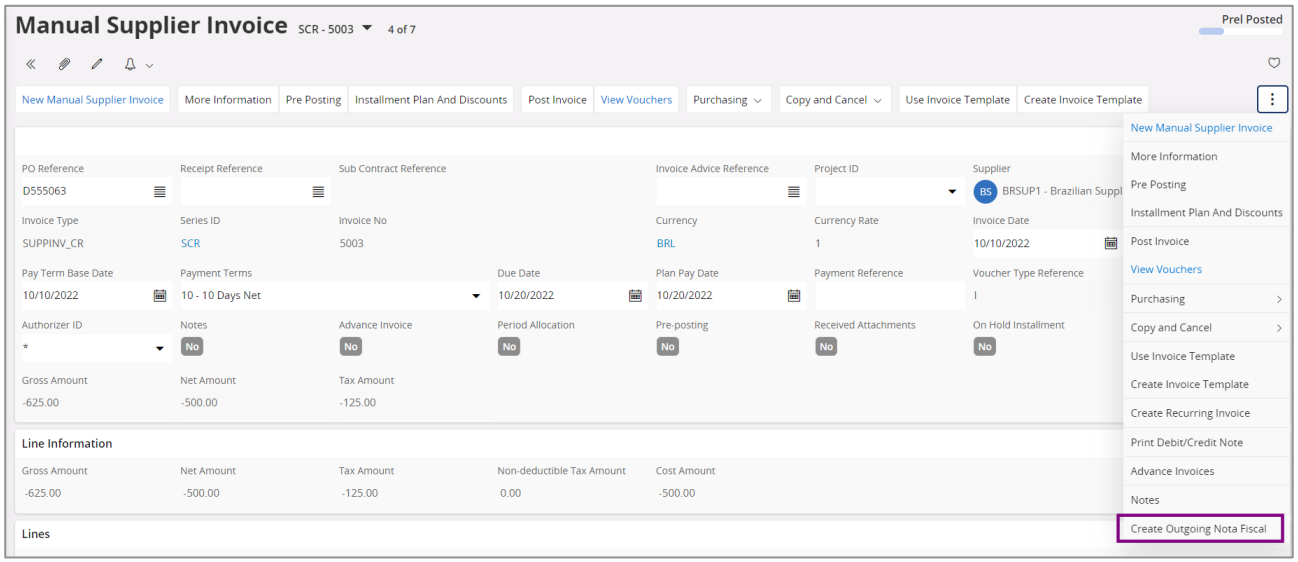
Below table shows, how this Company level parameter "*Manually Process Nota Fiscal*" works with *Credit Supplier Invoice*, *Outgoing Nota Fiscal* and the NFe XML generation.

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*	

6.6 Outgoing Nota Fiscal Life Cycle Management

6.6.1 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.



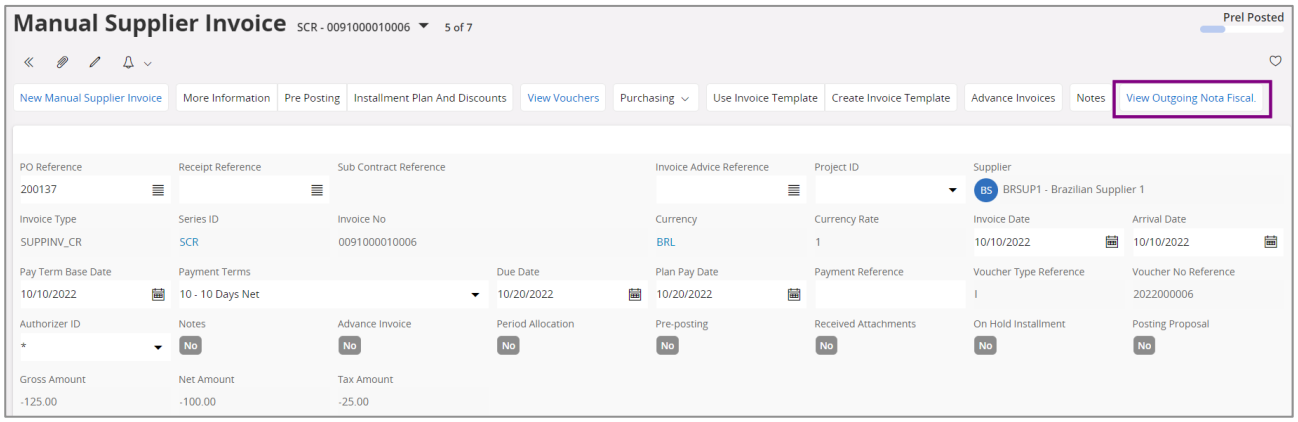
Once the Outgoing Nota Fiscal is created from the Credit Supplier Invoice, command **View Outgoing Nota Fiscal** is enabled.

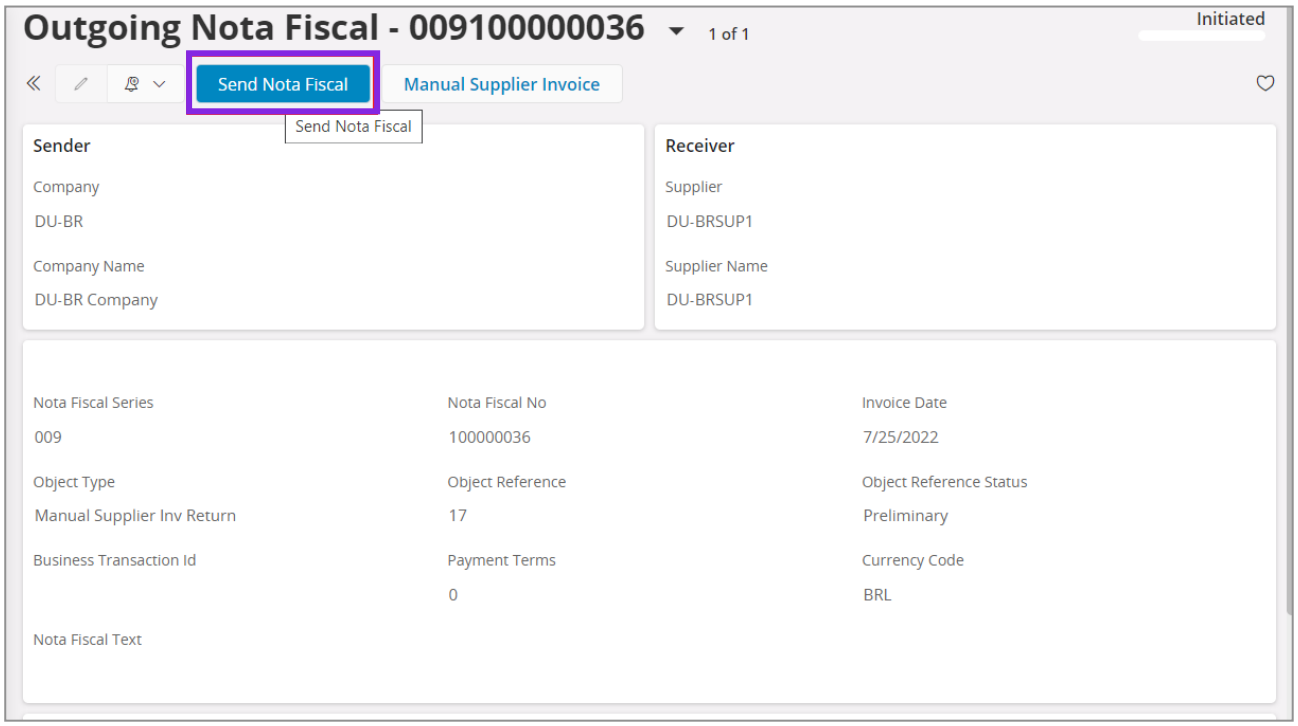
Outgoing Nota Fiscal is created in “*Initiated*” state while the connected Credit Supplier Invoice is in “Preliminary” state.

Outgoing NF Status	Credit Supplier Invoice Status
Initiated	Preliminary

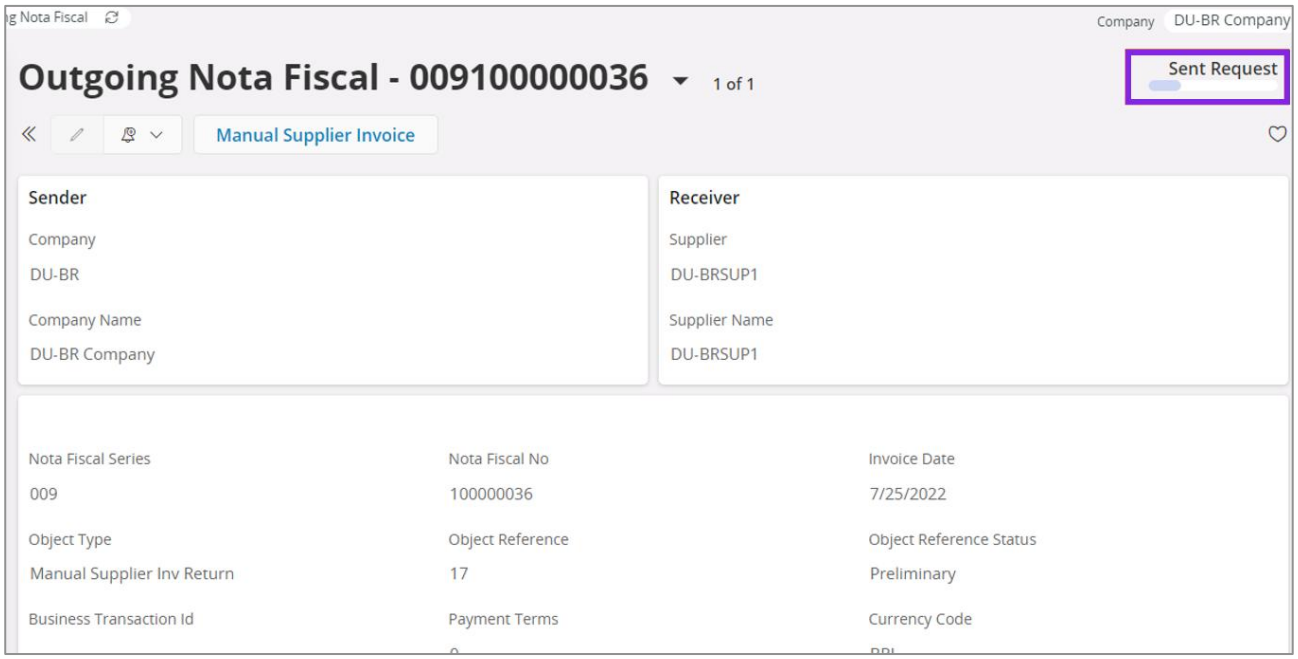
6.6.1.1 Generate and Send NF-e XML File

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*".



Note

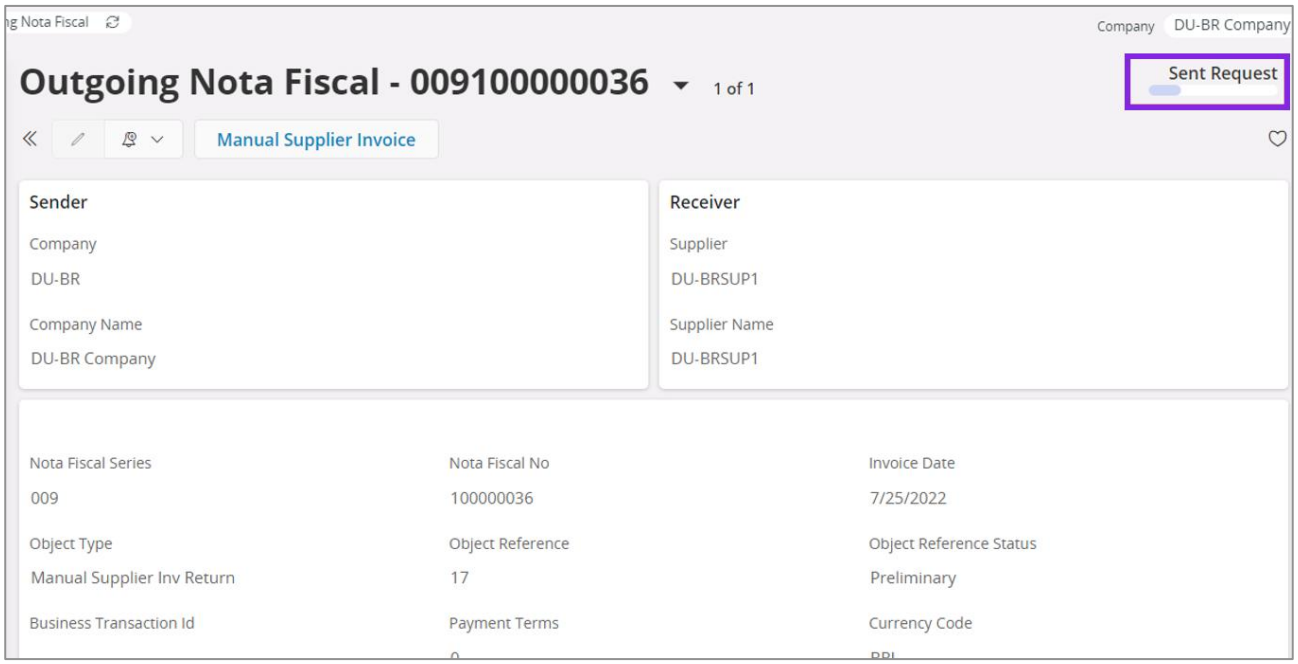
-When the Outgoing Nota Fiscal is set to the status of "Initiated" and "Sent Request", the IFS standard command on Credit Supplier preliminary invoice, "Post Invoice", "PO Matching" and "Copy Cancel" options are disabled.

6.6.2 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 .

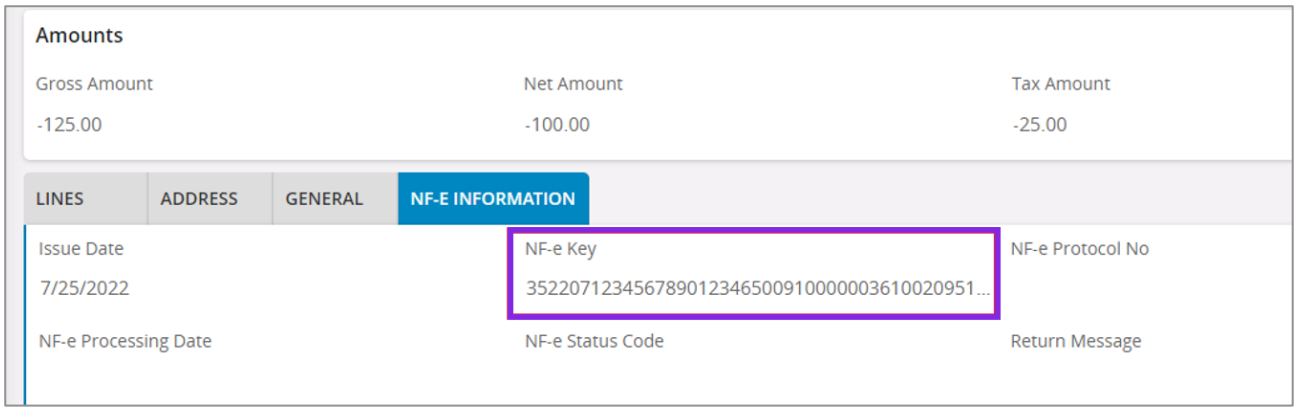
Since both the Nota Fiscal Object and the NFe XML are automatically generated and sent to the Tax Authority for Approval, *Outgoing Nota Fiscal* is created in "*Sent Request*" state. The connected Credit Supplier Invoice is in "Preliminary" state.

Outgoing NF Status	Credit Supplier Invoice Status
Sent Request	Preliminary



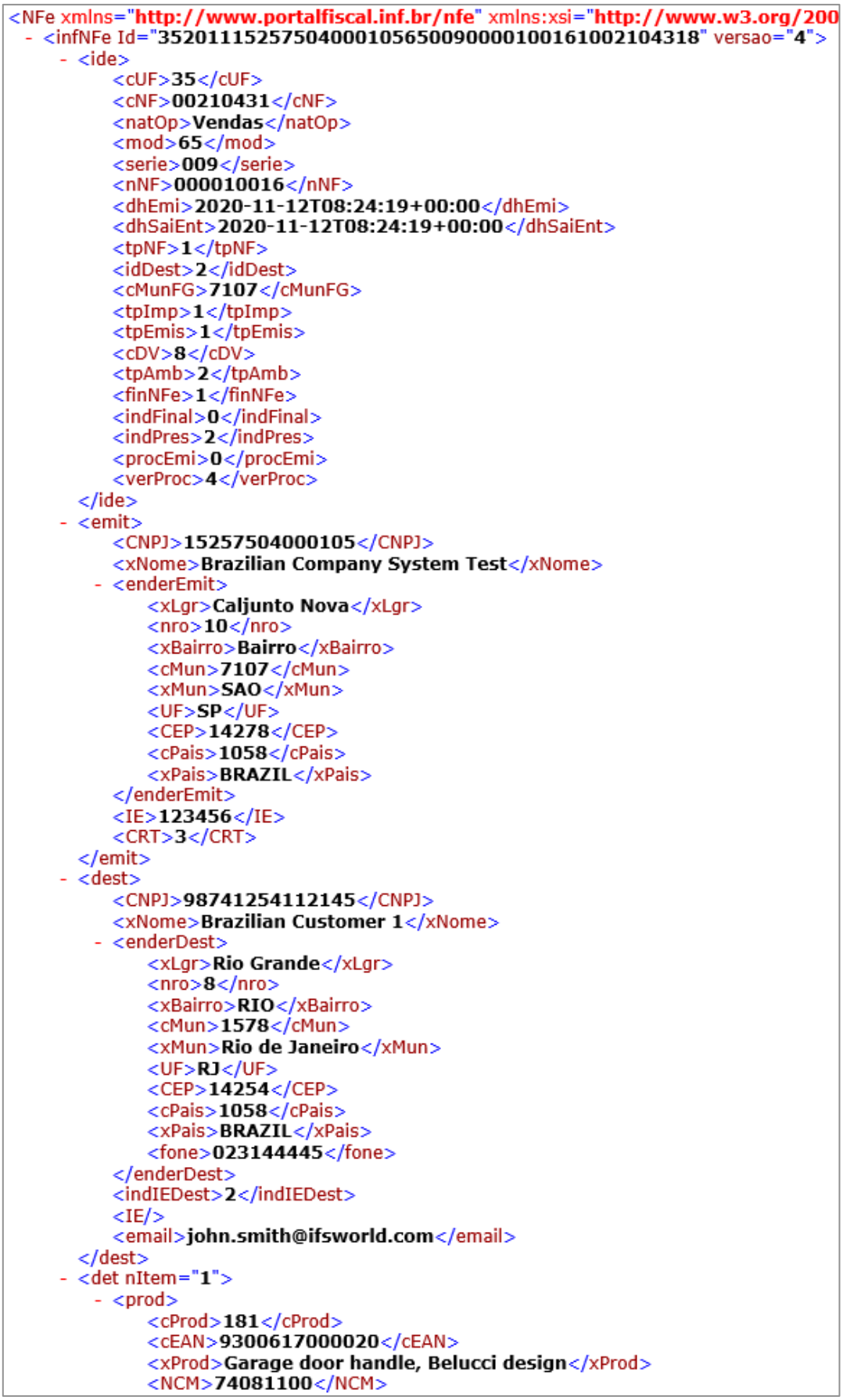
6.6.3 GENERATION AND ASSIGNING A “NF-E KEY” TO NF-E XML

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.



6.6.4 GENERATION OF NF-E XML

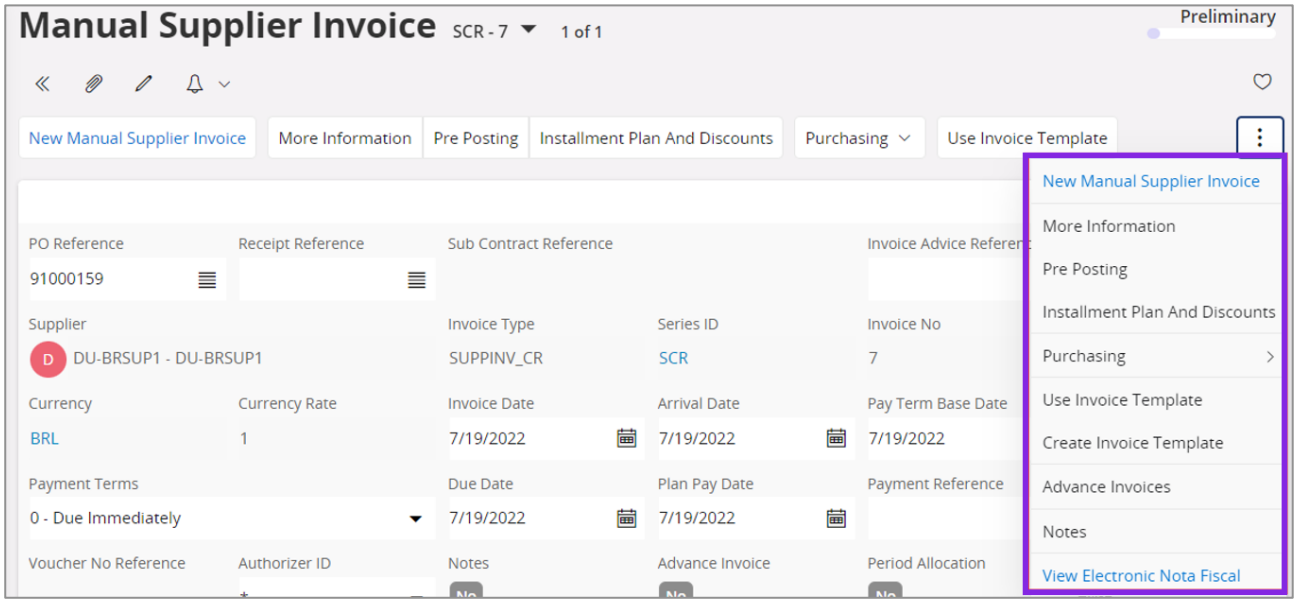
IFS Cloud will produce an IFS style XML file which is generated to integrate with a 3rd party solution provider. The 3rd party service provider will convert the IFS style XML file into the official NF-e XML layout and can also add a digital signature to the file. The 3rd party solution provider will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


<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>
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<nro>10</nro>
<xBairro>Bairro</xBairro>
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<xMun>SAO</xMun>
<UF>SP</UF>
<CEP>14278</CEP>
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<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).

6.6.5 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.

6.6.6 OUTGOING NF APPROVED

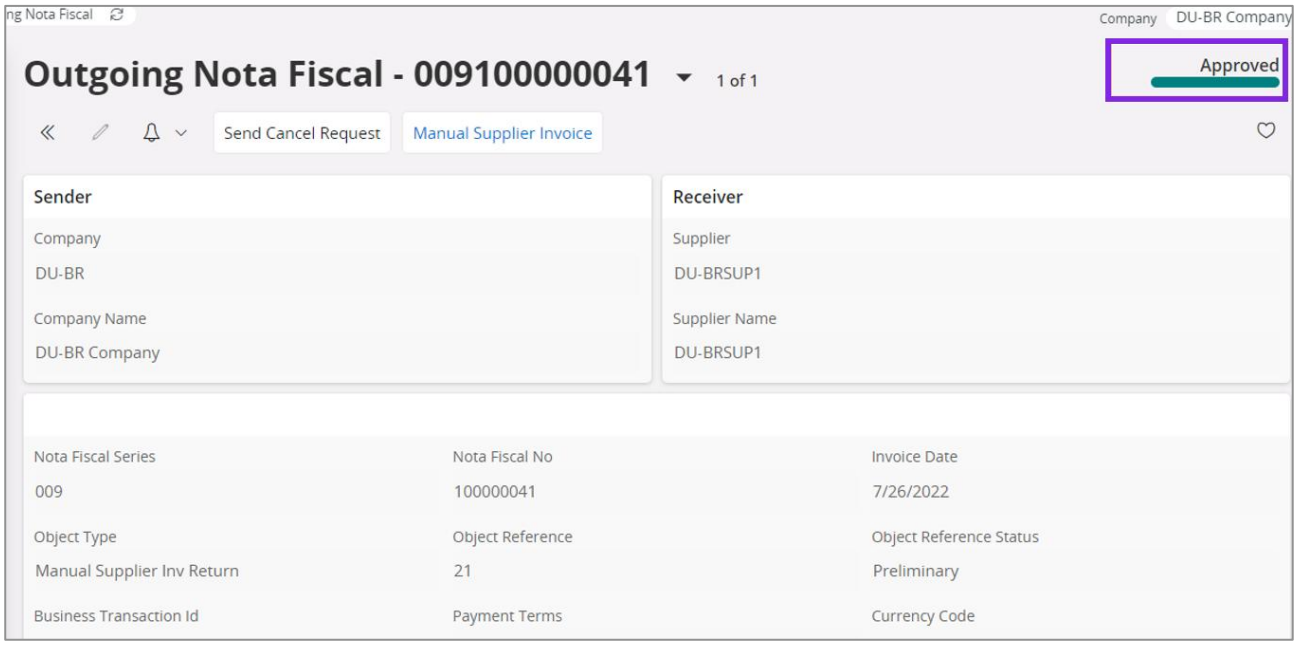
Once the Outgoing Nota Fiscal gets Approved, connected Credit Supplier Invoice will get automatically Approved.

Outgoing NF Status	Credit Supplier Invoice Status
Approved	Approved

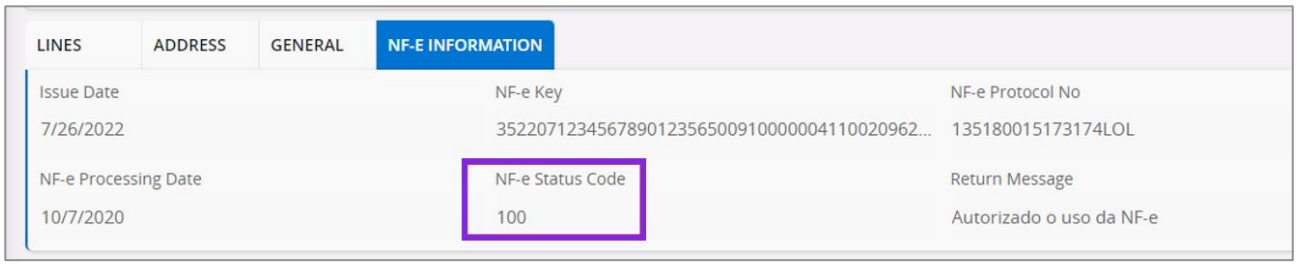
6.6.6.1 Receive Response File

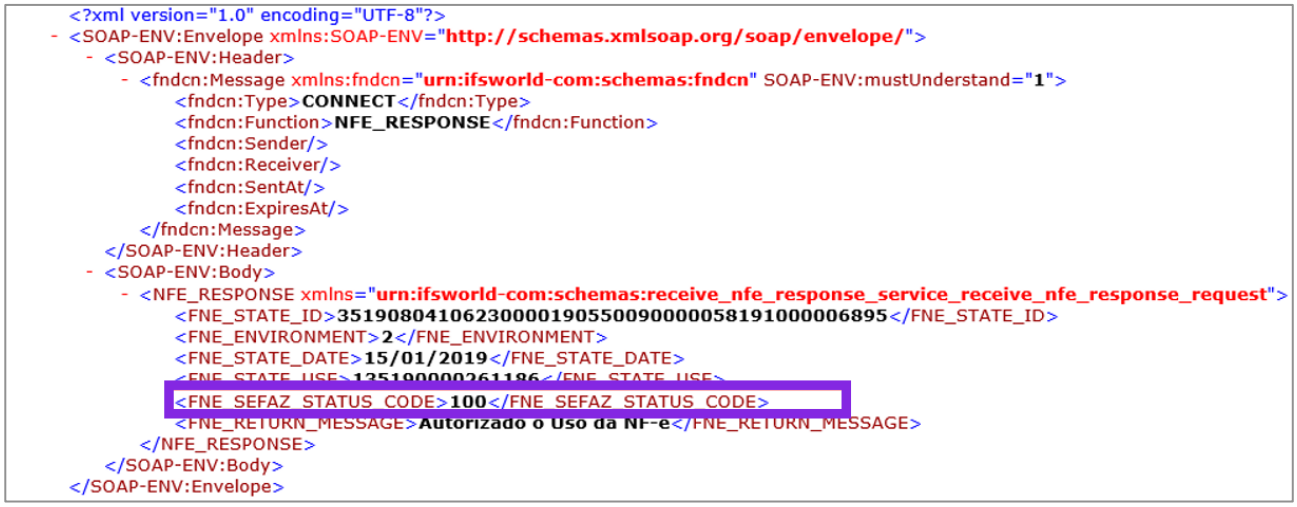
The Brazilian Tax Authority SEFAZ will in real time validate the received NF-e XML file and send back a response XML which must be received by IFS prior to the physical release of goods.

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*”.



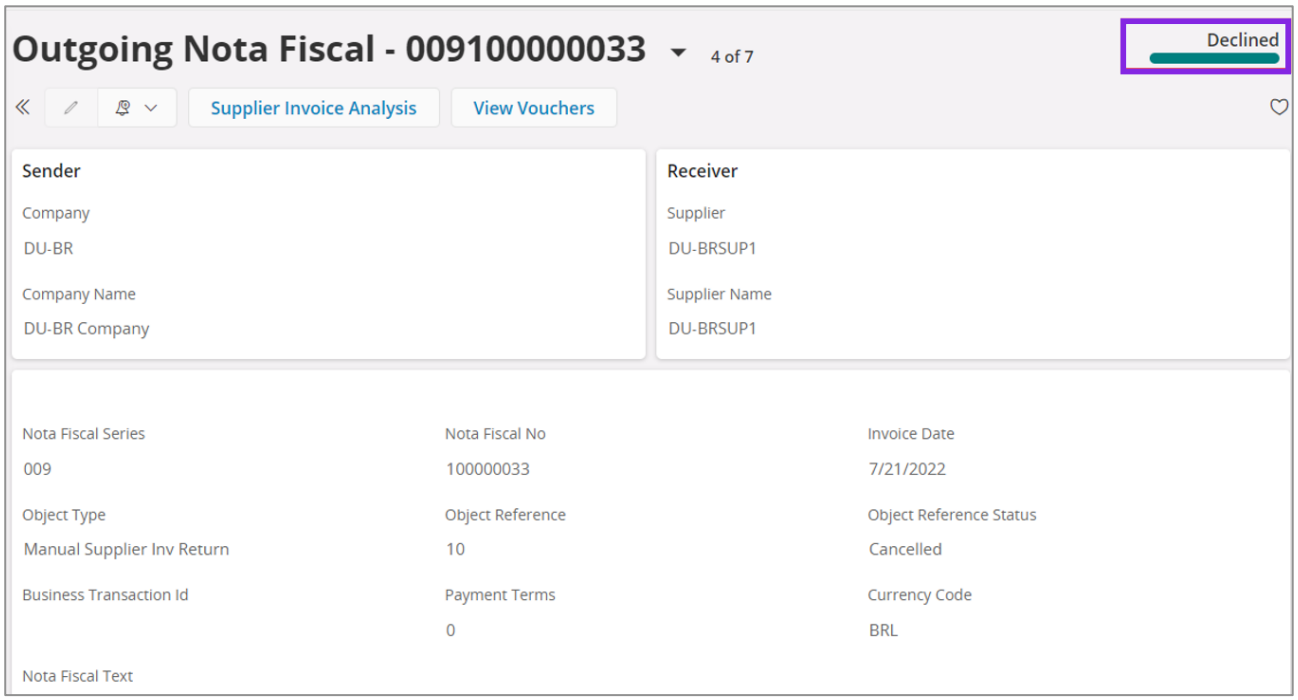


SEFAZ responses with any other status codes will not be further processed and the Credit Supplier Invoice will remain in status “Preliminary” (these scenarios are described in chapters below).

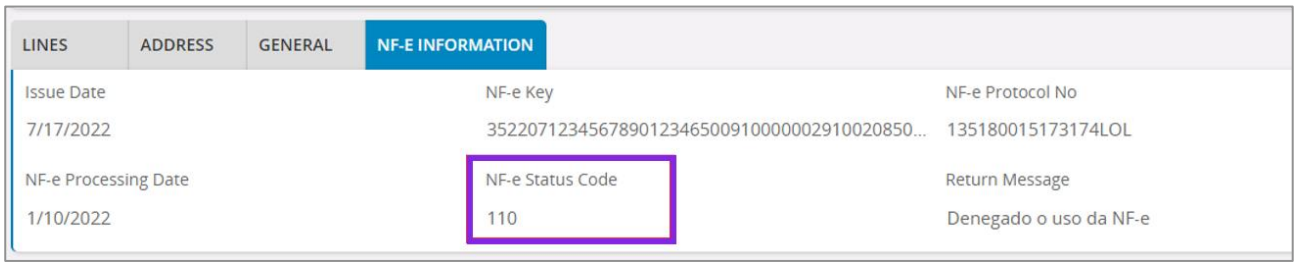
6.6.7 CREDIT SUPPLIER INVOICE WITH OUTGOING NF DECLINED

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.

6.6.8 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.

```
<infEvento>
    <xServ>CANCELAMENTO</xServ>
    <chNFe>35220177214253000192650090000010311002063978</chNFe>
    <tpAmb>2</tpAmb>
    <xJust>Pedido de Cancelamento de Nota Fiscal Eletronica</xJust>
</infEvento>
```

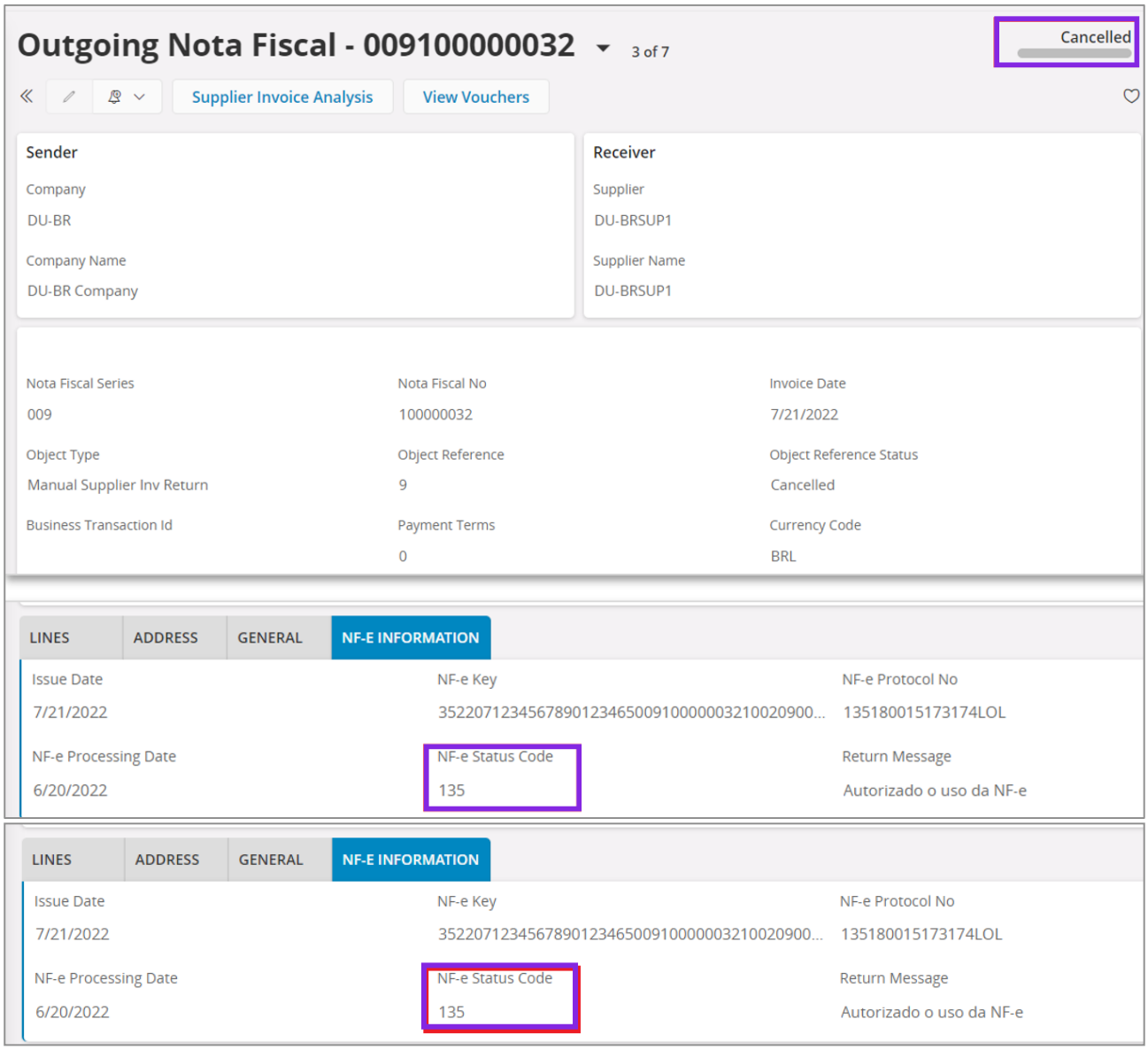
In the above scenario, Outgoing Nota Fiscal status is set to the “Cancellation Request Sent” while connected Credit Supplier Invoice is still Authorized.

6.6.9 CANCEL THE APPROVED OUTGOING NF IN CREDIT SUPPLIER INVOICE PROCESS

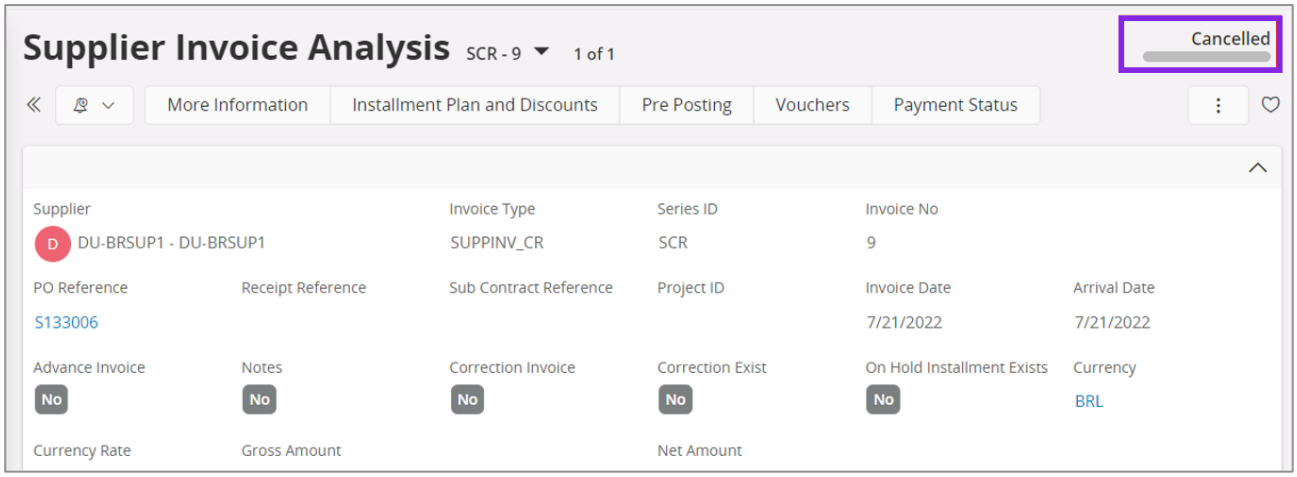
Once the Outgoing Nota Fiscal cancellation request is accepted by the Brazilian Tax Authority , cancelled response message will be received to IFS Cloud via a 3rd party integrator and the Outgoing Nota Fiscal is set to the status of “Cancelled”. The connected Credit Supplier Invoice is also automatically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



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”.



6.6.10 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

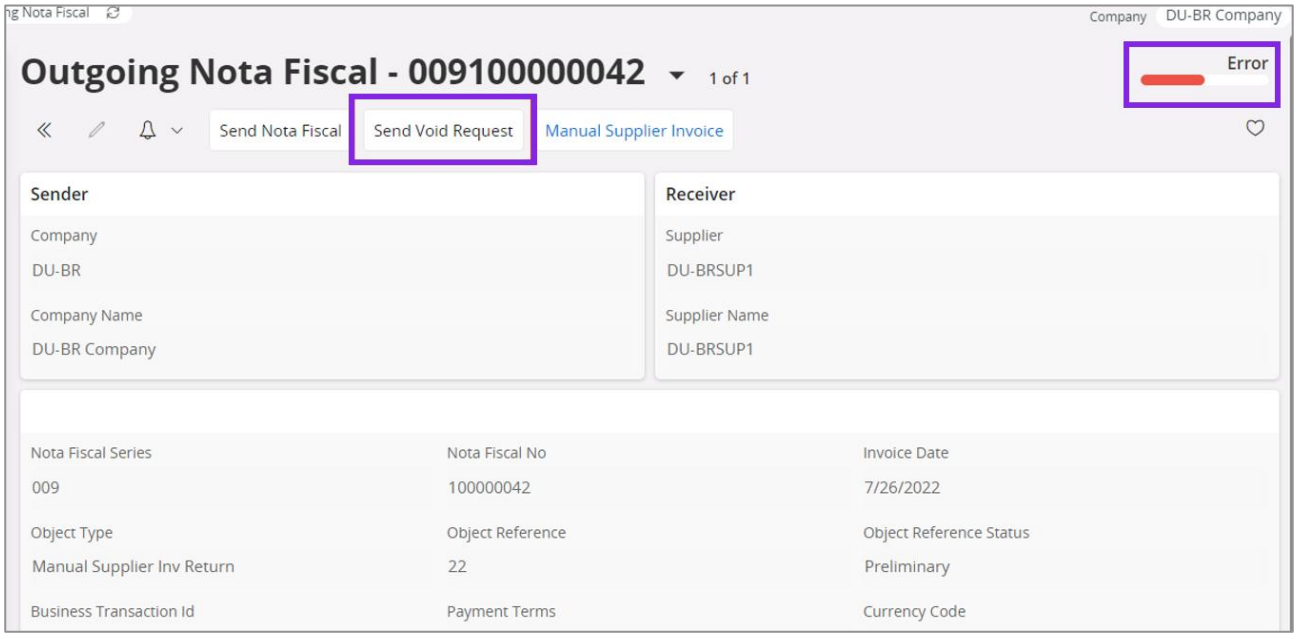
Out Going NF Status	Credit Supplier Invoice Status
Error	Preliminary -Rectify the error and re-send the NFE (Use Same NFe No)

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

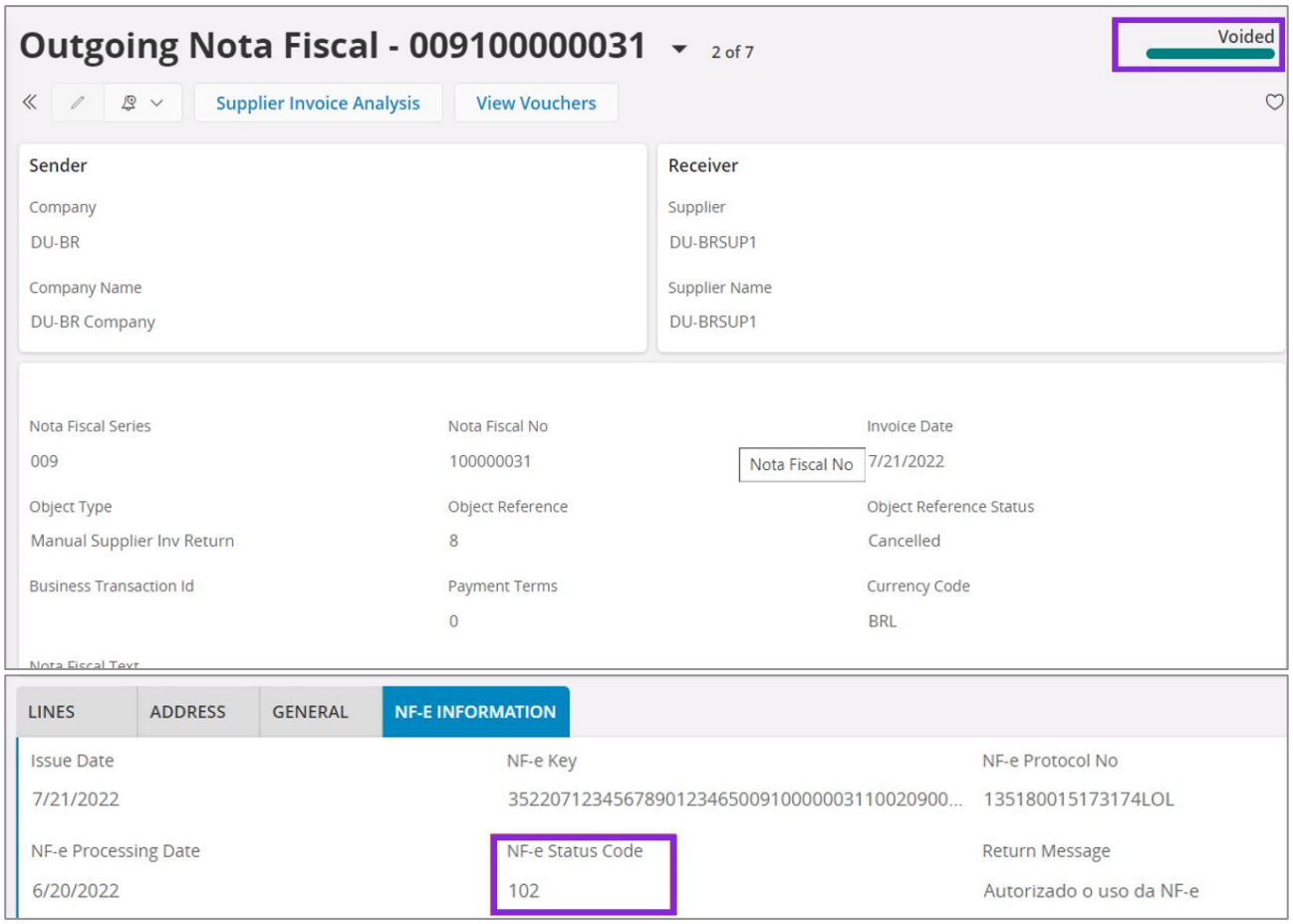
When a Nota Fiscal is rejected due to some error in the schema of xml file or some inconsistent information, the Nota Fiscal number can be used again. The companies can fix the issue found in such a Nota Fiscal and process to request authorization again. If the problem cannot be fixed, the Nota Fiscal 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.

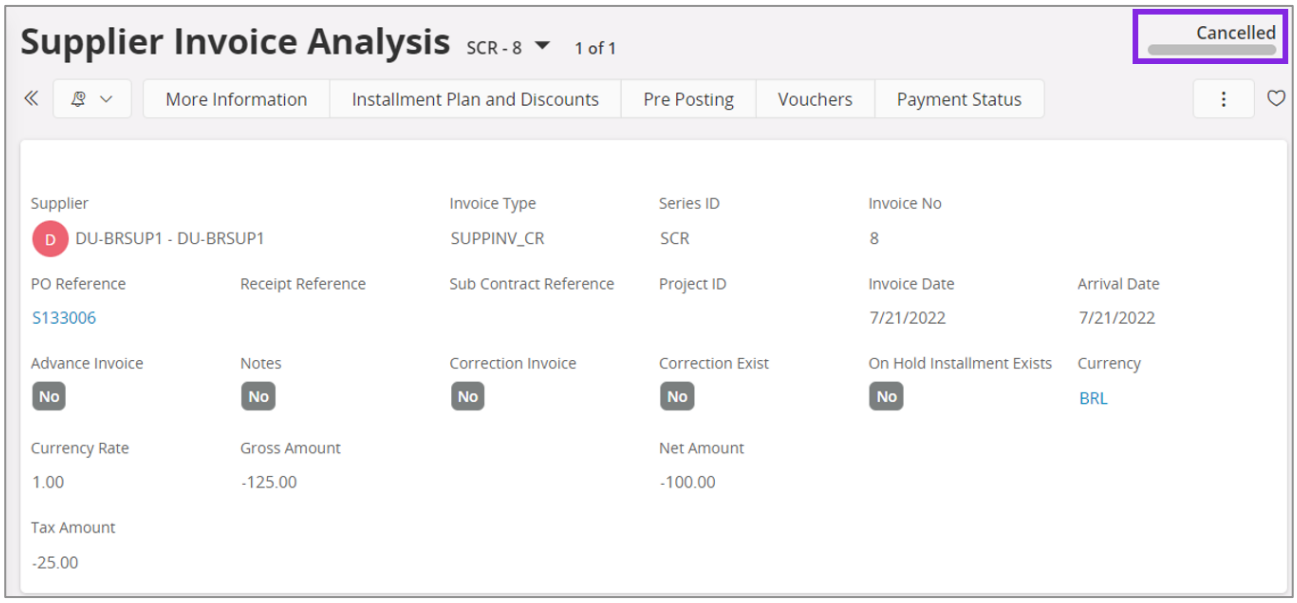


The **Send Void Request** command will generate an outgoing xml file representing the request to void the referenced Nota Fiscal number and the Outgoing Nota Fiscal is set to the status *"Sent Void Request".*

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".


Supplier Invoice Analysis
SCR - 8
1 of 1
Cancelled
More Information
Installment Plan and Discounts
Pre Posting
Vouchers
Payment Status
Supplier
D
DU-BRSUP1 - DU-BRSUP1
Invoice Type
SUPPINV_CR
Series ID
SCR
Invoice No
8
PO Reference
S133006
Receipt Reference
Sub Contract Reference
Project ID
Invoice Date
7/21/2022
Arrival Date
7/21/2022
Advance Invoice
No
Notes
No
Correction Invoice
No
Correction Exist
No
On Hold Installment Exists
No
Currency
BRL
Currency Rate
1.00
Gross Amount
-125.00
Net Amount
-100.00
Tax Amount
-25.00

7 Outgoing Nota Fiscal - Triangular Sales and Sales for Future Delivery

7.1 Overview Legal Requirement

There are two business scenarios which requires that two Nota Fiscals should be created for the same transaction – first Nota Fiscal representing the invoice and the second Nota Fiscal representing the delivery.

These scenarios are **Sales for Future Delivery** where invoice is created in advance and the physical delivery is made at a later point, and **Triangular Sales** where invoice Nota Fiscal is made to the customer and the delivery Nota Fiscal is created for the buyer's customer.

7.2 Process Overview

7.2.1 SALES FOR FUTURE DELIVERY



7.2.2 TRIANGULAR SALES



For both scenarios the Customer Invoice is the base for invoice Nota Fiscal, and Outgoing Tax Document is the base for delivery Nota Fiscal. Delivery must always be done through shipment.

7.3 Sales for Future Delivery

Prerequisites:

- Always use shipment delivery
- Same delivery address on all CO lines
- Staged Billing functionality should only be done for 100%, invoicing all lines at the same time, no individual lines, or non-stage billing lines
- Shipment and Customer Order need to be 1 to 1 relationship

7.3.1 CREATE CUSTOMER ORDER AND STAGED BILLING INVOICE

Use IFS Cloud standard functionality to create a Customer Order. Business Transaction ID used on Customer Order header must have a Connected Business Transaction ID. Add staged billing for all order lines – should be 100% of the order line value. Approve staged billing lines and create an invoice representing 100% of all order lines (100% of the order value). Create invoice Outgoing Nota Fiscal and send for approval.

7.3.2 CREATE SHIPMENT

Use IFS Cloud standard functionality to create a shipment for the order delivery. Process the shipment until Completed state.

7.3.3 CREATE OUTGOING TAX DOCUMENT

Since Business Transaction ID has a Connected Business Transaction ID, and invoiced staged billing lines exist, an Outgoing Tax Document is required to be created prior to delivery. From Shipment header the Create Outgoing Tax Document command will be available.

Create the Outgoing Tax Document and deliver the Shipment. If Company is setup for external tax calculations using Brazil Avalara integration, taxes will be calculated on the Outgoing Tax Document at the time of delivery.

7.3.4 CREATE (DELIVERY) OUTGOING NOTA FISCAL

When Shipment is delivered and taxes are calculated on Outgoing Tax Document, the Outgoing Nota Fiscal representing the delivery can be created and processed for approval.

7.4 Triangular Sales

Prerequisites:

- Always use shipment delivery
- Document Address and Delivery Address must differ on all Customer Order lines. Addresses should represent customer and buyers customer.
- Only one Customer Order should be linked to the shipment to avoid complications with multiple invoices or addresses.

7.4.1 CREATE CUSTOMER ORDER

Use IFS Cloud standard functionality to create a Customer Order. Business Transaction ID used on Customer Order header must have a Connected Business Transaction ID. Use different Delivery and Document address on the Customer Order header.

7.4.2 CREATE SHIPMENT

Use IFS Cloud standard functionality to create a shipment for the order delivery. Process the shipment until Completed state.

7.4.3 CREATE OUTGOING TAX DOCUMENT

Since Business Transaction ID has a Connected Business Transaction ID, and document and deliver addresses are different, an Outgoing Tax Document is required to be created prior to delivery. From Shipment header the Create Outgoing Tax Document command will be available.

Create the Outgoing Tax Document and deliver the Shipment. If Company is setup for external tax calculations using Brazil Avalara integration, taxes will be calculated on the Outgoing Tax Document at the time of delivery.

7.4.4 CREATE (INVOICE) OUTGOING NOTA FISCAL

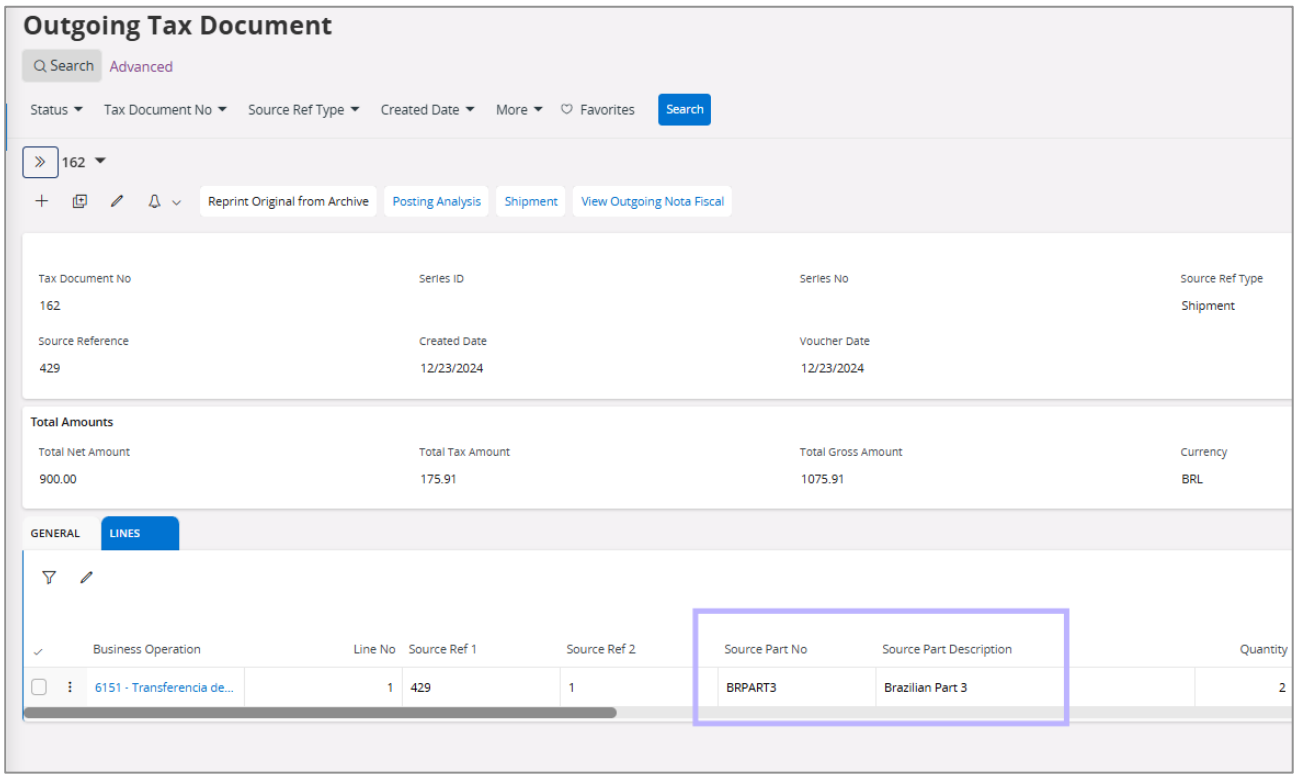
When Shipment is delivered the Customer Invoice can be created and invoice Outgoing Nota Fiscal can be created and processed.

7.4.5 CREATE (DELIVERY) OUTGOING NOTA FISCAL

When invoice Outgoing Nota Fiscal is approved, the Outgoing Nota Fiscal representing the delivery can be created from Outgoing Tax Document and be processed for approval.

7.5 Sales Part Number in Outgoing Tax Document Lines

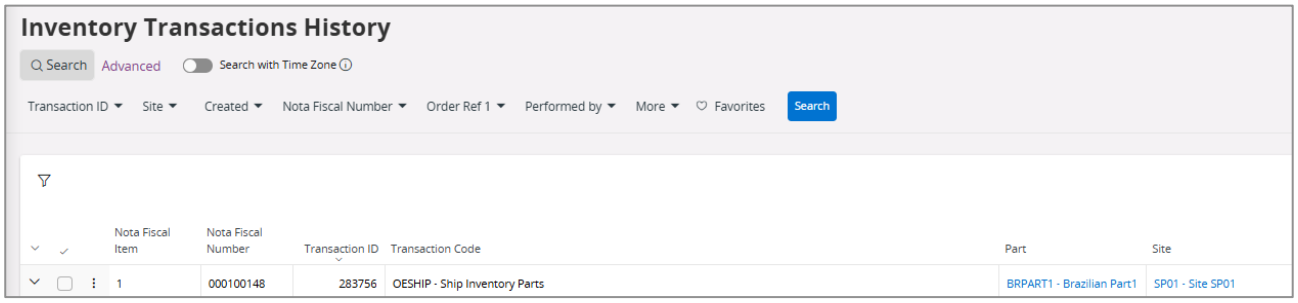
To enhance clarity and accuracy in tax document, the Sales Part No and Sales Part Description data have been introduced to the Source Part No and Source Part Description columns in the Outgoing Tax Document lines.



7.6 Nota Fiscal Reference in Inventory Transaction History

To improve traceability and compliance, the Delivery Nota Fiscal details are linked to the **Inventory Transaction History** page. This allows users to track inventory transactions with accurate Nota Fiscal references.

1. **Nota Fiscal Item:** Fetches and displays the corresponding line number from the Delivery Nota Fiscal.
2. **Nota Fiscal Number:** Displays the Delivery Nota Fiscal number associated with the transaction.



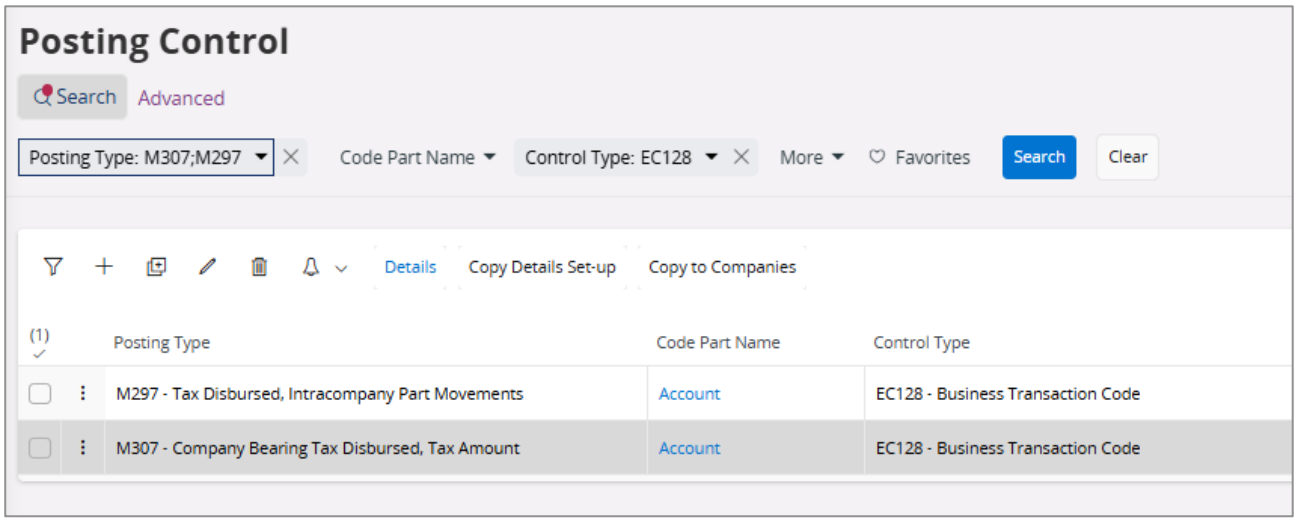
7.7 Outgoing Tax Document Postings

Following Posting Types are used for tax postings created from Outgoing Tax Document for the Sales for Future Delivery and Triangular Sales scenarios:

- **M297** – Tax Disbursed, Intracompany Part Movements

- **M307** – Company Bearing Tax Disbursed, Tax Amount

Control type **EC128 – Business Transaction Code** is enabled for both 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.



7.8 Delimitations

- Non-Inventory Sales Part is not handled
- Package Part is not handled
- Shipment Invoice/Collective invoice should not be used in future delivery scenario
- Collective Invoice should not be used in a Triangular Sales scenario
- References between Nota Fiscals within the same transaction are not handled
- Order addresses are derived from the header. Any line level address changes do not override the scenario logic; the system consistently references header level data
- In the Staged Billing scenario, if two different addresses are detected at the header level, the system interprets it as a Triangular Sales scenario and enables the respective Outgoing Tax Document creation command, even if the stage billing invoices are not created.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

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

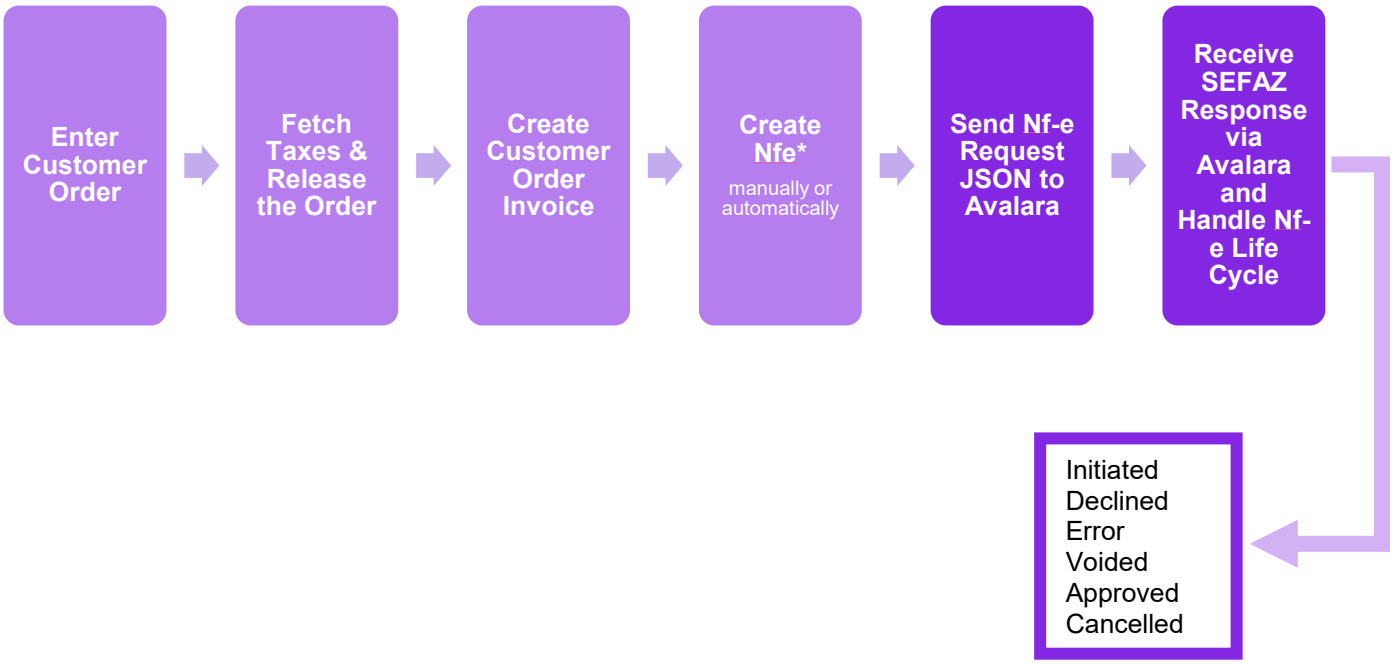
8.1 Overview Business Requirement

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.

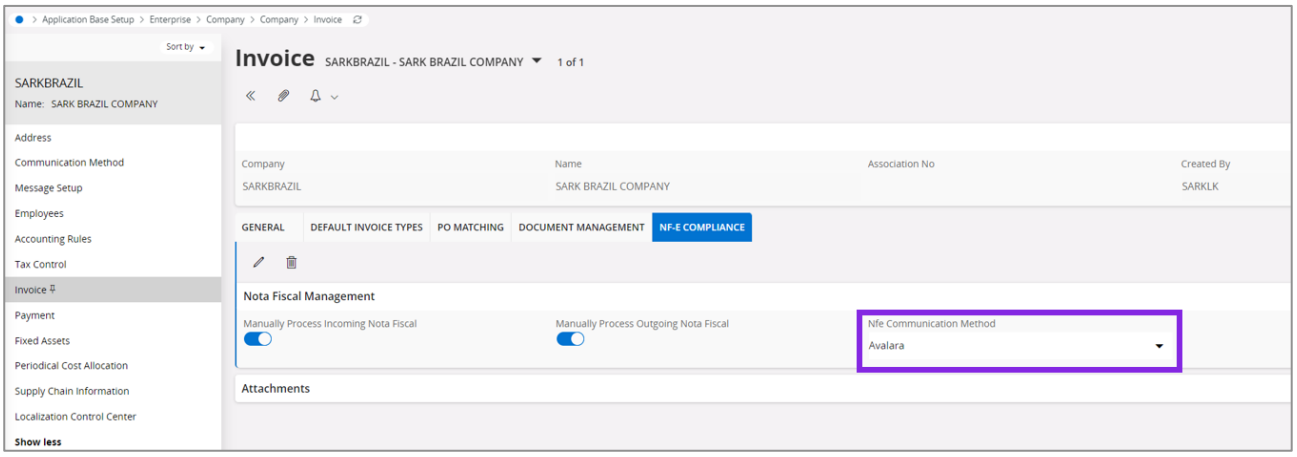
8.2 Process Overview



8.3 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.***



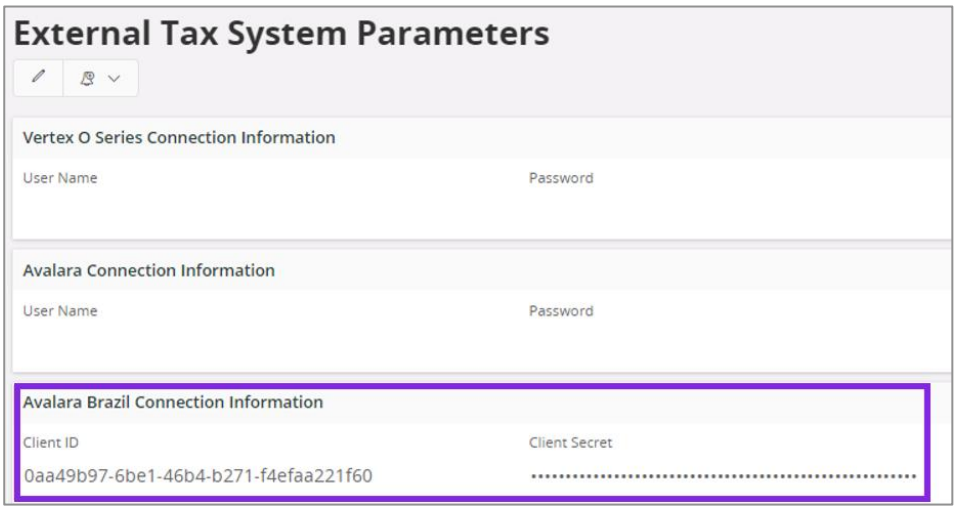
Note that also parameters “Acquisition Origin”, “Business Operation”, “Brazilian Specific Fiscal Attributes”, “Address Specific Tax ID Numbers”, “Goods/Services Statistical Codes”, “Extended Tax Codes Tax Calculation Structures set-up”, “Outgoing Nota Fiscals” and “Use Automatic Generation of Official 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.

8.4 Define Basic Data

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

8.4.1 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***.



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

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

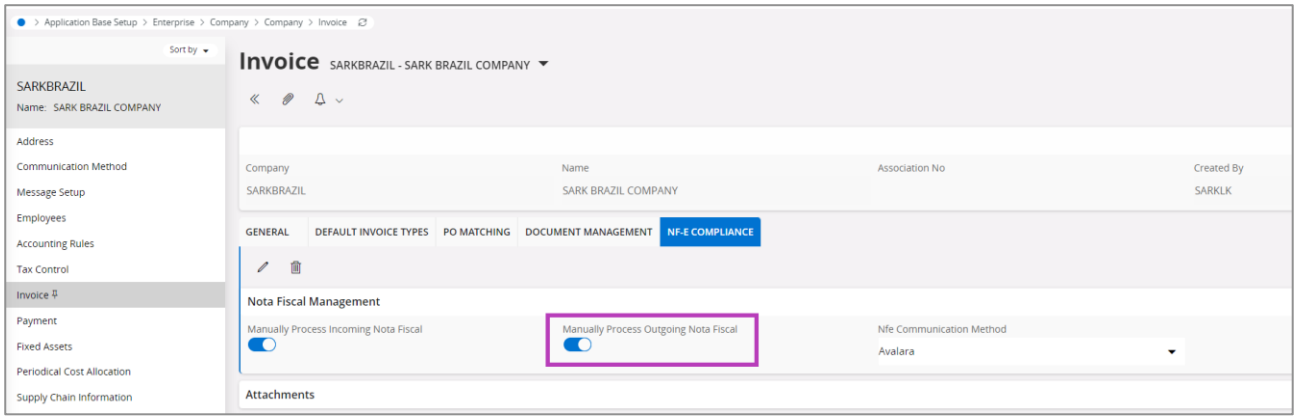
12.5 Create Customer Order
12.6 Deliver Customer Order
12.7 Create Customer Invoice

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.

8.6 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



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
                }

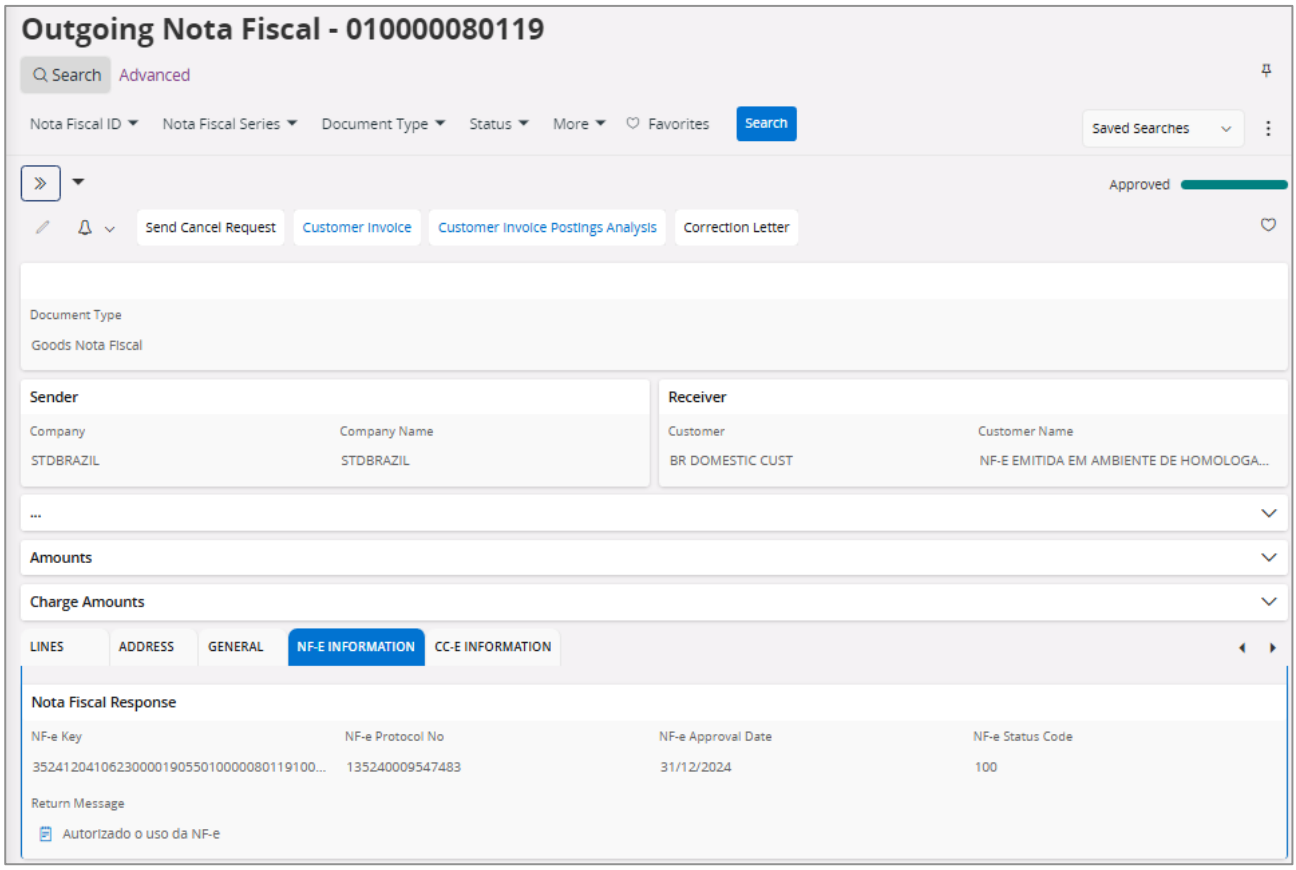

            ]
        },
        "ipi": {
            "tax": 48.76,
            "subtotalTaxable": 162.54,
            "jurisdictions": [
                {
                    "jurisdictionName": "Brazil",
                    "jurisdictionType": "Country",
                    "tax": 48.76
                }
            ]
        },
        "pis": {
            "tax": 1.88,
            "subtotalTaxable": 113.78,
            "jurisdictions": [
                {
                    "jurisdictionName": "Brazil",
                    "jurisdictionType": "Country",
                    "tax": 1.88
                }
            ]
        }}}}
```

8.7 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
    }
}
```



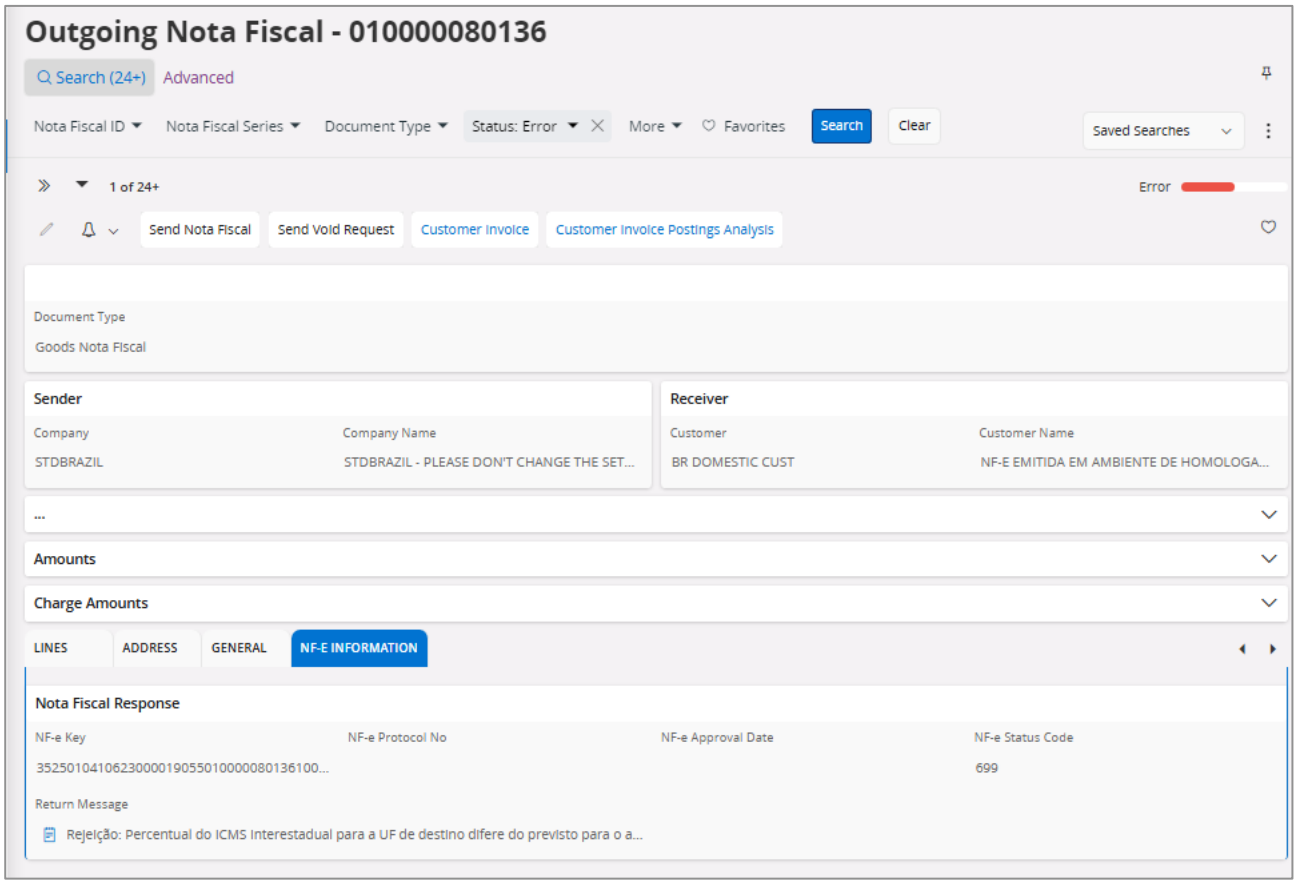
8.8 Receive Error Response from SEFAZ

See 13.6.10 Received Error response from the Brazilian Tax Authority for more details.

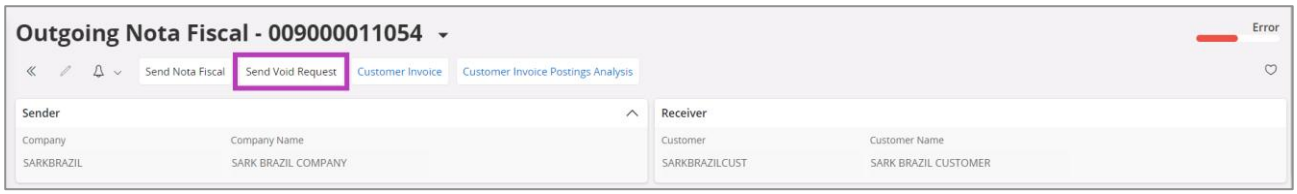
Example of Error response.

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

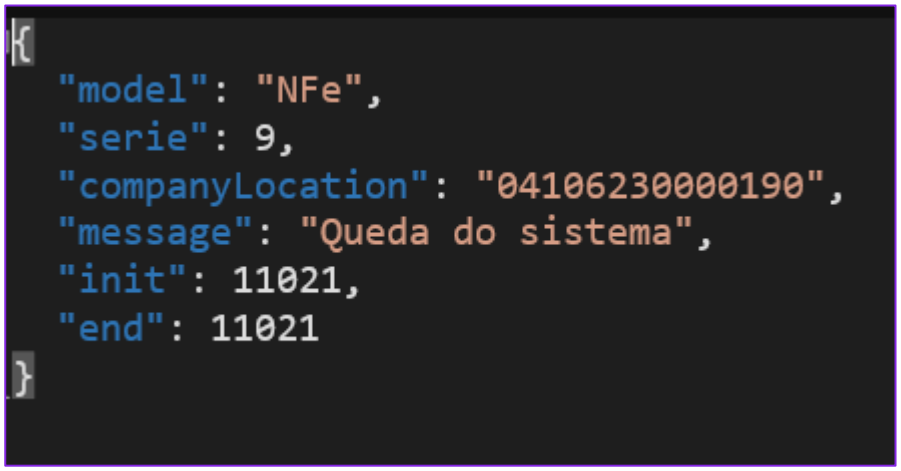
Note: There are many error codes defined in SEFAZ & above 206 code is just an example to present.



As explained in [13.6.10 Received Error response from the Brazilian Tax Authority] user can send void request to SEFAZ.



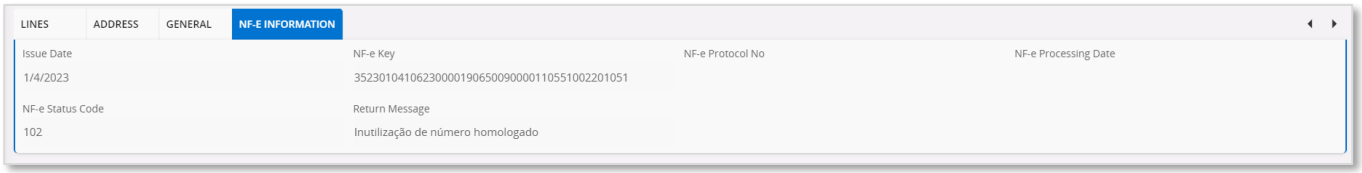
Void Request



Void Response

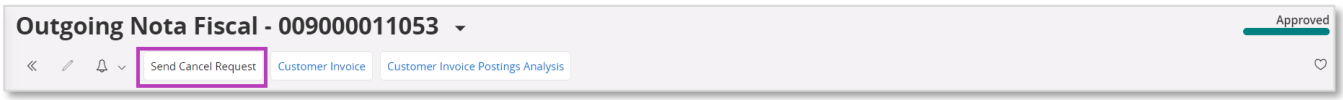

```
{
    "code": "102",
    "desc": "Inutilização de número homologado",
    "protocol": "135220011104579",
    "status": {
        "code": "102",
        "desc": "Inutilização de número homologado",
        "protocol": "135220011104579",
        "number": "11021",
        "serial": "9",
        "accessKey": "ID35220410623000019055009000011021000011021",
        "authorizationDateTime": "2022-12-16T05:58:23-03:00"
    },
    "pdf": {
        "base64": {},
        "link": {}
    },
    "xml": {
        "base64": "PFByb2NJbnV0TkZlIHZlcnNhbz0iNC4wMCIgeG1sbnM9Imh0dHA6
        "link": "https://homolog.invoicy.com.br///HNUC002.aspx?ParmCrip
    }
}
```



8.9 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"
}
```

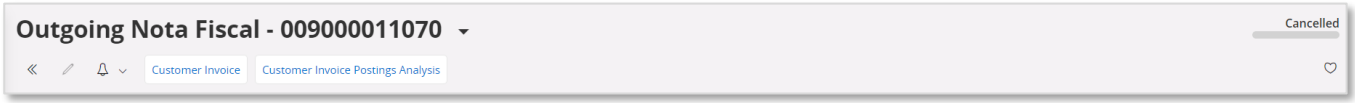

See 12.1.7 Cancellation Request sent to the Approved Outgoing NF for more details.

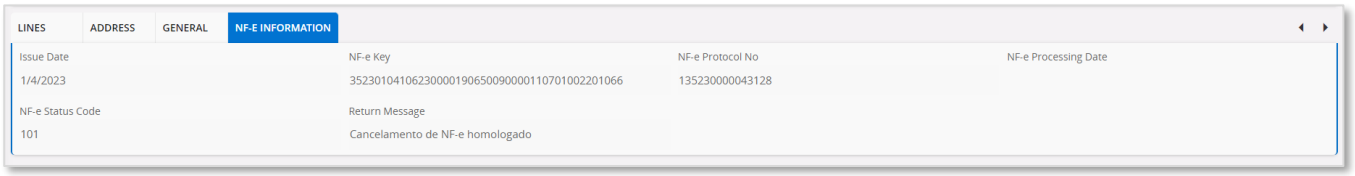
Once the Outgoing Nota Fiscal cancellation request is accepted by the Brazilian Tax Authority , Cancelled response message will be received to IFS Cloud via Avalara.

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
    }
}
```



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

9.1 Overview of Legal Requirement

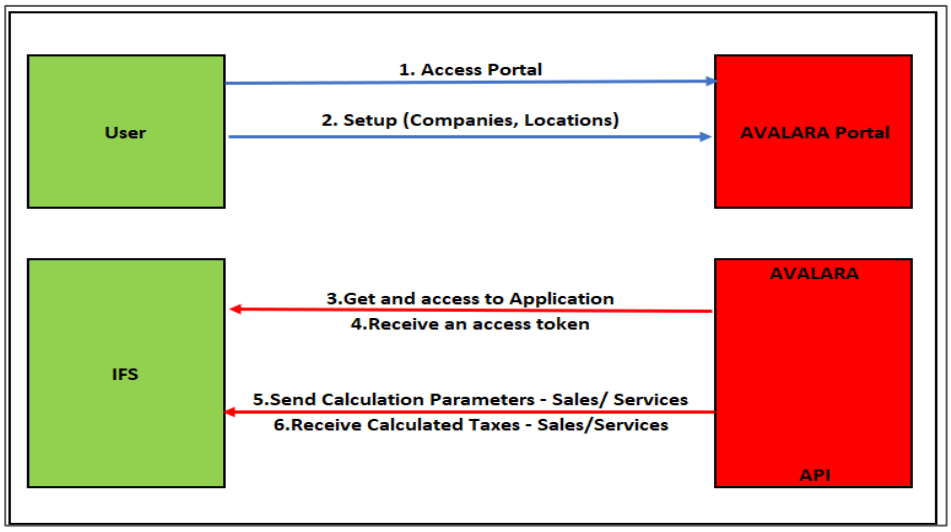
In Brazil, the calculation of taxes for services is a fundamental aspect of financial management and regulatory compliance. When providing services, companies must calculate the multiple service-related taxes that are applicable. The tax landscape includes various levies based on the nature and value 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.

9.2 Other Business Objectives

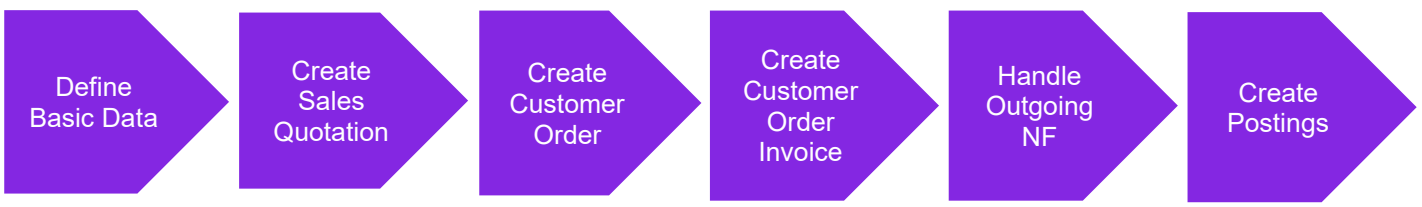
1. Enabling the User to calculate the specific taxes relevant for providing services.
2. Enabling the user to identify and record the Withholding taxes for the services provided.
3. Creating the Outgoing Nota Fiscal for services and manually approving the Outgoing Nota Fiscal

9.3 Process Overview

9.3.1 INTEGRATION OVERVIEW EXAMPLE



9.3.2 PROCESS OVERVIEW WITH CUSTOMER ORDER SALES OF SERVICES



9.3.3 PROCESS OVERVIEW WITH PROJECT INVOICE SALE OF SERVICES

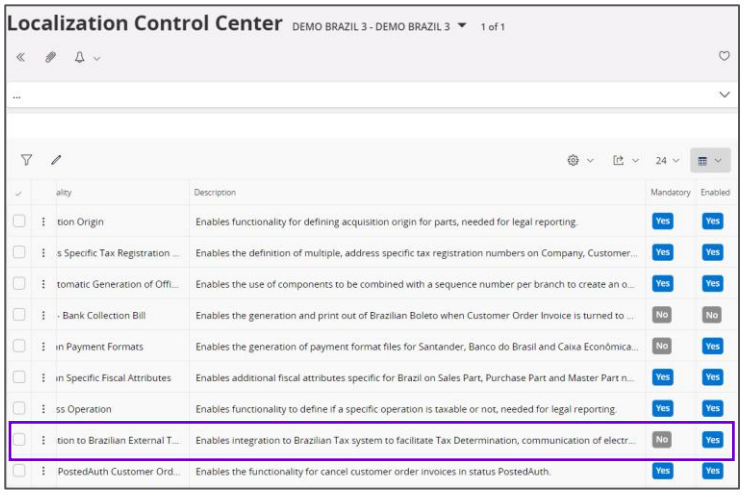


9.3.4 PROCESS OVERVIEW WITH PURCHASE ORDER PURCHASING OF SERVICES

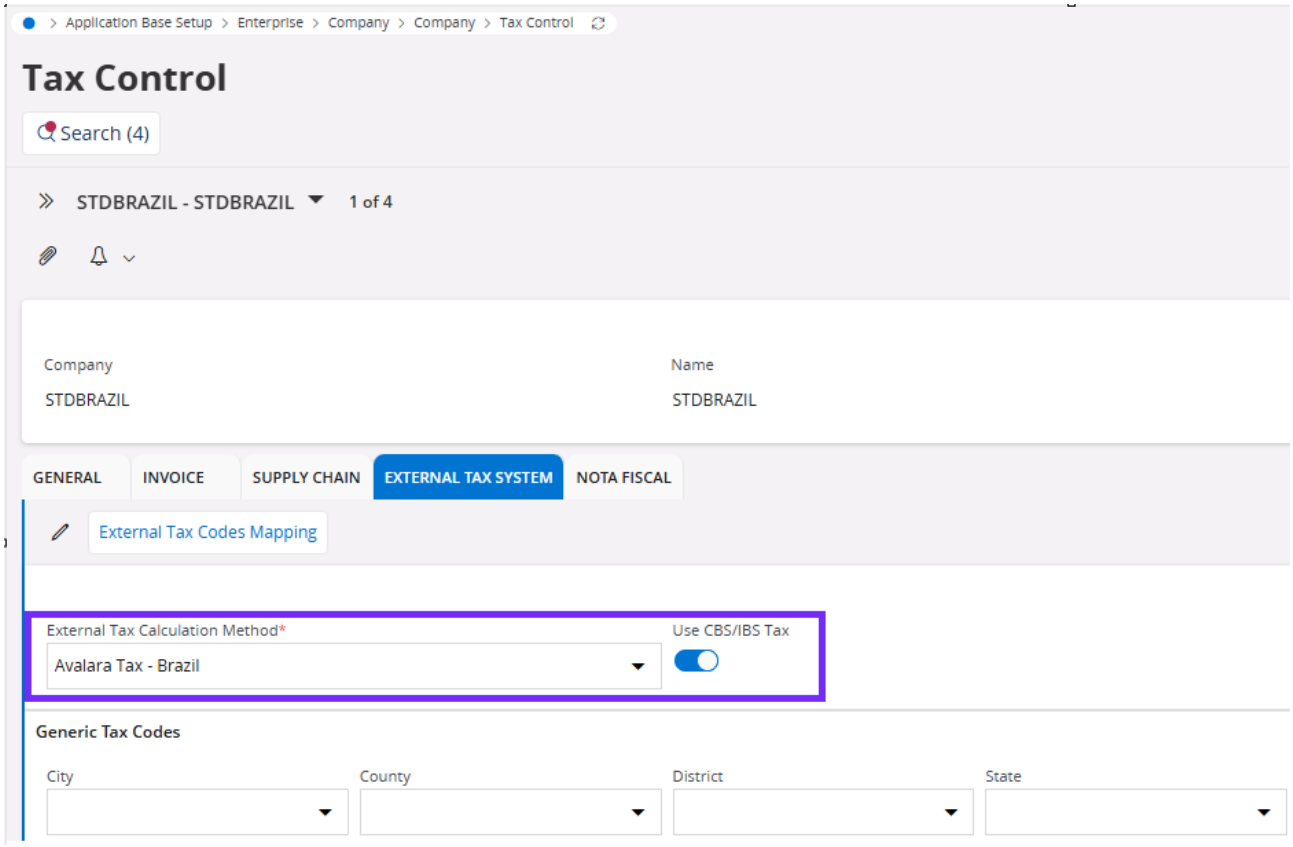


9.4 Prerequisites

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****.*



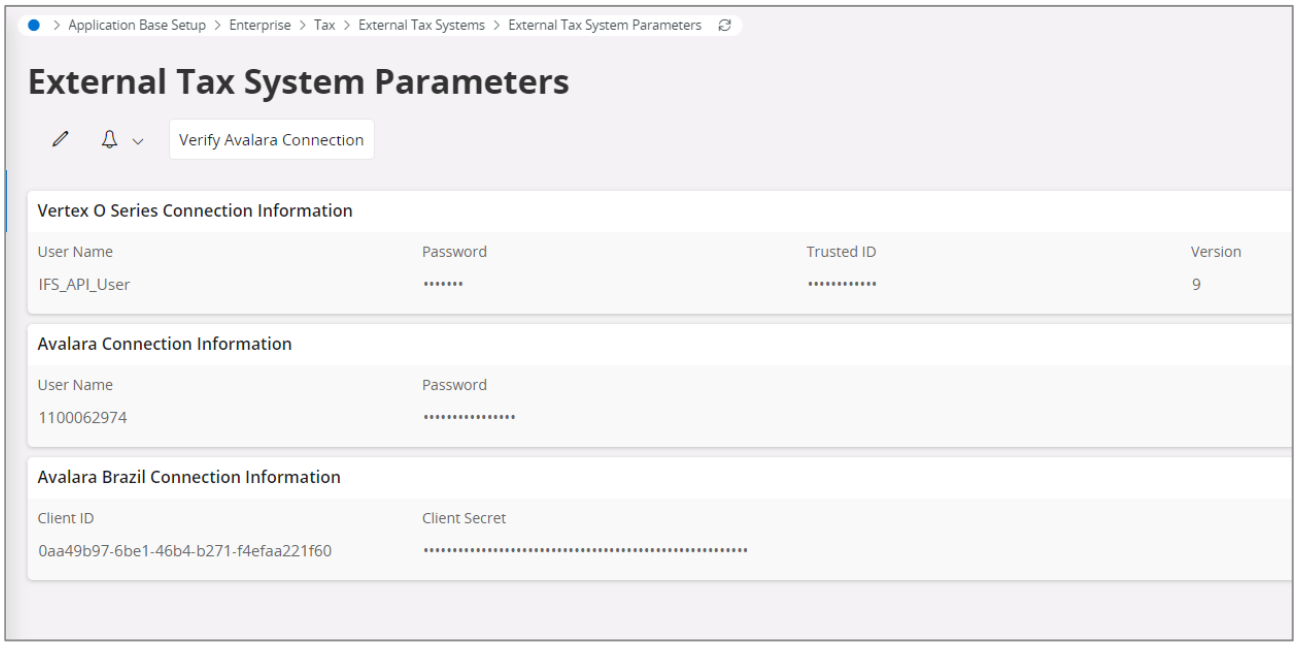
The prerequisites for IFS Cloud to communicate with Avalara is that the tax liability on the customer address is set to TAX and the Non-Inventory sales part is taxable.

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.

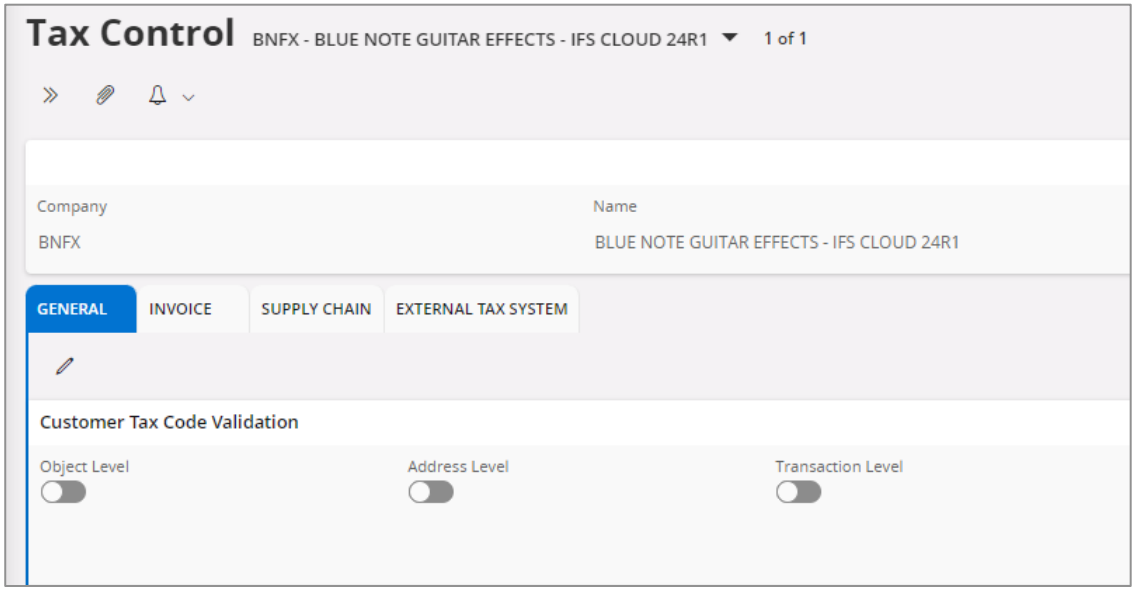
With the new tax reform in Brazil, it is necessary to inform the external tax calculation system whether it should apply the new taxes, since the implementation will be gradual until 2033. This is controlled by the "Use CBS/IBS Tax" field. When this field is checked, the system will be enabled to apply the new taxes; when unchecked, the current tax calculation method will remain in effect.

9.5 Define Basic Data

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

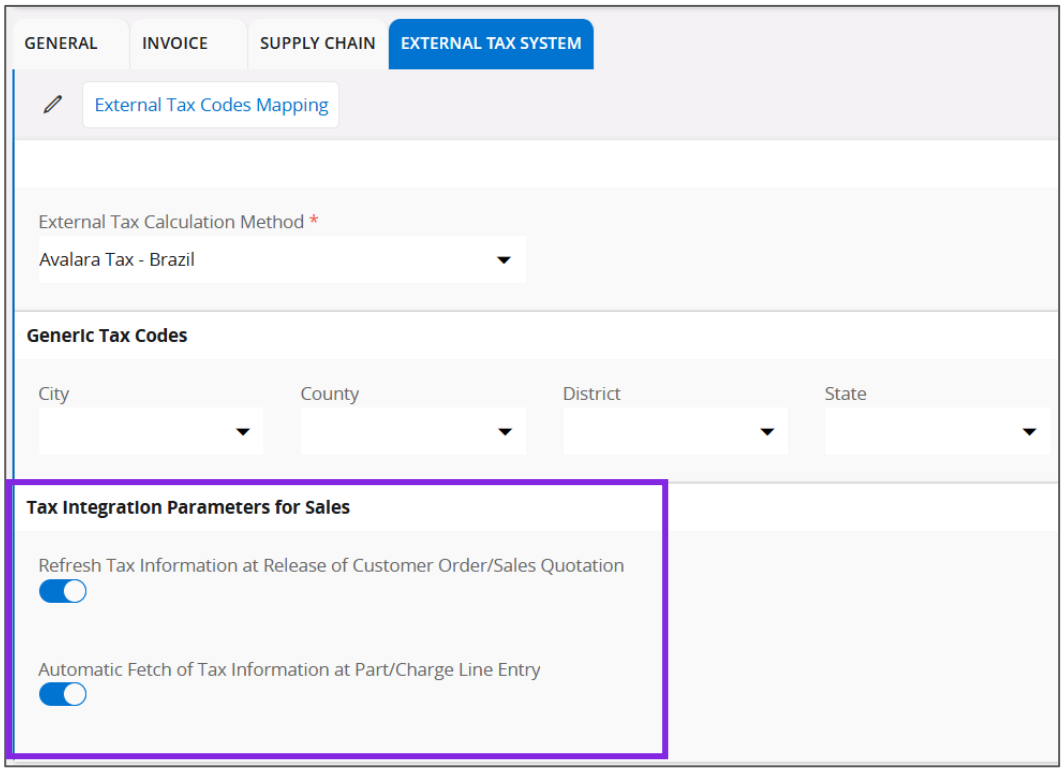


9.5.1 DISABLE CUSTOMER TAX CODE VALIDATIONS



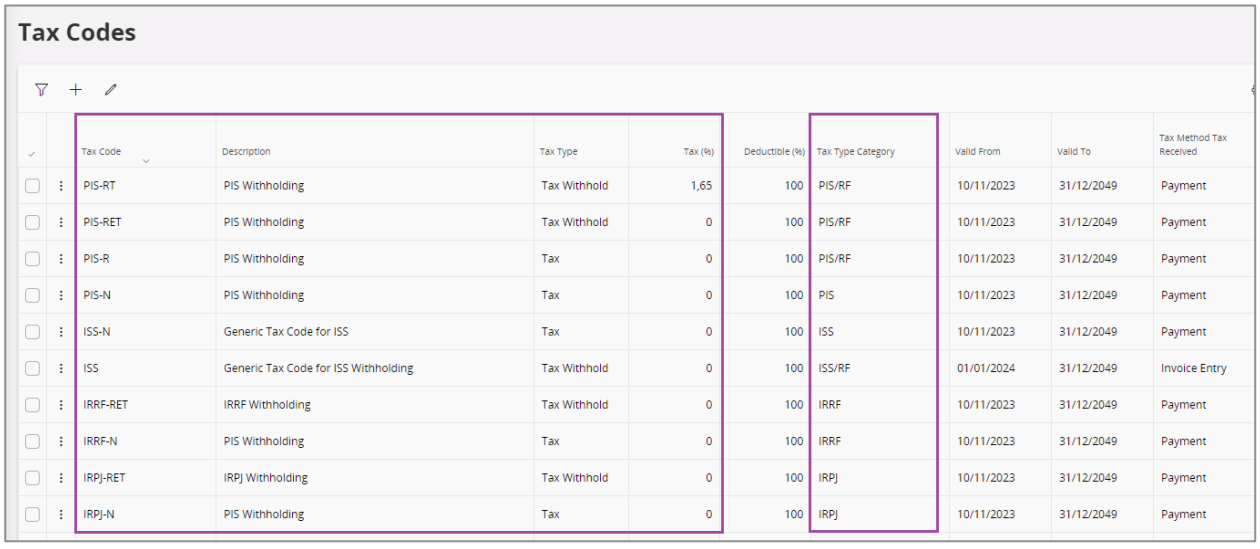
9.5.2 DEFINE TAX INTEGRATION PARAMETERS FOR SALES

Enable the toggle “Refresh Tax Information at Release of Customer Order/Sales Quotation” 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*.



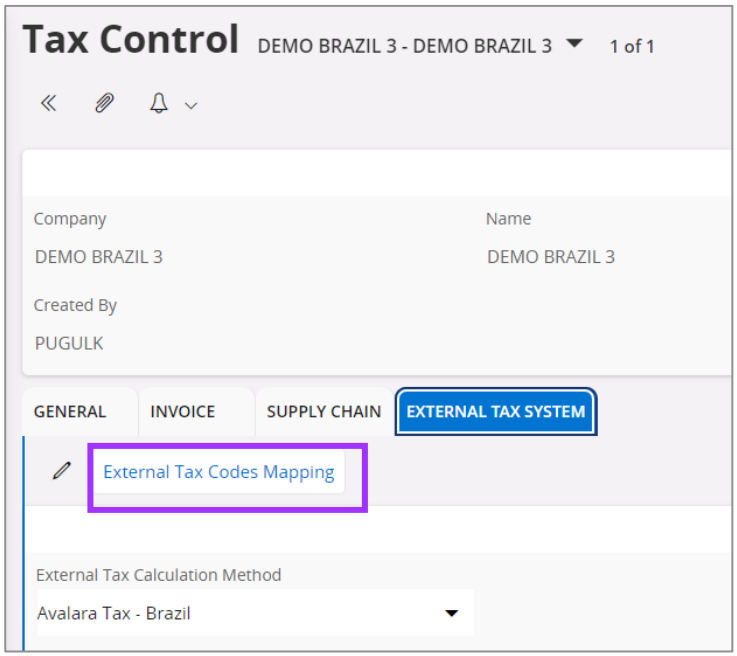
9.5.3 ENTER 0% TAX CODES FOR THE BRAZILIAN TAX TYPES

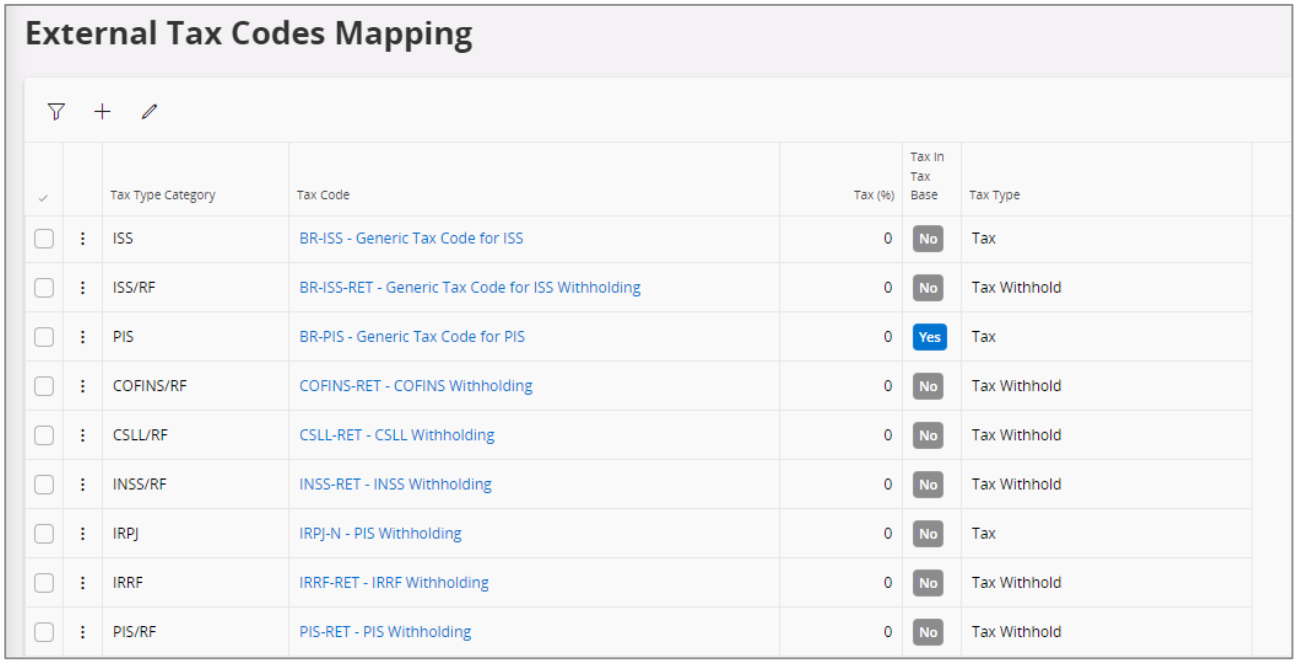
Enter the Tax Codes with types 'Tax' and/or 'Tax Withholding' per tax type category with 0% in page ***Accounting Rules/Tax/Tax Codes.*** The 0-percentage rate will be replaced by the correct percentage rate for the specific tax scenario in transaction level based on the tax response from 3rd party tax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



Tax 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:





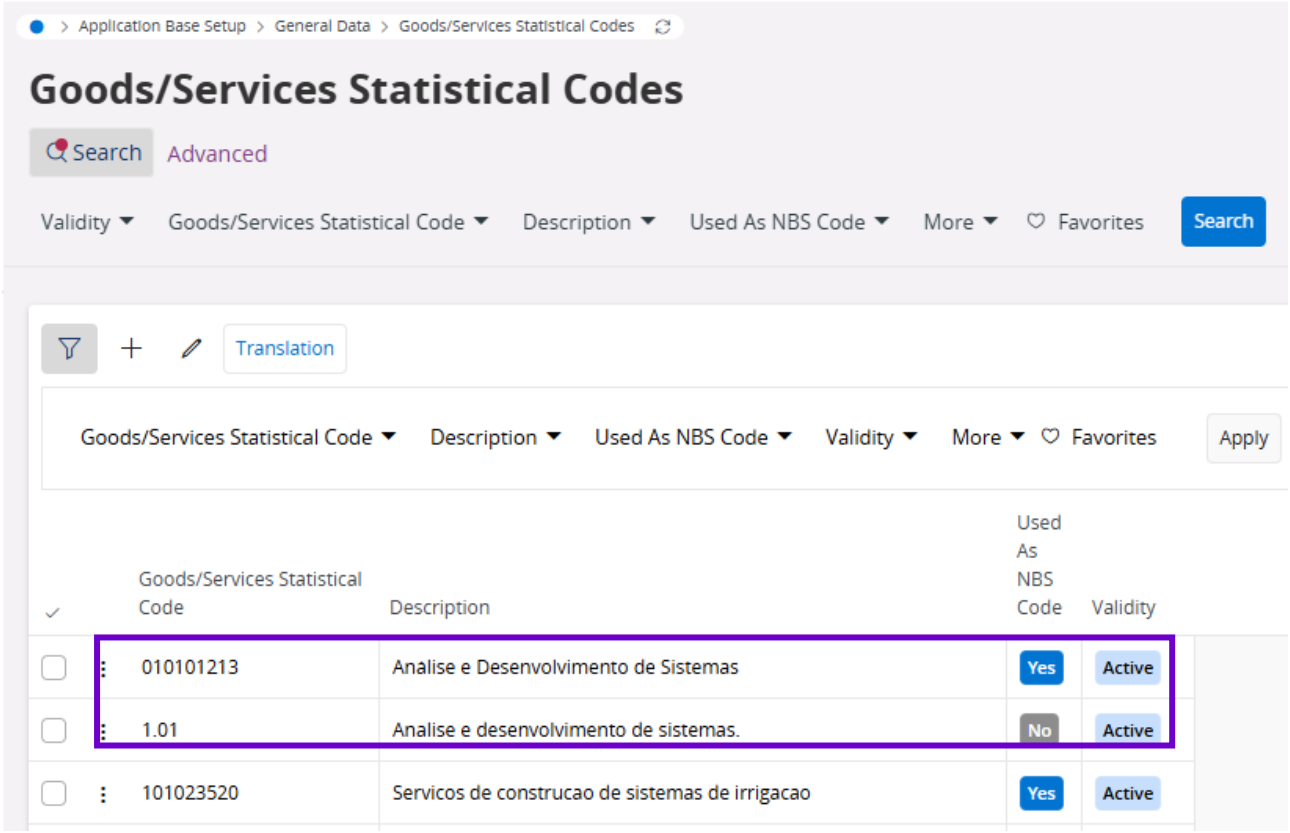
9.5.4 GOODS/SERVICES STATISTICAL CODES

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).

The NBS Code,are used in context of services handle the Service Codes listed in the federal list provided by Brazilian government, which concerns the legislation about tax on services for new Brazilian Tax reform.

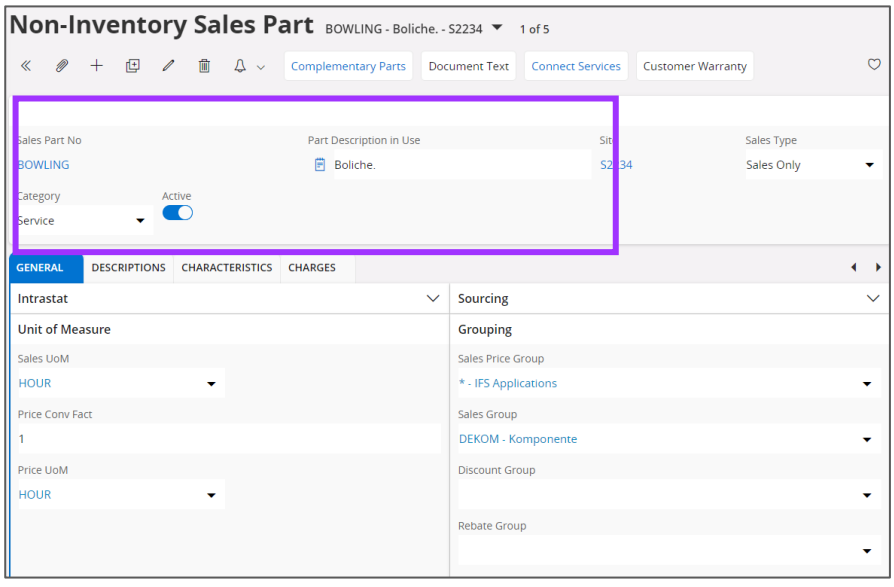
To differentiate it from the service code still used under the current tax system in Brazil, a toggle must be selected to indicate that the code refers to the NBS.

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

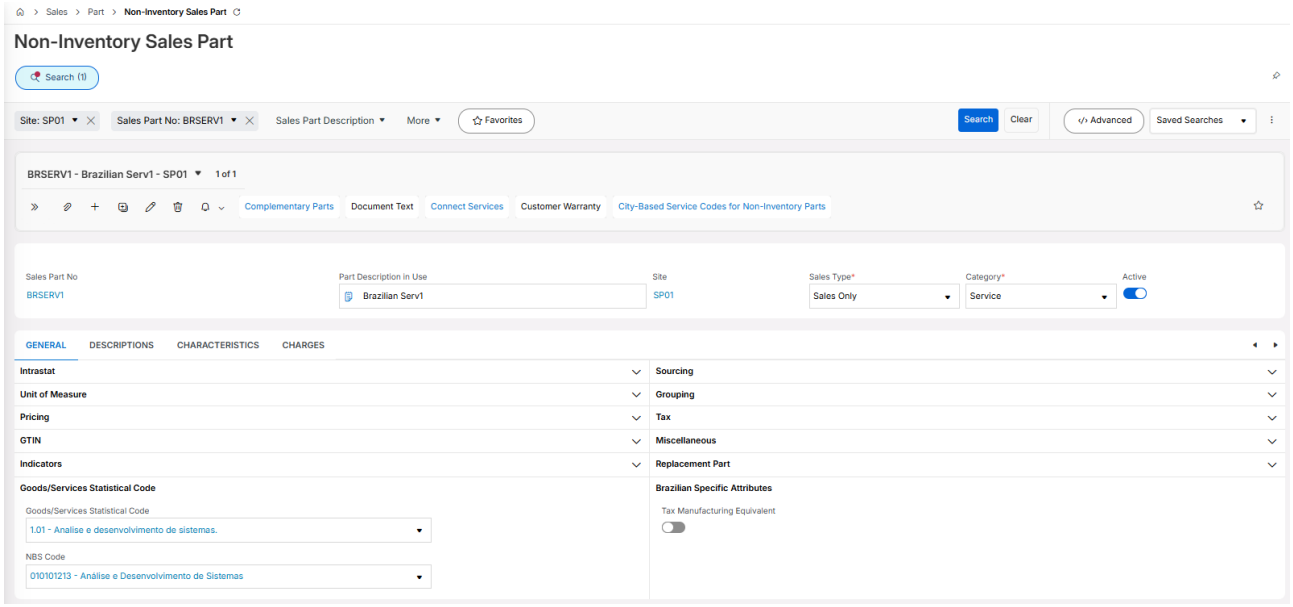


9.5.5 DEFINE THE NON-INVENTORY SALES PART

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:



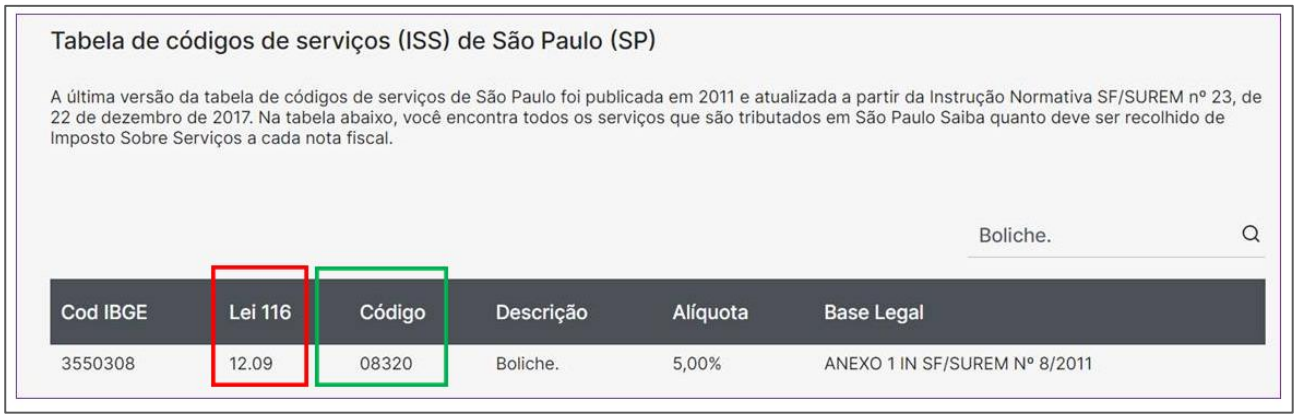
9.5.6 DEFINE CITY CODES FOR NON-INVENTORY SALES PART

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.

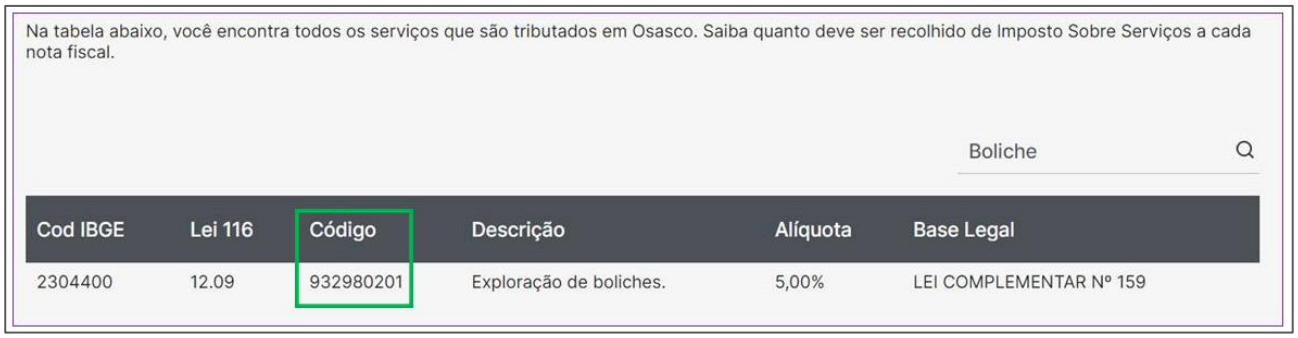
Example:

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

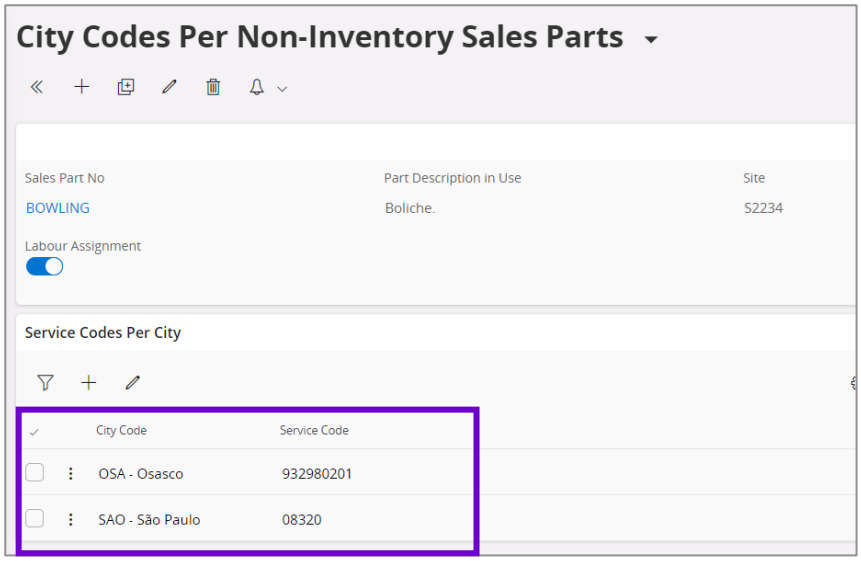
- This is the Service Code for service ***"Boliche"*** in the list of services codes made available by the city of São Paulo:



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

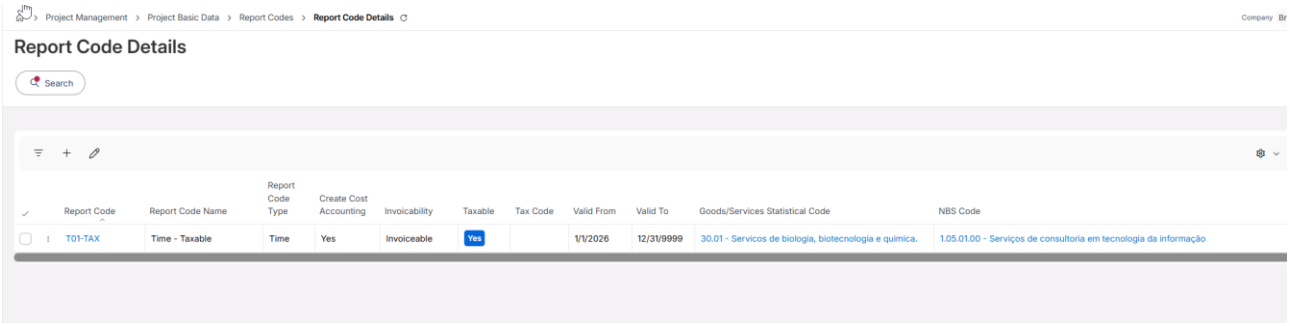


Both service codes must be connected in the City Codes per Non-Inventory Sales Part:

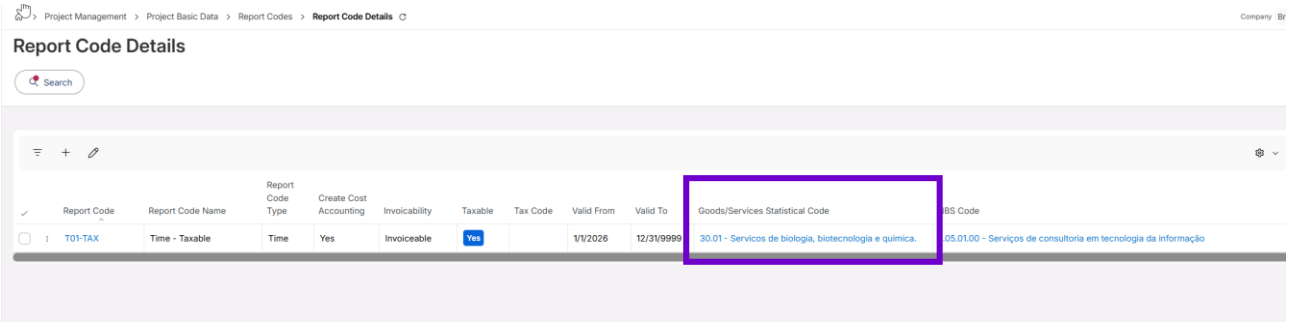


9.5.7 DEFINE THE REPORT CODE

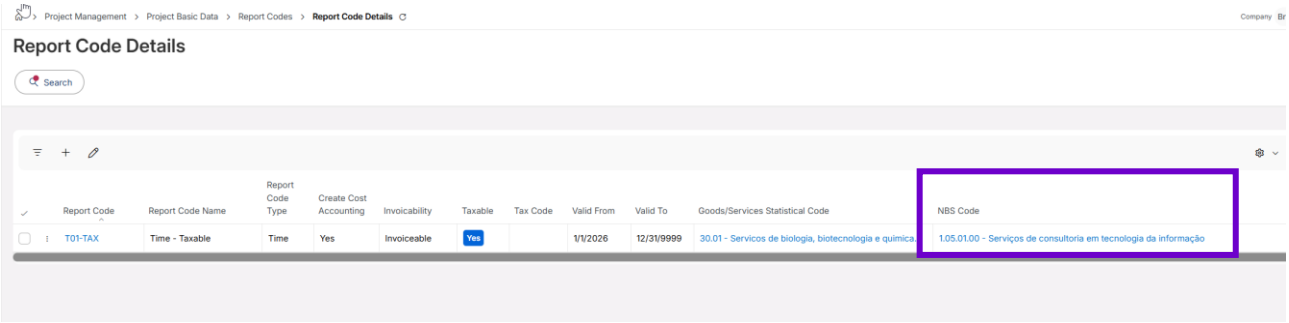
On the Report Code Details page, define the service delivered on a project.



Connect the predefined goods/service statistical code to the report code to classify the service according to existing Brazilian service categories.



Connect the NBS code to the report code to classify the service according to the Brazilian tax reform.



9.5.8 DEFINE CITY CODES FOR REPORT CODE

Service codes must be defined according to the lists published by the respective city halls in each city where the company's branches and customers are located. These lists differ by city, and the service may have a different code in each jurisdiction.

For example:

Company's Address

State: São Paulo

City: São Paulo

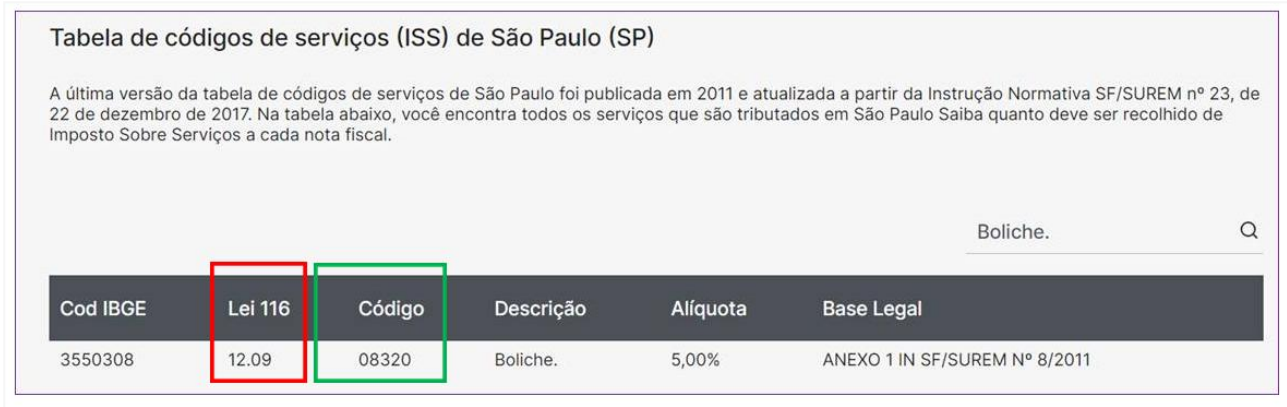
Customer's Address

State: São Paulo

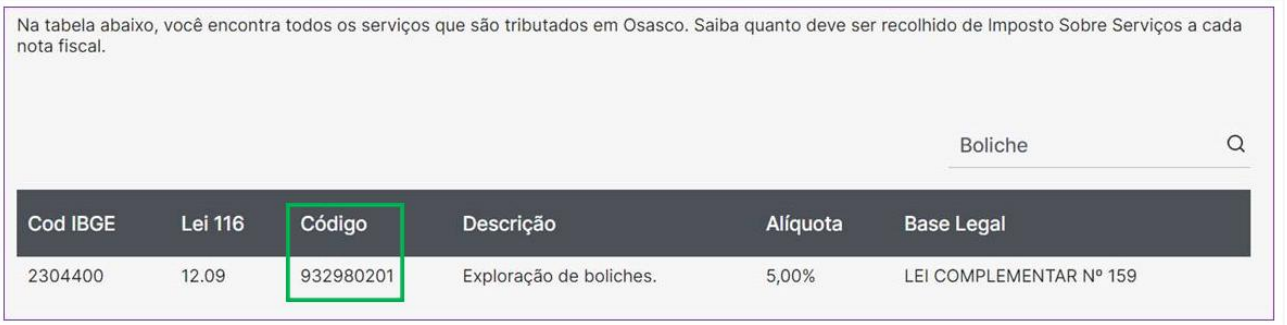
City: Osasco

The service "Boliche" has one service code in the service list published by the City of São Paulo and a different service code in the list published by the City of Osasco.

Service Code for "Boliche" in São Paulo



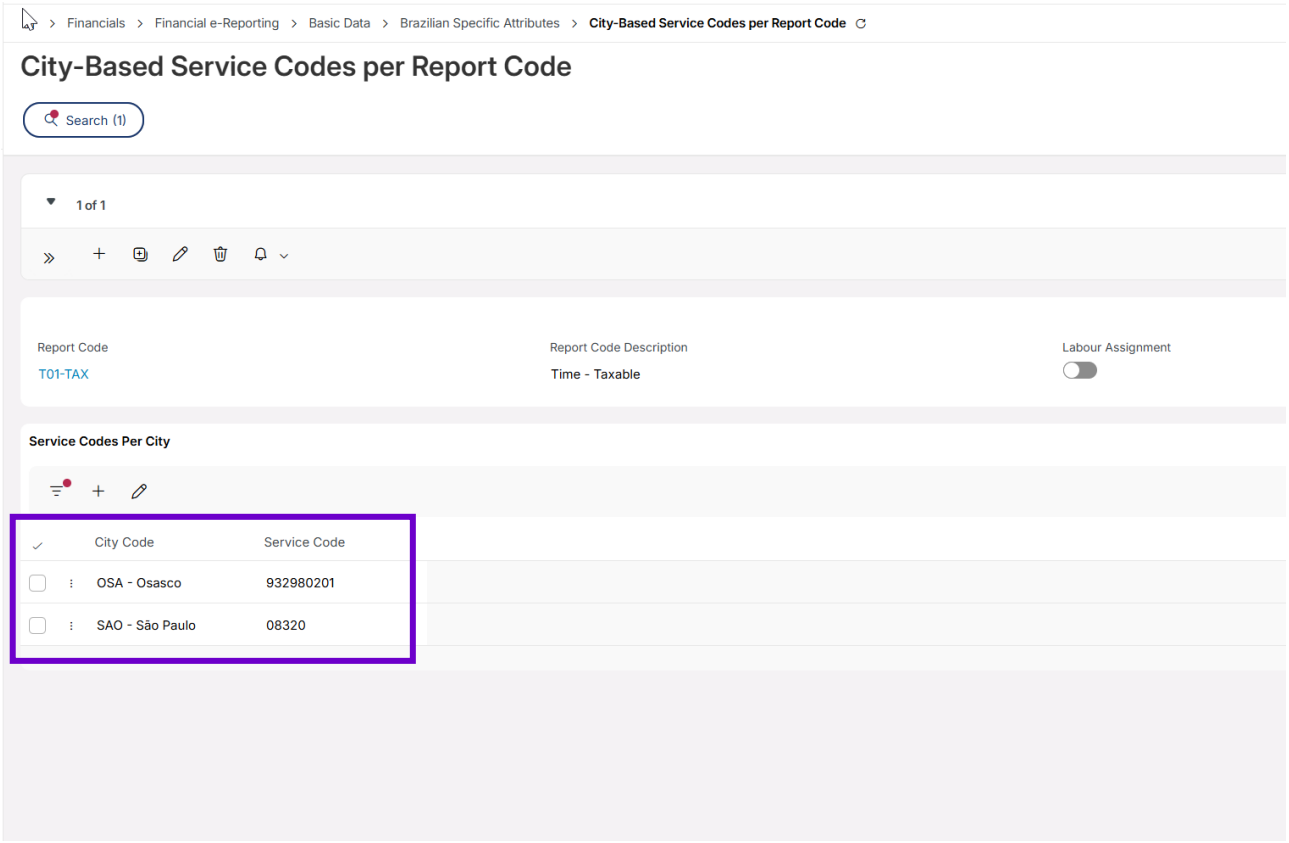
Service Code for “Boliche” in Osasco


Na tabela abaixo, você encontra todos os serviços que são tributados em Osasco. Saiba quanto deve ser recolhido de Imposto Sobre Serviços a cada nota fiscal.

Boliche

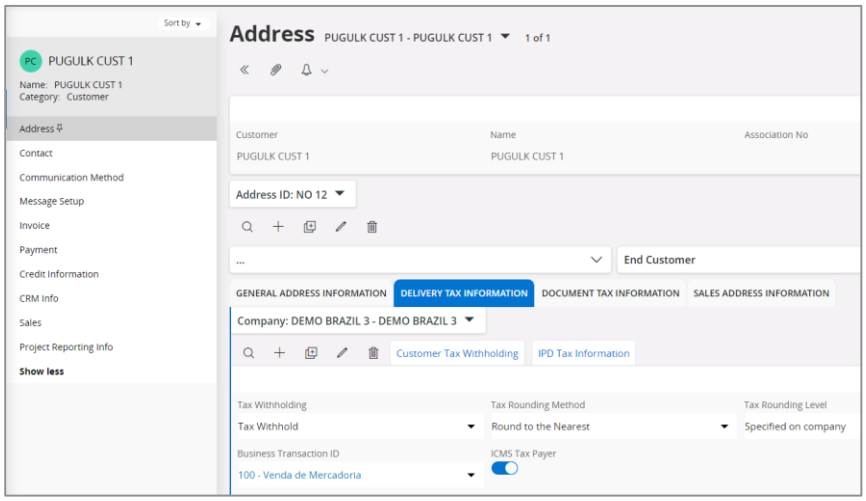
Cod IBGE	Lei 116	Código	Descrição	Alíquota	Base Legal
2304400	12.09	932980201	Exploração de boliches.	5,00%	LEI COMPLEMENTAR Nº 159

Both service codes must be connected on the ***City-Based Service Codes per Report Code*** page.



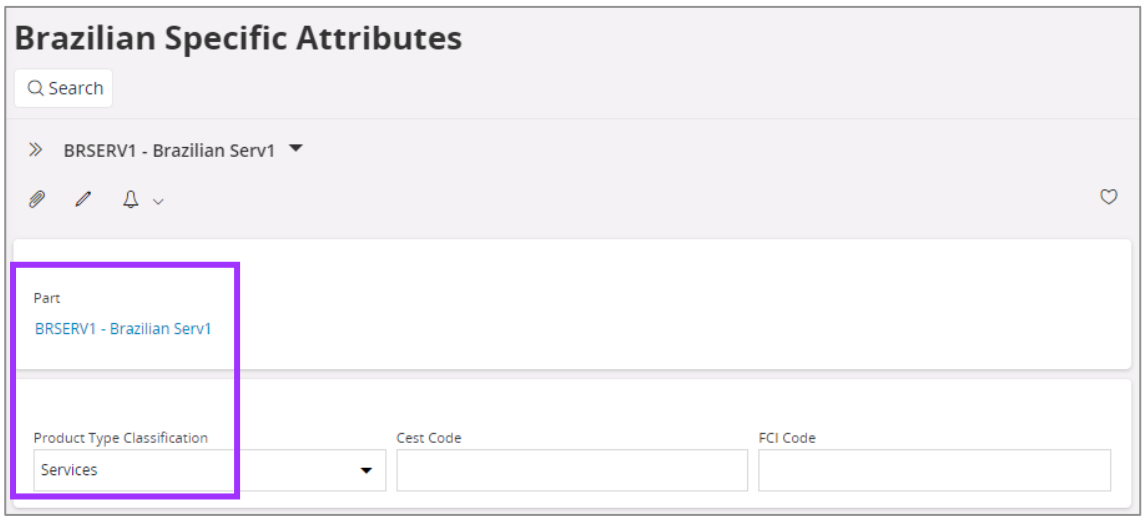
9.5.9 ENABLE THE CUSTOMER FOR TAX WITHHOLDING

Enable the Customer to record the withholding taxes as follows.

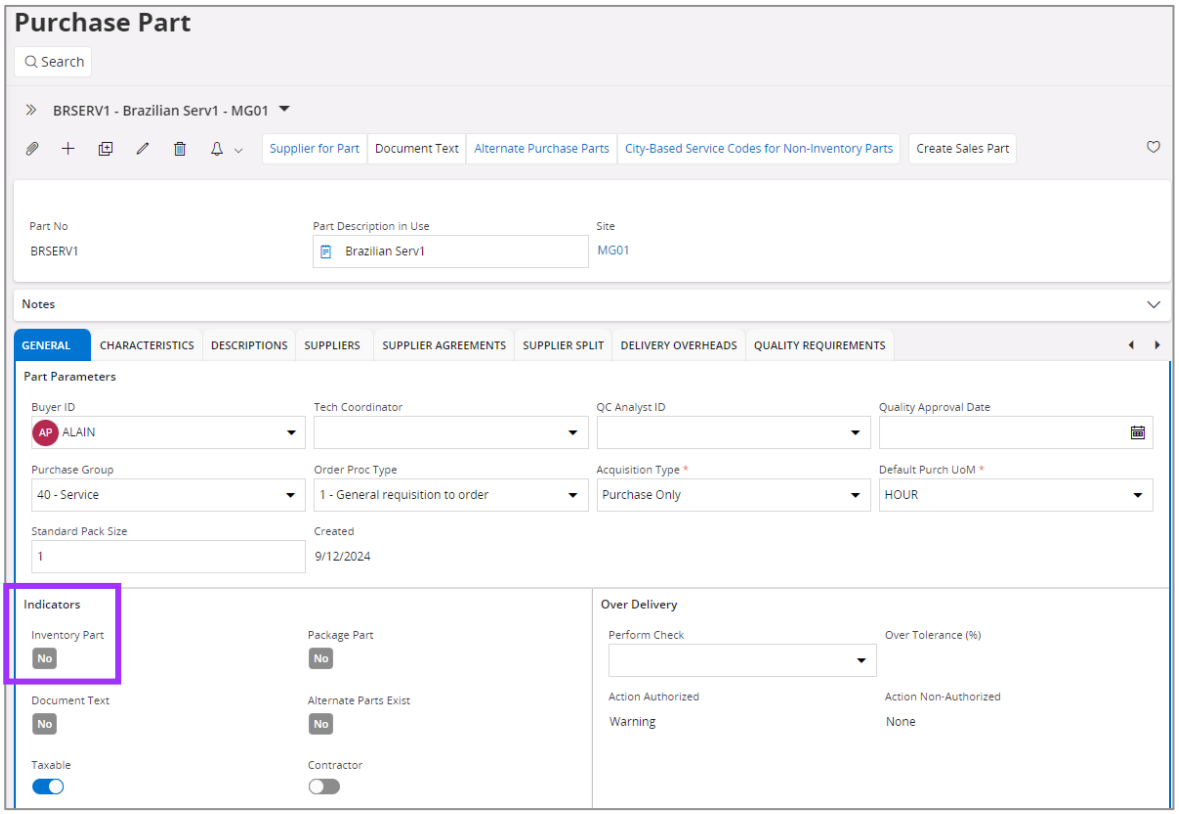


9.5.10 DEFINE THE NON-INVENTORY PURCHASE PART

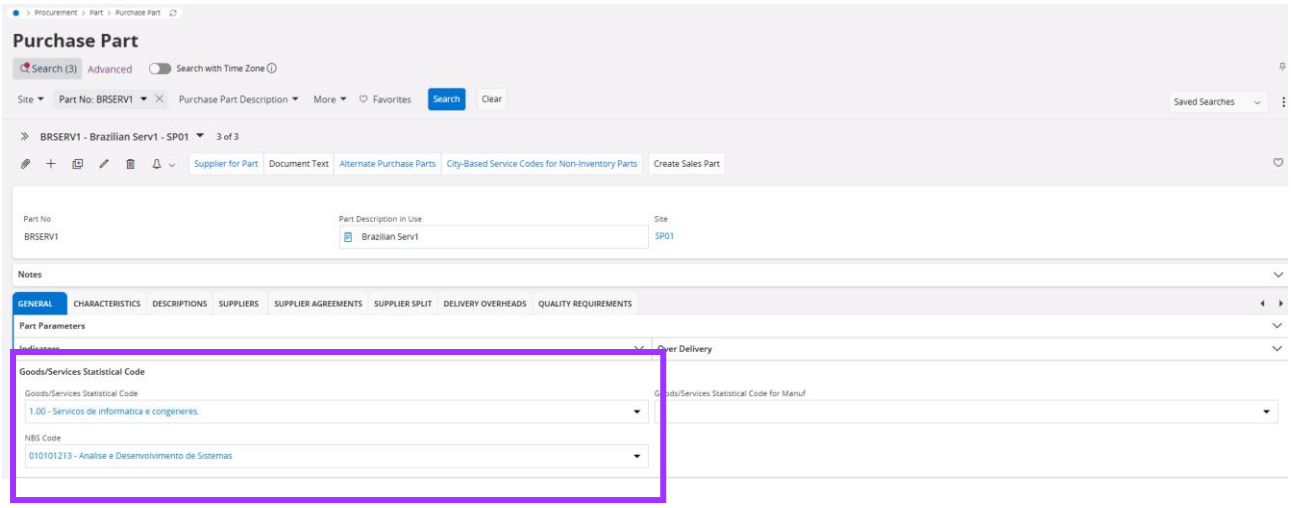
In the ***Master Part – Part – Brazilian Specific Attributes*** page, define the service item, with Product Type Classification 'Service':



Create a non-inventory Purchase Part



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



9.5.11 DEFINE CITY CODES FOR NON-INVENTORY PURCHASE 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:

Supplier's Address **Supplier's Address**

State: São Paulo

City: São Paulo

State: 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:

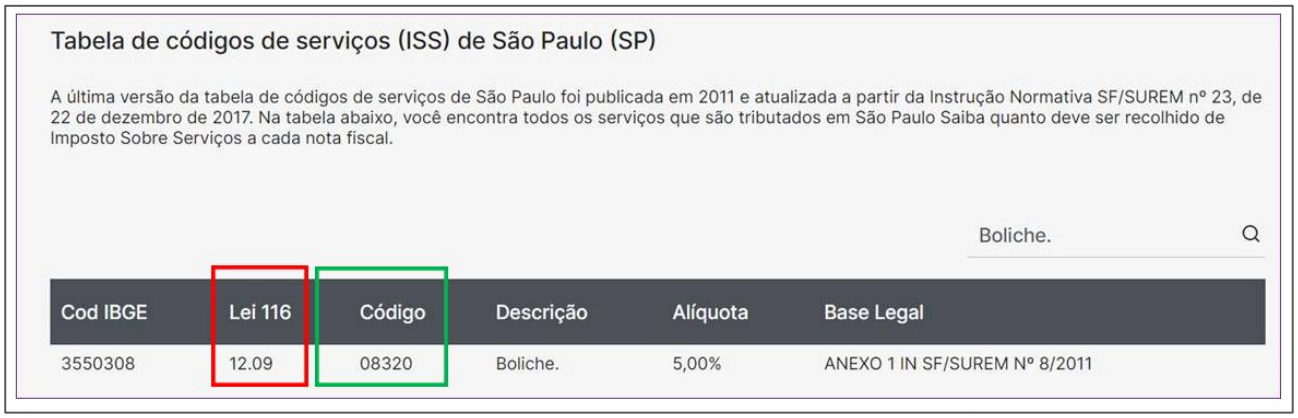


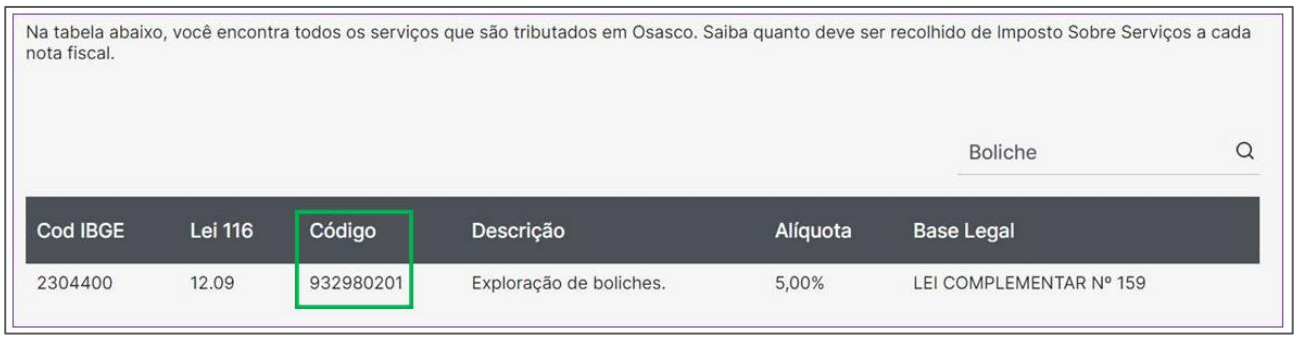
Tabela de códigos de serviços (ISS) de São Paulo (SP)

A última versão da tabela de códigos de serviços de São Paulo foi publicada em 2011 e atualizada a partir da Instrução Normativa SF/SUREM nº 23, de 22 de dezembro de 2017. Na tabela abaixo, você encontra todos os serviços que são tributados em São Paulo Saiba quanto deve ser recolhido de Imposto Sobre Serviços a cada nota fiscal.

Boliche.

Cod IBGE	Lei 116	Código	Descrição	Alíquota	Base Legal
3550308	12.09	08320	Boliche.	5,00%	ANEXO 1 IN SF/SUREM Nº 8/2011

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

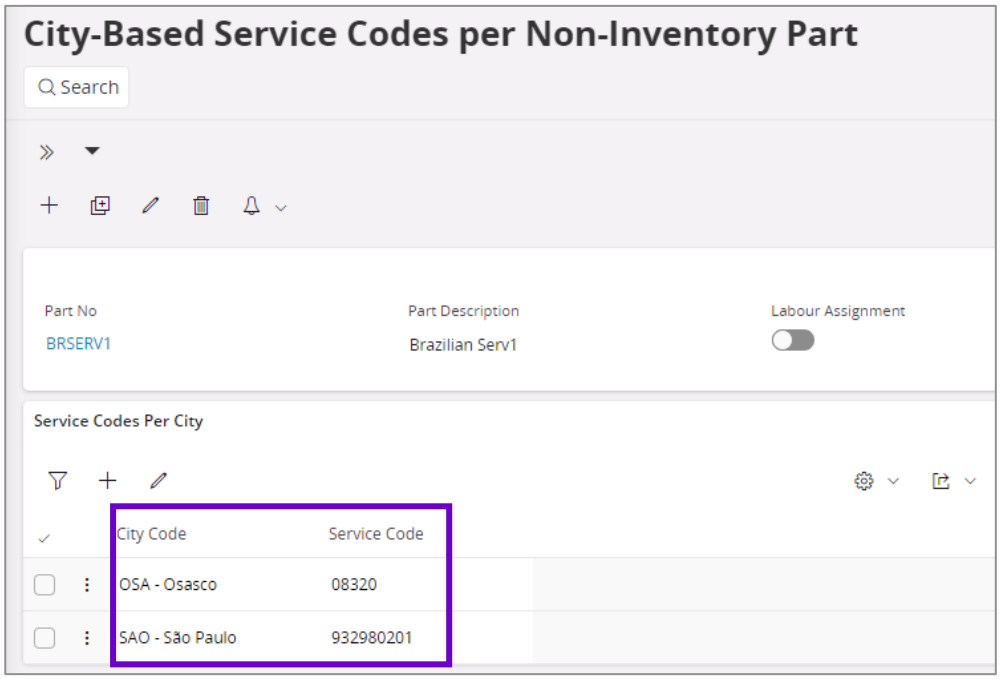


Na tabela abaixo, você encontra todos os serviços que são tributados em Osasco. Saiba quanto deve ser recolhido de Imposto Sobre Serviços a cada nota fiscal.

Boliche

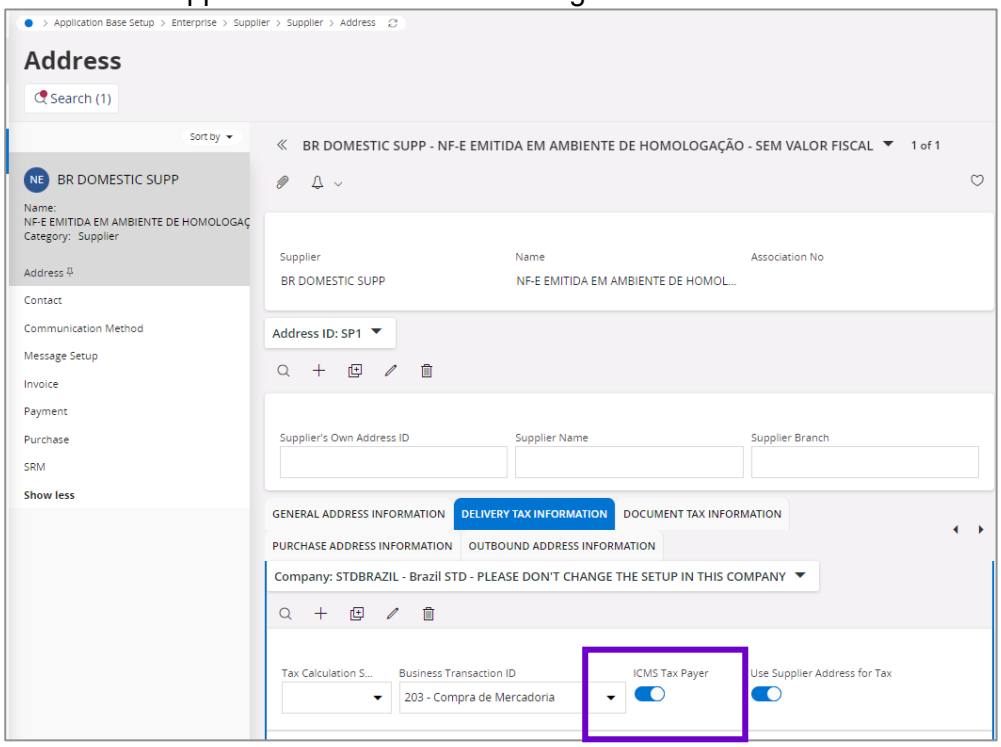
Cod IBGE	Lei 116	Código	Descrição	Alíquota	Base Legal
2304400	12.09	932980201	Exploração de boliches.	5,00%	LEI COMPLEMENTAR Nº 159

Both service codes must be connected in the City Codes per Non-Inventory Part where BRSERV1 represents the service Boliche:



9.5.12 ENABLE THE SUPPLIER FOR TAX WITHHOLDING

Enable the Supplier to record the withholding taxes as follows.



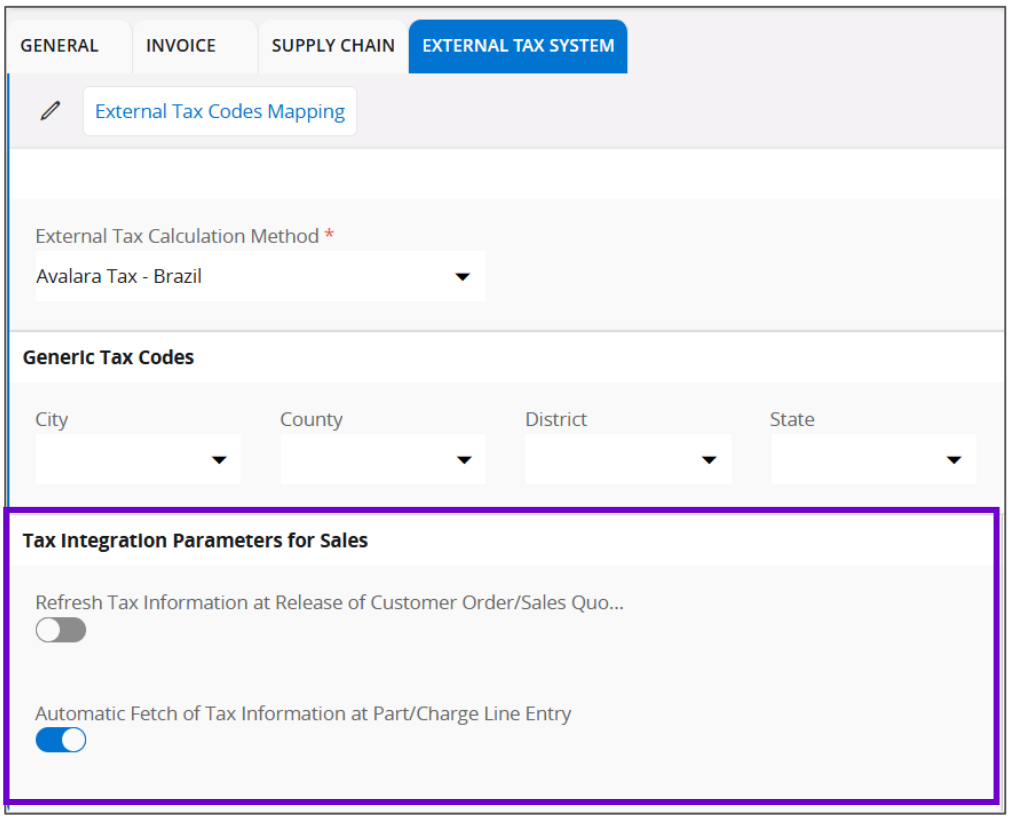
9.6 Create Sales Quotation for Non-Inventory Sales Part

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

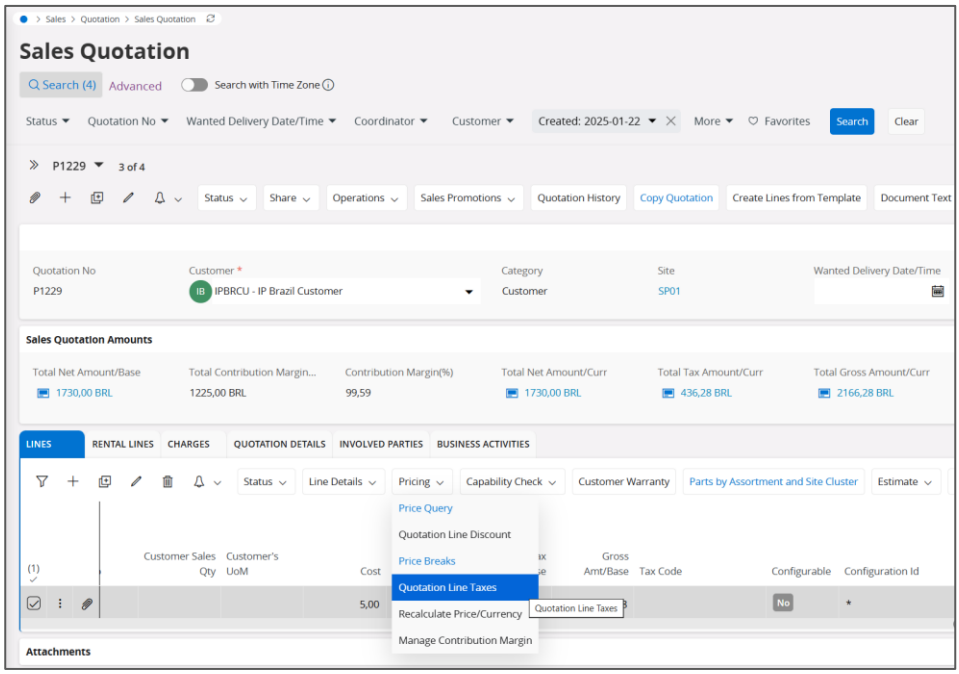
- New Sales Quotation line is added.

- Sales Qty is updated
- Sales Price is updated
- Quotation Address is updated
- Quotation Line Address is updated
- Goods/Services Statistical Code is updated
- NBS Code is updated
- Acquisition Reason Id is updated
- Order is Released

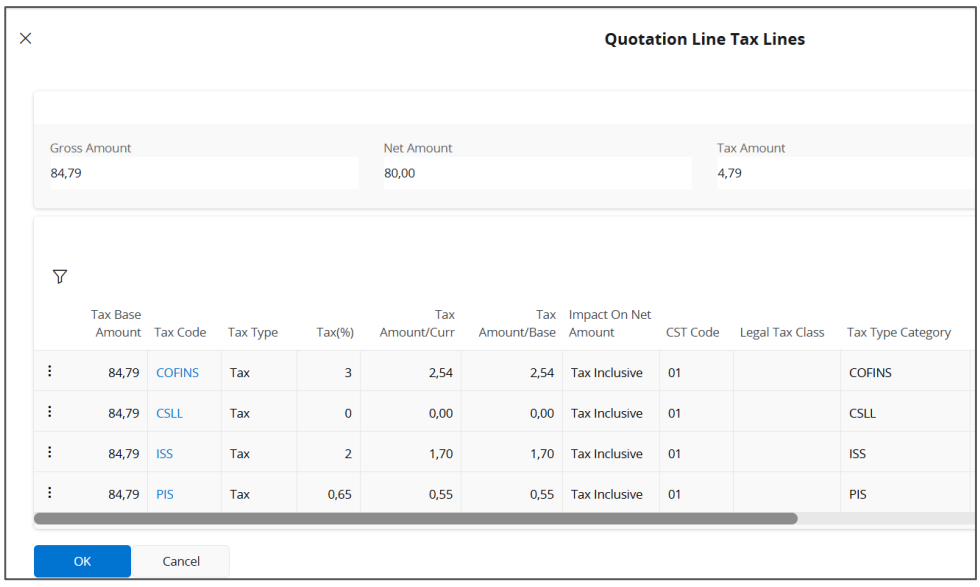
User can decide whether the taxes are Calculated/Fetched upon, “Release of Sales Quotation” or “SQ Line Entry Level”. This is controlled by the IFS Cloud core functionality, ***Company/Tax Control/External Tax System*** tab, “*Tax Integration Parameters for Sales*”.



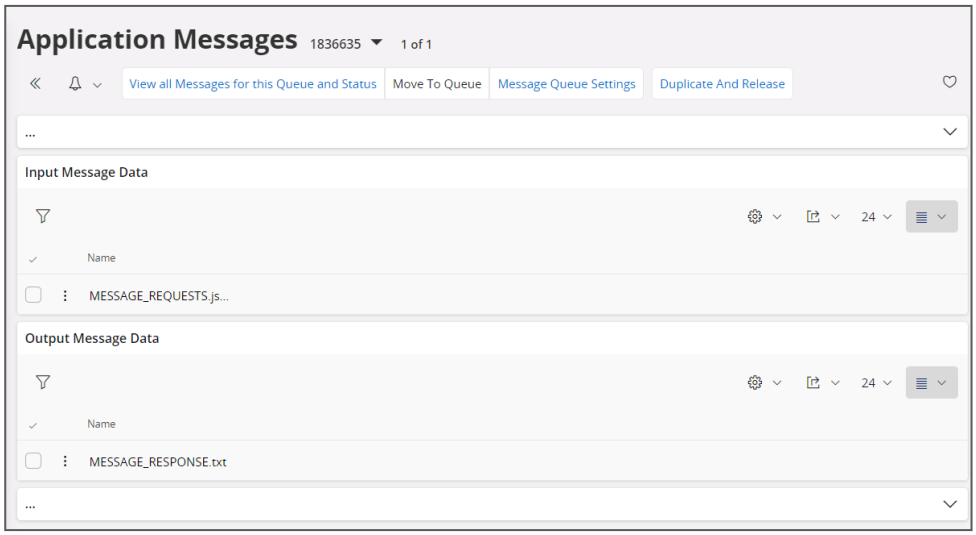
After service-related taxes are returned from External Tax System, the taxable taxes details can be verified through the option Tax Lines in the Sales Quotation Line.



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



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

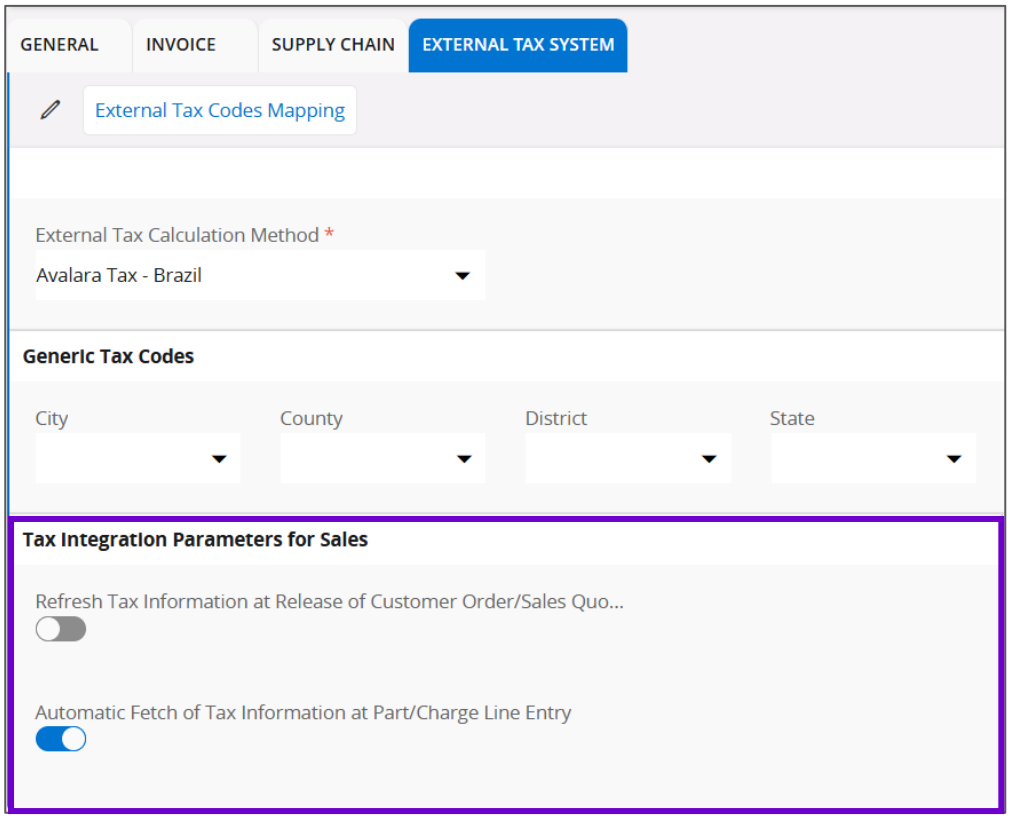


9.7 Create Customer Order for Non-Inventory Sales Part

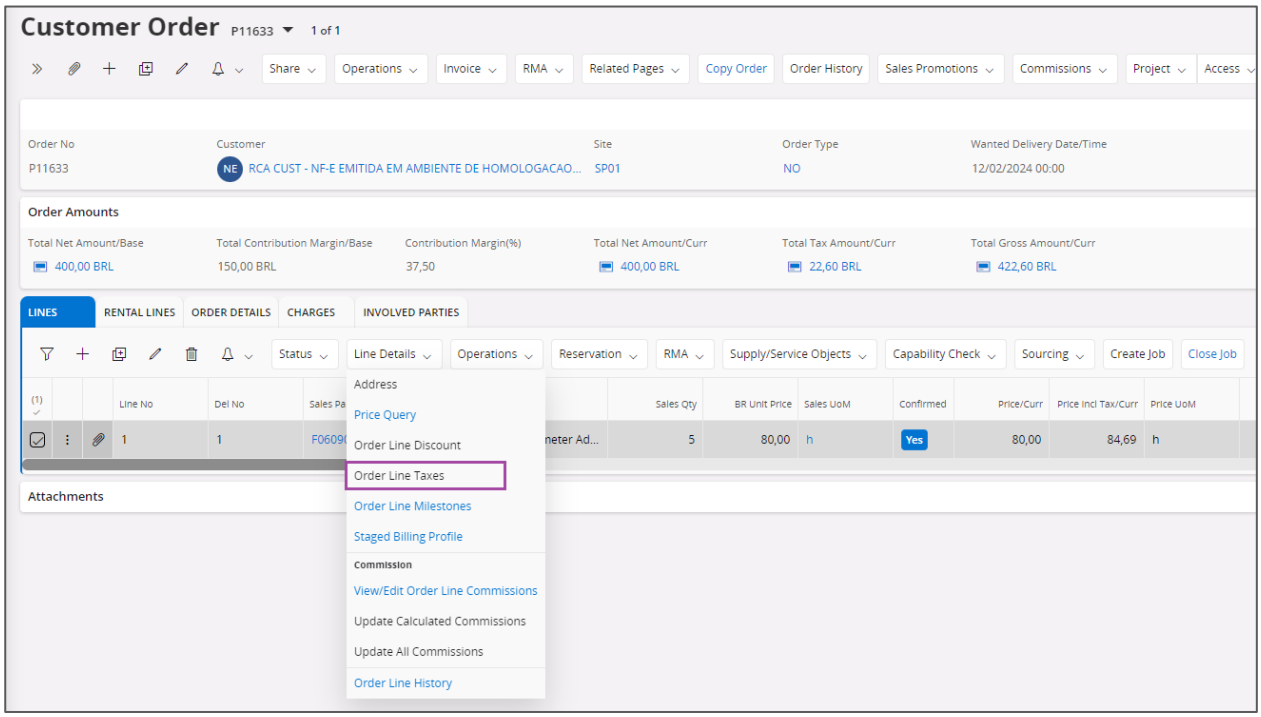
For Non-Inventory Sales Customer Order, a new tax Calculated/Fetched is initiated resulting in new tax requests being sent to Avalara under the following circumstances:

- 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
- NBS Code is updated
- Acquisition Reason Id is updated
- Order is Released

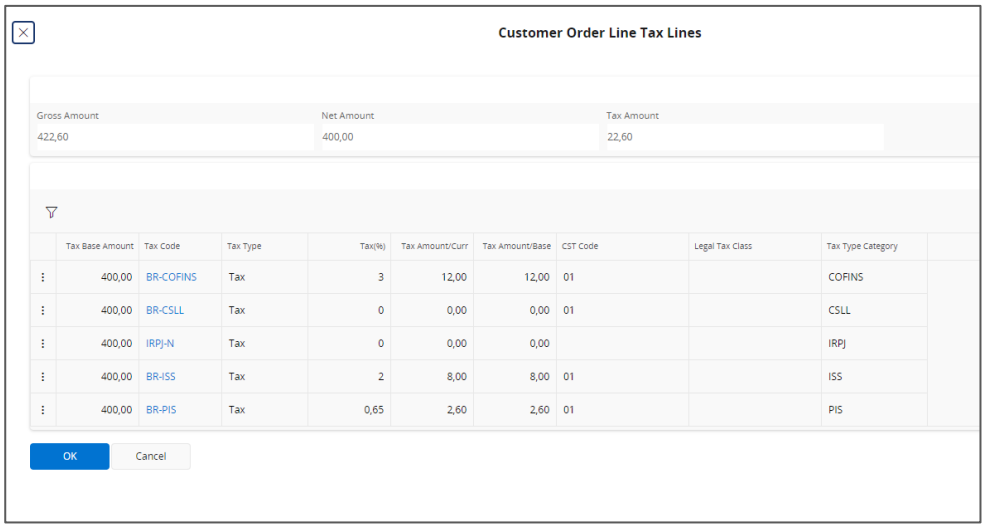
User can decide whether the taxes are Calculated/Fetched upon, “Release of Customer Order” or “CO Line Entry Level”. This is controlled by the IFS Cloud core functionality, ***Company/Tax Control/External Tax System*** tab, “*Tax Integration Parameters for Sales*”.

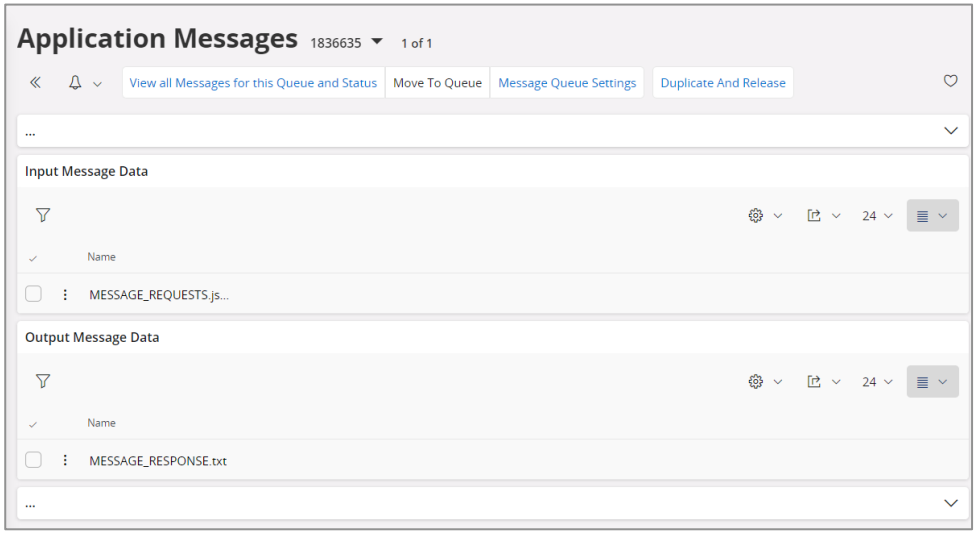


After service-related taxes are returned from External Tax System, the taxable taxes details can be verified through the option Tax Lines in the Customer Order Line:



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





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



```
{
    "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": {
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                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
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                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "01000-000",
                    "cityName": "São Paulo",
                    "country": "BRA"
                },
                "activitySector": {
                    "type": "cnae"
                }
```

Message Response.JSON



```
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "StandardSales",
        "transactionDate": "2024-02-22T00:00:00Z",
        "amountCalcType": "net",
        "companyLocation": "42453675818190",
        "documentCode": "V11556",
        "locations": {
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                "taxRegime": "individual",
                "type": "stateGovernment",
                "taxesSettings": {
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                    "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,
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                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T"
                },
                "address": {
                    "zipcode": "01000-000",
                    "cityName": "São Paulo",
                    "country": "BRA"
```

9.8 Create Project Invoices for Invoicing Plans or Project Transactions

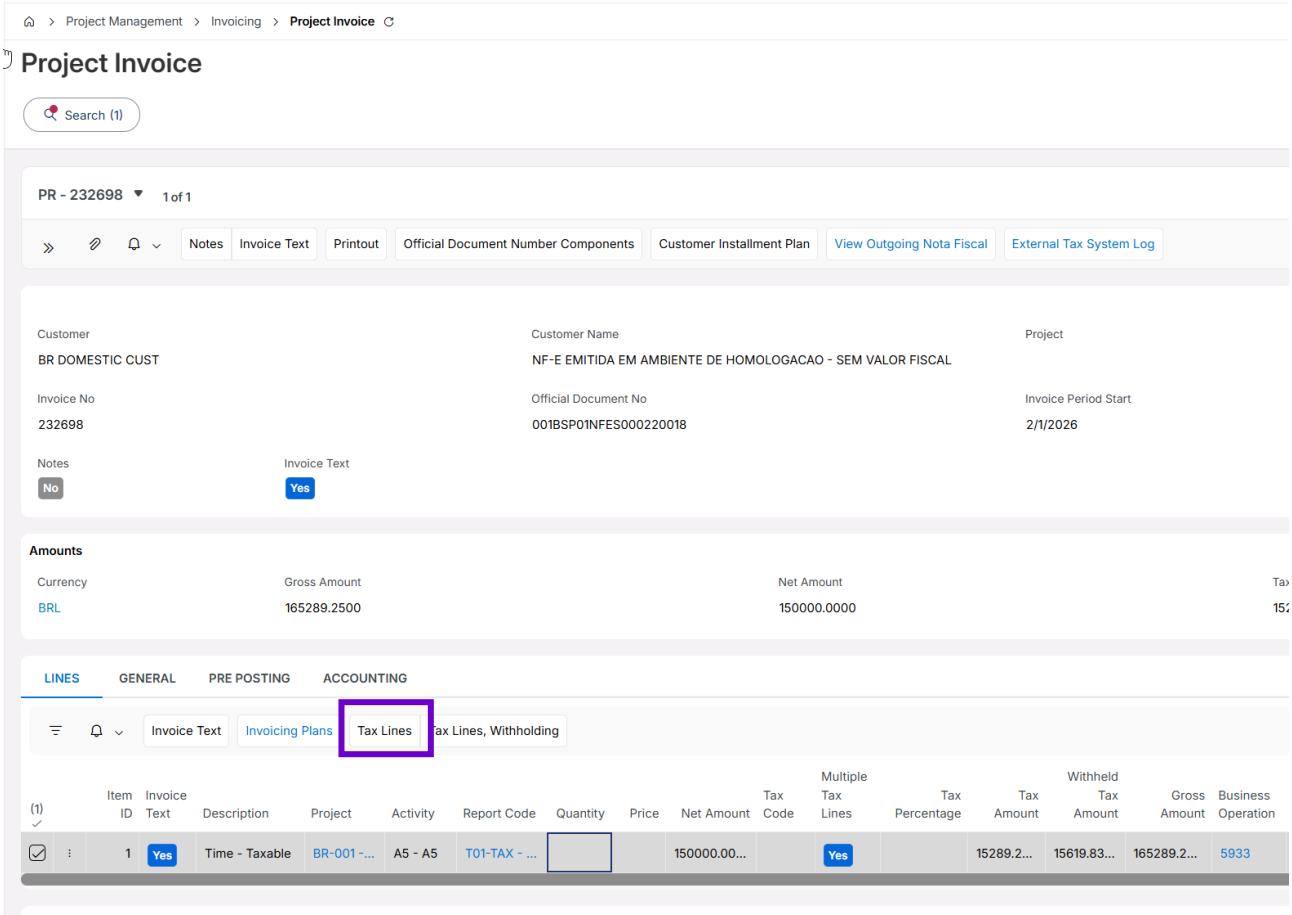
Project invoicing for services relies on report codes that represent the services delivered within the project. Invoicing plans or project transactions created using report codes reflect the service quantities and values to be invoiced for each report code.

When a project invoice is created from invoicing plans or project transactions, a new tax calculation request is sent to Avalara so that service-related taxes can be calculated based on the current

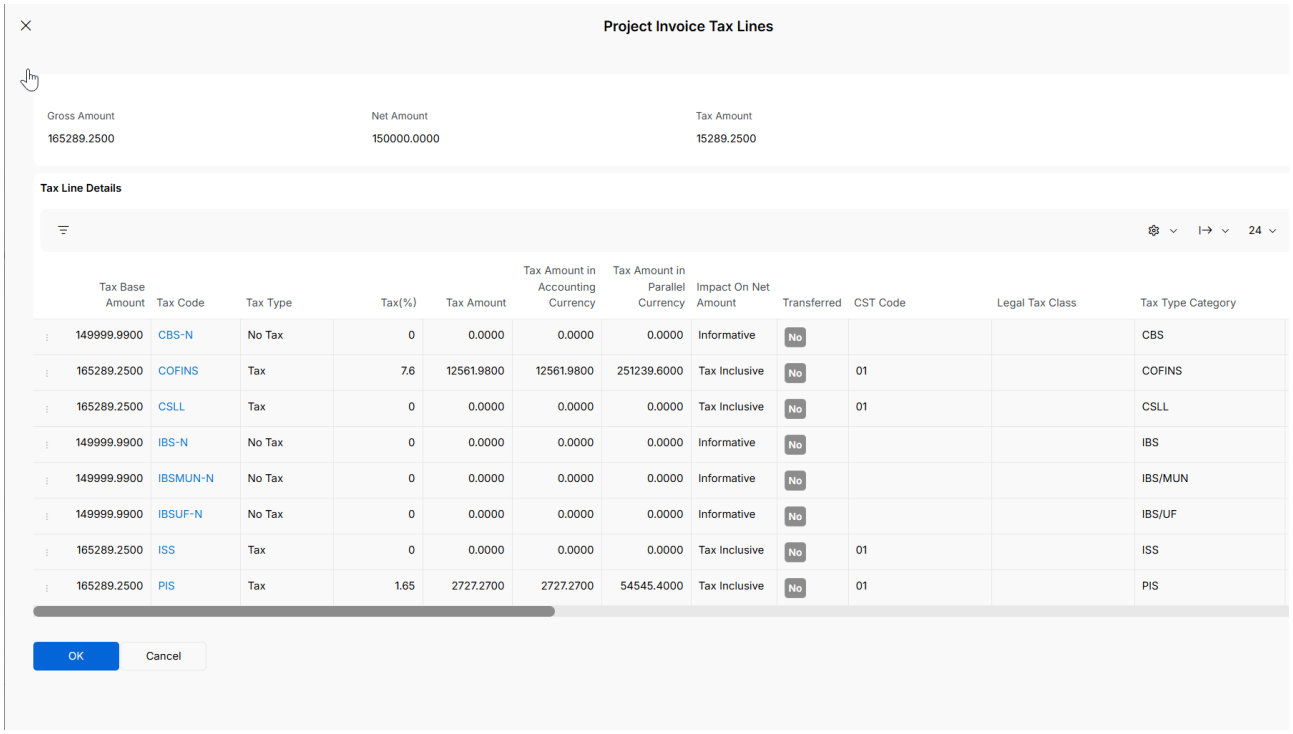
values and attributes connected to the invoice. A new tax request is triggered under any of the following conditions:

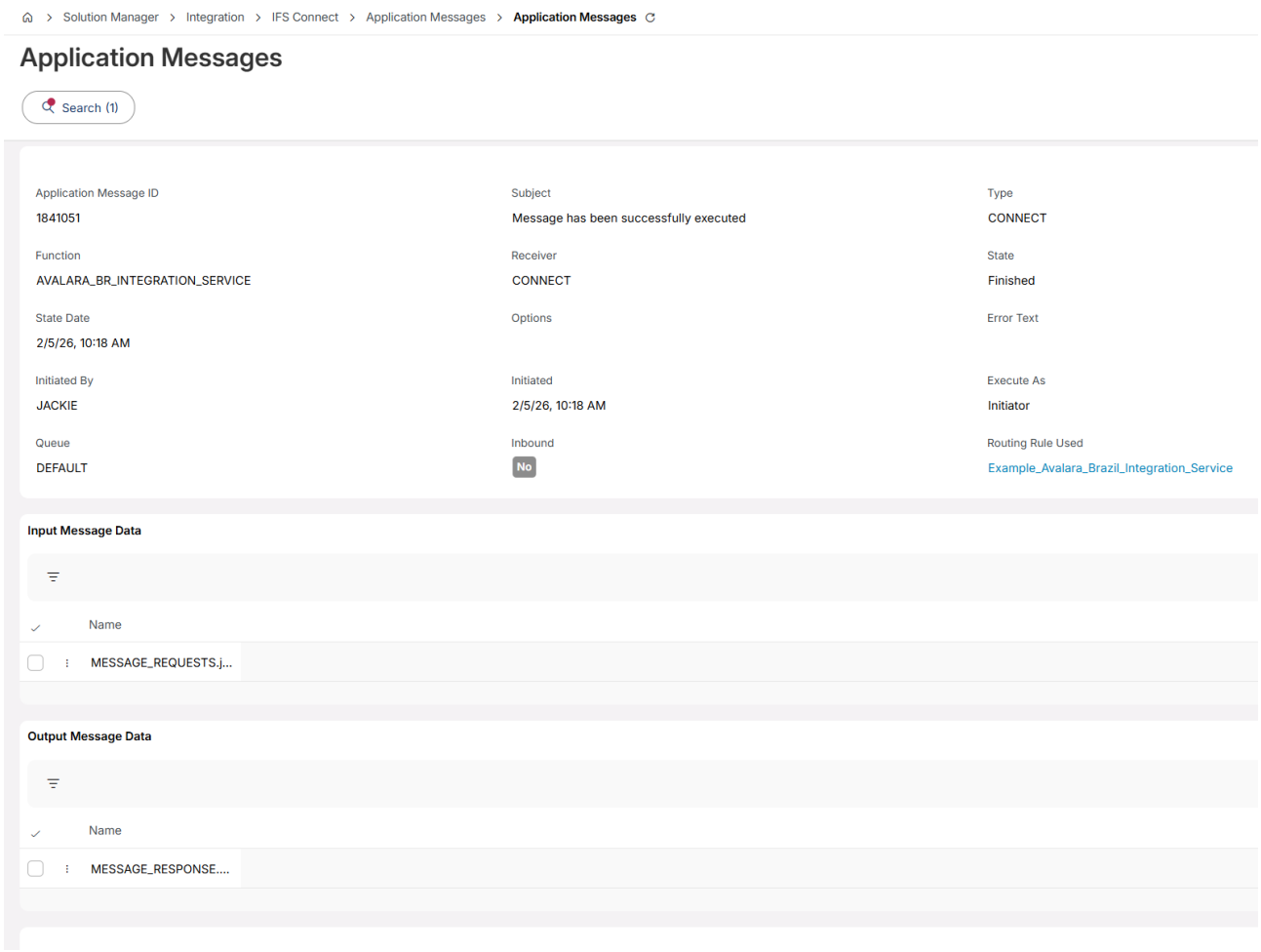
- Project invoice is created.
- Project transactions are added or removed using **Add to Invoice** or **Remove from Invoice**.
- Invoice Qty is updated.
- Invoice price is updated.
- Invoice address is updated.
- Delivery address is updated.
- Goods/services statistical code is updated.
- NBS code is updated.
- Branch is updated.

After Avalara returns the calculated taxes, the taxable tax details can be verified through the **Tax Lines** command on the project invoice line.



The returned tax percentages are recorded against the 0-percentage tax codes predefined in the **External Tax Codes Mapping** for the company.





The integrated messaging standard is supported by application messages, and each tax request sent to Avalara includes the authentication token required for external processing.

Message Request.JSON



```
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "standardSales",
        "transactionDate": "2026-02-05T09:18:04Z",
        "amountCalcType": "net",
        "companyLocation": "04106230000190",
        "documentCode": "BR01001",
        "locations": {
            "entity": {
                "taxRegime": "notApplicable",
                "type": "cityGovernment",
                "taxesSettings": {
                    "issRfRateForSimplesTaxRegime": 0,
                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T",
                    "notCbsIbsTaxPayer": "false"
                },
                "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",
                    "notCbsIbsTaxPayer": "false"
```

Message Response.JSON

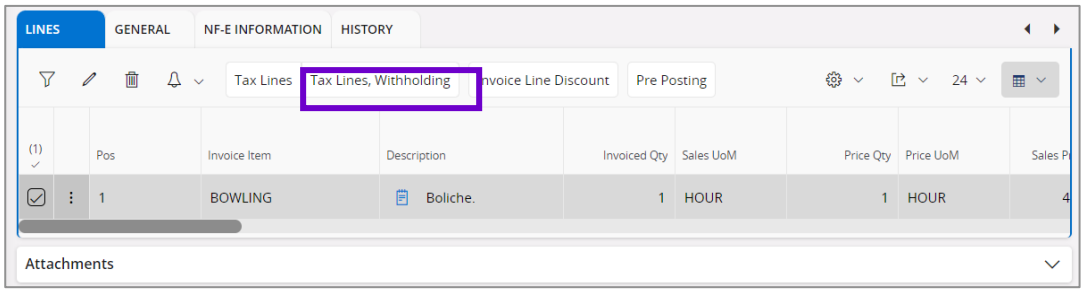


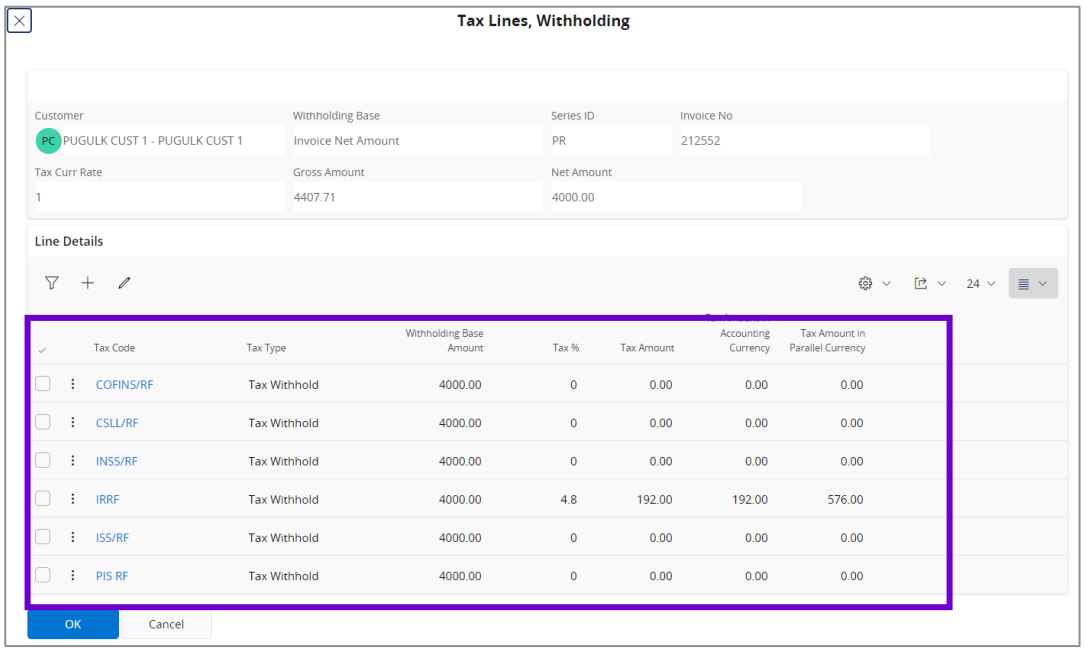
```
{
    "header": {
        "messageType": "services",
        "eDocCreatorType": "self",
        "eDocCreatorPerspective": true,
        "operationType": "standardSales",
        "transactionDate": "2026-02-05T09:18:04Z",
        "amountCalcType": "net",
        "companyLocation": "04106230000190",
        "documentCode": "BR01001",
        "locations": {
            "entity": {
                "taxRegime": "notApplicable",
                "type": "cityGovernment",
                "taxesSettings": {
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                    "pCredSN": 0,
                    "subjectToPayrollTaxRelief": true,
                    "subjectToWithholdingPis": true,
                    "subjectToWithholdingCofins": true,
                    "subjectToWithholdingCsll": true,
                    "cofinsSubjectTo": "T",
                    "pisSubjectTo": "T",
                    "csllSubjectTo": "T",
                    "notCbsIbsTaxPayer": false,
                    "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,
```

9.9 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.

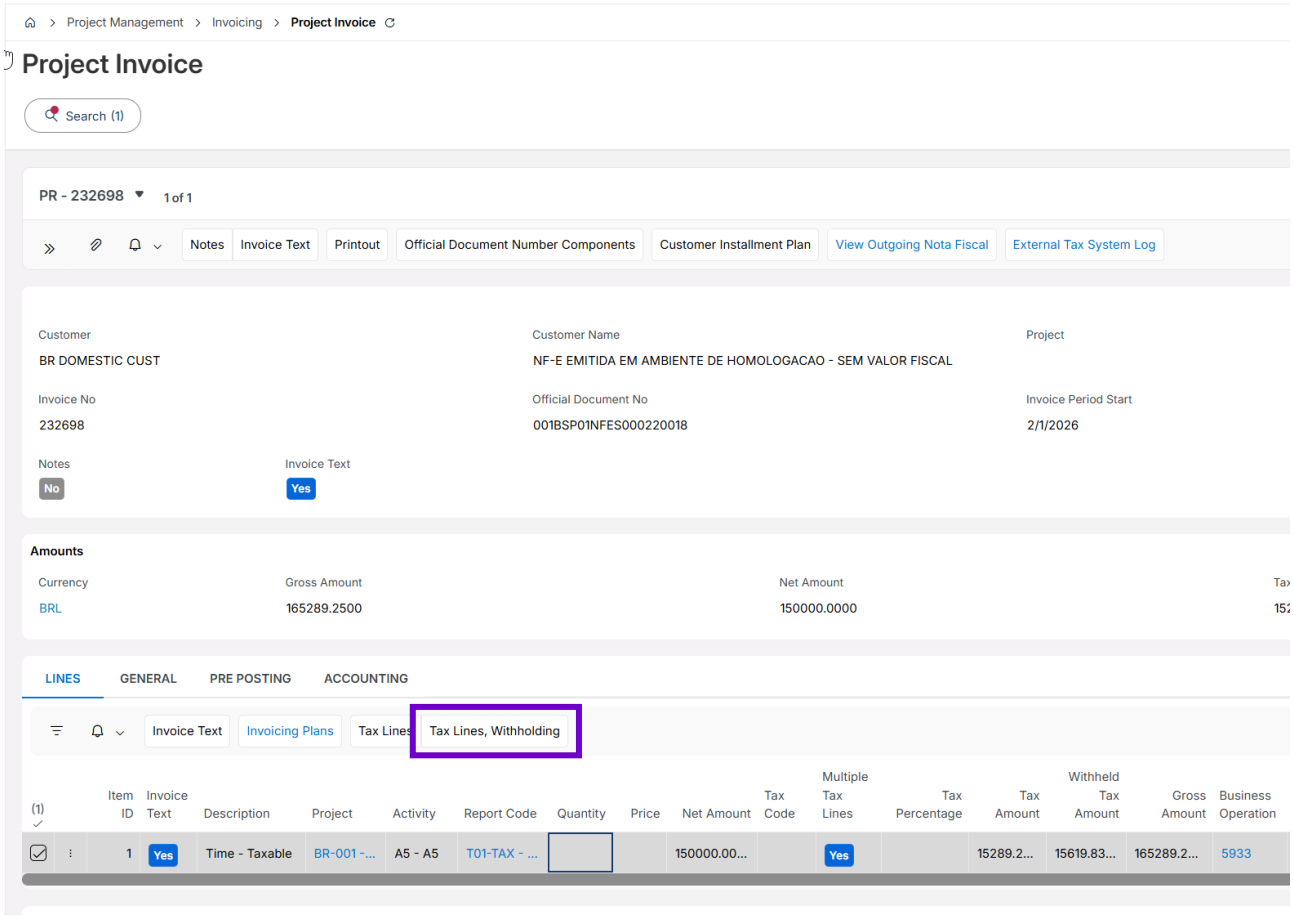
The Withholding taxes calculated will be reflected in the Tax Lines, **Withholding** command available in the Customer Invoice lines.

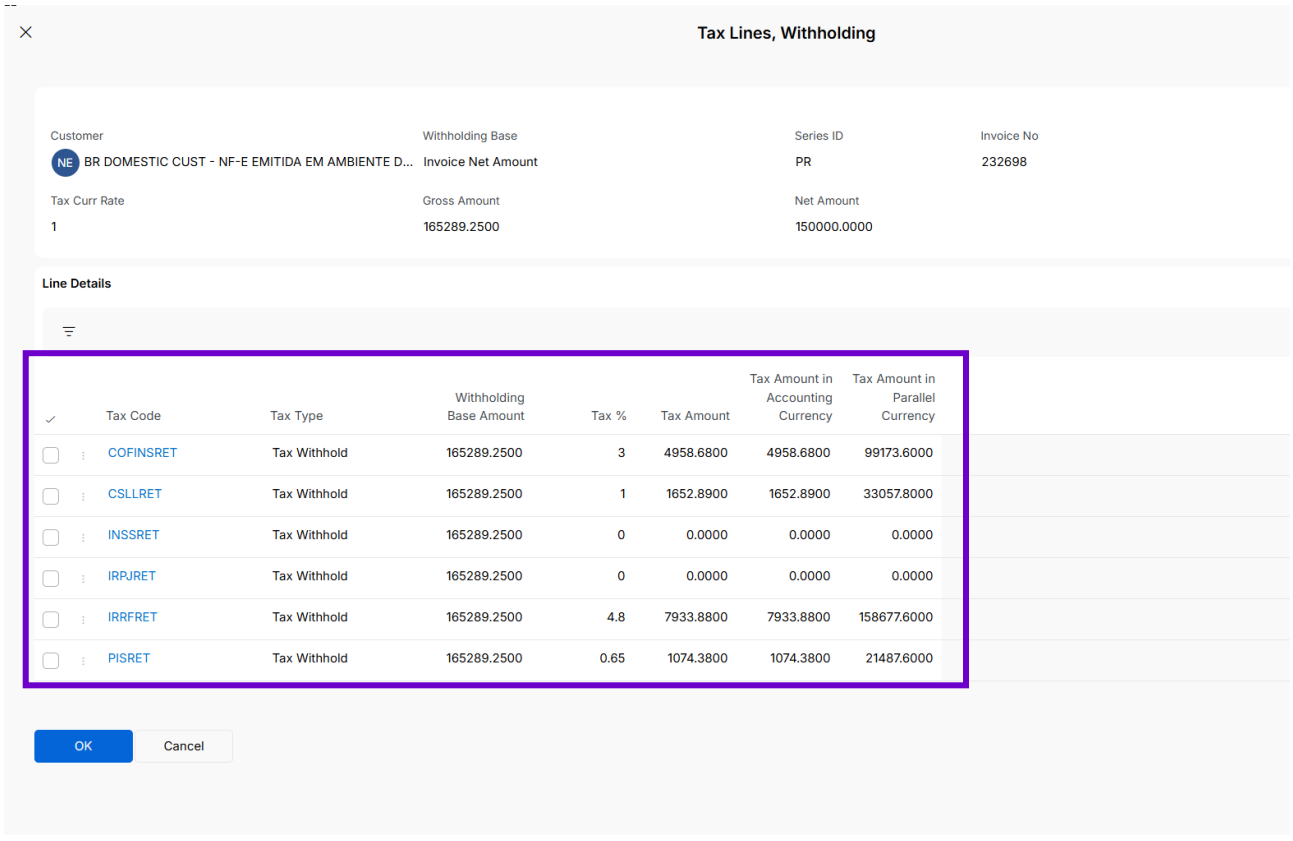




9.10 Handling Withholding Taxes for Services Invoiced Through Project Invoices

Withholding taxes must be defined on the ***Tax Codes*** page before they can be applied to project invoices. When a project invoice is created, a tax calculation request is sent to Avalara. After Avalara returns any applicable withholding taxes, the calculated amounts appear in the ***Tax Lines, Withholding*** dialog, which is accessed through the **Tax Lines, Withholding** command on the project invoice line.

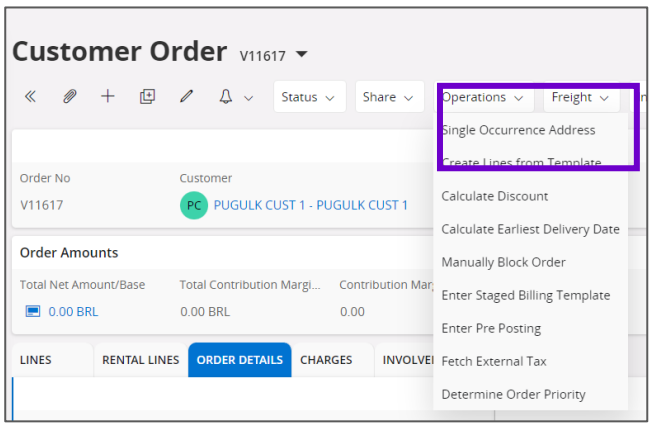

Project Management > Invoicing > Project Invoice
Project Invoice
Search (1)
PR - 232698
1 of 1
Notes
Invoice Text
Printout
Official Document Number Components
Customer Installment Plan
View Outgoing Nota Fiscal
External Tax System Log
Customer
BR DOMESTIC CUST
Customer Name
NF-E EMITIDA EM AMBIENTE DE HOMOLOGACAO - SEM VALOR FISCAL
Project
Invoice No
232698
Official Document No
001BSP01NFES000220018
Invoice Period Start
2/1/2026
Notes
No
Invoice Text
Yes
Amounts
Currency
BRL
Gross Amount
165289.2500
Net Amount
150000.0000
LINES
GENERAL
PRE POSTING
ACCOUNTING
Invoice Text
Invoicing Plans
Tax Lines
Tax Lines, Withholding
Item ID
Invoice Text
Description
Project
Activity
Report Code
Quantity
Price
Net Amount
Tax Code
Multiple Tax Lines
Tax Percentage
Tax Amount
Withheld Tax Amount
Gross Amount
Business Operation
1
Yes
Time - Taxable
BR-001 -...
A5 - A5
T01-TAX - ...
150000.00...
Yes
15289.2...
15619.83...
165289.2...
5933


Tax Lines, Withholding
Customer
BR DOMESTIC CUST - NF-E EMITIDA EM AMBIENTE D...
Withholding Base
Invoice Net Amount
Series ID
PR
Invoice No
232698
Tax Curr Rate
1
Gross Amount
165289.2500
Net Amount
150000.0000
Line Details
Tax Code
Tax Type
Withholding Base Amount
Tax %
Tax Amount
Tax Amount in Accounting Currency
Tax Amount in Parallel Currency
COFINSRET
Tax Withhold
165289.2500
3
4958.6800
4958.6800
99173.6000
CSLLRET
Tax Withhold
165289.2500
1
1652.8900
1652.8900
33057.8000
INSSRET
Tax Withhold
165289.2500
0
0.0000
0.0000
0.0000
IRPJRET
Tax Withhold
165289.2500
0
0.0000
0.0000
0.0000
IRRFRET
Tax Withhold
165289.2500
4.8
7933.8800
7933.8800
158677.6000
PISRET
Tax Withhold
165289.2500
0.65
1074.3800
1074.3800
21487.6000
OK
Cancel

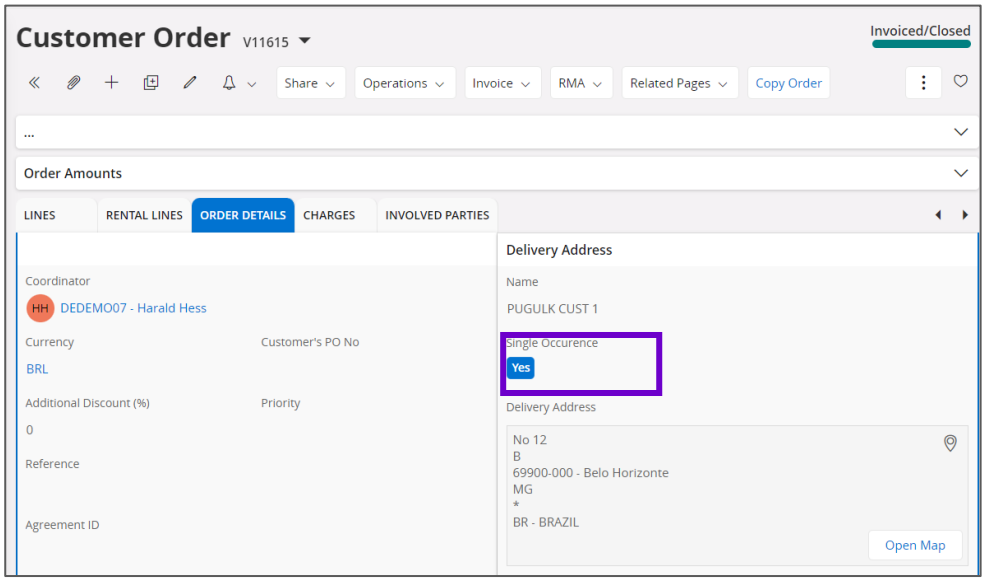
9.11 Tax Calculation for Services Using Single Occurrence Address

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



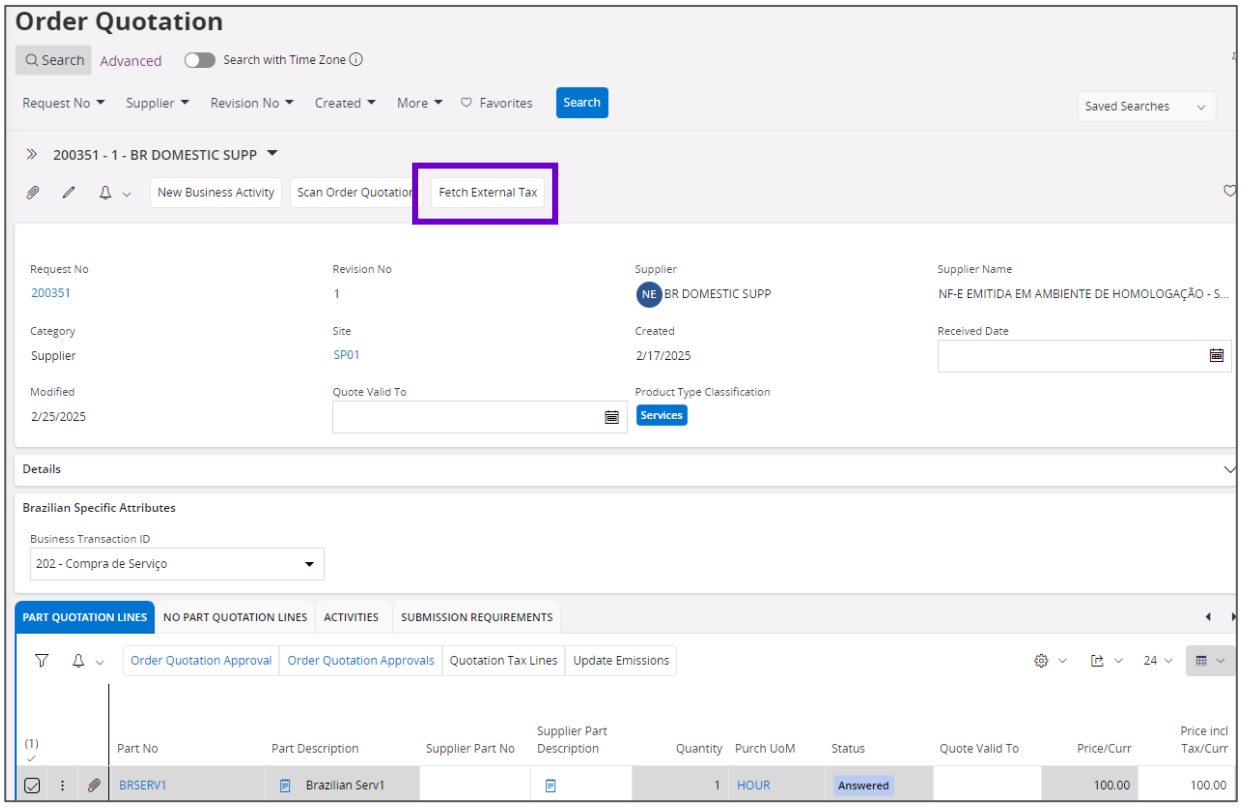


9.12 Create Order Quotation for Non-Inventory Purchase Part

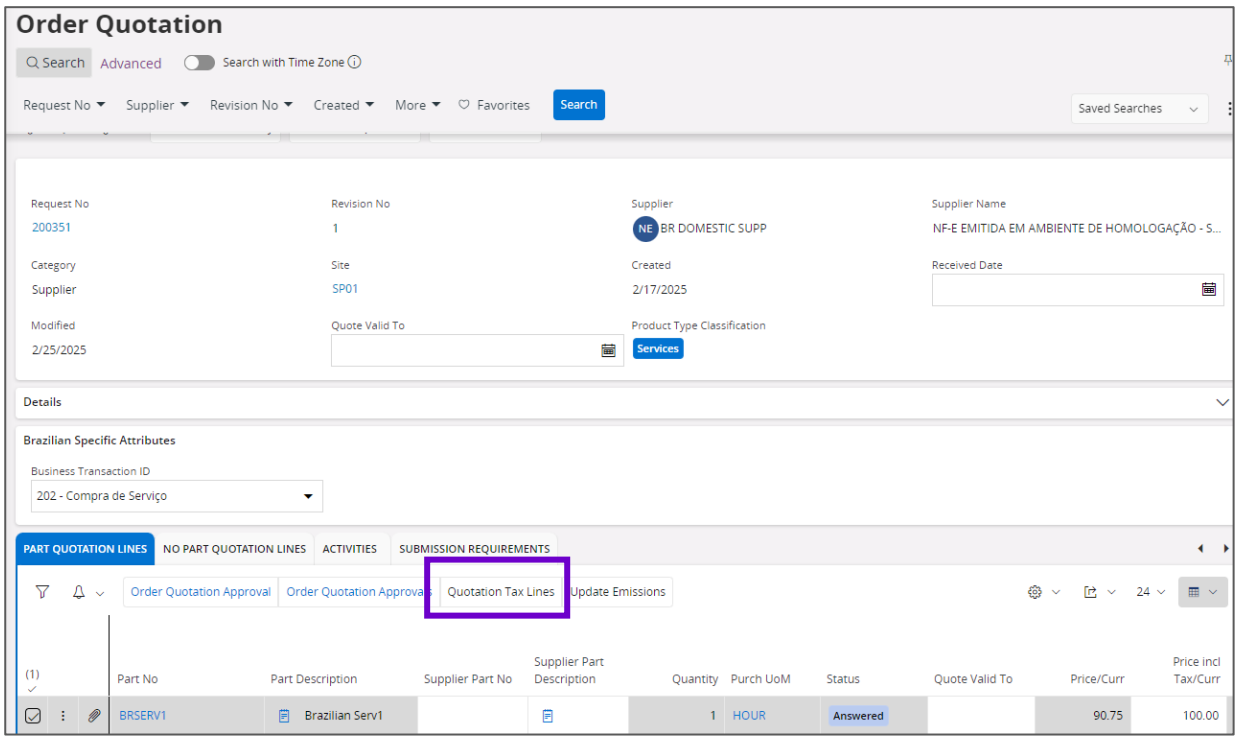
For Non-Inventory Purchase Part in Order Quotation, a new tax Calculated/Fetched is initiated resulting in new tax requests being sent to Avalara under the following circumstances:

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

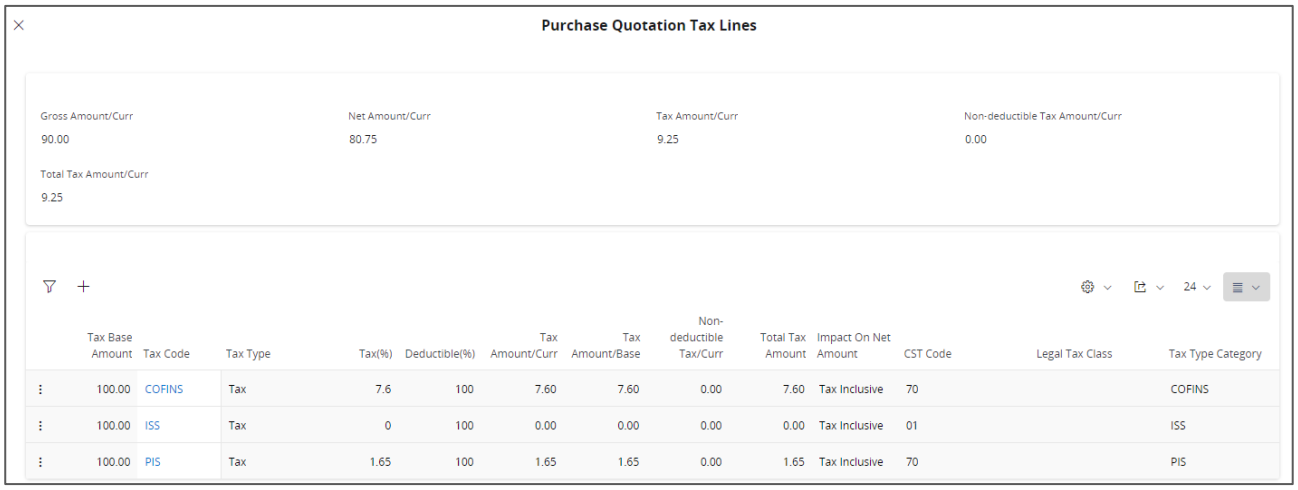
User can manually select the “Fetch External Tax” command to send a request to Avalara. The command is visible when at least one quotation line has status **Answered.**



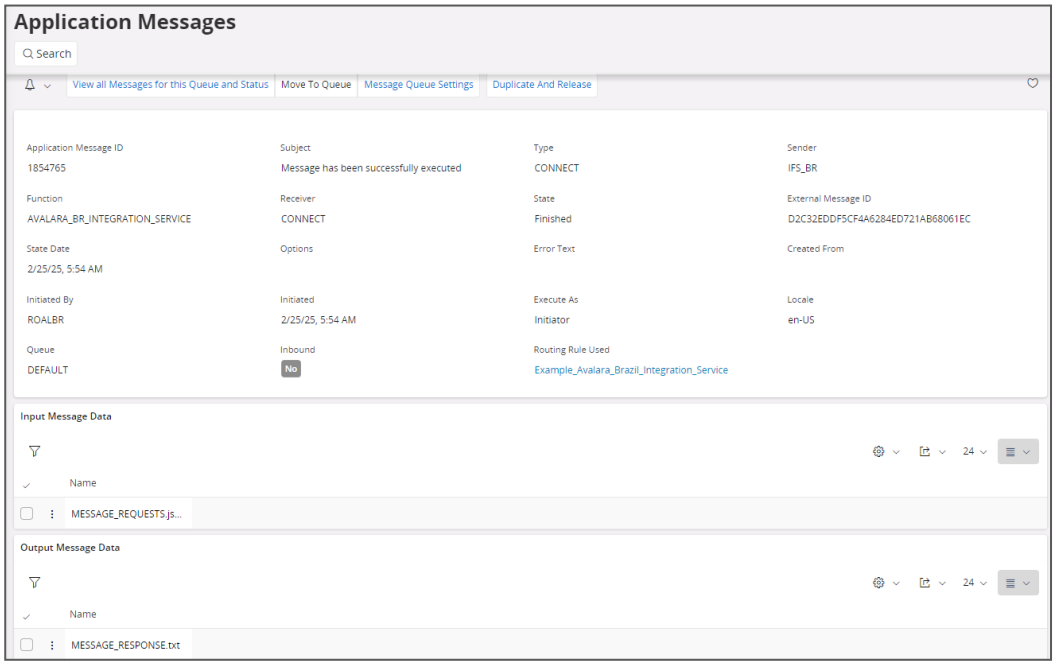
After service-related taxes are returned from External Tax System, the taxable taxes details can be verified in the Purchase Quotation Tax Lines.



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

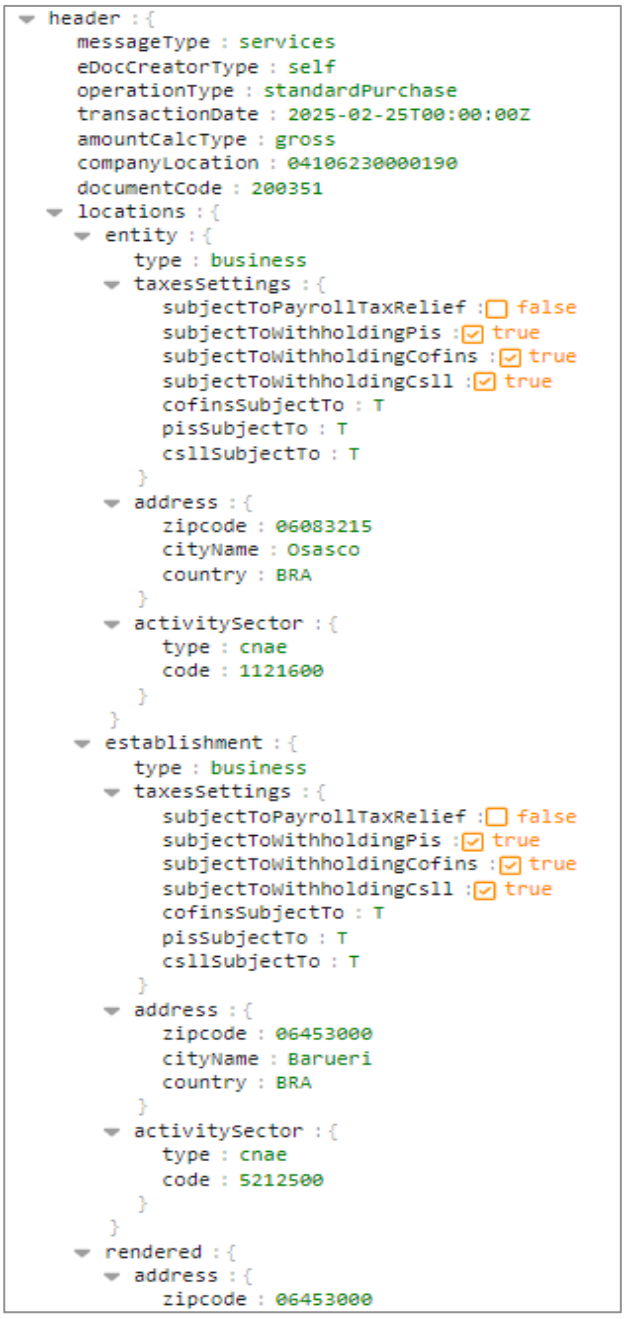


The messaging standard is supported by the application messages, with an authentication token provided for each call to the third-party partner's API.



Message Request.JSON

Message Response.JSON





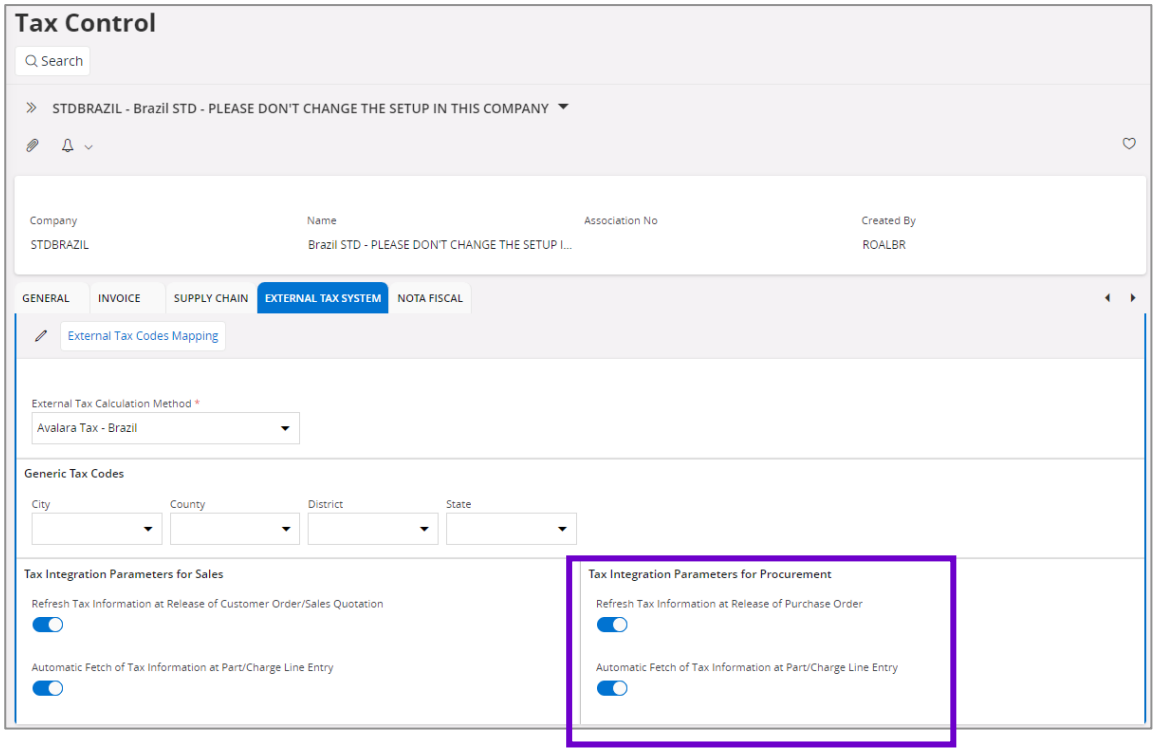
9.13 Create Purchase Order for Non-Inventory Part

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

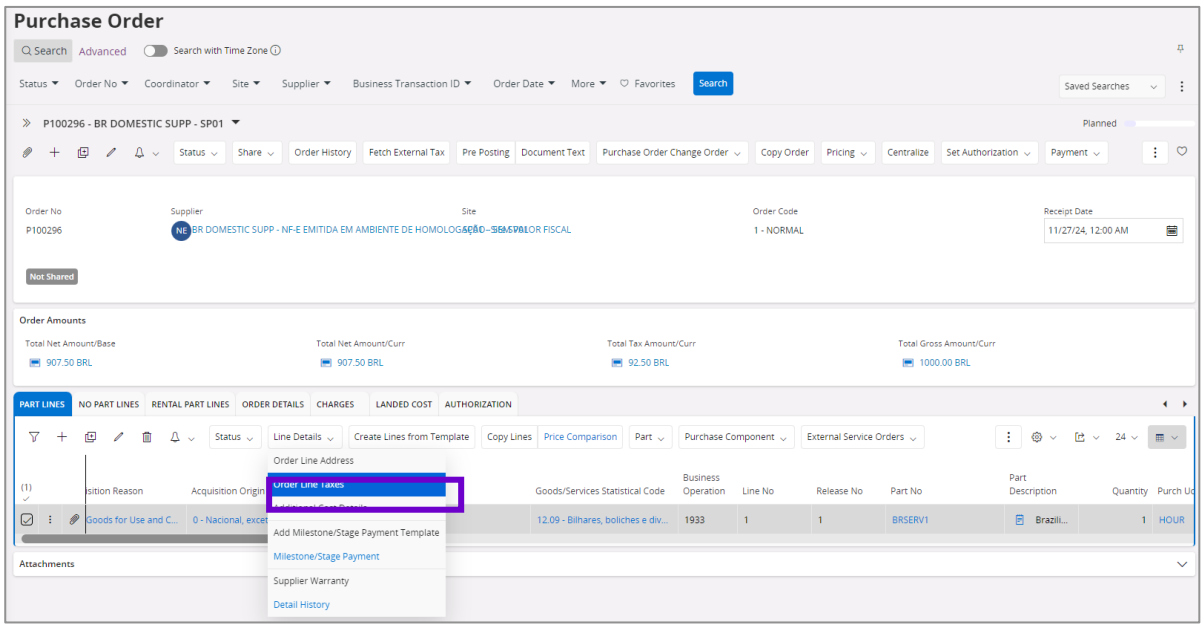
- New purchase order line is added.
- Purchase Qty is updated
- Purchase Price is updated
- Order Address is updated
- Order Line Address is updated
- Goods/Services Statistical Code is updated

- NBS Code is updated
- Acquisition Reason Id is updated
- Order is Released

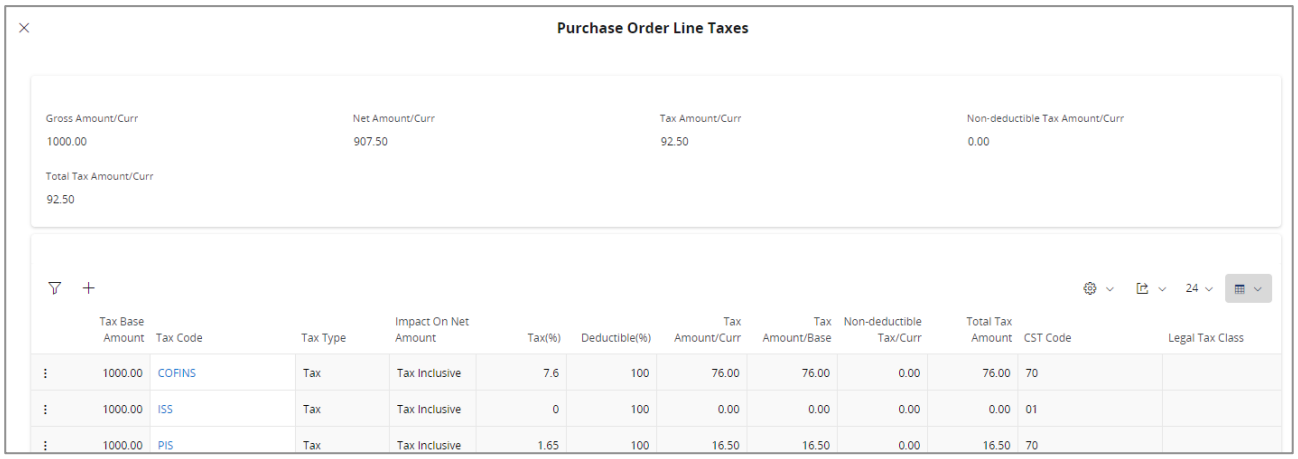
User can decide whether the taxes are Calculated/Fetched upon, “Release of Purchase Order” or “PO Line Entry Level”. This is controlled by the IFS Cloud core functionality, ***Company/Tax Control/External Tax System*** tab, “*Tax Integration Parameters for Procurement* ”.



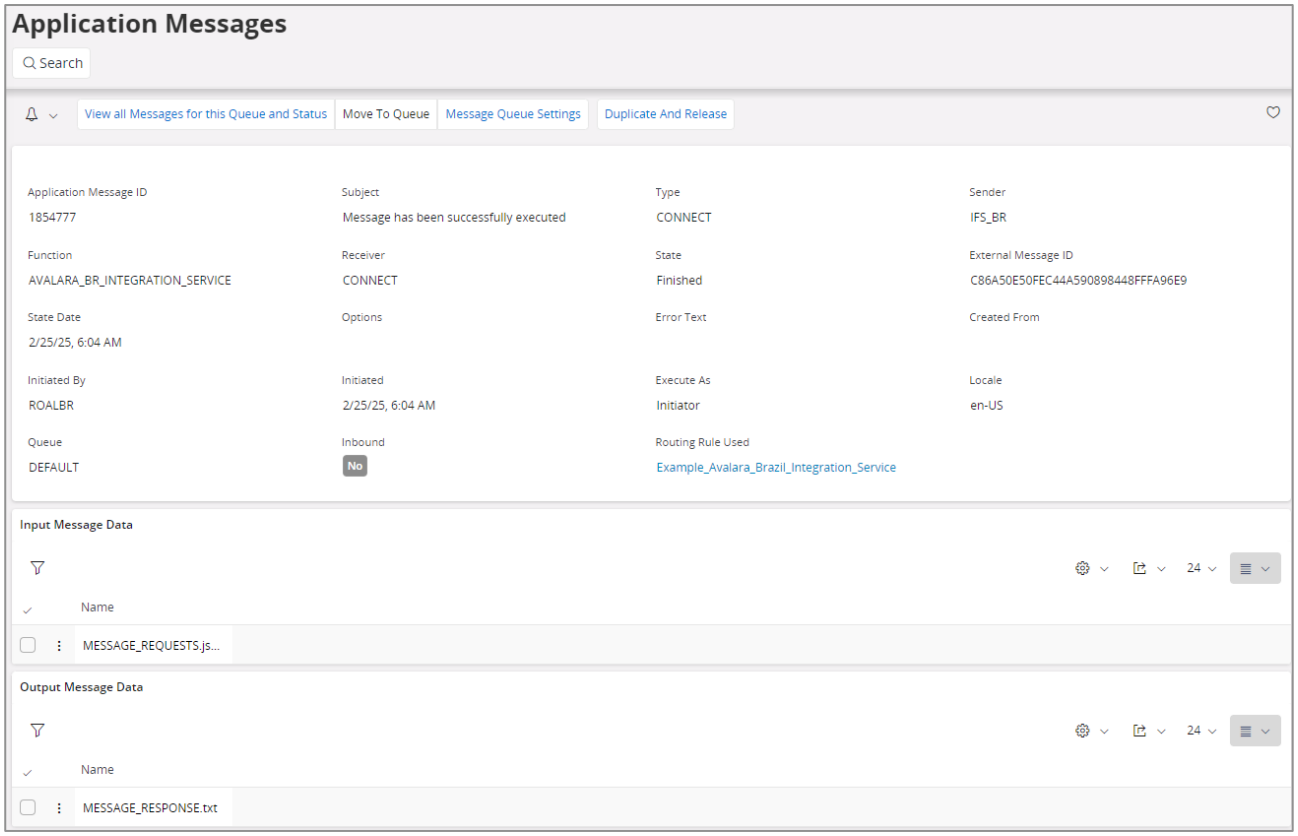
After service-related taxes are returned from External Tax System, the taxable taxes details can be verified through the option Tax Lines in the Purchase Order Line:



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



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



9.14 Delimitations

No known delimitations.

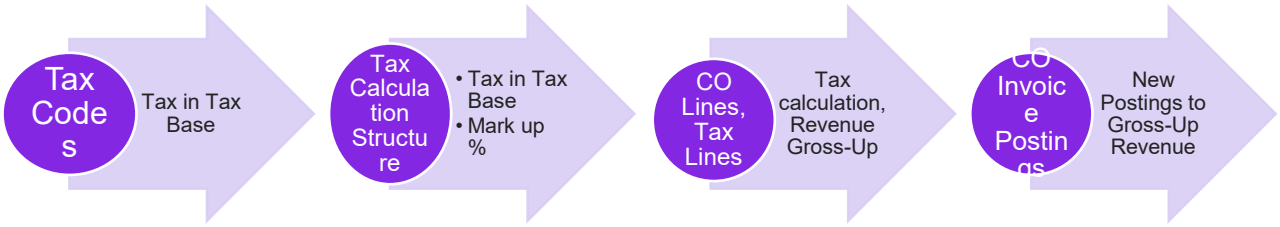
10 Gross Revenue Accounting

10.1 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.

10.2 Process Overview



- 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*)
- In ***Tax Calculation Structures*** page introduced two new columns, "Tax in Tax Base" and "Mark up (%)" functionality. (*Explained in a separate chapter)*
- CO Line and the CO Tax Lines indicate the tax amount calculated according to the new way of tax calculation.
- CO Invoice lines and CO Invoice Tax Lines indicate the tax amount calculated according to the new way of tax calculation.
- Project Invoice lines and Project Invoice Tax Lines indicate the tax amount calculated according to the new method of tax calculation.
- In CO Invoice postings, two new postings are included to gross-up the revenue.
- In Project Invoice postings, two new postings are included to gross-up the revenue.

10.3 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.

10.4 Tax in Tax Base

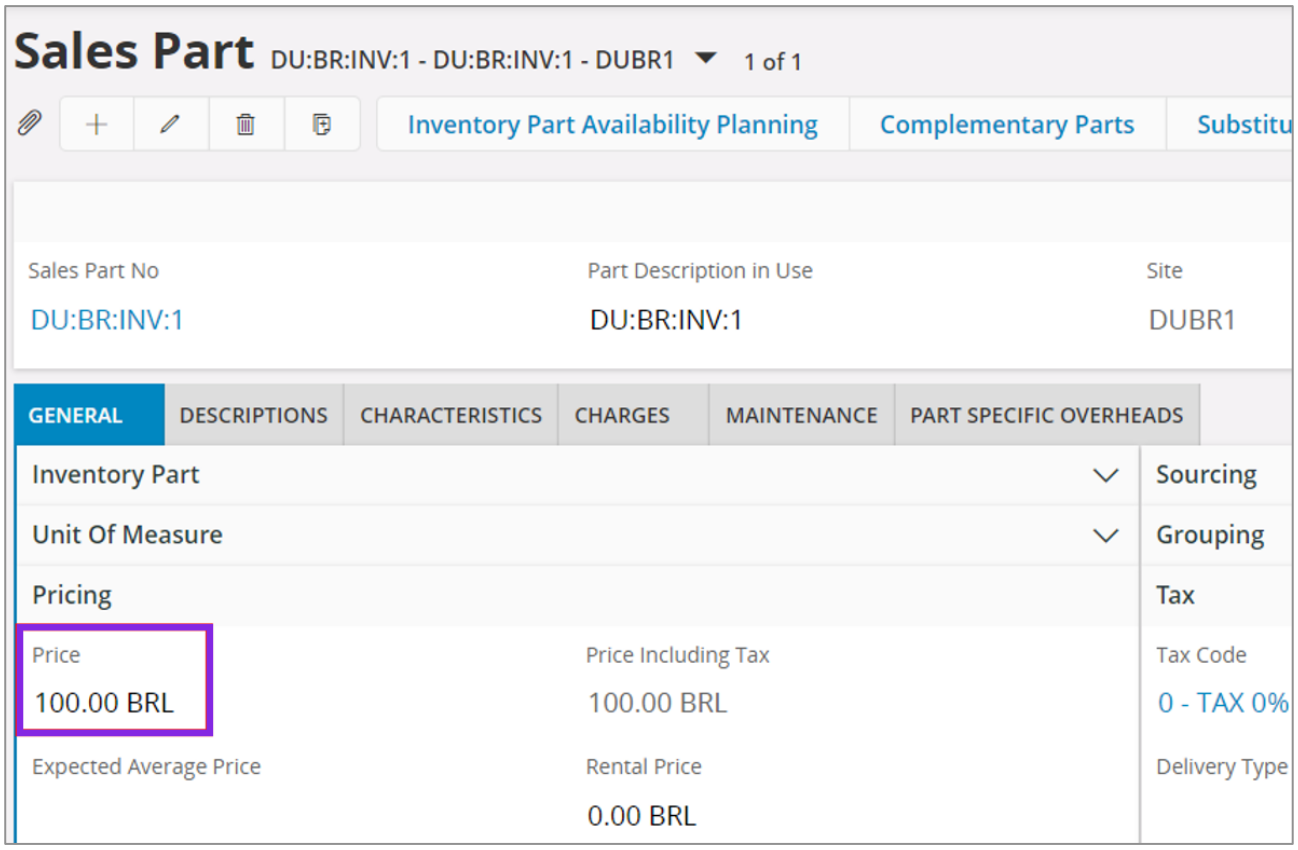
Tax in Tax Base concept explained how the taxes are included in the Tax Base Amount. To facilitate this requirement, new LCC Parameter, "Extended Tax Codes and Tax Calculation Structures set-up" introduced, and the concept of Tax in Tax Base calculations and the IFS Solution explained in detail in the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

10.5 Revenue Gross-up in Customer Order Line level

10.5.1 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

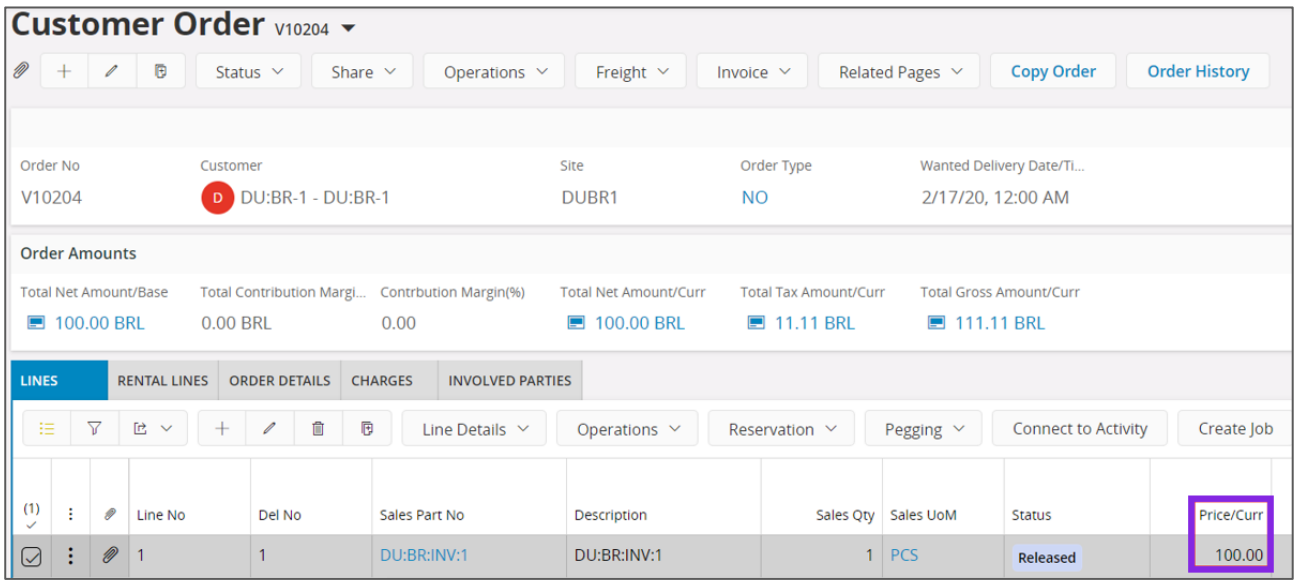
companies need to define price without tax in all the price sources like Sales Part, Price Lists, Customer Agreements.



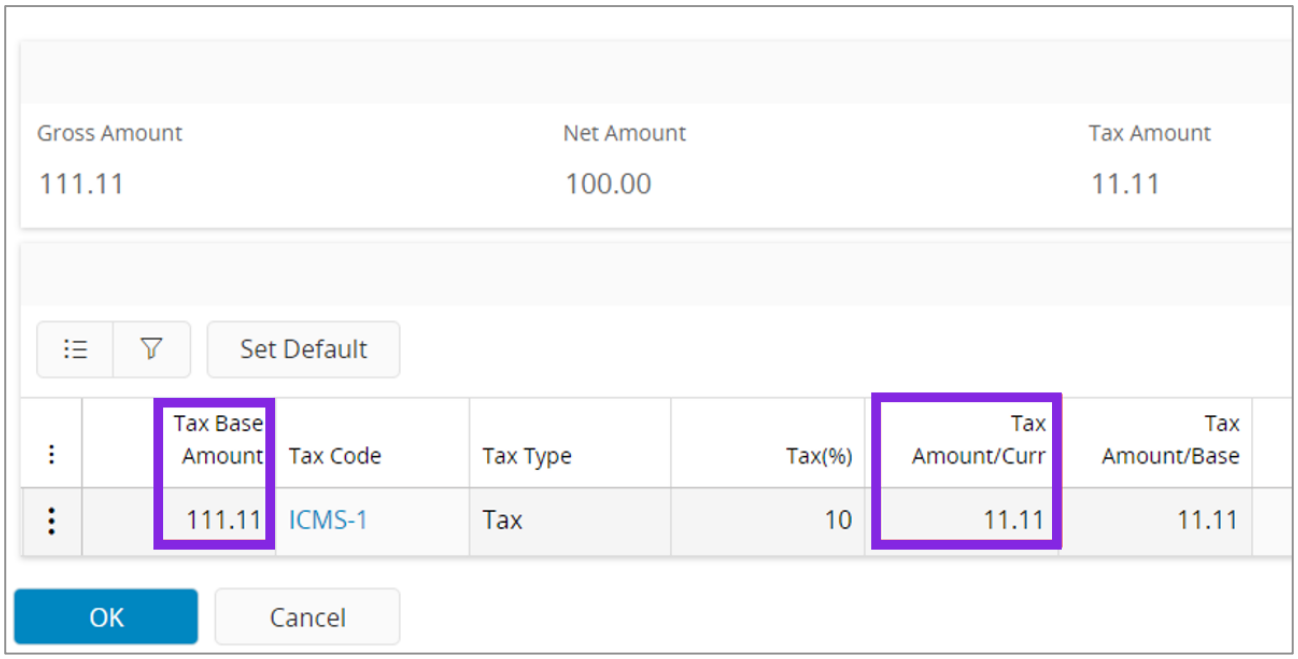
10.5.2 CUSTOMER ORDER LINE LEVEL

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



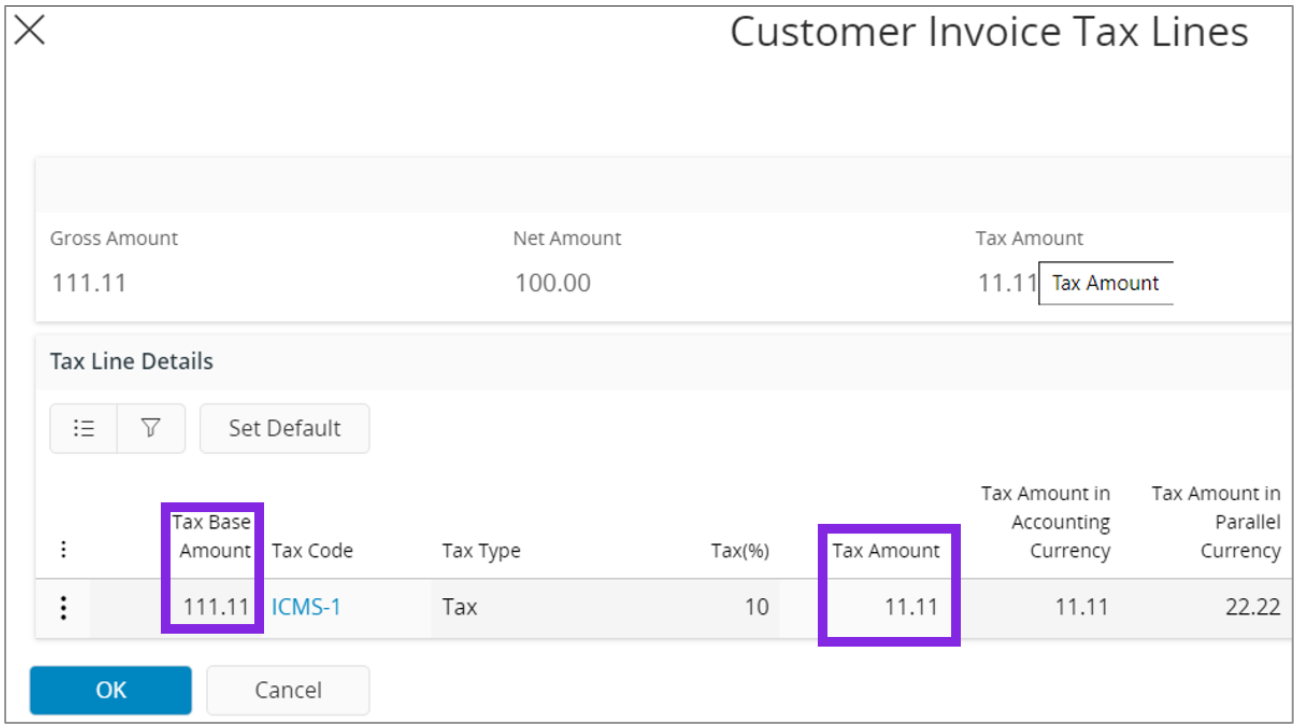
Customer order line level, Tax Base Amount calculated inclusive of tax and then the Tax Amount calculated accordingly.



10.6 Customer Order Invoice Postings

10.6.1 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.

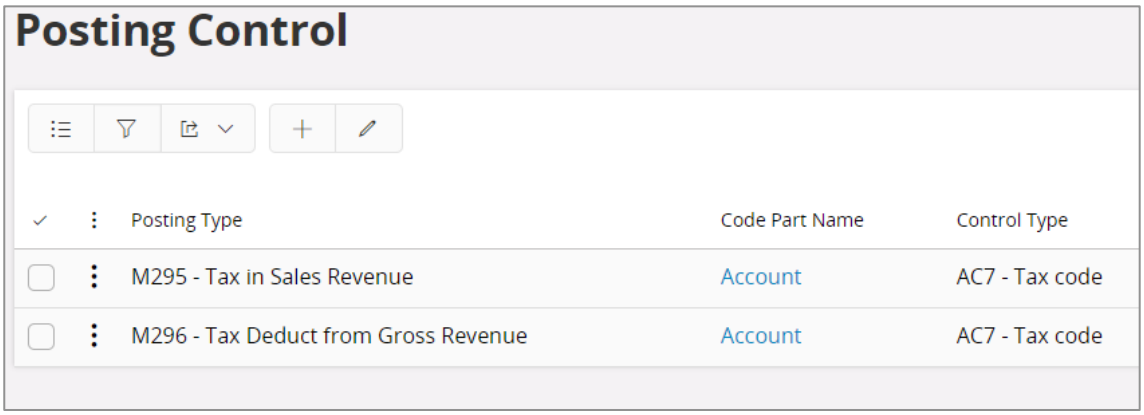


10.6.2 CUSTOMER INVOICE POSTINGS TO REVENUE GROSS-UP

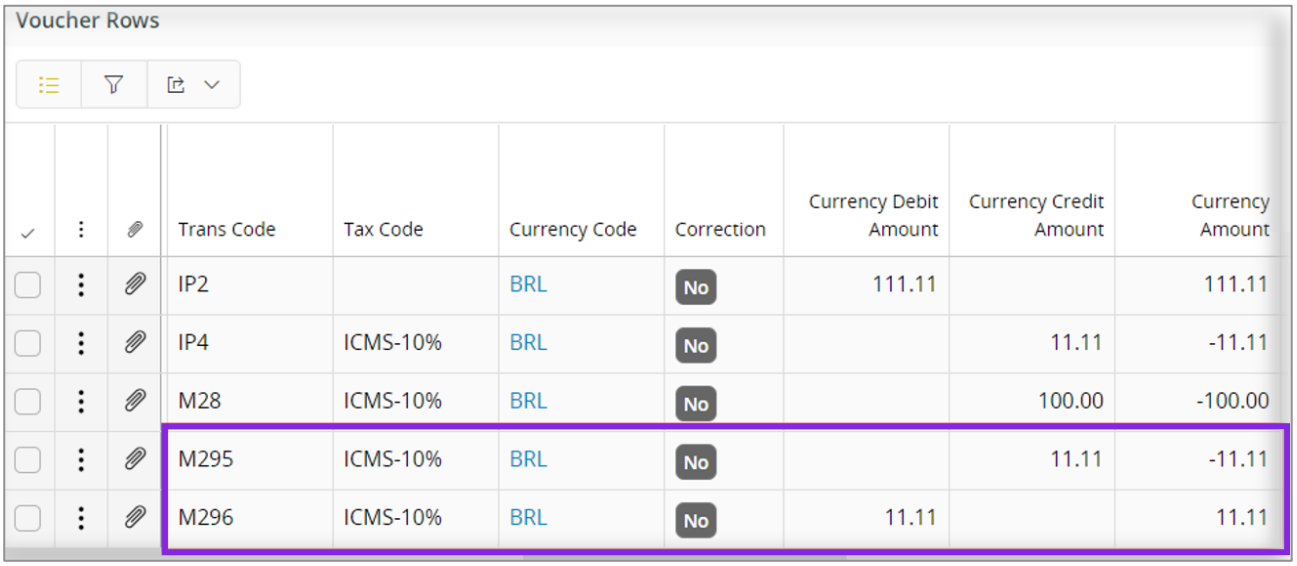
In core version of the application, Customer invoice postings contain only one posting control to post the tax, that is IP4- Tax Disbursed, invoice. On the contrary to the Core application, in Brazil, First, it's required to gross-up the Revenue by tax amount and disclosed in the P&L Account. Then in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

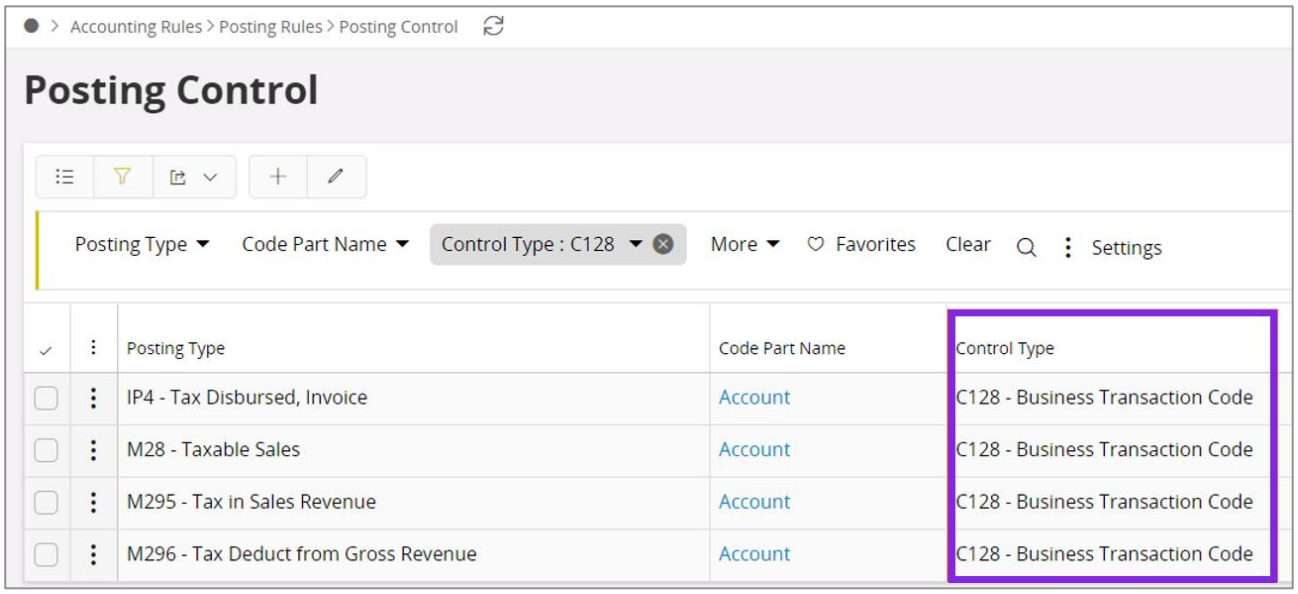


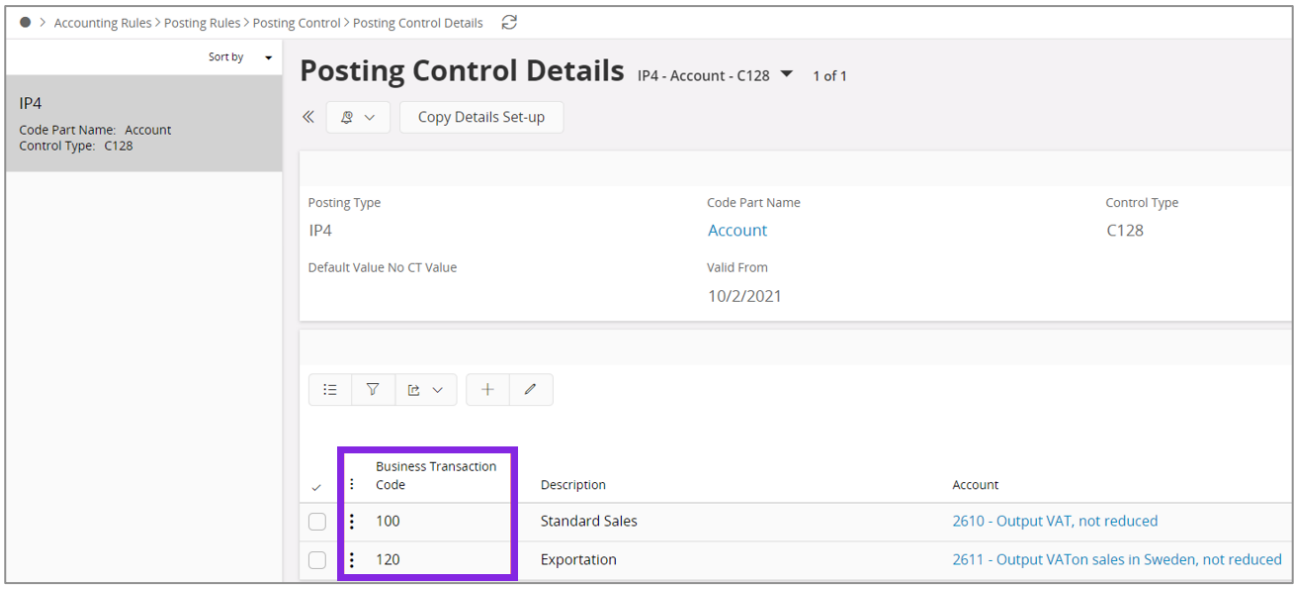
Brazilian specific postings in CO Invoice F Voucher:



10.6.3 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.

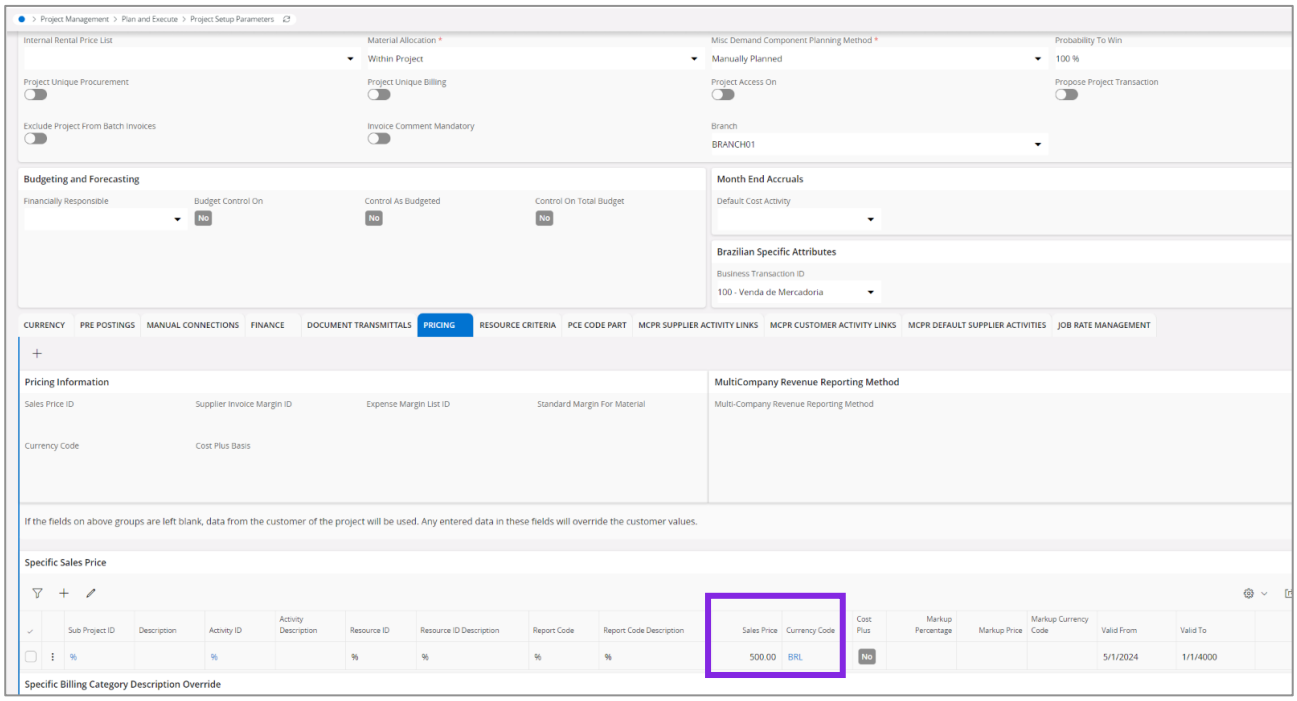




10.7 Revenue Gross-up in Project Invoice Line Level

10.7.1 SALES PRICE WITHOUT TAX IN ALL PRICING SOURCES

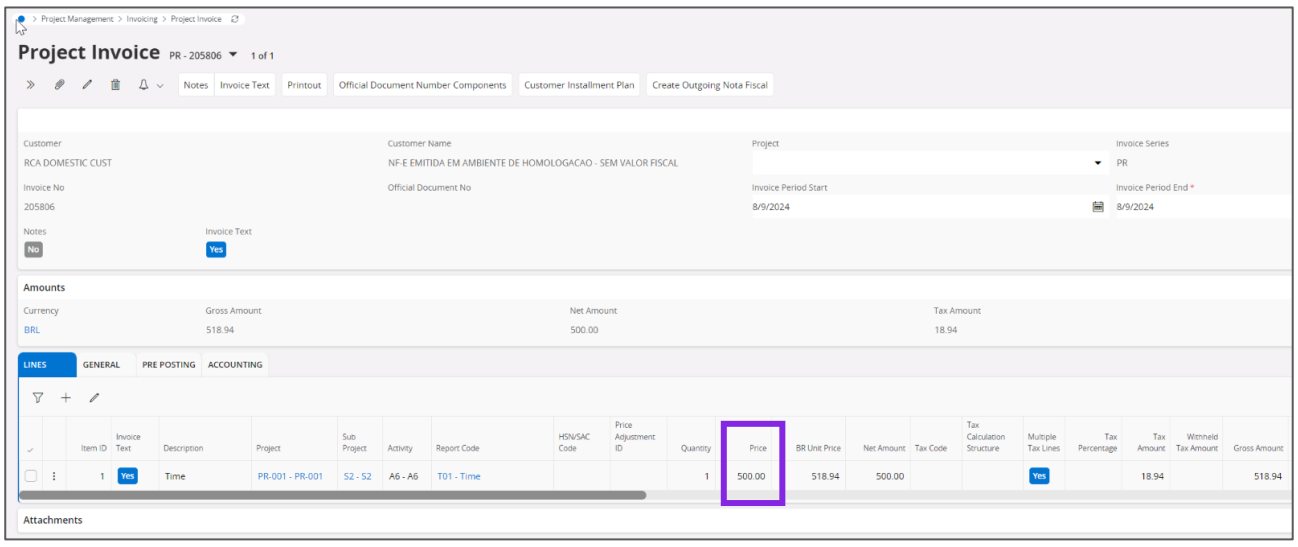
Brazilian companies should set sales prices without taxes in Projects and other sales pricing sources because taxes are included in the Tax Base Amount.



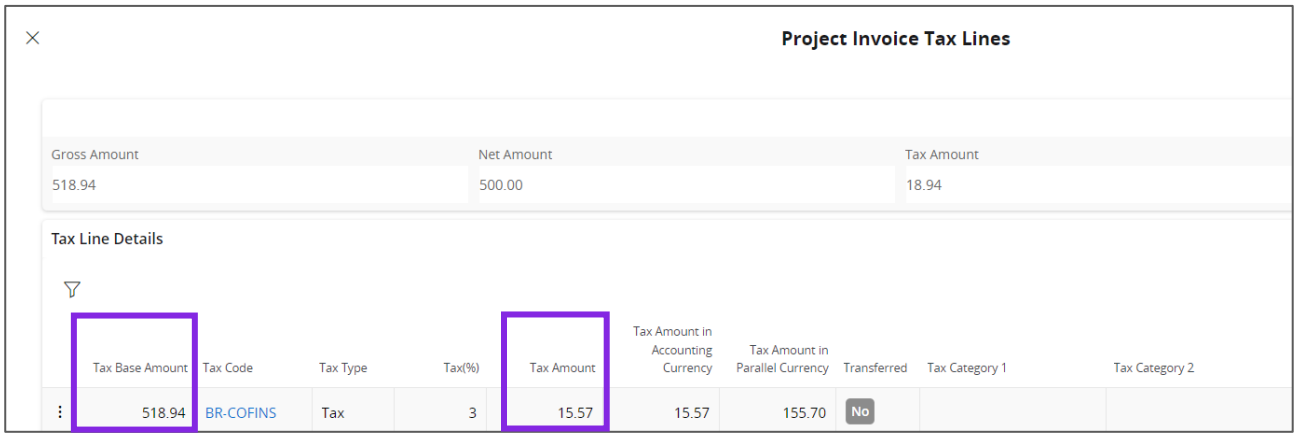
10.7.2 PROJECT INVOICE LINE LEVEL

In a Project Invoice line, the price inclusive of tax is calculated based on the “Tax in Tax Base” setting of the tax code. If the “Tax in Tax Base” is set to “Yes”, Tax Base Amount is calculated including that tax, and the corresponding tax amount will be calculated accordingly.

A Project Invoice line is created with a Price of 500.00



In project invoice tax lines, the Tax Base Amount is calculated inclusive of taxes, and then the Tax Amount calculated accordingly.



10.8 Project Invoice Postings

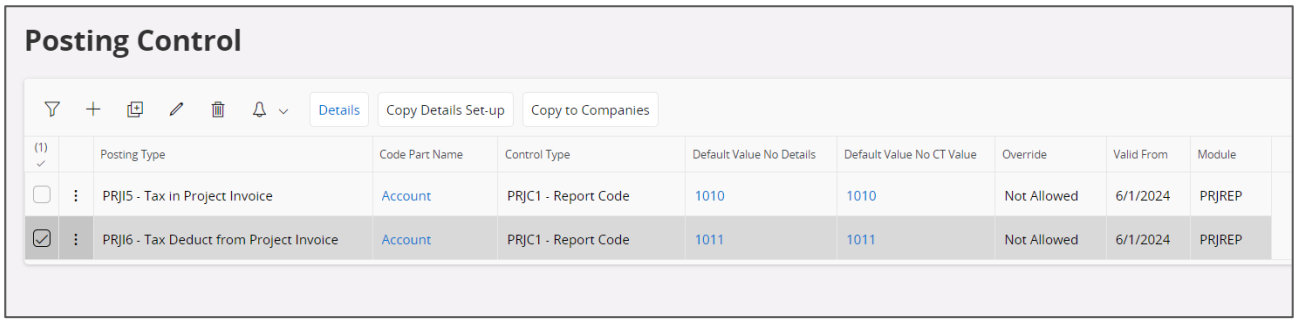
10.8.1 PROJECT INVOICE POSTINGS FOR REVENUE GROSS-UP

In the core version of the application, Project invoice postings have only one posting control for posting taxes: IP4- Tax Disbursed, Invoice.

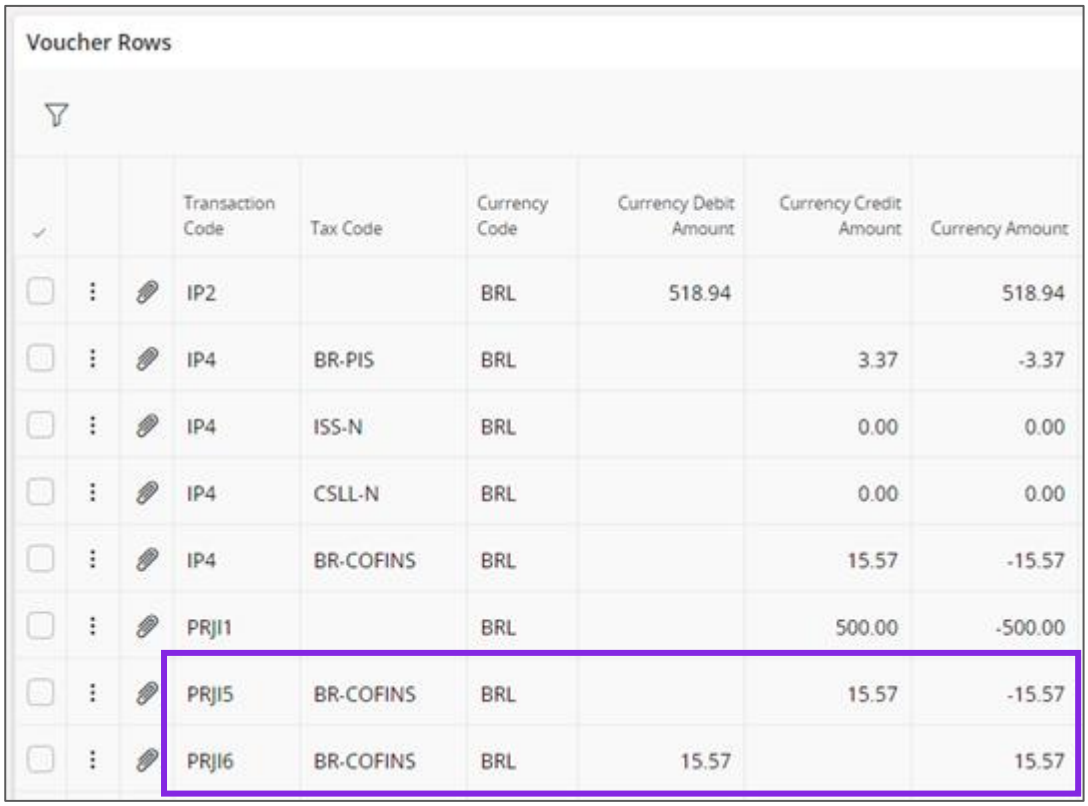
For Brazilian customers, the process is different. First, revenue should be grossed-up by the tax amount and disclosed in the P&L account. Then, operational revenue should be derived by deducting the tax amount in the P&L.

To meet these requirements, two new posting types have been introduced specifically for Brazil:

1) PRJI5: Tax in Project Invoice -This posting is used to gross up the revenue.
2) PRJI6: Tax Deduct from Project Invoice - This posting is used to derive operational revenue by deducting the tax portion included in the gross revenue.



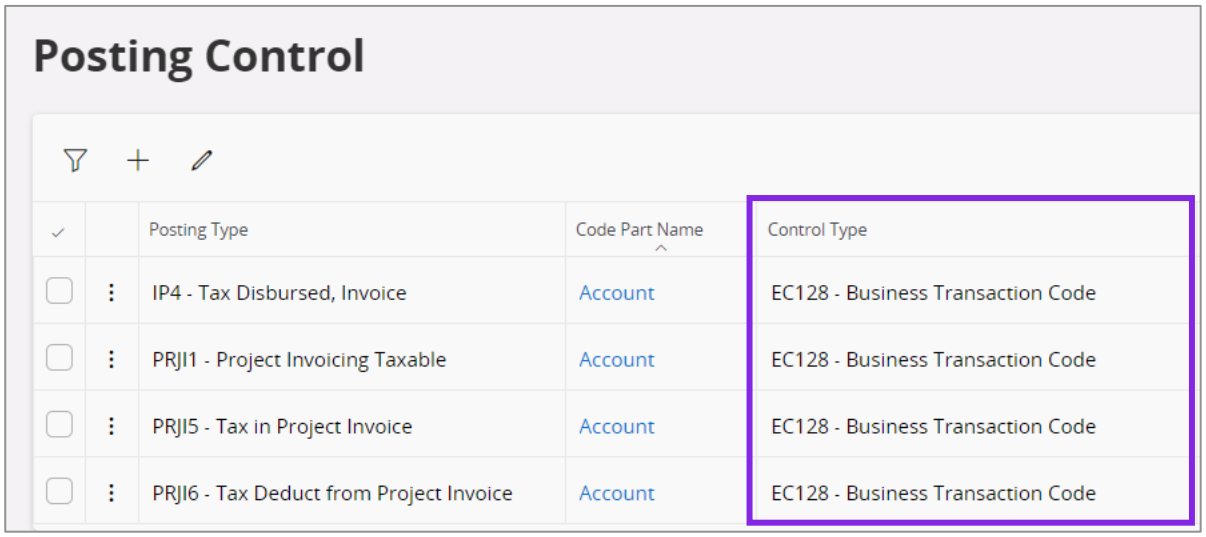
Brazilian-specific postings in Project Invoice F Voucher:

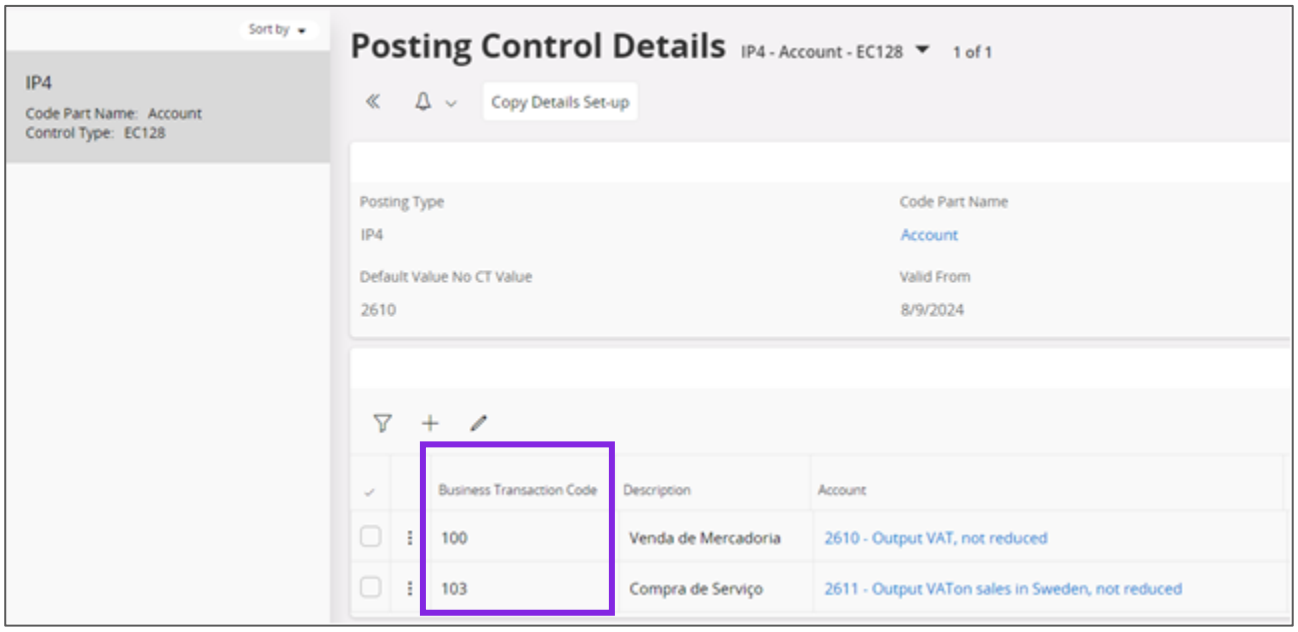


10.8.2 NEW CONTROL TYPES SPECIFIC TO BRAZIL

Business Transaction Code has been introduced as a new control type for the PRJI1, PRJI2, PRJI5, and PRJI6 posting types.

The mandatory LCC parameter “Brazilian Specific Fiscal Attributes” must be enabled. Additionally, to use this control type, basic data for the Business Transaction Codes must be enabled.





10.9 **Delimitations**

No known delimitations.

11 Nota Fiscal Issue Date as Applied Date on Inventory Transactions for Goods Issue

11.1 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 to the applied date on related inventory transactions for goods issue.

11.2 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 after the Customer Order has been set to “Delivered” in IFS.



11.3 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.

11.4 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).

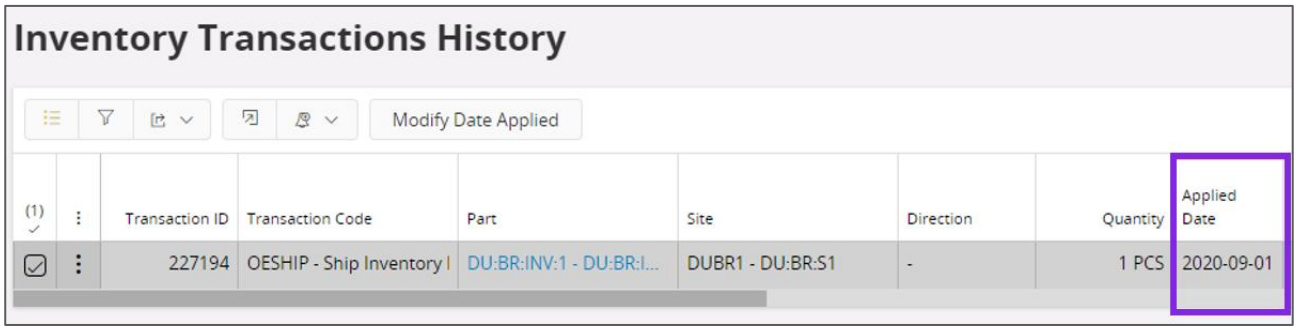
11.5 Create Customer Invoice and send NF-e XML to Tax Authority

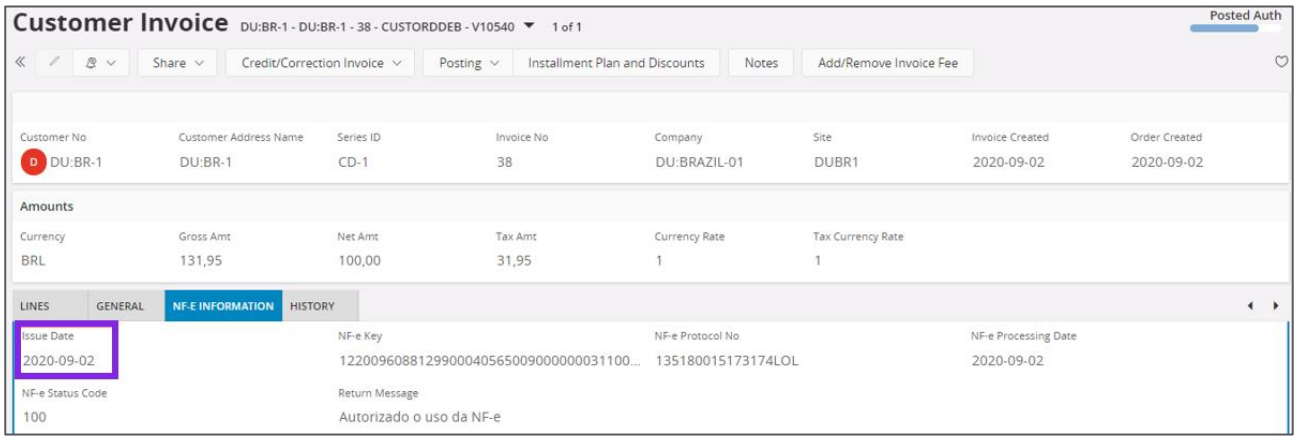
Create the preliminary Customer Invoice and send the NF-e XML to Tax Authority (SEFAZ) for authorization. Once the NF-e XML file is approved by the Tax Authority , the Customer Invoice can be printed and posted, the Nota Fiscal issue date is defined and is set on the F Voucher created.

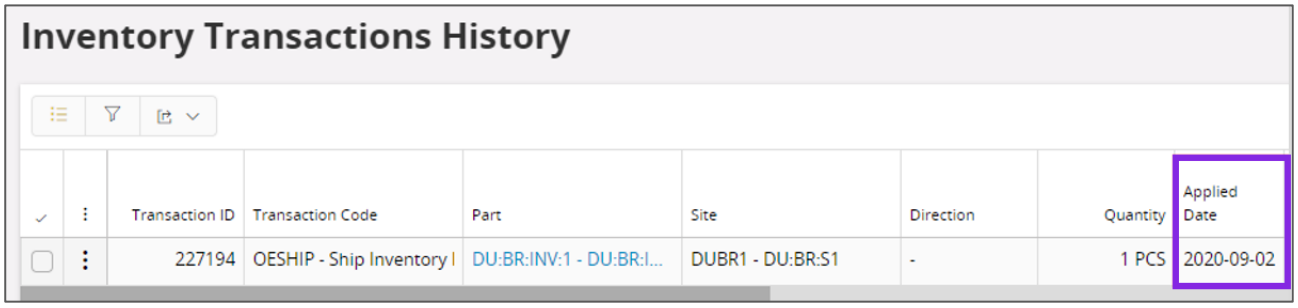
See further information in the *Outgoing Nota Fiscals* chapter.

11.6 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 later 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).







11.7 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.

11.8 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.

12 Cancel PostedAuth Customer Order Invoices

12.1 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).

12.2 Process Overview

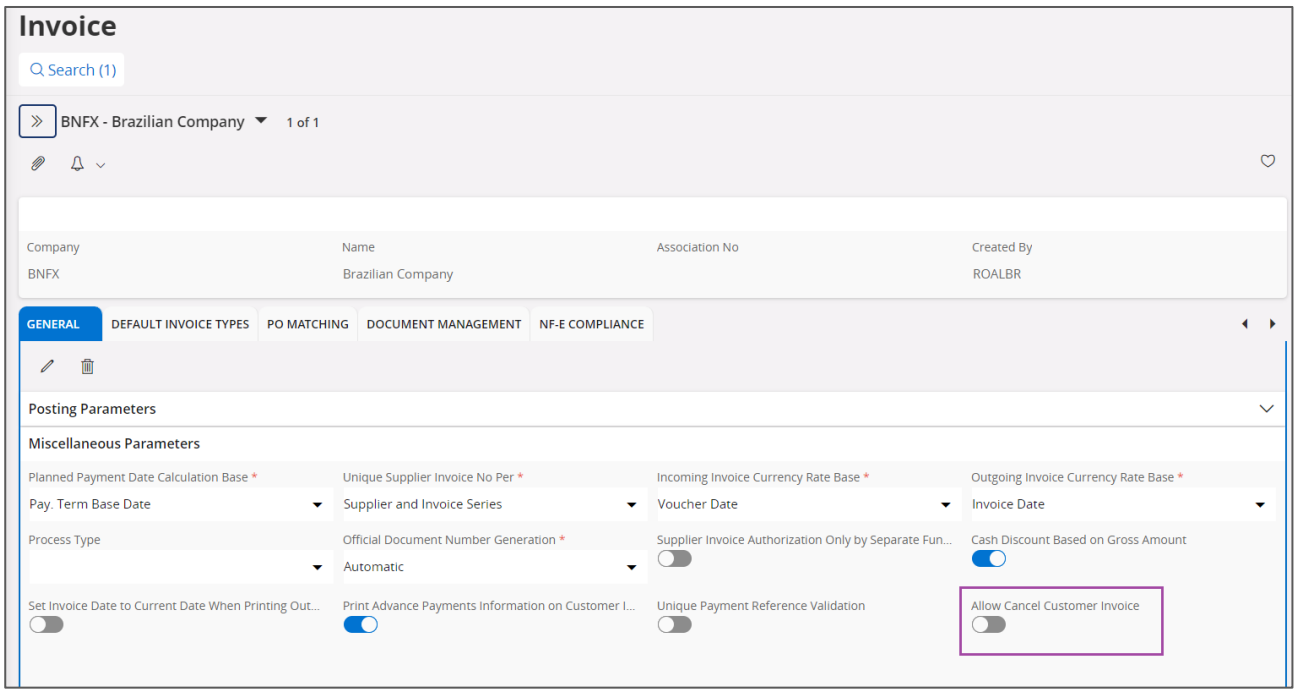


This functionality enables to cancel Posted/Printed or PostedAuth Customer Invoice.
Once the Invoice is cancelled:

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

12.3 Prerequisites

The parameter “Allow Cancel Customer Invoice” parameter must be enabled in ***Application Base Setup/Enterprise/Company/Company***, Invoice tab for selected Company:



13 Taxes in Intracompany Goods Movement

13.1 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.

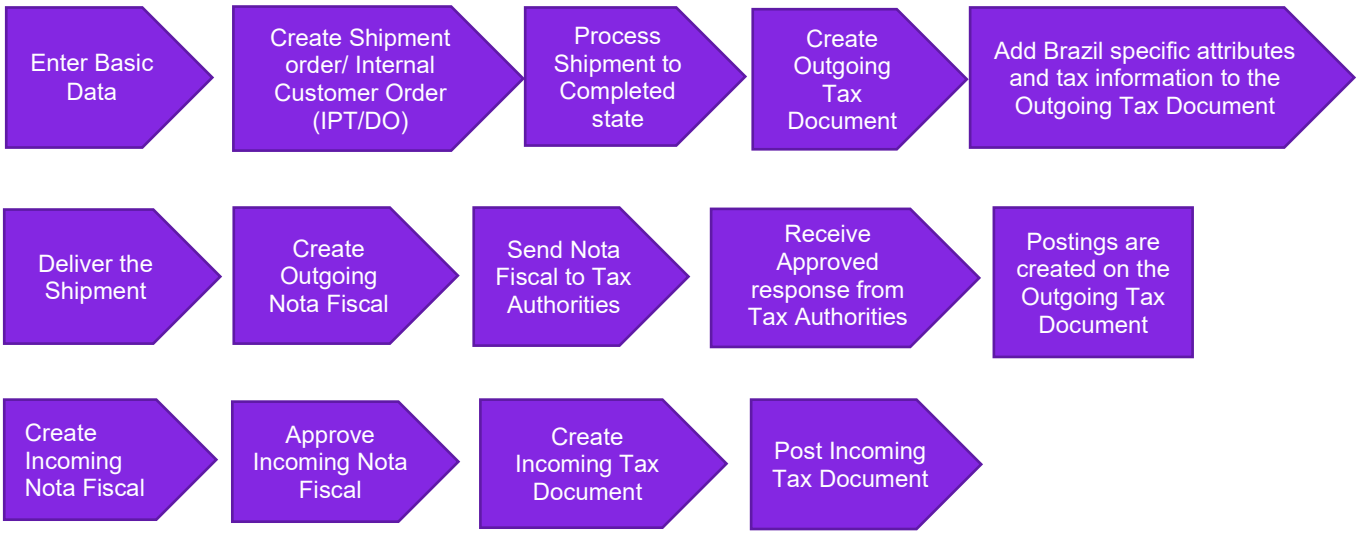
It's a legal requirement to issue a Fiscal Note for business transactions related to transfer of goods.

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

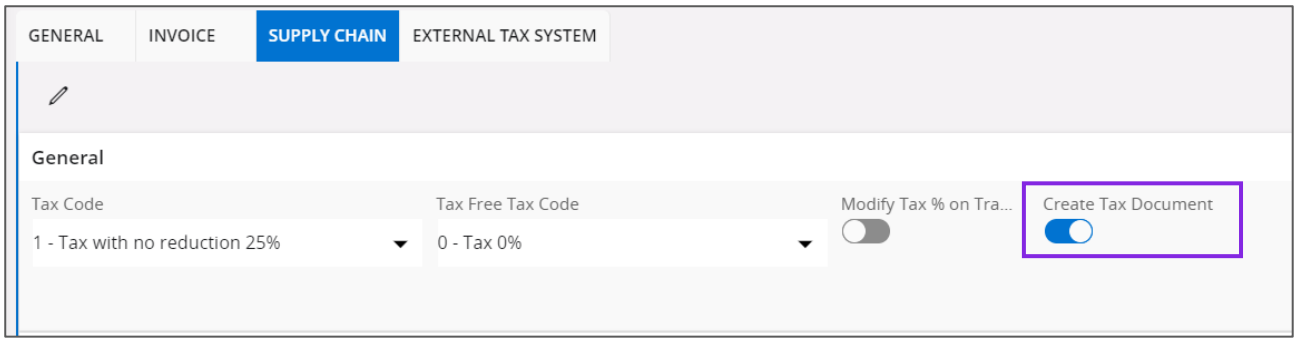
The Tax Document is developed as generic core functionality and not controlled by LCC parameter, and it can be created Manually or Automatically by disabling and enabling the **Automatic Creation of Tax Document** toggle in the Shipment Type. For Brazil the Tax Document is integrated with Outgoing/Incoming Nota Fiscal functionality.

13.2 Process Overview

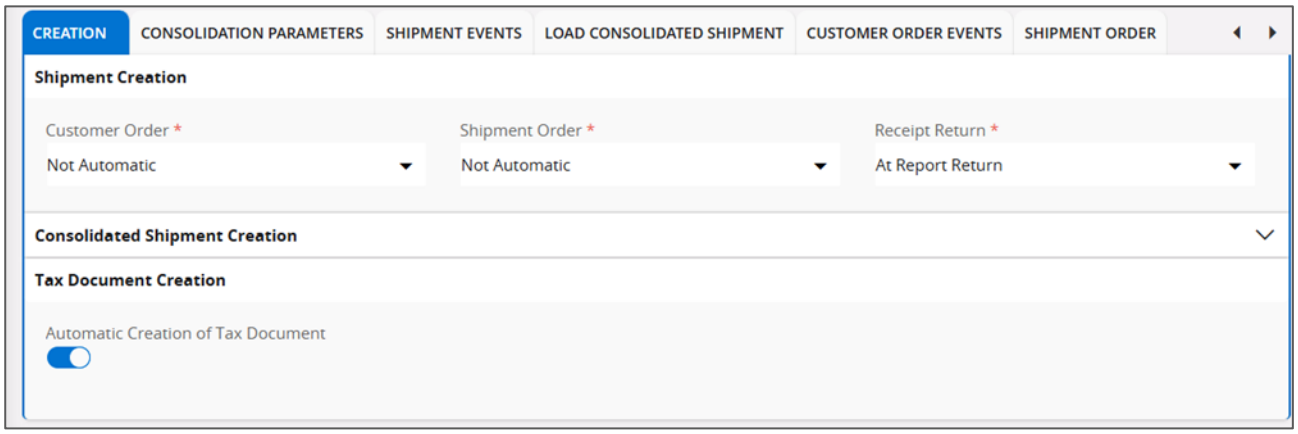


13.3 Prerequisites

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

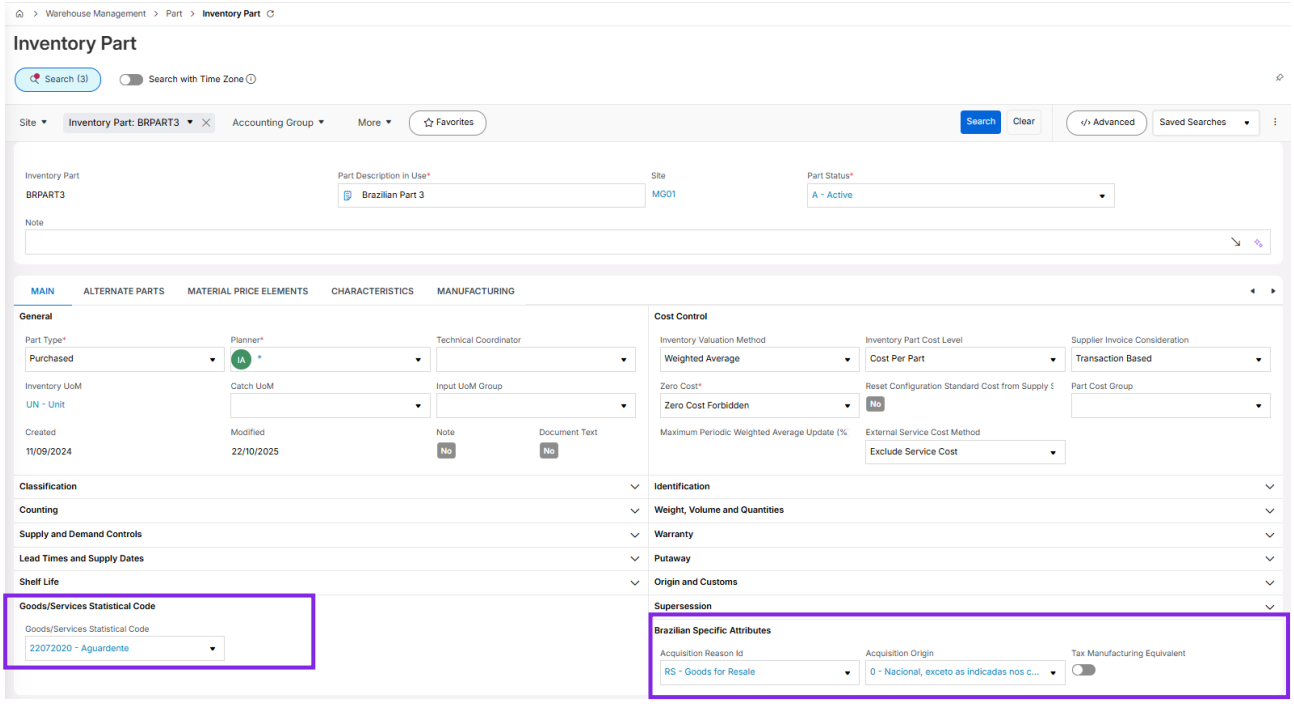


Go to ***Shipment Type/Creation*** page and enable “Automatic Creation of Tax Document” parameter to create Outgoing Tax Document automatically.



13.4 Define Basic Data

The attributes Acquisition Origin, Acquisition Reason, Tax Manufacturing Equivalent 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.



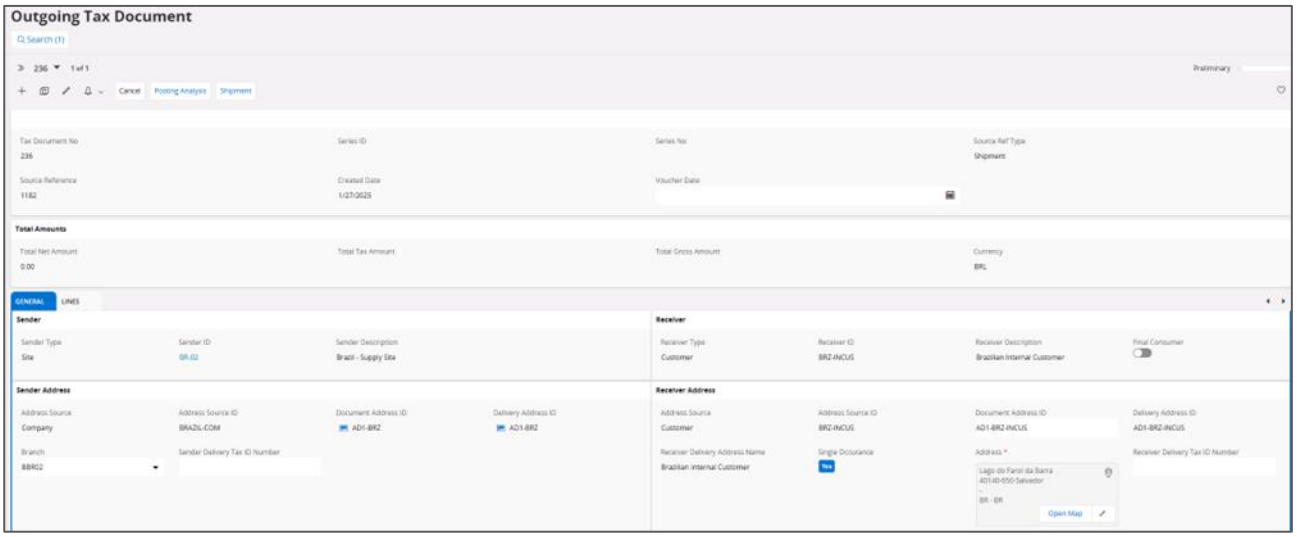
13.5 Create and process Shipment Order or Internal Customer Order (Demand Code IPT or DO)

Create a Shipment Order or Internal Customer Order (demand code IPT or DO) 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 or Internal Customer Order (demand code IPT or DO). Release the Shipment Order or Internal Customer 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.

Otherwise enable the **Automatic Creation of Tax Document** toggle in the Shipment Type page and proceed with the connected shipment until the Complete state, then **Outgoing Tax Document** will be created automatically in Preliminary state.



13.6 Process Tax Document with Nota Fiscal

13.6.1 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- / SHIPODWHS- / SHIPTRAN- 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.

13.6.2 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.

13.6.3 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*

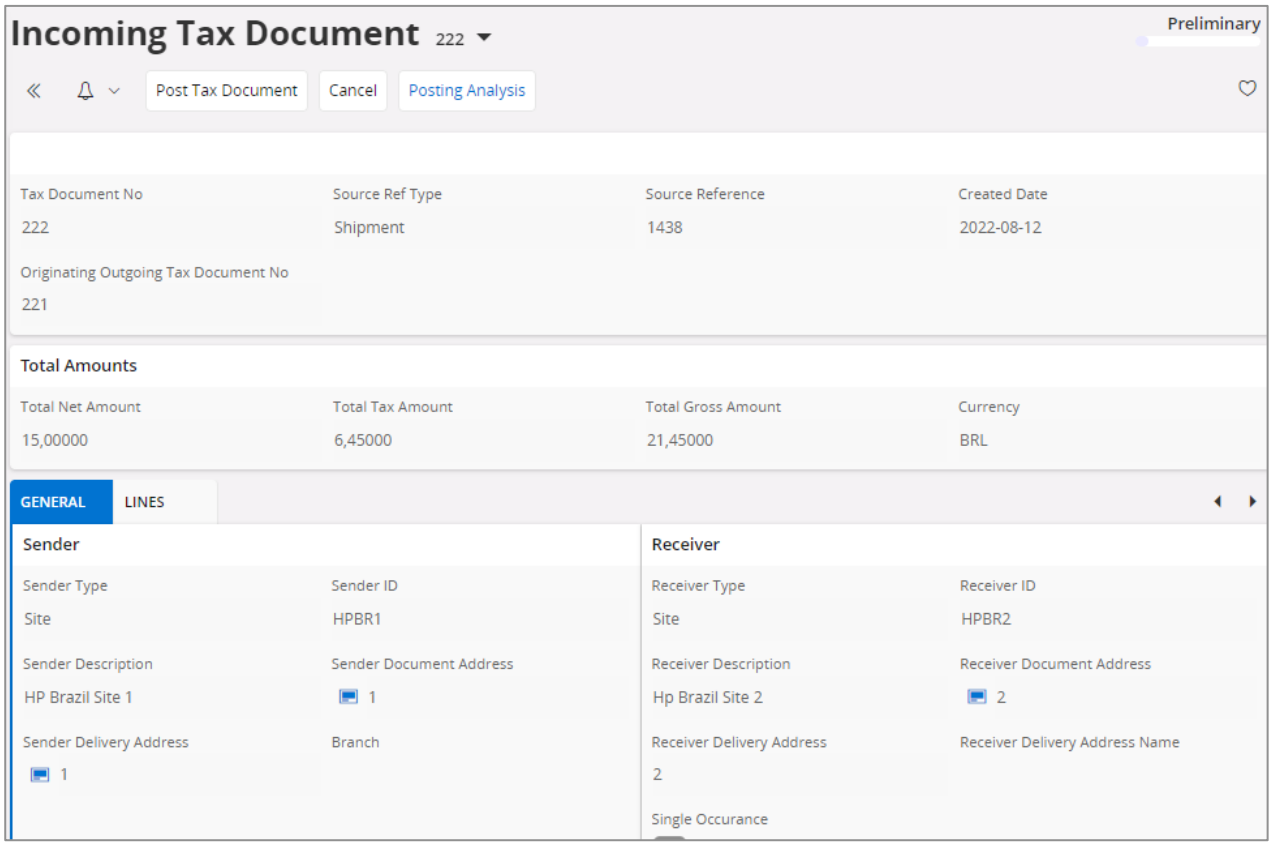
When the Outgoing Nota Fiscal is approved by tax authorities, the Incoming Nota Fiscal can be created via the header command **Create Incoming Nota Fiscal**. As soon as the incoming Nota Fiscal is manually approved, the Incoming Tax Document can be created via the command in Incoming Nota Fiscal Header **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.**

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		

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.



13.7 Tax Document With 3rd Party External Tax System

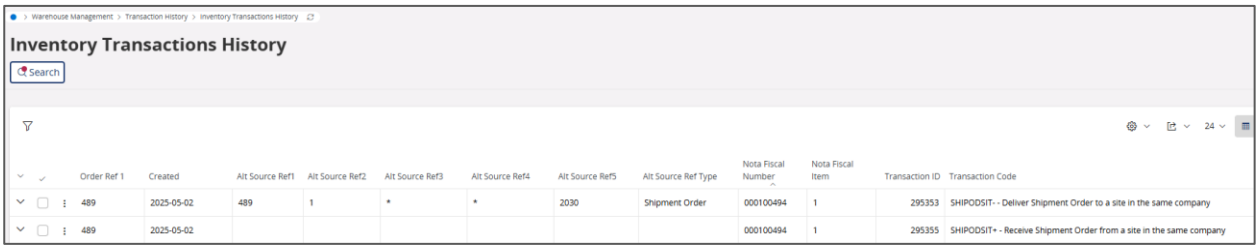
Brazil country specifics basic data must be entered to be able to use the Brazil Avalara in the Intracompany goods movement scenario.

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.

13.8 Nota Fiscal Reference in Inventory Transaction History

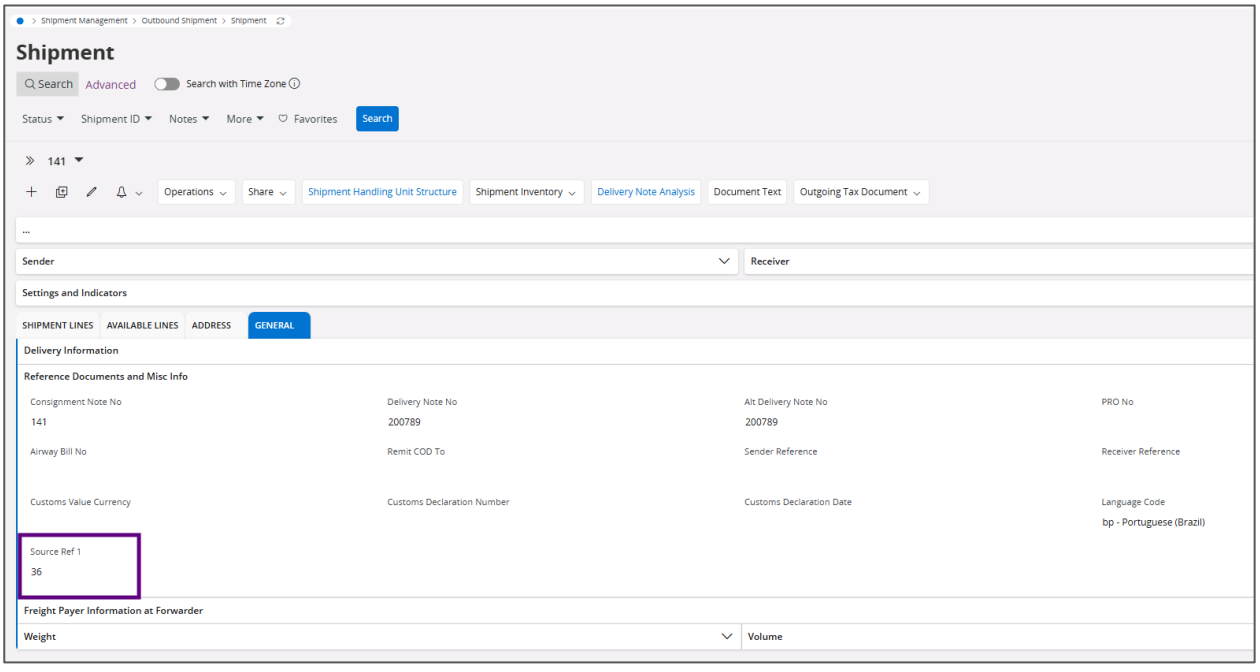
To improve traceability and compliance, the Nota Fiscal details are linked to the **Inventory Transaction History** page. This allows users to track inventory transactions with accurate Nota Fiscal references.

1. **Nota Fiscal Item:** Fetches and displays the corresponding line number from the Nota Fiscal.
2. **Nota Fiscal Number:** Displays the Nota Fiscal number associated with the transaction.

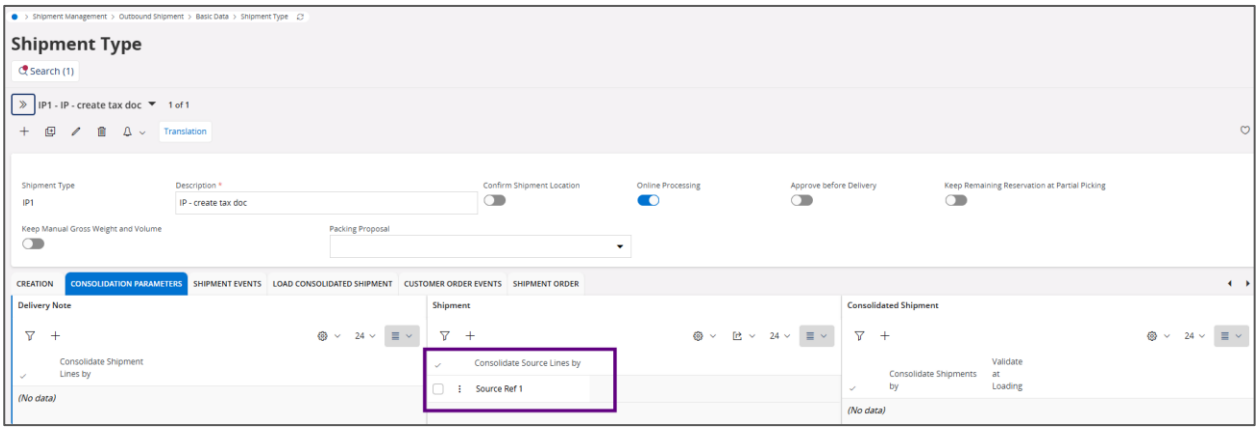


To localize all the reference to the origin in the Nota Fiscal lines the source ref 1 from Shipment is fetched to the Outgoing Nota Fiscal header. For Shipment with source type Shipment Order the Source Ref 1 from Shipment header is fetched. For Shipment with source type Customer Order the one distinct source ref 1 from the shipment line is fetched. The references in the Nota Fiscal lines are then the trackable values for Nota Fiscal Number and Nota Fiscal Item in the Inventory Transaction history. If the Shipment includes multiply Shipment Orders/Customer Orders the source ref 1 from Shipment cannot be fetched to the Outgoing Nota Fiscal header and will be a limitation for the references to be retrieved in the Nota Fiscals.

Shipment with source type Shipment Order the Source Ref 1 in Shipment header will be considered as a consolidation parameter for Shipments.



For the Shipment Order process, it is therefore mandatory to set Source Ref 1 as a consolidation parameter in “Consolidate Source Lines By” on the Shipment Type page.



Below are the references retrieved to the Nota Fiscals lines.

Nota Fiscals created from Shipment with Source Type Customer Order.

Outgoing Nota Fiscal line;

Alt Object Ref 1 - Customer Order Line Order No

Alt Object Ref 2 - Customer Order Line Line No

Alt Object Ref 3 - Customer Order Line Rel No

Alt Object Ref 4 - Customer Order Line Line Item No

Incoming Nota Fiscal line:

Source ref 1 - Purchase Order Line order no

Source ref 2 - Purchase Order Line line no

Source Ref 3 - Purchase Order Line rel no

Source Ref 4 - No Value

Incoming Nota Fiscal line upon receiving the Purchase Order:

Source Ref 4 = Receipt number

Nota Fiscal created from Shipment with Source Type Shipment Order.

Outgoing Nota Fiscal line;

Alt Object Ref 1 - Shipment Order ID

Alt Object Ref 2 - Shipment Order Line No

Alt Object Ref 3 - Shipment Id

Alt Object Ref 4 - Shipment Line No

Incoming Nota Fiscal line:

Source ref 1 - Shipment Order Id

Source ref 2 - Shipment Order Line No

Source Ref 3 - Shipment Id

Source Ref 4 - Shipment Line No

Incoming Nota Fiscal line upon receiving the Shipment Order:

Source Ref 3 - Receipt number

Source Ref 4 - No Value

Note: Only one receipt number can be used for each Nota Fiscal, it is therefore a limitation to use multiply receipt for one Shipment Order/Purchase Order. Therefore, the receipt should include all the quantity from the Nota Fiscal.

13.9 Postings

13.9.1 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

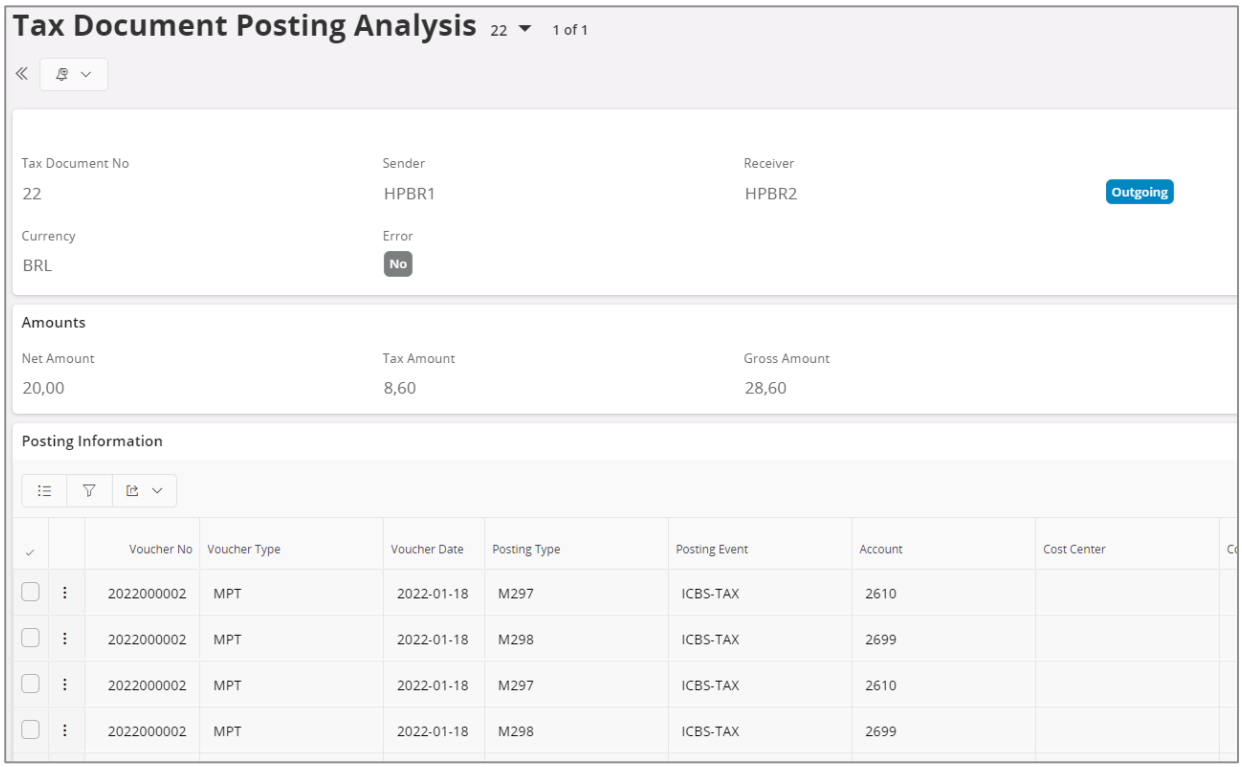
13.9.2 INCOMING TAX DOCUMENT

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.



13.10 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

Calculation of non-deductible taxes

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.

100% Deductible Scenario

- 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			
	M297	100	

2699			
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			2699			
	M297	100	M298	100	M300	100
	M297	200	M298	200	M300	200
	M297	150	M298	150	M300	150

Acc XXXX			2641			
M303	60		M299	40		
M303	150		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:

Note: Bellow sample is done for Shipment Order scenario and same functionality will apply for Internal Customer Order (Demand Code IPT, Distribution Order) when moving the goods within same company.

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				2699			
	M297	100		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.

13.11 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:

14 Taxes 100% or 0% Deductible

14.1 Legal Requirement

In IFS Cloud, when the External Tax System (Avalara) is selected for a Brazilian Company, the External Tax Codes Mapping must be configured, in order to get taxes calculated and recorded in the Purchase Order line, or else External Supplier Invoice Tax Codes must be used when reading Incoming Nota Fiscal file from XML file.

In Brazil, the possibility of taxes being deductible or non-deductible in Incoming Transactions, is directly related to the reason why the Company purchases the goods. This is indicated from the "Acquisition Reason" defined for a relevant Part. In the context of Brazilian tax type categories, **ICMS, IPI, PIS, COFINS, CBS and IBS** are always 0 or 100% deductible, and partial deduction will not be applied.

The Deduction % can be defined based on the "Acquisition Reason", allowing for a more flexible and accurate tax treatment according to the nature of each purchase.

14.2 Process Overview Procurement



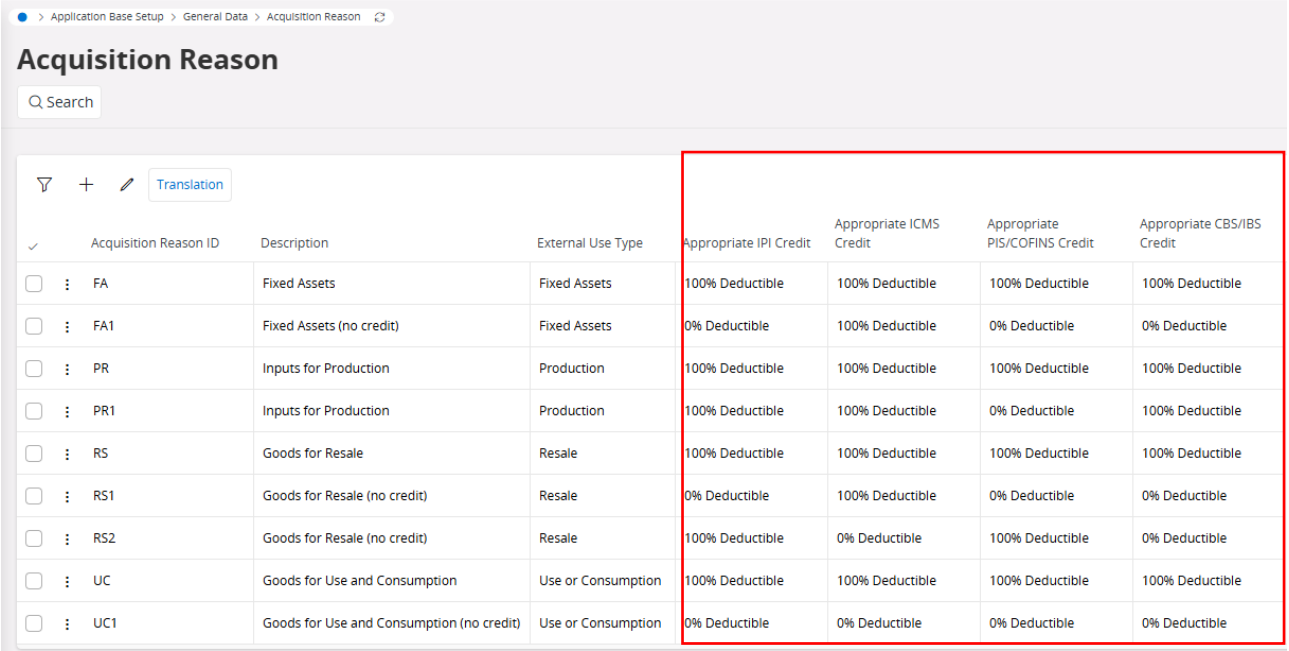
14.3 Prerequisites

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.***

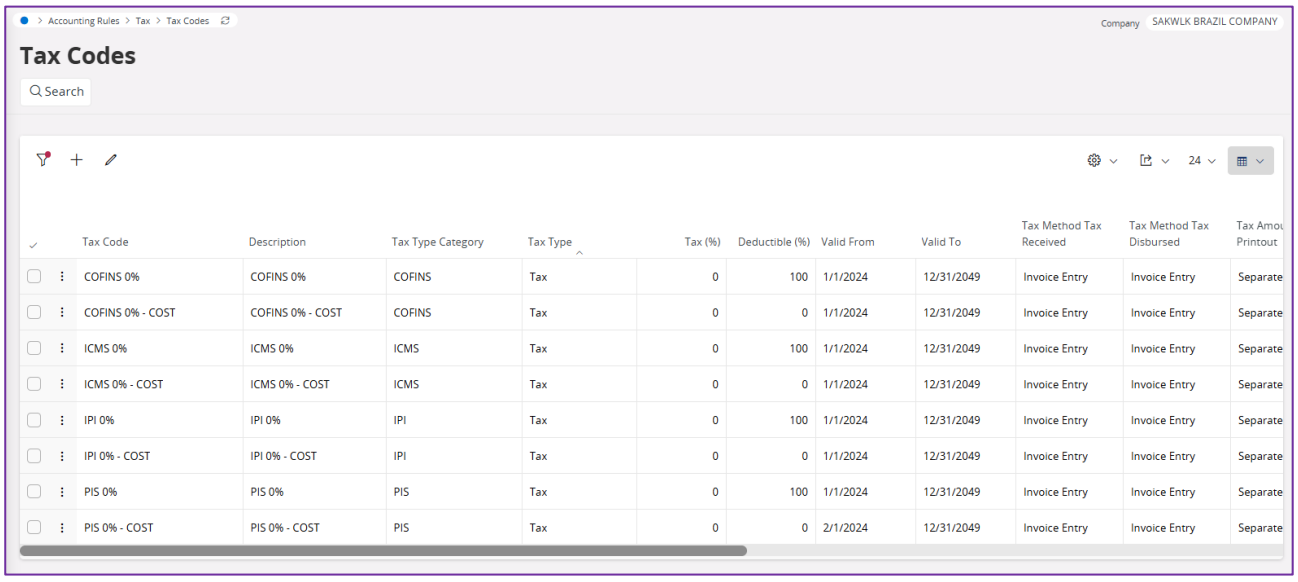
14.4 Enter Basic Data

Navigate to ***Acquisition Reason*** page from ***Application Base Setup/General Data/Acquisition Reason*** and define whether taxes are 100% or 0% deductible in the relevant columns, "Appropriate IPI Credit", "Appropriate ICMS Credit", "Appropriate PIS/COFINS Credit" and "Appropriate CBS/IBS Credit".



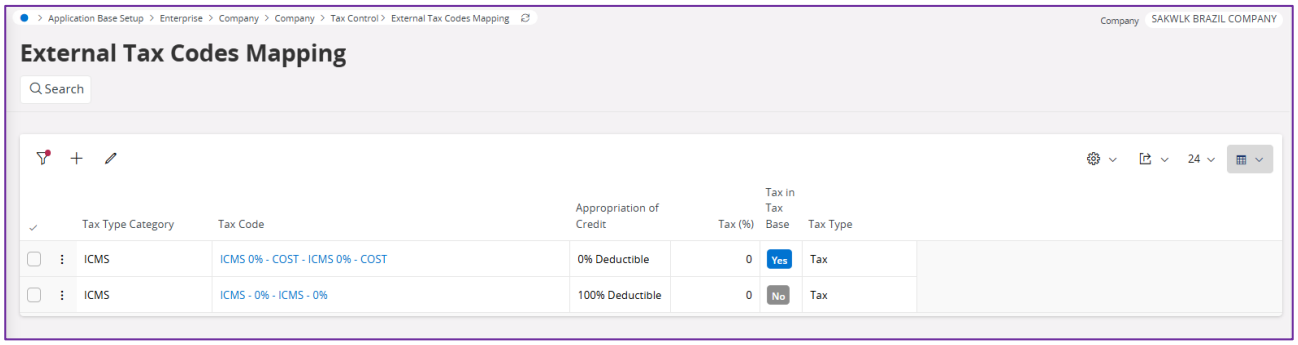
Acquisition Reason ID	Description	External Use Type	Appropriate IPI Credit	Appropriate ICMS Credit	Appropriate PIS/COFINS Credit	Appropriate CBS/IBS Credit
FA	Fixed Assets	Fixed Assets	100% Deductible	100% Deductible	100% Deductible	100% Deductible
FA1	Fixed Assets (no credit)	Fixed Assets	0% Deductible	100% Deductible	0% Deductible	0% Deductible
PR	Inputs for Production	Production	100% Deductible	100% Deductible	100% Deductible	100% Deductible
PR1	Inputs for Production	Production	100% Deductible	100% Deductible	0% Deductible	100% Deductible
RS	Goods for Resale	Resale	100% Deductible	100% Deductible	100% Deductible	100% Deductible
RS1	Goods for Resale (no credit)	Resale	0% Deductible	100% Deductible	0% Deductible	0% Deductible
RS2	Goods for Resale (no credit)	Resale	100% Deductible	0% Deductible	100% Deductible	0% Deductible
UC	Goods for Use and Consumption	Use or Consumption	100% Deductible	100% Deductible	100% Deductible	100% Deductible
UC1	Goods for Use and Consumption (no credit)	Use or Consumption	0% Deductible	0% Deductible	0% Deductible	0% Deductible

Define a 100% deductible tax code and a 0% deductible tax code related to Brazilian specific Tax type categories, IPI, ICMS, PIS/COFINS CBS/IBS in *Accounting Rules/ Tax/* **Tax Codes** page. The tax rates need to be defined as 0% to map these tax codes in the "External Tax Codes Mapping" page.



Tax Code	Description	Tax Type Category	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed	Tax Amou Printout
COFINS 0%	COFINS 0%	COFINS	Tax	0	100	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
COFINS 0% - COST	COFINS 0% - COST	COFINS	Tax	0	0	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
ICMS 0%	ICMS 0%	ICMS	Tax	0	100	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
ICMS 0% - COST	ICMS 0% - COST	ICMS	Tax	0	0	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
IPI 0%	IPI 0%	IPI	Tax	0	100	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
IPI 0% - COST	IPI 0% - COST	IPI	Tax	0	0	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
PIS 0%	PIS 0%	PIS	Tax	0	100	1/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate
PIS 0% - COST	PIS 0% - COST	PIS	Tax	0	0	2/1/2024	12/31/2049	Invoice Entry	Invoice Entry	Separate

Define the relevant 0% or 100% or both Tax Codes in the *Application Base Setup/Enterprise/Company/Company/Tax Control/External* ***Tax Codes Mapping*** page for the relevant Tax Type Category.

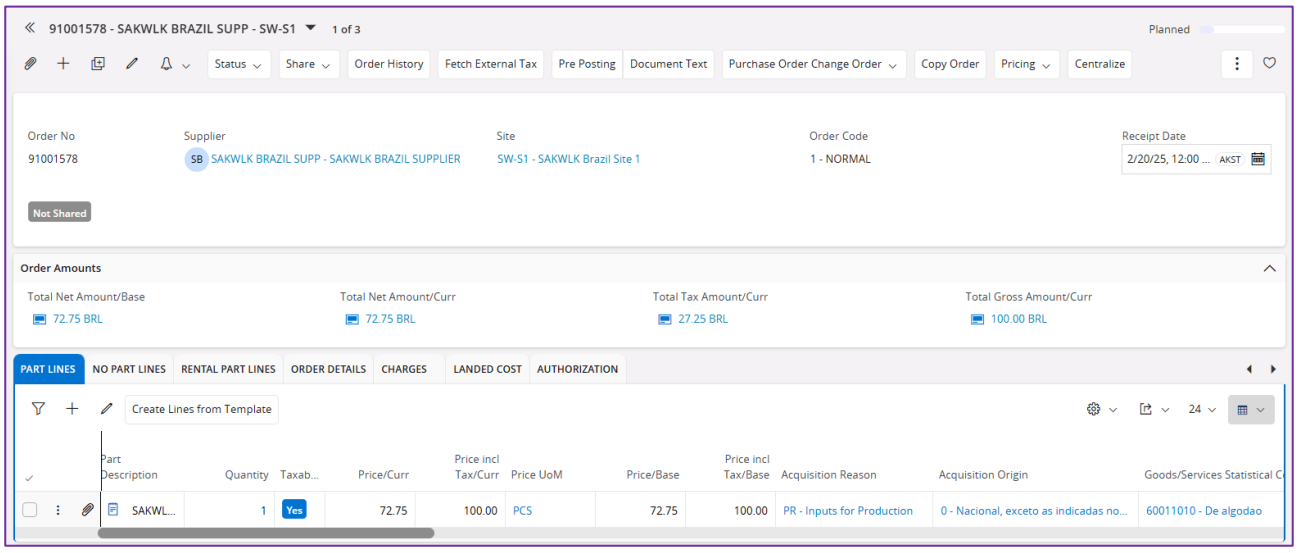


The “Appropriation of Credit” column will be automatically updated based on the Tax details for the relevant Tax code in the *Tax Codes* page.

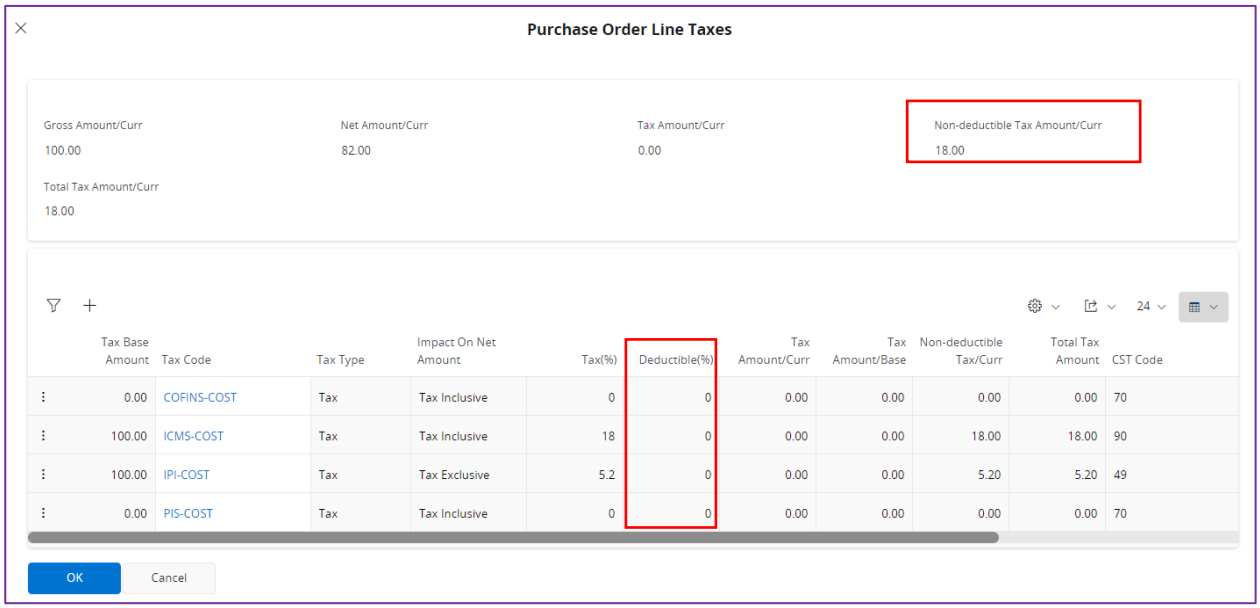
14.5 Enter Purchase Order

Follow standard functionality to enter a Purchase Order. Select an option for Business Transaction ID and save. Go to Part Lines and fetch Part details for “Acquisition Reason”, “Acquisition Origin” and “Goods/Services Statistical Code”. If a default value has been set on the Part this value will be shown here. It can be changed if needed.

Save the Part Line details and taxes will be calculated through Avalara.

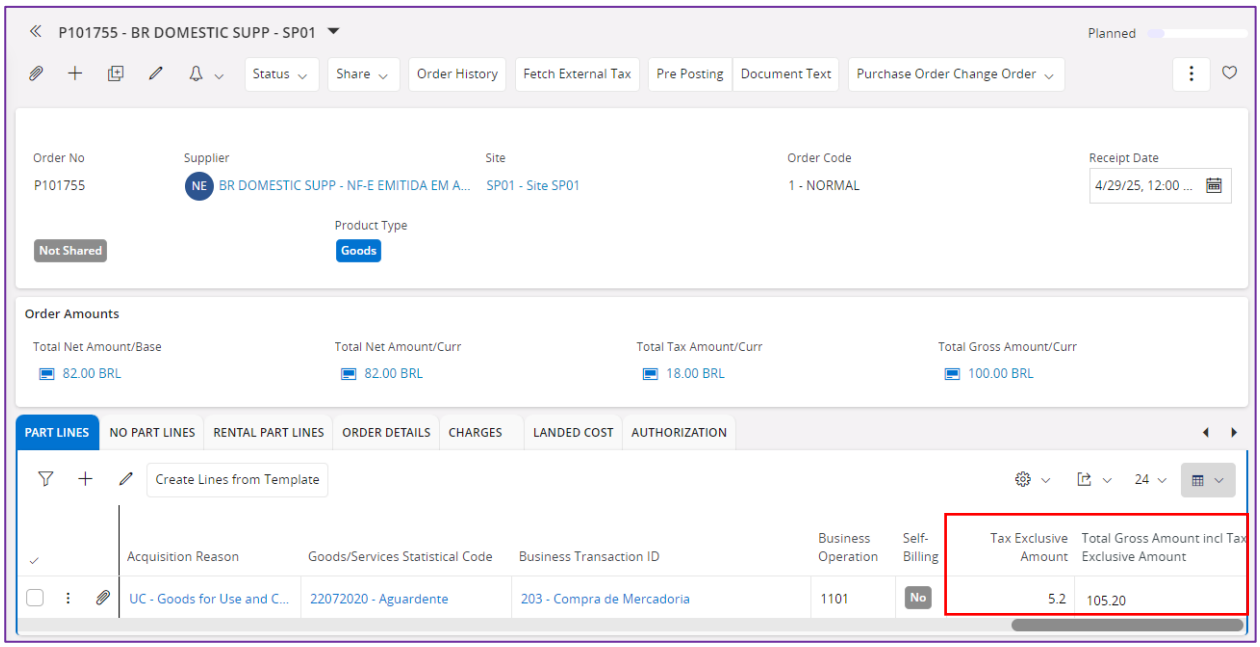


Relevant tax code whether 100% or 0% deductible will be fetched based on the details in “Appropriate IPI Credit”, “Appropriate ICMS Credit” and “Appropriate PIS/COFINS Credit” defined in the ***Acquisition Reason*** page.



Note:
The Tax Exclusive taxes i.e., IPI are not added and presented in “Non-Deductible Tax Amount/Curr” and “Total Tax Amount/Curr” fields. However, this is accurately presented in the Incoming Fiscal Documents and the Manual Supplier Invoice.

The User has the option to identify the Tax Exclusive Taxes in the Purchase Order Taxes directly from the column “Tax Exclusive Amount” in PO Part Lines.

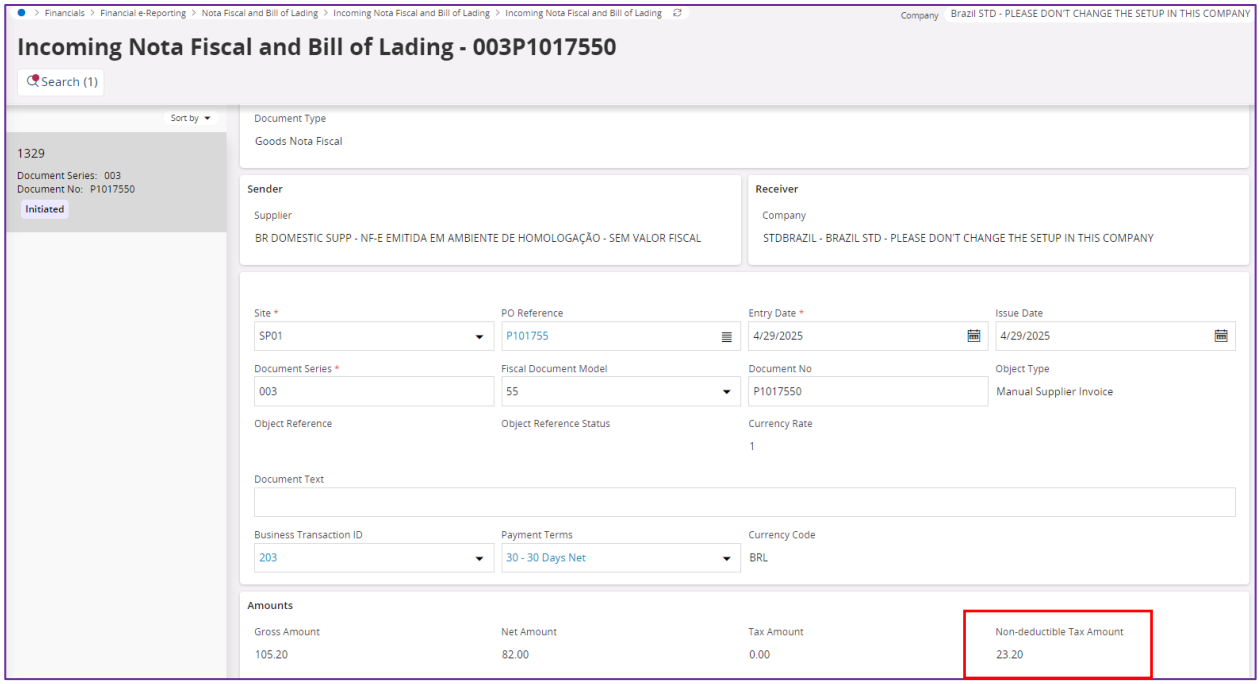


Once taxes are calculated, the Purchase Order can be released, and the Incoming Nota Fiscal can be created.

14.6 Create Incoming Nota Fiscal

Create Incoming Nota Fiscal manually using *Financials/ Financial e-Reporting/ Nota Fiscal and Bill of Lading/Incoming Nota Fiscal and Bill of Lading* page. Make sure that the Purchase Order number (or numbers) is referenced in field **PO Reference**.

Receive the Incoming NF Lines through either “Copy Unreceived PO Lines/Charges” or “Copy Unmatched PO Receipts”.

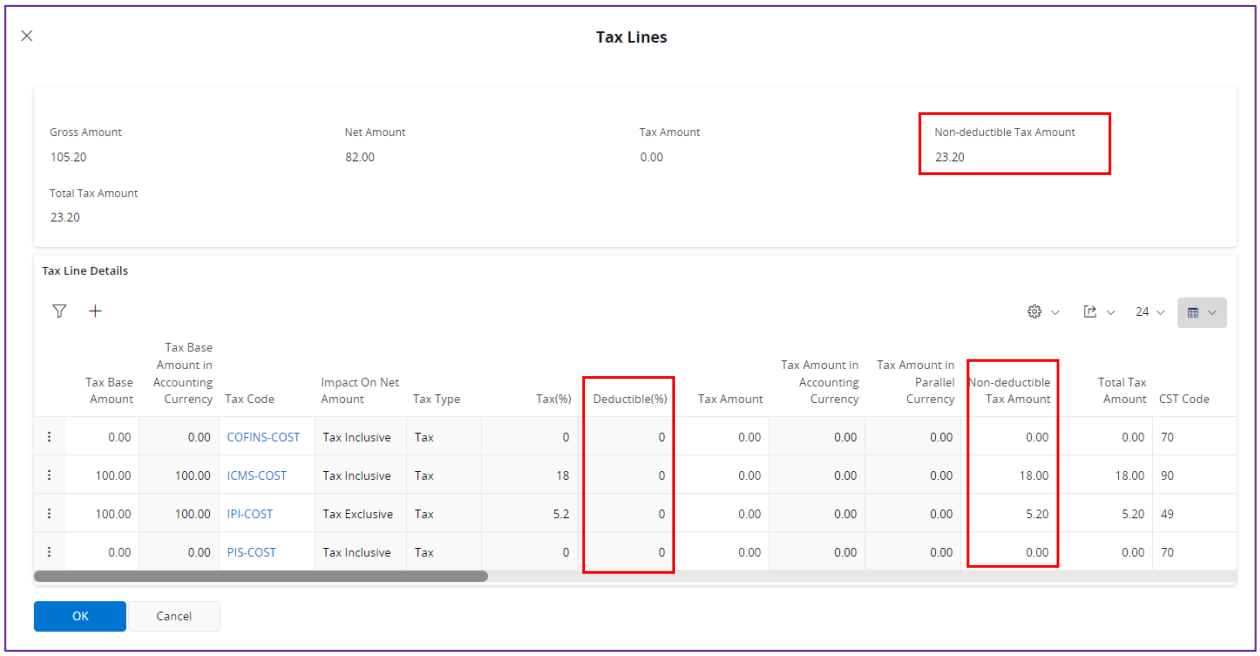


The total Non-Deductible Tax Amount will be correctly shown (Including the Tax Exclusive Tax Amount portion) will be shown in the Incoming Nota Fiscal.

According to the presented scenario a total Non- Deductible Tax Amount of 23.20BRL is calculated.

- ICMS (Tax Inclusive) – 18.00BRL
- IPI (Tax Exclusive) – 5.20BRL

The Incoming NF Tax Lines Dialog:



Then the Nota Fiscal can be approved. After the approval of the Nota Fiscal the Manual Supplier Invoice can be created and the standard IFS Functionality can be followed to Post the created Manual Supplier Invoice.

Notes:

If the Acquisition Reason is not set at the Purchase Part level or Business Transaction Code, it will remain null in the object line. It can be manually entered or modified directly in the object line. However, if the Acquisition Reason is not set for the object line, the taxes returned from the External Tax System will be assigned by default to non-deductible Tax Codes defined in the External Tax Codes Mapping.

The 100% deductible Tax Codes will be applied irrespective of the selected value in the columns in Acquisition Reason for the Outgoing Scenarios – Tax calculation in Goods for Customer Order, Tax Calculation for Services in Customer Order and Tax Calculation in Shipment Order.

14.7 Delimitations

The Non-Deductible tax handling in the XML (Receiving Incoming NF-e) flow is not supported in this release. The user has the option to fetch taxes using the “Fetch External Tax” command in the Incoming Fiscal Documents as an alternative for this.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

15 Incoming Nota Fiscal

15.1 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 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.

15.2 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.

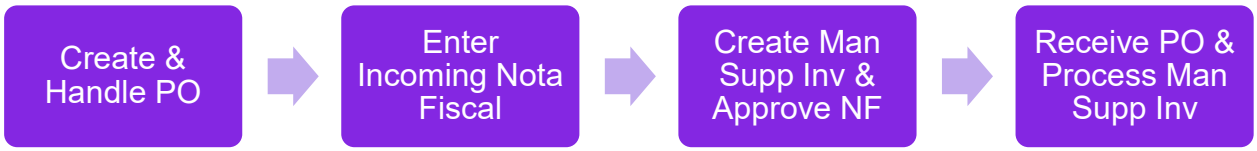
Note: User can also create the inventory transactions related to the goods receipt before creating the Manual Supplier Invoice or Incoming Nota Fiscal depending on the requirement.

15.2.1 RECEIVE INCOMING NOTA FISCAL AUTOMATICALLY (NF-E) – USING EXTERNAL SUPPLIER INVOICE FLOW



15.2.2 ENTER INCOMING NOTA FISCAL MANUALLY (DANFE) – USING INCOMING NOTA FISCAL PAGE

SCENARIO 1 - RECEIVING GOODS BEFORE INCOMING NOTA FISCAL (SELF-BILLING MUST BE DISABLED ON THE PO LINE)

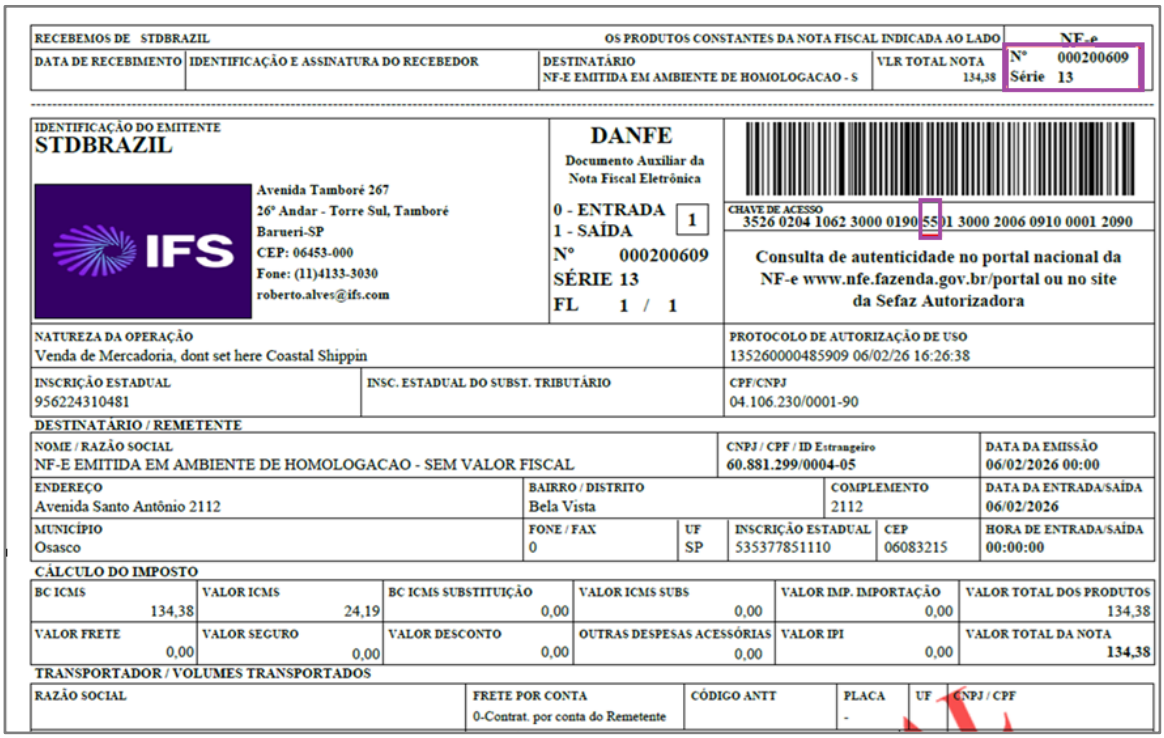


SCENARIO 2 - RECEIVING GOODS AFTER INCOMING NOTA FISCAL (SELF-BILLING MAY BE ENABLED OR DISABLED ON THE PO LINE)



15.2.3 RECEIVING GOODS BEFORE INCOMING NOTA FISCAL (SELF-BILLING MUST BE DISABLED ON THE PO LINE)

- The printed Nota Fiscal accompanying the goods contains the Nota Fiscal Number (Document No), Series (Document Series), and Model (Fiscal Document Model).



RECEBEMOS DE STDBRAZIL		OS PRODUTOS CONSTANTES DA NOTA FISCAL INDICADA AO LADO		NF-e
DATA DE RECEBIMENTO	IDENTIFICAÇÃO E ASSINATURA DO RECEBEDOR	DESTINATÁRIO NF-E EMITIDA EM AMBIENTE DE HOMOLOGACAO - S	VLR TOTAL NOTA 134,38	Nº 000200609 Série 13

IDENTIFICAÇÃO DO EMITENTE **STDBRAZIL** Avenida Tamboré 267 26º Andar - Torre Sul, Tamboré Barueri-SP CEP: 06453-000 Fone: (11)4133-3030 roberto.alves@ifs.com	**DANFE** Documento Auxiliar da Nota Fiscal Eletrônica 0 - ENTRADA 1 - SAÍDA [1] Nº 000200609 SÉRIE 13 FL 1 / 1	CHAVE DE ACESSO 3526 0204 1062 3000 0190 5501 3000 2006 0910 0001 2090 Consulta de autenticidade no portal nacional da NF-e www.nfe.fazenda.gov.br/portal ou no site da Sefaz Autorizadora

NATUREZA DA OPERAÇÃO Venda de Mercadoria, dont set here Coastal Shippin		PROTOCOLO DE AUTORIZAÇÃO DE USO 135260000485909 06/02/26 16:26:38
INSCRIÇÃO ESTADUAL 956224310481	INSC. ESTADUAL DO SUBST. TRIBUTÁRIO	CPF/CNPJ 04.106.230/0001-90

DESTINATÁRIO / REMETENTE

NOME / RAZÃO SOCIAL NF-E EMITIDA EM AMBIENTE DE HOMOLOGACAO - SEM VALOR FISCAL			CNPJ / CPF / ID Estrangeiro 60.881.299/0004-05	DATA DA EMISSÃO 06/02/2026 00:00
ENDEREÇO Avenida Santo Antônio 2112	BAIRRO / DISTRITO Bela Vista	COMPLEMENTO 2112		DATA DA ENTRADA/SAÍDA 06/02/2026
MUNICÍPIO Osasco	FONE / FAX 0	UF SP	INSCRIÇÃO ESTADUAL 535377851110	CEP 06083215	HORA DE ENTRADA/SAÍDA 00:00:00

CÁLCULO DO IMPOSTO

BC ICMS 134,38	VALOR ICMS 24,19	BC ICMS SUBSTITUIÇÃO 0,00	VALOR ICMS SUBS 0,00	VALOR IMP. IMPORTAÇÃO 0,00	VALOR TOTAL DOS PRODUTOS 134,38
VALOR FRETE 0,00	VALOR SEGURO 0,00	VALOR DESCONTO 0,00	OUTRAS DESPESAS ACESSÓRIAS 0,00	VALOR IPI 0,00	VALOR TOTAL DA NOTA 134,38

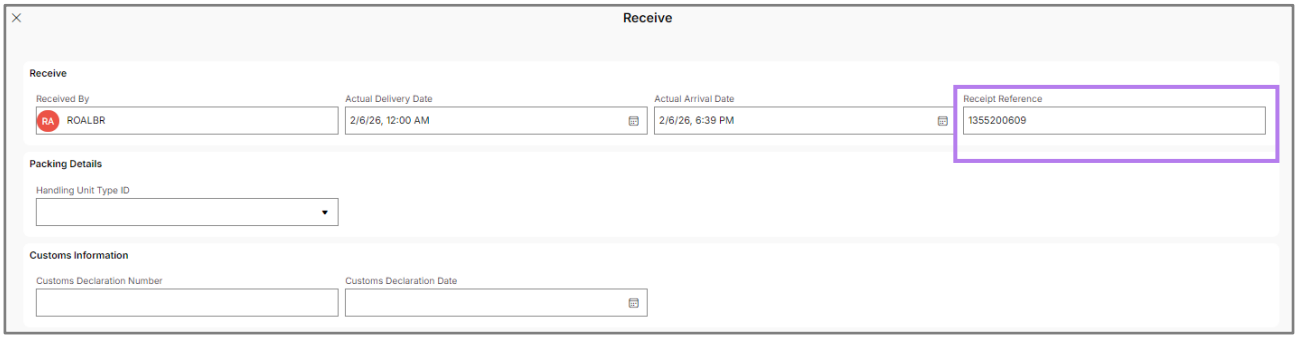
TRANSPORTADOR / VOLUMES TRANSPORTADOS

RAZÃO SOCIAL	FRETE POR CONTA 0-Contrat. por conta do Remetente	CÓDIGO ANTT	PLACA -	UF	CNPJ / CPF

- The printed information matches the NF-e XML from the supplier.

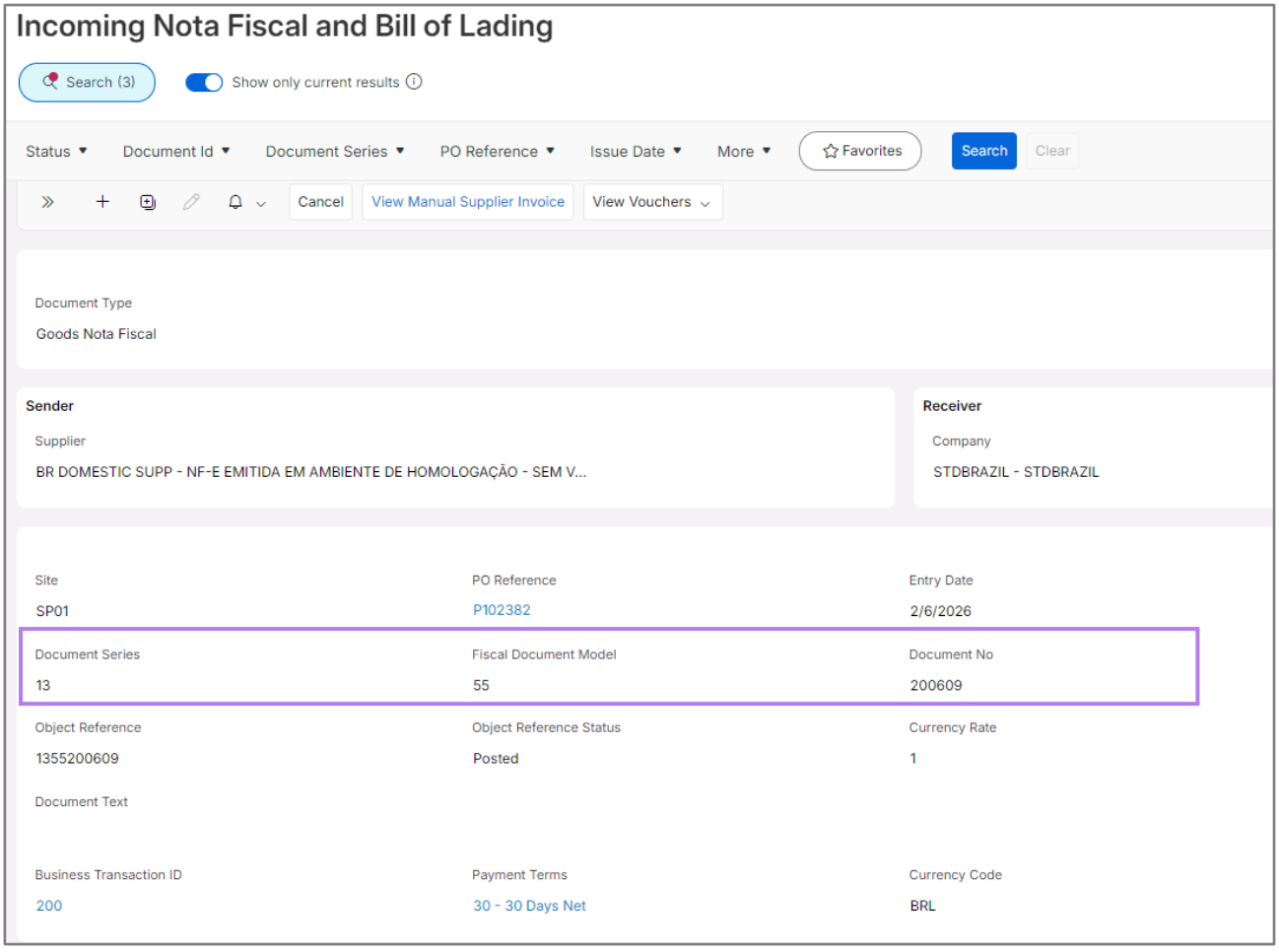
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          <cNF>00001209</cNF>
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          <mod>55</mod>
          <serie>13</serie>
          <nNF>200609</nNF>
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          <dhSaiEnt>2026-02-06T00:00:00+00:00</dhSaiEnt>
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          <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>1</indPres>
          <indIntermed>0</indIntermed>
          <procEmi>0</procEmi>
          <verProc>MigrateInvoiCy</verProc>
        </ide>
      ▼<emit>
          <CNPJ>04106230000190</CNPJ>
          <xNome>STDBRAZIL</xNome>
          <xFant>BLUE NOTE GUITAR EFFECTS</xFant>
        ▼<enderEmit>
            <xLgr>Avenida Tamboré</xLgr>
            <nro>267</nro>
            <xCpl>26º Andar - Torre Sul</xCpl>
```

- When registering PO arrivals, the user must manually enter the Receipt Reference using the format Series (Document Series) + Model (Fiscal Document Model) + Number (Document No).

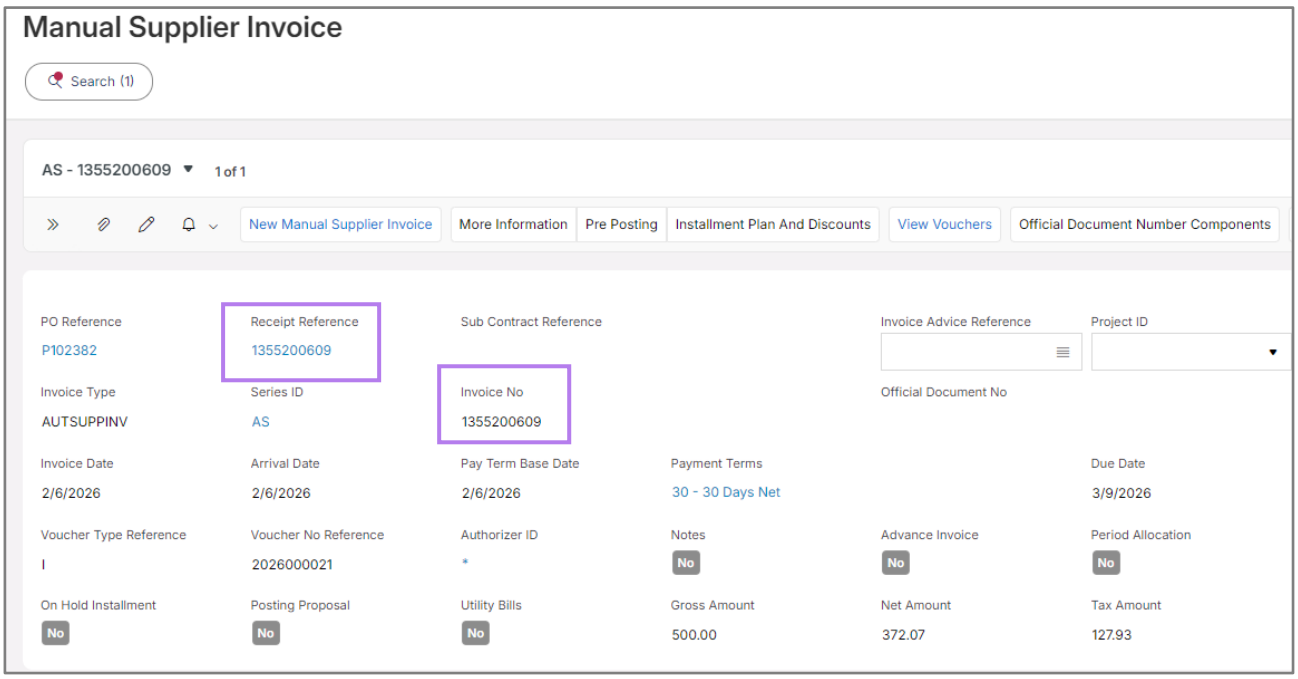


Notes: Warehouse users have this information from the physical document which follows the goods.

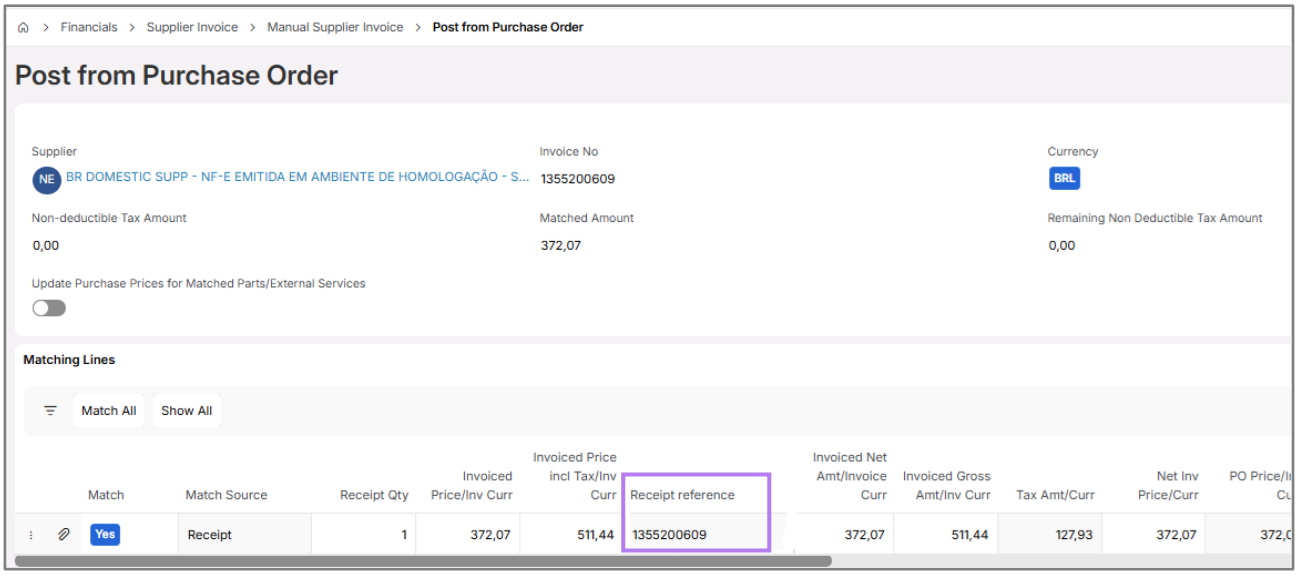
- When receiving an incoming Nota Fiscal—whether entered manually with information from the printed document or automatically created from an external supplier invoice using an XML file— the information is stored accordingly.



- If Nota Fiscal was entered manually the user uses *Copy Unmatched PO Receipts* to pull the PO lines.
- For Nota Fiscal created from an External Supplier Invoice via XML, *Copy Unmatched PO Receipts* is not required.
- Enter mandatory information and approve the Incoming Nota Fiscal.
- Once the Incoming Nota Fiscal is approved, create a Manual Supplier Invoice via the **Create Manual Supplier Invoice** command on the Incoming Nota Fiscal header.
- After the invoice is created, both the Receipt Reference and Invoice No. are automatically populated with the concatenated key *(Document Series + Fiscal Document Model + Document No).*

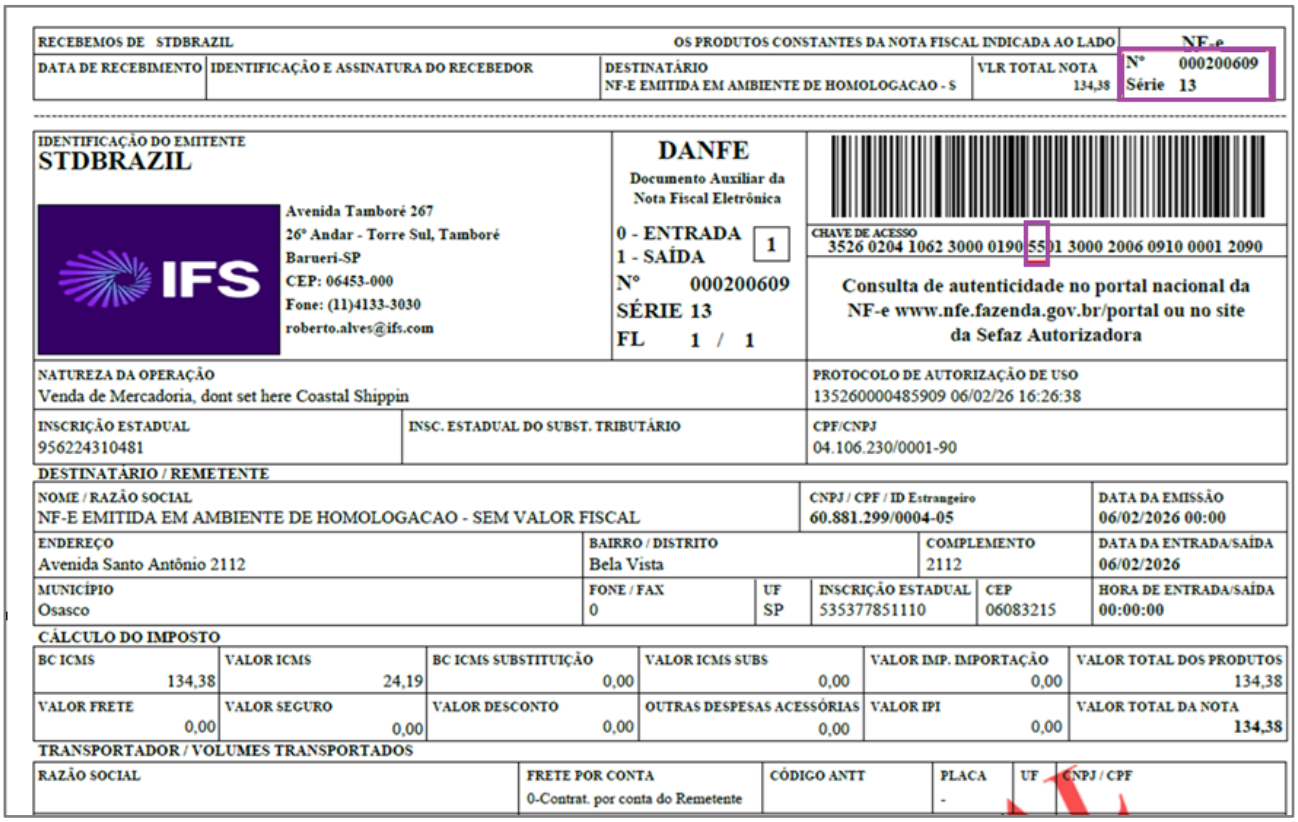


- The user completes *Matching PO Receipts per Line* and follows the core process to post the invoice.



15.2.4 RECEIVING GOODS AFTER INCOMING NOTA FISCAL (SELF-BILLING MAY BE ENABLED OR DISABLED ON THE PO LINE)

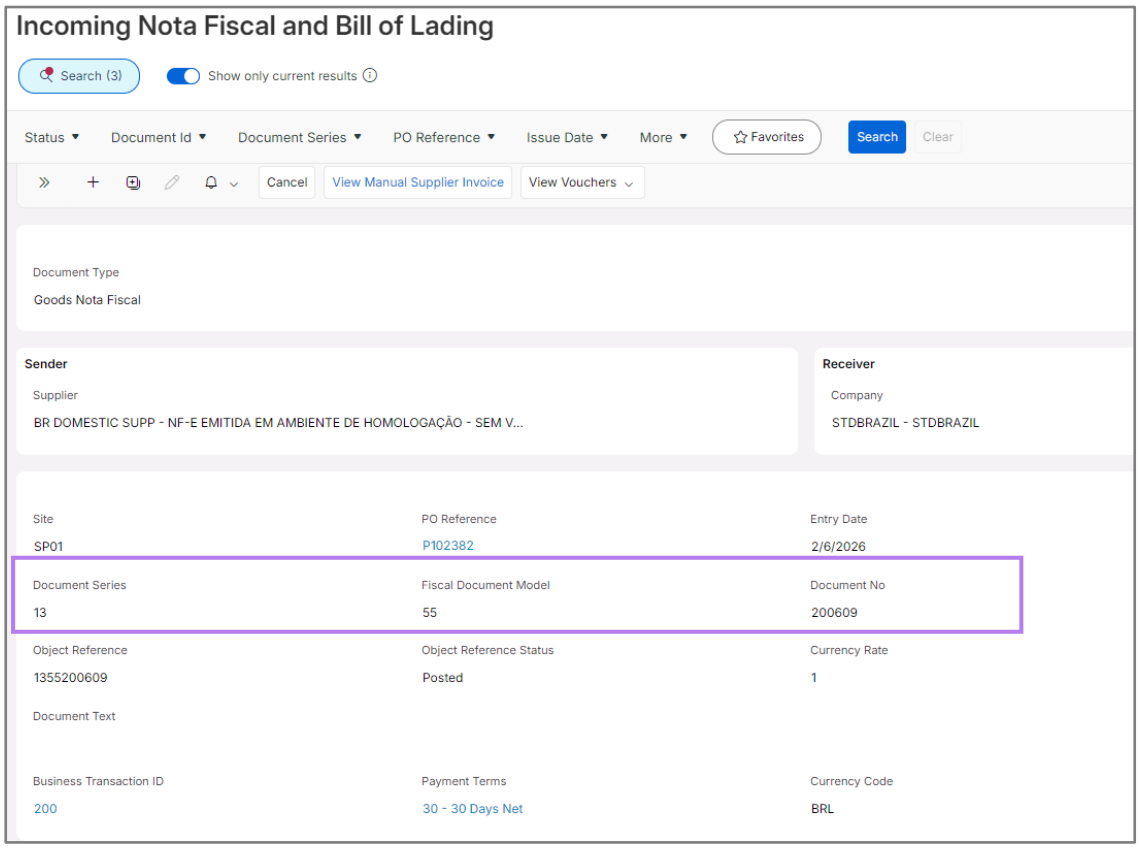
- The printed Nota Fiscal accompanying the goods contains the Nota Fiscal Number, Series (Document Series), and Model (Fiscal Document Model).



- The printed information matches the NF-e XML from the supplier.

```
▼<nfeProc xmlns="http://www.portalfiscal.inf.br/nfe" versao="4.00">
  ▼<NFe xmlns="http://www.portalfiscal.inf.br/nfe">
    ▼<infNFe versao="4.00" Id="NFe35260204106230000190550130002006091000012090">
      ▼<ide>
          <cUF>35</cUF>
          <cNF>00001209</cNF>
          <natOp>Venda de Mercadoria, dont set here Coastal Shippin</natOp>
          <mod>55</mod>
          <serie>13</serie>
          <nNF>200609</nNF>
          <dhEmi>2026-02-06T00:00:00+00:00</dhEmi>
          <dhSaiEnt>2026-02-06T00:00:00+00:00</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>1</indPres>
          <indIntermed>0</indIntermed>
          <procEmi>0</procEmi>
          <verProc>MigrateInvoiCy</verProc>
        </ide>
      ▼<emit>
          <CNPJ>04106230000190</CNPJ>
          <xNome>STDBRAZIL</xNome>
          <xFant>BLUE NOTE GUITAR EFFECTS</xFant>
        ▼<enderEmit>
            <xLgr>Avenida Tamboré</xLgr>
            <nro>267</nro>
            <xCpl>26º Andar - Torre Sul</xCpl>
```

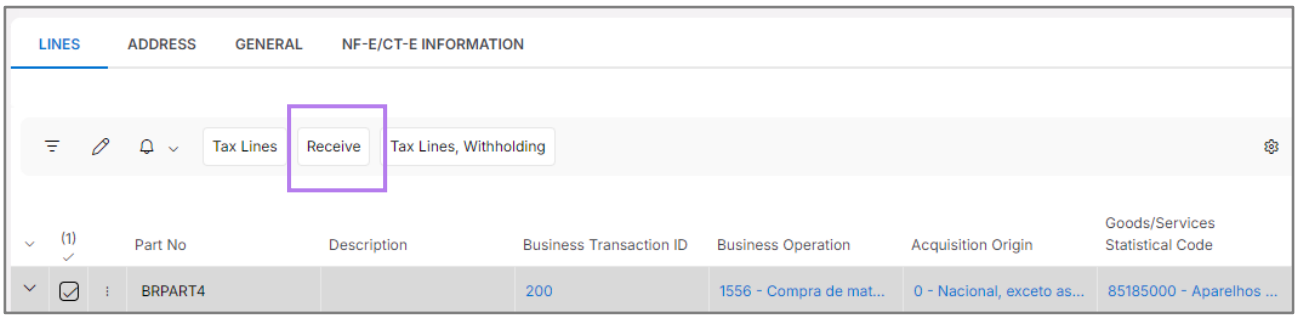
- When receiving an incoming Nota Fiscal—whether entered manually with information from the printed document or automatically created from an external supplier invoice using an XML file— the information is stored accordingly.



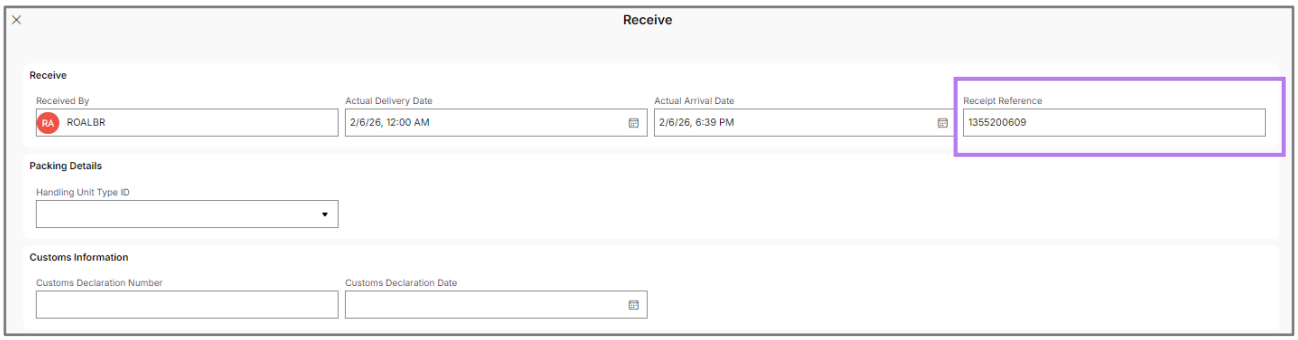
- If Nota Fiscal was entered manually the user uses *Copy Unreceived PO Lines* to copy the lines for Nota Fiscal.
- For Nota Fiscal created from an External Supplier Invoice via XML, Copy Unreceived PO Lines is not required.
- Enter mandatory information and approve the Incoming Nota Fiscal.

15.2.4.1 RECEIVE BUTTON AVAILABLE ON THE *INCOMING NOTA FISCAL → LINES* TAB

- Once the Nota Fiscal is approved, the **Receive** button becomes available on the *Incoming Nota Fiscal → Lines* tab.



- Selecting **Receive** automatically fills the Receipt Reference with the concatenated key *(Document Series + Fiscal Document Model + Document No)*.



- If Self-Billing is **enabled** in PO line:
  - After Receipt, the Supplier Invoice is automatically created.
  - Receipt Reference and Invoice No. are automatically recorded with the concatenated key.
  - Matching is completed automatically.
  - The user follows the core posting process.
- If Self-Billing is **disabled** in PO line:
  - The Supplier Invoice must be created manually using the Create Manual Supplier Invoice command, which becomes enabled in the Incoming Nota Fiscal page header.

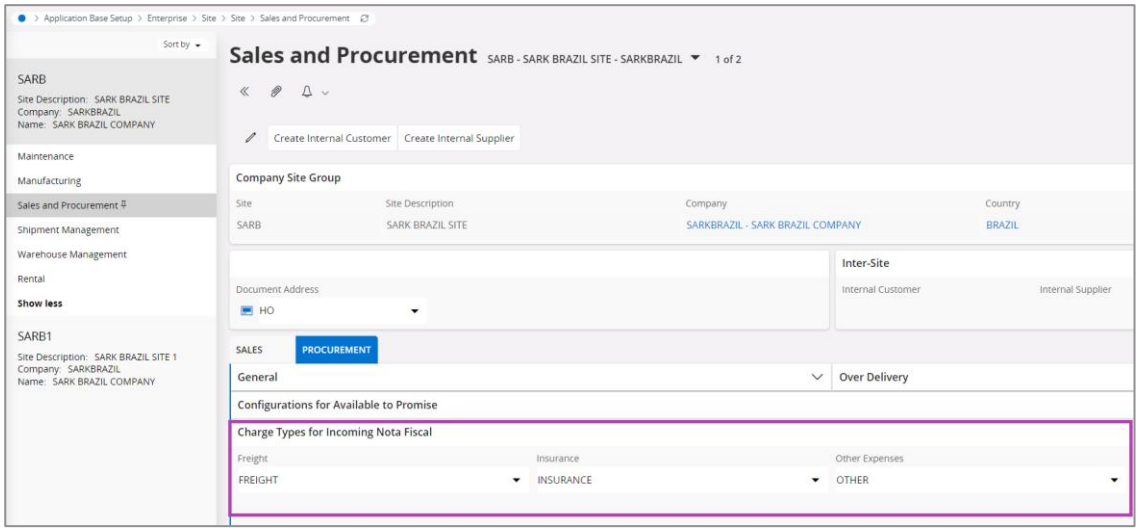
- Receipt Reference and Invoice No. are automatically recorded with the concatenated key.
- The user completes Matching PO Receipts per Line.
- The user then follows the core posting process.

15.2.4.2 RECEIVE BUTTON AVAILABLE FROM THE *MANUAL SUPPLIER INVOICE PAGE (ONLY IF SELF-BILLING IS DISABLED)*

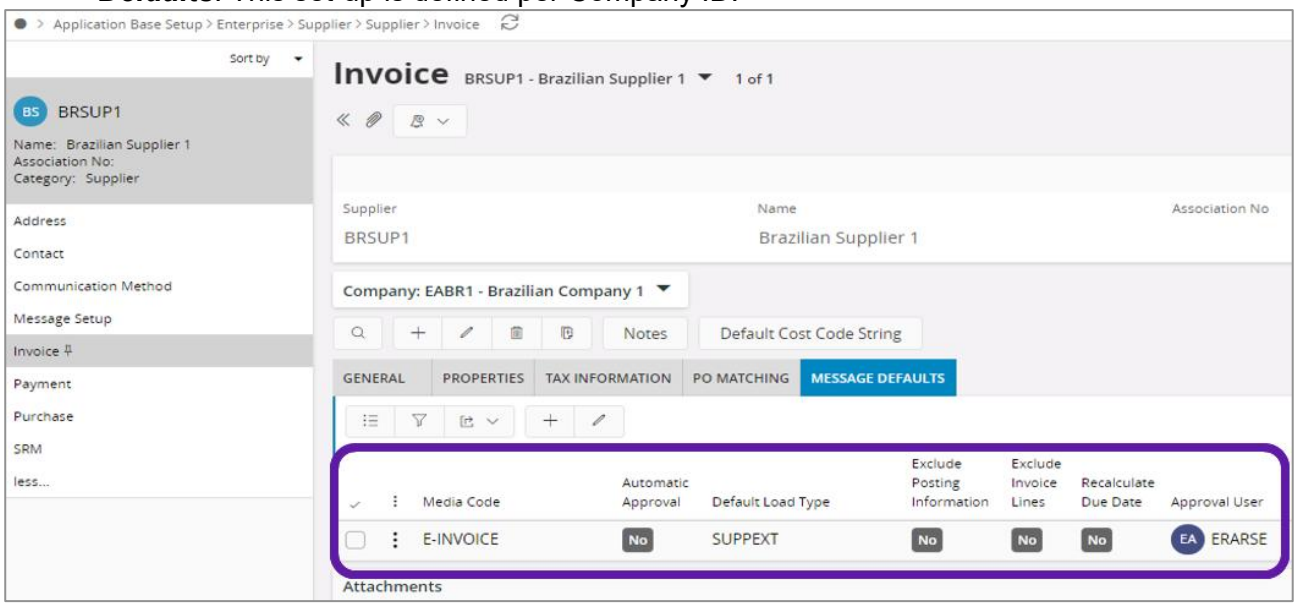
- Once the Incoming Nota Fiscal is approved, the user may also register the arrival from the Manual Supplier Invoice page.
- Create the Supplier Invoice manually using the *Create Manual Supplier Invoice* command in the header of the Incoming Nota Fiscal page.
- Both the Receipt Reference and the Invoice No. will be automatically populated with the concatenated key.
- Register the arrival from the Manual Supplier Invoice page.
- Perform Matching PO Receipts per Line.
- Follow the core invoice-posting process.

15.3 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 tab.



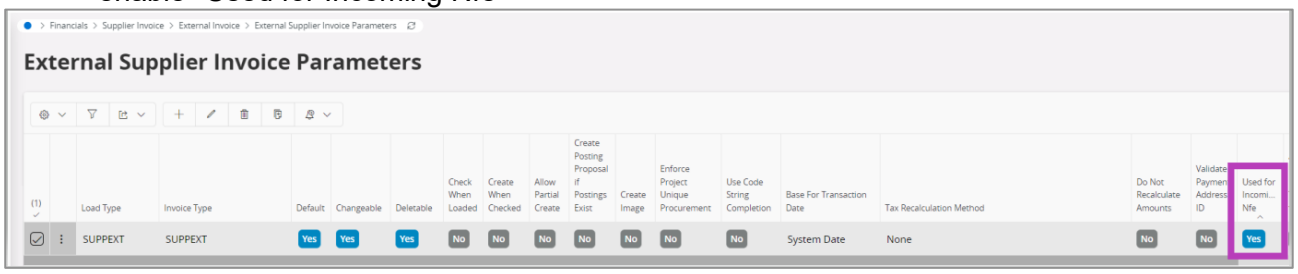
- Media Code “E-INVOICE” and Default Load Type “SUPPEXT” must be set up on the Supplier in page ***Application Base Setup/Enterprise/Supplier/Supplier/Invoice***, tab ***Message Defaults***. This set-up is defined per Company ID.



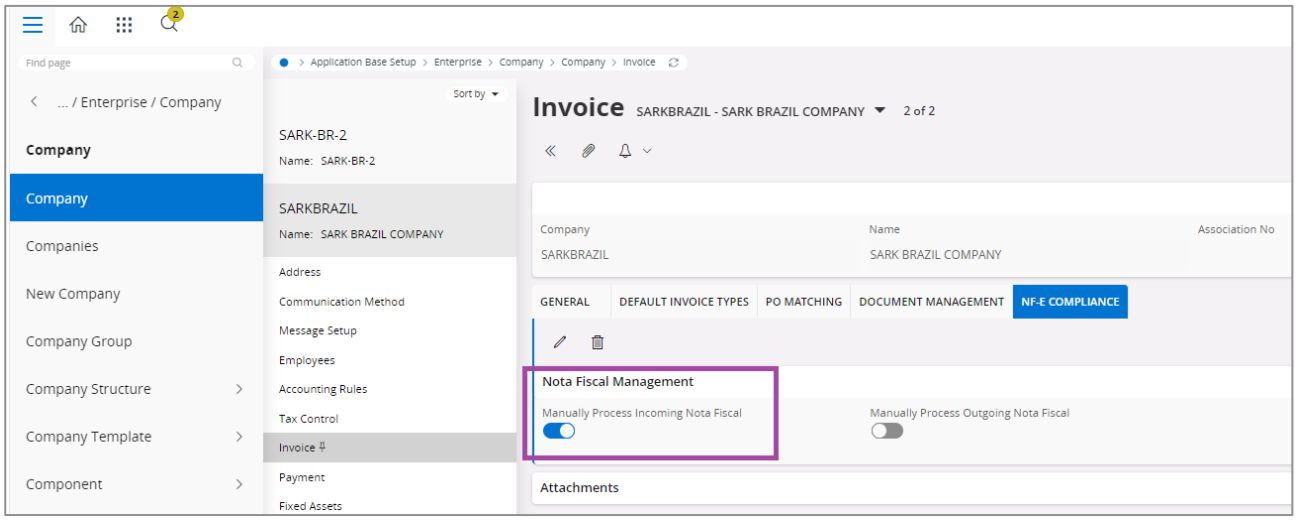
- The core functionality *External Supplier Invoice Tax Codes* must be defined and make sure that the correct Tax Type Category relates to each tax code. In this page the Brazilian tax types categories have been added. Enter “*” for both Supply and Delivery Country.



- 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.



15.4 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.

15.4.1 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.

15.4.2 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>
```

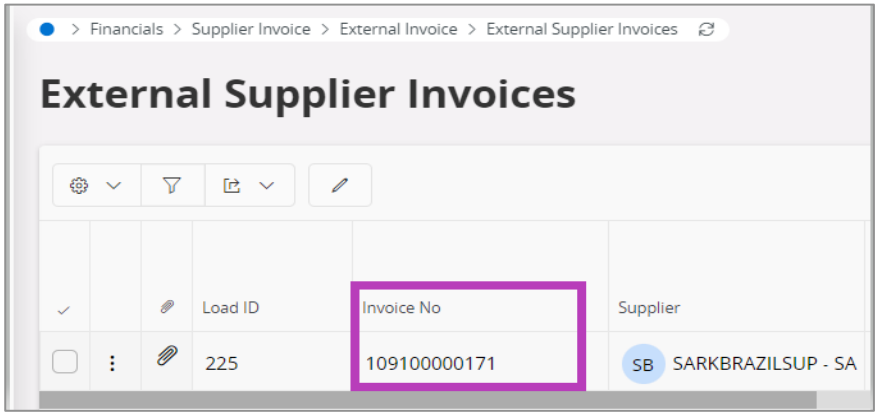
Please note that the CNPJ number of the destination/receiving company is the key when mapping the incoming XML file to a Company ID in IFS. No External Supplier Invoice Load ID can be created without this match.

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,

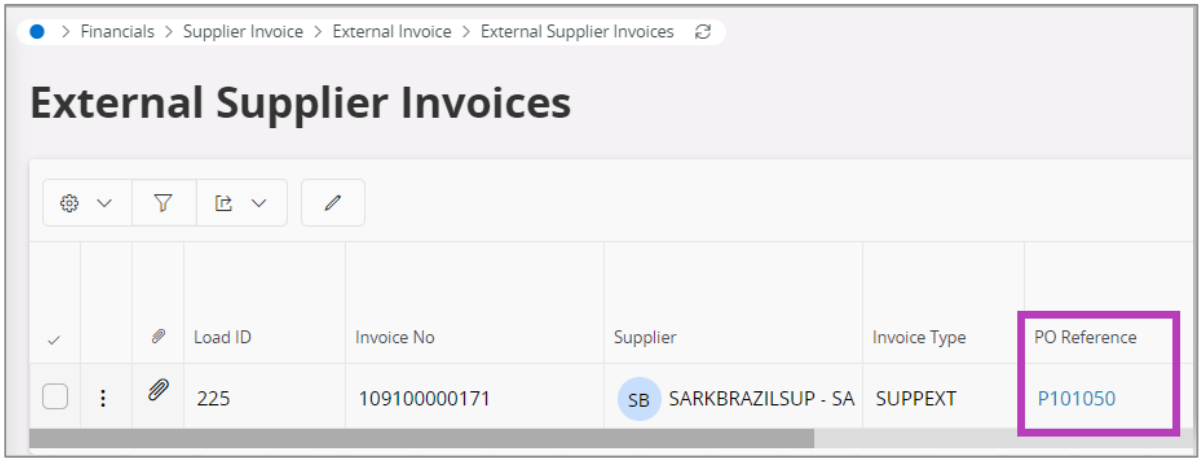
```
<ide>
        <serie>S09</serie>
        <nNF>S00000003</nNF>
```

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.

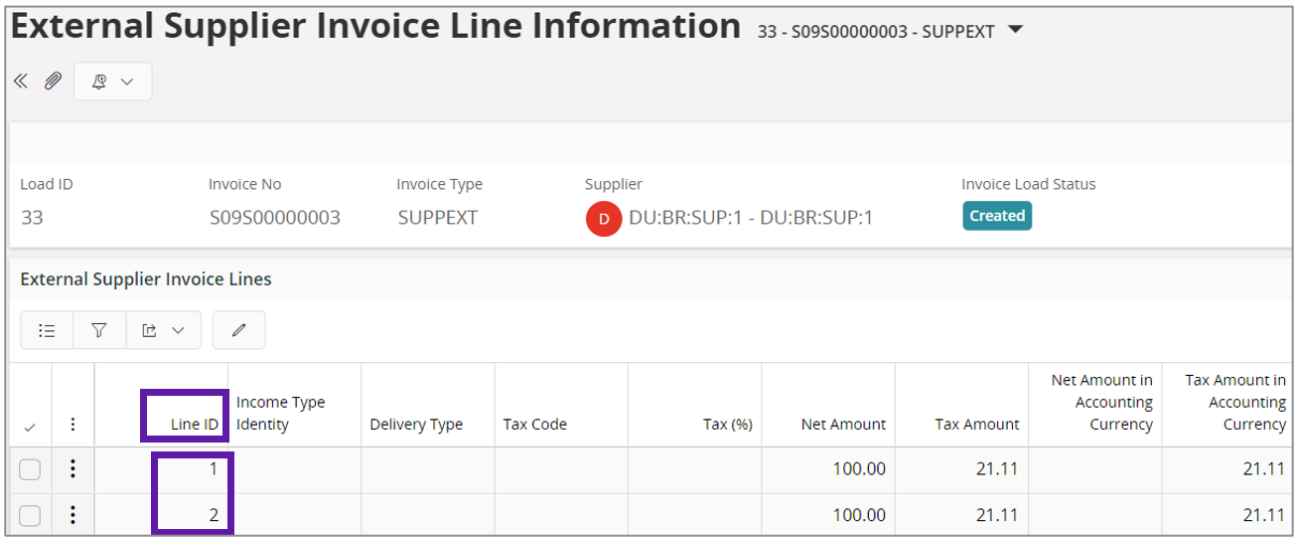


Nota Fiscal Line information as Supplier Invoice Lines

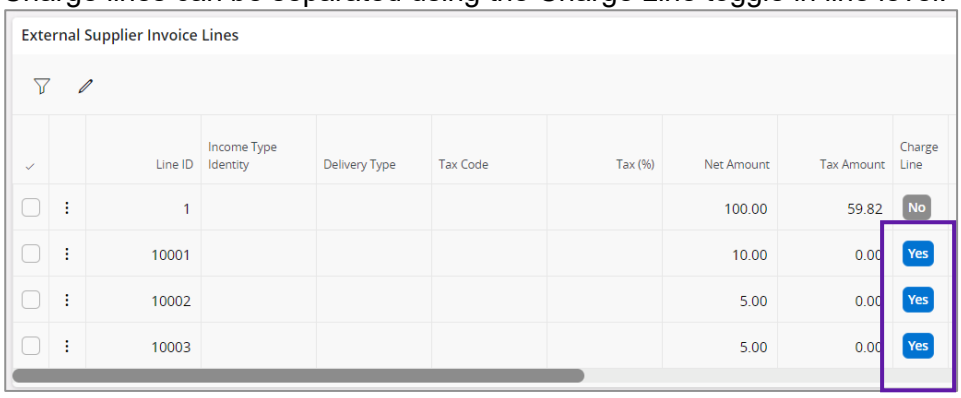
Nota Fiscal Line information are included in the below NF-e XML tags,

```
<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

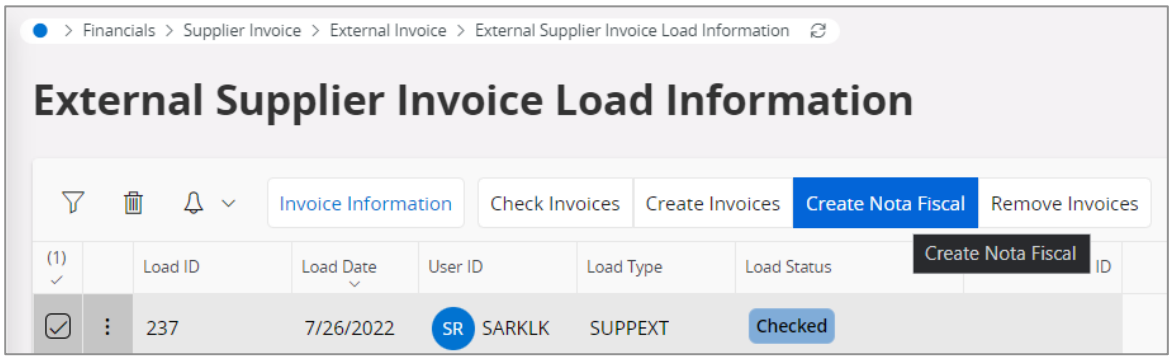
Nota Fiscal tax information is included in the below NF-e XML tags:

```
            </prod>
            <imposto>
                <vTotTrib>21.11</vTotTrib>
                <ICMS>
                    <ICMS00>
                        <pICMS>10</pICMS>
                        <vICMS>11.11</vICMS>
                    </ICMS00>
                </ICMS>
                <IPI>
                    <CENQ/>
                    <IPITrib>
                        <pIPI>10</pIPI>
                        <vIPI>10</vIPI>
                    </IPITrib>
                </IPI>
            </imposto>
```

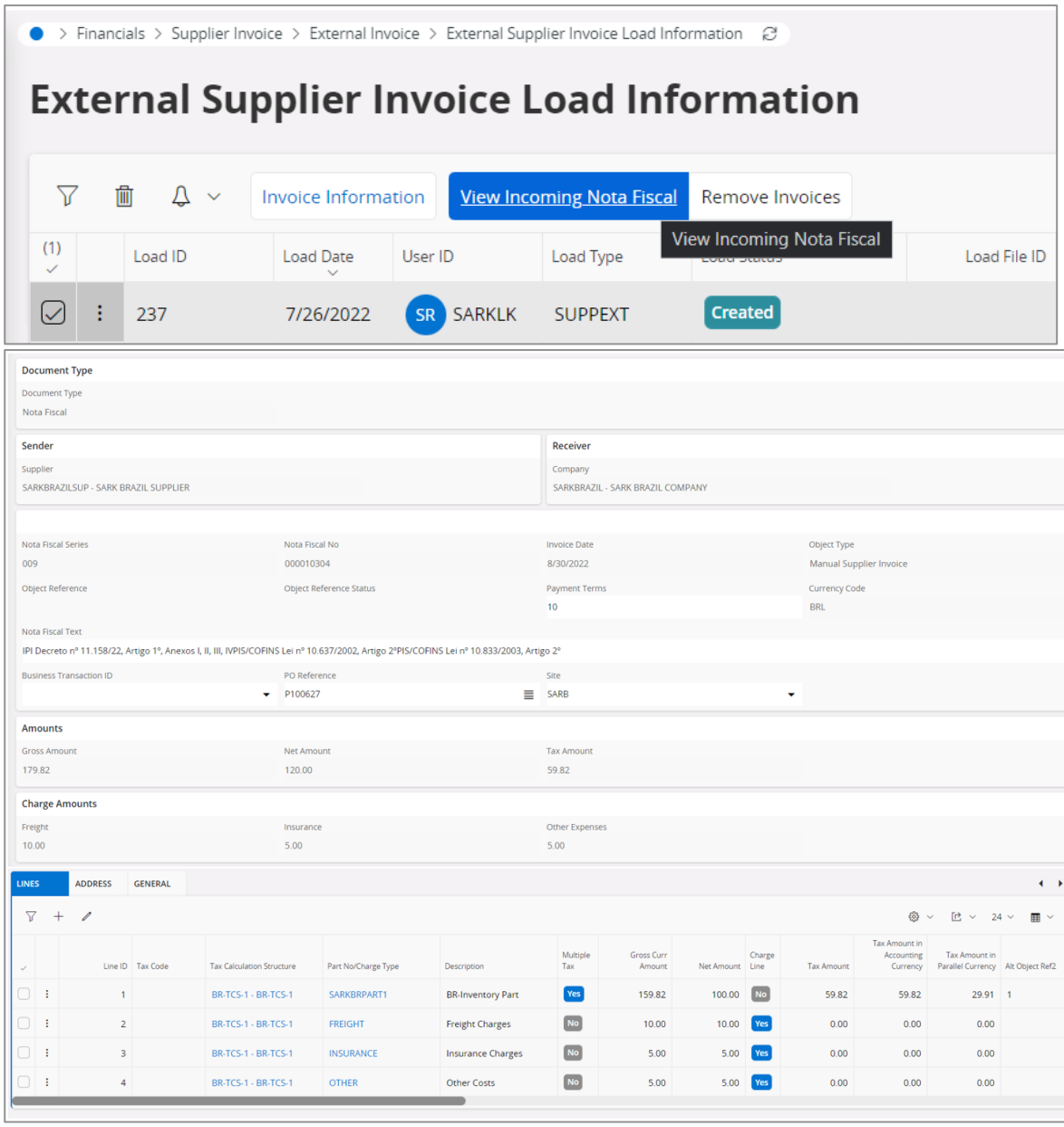
Each of the NF-e XML Tax Lines received in relation to the Nota Fiscal is inserted into the ***External Supplier invoice Tax Information*** page as separate tax lines, however, when the Create Nota Fiscal command is used, an automatic call will be made to the External Tax System to calculate the taxes. The returned tax values will then be the ones considered in the Incoming Nota Fiscal that is created. If the parameters are properly set in the application, the receiver will have the same amount returned from the External Tax System as placed in the incoming xml file.

Create Incoming Nota Fiscal using External Supplier Invoice

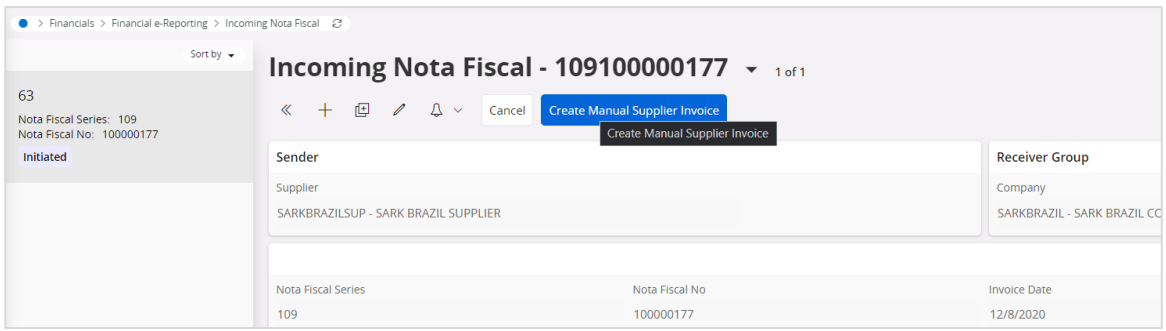
- Go to *Financials/Supplier Invoice/External Invoice/External Supplier Invoice Load Information* and select the command **Create Nota Fiscal**.



- View Incoming Nota Fiscal

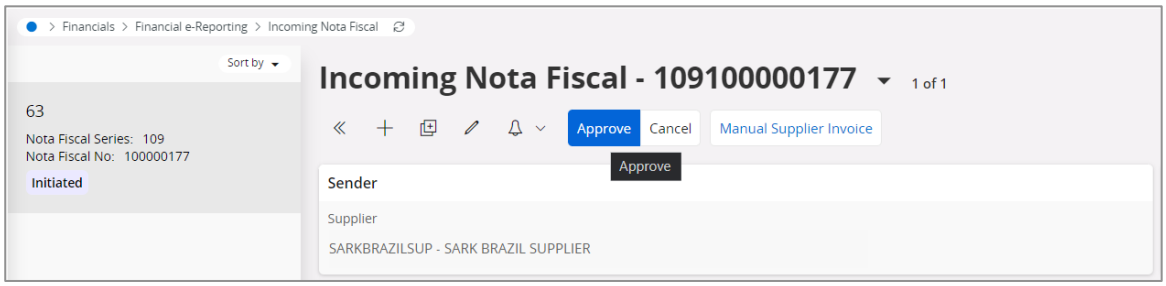


- Create Manual Supplier Invoice



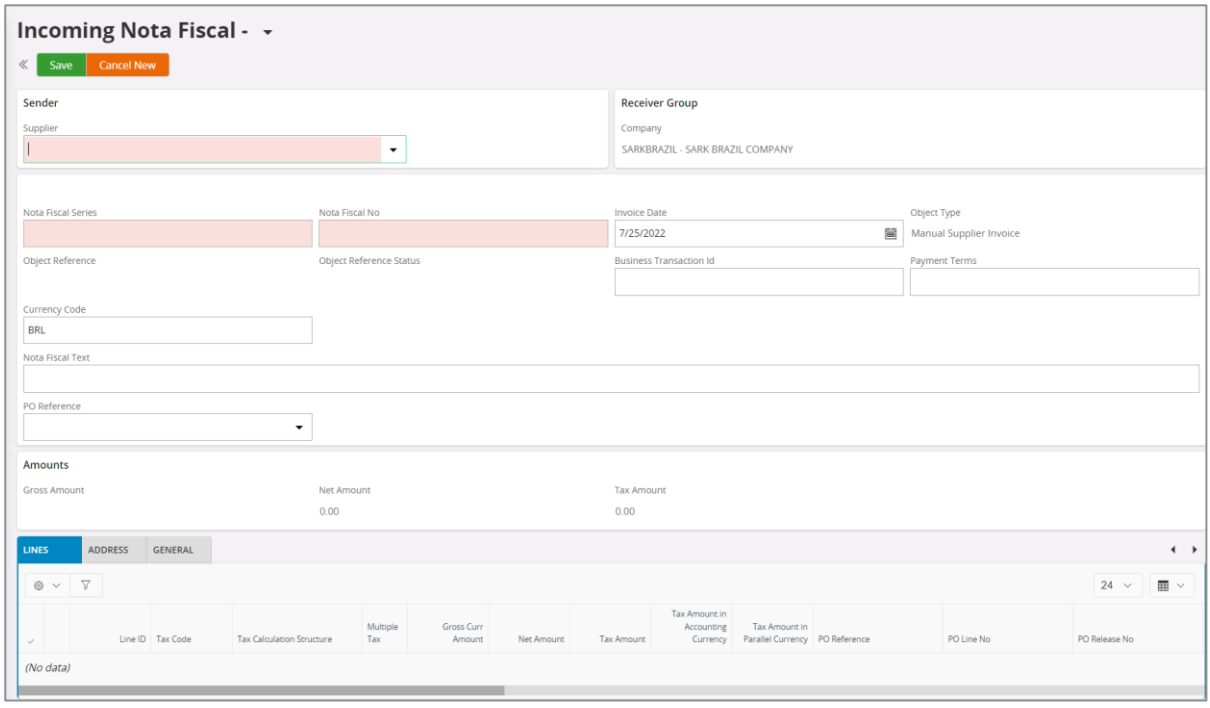
Note: Manual Supplier Invoice will create automatically when creating the Incoming Nota Fiscal, if user disables the "Manually Process Incoming Nota Fiscal" toggle in Application Base Setup/Enterprise/Company/Company/Invoice/NF-E COMPLIANCE tab

- Approve Nota Fiscal



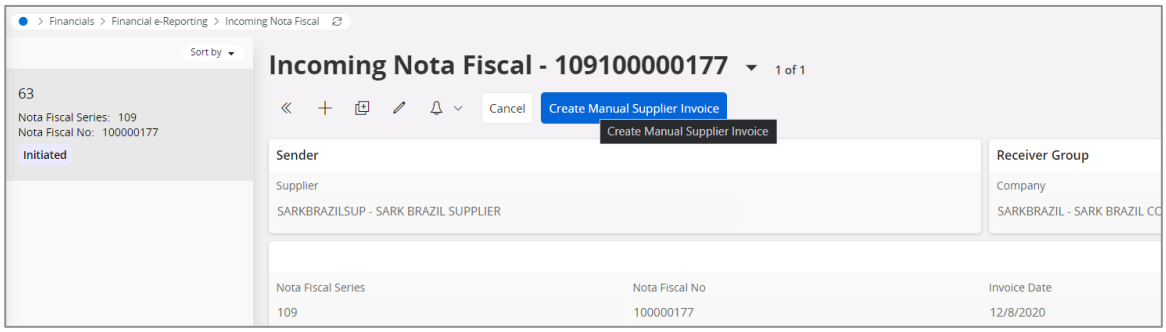
15.5 Enter Incoming Nota Fiscal Manually (DANFe) – Using Incoming Nota Fiscal and Bill of Lading Page

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.

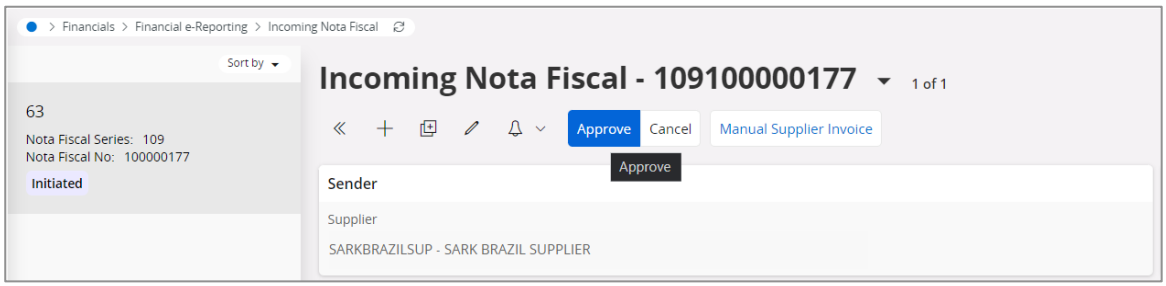


- Ensure the Purchase Order number (or numbers) is referenced in field **PO Reference**.
- Columns **Goods/Services Statistical Codes**, **Business Operation** and **Acquisition Origin** are available also on the line level.

Create Manual Supplier Invoice using the command **Create Manual Supplier Invoice.**



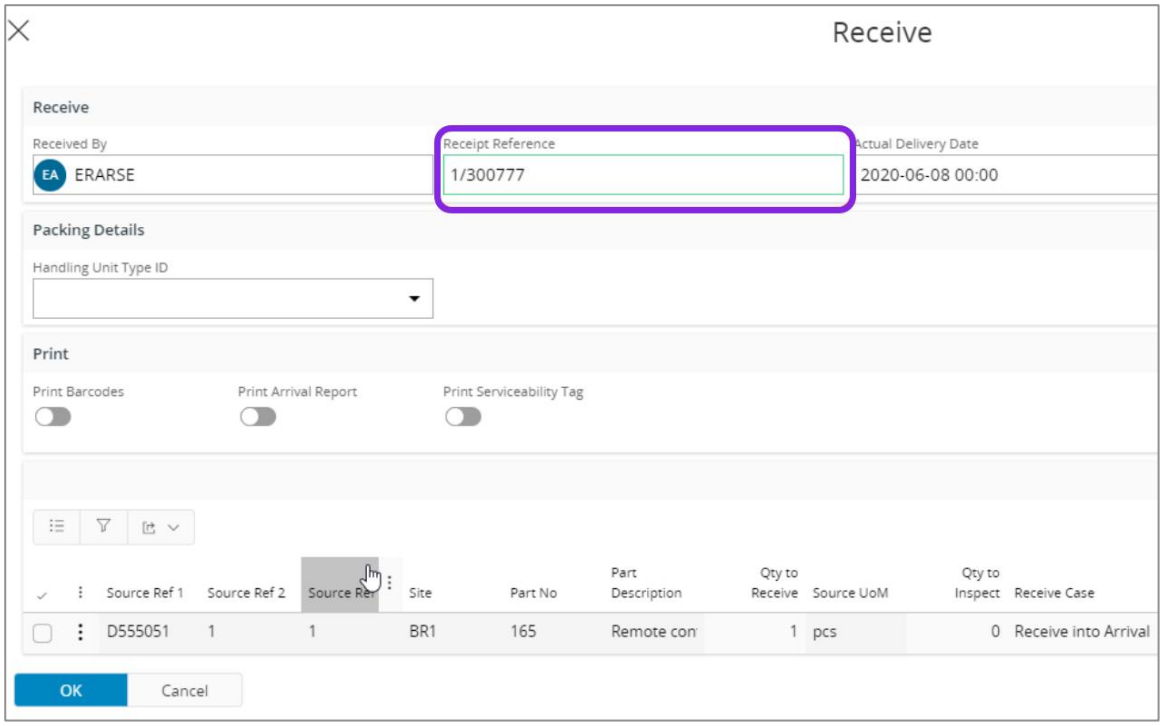
Approve the Nota Fiscal.



15.6 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.

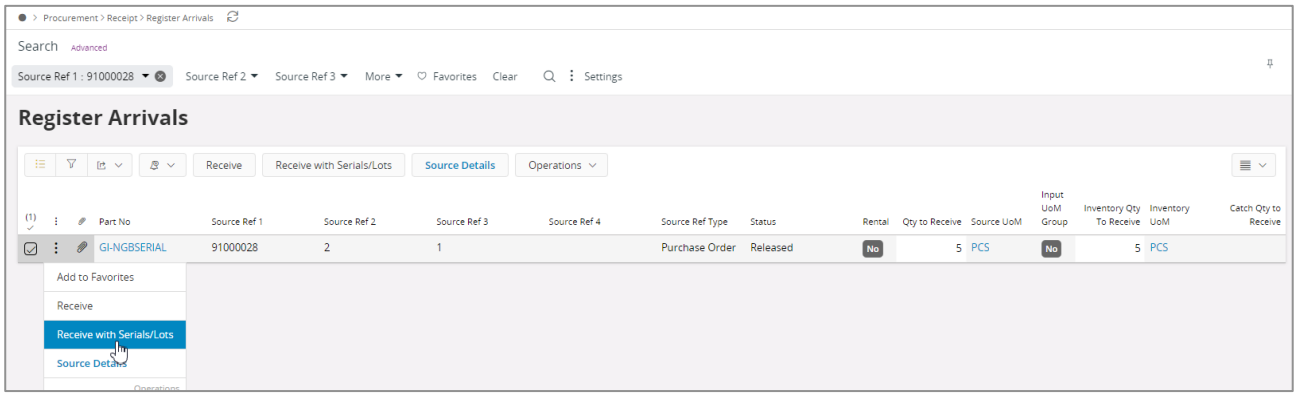
Ensure the Nota Fiscal number is entered as Receipt Reference.

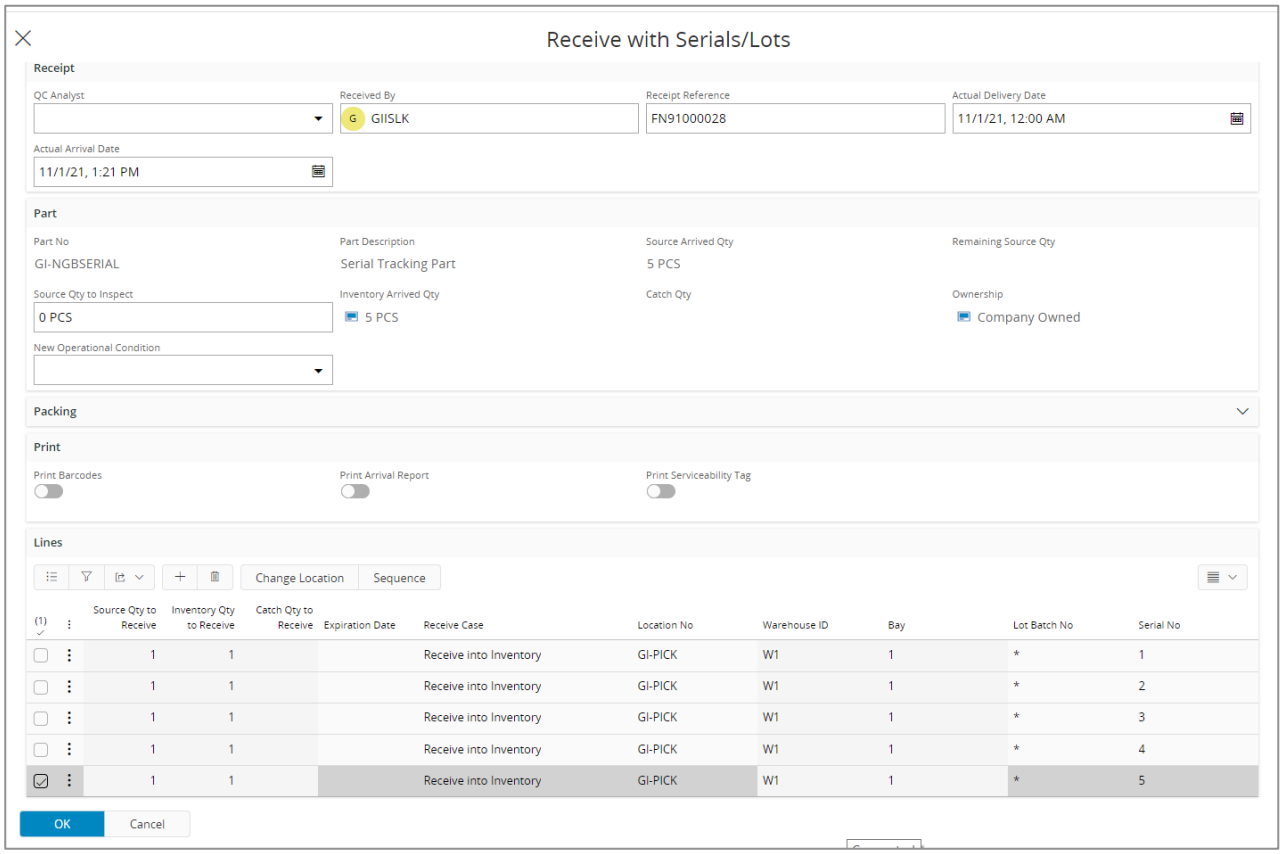


The goods arrival can also be registered before the Manual Supplier Invoice is created using IFS standard functions “Register Arrival” and via “Incoming Dispatch Advice”. Enter the Nota Fiscal number as Receipt Reference. Then create the Manual Supplier Invoice and match to the PO receipt.

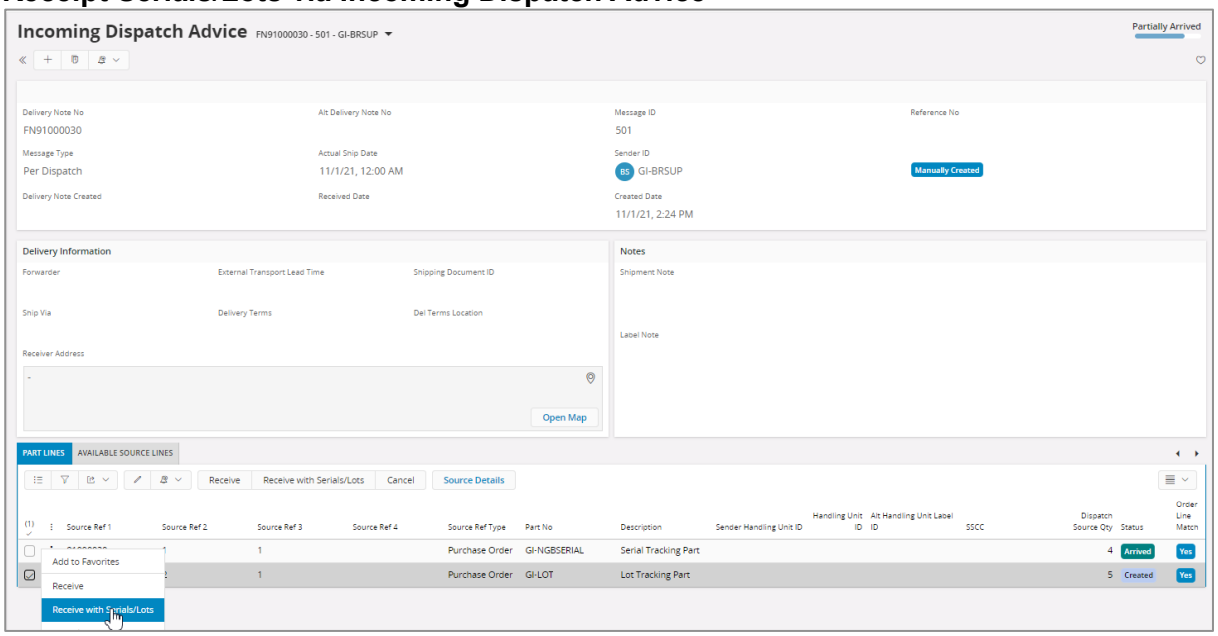
Receive with Serials/Lots can be handled with the existing core functionality.

Receipt Serials/Lots via Generic Receipt

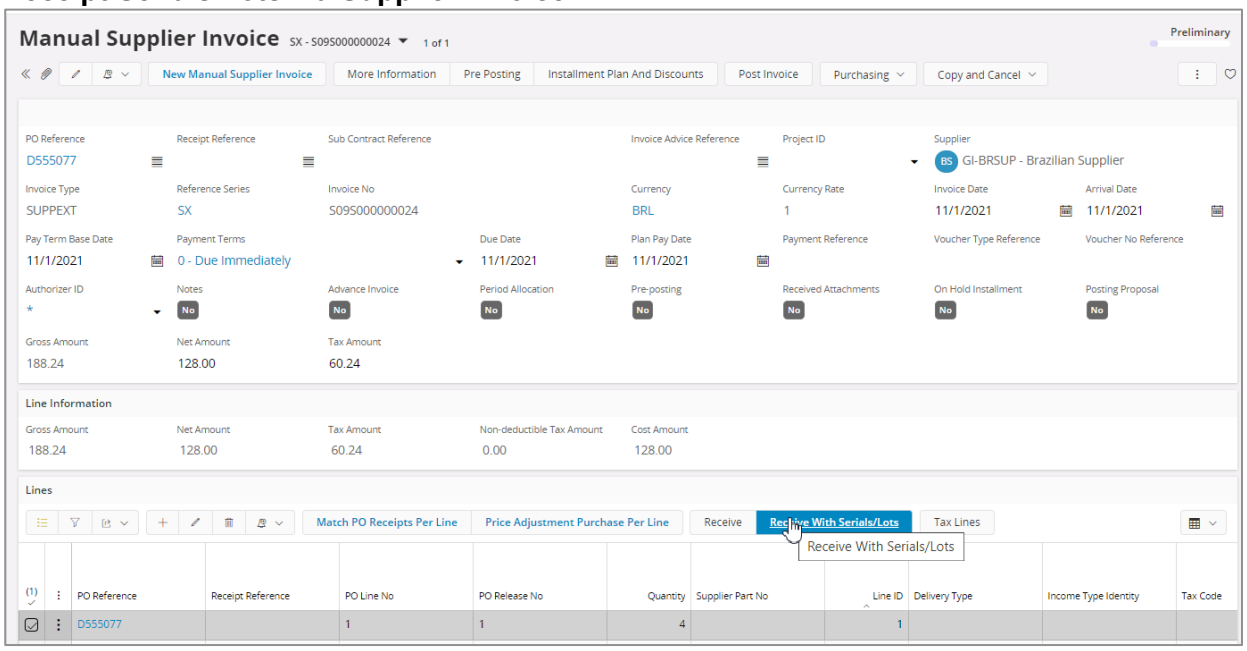




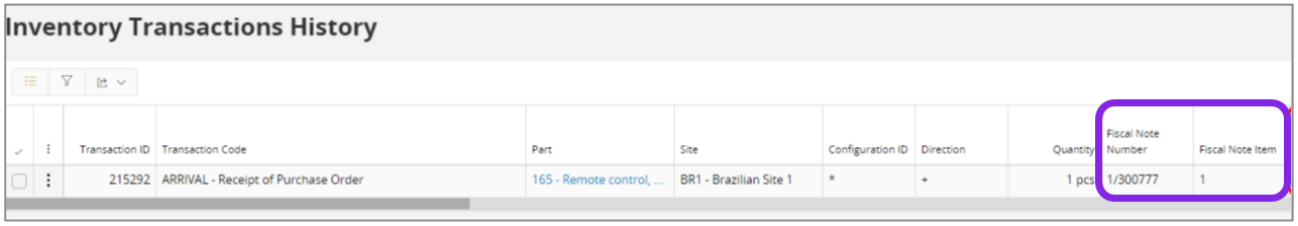
Receipt Serials/Lots via Incoming Dispatch Advice



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).



15.7 Post Invoice

Follow the IFS standard process to post the invoice.

15.8 Incoming Nota Fiscal - Cancelled

When the cancellation of an Incoming Nota Fiscal is not related to a self-issued Nota Fiscal,for example, an Import Nota Fiscal, the cancellation will allow the same Incoming Nota Fiscal series and number to be entered again. Note that canceling a received Incoming Nota Fiscal will cancel the Nota Fiscal , Supplier Invoice , Reverse the accounting entries. However Inventory Transactions, if necessary, must be manually reversed using the Receipt-Cancel/Arrival Receipt option.

15.9 Delimitations

Brazilian specific tax needs to be handled manually since 3rd party tax calculation service is not integrated in these flows.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

16 Incoming Nota Fiscal With Charges

16.1 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.

16.2 Other Business Objectives

1. Enabling the possibility of fair presentation of procurement related Charges on the Incoming Nota Fiscal Lines.

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

3. Enabling the direct cross reference between Incoming NF, Receipt Reference, and Supplier Invoice by using the Receipt Reference as the Incoming Nota Fiscal Number

16.3 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

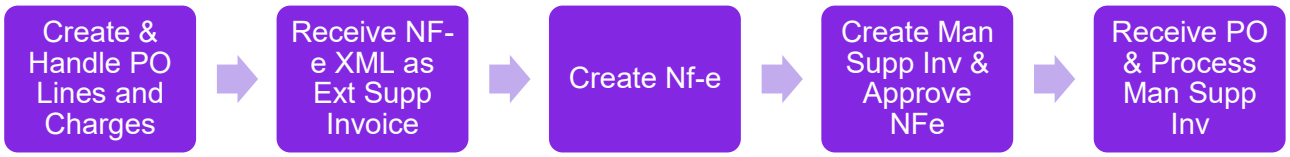
   User can enter an Incoming Nota Fiscal based on the DANFe document received from the supplier together with the goods using ***Incoming Nota Fiscal*** page.

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.*

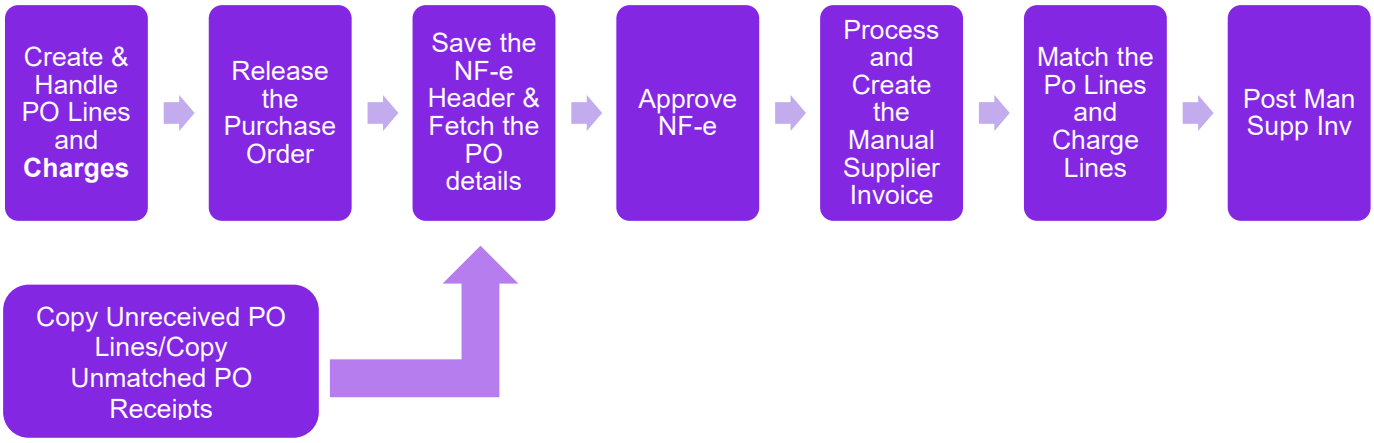
16.3.1 RECEIVE INCOMING NOTA FISCAL AUTOMATICALLY (NF-E) – USING EXTERNAL SUPPLIER INVOICE FLOW



16.3.2 ENTER INCOMING NOTA FISCAL MANUALLY (DANFE) – USING INCOMING NOTA FISCAL PAGE



16.4 **Process Overview**

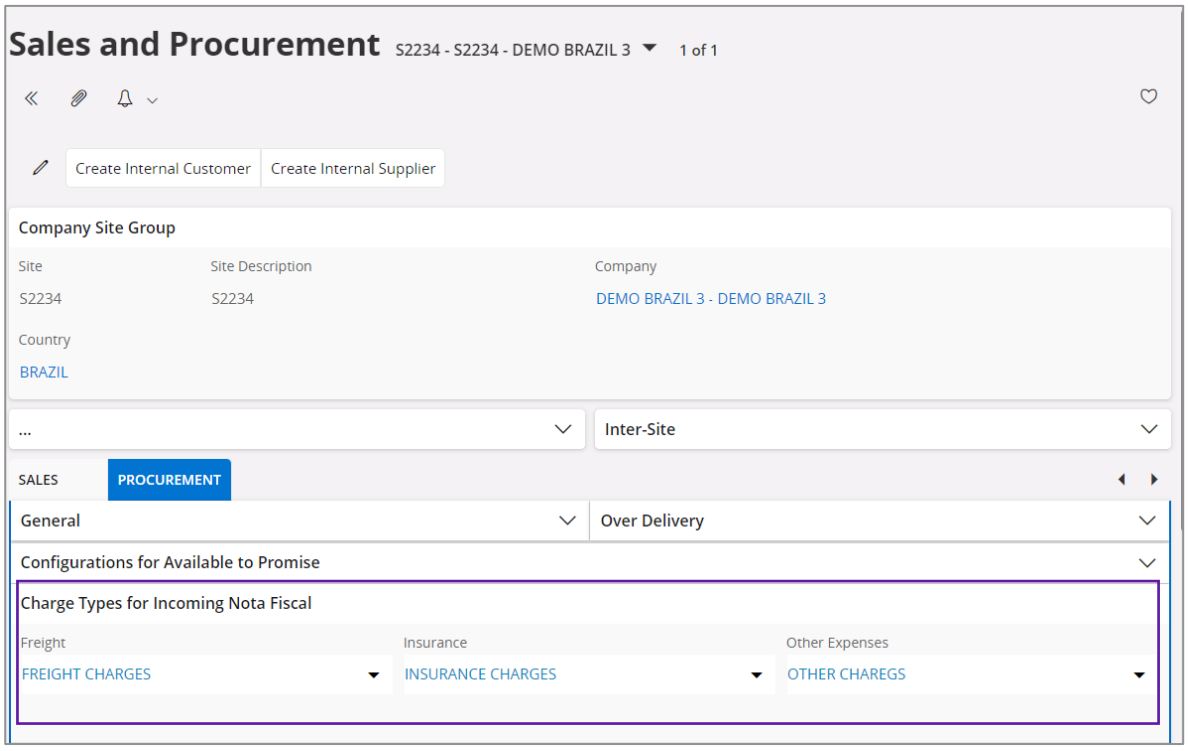


16.5 Prerequisites

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.

16.6 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.*



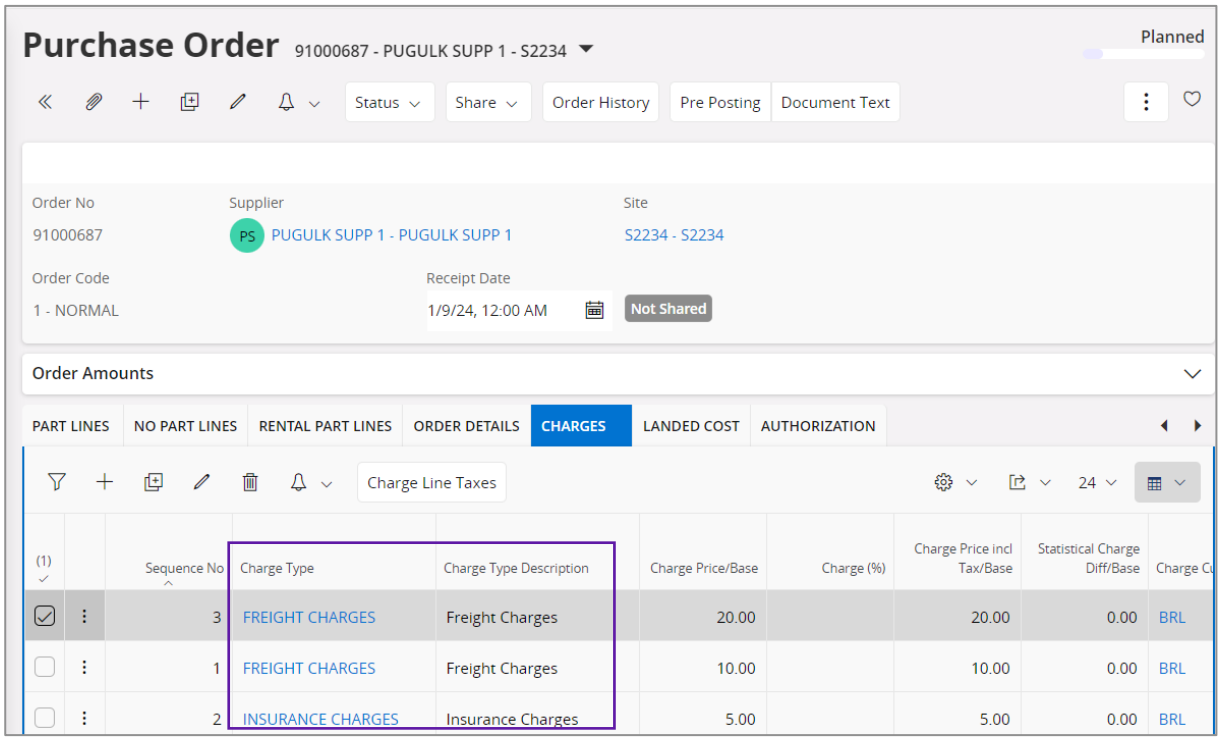
16.7 Enter Incoming Nota Fiscal Manually (DANFe) – Using Incoming Nota Fiscal Page / External Supplier Invoice Flow

IFS Cloud standard External Supplier Invoice flow or the manually entering Incoming Nota Fiscal flow could be used in this scenario.

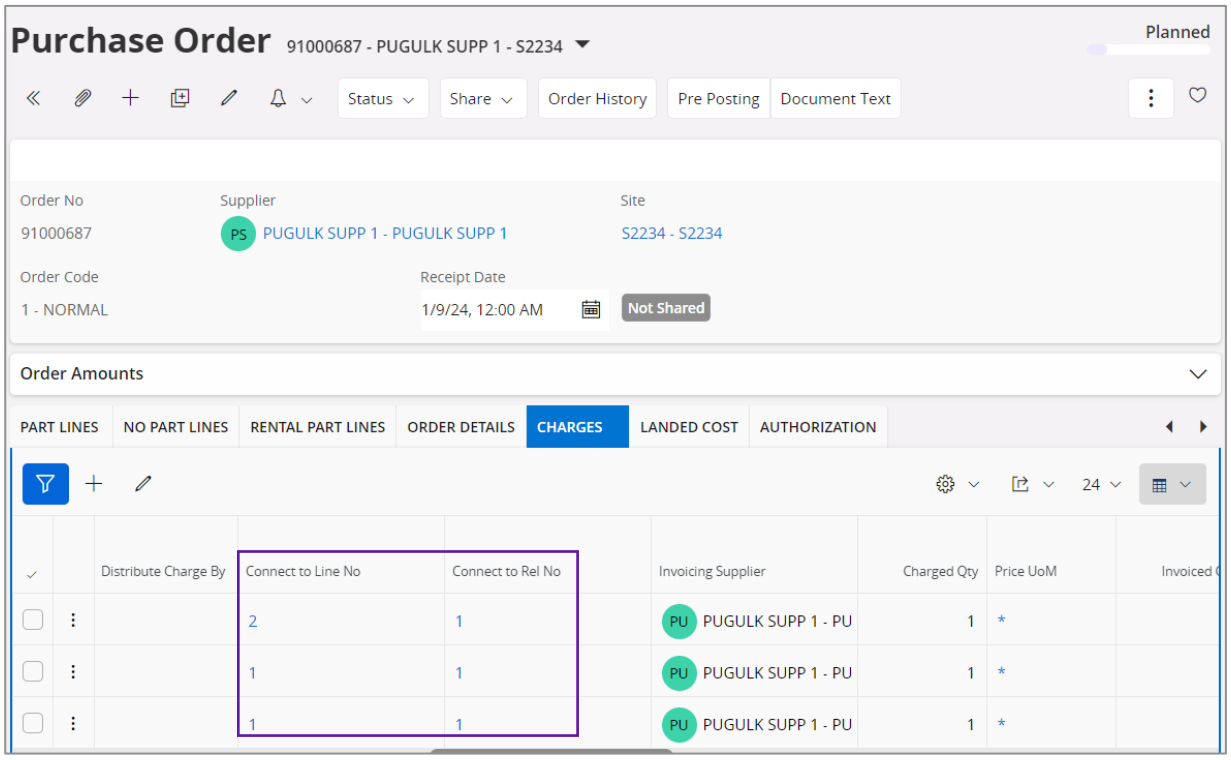
Please refer the steps described above in the Incoming Nota Fiscal Chapter to create and approve the Incoming Nota Fiscal.

16.7.1 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.



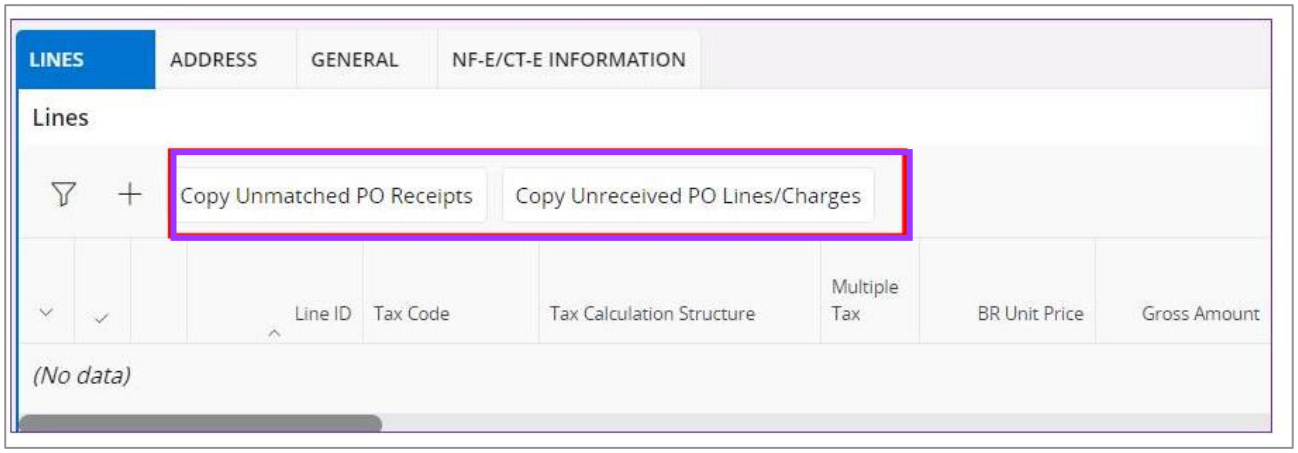
16.7.2 RECEIVE INCOMING GOODS AND CREATE THE INCOMING NOTA FISCAL (MANUALLY OR AUTOMATICALLY)

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.

16.7.3 FETCH THE PO DETAILS USING THE TWO OPTIONS AVAILABLE IN THE INCOMING NOTA FISCAL LINES

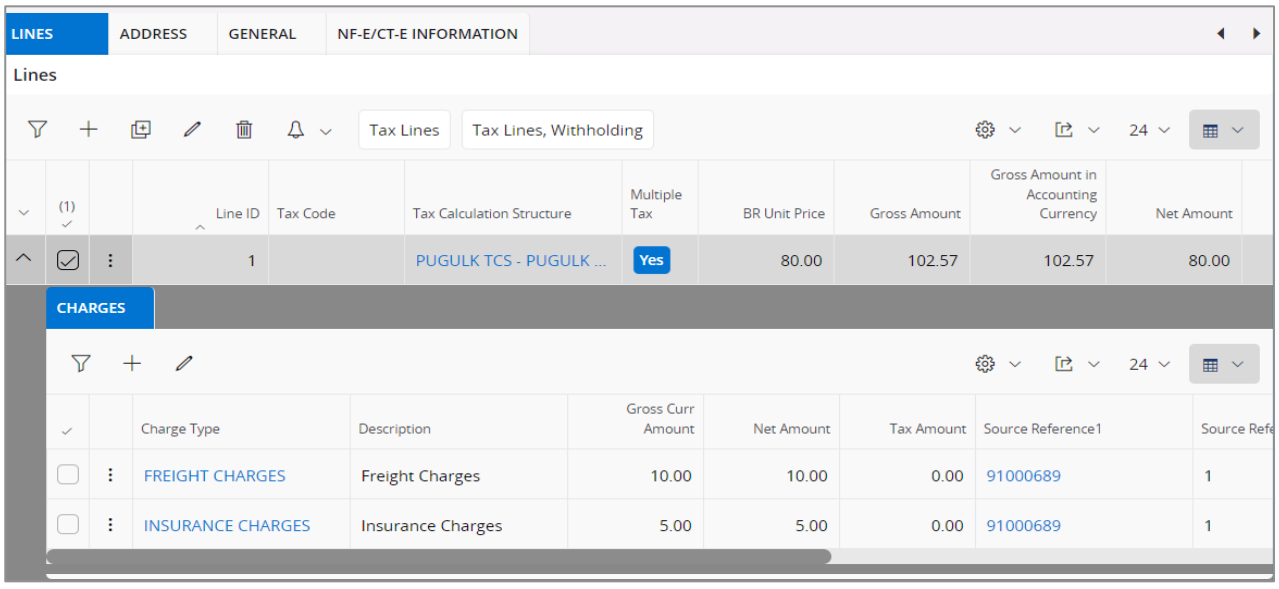
- ***Copy Unmatched PO Receipts*** option can be used when the user needs to register the prior receipts of the goods before creating the Incoming Nota Fiscal.

- ***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.

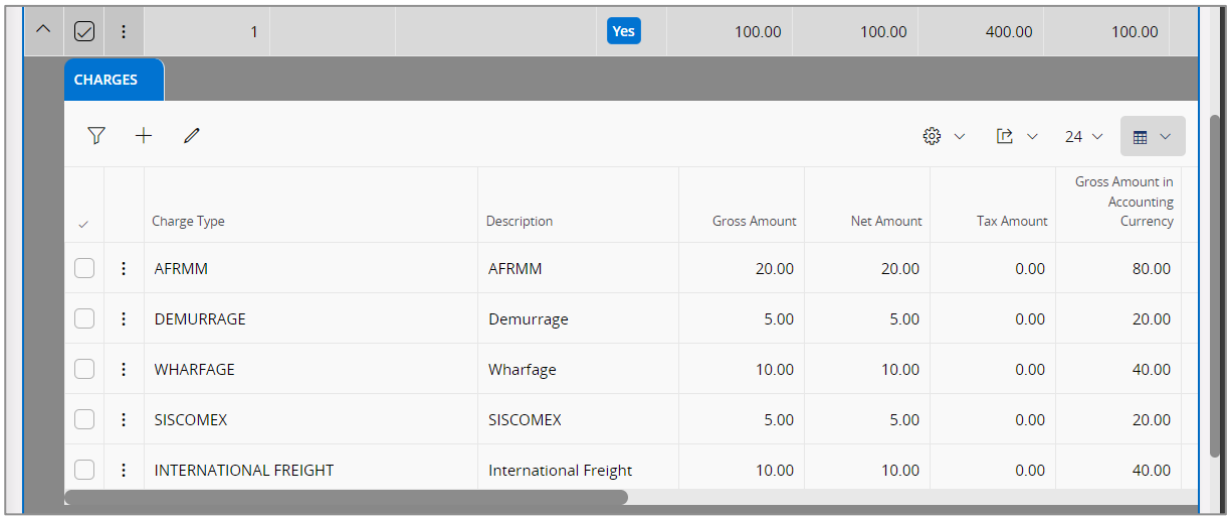


16.7.4 INCOMING NOTA FISCAL LINES WILL BE CREATED WITH LINE CONNECTED CHARGES REFLECTED IN A NESTED TABLE AS FOLLOWS.

Purchase part line connected charges for a local (Brazilian) Supplier – **Incoming Nota Fiscal**

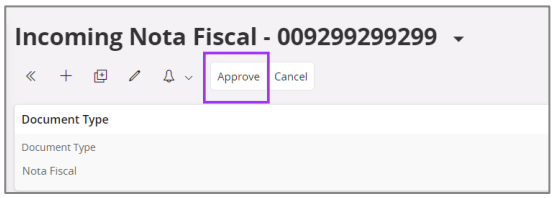


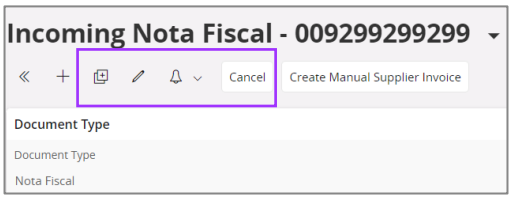
Purchase part line connected charges for a Foreign Supplier – **Import Nota Fiscal**



16.7.5 APPROVE THE INCOMING NOTA FISCAL & CREATE THE MANUAL SUPPLIER INVOICE

Approve the Incoming Nota Fiscal and Create the Manual Supplier Invoice.





16.7.6 MATCH THE PO LINES AND CHARGE LINES SEPARATELY AND POST THE MANUAL SUPPLIER INVOICE

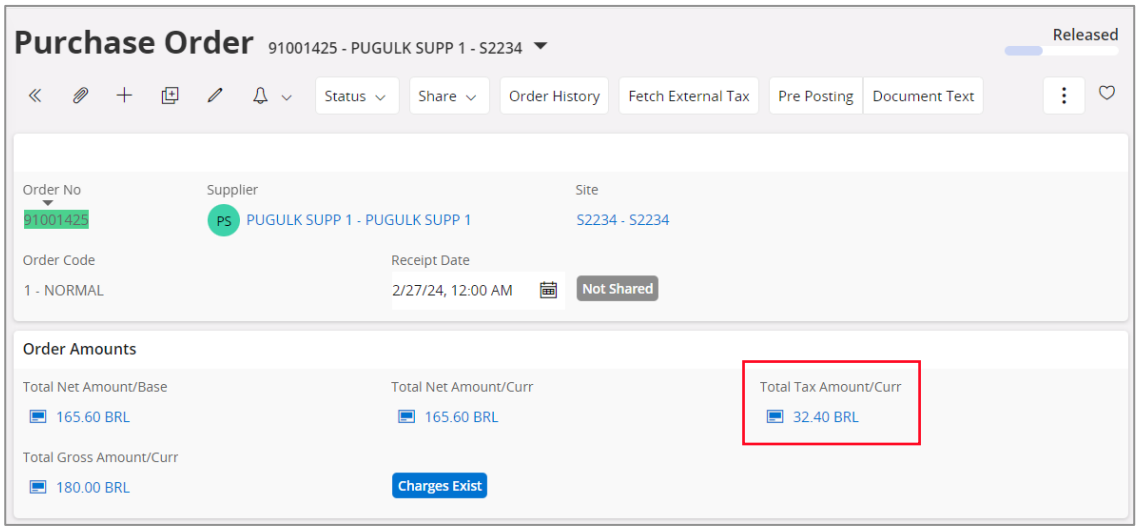
User can separately match both purchase order lines and purchase charge lines and post the relevant Supplier Invoice with multiple charges.

16.8 Delimitations

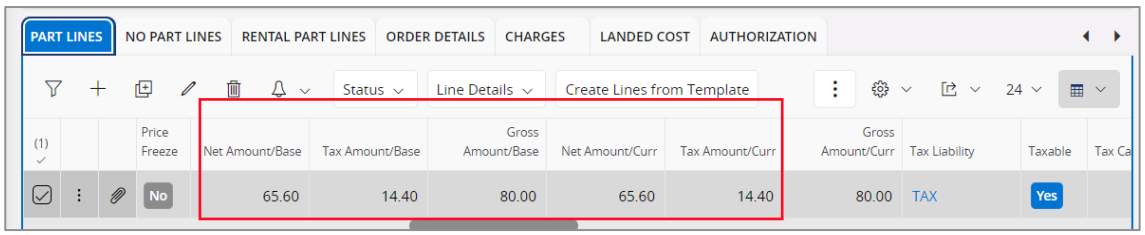
External tax engine “AVALARA” is used to calculate the taxes for the procurement flows. For Procurement it covers the tax determination via integration to Brazilian external tax system (Avalara). Also line connected charges are supported. In the procurement flow Gross price is used when tax calculation 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.

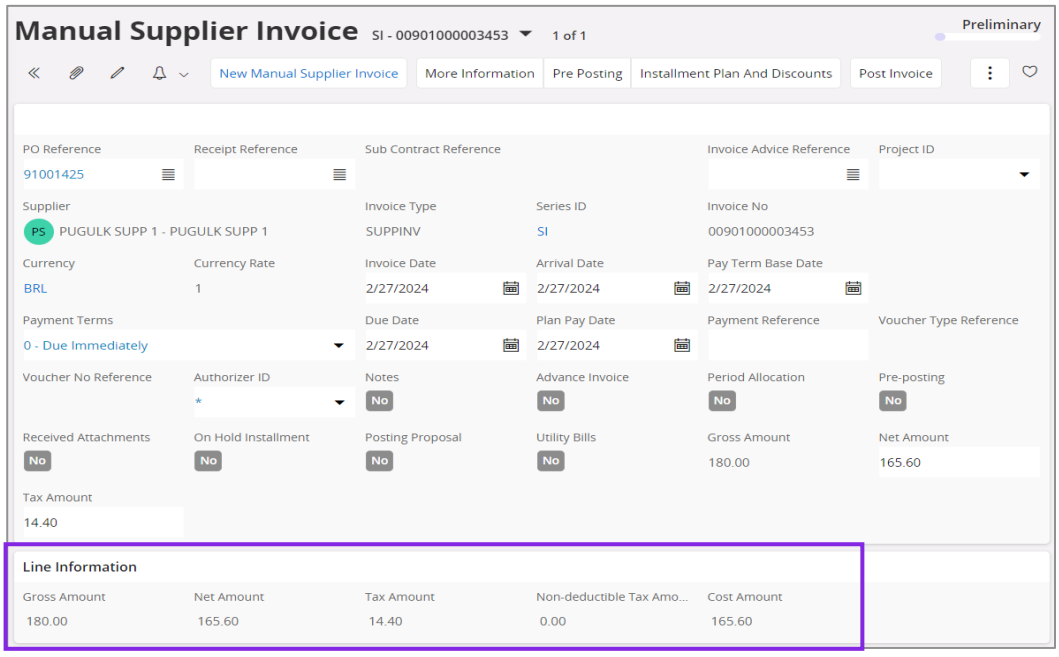
Please consider the following example.



- Tax amounts have been distributed proportionately for part lines.

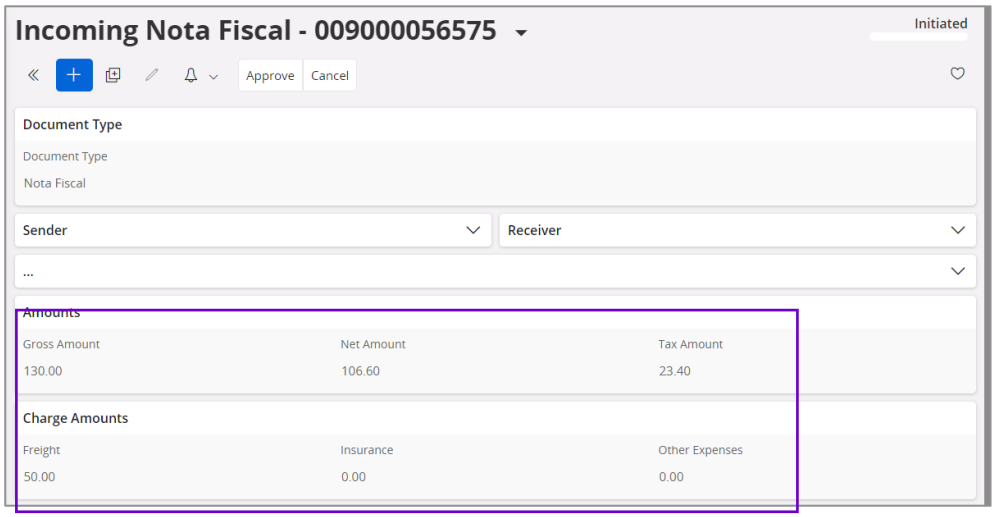


- Tax amount is missing (32.4-14.4) in the Manual Supplier Invoice line level.

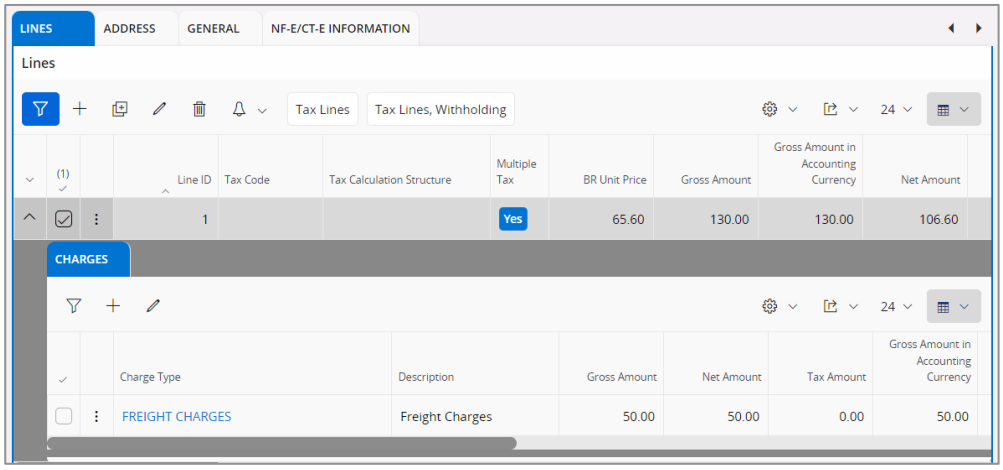


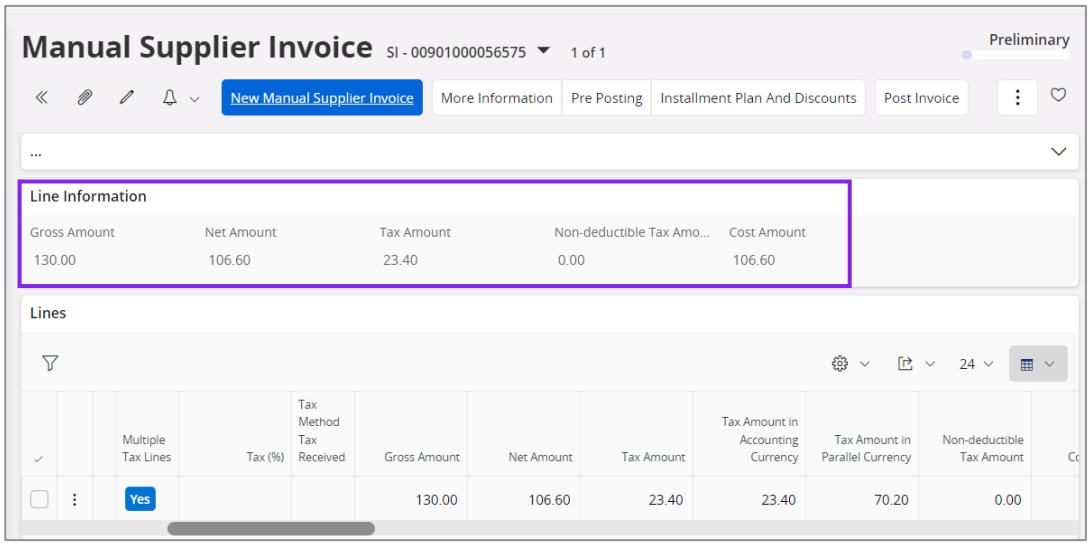
Refer the below workaround for the missing tax amount in the Manual Supplier Invoice and Posting lines.

- 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

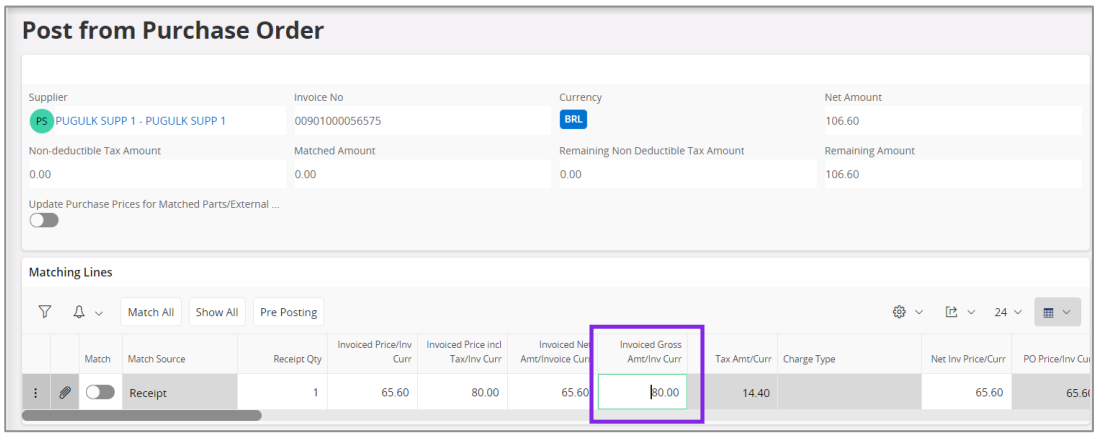


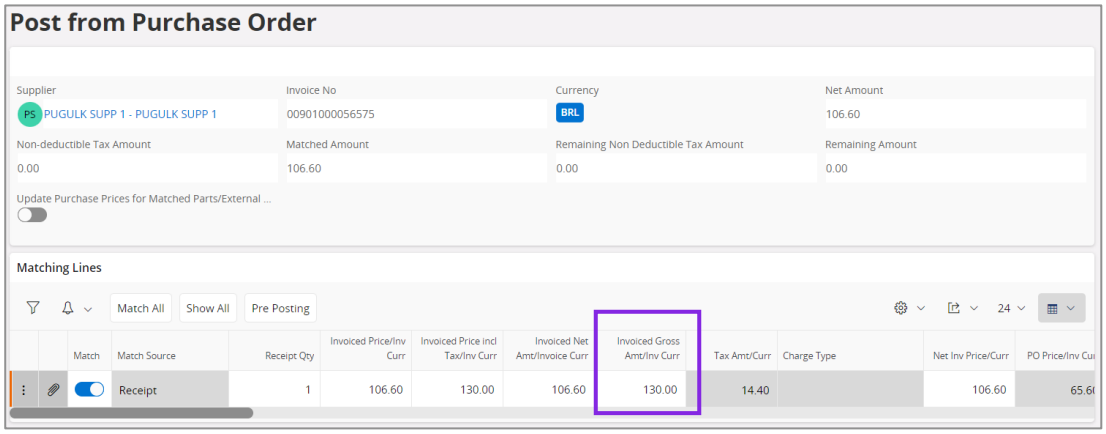
- When creating the Manual Supplier Invoice from Incoming Nota Fiscal,
    - Only part line will be created.
    - Part line will have amounts from part line and connected charge lines



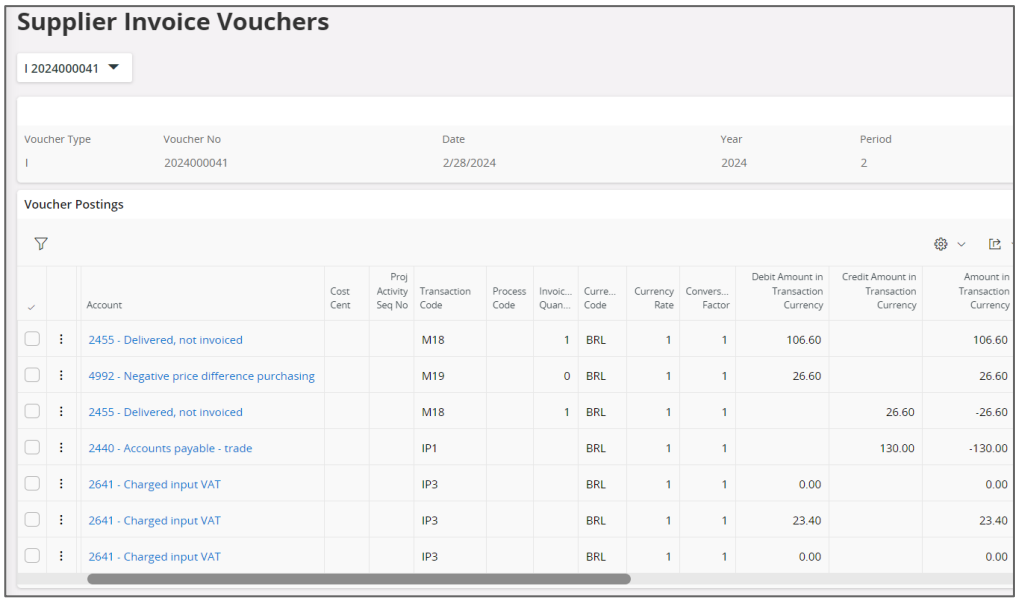


- When matching receipts,
  - User needs to manually adjust **Invoiced Gross Amt/Inv Curr** to correct value.





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

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

17 Incoming Nota Fiscal – Customer Returns for Credit

17.1 Overview Legal Requirement

According to Brazilian legislation, goods transported between different taxpayer establishments must be accompanied by a Nota Fiscal. In a Customer Return scenario, the customer issues an Outgoing Nota Fiscal to accompany the returned goods and the company must register this document as an Incoming Nota Fiscal in IFS Cloud.

When processing an Incoming Nota Fiscal related to a Customer Return, the following rules apply:

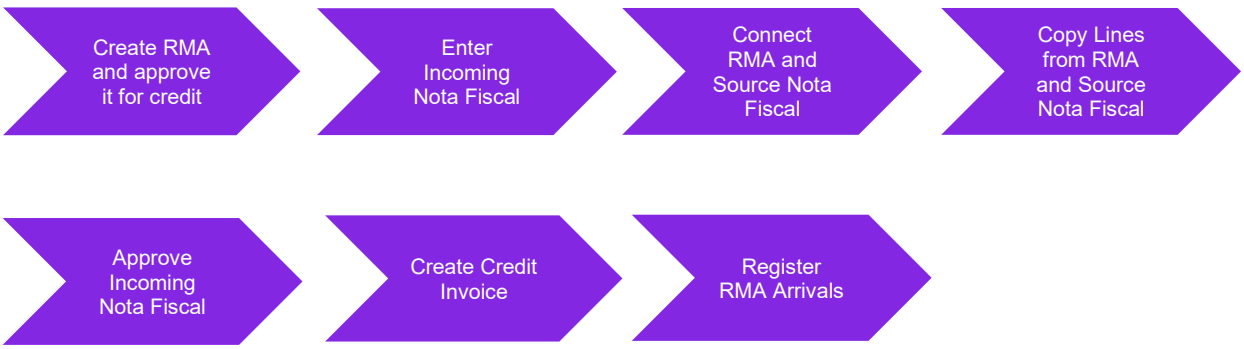
- The return can only be processed after the original Outgoing Nota Fiscal has been authorized by SEFAZ.
- The Customer Return Nota Fiscal must reference the company's original Outgoing Nota Fiscal.
- If the return is total, the Incoming Nota Fiscal amounts must match the original Outgoing Nota Fiscal.
- If the return is partial, the Incoming Nota Fiscal amounts must be proportional to the returned quantity.
- Tax rates and tax amounts must be consistent with those applied in the original Outgoing Nota Fiscal.
- Each Customer Return Nota Fiscal must reference one previously issued Outgoing Nota Fiscal, according to NF-e regulations.

17.2 Process Overview

In IFS Cloud, customer returns for credit are supported through two main functional flows:

Functional Flow 01: Create RMA Manually → Enter Incoming Nota Fiscal

1. A Return Material Authorization (RMA) is created manually.
2. After the RMA is approved, the user proceeds to register the Incoming Nota Fiscal.
3. The process continues through the standard return and credit processes.

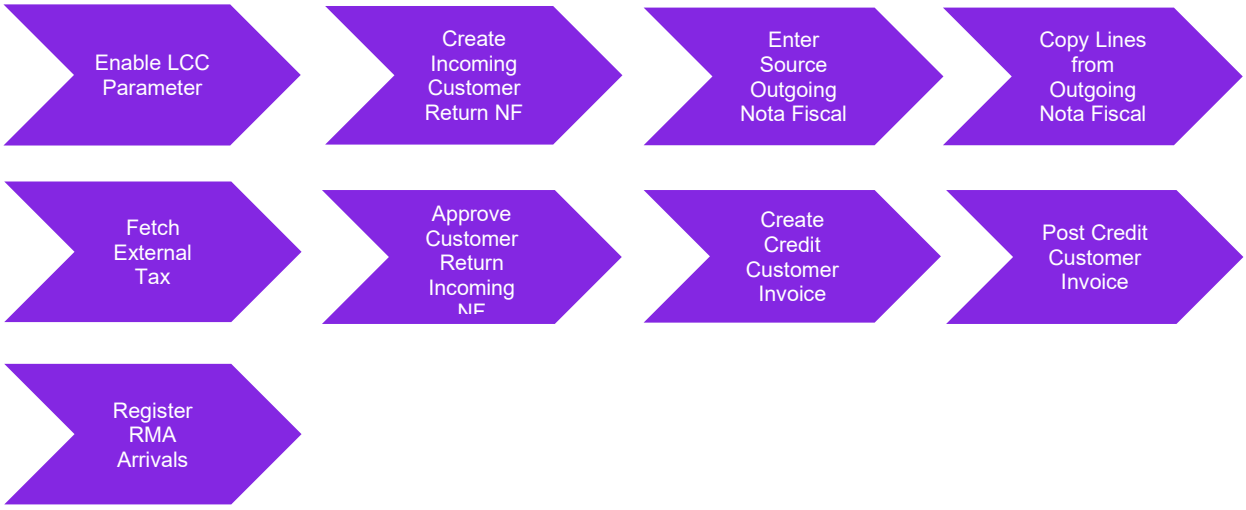


Functional Flow 02: Enter Incoming Nota Fiscal → RMA is Automatically Created and Approved for Credit

In this flow, the system automatically:

1. Creates the RMA, and
2. Approves it for credit without requiring manual intervention.

The user then continues directly with the financial and logistical processes tied to the return.



17.3 Receive Customer Returns – Manual RMA Creation Prior to Incoming Nota Fiscal

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.

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.

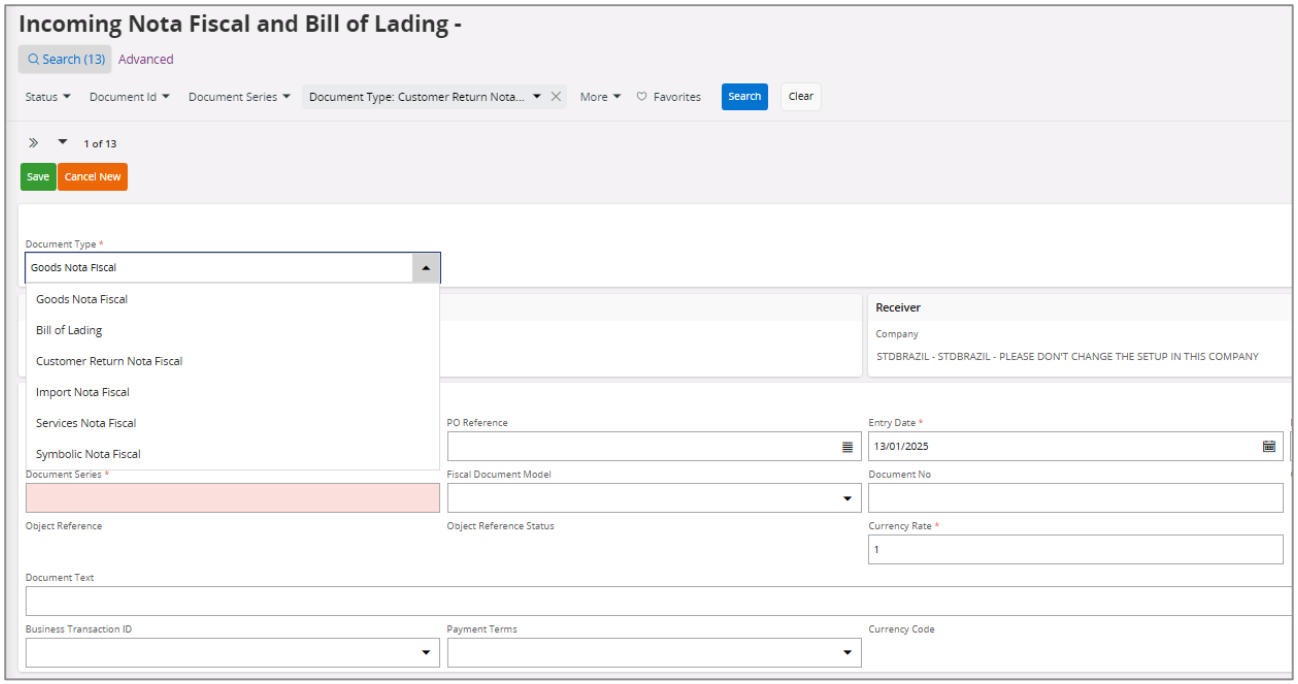
The Tax Lines in Return Material Authorization are copied from Customer Order Tax Lines. In case of partial returns, the taxes amounts will be prorated according to the quantity selected for return.

Once the Return Material Authorization is created, release it and approve it for credit.

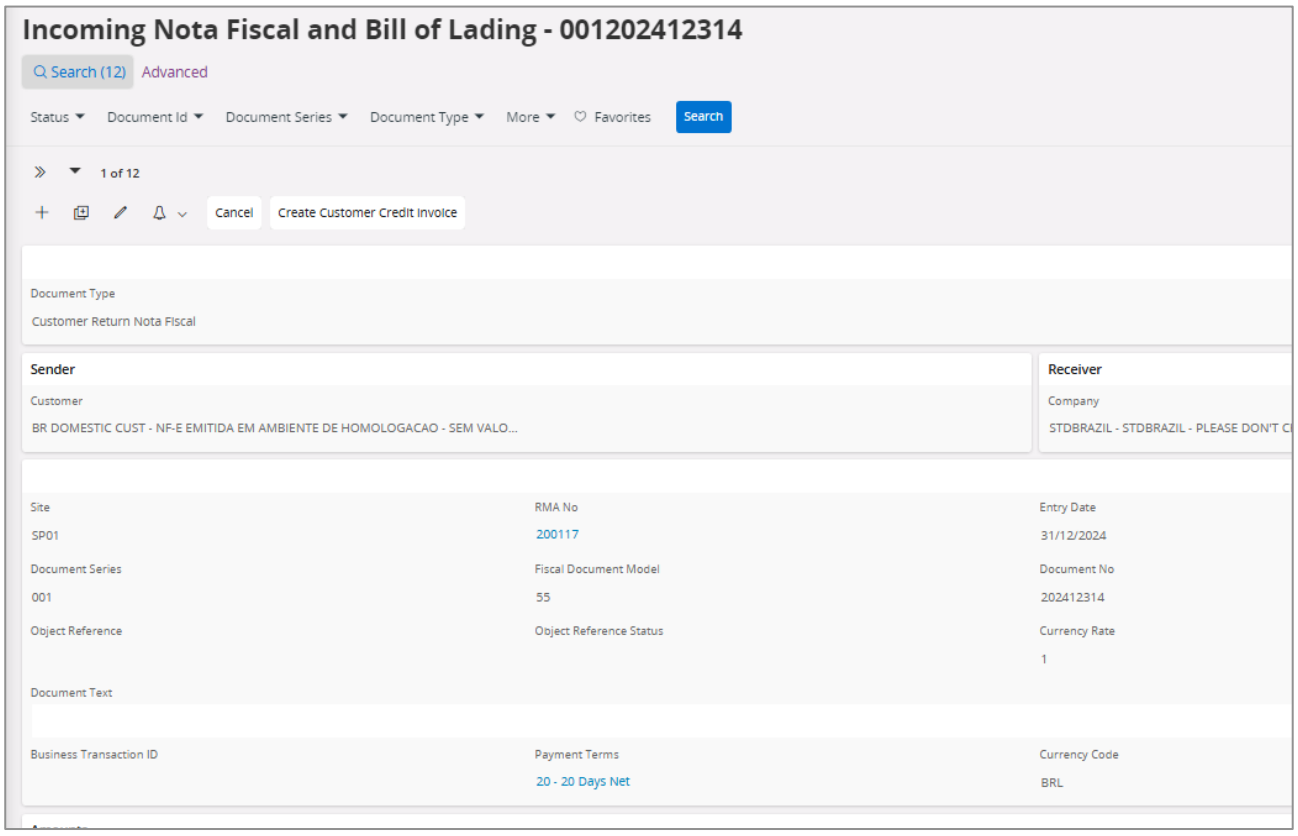
Receive Incoming Nota Fiscal

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.

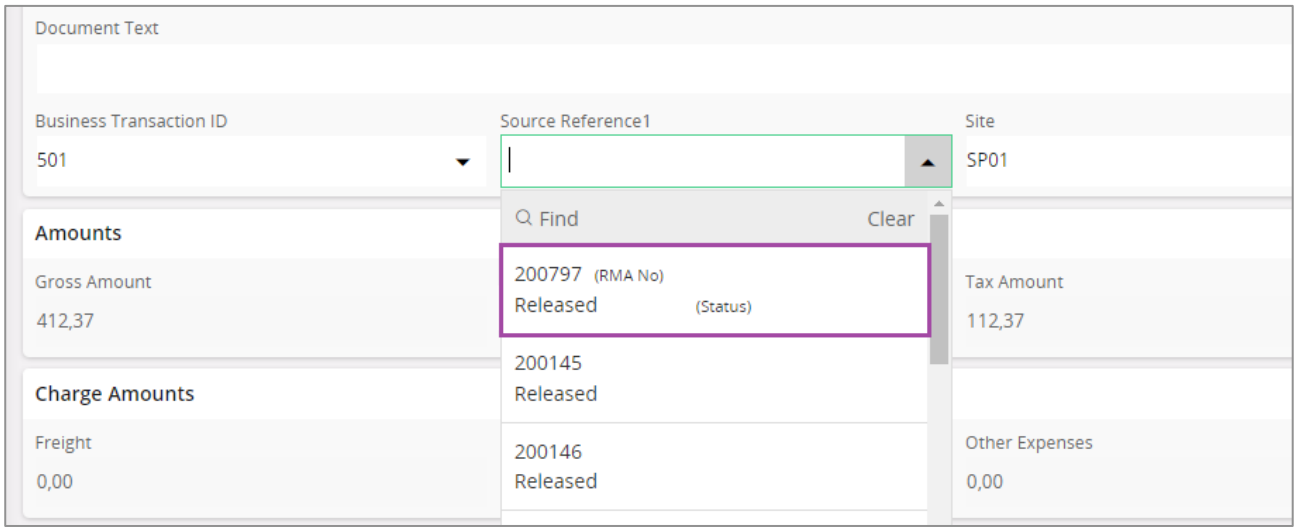


Enter the Nota Fiscal number, series and model and then fill in all the relevant data from DANFe.



COPY RMA AND OUTGOING NOTA FISCAL SOURCE ITEMS

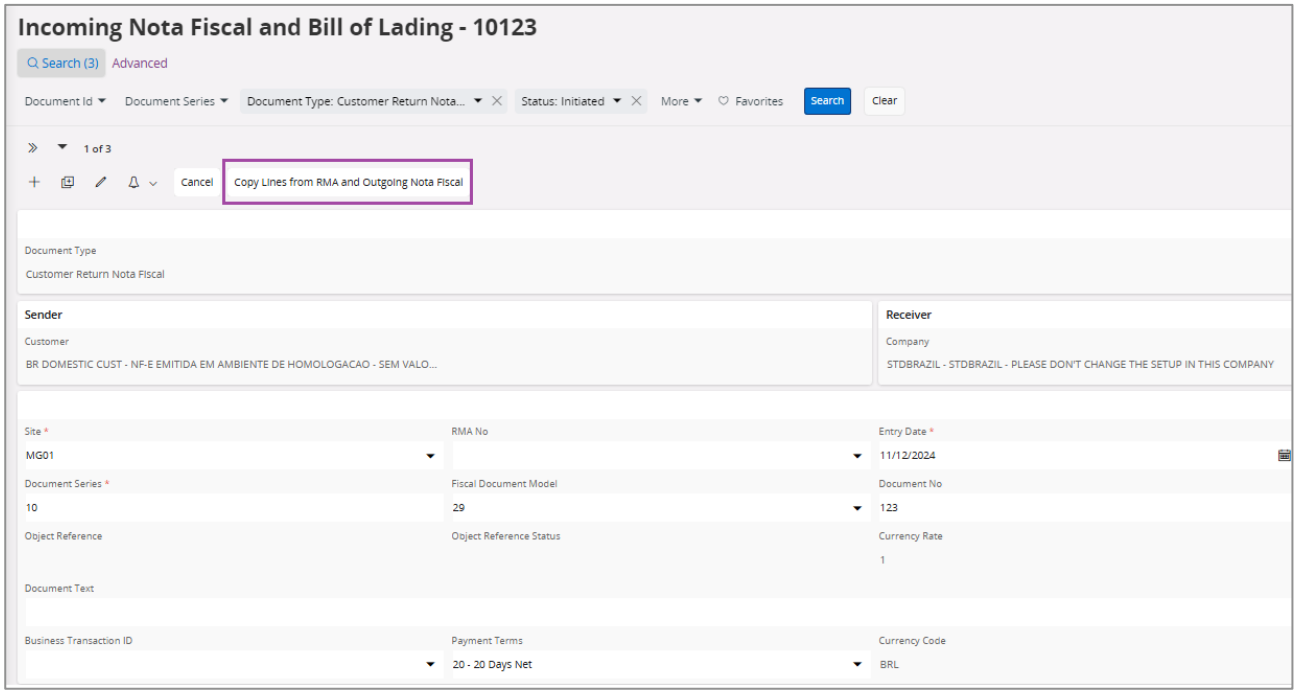
Once the Nota Fiscal header is saved, enter the Return Material Authorization previously using and approved for credit using standard Core process in the field **Source Reference1**:



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:

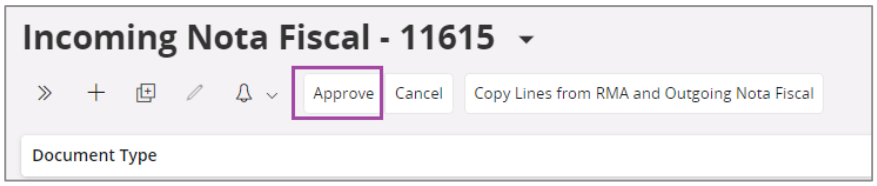


Select command button **Copy Lines from RMA and Outgoing Nota Fiscal** in the page header. The items of Source Nota Fiscal informed, for which RMA lines are created and approved for credit, are fetched into Incoming Nota Fiscal:



The Tax lines in the Incoming Nota Fiscal are copied from Return Material Authorization Tax Lines.

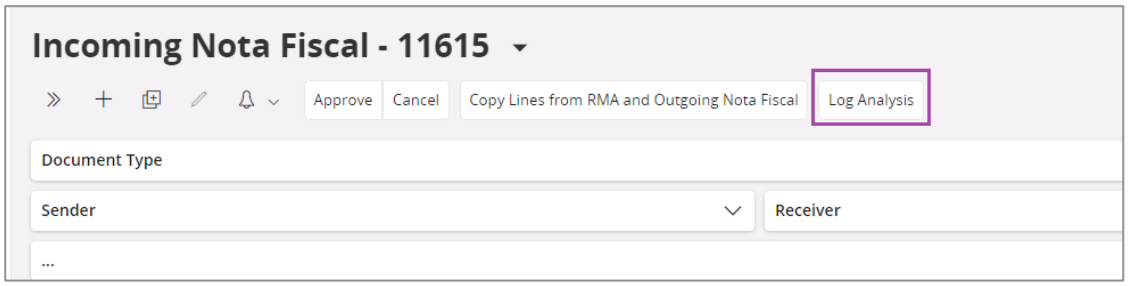
APPROVE INCOMING NOTA FISCAL
Select command button **Approve** in the page header:



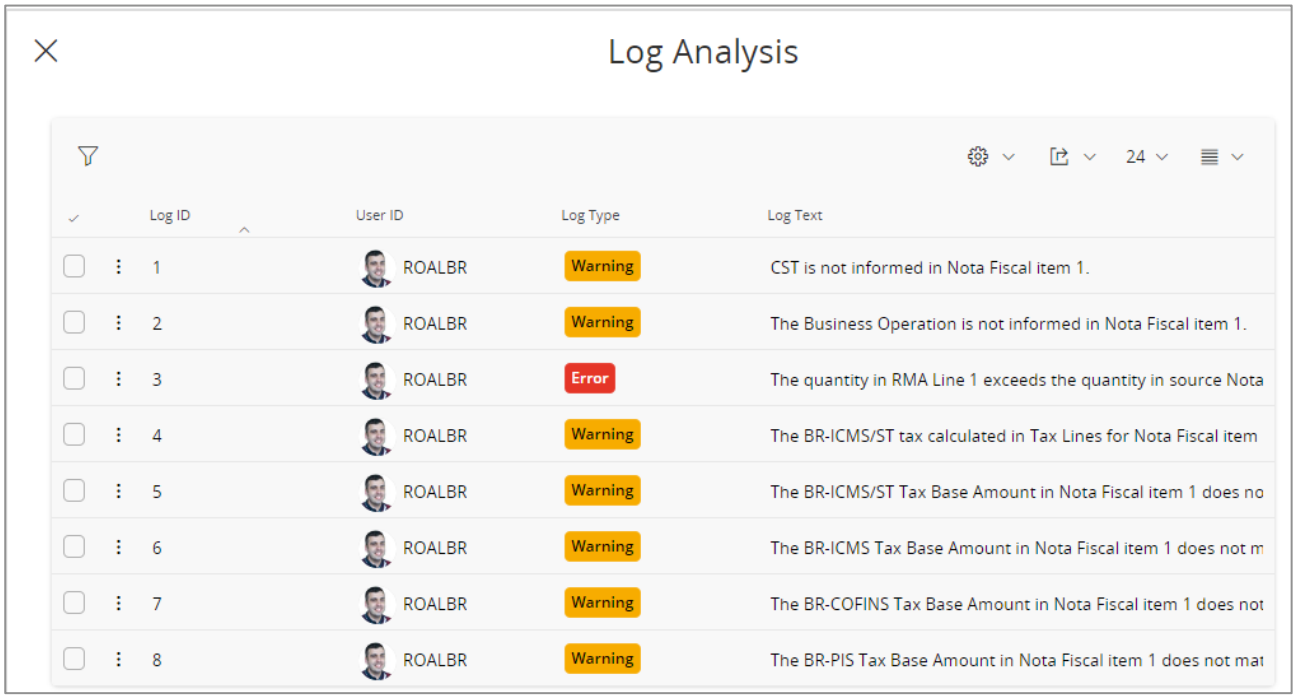
The application performs reconciliation checks. If some error is found during approval process, the error message popup, informing that Log Analysis can be verified for further details:



Select command button **Log Analysis** in the page header:



The application opens the right-side panel, listing the errors and warnings recorded:



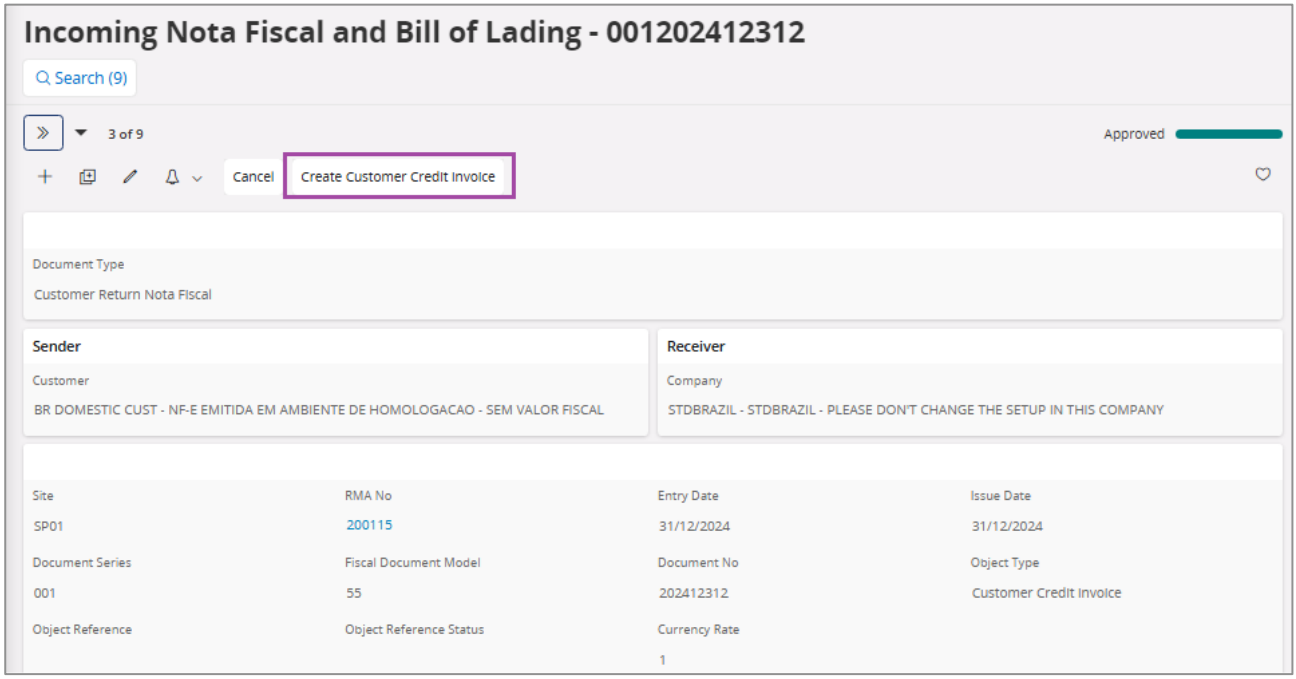
There two Log Types can be listed in this panel:

- Warning: Only informative, do not prevent Incoming Nota Fiscal of being approved.
- Error: Prevents Incoming Nota Fiscal of being approved.

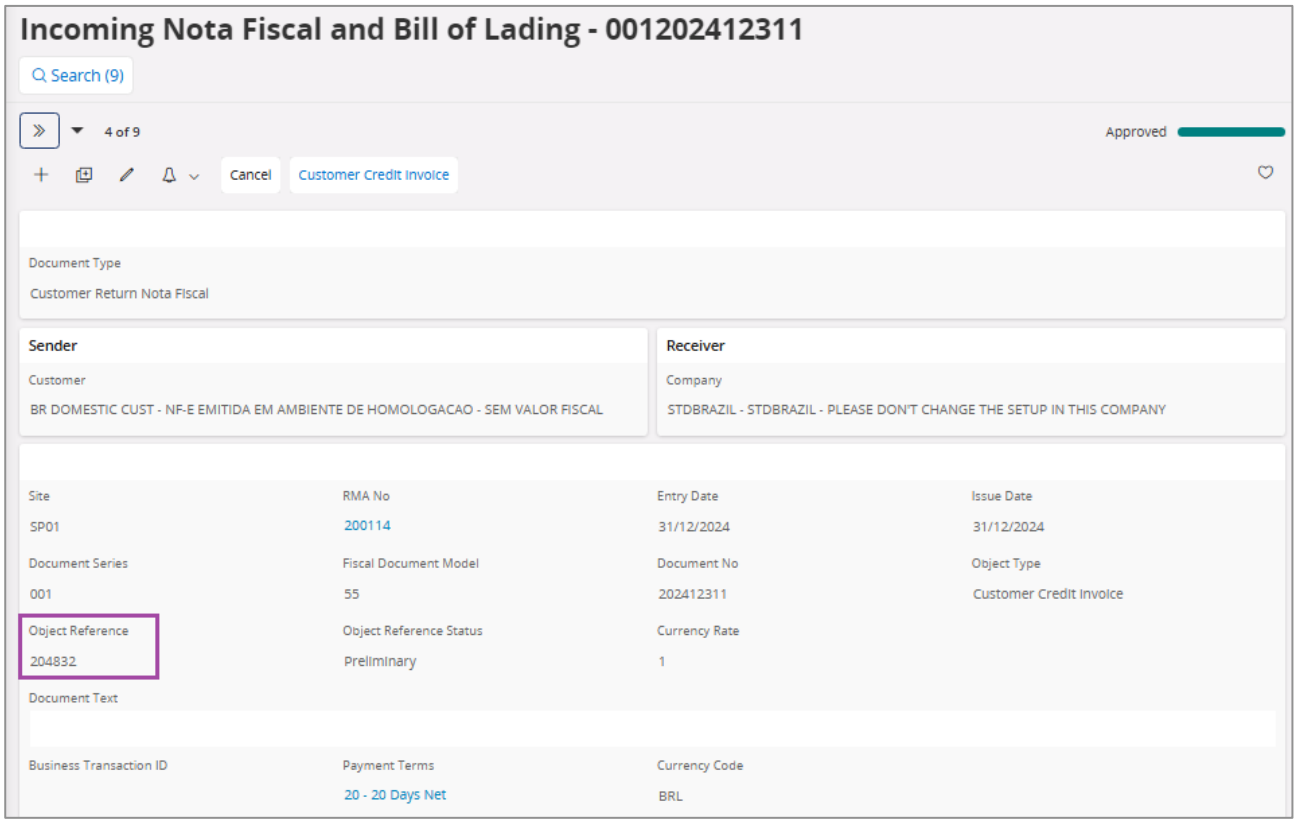
Once the Log Analysis is verified, the errors listed can be adjusted and command button **Approve** can be selected again. When reconciliation checks find no more errors, the status in the Incoming Nota Fiscal changes from Initiated to Approved.

Create Customer Credit Invoice from Incoming Nota Fiscal

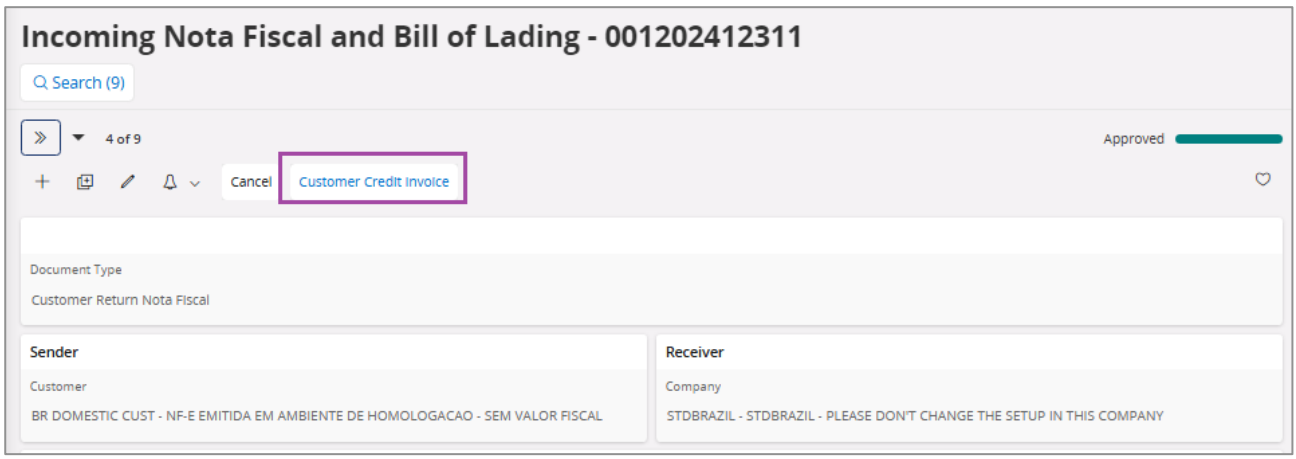
Once the incoming customer return Nota Fiscal is in Approved status, select the command button **Create Customer Credit Invoice** in the page header:

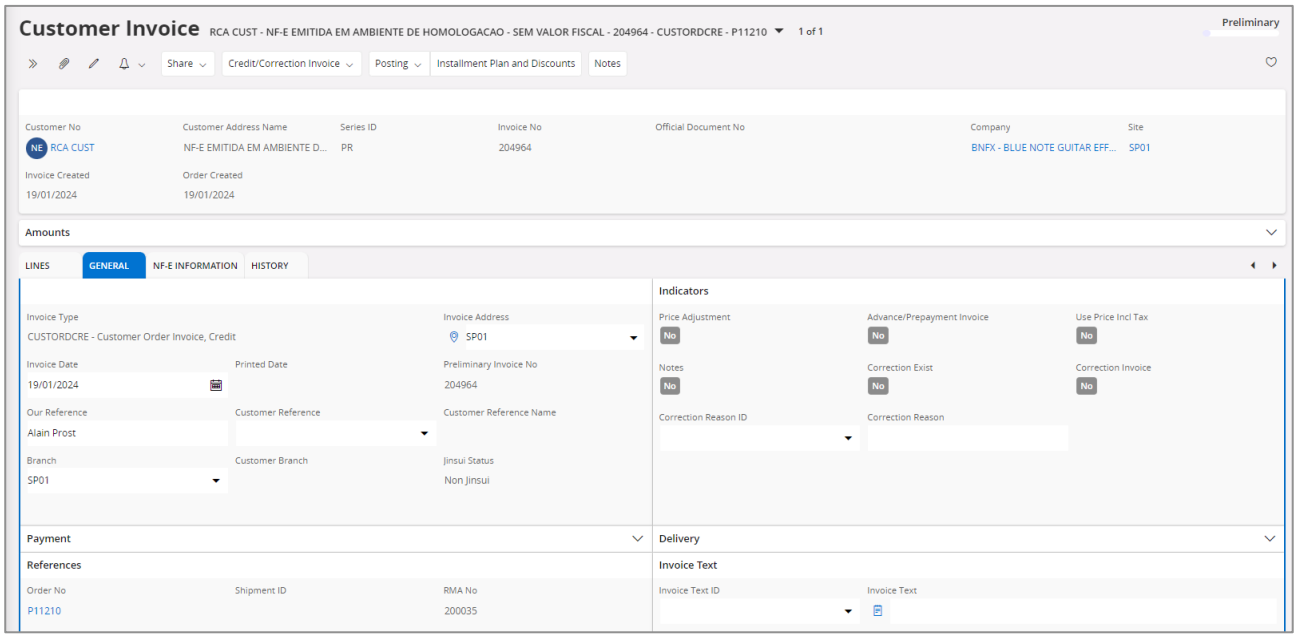


After Customer Credit Invoice is created, the Object Reference is recorded for Incoming Nota Fiscal:

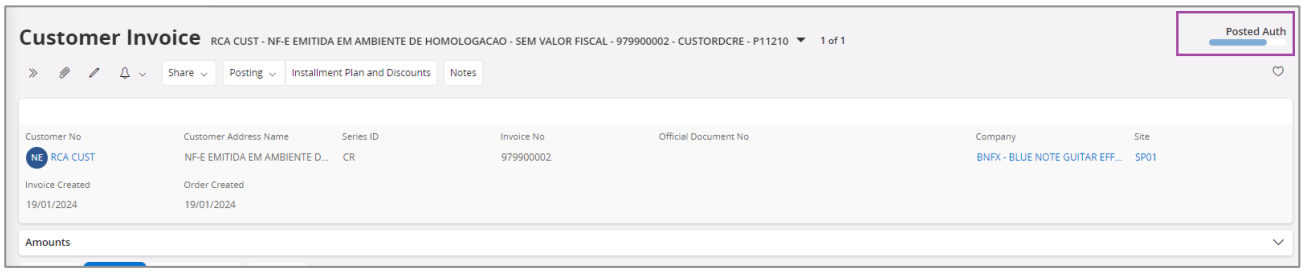


The credit invoice can be reached from command button **Customer Credit Invoice** in the page header:





Select command group Share and then click the Print Invoice option to post and authorize the Customer Credit Invoice:

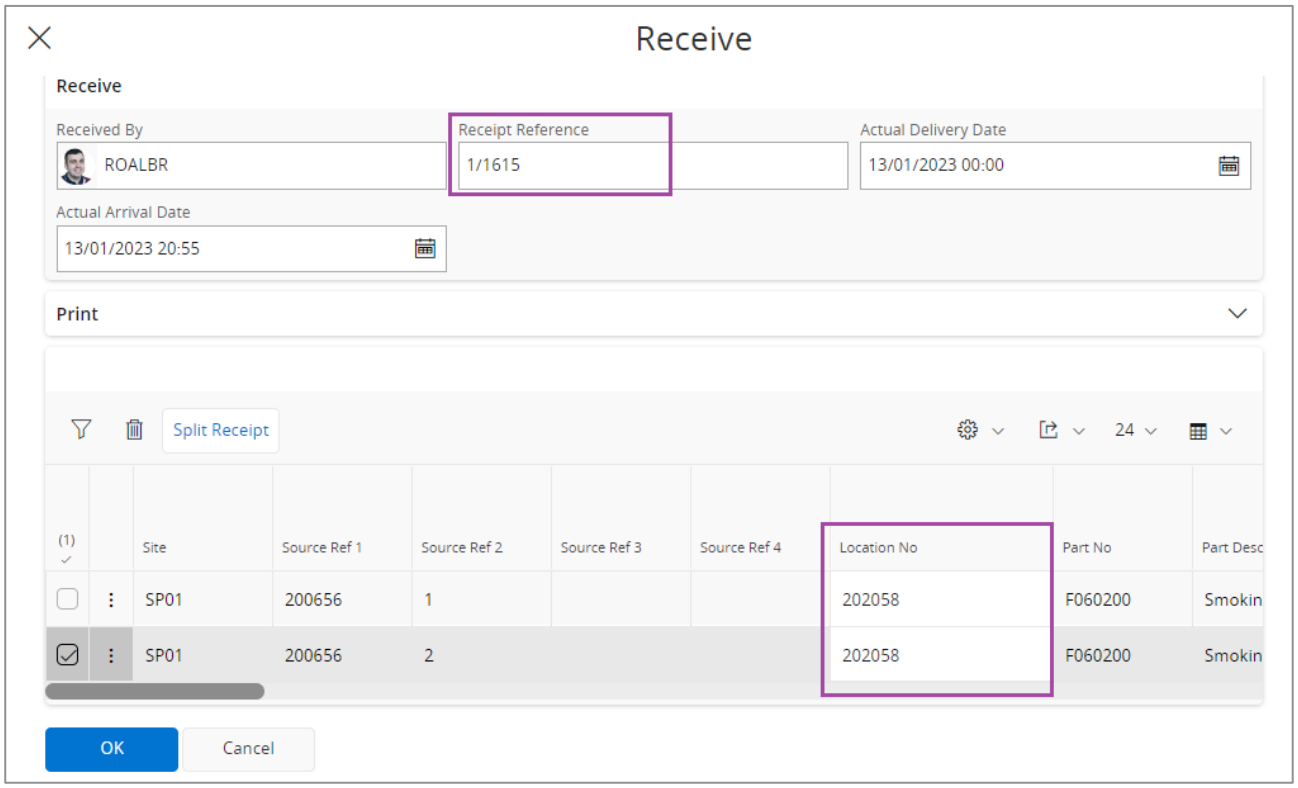


Return Material Authorization Arrivals

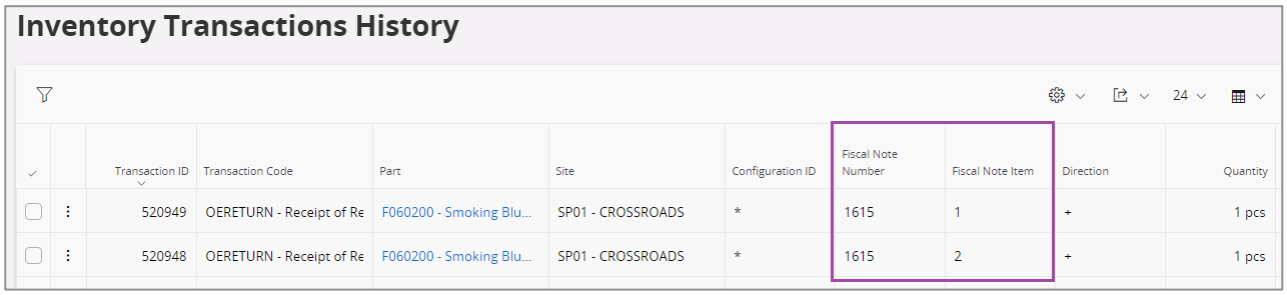
RMA arrivals are registered using IFS Cloud Core functionality. Go to ***Procurement/Receipt/Register Arrivals***, find the RMA lines and select command button **Receive** in the page header:



In the Receive panel, enter the Nota Fiscal reference in the field **Receipt Reference** as Nota Fiscal Series + Model + 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:



The Return Material Authorization status changes to Return “Completed”.

17.4 Receive Customer Returns – Automatic RMA Creation After to Incoming Nota Fiscal

Prerequisites

The company must be set-up to use Brazilian localization, see chapter Company Set up, and the parameter “*Incoming Nota Fiscal*” and newly introduced parameter, *“Automatic Creation of RMA using Incoming Fiscal Note”,* must be enabled.

Process Overview

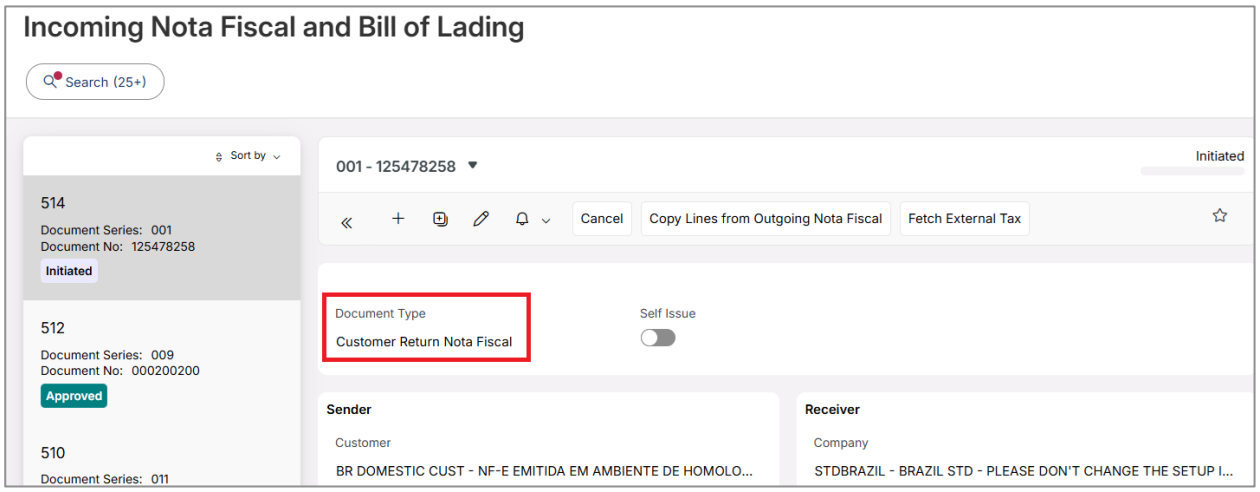
1. Create Customer Return Incoming Nota Fiscal
2. Save and validate header information
3. Link to the original outgoing Nota Fiscal
4. Copy and adjust return lines

5. Fetch External Taxes
6. Approve the Incoming Nota Fiscal
7. RMA is created and approved for credit
8. Create and print the credit customer invoice
9. Register the receipt of returned goods

CREATE THE CUSTOMER RETURN INCOMING NOTA FISCAL

The process is started by creating a new Incoming Nota Fiscal specifically for customer returns.

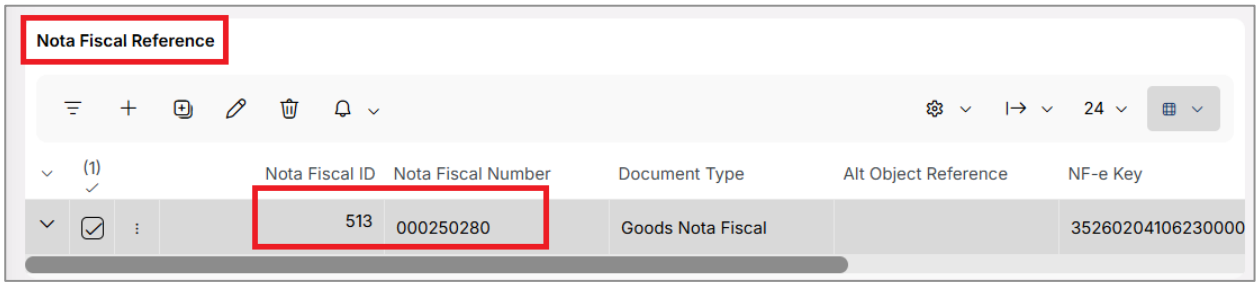
Navigate to Incoming Nota Fiscal and Bill of Lading page, create a new record, select document type Customer Return Nota Fiscal. This document type triggers the return-handling functionalities and prepares the system for automated RMA creation.



After entering basic header information, save the record.

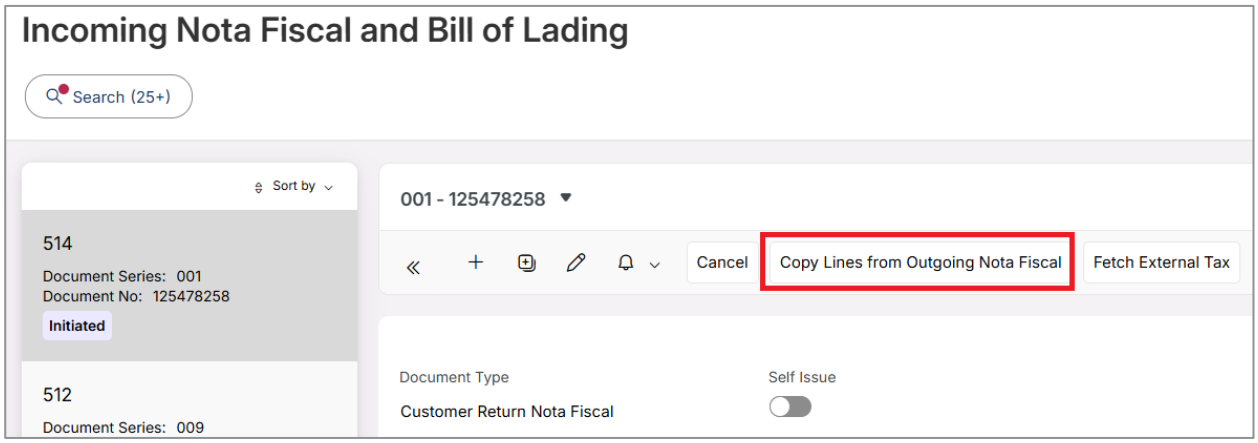
ESTABLISH THE CONNECTION TO THE OUTGOING NOTA FISCAL

To ensure the return is linked to the correct original sale, the outgoing sales Nota Fiscal must be linked. In the Incoming Nota Fiscal, go to the Nota **Fiscal Reference** section to connect the Approved Outgoing Nota Fiscal.



COPY LINES FROM THE OUTGOING NOTA FISCAL

Once the reference is established, the user can copy the original invoice lines. Use **Copy Lines from Outgoing Nota Fiscal** (available at the header level).



This will automatically fetch the lines of the reference Nota Fiscal.

Adjustments Allowed:

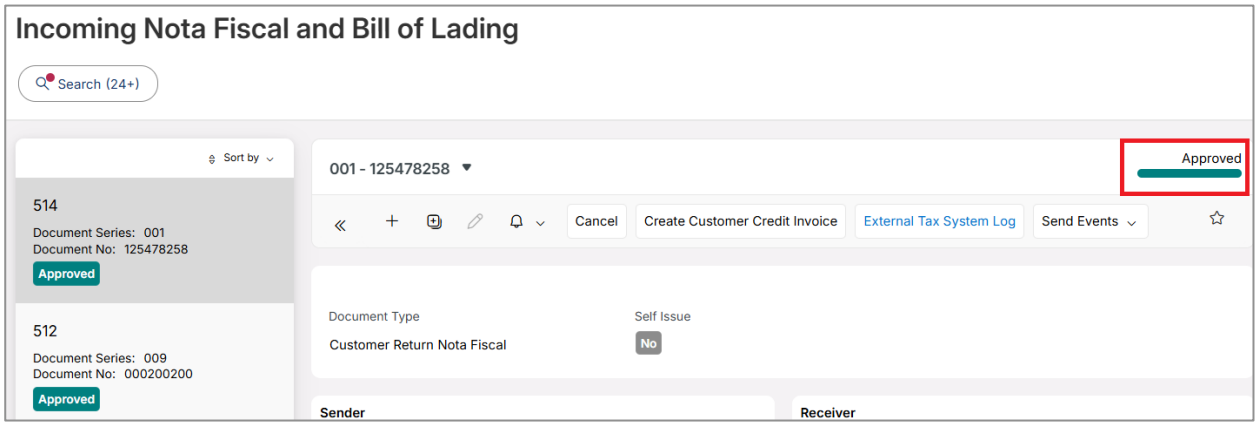
- Returned quantity
- Other Brazil-Specific Attributes, such as:
  - CFOP adjustments
  - Tax attributes
  - Reason codes

FETCH EXTERNAL TAX

On the Nota Fiscal header, click the button Fetch External Tax in the page header.

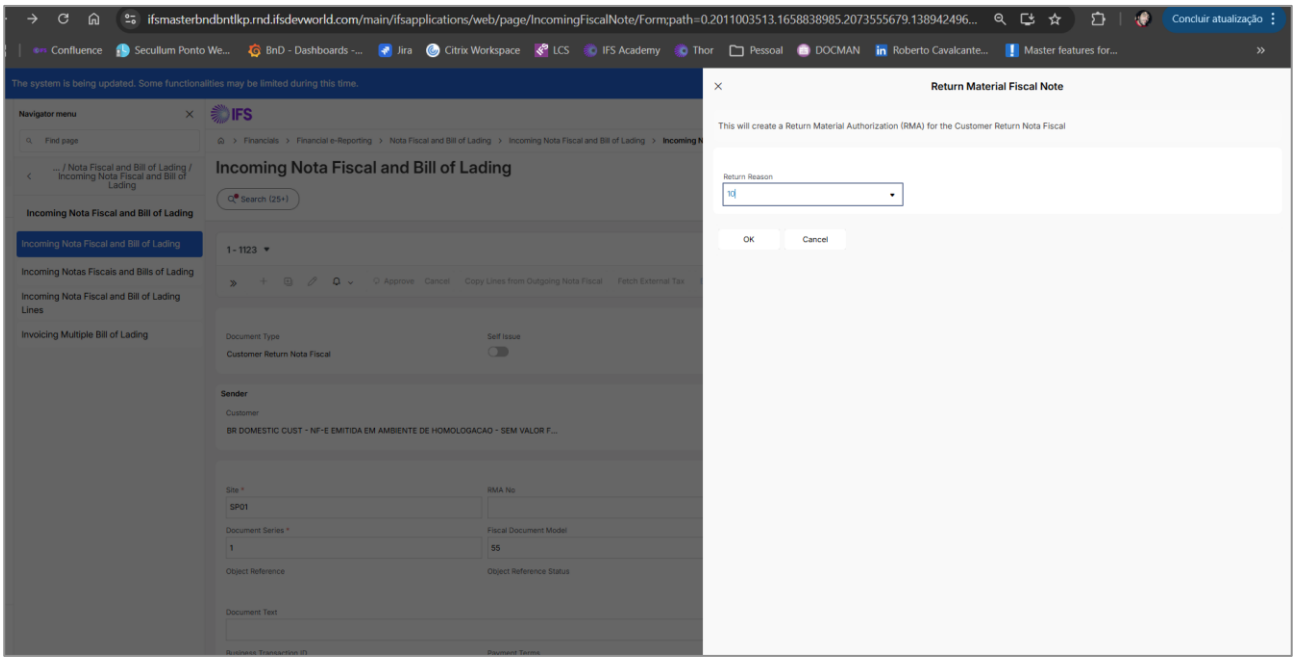
APPROVE THE CUSTOMER RETURN INCOMING NOTA FISCAL

Once all details are validated, the Nota Fiscal must be approved.



AUTOMATIC RMA CREATION

When the Incoming Nota Fiscal is approved, the application displays the dialog requesting the Return Reason:

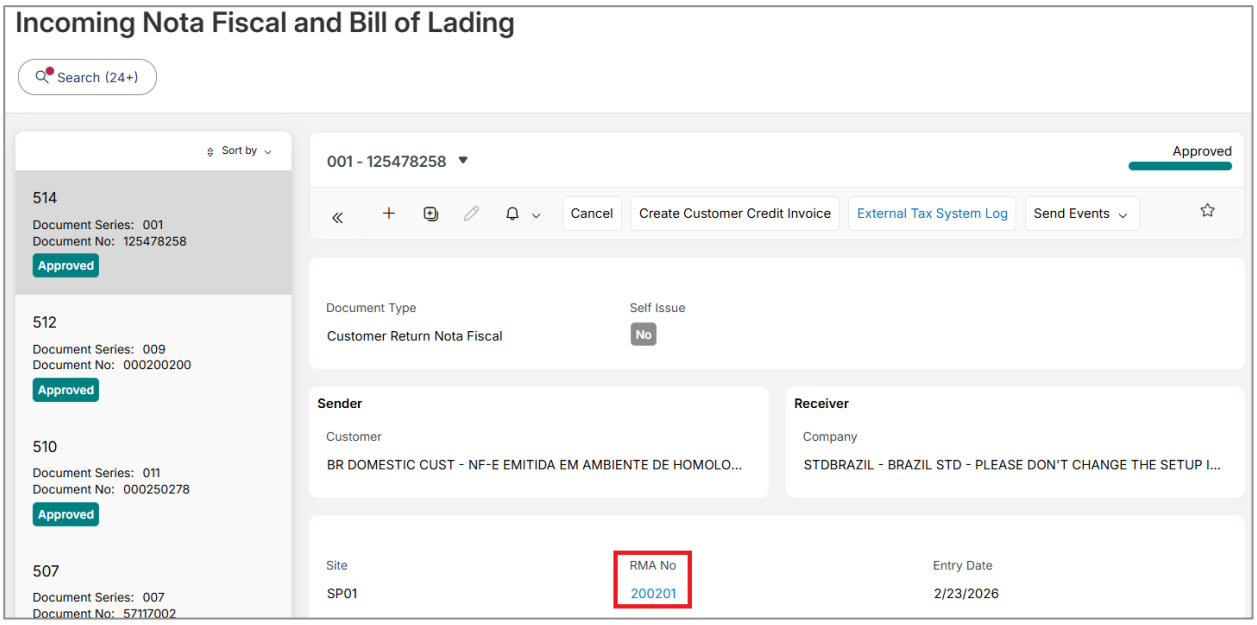


This field is mandatory. After the Return Reason is provided and the user confirms by selecting OK, the application automatically creates the RMA based on:

- The returned quantities defined in the Incoming Nota Fiscal
- The taxes calculated and fetched for the Incoming Nota Fiscal

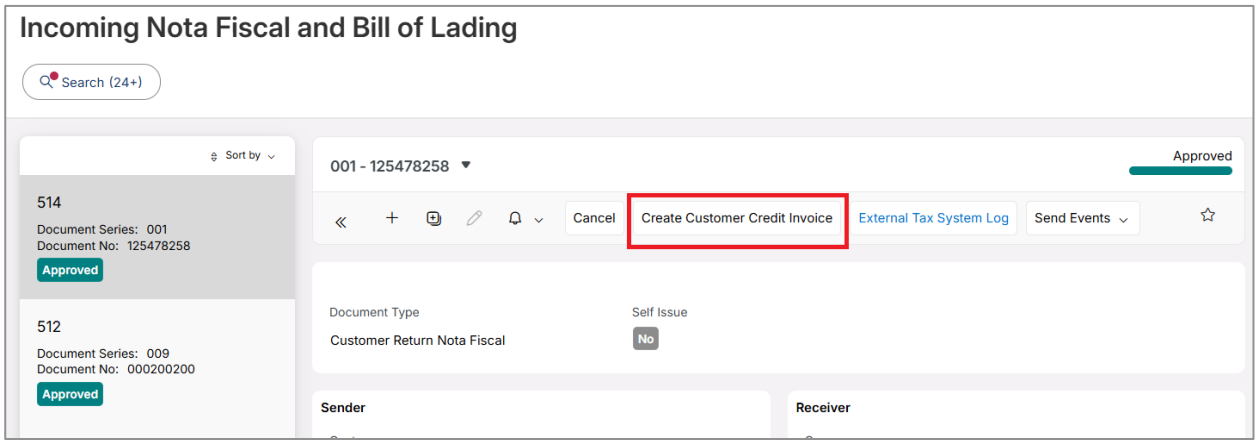
The RMA is generated without additional user intervention, ensuring consistency between the fiscal document and the return transaction.

The application assigns the RMA number using the next available number in the RMA sequence. The RMA automatically created and approved for credit is linked to the Incoming Nota Fiscal.

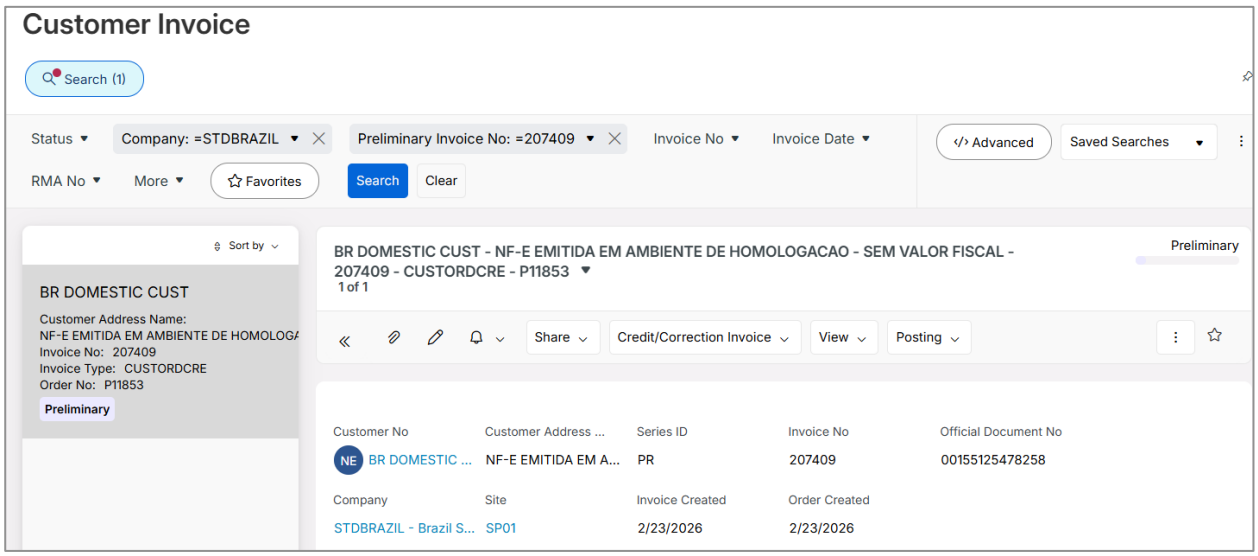


CREATE AND FINALIZE THE CREDIT CUSTOMER INVOICE

After the Incoming Nota Fiscal is approved and linked to the auto-created RMA click the button Create the Credit Customer Invoice in the page header:



Once Customer Credit Invoice is created, click the button View the Credit Customer Invoice:



Print the Credit Customer Invoice.

REGISTER THE RECEIPT OF RETURNED GOODS

Once the credit invoice is posted, use the Core Register Arrivals functionality to receive the RMA.

18 Self-Issue Incoming Nota Fiscal

18.1 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 certain scenarios, the recipient company must self-issue an Incoming Nota Fiscal when the sender does not issue an Outgoing Nota Fiscal to be received. Brazilian tax law permits companies to generate an Incoming Nota Fiscal on behalf of the sender to ensure the transaction is legally documented.

COMMON BUSINESS SCENARIOS HANDLED WITH INCOMING NOTA FISCAL SELF-ISSUED

1. Customer Returns (Goods Refuse)

When customer refuses goods at the delivery dock and does not physically receive them, the goods return using the original Outgoing Nota Fiscal. Since a company cannot receive its own Nota Fiscal, the Tax Authority requires the company to self-issue an incoming NF to legally offset the outgoing transaction.

2. Domestic Procurement (Cases when Supplier Does Not Issue Nota Fiscal)

- Microentrepreneur (MEI) - MEIs don't need to issue Nota Fiscal when selling to individuals.
- Exempt or Immune Transactions - Some operations are legally exempt from issuing Nota Fiscal (example, certain government transactions or tax-exempt activities).
- Rural producer (individual without state tax registration) - May be exempt from issuing an electronic Nota Fiscal depending on the state and nature of the transaction.
- Transactions not subject to ICMS or ISS Taxes - When no tax applies, legislation may exempt NF issuance.

18.2 Business Objectives

The primary objective is to allow the company to create an Incoming Nota Fiscal on behalf of the sender and submit it to the Brazilian Tax Authority (SEFAZ) for approval.

18.3 Process Overview



18.4 Prerequisites

The company must be set-up to use Brazilian localization, see the Basic Data 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 parameter "Integration to Brazilian External Tax System" should also be enabled to calculate the taxes through the 3rd party tax calculation engine Avalara.

18.5 Define Basic Data

Applicable basic data should exist for Supplier, Customer, Site and Inventory Part/s defined in the company. Refer Basic Data Setup chapter for more details.

18.6 Self-Issue – Goods Incoming Nota Fiscal

Create Incoming Nota Fiscal manually using *Financials/Financial e-Reporting/Nota Fiscal and Bill of Lading/Incoming Nota Fiscal and Bill of Lading* page.

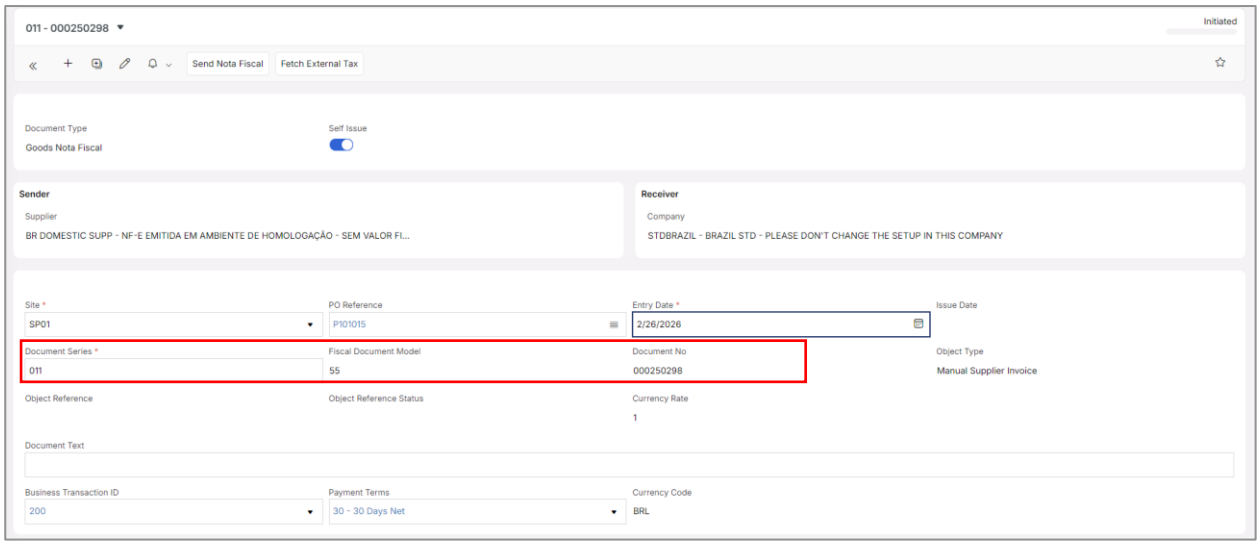
Select the Document Type as 'Goods Nota Fiscal' and enable the 'Self-Issue' toggle button.

When the Self Issue toggle is enabled, the company self-issues the Incoming Nota Fiscal on behalf of the sender. When disabled the standard Incoming Nota Fiscal process applies.



Select the Supplier and 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 when saving the NF header.

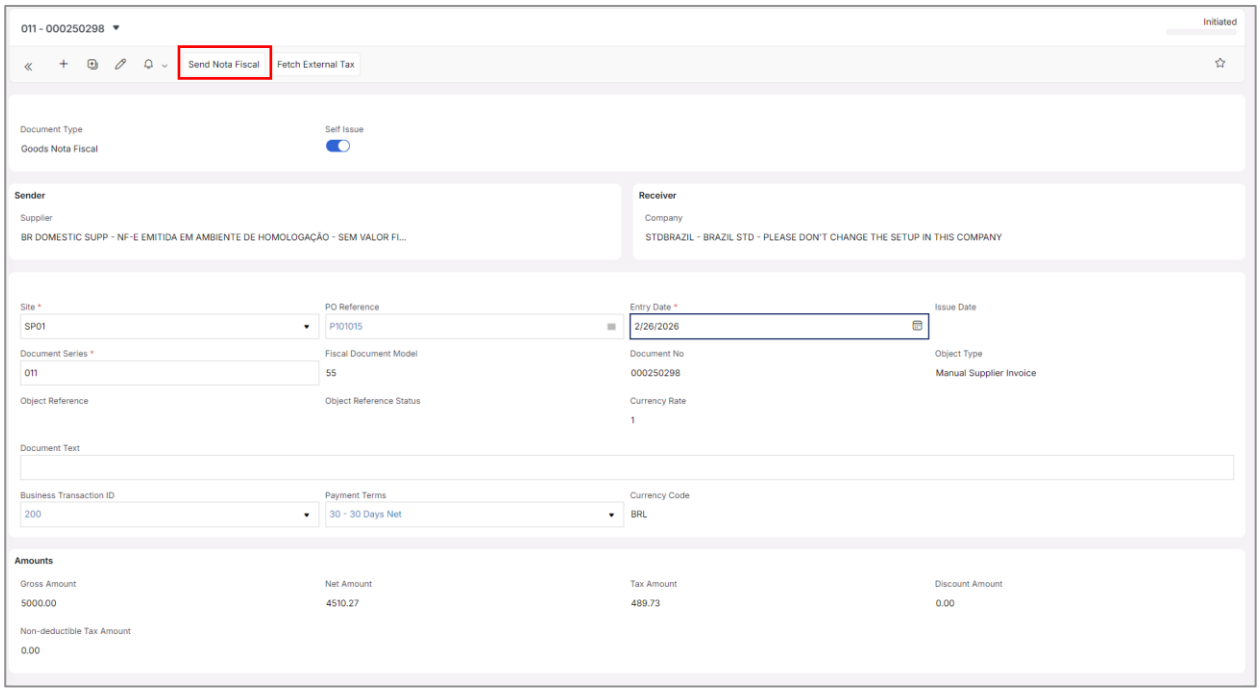


*Note: Ensure the Purchase Order number (or numbers) is referenced in field **PO Reference**. If a PO is entered, the Supplier and Site details will be automatically updated.*

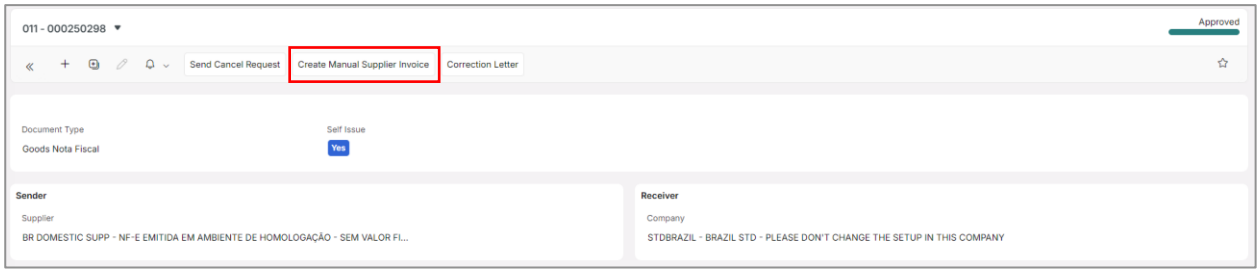
Lines can be entered manually or by using the commands "Copy Unreceived PO Lines/Charges" or "Copy Unmatched PO Receipts" in the NF Lines.

Note: Fetch External Tax can also be used in the Self-Issue Incoming Nota Fiscal to calculate taxes through Avalara.

Once Nota Fiscal Lines are entered the Self Issue Goods Incoming Nota Fiscal can be sent for SEFAZ for approval by using the "Send Nota Fiscal" command in the Nota Fiscal header.



Once the Nota Fiscal is approved, the Manual Supplier Invoice can be created through the 'Create Manual Supplier Invoice' command in the header.



Follow the standard process to receive the Goods and to post the Manual Supplier Invoice.

18.7 Self-Issue – Symbolic Incoming Nota Fiscal

A Self Issue Symbolic Incoming Nota Fiscal can be issued for both a customer or a Supplier by the company depending on the Business Scenario.

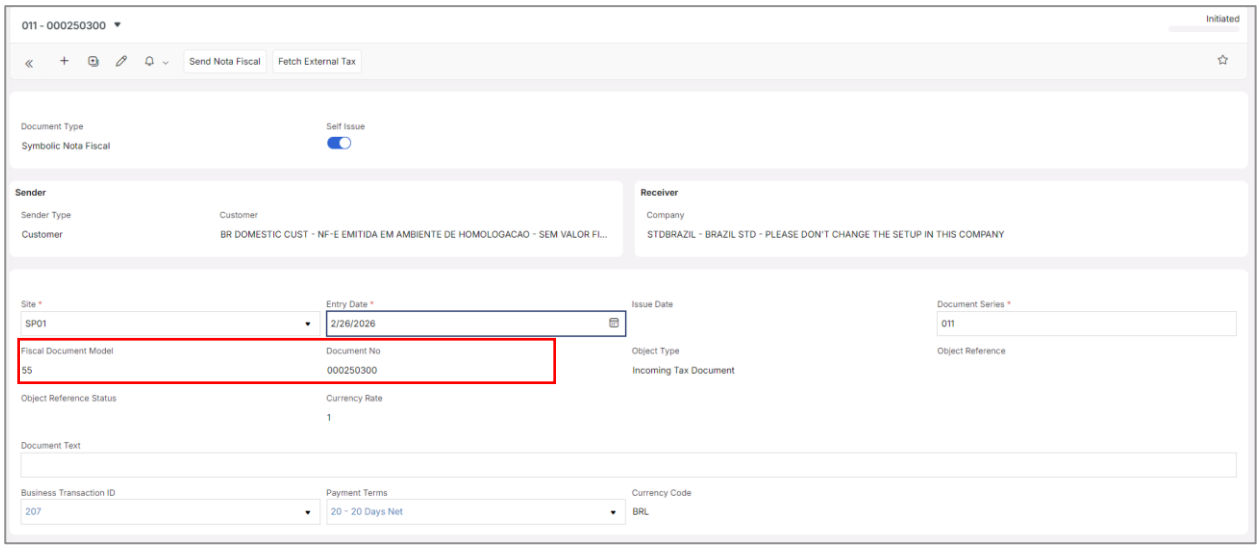
Navigate to *Financials/Financial e-Reporting/Nota Fiscal and Bill of Lading/Incoming Nota Fiscal and Bill of Lading* page and create a new Incoming Nota Fiscal setting the Document Type as "Symbolic Nota Fiscal" enable the 'Self-Issue' toggle button.



When the Self Issue toggle is enabled, the company self-issues the Incoming Nota Fiscal on behalf of the supplier or customer. When disabled the standard Symbolic Incoming NF process applies.

The Sender Type can be set as either "Customer" or "Supplier", and the list of values in the Sender ID field will display options based on the selected Sender Type.

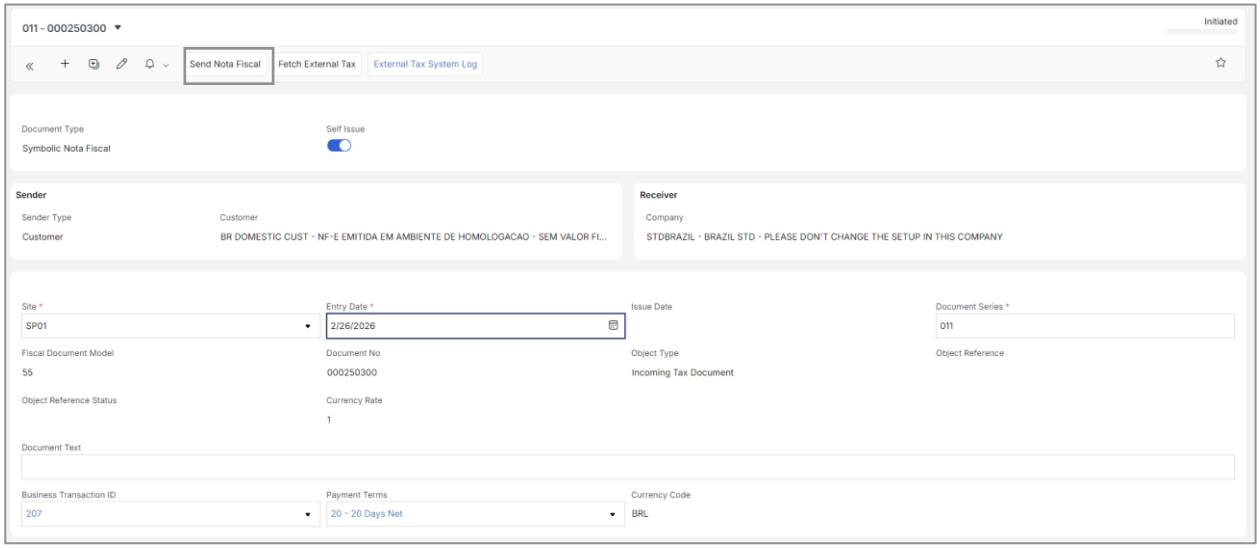
When the Site is selected, the default series for the selected Site's Branch will be automatically picked. The Nota Fiscal Document Number in "Document No" field will be automatically generated when saving the NF header.



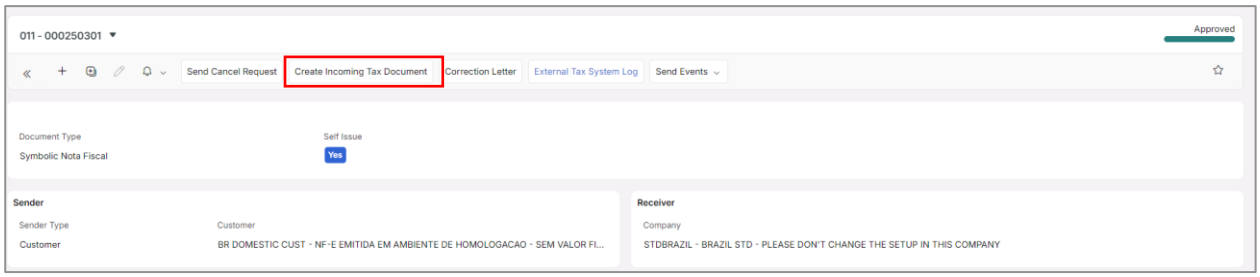
Go to the Nota Fiscal Lines and enter the part lines and tax lines. Select the needed Inventory Part from the "Part No" which will list all the Inventory Parts connected to the Site and enter the Quantity and Amount.

Note: Fetch External Tax can also be used in the Self-Issue Incoming Nota Fiscal to calculate taxes through Avalara.

Once Nota Fiscal Lines are entered the Self Issue Symbolic Incoming Nota Fiscal can be sent for SEFAZ for approval by using the "Send Nota Fiscal" command in the NF header.

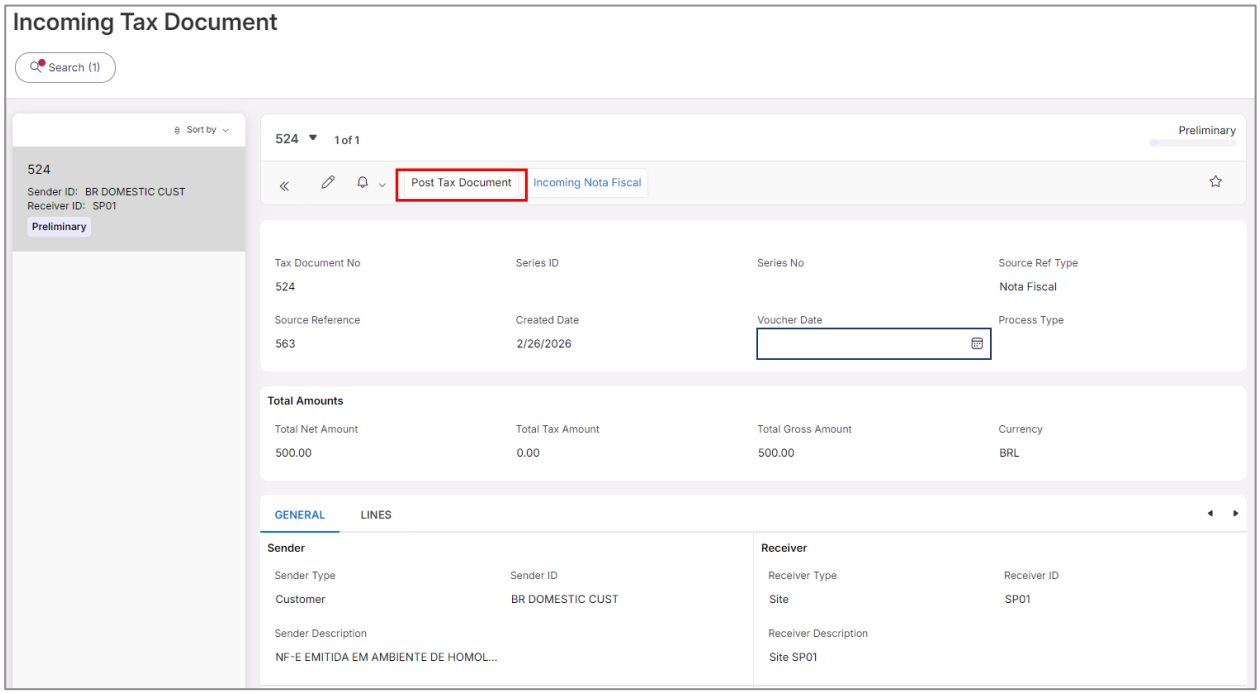


Once the Nota Fiscal is approved, the Incoming Tax Document can be created through the ‘Create Incoming Tax Document’ command in the header.



All the tax details, Sender and Receiver details are copied from the related Incoming Nota Fiscal.

The “Post Tax Document” command button can then be used to post the taxes in the Tax Document.



18.8 Self-Issue – Customer Returns Incoming Nota Fiscal

Navigate to *Financials/Financial e-Reporting/Nota Fiscal and Bill of Lading/Incoming Nota Fiscal and Bill of Lading* page and create a new Incoming Nota Fiscal setting the Document Type as “Customer Returns Nota Fiscal” and enable the ‘Self-Issue’ toggle button.



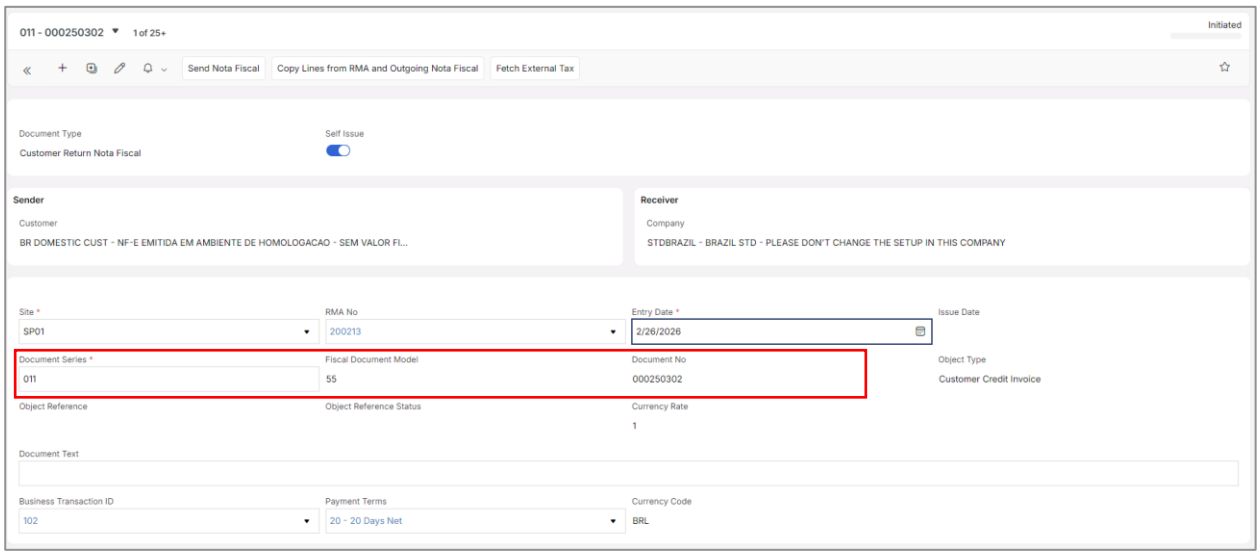
When the Self Issue toggle is enabled, the company self-issues the Incoming Nota Fiscal on behalf of the customer. When disabled the standard Customer Returns Incoming Nota Fiscal process applies.

Select the Customer, and the Site. When the Site is selected, the default series for the selected Site's Branch will be automatically picked.

The RMA created for the original Customer Order can be entered in the "RMA No" field

.

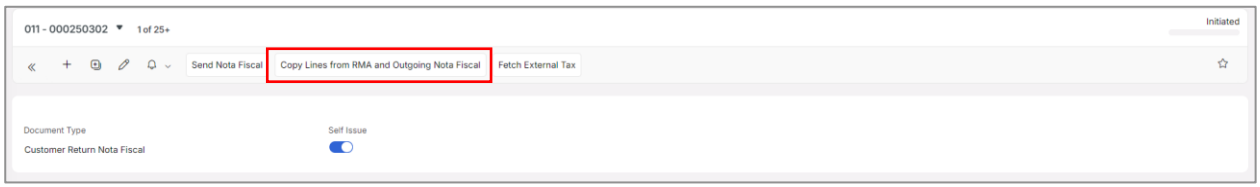
The Nota Fiscal Document Number in "Document No" field will be automatically generated when saving the Nota Fiscal header.



In the Nota Fiscal Reference List, enter the Nota Fiscal ID issued from Customer Order, on which goods returned were originally delivered and save the record.

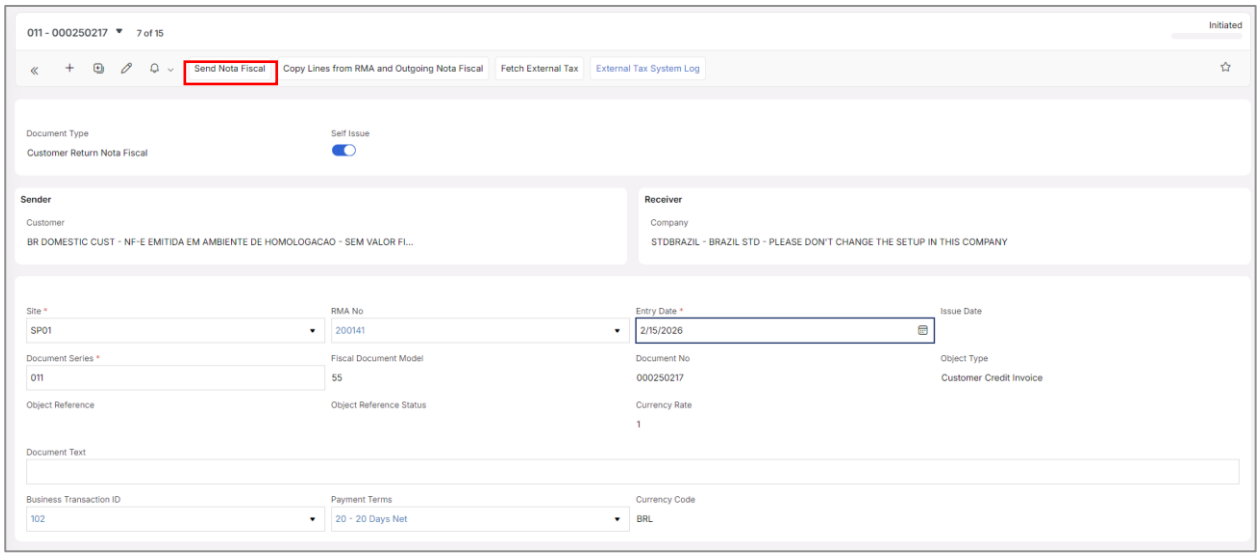


Select command button **Copy Lines from RMA and Outgoing Nota Fiscal** in the page header. The items of Nota Fiscal Reference List, for which RMA lines are created and approved for credit, are fetched into Incoming Nota Fiscal



Note: Fetch External Tax can also be used in the Self-Issue Incoming Nota Fiscal to calculate taxes through Avalara.

Once NF Lines are entered the Self Issue Symbolic Incoming NF can be sent for SEFAZ for approval by using the "Send Nota Fiscal" command in the NF header.



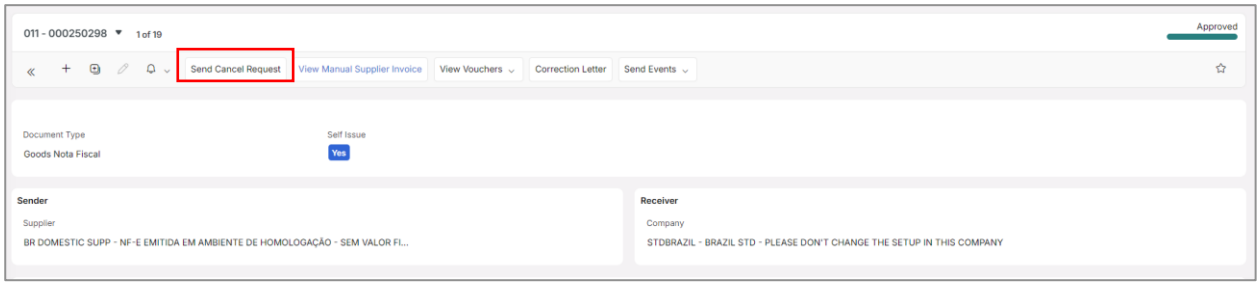
Once the Nota Fiscal is approved, the Customer Credit Invoice can be created through the ‘Create Customer Credit Invoice’ command in the header.

Follow the standard process to Register the RMA Arrivals and to post the Customer Credit Invoice.

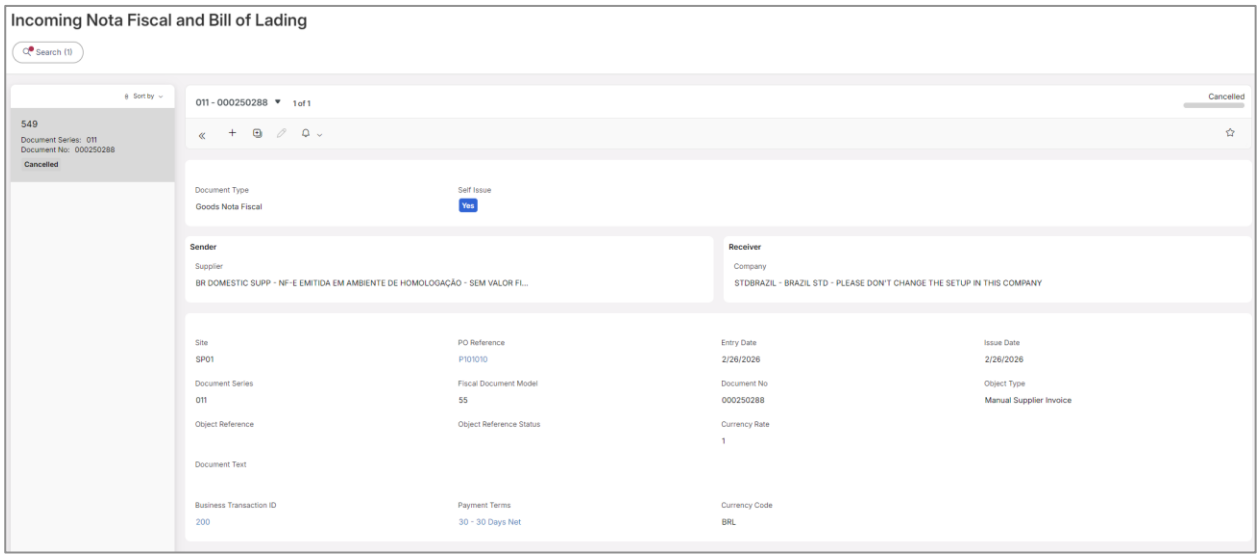
18.9 Self-Issue Incoming Nota Fiscal – Lifecycle Management

CANCEL INCOMING NOTA FISCAL SELF-ISSUED

Once the Self-Issue Incoming Nota Fiscal is approved by the Tax Authority , the NF can be sent for Cancellation to the Tax Authority . The command “Send Cancel Request” can be used for this.

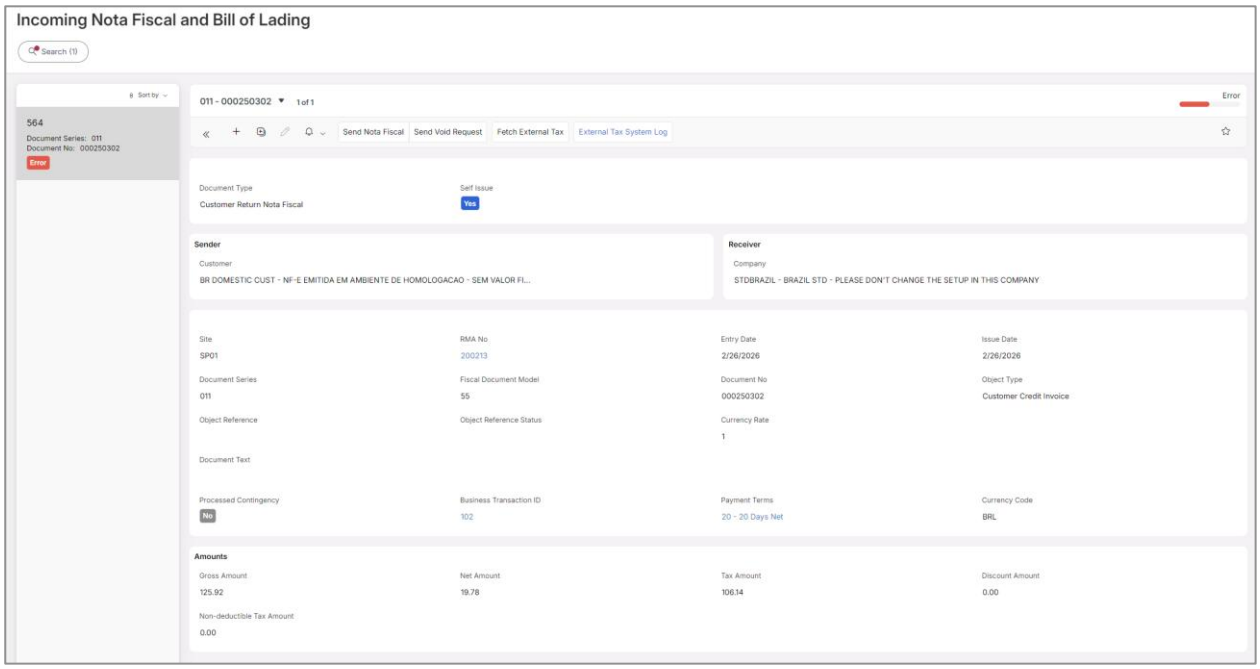


Once the Outgoing Nota Fiscal is cancelled in Tax Authority system, Outgoing Nota Fiscal status will change to **Cancelled**.



HANDLING ERRORS IN INCOMING NOTA FISCAL SELF-ISSUED

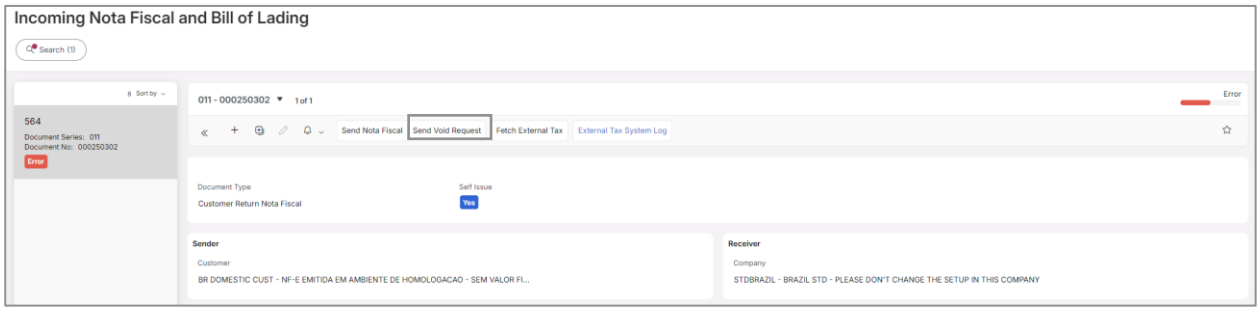
If a Brazilian Tax Authority recognized errors in the request file, they will send an Error responses via the 3rd party integrator. Outgoing Nota Fiscal status will change to **Error**.



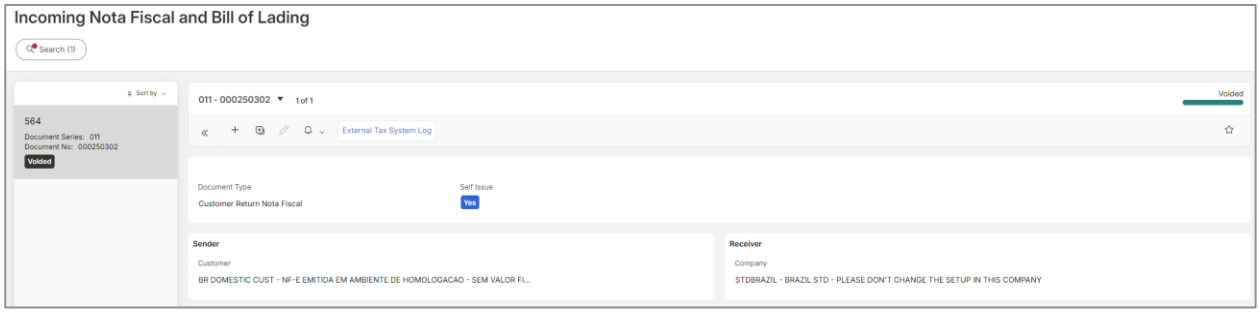
The company can fix the issue found in such Nota Fiscal and request authorization again.

VOID INCOMING NOTA FISCAL SELF-ISSUED

If the Nota Fiscal has an error which cannot be rectified, the Nota Fiscal must be voided. A void request must be sent and approved by the Tax Authority by using the “Send Void Request” command.



Once the Outgoing Nota Fiscal is voided in Tax Authority system, Outgoing Nota Fiscal status will change to **Voided**.



Delimitations

No known delimitations.

19 Incoming Bill of Lading

19.1 Overview Legal Requirement

The electronic Bill of Lading (CT-e) is a mandatory legal document in Brazil. Transportation companies are required to issue the CT-e, which serves as the official record validating the provision of freight services, and obtain authorization from the Tax Authority . The party responsible for paying the freight charge must also register the CT-e as an incoming fiscal document. In practice, the incoming Bill of Lading is usually received after the incoming Nota Fiscal. The Bill of Lading can take two forms:

- CT-e (Conhecimento de Transporte Eletrônico): The CT-e is the official electronic transport invoice used in Brazil. It is an XML document that records the cargo value, including applicable taxes.

- DACTE (Documento Auxiliar do Conhecimento de Transporte Eletrônico): The DACTE is the printed auxiliary document of the CT-e. It is not a substitute for the CT-e; rather, it serves as a supporting document to facilitate the consultation of the CT-e. The DACTE must accompany the vehicle during transportation.

19.2 Process Overview

Bill of Lading can be received to IFS Cloud in two ways,

1st - Receive Bill of Lading Automatically, with CT-e xml file

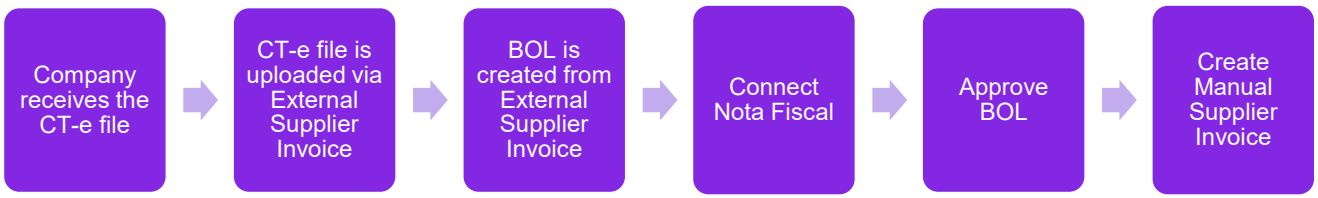
IFS Cloud core *External Supplier Invoice* flow is used to upload the received Bill of Lading XML file (CT-e). Once uploaded by using the IFS Cloud core functionalities, Bill of Lading could be created automatically.

2nd - Enter Bill of Lading Manually, with DACTe

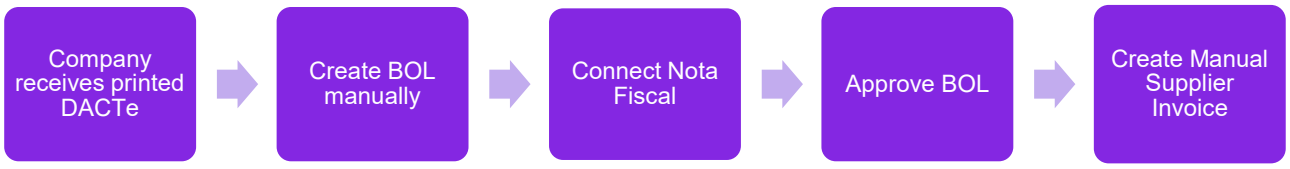
The user can enter a Bill of Lading based on the DACTe document received from the carrier (transport supplier) using Incoming Nota Fiscal and Bill of Lading page.

Once the Bill of Lading is created, the user can link one or multiple Nota Fiscal related to the transportation service, approve the Bill of Lading and create a manual supplier invoice.

Receive Bill of Lading Automatically (CT-e)



Enter Bill of Lading Manually (DACT-e)



Note: Bill of Lading connected to incoming Nota Fiscal related to a Purchase Order, the freight cost (total freight amount - deductible taxes) is automatically distributed across the Nota Fiscal items according to the goods price criteria. The Supplier Invoice is then automatically matched to the Purchase Order charges connected to the line previously received with the Nota Fiscal. Inventory transactions will reflect the freight cost distributed to the Nota Fiscal lines.

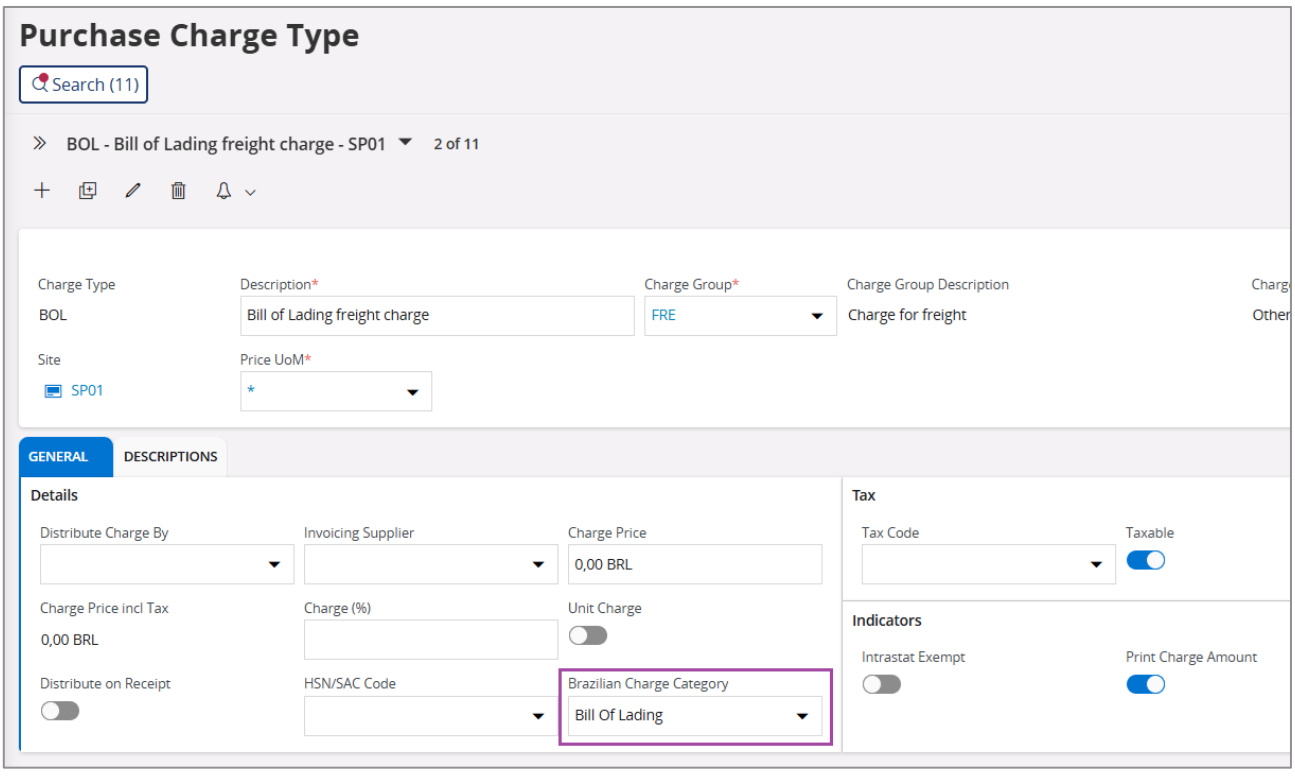
Bills of Lading connected to outgoing Nota Fiscal or to incoming Nota Fiscal not related to a Purchase Order, the supplier invoice must be manually handled using the standard Core functionality.

19.1 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.

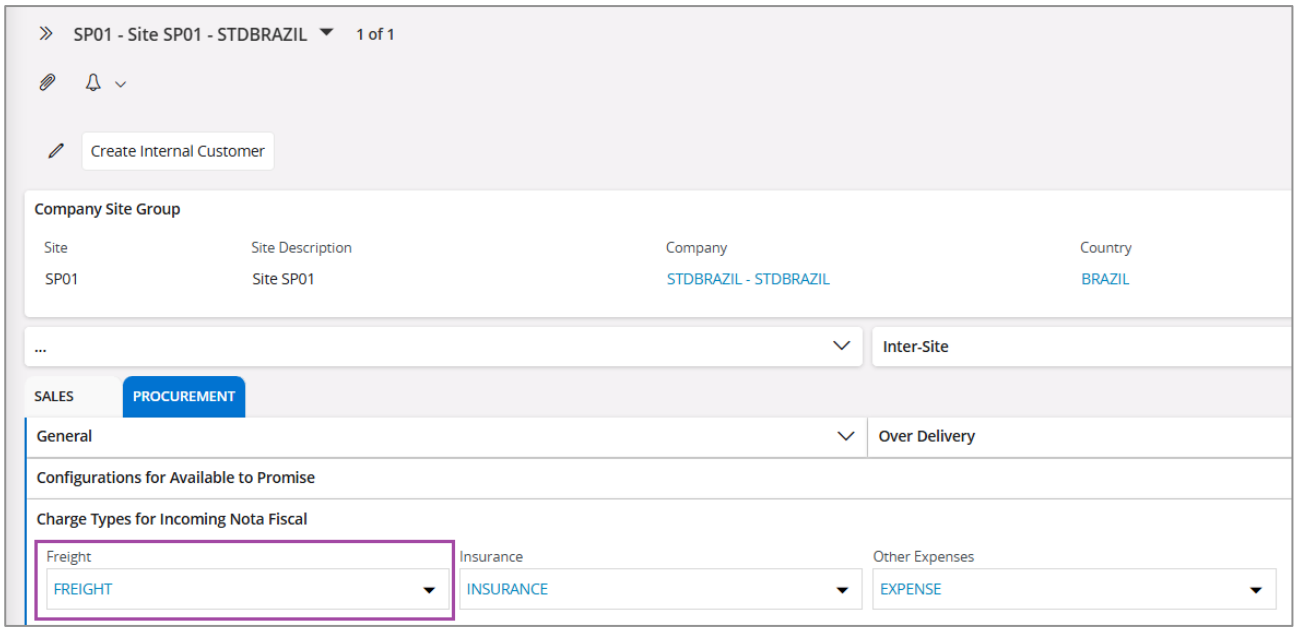
- The “Address Specific Tax Registration Numbers” parameter must be enabled. Read the chapter “Address Specific Tax Registration Numbers” and setup Supplier (Carrier) and Company CNPJ accordingly.

- Purchase Charge type should be in place in Procurement/Part/Purchase Charge Type, with Brazilian Charge Category set as “Bill of Lading”. This Purchase Charge Type will be used to enter freight amount in Purchase Order:

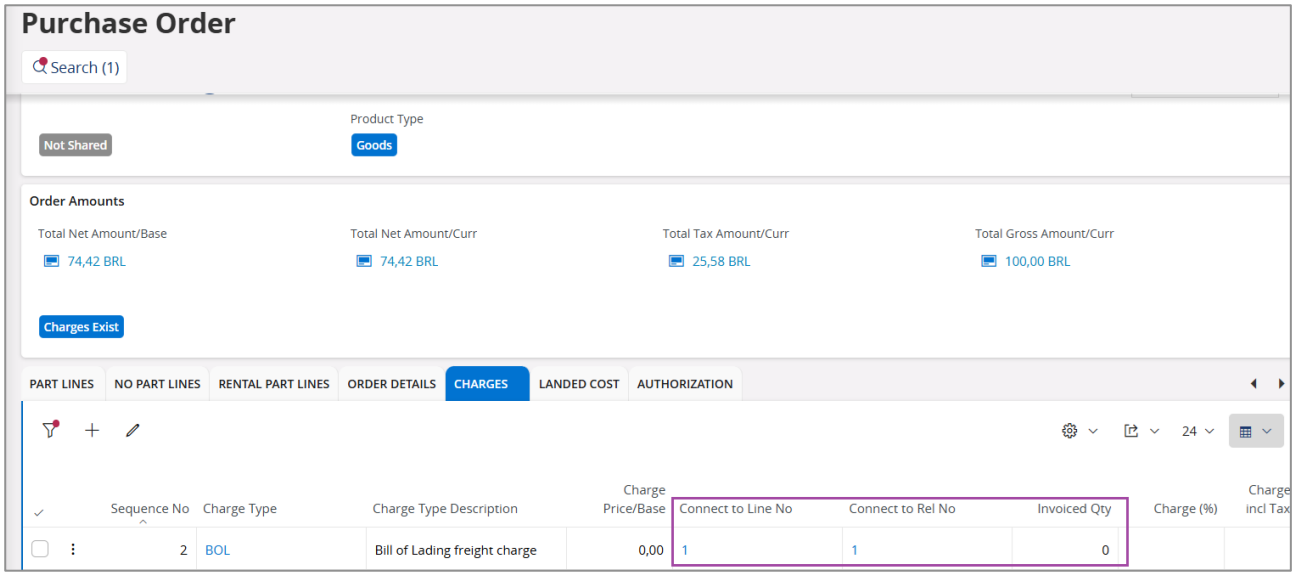


- Default Purchase Charge Type for freight should be defined in Application Base Setup/Enterprise/Site/Sales and Procurement/Procurement tab. This Charge will be fetched when entering a line in the Bill of Lading, either manually or when reading from an external CT-e file upload.

Note that it does not need to be the same Purchase Charge Type used to enter the freight amount in the Purchase Order:



- A Purchase Charge Type set with the Brazilian Charge Category “Bill of Lading” must be entered and connected to the Line No and Release No of the Purchase Order.

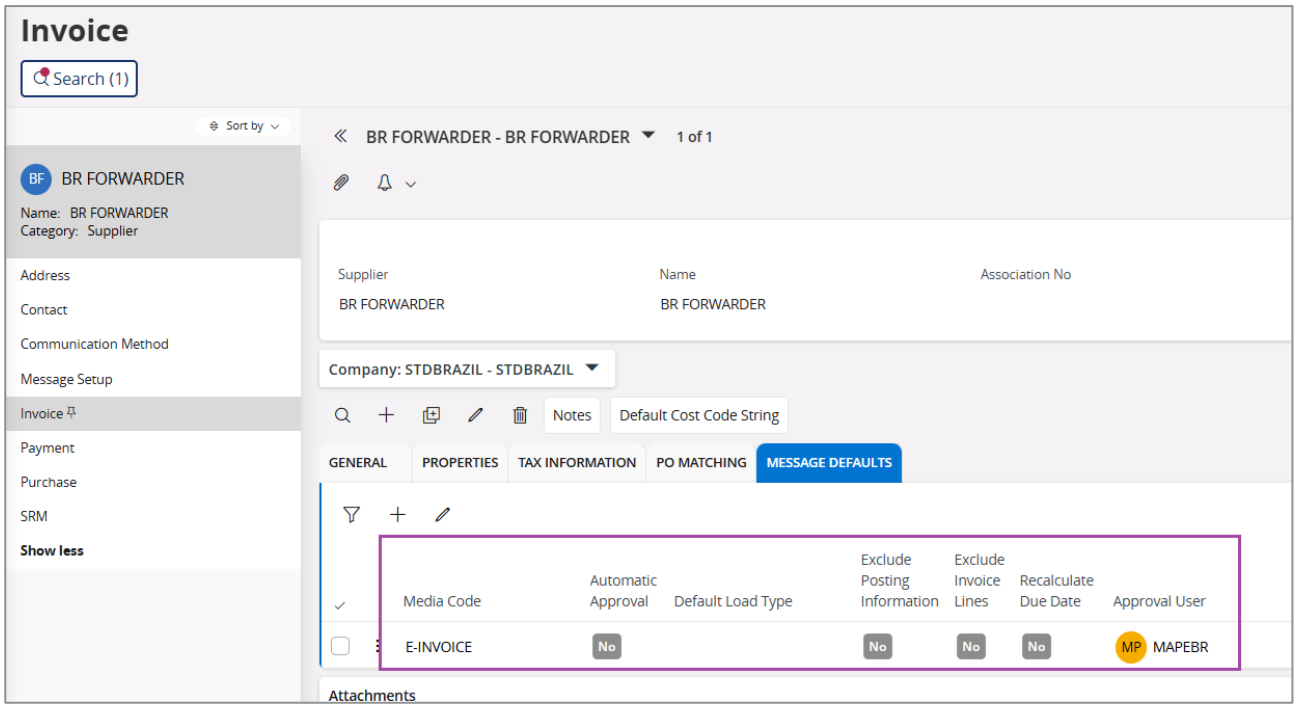


When the Purchase Charge Type is connected to the Purchase Order line, the Brazilian Charge Category “Bill of Lading” ensures that integration with the external tax system is not triggered. This is because, unlike a freight amount highlighted in an incoming Nota Fiscal, in Bill of Lading cases the freight amount cannot be considered in the goods’ tax calculation base.

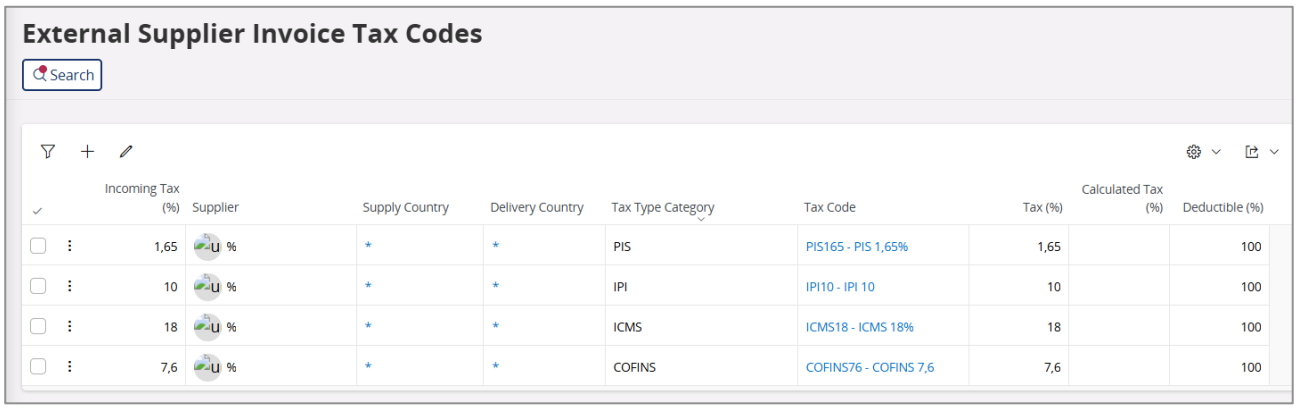
This parameter also ensures that the freight amount entered is not copied to the incoming Nota Fiscal when using Copy Unreceived PO Lines or Copy Unmatched PO Receipts, nor absorbed into

inventory transactions when goods are received after the incoming Nota Fiscal is approved, since freight cost absorption will happen when the Bill of Lading is received and invoiced.

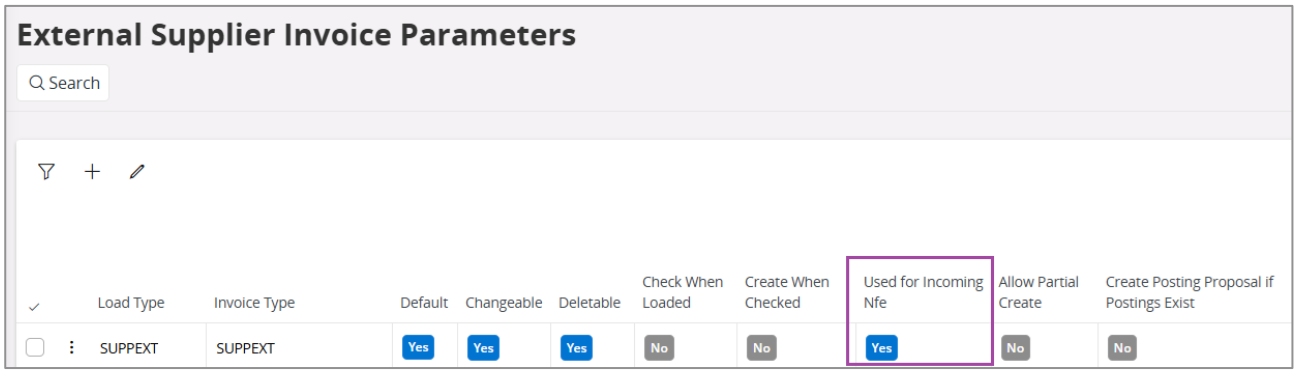
- Media Code “E-INVOICE” must be set up on the transport service Supplier in page Application Base Setup/Enterprise/Supplier/Supplier/Invoice, tab Message Defaults. This set-up is defined by Company ID:



- The Tax Codes with percentage for each tax to be read from the CT-e XML file must be defined in External Supplier Invoice Tax Codes. Enter the Tax Code for the Charge Type Category, and set “*” for both Supply Country and Delivery Country, as well as “%” for Supplier, in cases where the Tax Code should be applied regardless of the issuing Supplier.

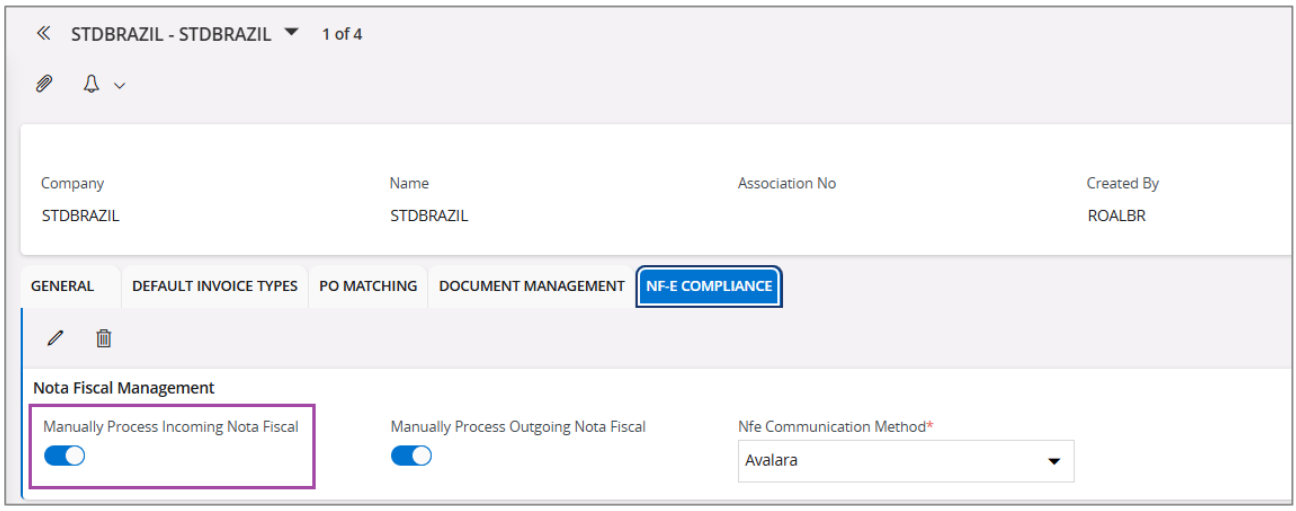


Go to Financials/Supplier Invoice/External Invoice/External Supplier Invoice Parameters and enable "Used for Incoming NFe":



Define the 'Manually Process Incoming Nota Fiscal' toggle in Application Base Setup > Enterprise > Company > Company > Invoice > NF-e Compliance tab.

- When unselected, the application automatically creates the Bill of Lading after the CT-e XML file is uploaded via External Supplier Invoice.
- When selected, the Bill of Lading is not created automatically, and the user must process it manually after the CT-e XML file is read.



19.2 Entering Bill of Lading

19.2.1 Via External Supplier Invoice

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 can be created automatically. Please see the details in the process described step by step in the chapters below.

19.2.1.1 Uploading CT-e XML File

Copy the CT-e XML file to the IN folder on the application server. The IFS Connector Reader will then upload the file into the application. See below some examples of how the information from the XML file is processed when read by the application:

Bill of Lading Document Identification

<mod>57</mod>
If the mod value is "57", it is identified as a Bill of Lading document.

Company and Supplier Identification

The Supplier will be identified using the CNPJ value of <emit>:

```
<emit>
<CNPJ>40730441000163</CNPJ>
<xNome>SARKBRAZILFREIGHT</xNome>
</emit>
```

The Site of Company will be identified using the CNPJ value of <dest>:

```
<dest>
<CNPJ>45504618000127</CNPJ>
<xNome>SARKBRAZIL</xNome>
<dest>
```

Service Start & End Location Identification

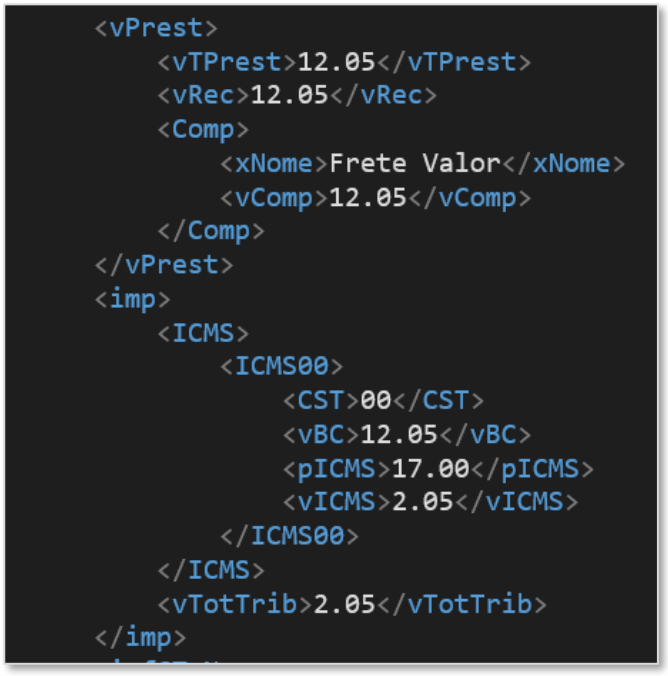
```
<cMunIni>1200401</cMunIni>
```

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.

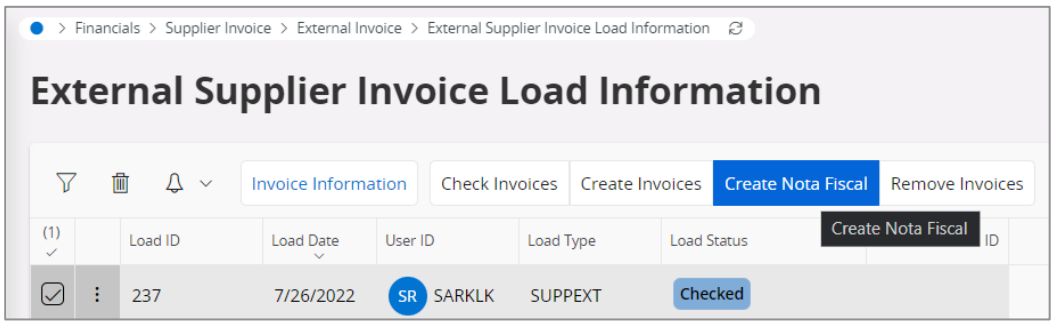
19.2.1.2 Create Bill of Lading using External Supplier Invoice

Go to Financials/Supplier Invoice/External Invoice/External Supplier Invoices and check the listed CT-e XML files read from IN folder.

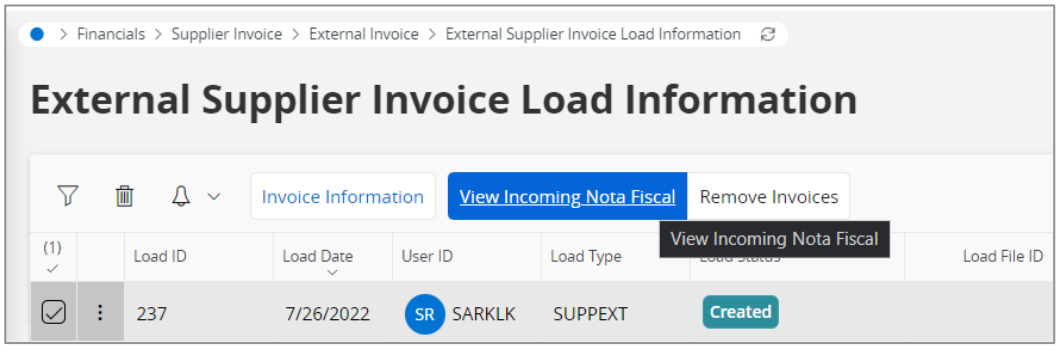
Depending on the Company setup for 'Manually Process Incoming Nota Fiscal', the Bill of Lading may or may not be created automatically after the CT-e XML file is uploaded via External Supplier Invoice.

If Company is enabled for 'Manually Process Incoming Nota Fiscal', the Bill of Lading must be created by clicking the Create Nota Fiscal command button.

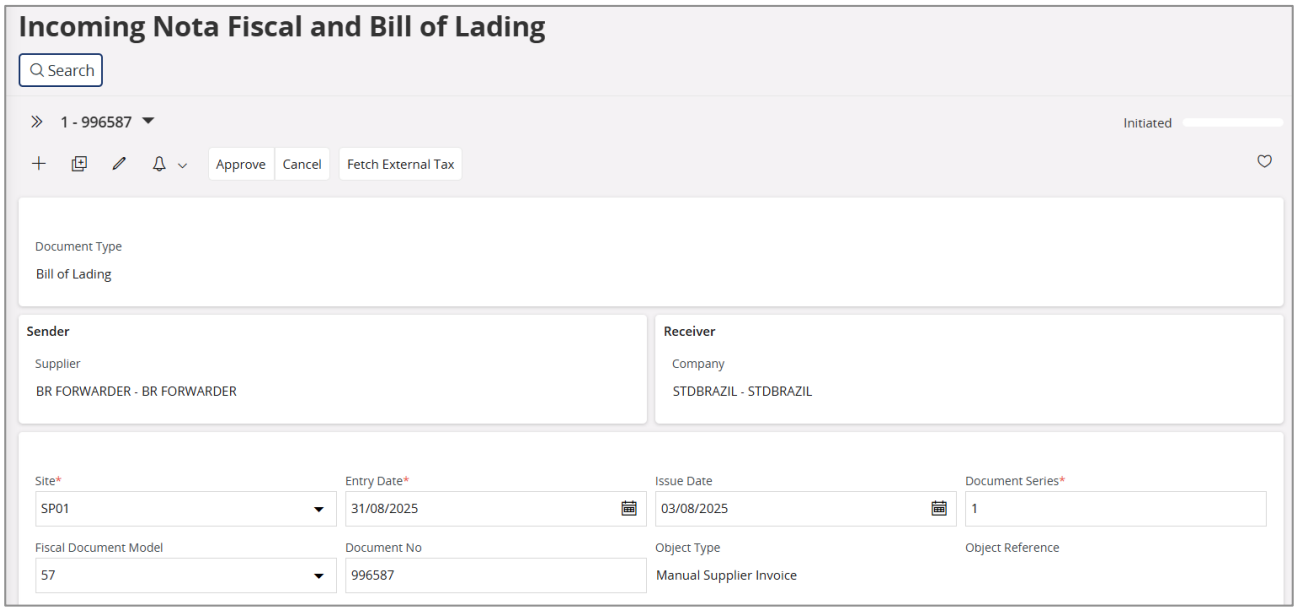
Note: This action unpacks the file data and calls a dedicated interface (API) that continues with the subsequent data processing.



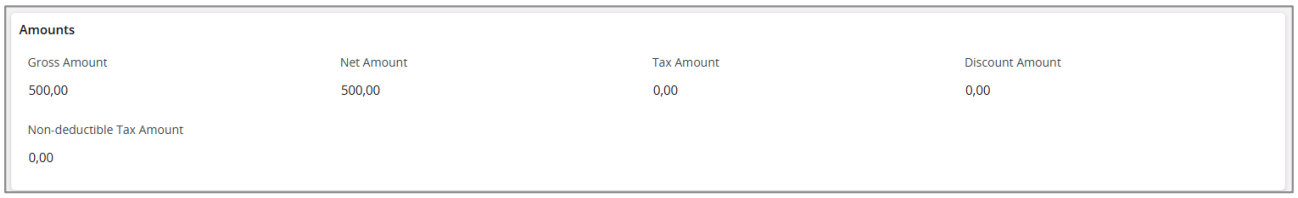
View Bill of Lading using command View Incoming Nota Fiscal:



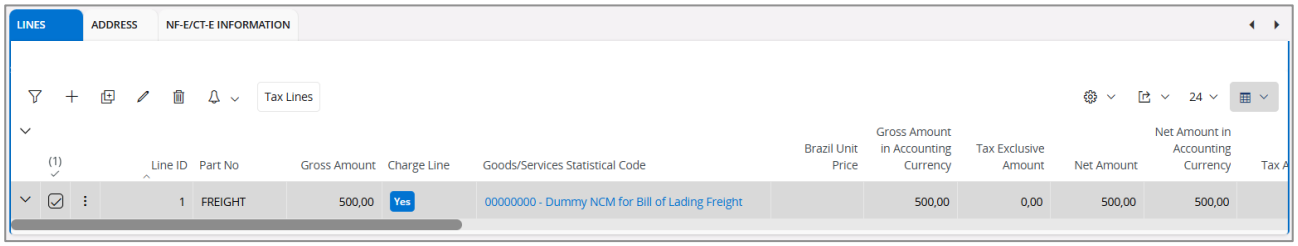
Bill of Lading is created in Initiated status:



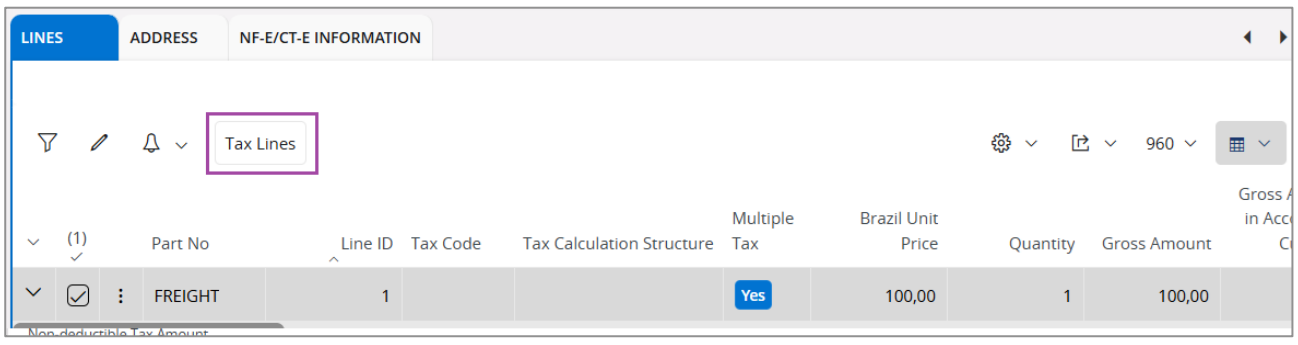
Total amounts can be verified in the Amounts section:



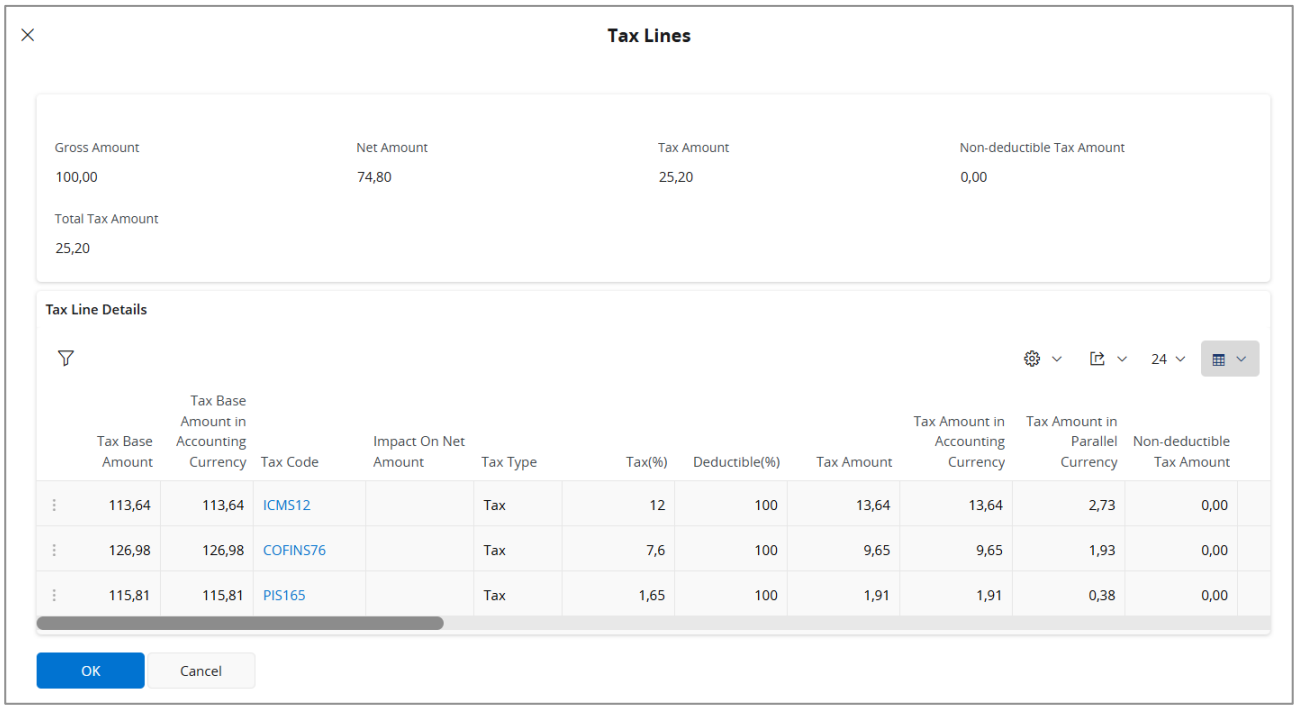
Line information can be verified in the Lines tab. Note that item is automatically defined as “Charge Line” and Part No shows the default Charge for freight, as defined in the Site:



Taxes read from CT-e file can be verified in the Tax Lines assistant:

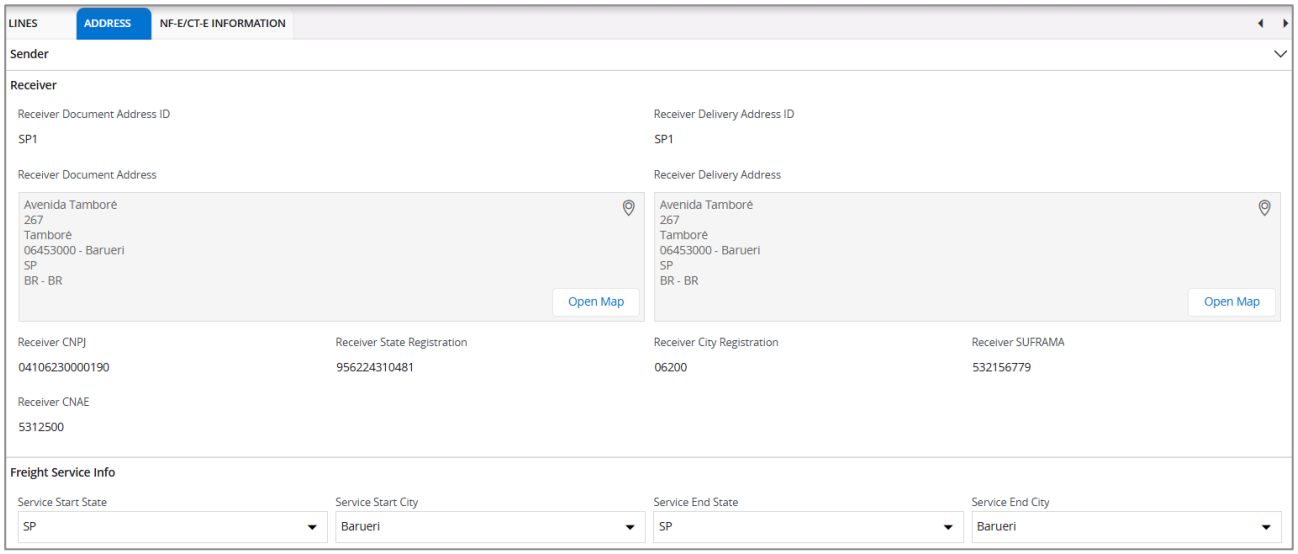


The taxes read from CT-e file are matched with Tax Codes defined in External Supplier Tax Codes:

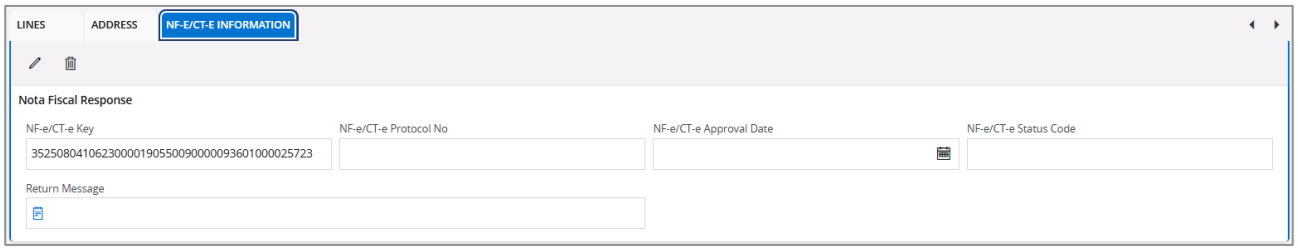


Note: When entering a Bill of Lading by uploading a CT-e XML file, some tax-related information, such as CST and CFOP codes, may need to be adjusted manually to reflect the receiver's perspective. In the XML file, these codes are provided from the issuer's point of view. Optionally, taxes can be fetched from the external tax system by clicking the 'Fetch External Tax' command button in the page header. See the chapter 'Integration with Avalara for Tax Determination on Incoming Fiscal Documents' for further details.

Address details can be verified in Address tab, in the sections Sender, Receiver and Freight Service Info:



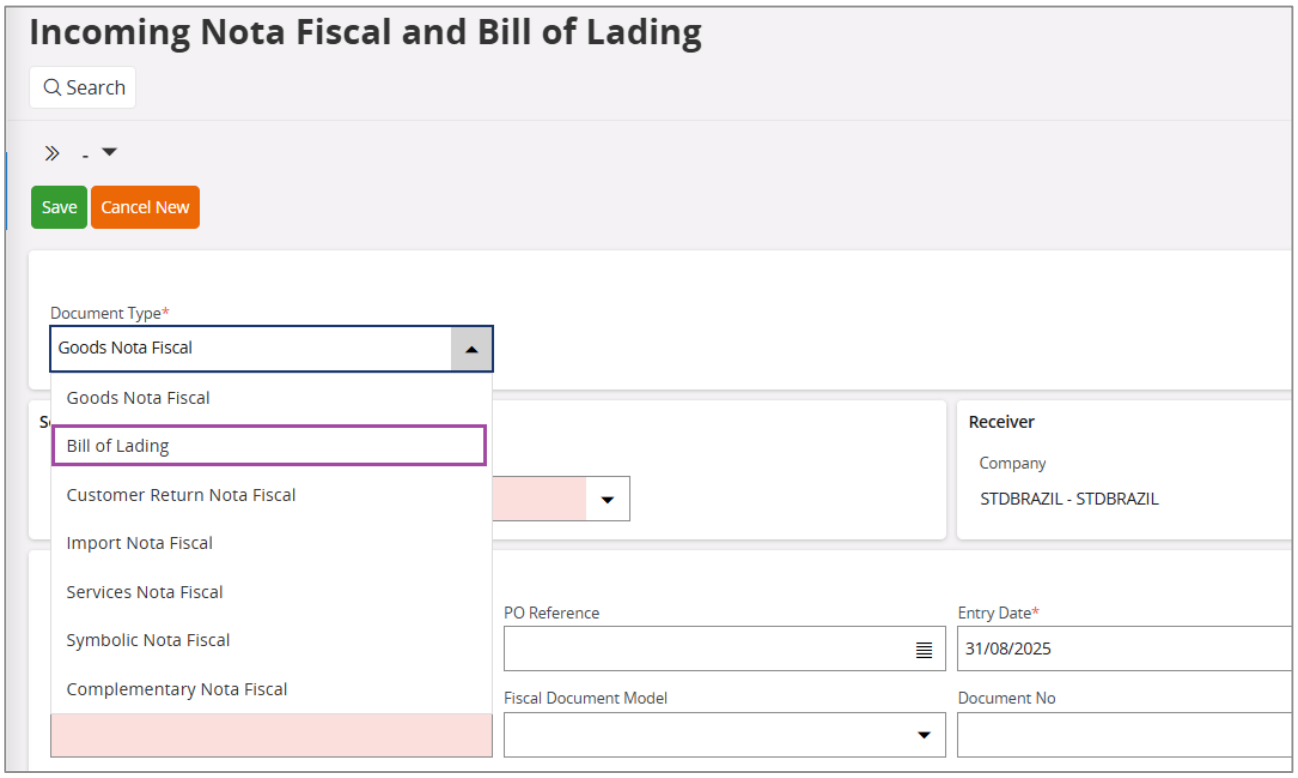
The Access Key can be verified in the NF-e/CT-e Information tab:



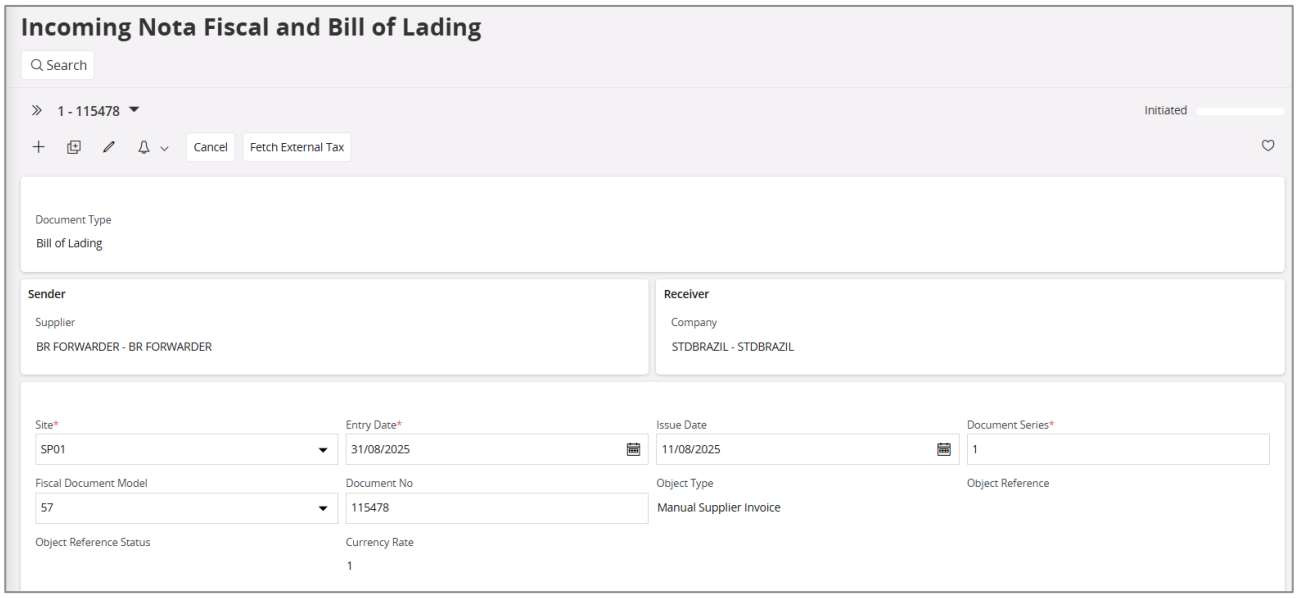
19.2.2 Manual Entry

Create Bill of Lading manually using Financials/Financial e-Reporting/Incoming Nota Fiscal and Bill of Lading page. For this purpose, you can use information from printed DACTE documents received.

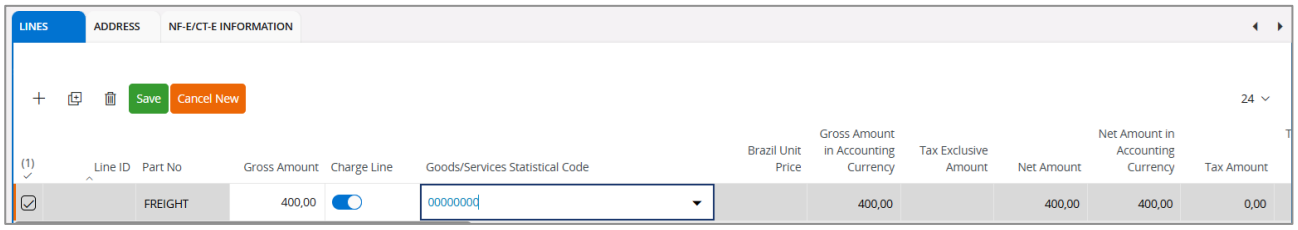
Select the Document Type as Bill of Lading:



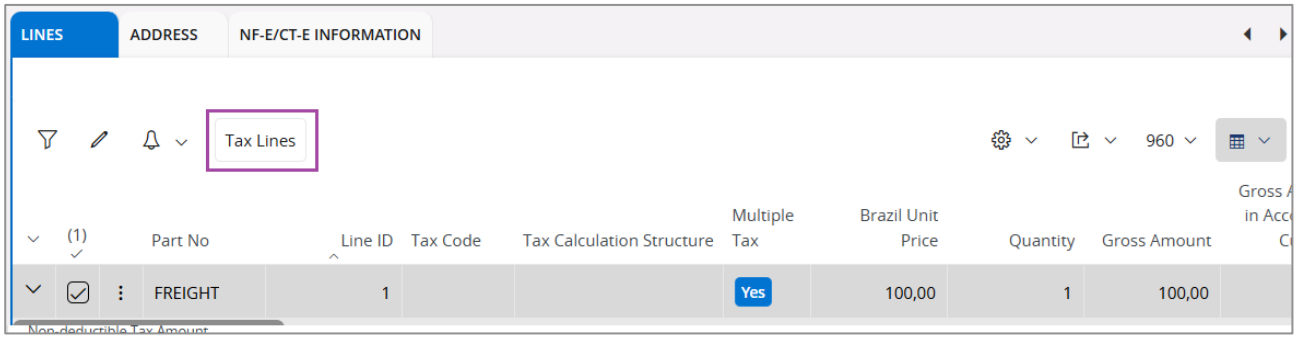
Then enter all the relevant data in the page header, such as Supplier, Site, Issue Date, Fiscal Document Model, Document Series and Document Number and save the record. The Bill of Lading is created in Initiated status:



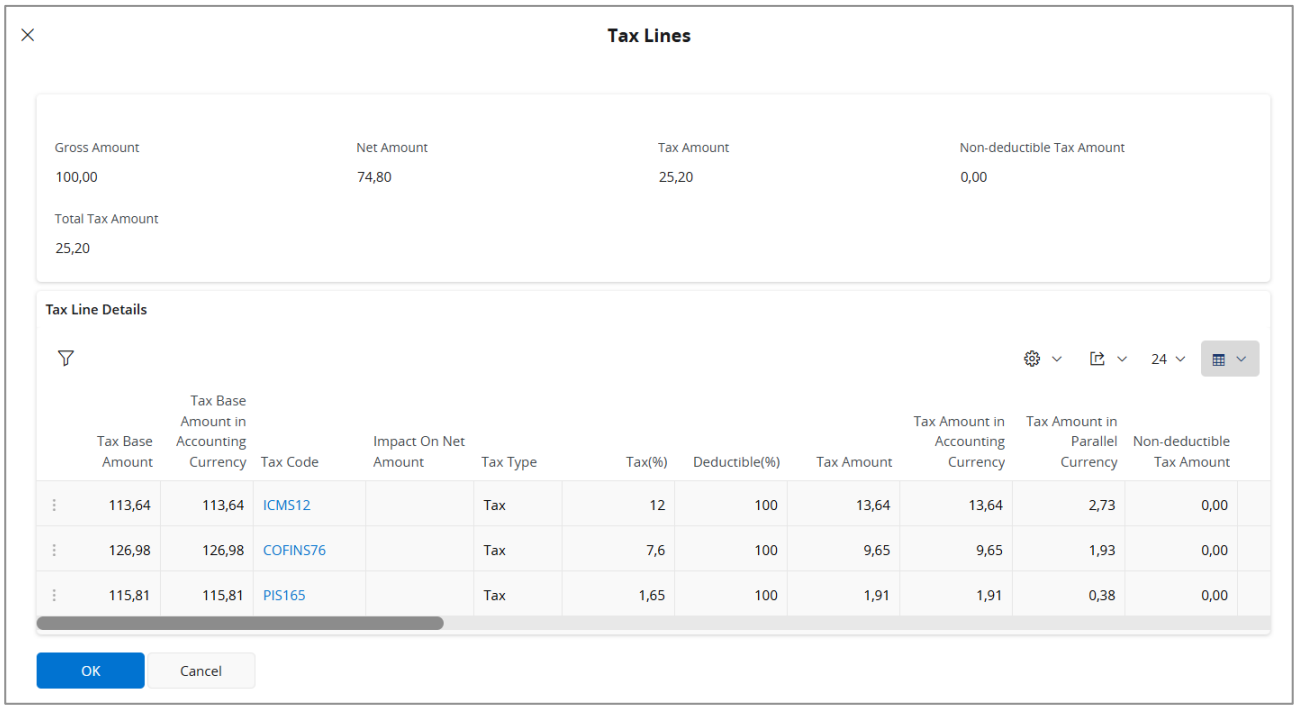
In the Lines tab, click the New button. The application automatically defines the item as “Charge Line” and fetches the default Charge for freight, as defined in the Site, in the Part No field. Enter the Gross Amount, set the Goods/Service Statistical Codes and save the record:



Taxes from DACTe can be entered into the Tax Lines assistant:



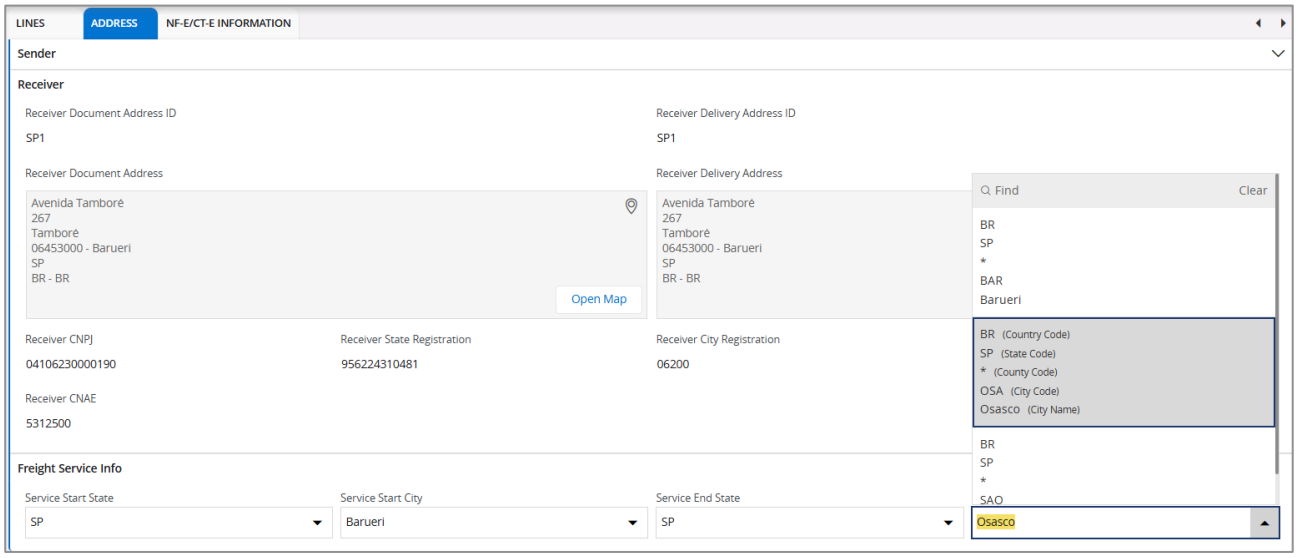
Enter the Tax Codes with the percentage for each tax and relevant CST codes in Tax Lines Details and click the OK:



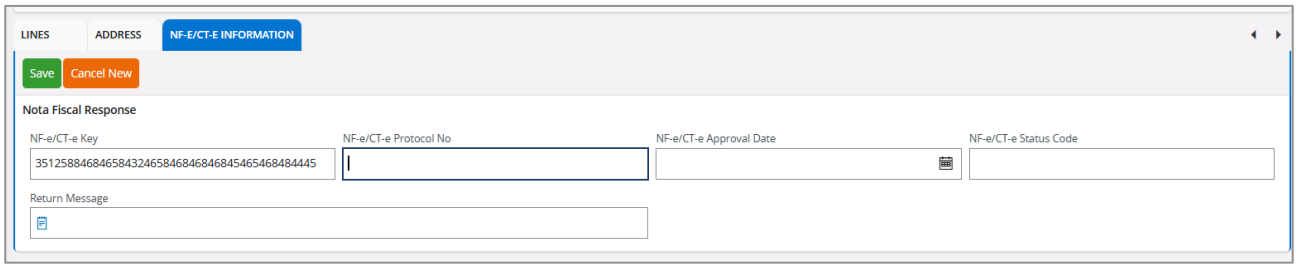
Note: Optionally, taxes can be fetched from the external tax system by clicking the 'Fetch External Tax' command button in the page header. See the chapter 'Integration with Avalara for Tax Determination on Incoming Fiscal Documents' for further details.

The address information for the Sender and Receiver sections is fetched from the default Document and Delivery Address defined in the Supplier and Site, respectively.

In the Freight Service Info section, enter the Start and End State/City of transportation service:



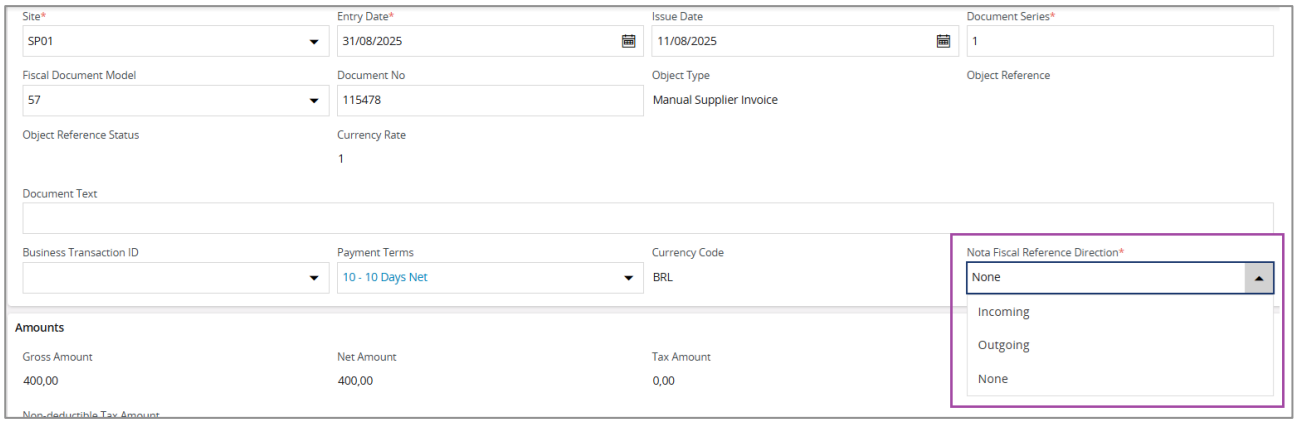
Enter the Access Key of CT-e in the NF-e/CT-e Information tab:



19.3 Connecting Nota Fiscal in the Bill of Lading

Once the Bill of Lading is created, either automatically or manually, and is in Initiated status, one or multiple Nota Fiscal documents listed in the received CT-e/DACT-e can be linked to it.

Select the appropriate option in the 'Nota Fiscal Reference Direction' field in the page header, which determines the type of Nota Fiscal to be connected:



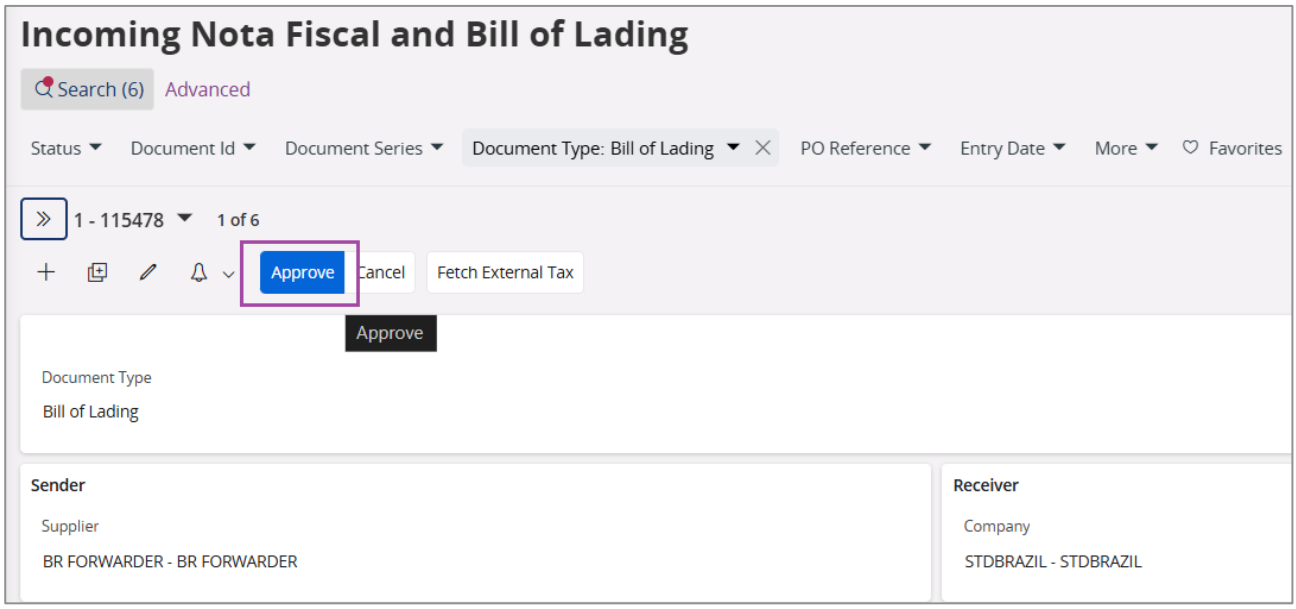
In the Nota Fiscal Reference section, click the New button and then select the Nota Fiscal to be linked using list of values in the field Nota Fiscal ID:



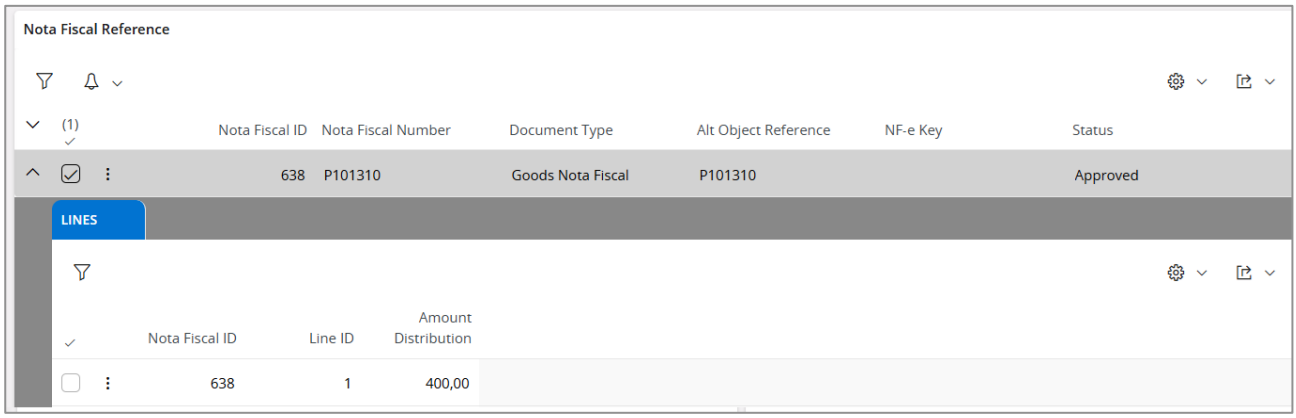
One or multiple Nota Fiscal documents can be linked to the Bill of Lading. Note that the application does not allow mixing incoming types; for example, an incoming Nota Fiscal sourced from a Purchase Order cannot be linked together with an incoming Nota Fiscal sourced from other processes.

19.4 Approving the Bill of Lading

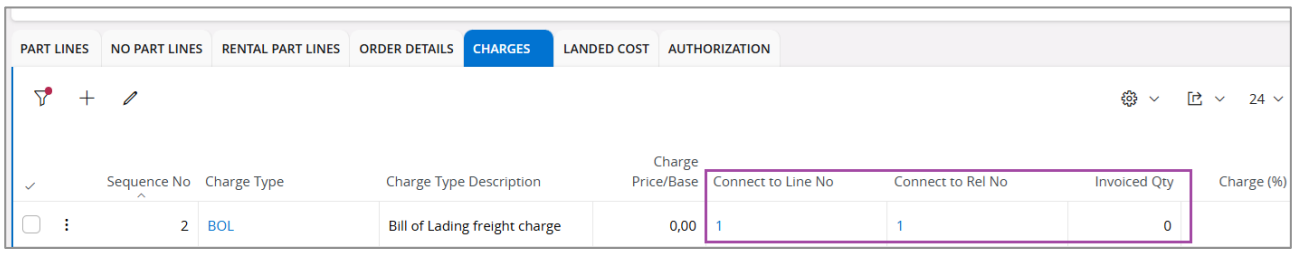
Once the Nota Fiscal are linked to the incoming Bill of Lading, it can be approved. Click the command button "Approve" in the page header:



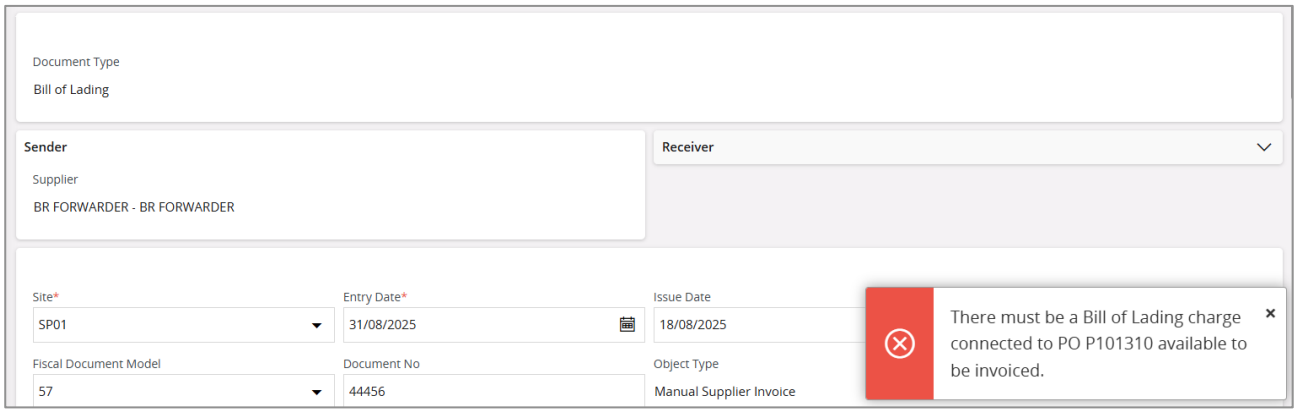
At this stage, the application distributes the freight cost (total freight amount - deductible taxes) across the Nota Fiscal items. The distributed amounts can be verified in the Nota Fiscal Reference section, within the nested list of linked Nota Fiscal documents in the Bill of Lading:



If the incoming Nota Fiscal linked in the Bill of Lading are sourced from Purchase Order, the application verifies the existence of Purchase Charge Type defined with Brazilian Charge Category as Bill of Lading, connected to Line and Release item in Purchase Order, with Invoiced Quantity = 0:



In cases where the Purchase Charge Type is not found in the related Purchase Order line, the below error message popup:



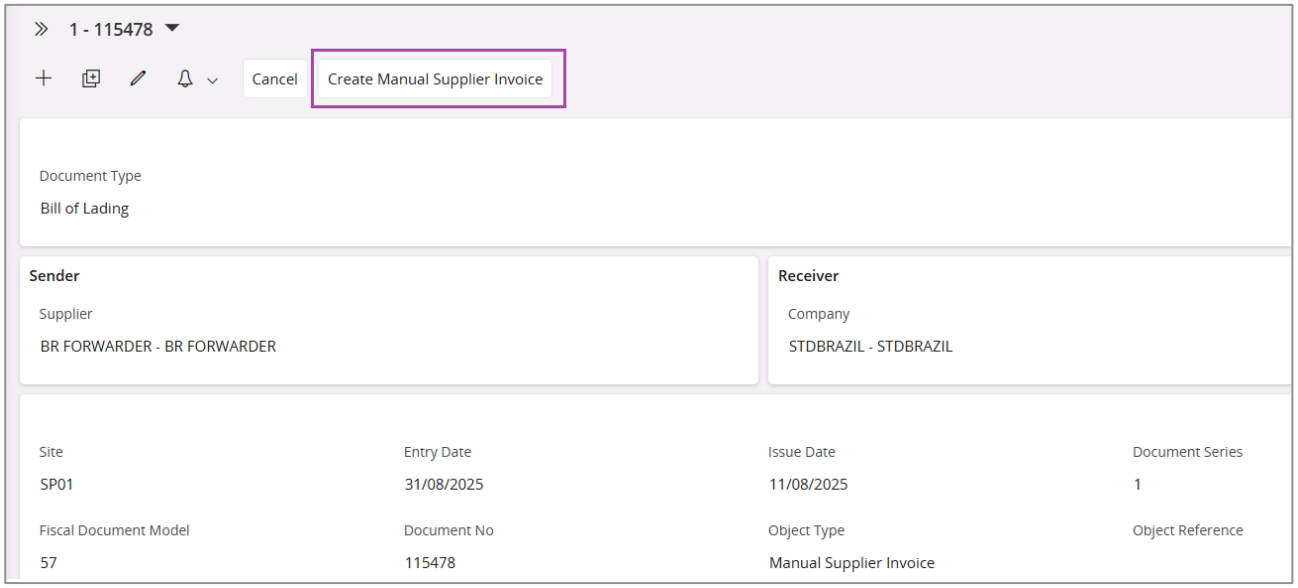
In this scenario, the user can reopen the Purchase Order and enter the missing Purchase Charge Type.

Note that an additional Charge to handle the Bill of Lading will be required in cases where the Purchase Order line is related to multiple receipts, or when an incoming Nota Fiscal is connected to multiple Bills of Lading.

19.5 Create a Manual Supplier Invoice per Single or Multiple Bill(s) of Lading

19.5.1 Create a Manual Supplier Invoice per Single Bill of Lading

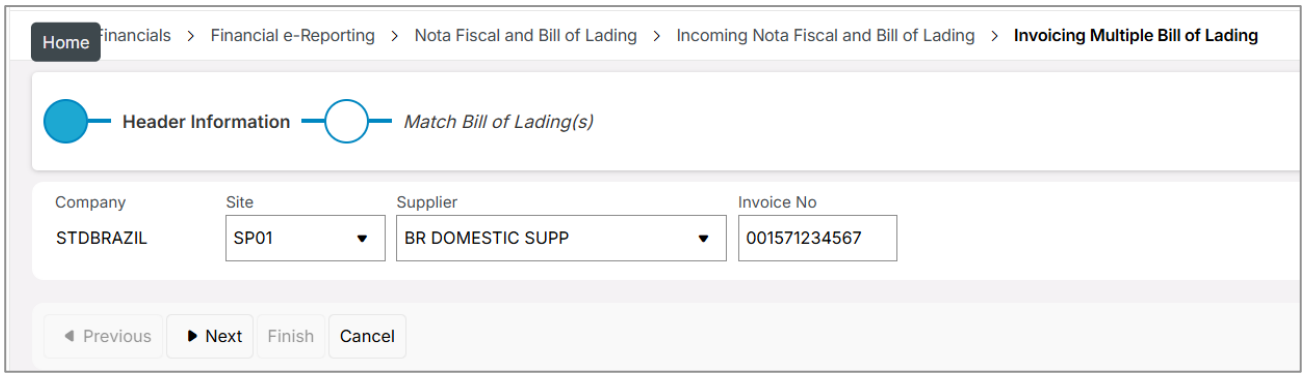
Once the Bill of Lading is approved, the Supplier Invoice can be created immediately. Click the command button “Create Manual Supplier Invoice” in the page header:



19.5.2 Create Manual Supplier Invoice per Multiple Bills of Lading

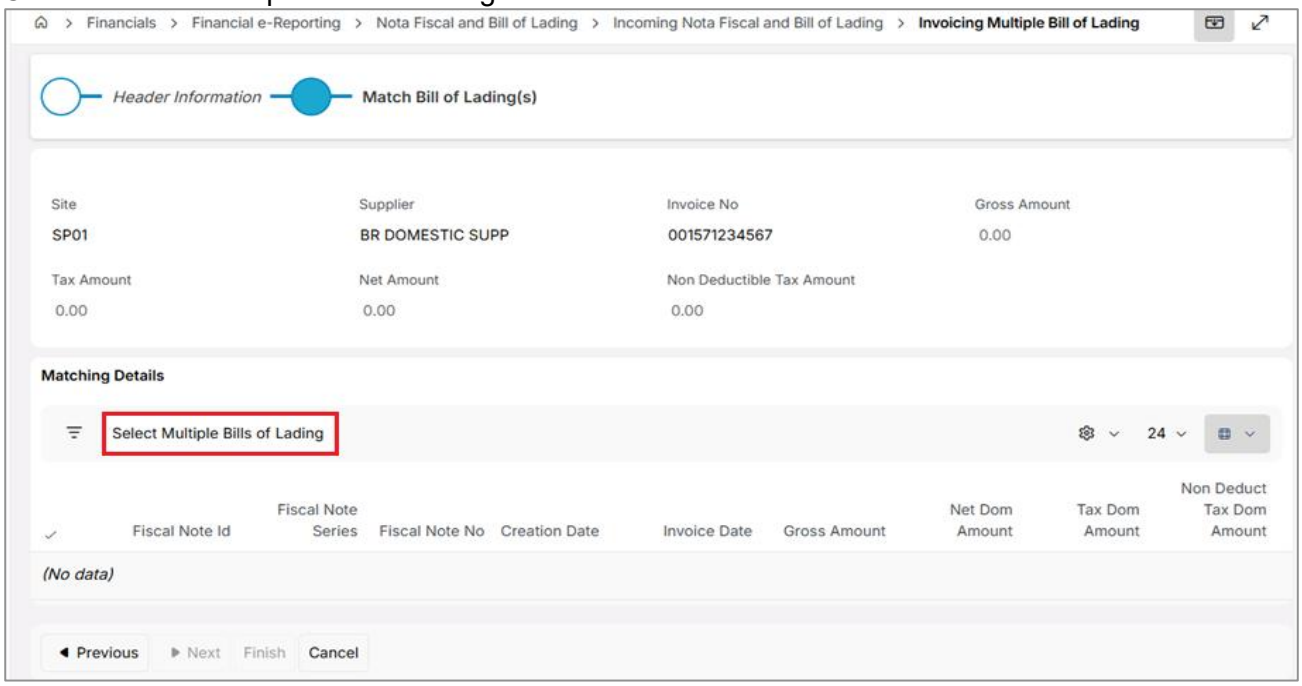
In that case, the Supplier invoice can be generated by grouping the approved the Bill of Lading has been approved but has not been invoiced yet, then bills of lading information that have not yet been invoiced

This functionality is available in Financials/Financial e-Reporting/Incoming Nota Fiscal and Bill of Lading /**Invoicing Multiple Bills of Lading** page.

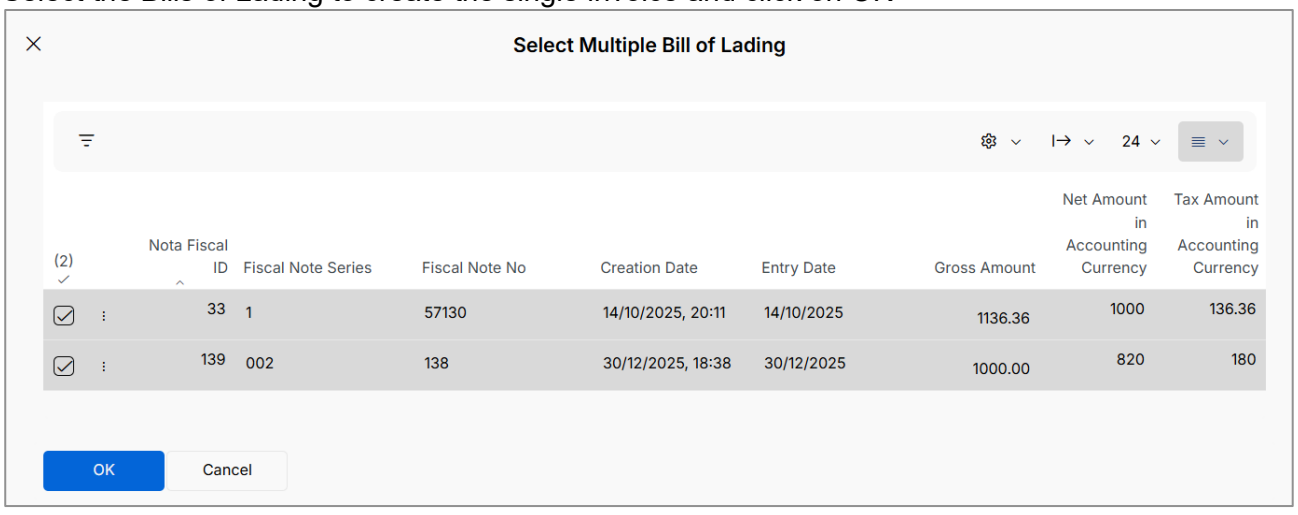


Enter all information in the Header Section and click on Next Button

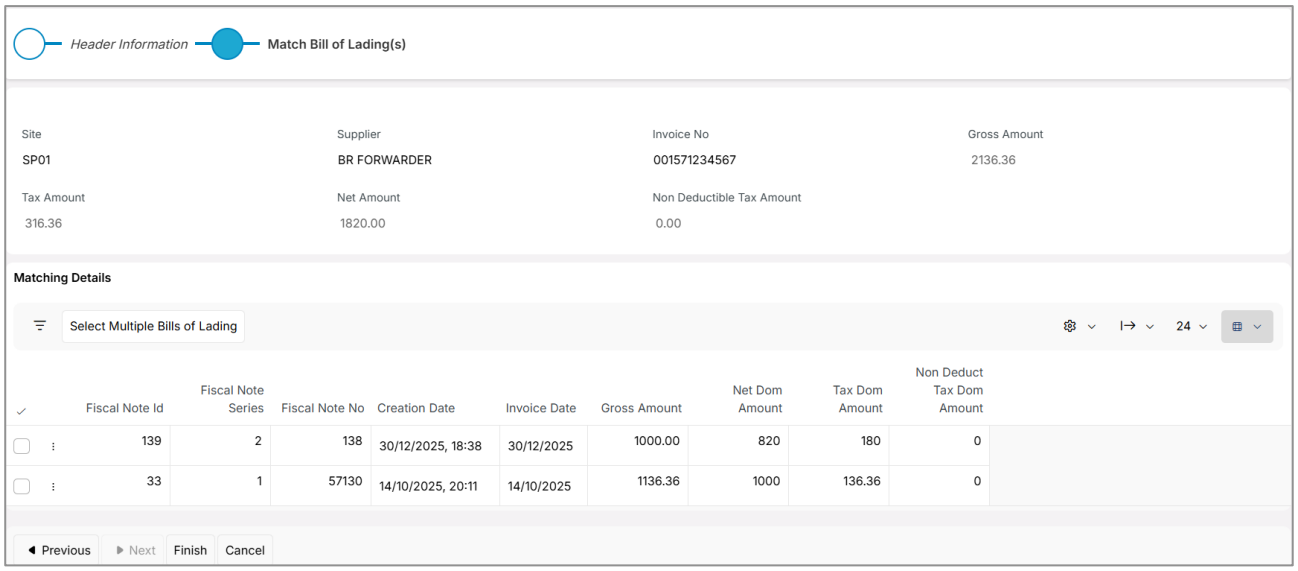
Click on Select Multiple Bills of Lading



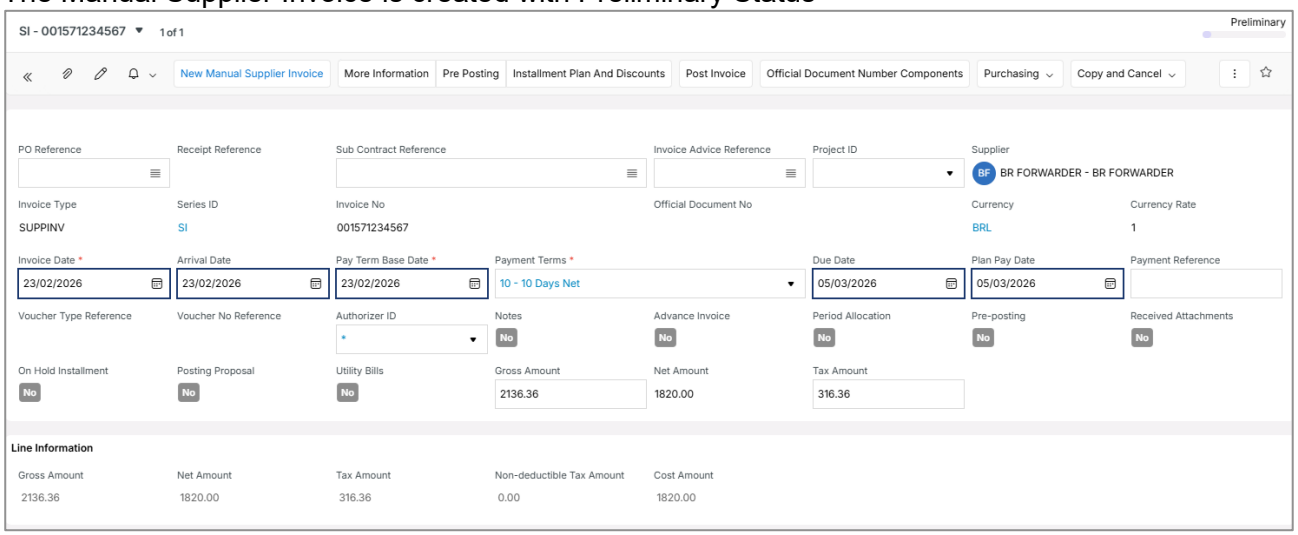
Select the Bills of Lading to create the single invoice and click on OK



The Bills of Lading selected on the previous page are brought to the main page.
At this moment, it is possible to review the list and, if necessary, exclude the bills of lading and click on Finish button



The Manual Supplier Invoice is created with Preliminary Status



When a Bill of Lading is linked to an incoming Nota Fiscal sourced from a Purchase Order, the application automatically creates the Supplier Invoice by matching the distributed freight cost to the related Purchase Order charges (posting via M189) and absorbing these costs across the ARRIVAL transactions in the inventory through the ARRCHG event (posting via M187 x M1).

When a Bill of Lading is linked to an incoming Nota Fiscal sourced from other processes, or to an outgoing Nota Fiscal, the application creates the Supplier Invoice without automatically matching the distributed freight cost. In this case, the posting must be performed manually using the standard Core functionality

19.6 Delimitations

- In cases where Manual Supplier Invoice is created from an incoming Bill of Lading linked to one or more Nota Fiscal documents non-Purchase Order-related (e.g., any type of outgoing Nota Fiscal or incoming Nota Fiscal type Symbolic Nota Fiscal or Customer Return does not support automatically matching for distributed freight cost. In this case, Supplier Invoice posting must be handled manually using the standard Core functionality.

- The automatic matching of distributed freight cost supported in Manual Supplier Invoice for Companies enabled for Posting Proposal. In this case, Supplier Invoice posting must be handled manually using the standard Core functionality.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

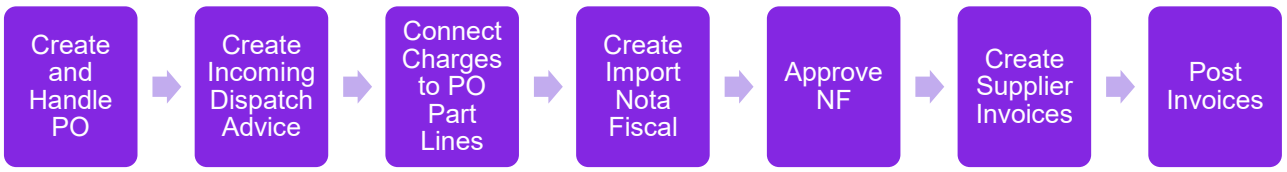
20 Importation - Tax Determination and Incoming Nota Fiscal for Tax Authority Approval

20.1 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.

20.2 Process Overview



20.3 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.

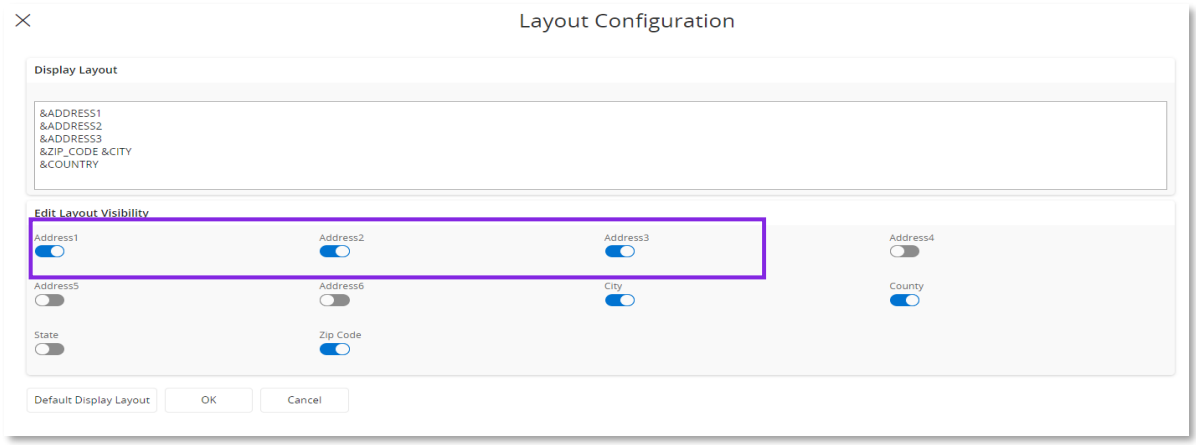
20.4 Prerequisites

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.

20.5 Define Basic Data

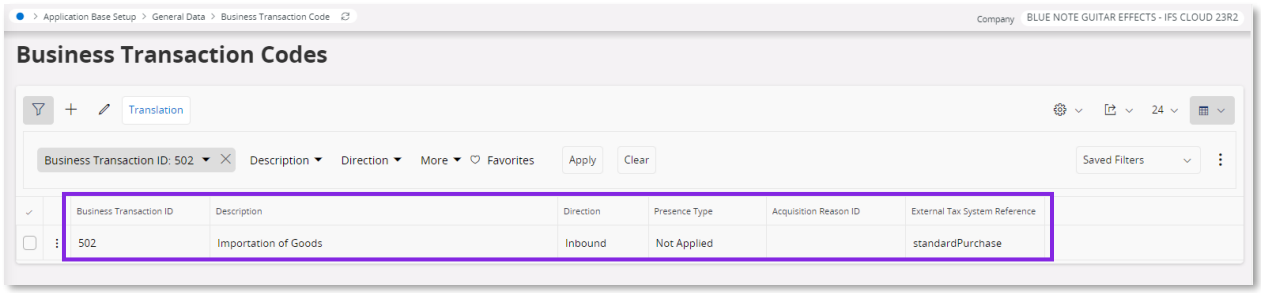
20.5.1 THE ADDRESS PRESENTATION



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.

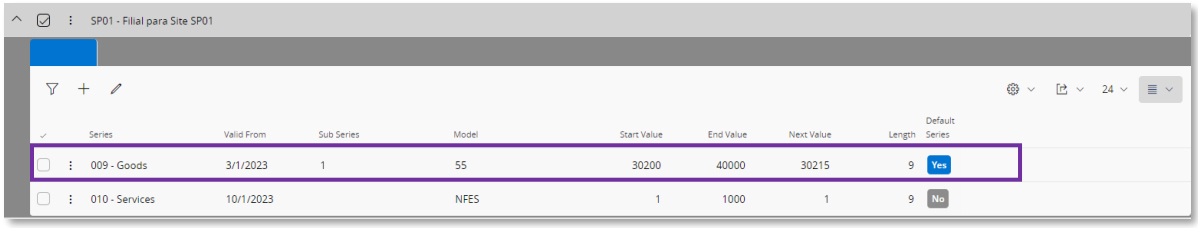
20.5.2 BUSINESS TRANSACTION CODE

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.



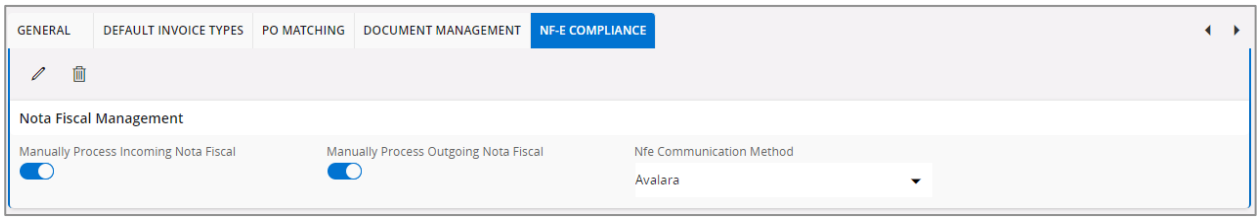
20.5.3 GENERATION OF OFFICIAL INVOICE NUMBER

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.



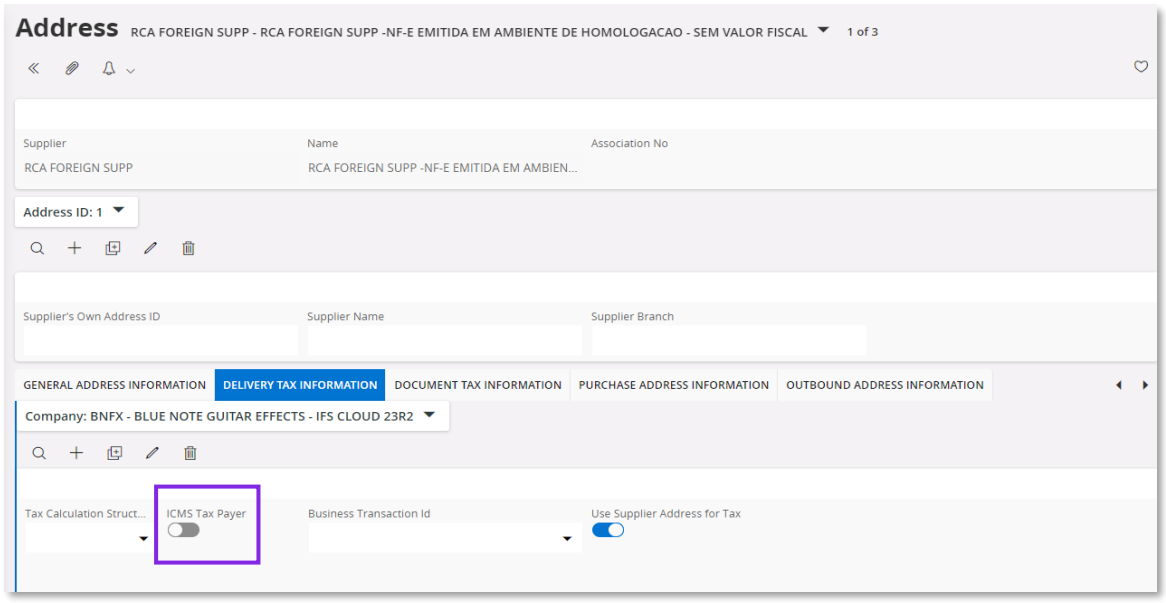
20.5.4 INTEGRATION TO BRAZILIAN EXTERNAL TAX SYSTEM – NF-E COMMUNICATION

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



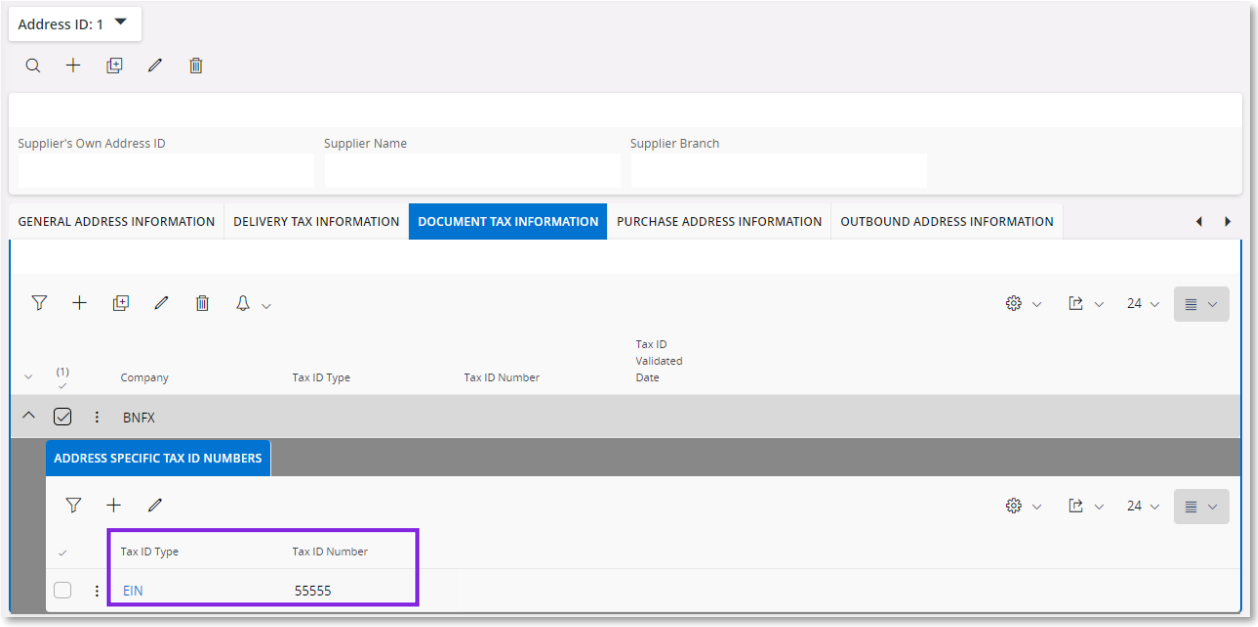
20.5.5 ICMS TAX PAYER

ICMS Tax Payer functionality of the Foreign Supplier should be disabled in the ***Financials/Supplier Invoice/Supplier/Address/Delivery Tax Information*** page.



20.5.6 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.

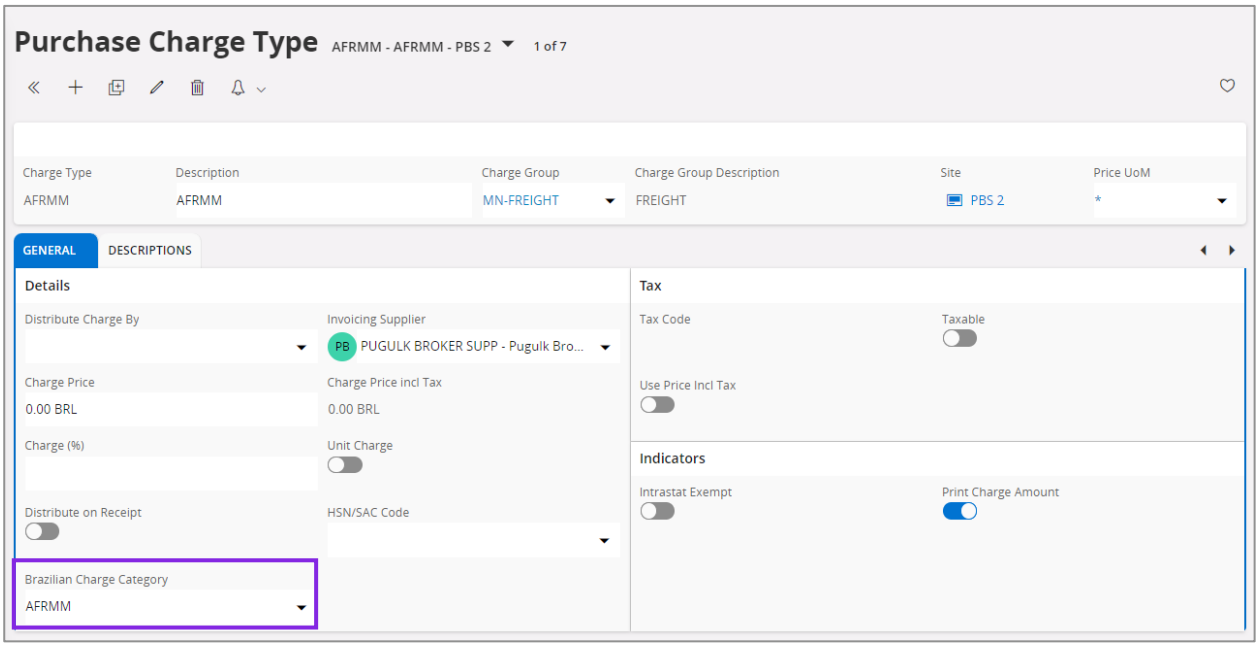


20.5.7 DEFINE IMPORT SPECIFIC CHARGES

The following Import Specific Charges should be set up in the ***Procurement/ Part/ Purchase Charge Type*** page.

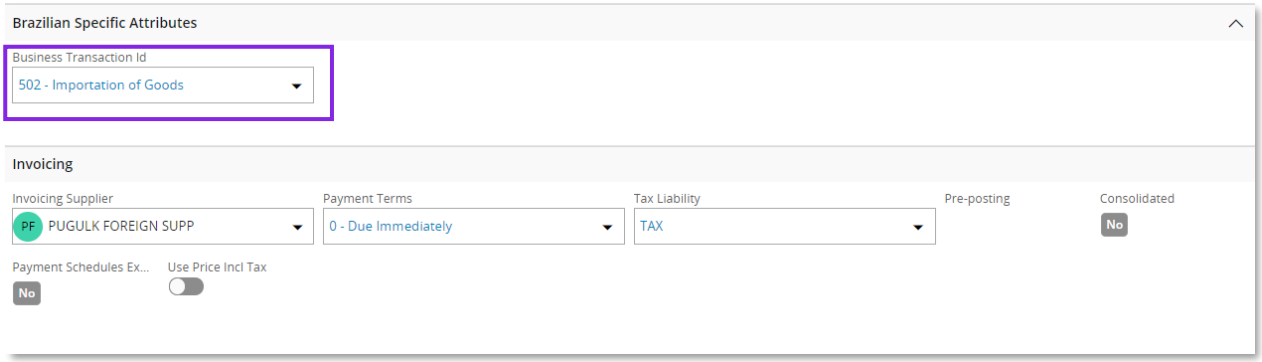
- International Freight
- International Insurance
- International Expenses
- AFRMM
- Wharfage
- SISCOMEX
- Demurrage

For the above charges, the relevant Charge Category should be selected from the dropdown “Brazilian Charge Category”.



20.6 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.

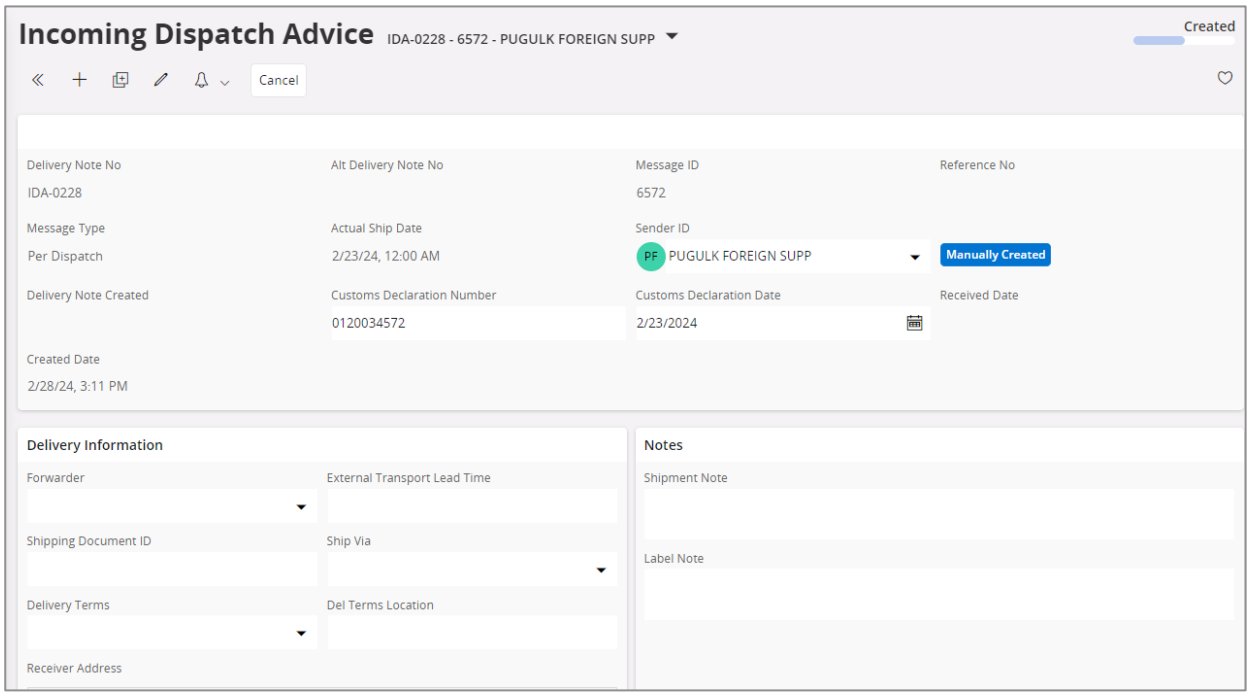


Note:
Since AVALARA Brazilian integration is supported for the tax calculation for Purchase Order, Brazilian specific taxes will be calculated in the PO level automatically.

Upon the calculation of taxes, release and confirm the Purchase Order.

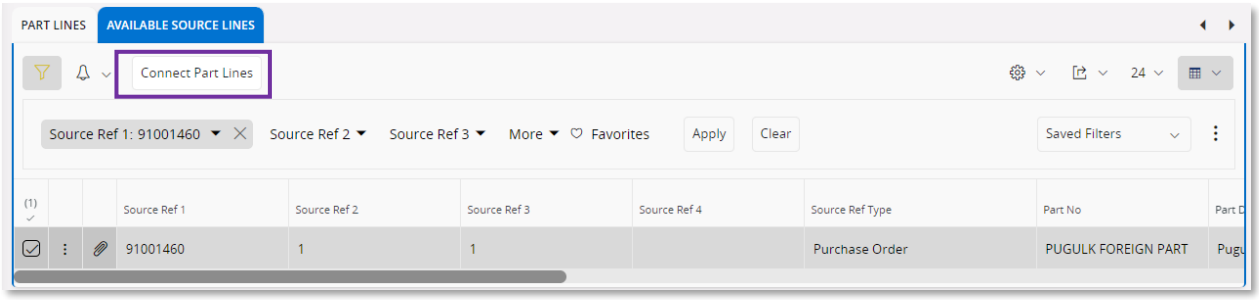
20.7 Create the Incoming Dispatch Advice

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.



20.7.1 CONNECT PURCHASE ORDER PART LINES TO INCOMING DISPATCH ADVICE

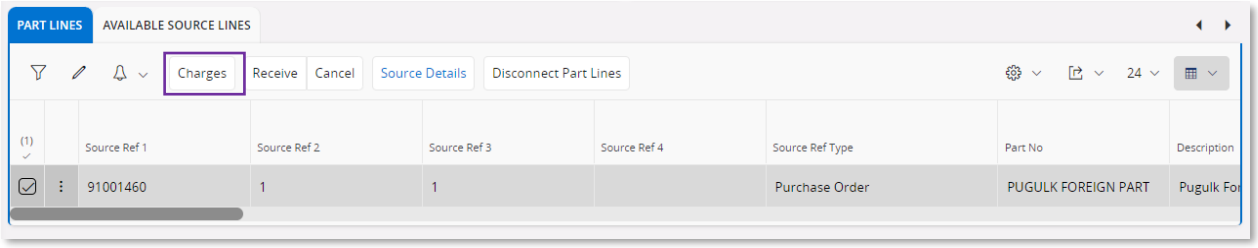
Once Incoming Dispatch Advice is saved, connect the previously created Purchase order/s to the Incoming Dispatch Advice from “Available Source Lines” tab.



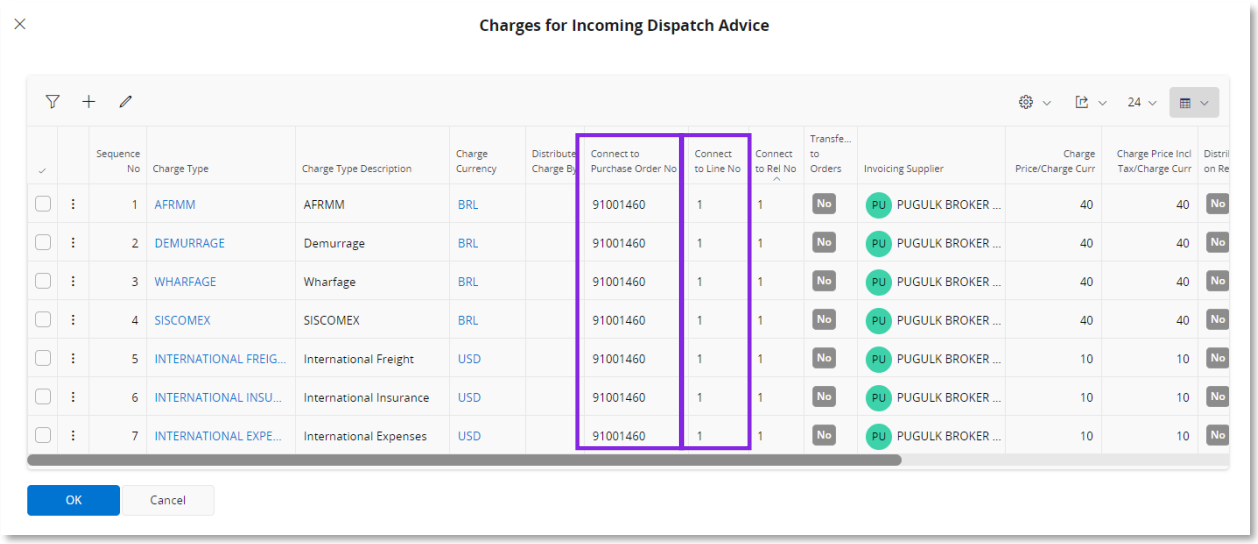
When Part Lines are connected to the Incoming Dispatch Advice, the PO Part Lines will be available in “Part Lines” tab.

20.7.2 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.

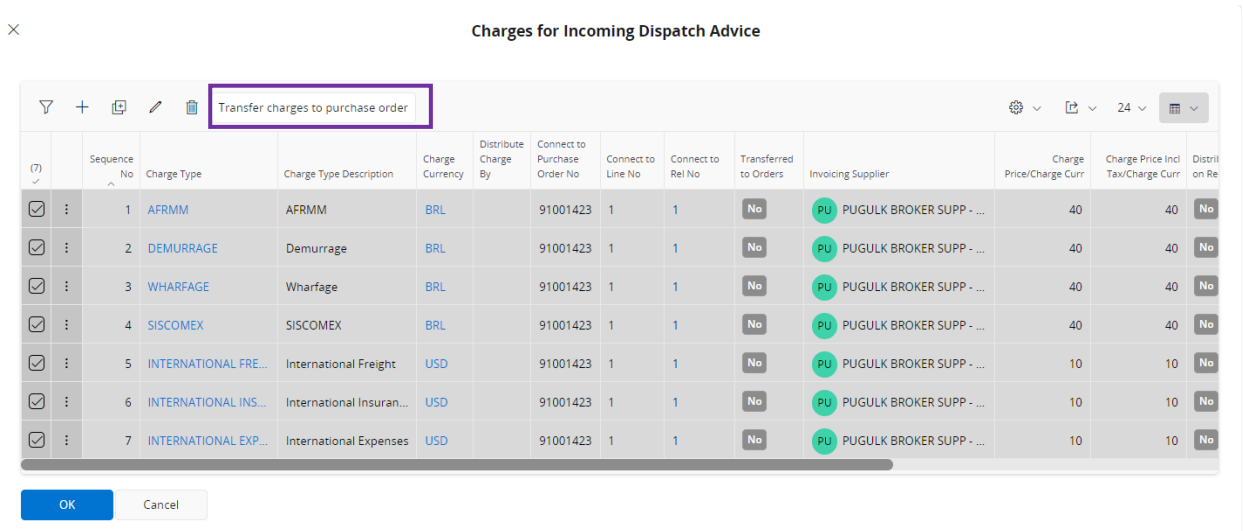


The Importation Specific Charges can then be entered in “Charges for Incoming Dispatch Advice” dialog. The charges need to be connected to relevant Purchase Order/s and Purchase Order Lines.



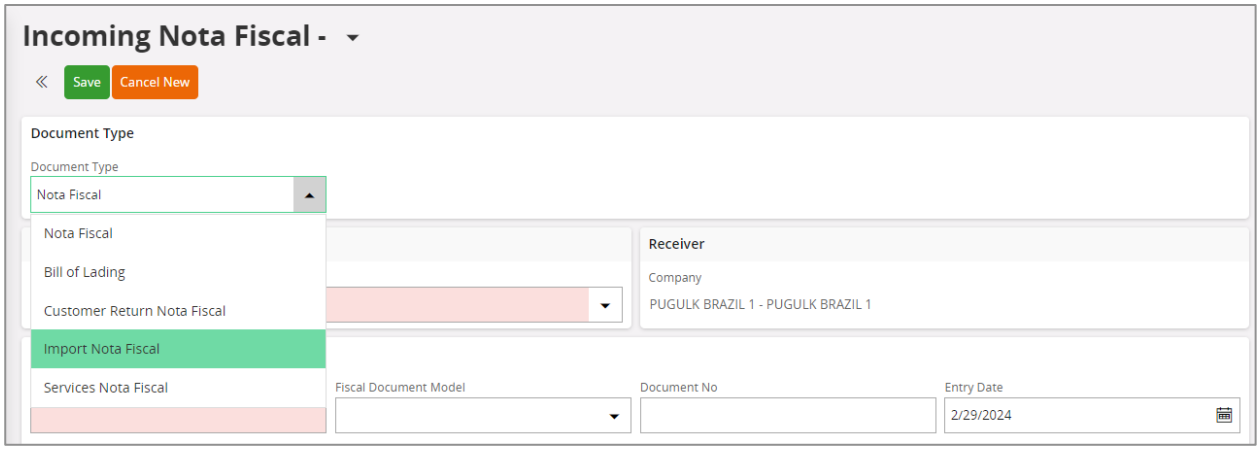
The Invoicing Supplier for the Import Specific charges will be a Brazilian Supplier other than the Foreign Supplier.

Once that’s done, the Charges can be connected to the Purchase Order Part Lines from the command **Transfer Charges to Purchase Order**.



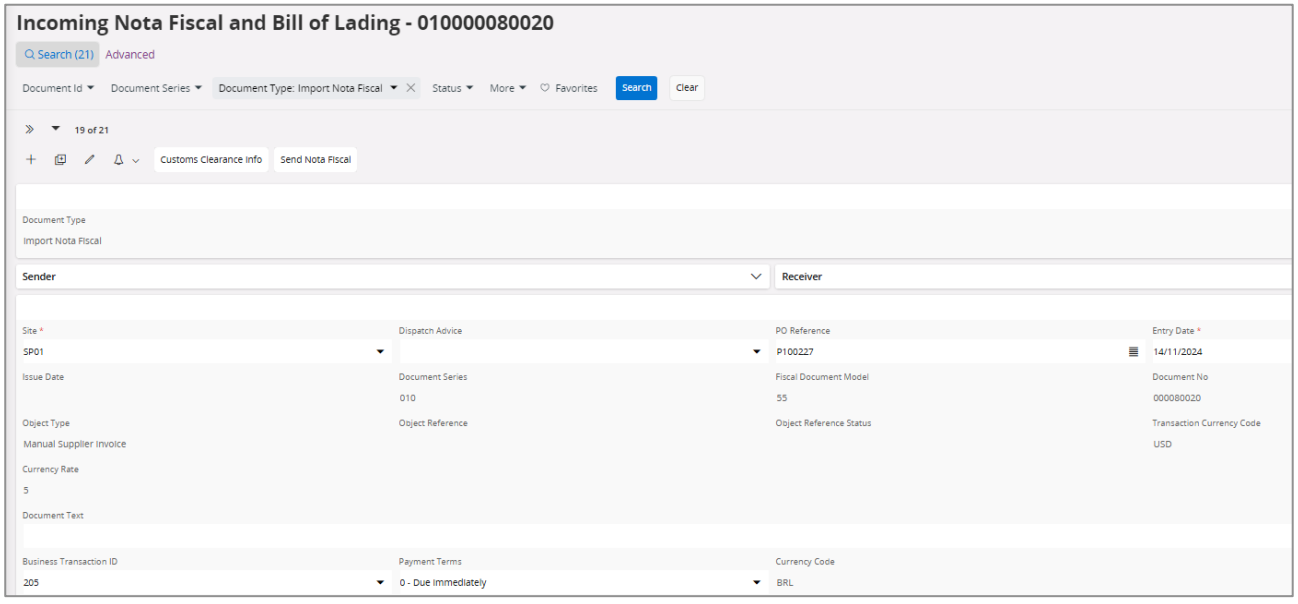
20.8 Enter Incoming Nota Fiscal – Using Incoming Nota Fiscal Page

Create Incoming Nota Fiscal manually using ***Financials/Financial e-Reporting/Incoming Nota Fiscal*** page. Select the “Document Type” as Import Nota Fiscal.

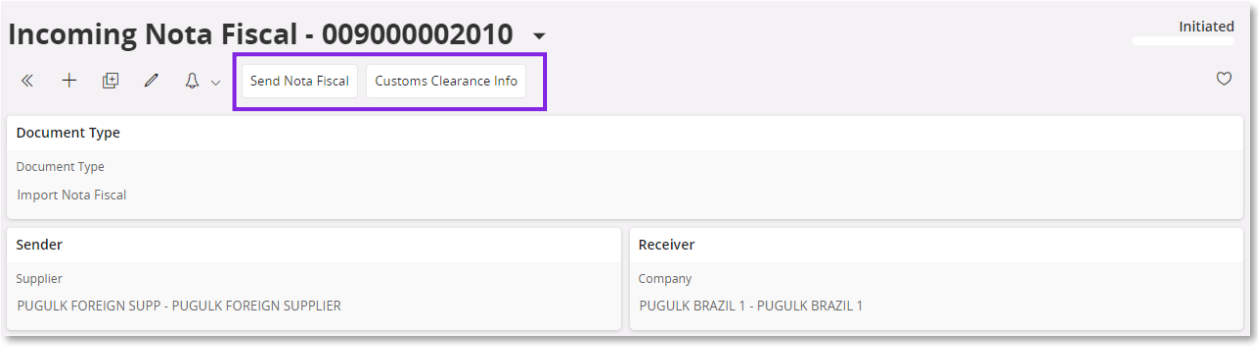


Select the Site and the default series for the selected Branch will be picked. The Nota Fiscal Document Number in “Document No” field will be automatically generated.

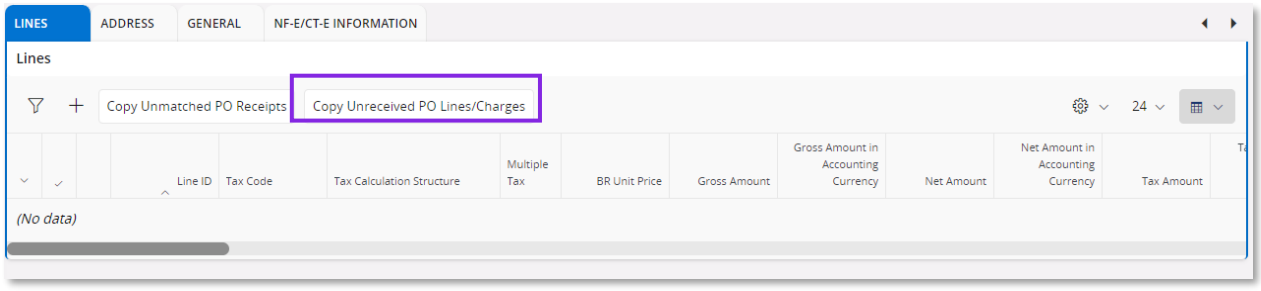
Then enter the previously created Incoming Dispatch Advice No in the field **Dispatch Advice**. This will get the connected Purchase Orders in the Incoming Dispatch Advice to the ***Incoming Nota Fiscal*** page. Save the header level.



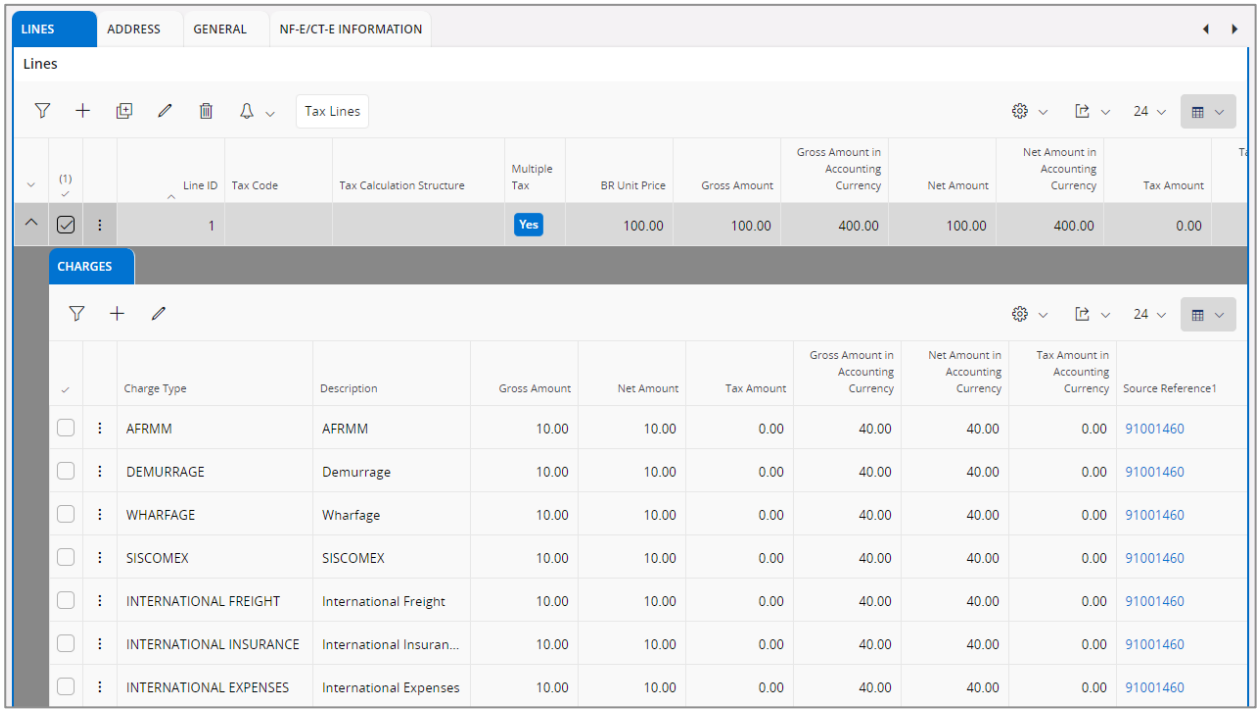
Upon saving the Nota Fiscal the two command buttons **Send Nota Fiscal** and **Customs Clearance Info** will be visible on the Nota Fiscal Header.



Once the Incoming Nota Fiscal is saved, the lines can be received using the “Copy Unreceived PO Lines”.



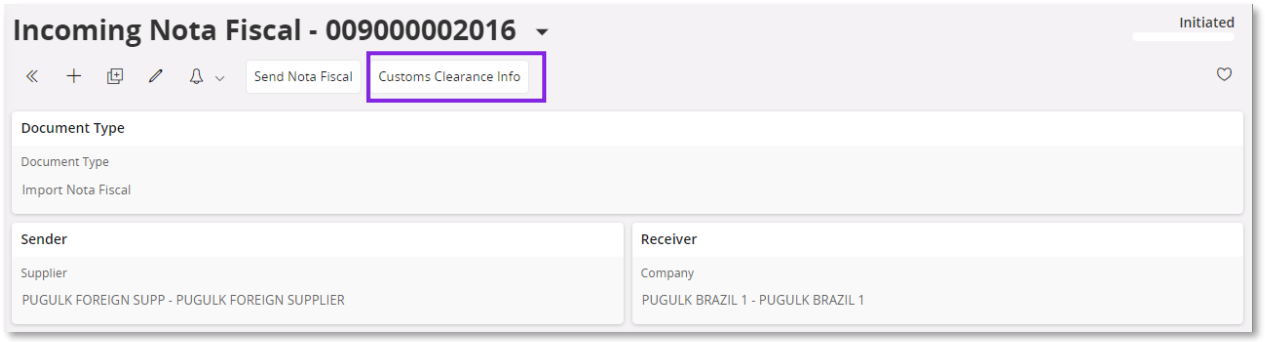
The PO lines and the Charges will be received accordingly, and the Charges will be presented in a nested table connected to the lines.



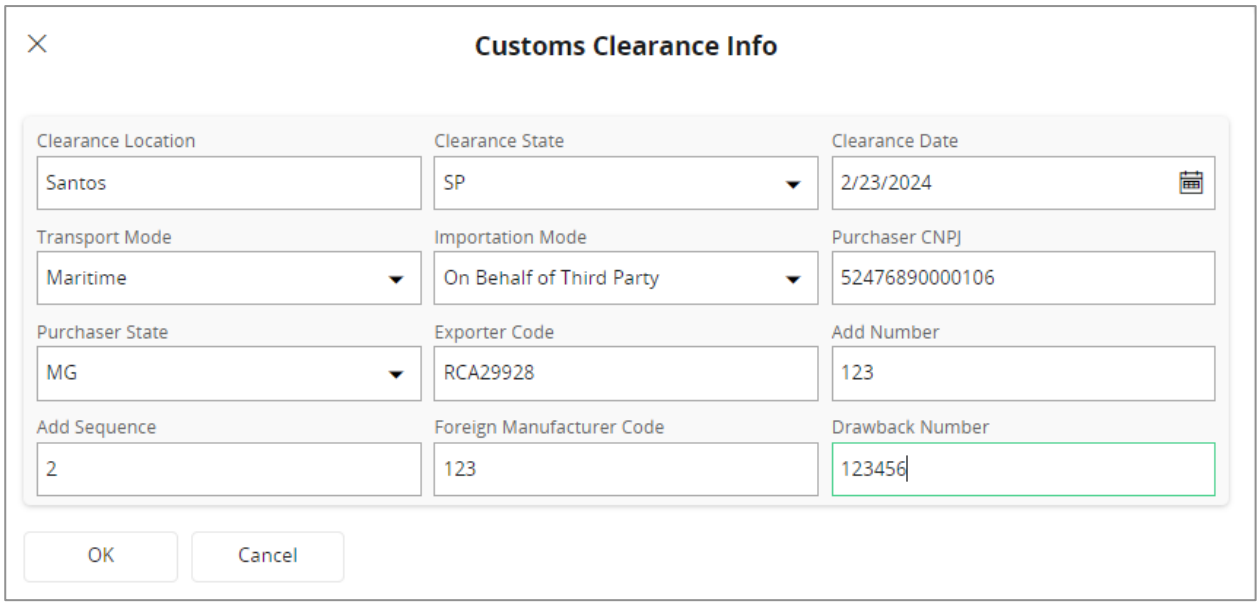
Once the lines are entered according to the Purchase Order/s, the relevant Customs Clearance Info for each line item need to be included. This can be edited either through the command **Customs Clearance Info** in the page header or through the separate columns in the line item.

20.8.1 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.

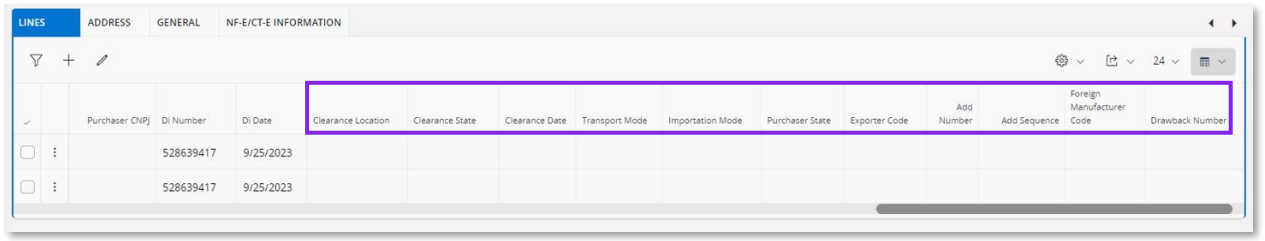


This will open the dialog box “Customs Clearance Info”, where you can enter the specific details relevant to the Purchase. Fill the details and save.

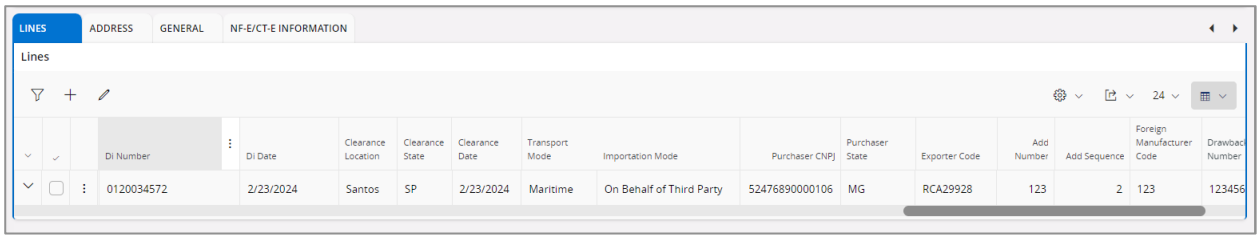


20.8.2 ENTER CUSTOMS CLEARANCE INFO IN THE LINE ITEMS

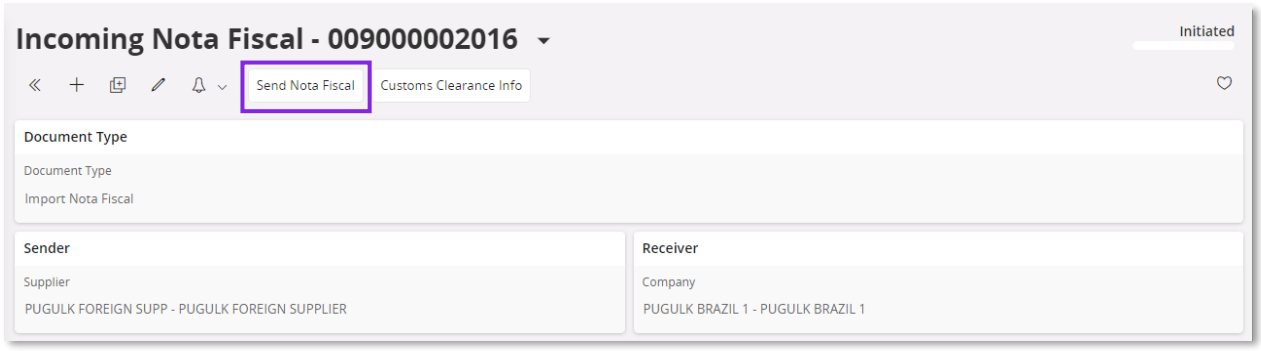
If needed to enter the Customs Clearance Info separately for each line item, it can be entered from line by line as required.



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.

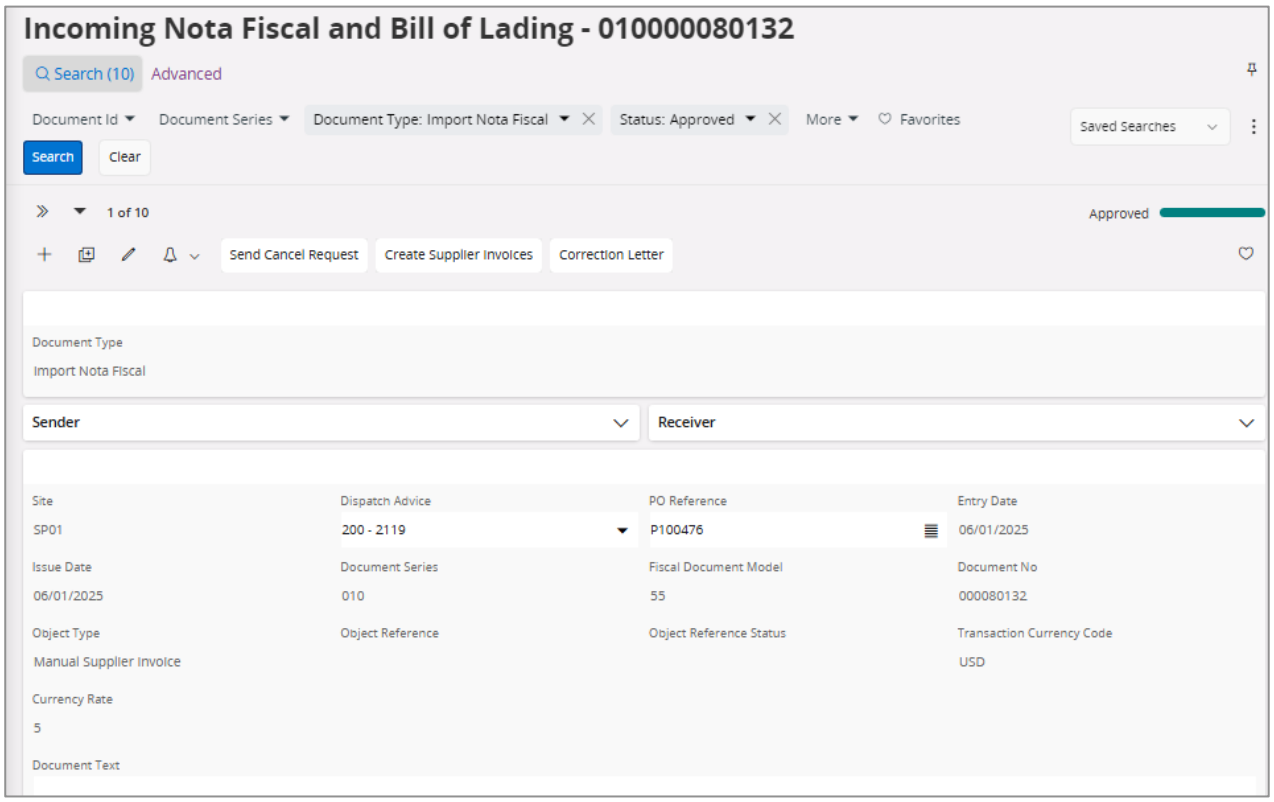


Use the command **Send Nota Fiscal** to generate the NF-e JSON file and send it to the third-party system integrator to communicate with the Brazilian Tax Authority for approval. Refer the appendix for more details on the request JSON file sent to AVALARA.



20.9 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.

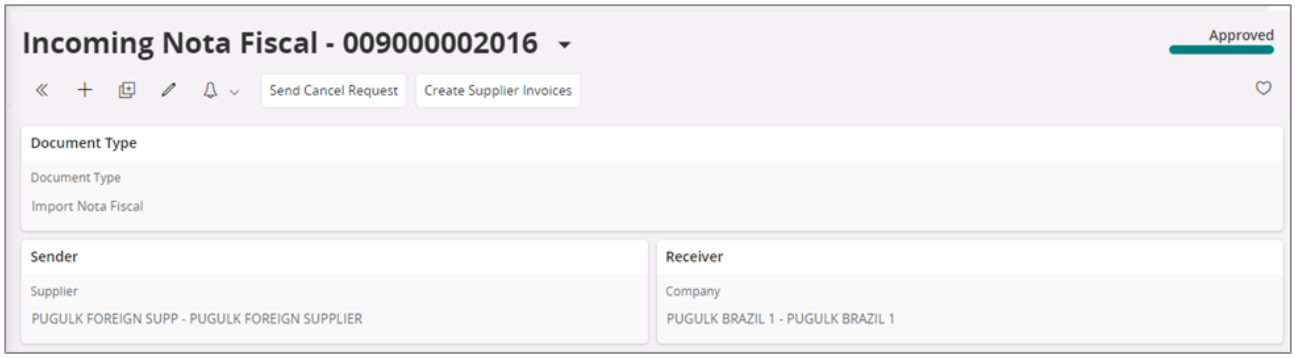




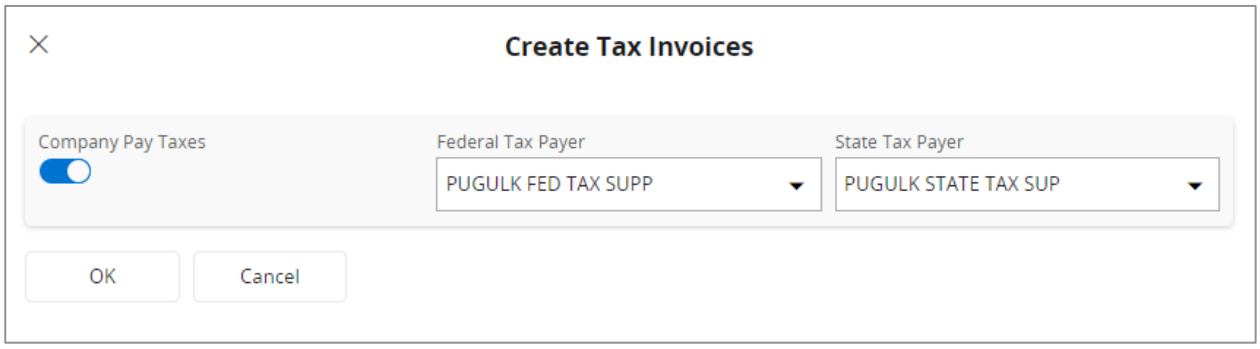
Refer the Response file details received from AVALARA below.

20.9.1 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.

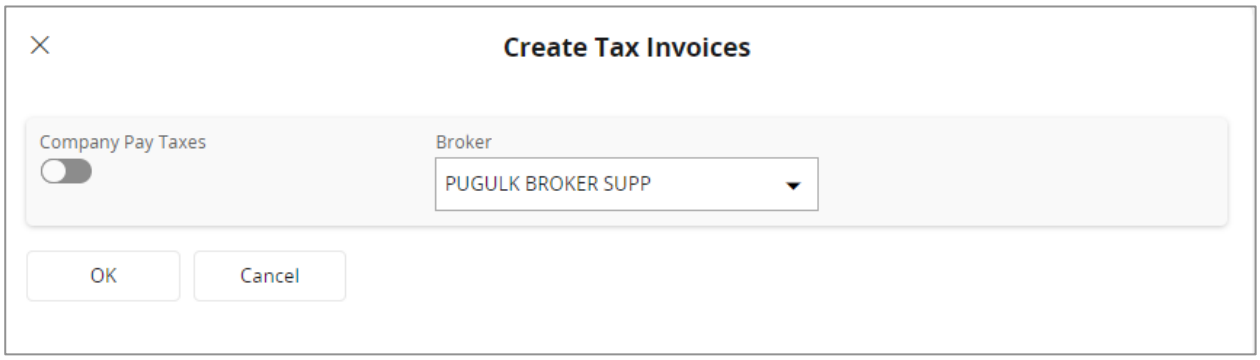


This will open the “Create Tax Invoice” dialog box. Here, the Brazilian company can enable/disable the “Company Pay Taxes” toggle button as per their requirement i.e., If the company decides to pay taxes instead of a broker, they can enable the “Company Pay Taxes” toggle button.



Then, the Federal Tax Payer and the State Tax Payer needs to be correctly entered accordingly.

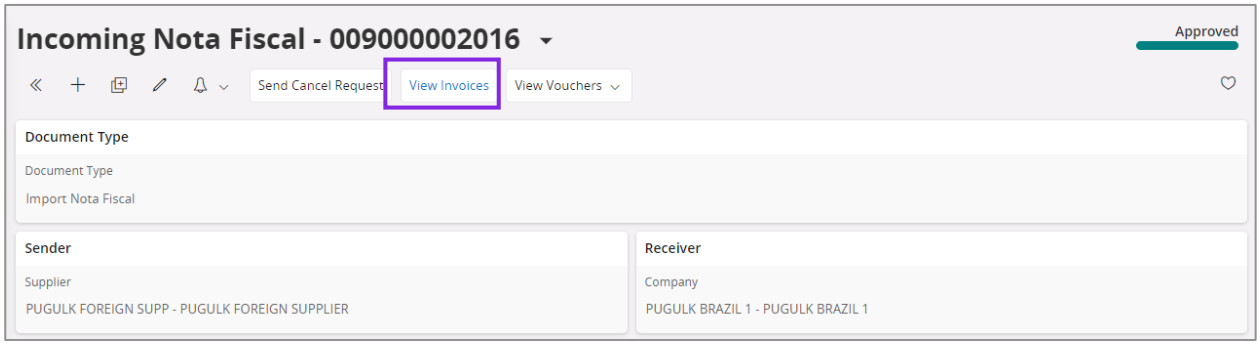
If the company decides a broker should pay taxes, they can disable the “Company Pay Taxes” toggle button.



Once the Suppliers are entered accordingly in the ‘Create Tax Invoices’ dialog box, the Tax Invoices will be created accordingly.

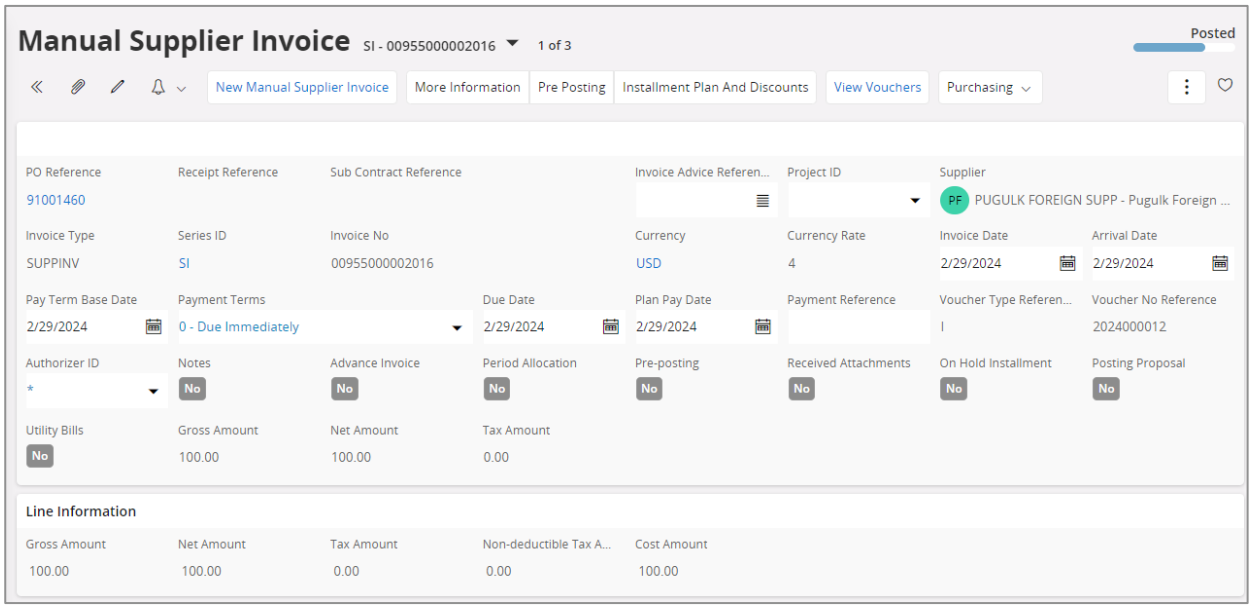
20.9.2 POSTING THE SUPPLIER INVOICES – FOREIGN SUPPLIER INVOICE

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.

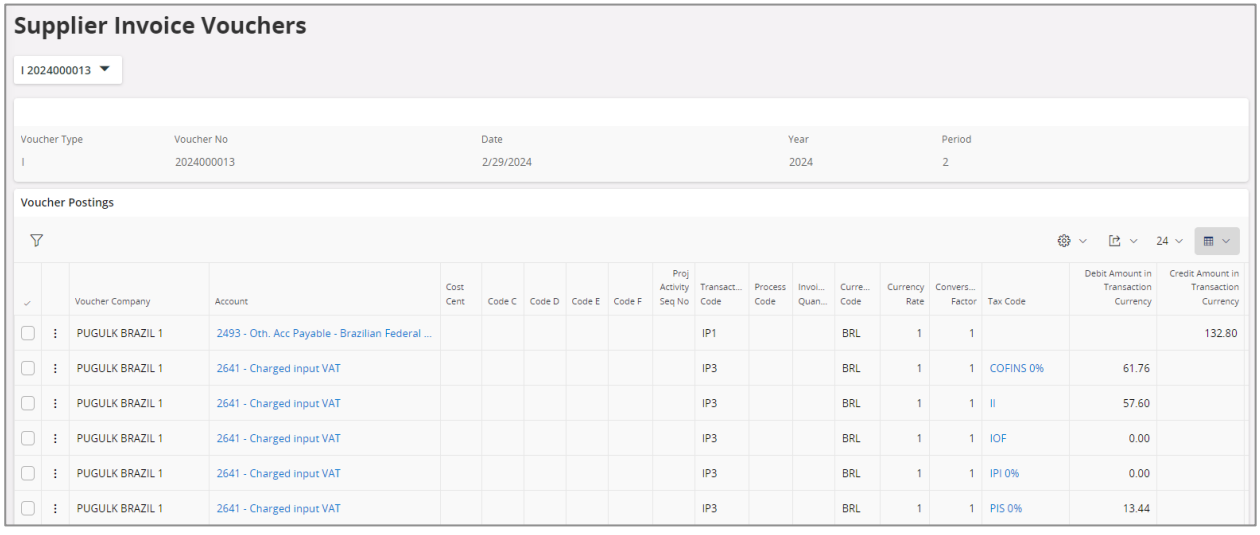


20.9.3 POSTING THE SUPPLIER INVOICES – TAX INVOICES

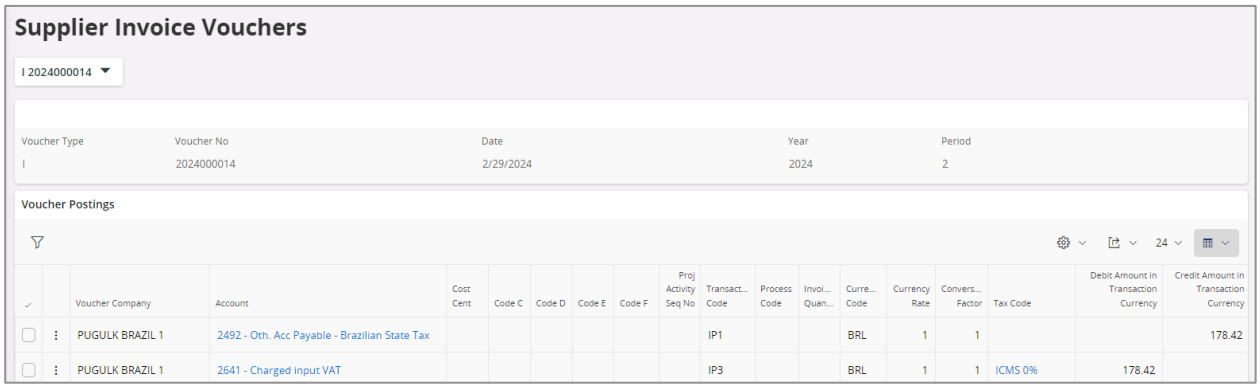
The IFS standard core process is used to Post the Tax Only Invoices created in the Importation process.

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 ".

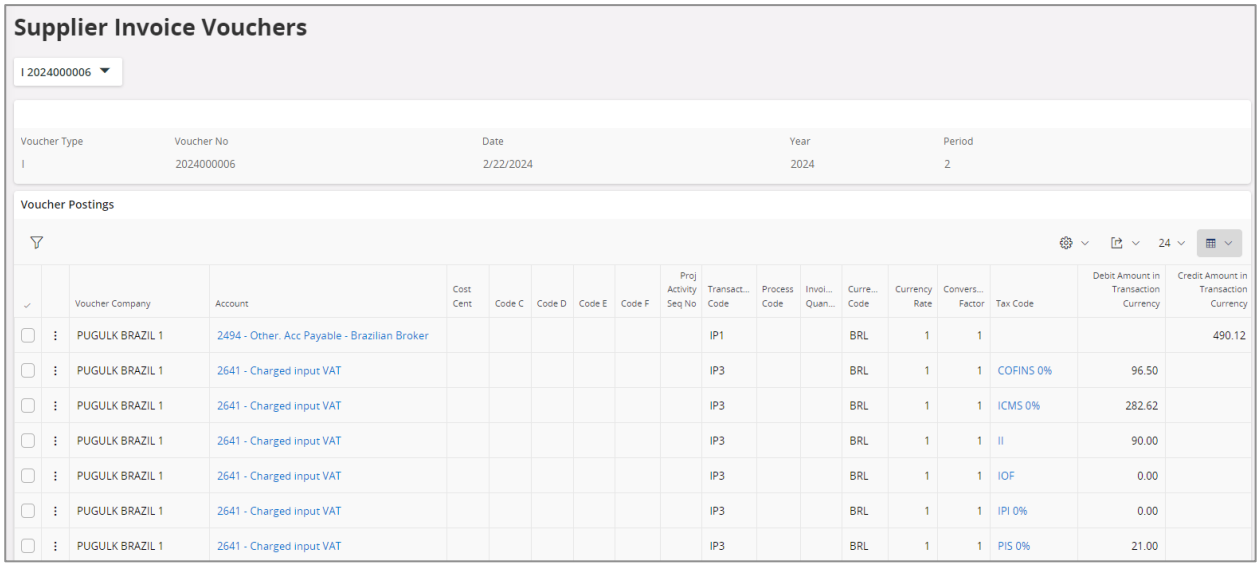


The taxes from Incoming Nota Fiscal's Tax Lines having Tax Type Categories "ICMS", and "ICMS-ST" set on its Tax Codes must be posted in the Manual Supplier Invoice which Supplier is the "State Tax Authority ".



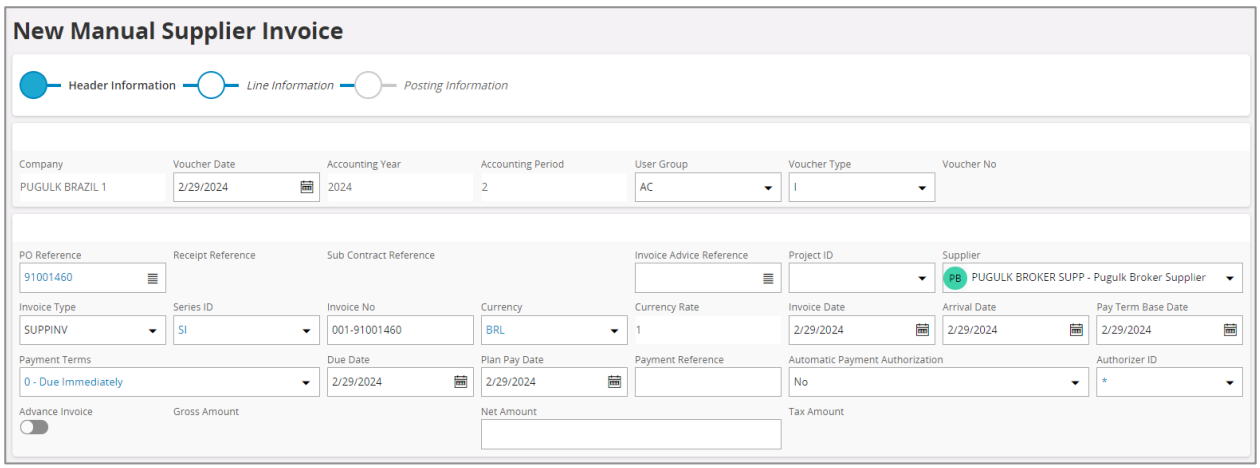
Note: If the User has not selected the Company Pay Taxes,

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.

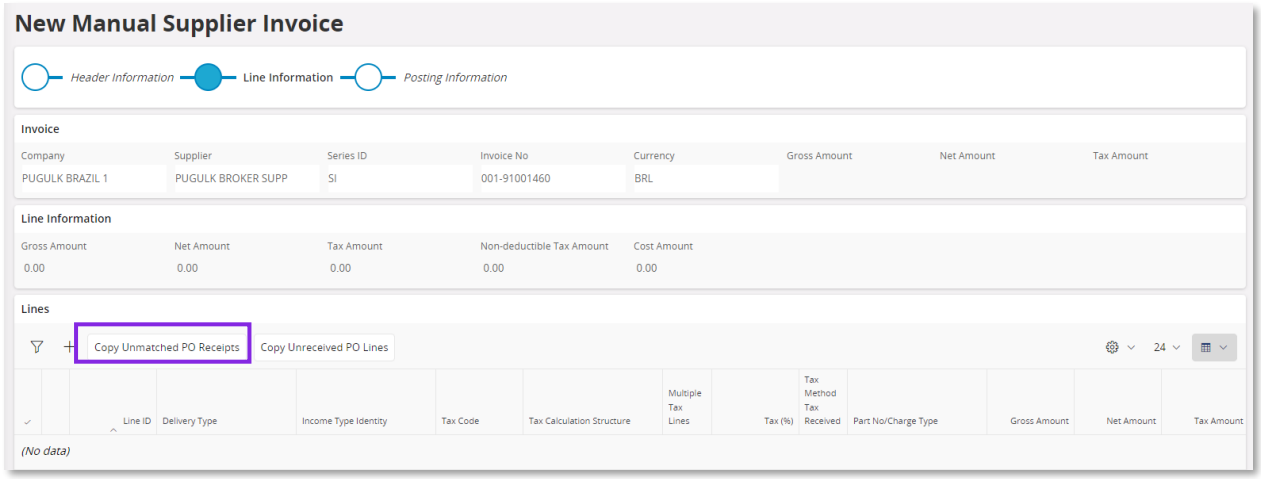


20.9.4 POSTING THE SUPPLIER INVOICES – THE SUPPLIER INVOICE FOR CHARGES

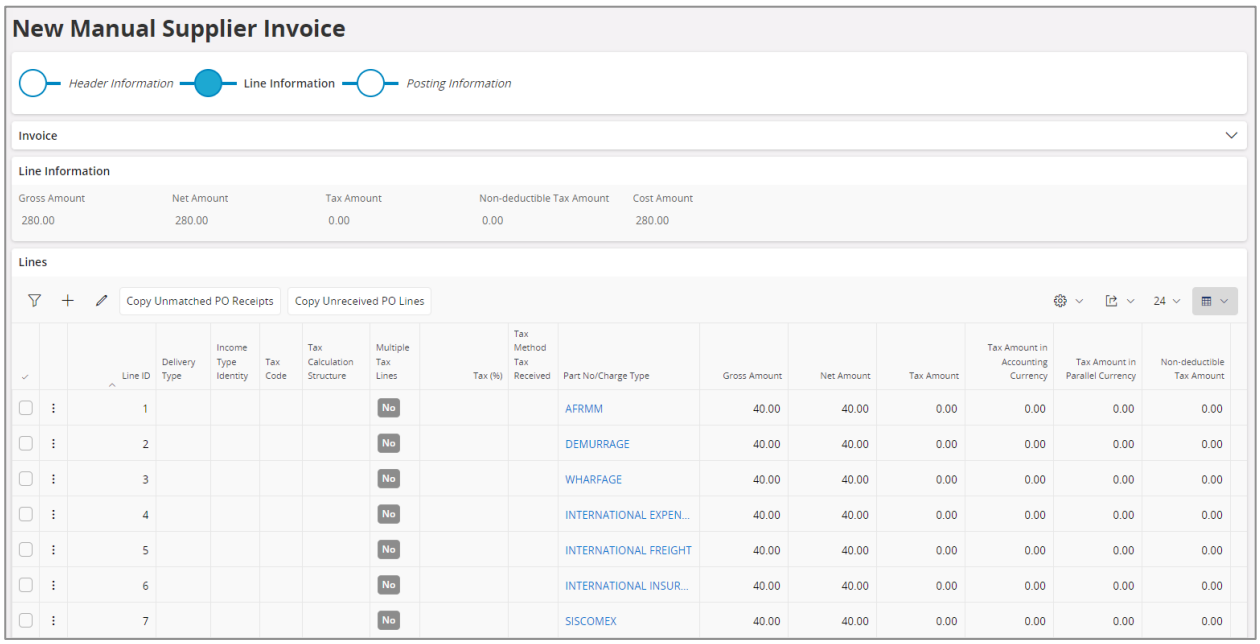
The Supplier Invoice for Line Connected Charges can be created from ***Financials/ Supplier Invoice/ New Manual Supplier Invoice*** page.



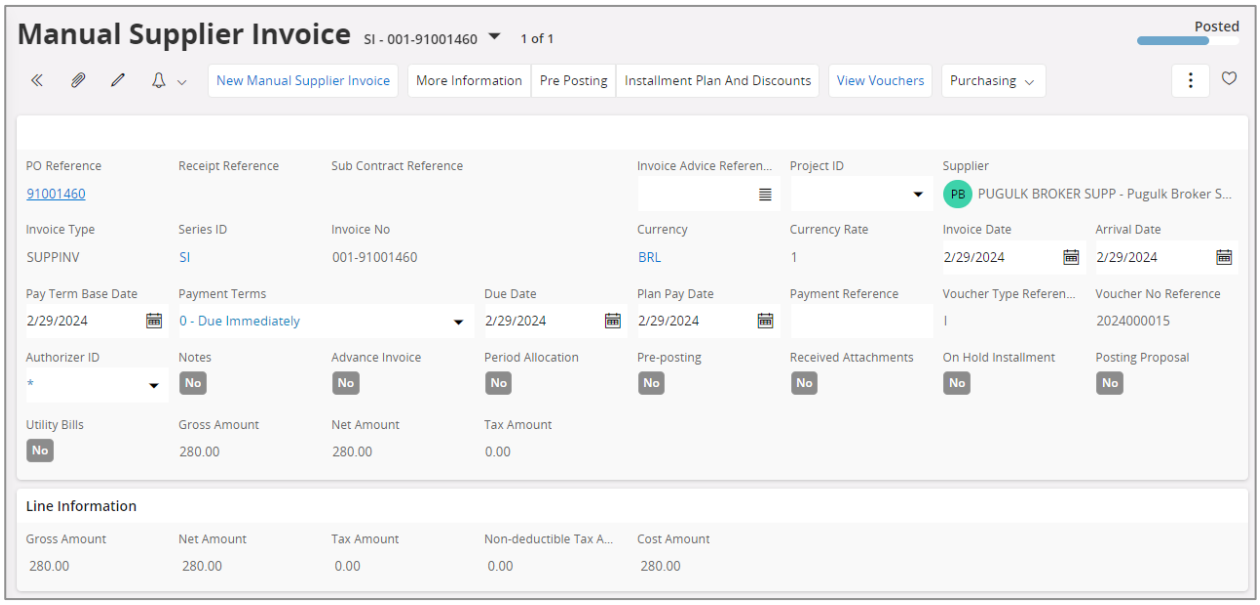
Use the **Copy Unmatched PO Receipts** command to receive the lines for the Manual Supplier Invoice.



Then the line connected charges will be copied to Invoice Lines accordingly.



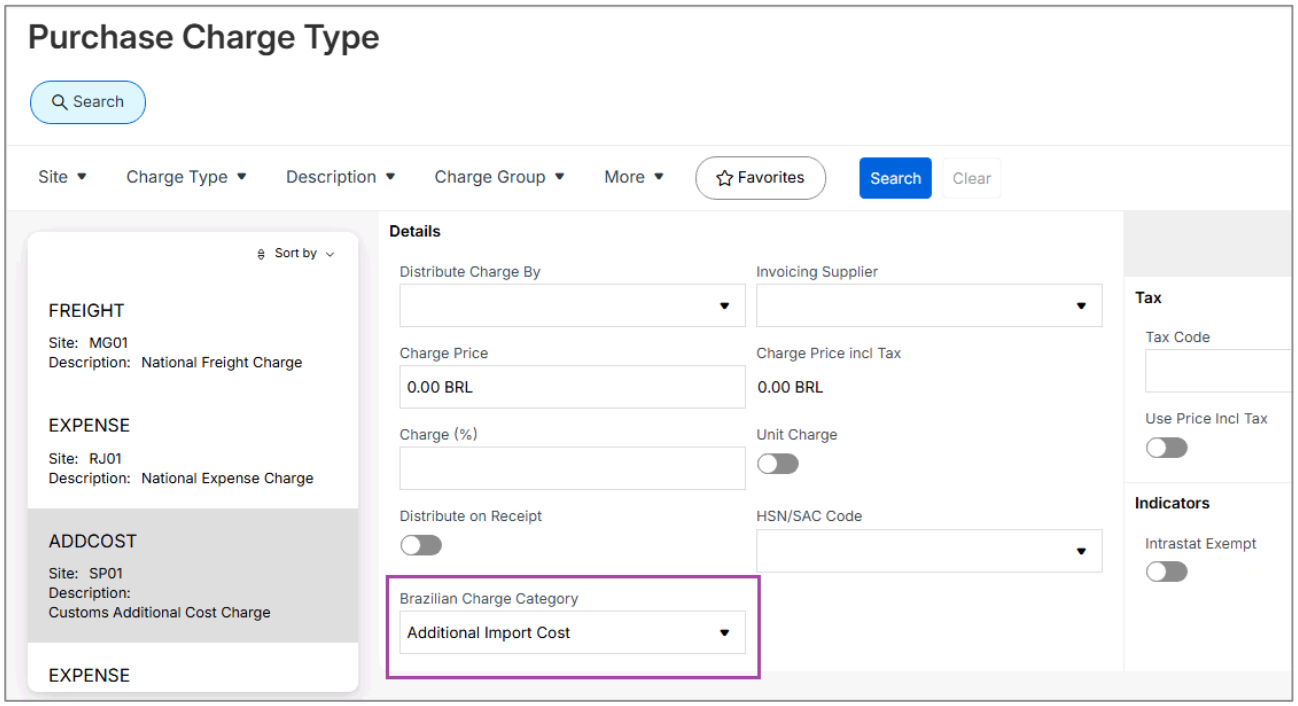
Once done, the Manual Supplier Invoice can be created for charges and the IFS Standard core process can be used to Post the Invoice.



20.9.5 ADDITIONAL IMPORT COST HANDLING

In IFS Cloud, the Incoming Dispatch Advice can be used to register additional import costs informed by the customs broker after the Incoming Import Nota Fiscal has been created, already been approved by the Tax Authority or not, while the goods are still not received in the inventory.

For this purpose, the Purchase Charge Type used to handle the additional costs informed by the broker should be configured with Brazilian Charge Category as Additional Import Cost:



With incoming Nota Fiscal in Approved status and good not received, the Charge can be entered in the Incoming Dispatch Advice and distributed across linked Purchase Order lines using the Core functionality. No tax determination is triggered with External Tax System during the transfer to the

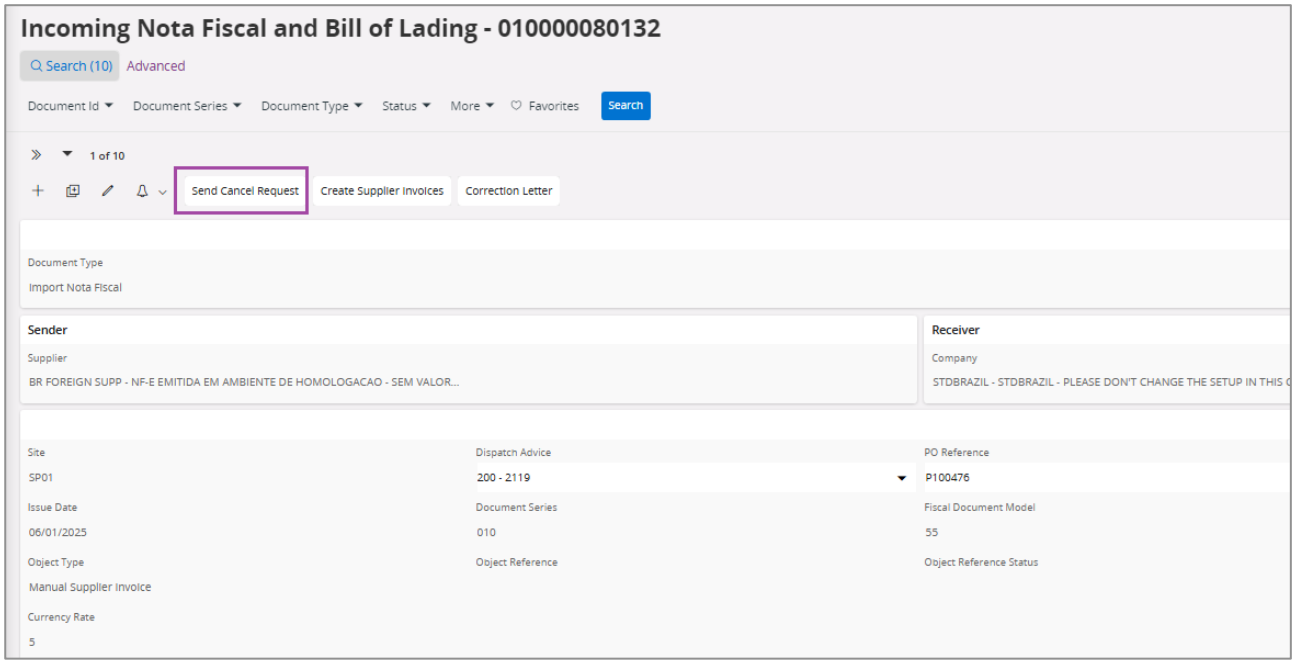
Purchase Order lines in this case. The Purchase Order amounts remain unchanged from a tax perspective. The Incoming Nota Fiscal values are not modified.

At the time of goods receipt, the distributed Charge amount is absorbed into inventory cost through the ARRCHG event (posting via M187 x M1) in ARRIVAL transaction of goods.

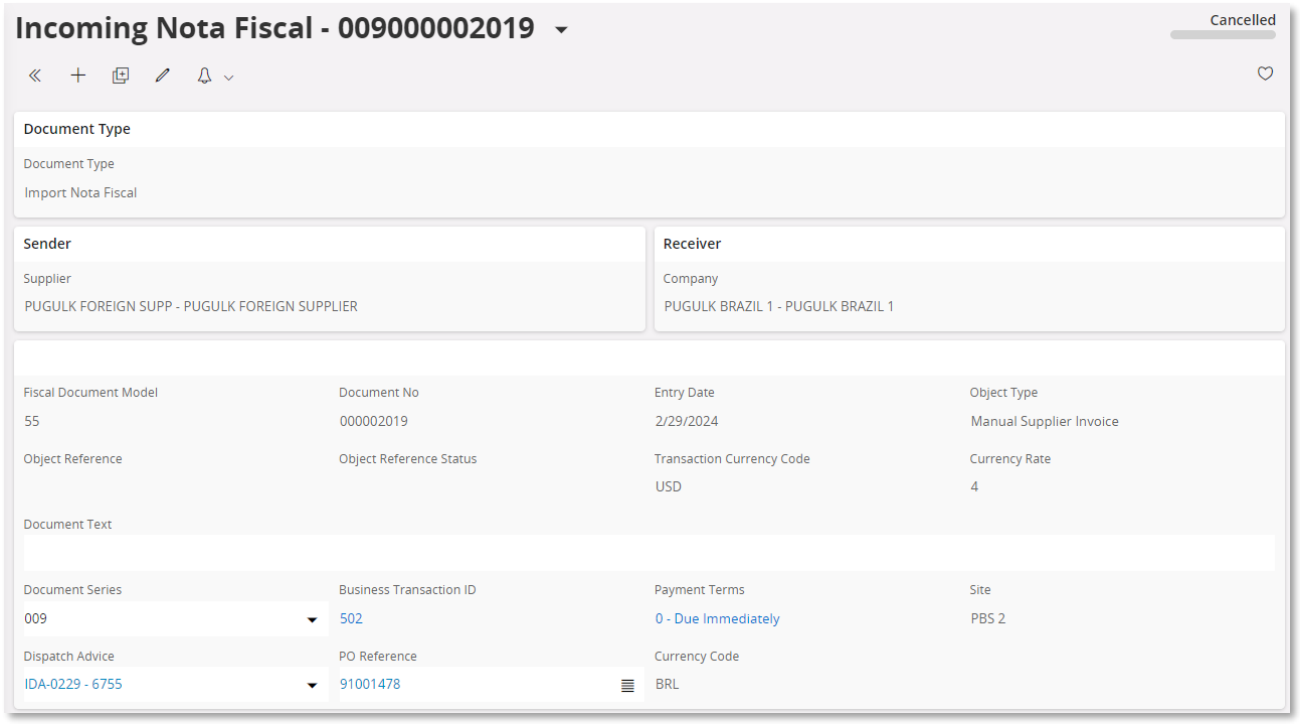
20.10 Incoming Nota Fiscal – Cancelled

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



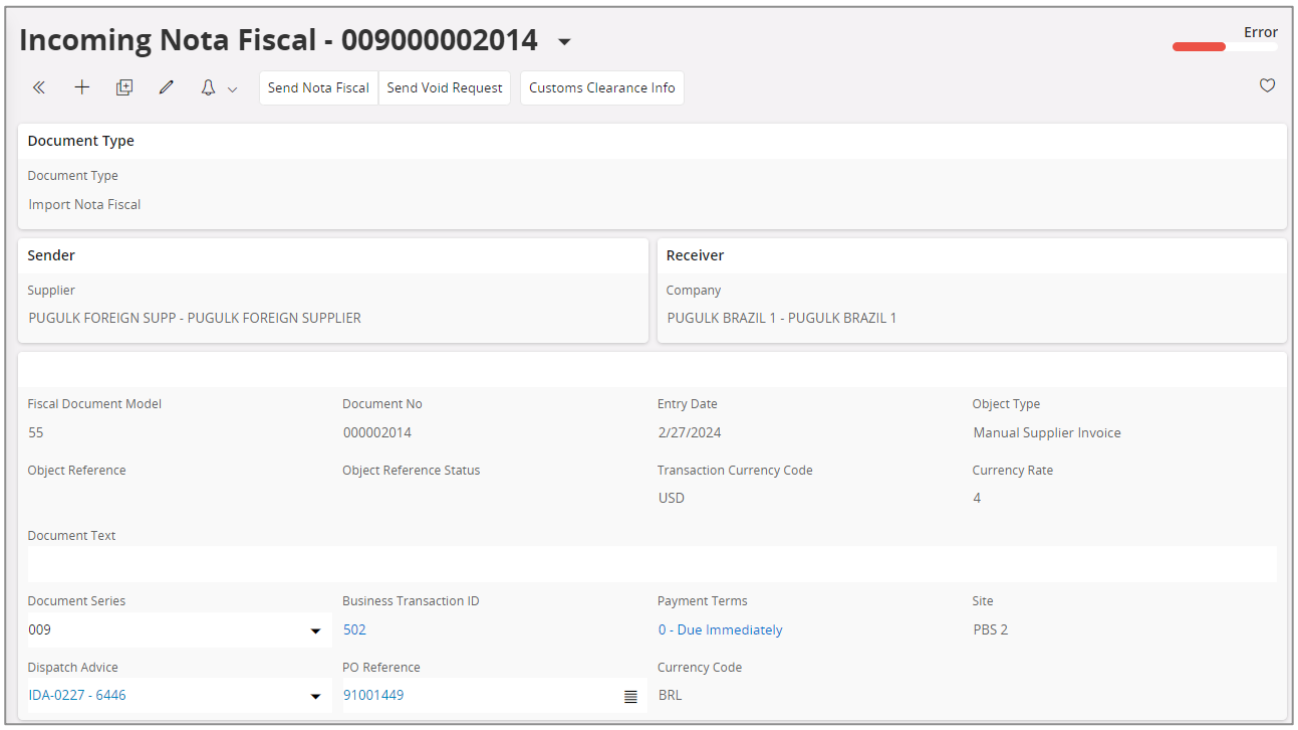
Refer the Response file details received from AVALARA below.



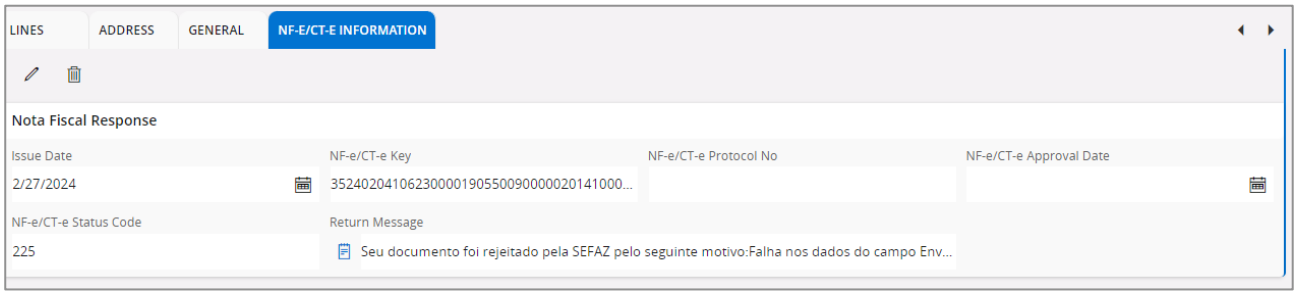
The handling of Supplier Invoices will not be applicable as the Cancellation Request process happens prior to the “Create Supplier Invoices”. Therefore, no manual supplier Invoices will be created for the Cancelled NF.

20.11 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.



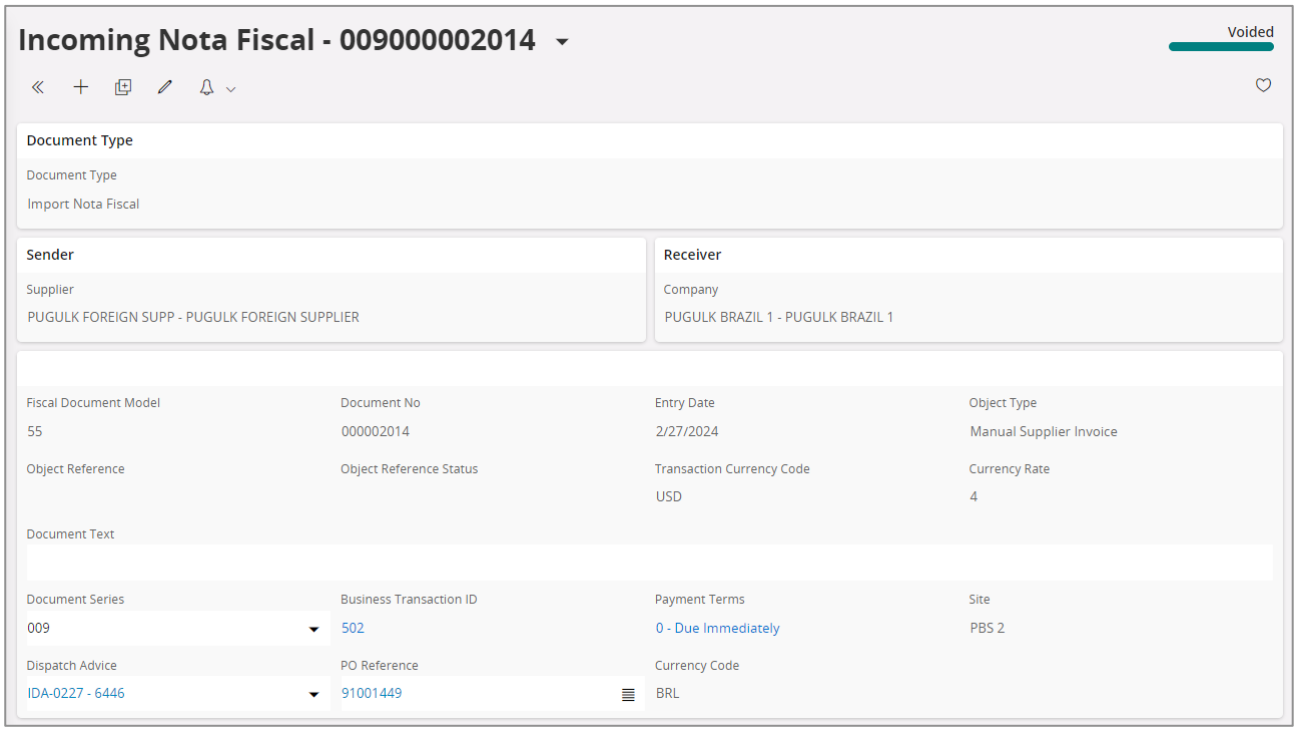
SEFAZ Status Code “225” indicates the response file has an error and this will be mentioned in the Response file received from AVALARA. Status code “225” is one of examples for Error responses that can be received.



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.



21 Incoming Nota Fiscal for Services

21.1 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.

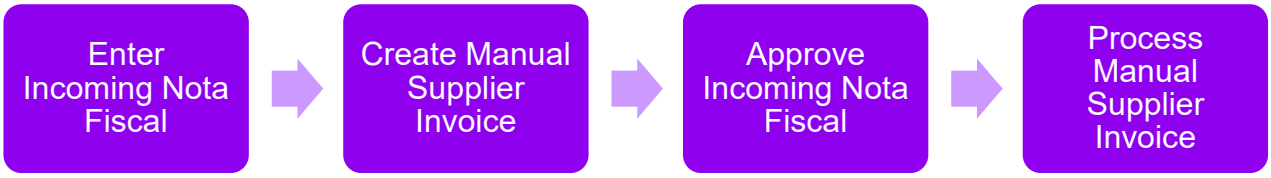
21.2 Business Objectives

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.

21.3 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.



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.

21.4 Prerequisites

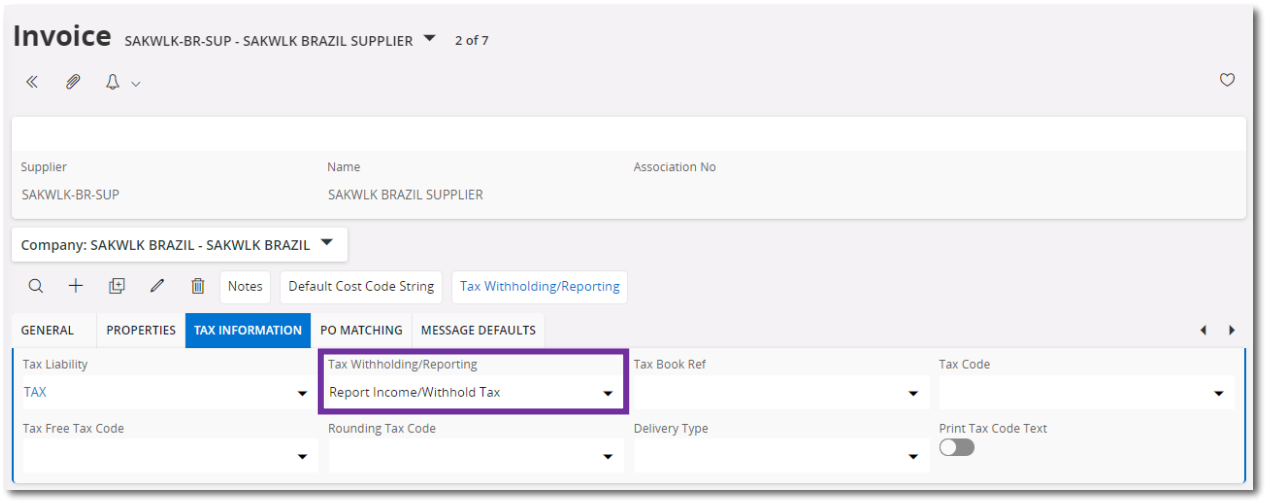
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the "Incoming Nota Fiscal" parameter must be enabled.

The supplier must be enabled for Tax Withholding in *Application Base Setup/ Enterprise/Supplier/Invoice/Tax Information* tab.

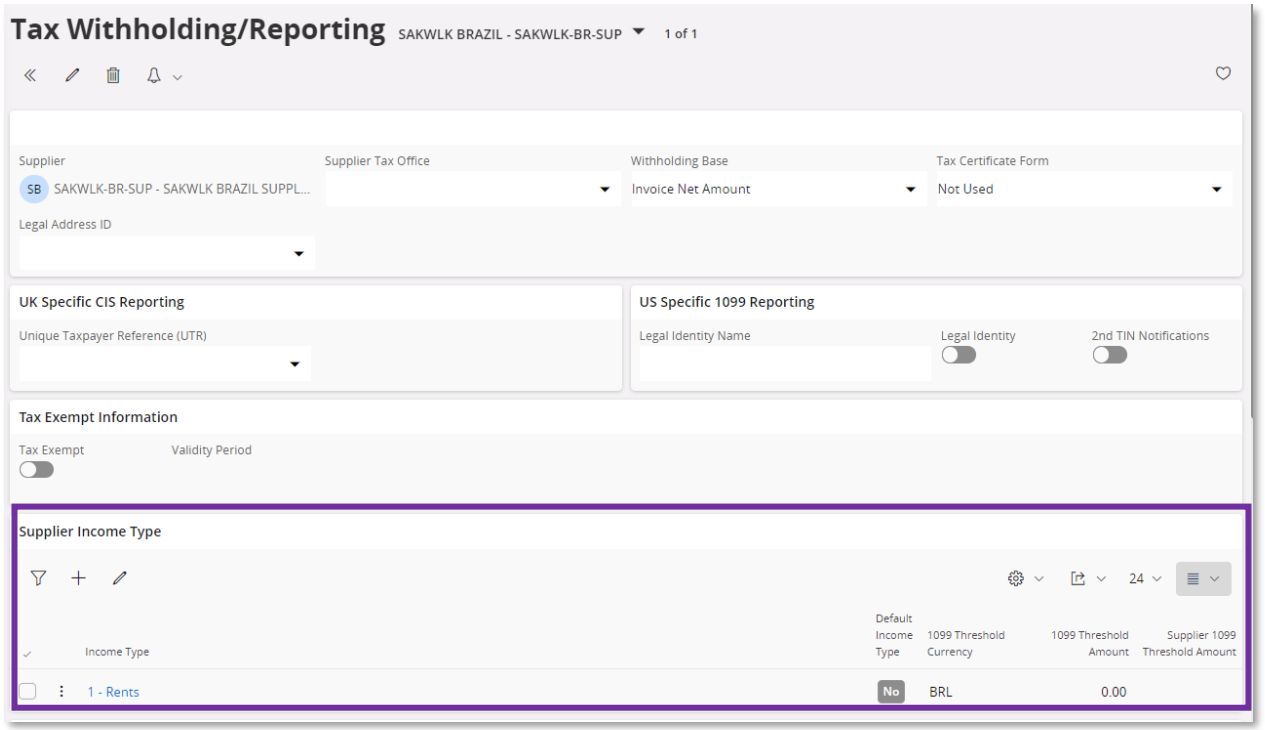
The "Post Preliminary Tax Withholding" parameter located in Application Basic Setup/Enterprise/Company/Company/Tax Control/Invoice tab must be disabled to ensure correct withholding tax calculation in Brazilian withholding scenarios.

21.5 Define Basic Data

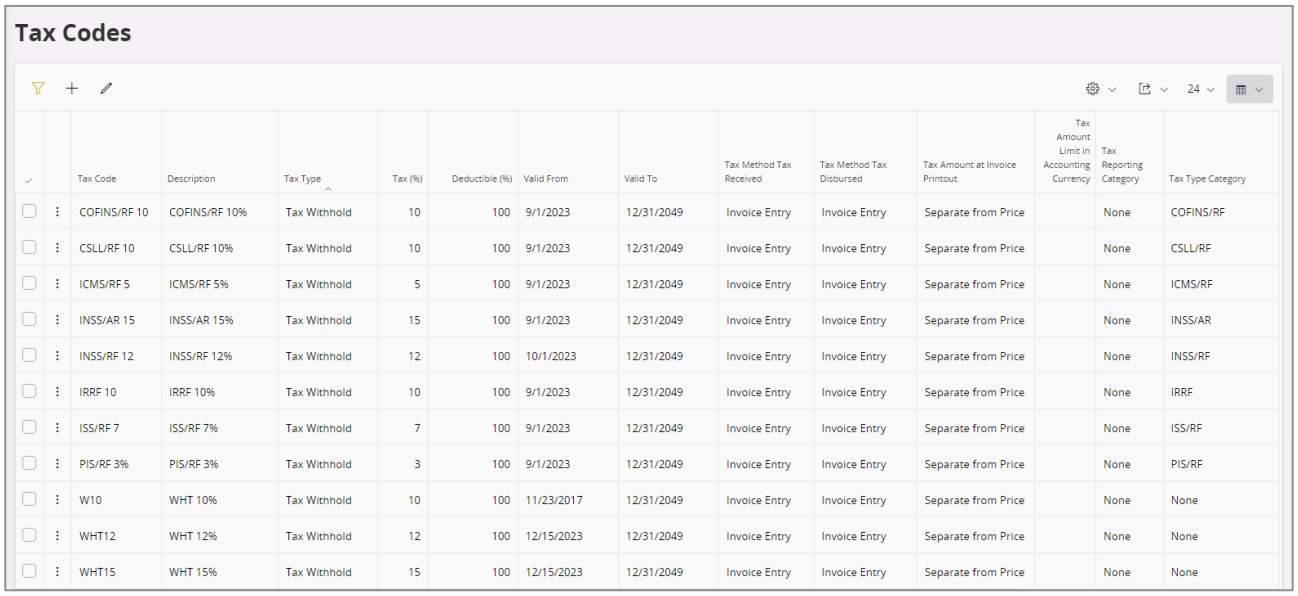
The supplier must be enabled for Tax Withholding in *Application Base Setup/ Enterprise/Supplier/Invoice/Tax Information/ Tax withholding Reporting* tab.



Define a default income type for Tax Withholding from the **Tax Withholding/Reporting** command in the header.

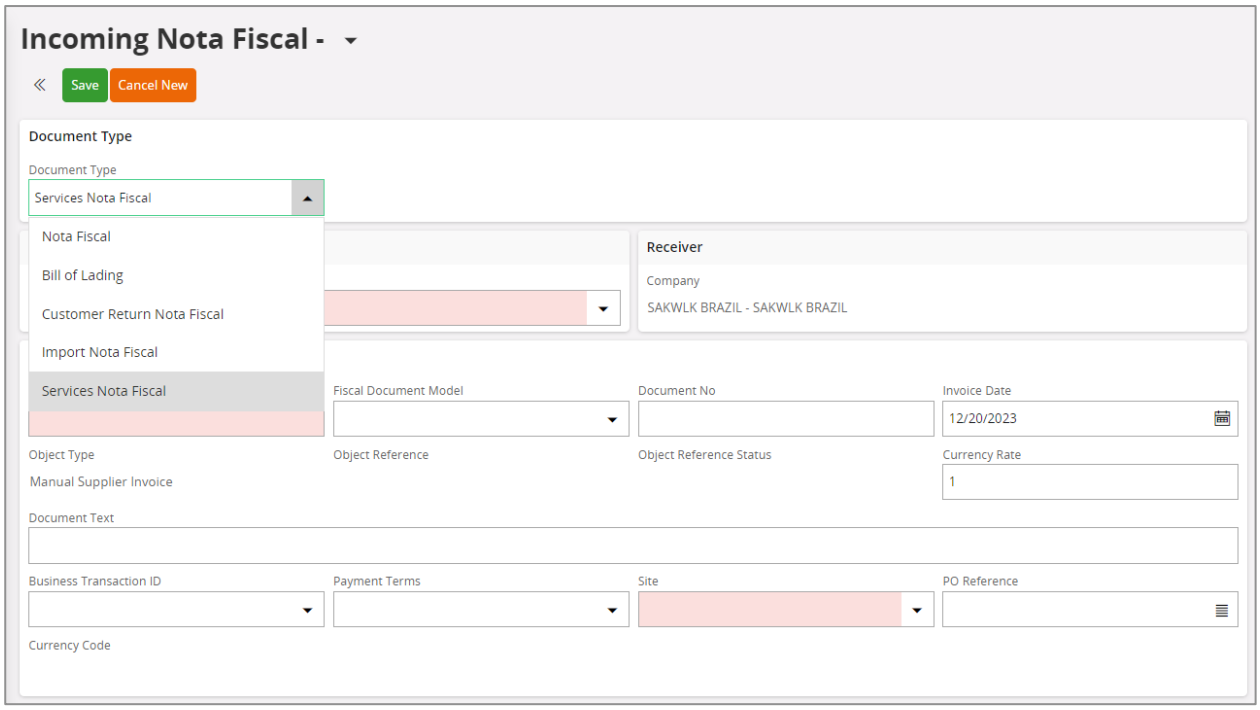


Define Tax Codes related to Brazilian specific Tax Withholding, tax type categories in ***Accounting Rules/ Tax/ Tax Codes*** page.



21.6 Enter Incoming Nota Fiscal Manually – Using Incoming Nota Fiscal and Bill of Lading Page

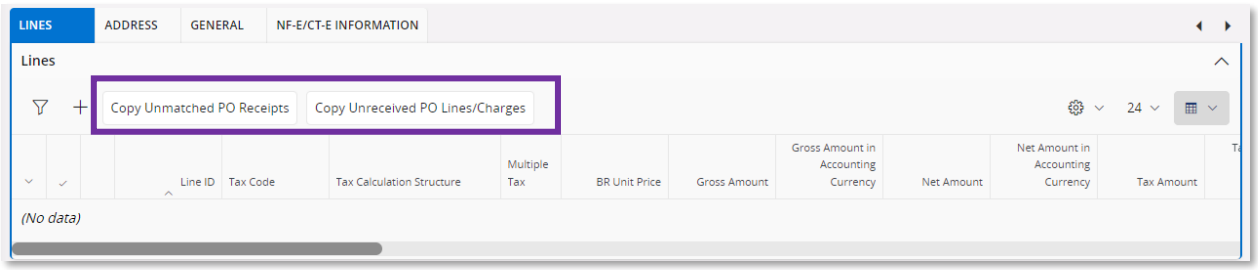
Create Incoming Nota Fiscal manually using ***Financials/Financial e-Reporting/Incoming Nota Fiscal*** page. Select the Document Type as Services Nota Fiscal from the list. For this purpose, you can use Services NF document as the reference. Complete the Incoming NF header level information and save the header.



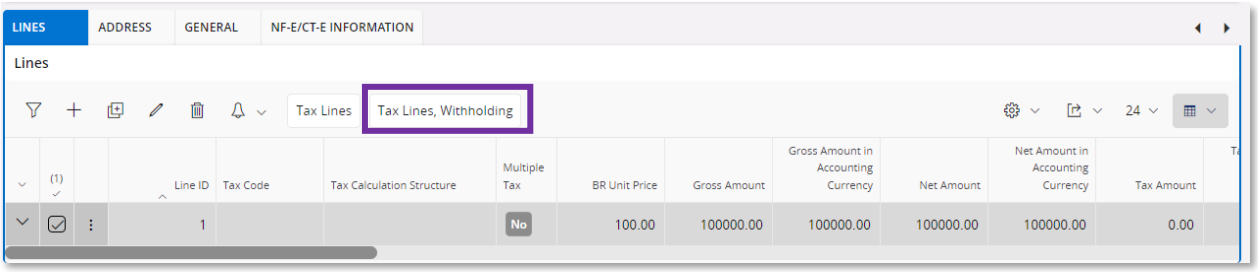
*Note: If there are connected POs make sure that the relevant Purchase Order number (or numbers) is entered in the field **PO Reference** in Incoming Nota Fiscal.*

Enter the Incoming Nota Fiscal lines information referring the Services NF Received and save the lines.

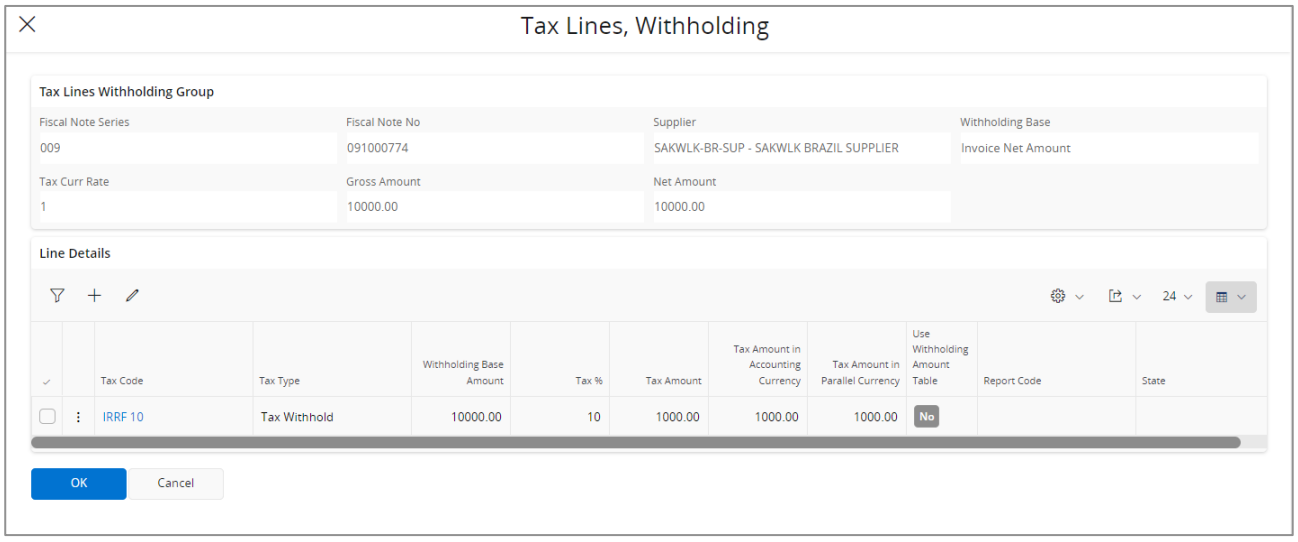
Note: If there is a connected PO reference in the NF header, the core application functionalities "Copy Unmatched PO receipts" and "Copy Unreceived PO Lines" can be used to create non-Inventory related Incoming Nota Fiscal lines.



Once the lines are saved, the newly introduced **Tax Lines, Withholding** command will be enabled.

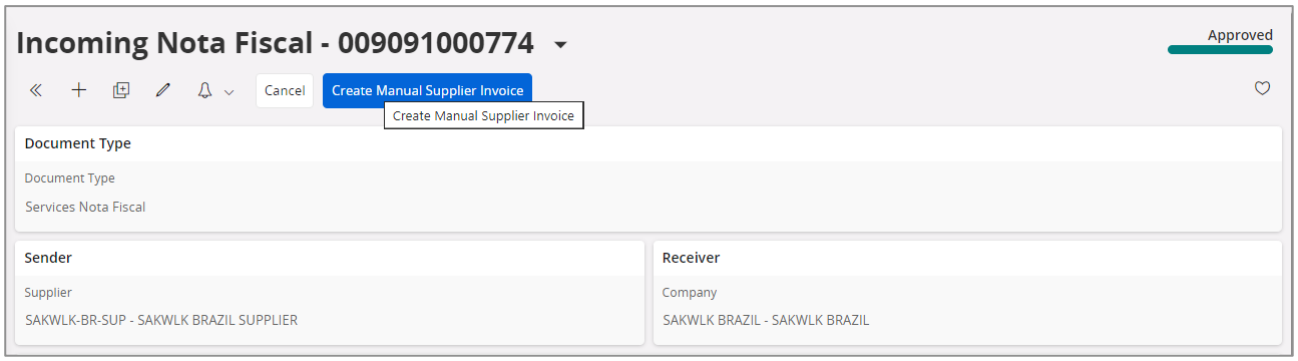


Enter the Tax Withholding Information by referring to the Service NF document and save the line information.



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 Tax Withholding Codes for each Nota Fiscal item will be automatically fetched from the External Tax System during the Tax Calculation.

Once done, Approve the Incoming NF and create Manual Supplier Invoice by using the command **Create Manual Supplier Invoice**.



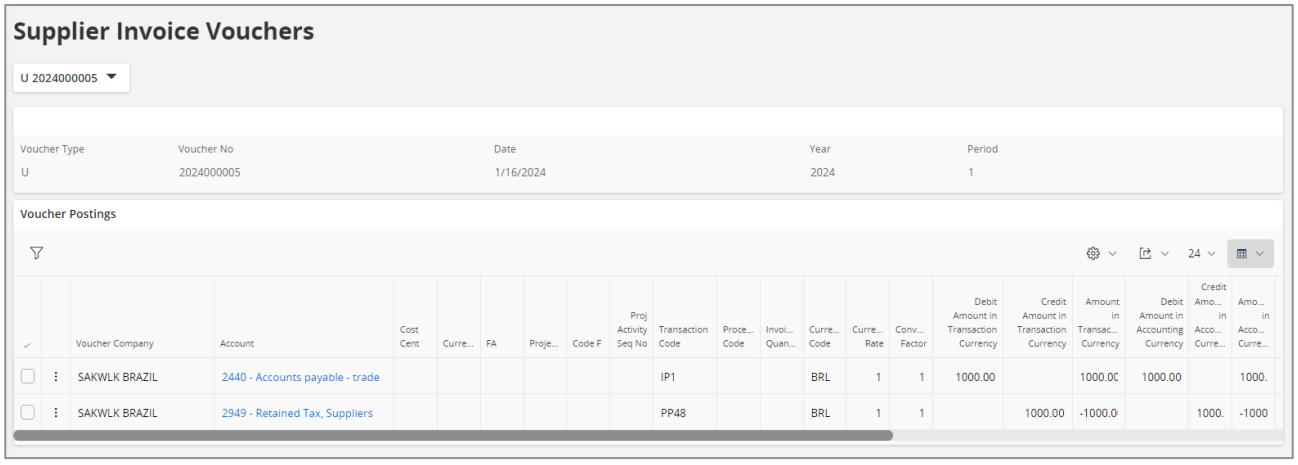
21.7 Post Invoice

Follow the IFS standard process to post the Supplier invoice.

21.8 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.



22 Support to Issue and Receive Manual Nota Fiscal

22.1 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.

There are some business scenarios that aren't related to sales and procurement flows. Therefore, the normal customer/supplier invoices are not required in all the Nota Fiscal types listed above, since these are about non-billable transactions on both incoming/outgoing sides. For the below mentioned NF scenarios, the inventory must be issued/received, and BR Taxes needed to be calculated.

Scenario	Description	IFS Application Used by	Outgoing Nota Fiscal Creation	Incoming Nota Fiscal Creation	Category
Warranty	The Company (The Customer) will send the Inventory Part (Warranty Part) to the Supplier	Customer	Customer	-	Outbound
	Customer Receives the warranty claimed part from the Supplier.	Customer	-	Customer	Inbound
	Supplier Receives the Warranty claimable inventory Part from the Customer	Supplier	-	Supplier	Inbound
	Supplier provides the warranty facility and sends the warranty claimed part back to the Customer	Supplier	Supplier	-	Outbound

Scenario	Description	IFS Application Used by	Outgoing Nota Fiscal Creation	Incoming Nota Fiscal Creation	Category
Repair & Maintenance	The Company (The Customer) will send the Inventory Part to the Supplier	Customer	Customer	-	Outbound
	Customer Receives the repaired part from the Supplier.	Customer	-	Customer	Inbound

	Supplier Receives the inventory Part to be repaired from the Customer	Supplier	-	Supplier	Inbound
	Supplier does the repair and maintenance and sends the part back to the Customer	Supplier	Supplier	-	Outbound

Scenario	Description	IFS Application Used by	Outgoing Nota Fiscal Creation	Incoming Nota Fiscal Creation	Category
Gifts	Supplier sends gifts to the Customer	Supplier	Supplier	-	Outbound
	Customer receives the gifts from the Supplier	Customer	-	Customer	Inbound

22.2 Other Business Objectives

1. Following Business Scenarios will be handled using BR –147.

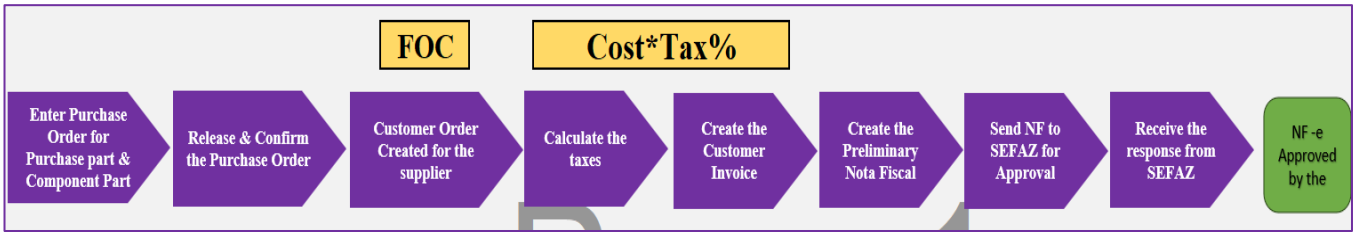
    - Issuing and receiving goods to claim warranty
    - Issuing and receiving goods for repair and maintenance
    - Issuing and receiving goods as gifts

2. Enabling the Creation of Tax Only Invoices using the Core FOC functionality and handling the related postings

22.3 Process Overview

Scenario 01: The Company (The Company Uses the IFS ERP) will send the Inventory Part (Warranty Part / Maintenance Part) to the Supplier and supplier will do the repair and maintenance and then sends the Warranty part back to the Customer.

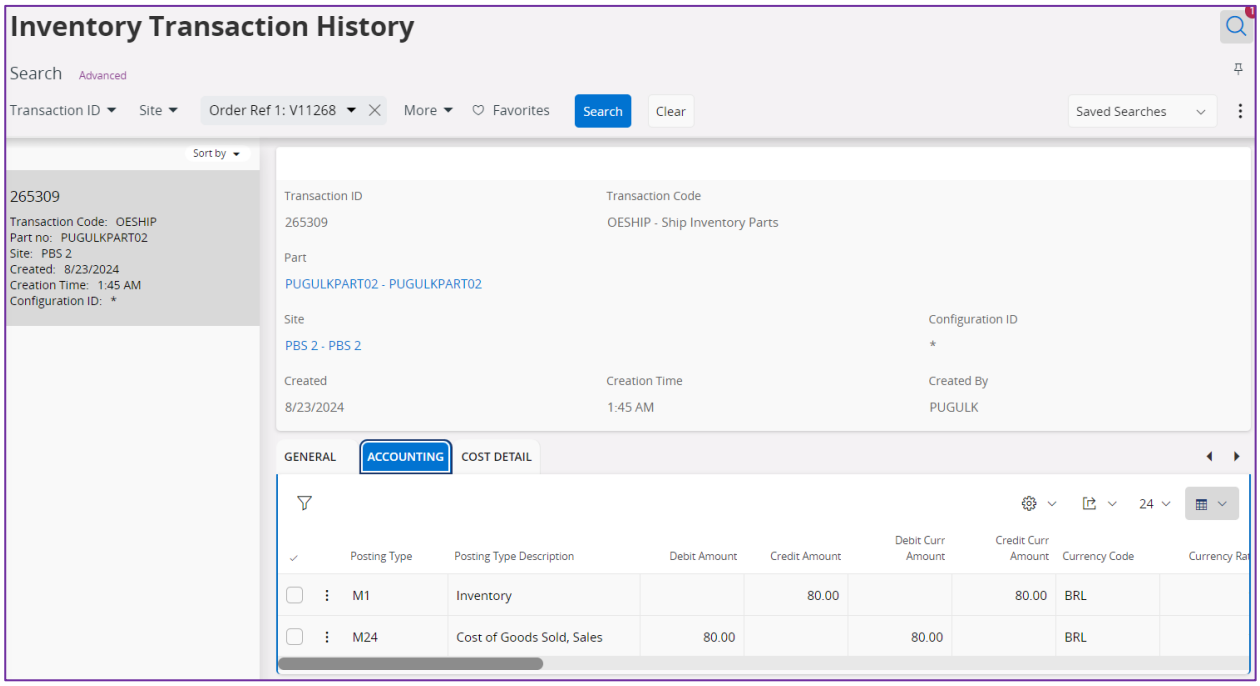
Sending the Inventory Part to the Supplier – (Recipient Supplier and the Issuer is the Customer)



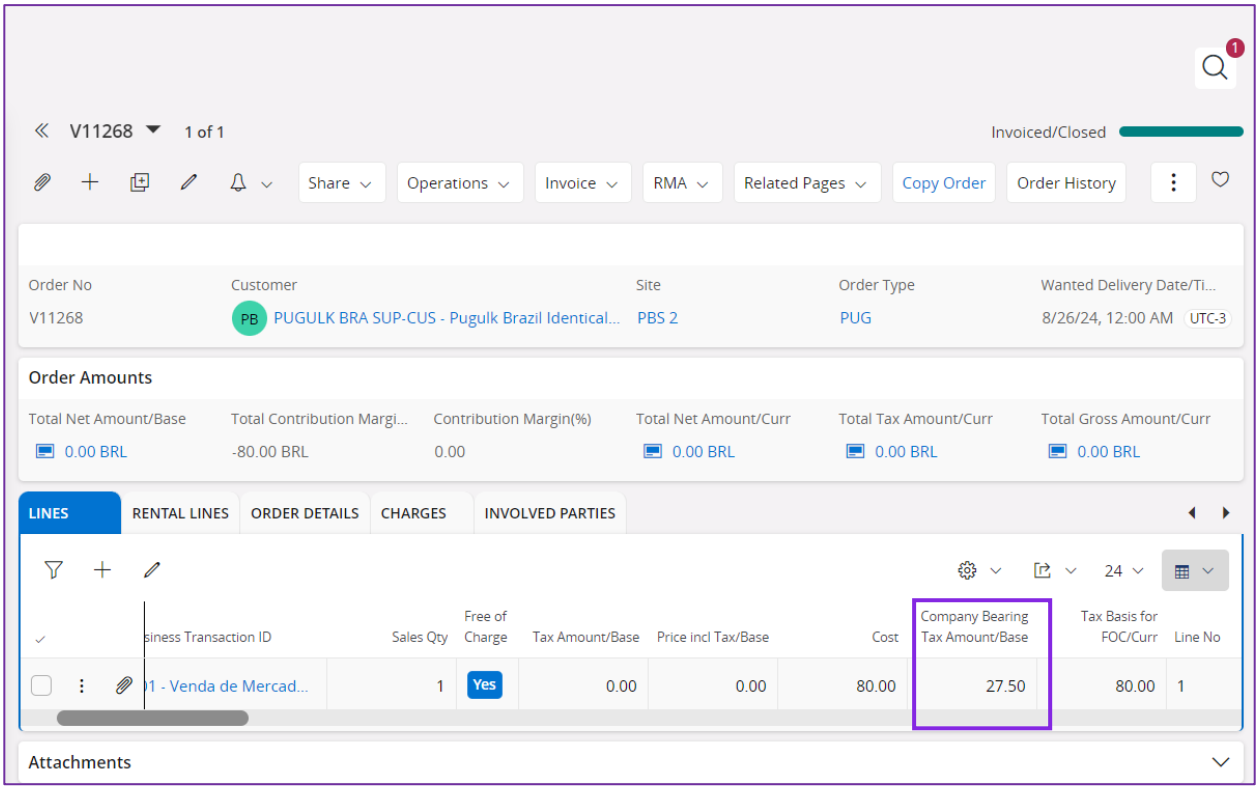
The flow is as follows.

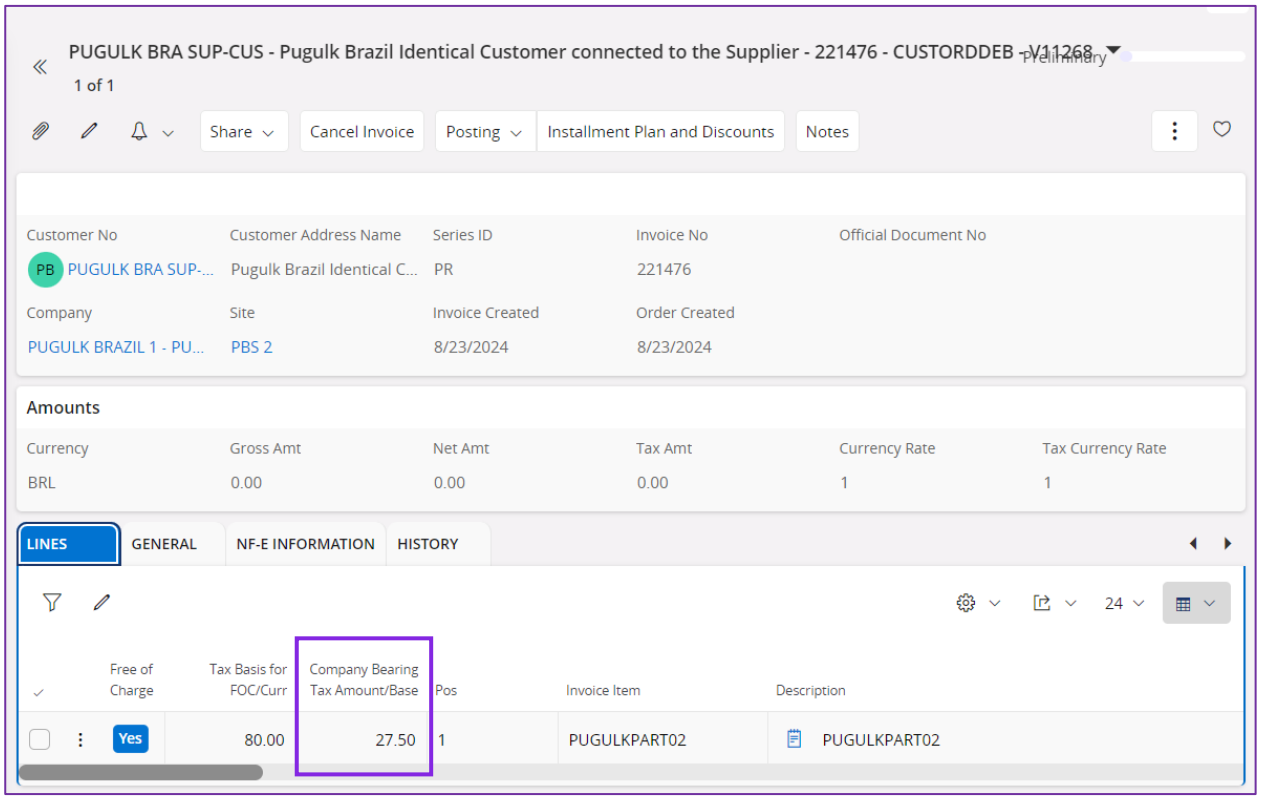
- Calculate the PO taxes.
- Create a Component Customer Order.
- Calculate the Component Customer Order taxes using AVALARA.
- Release the Purchase Order
- Component Customer Order will automatically come to the Invoiced/Closed level.
- Create the Outgoing Nota Fiscal
- Send the Outgoing Nota Fiscal
- Approve the Outgoing Nota Fiscal
- Create Tax Only Invoices
- Post the Tax Only Invoices

The Core ***Component Customer Order functionality*** will be used to send the Inventory part to the Supplier. The flow starts by creating a Purchase Order and entering the line details of the receiving inventory part from the Supplier after the repair/maintenance/warranty process. The user needs to define a Component part and connect that part to a Component Customer Order. An identical Customer related to the Supplier should be connected as a prerequisite to this flow.
The issuer has to pay the taxes in these types of NF scenarios and the sending party should be connected as the tax payer in the *Company Basic Data >>Tax Control >> Supply Chain >> Tax Payer for free of Charge >> Company.* The Core FOC functionality will be used to create the tax only invoices. The Component part should be selected as a ***"Charge Item"*** and upon releasing the Component Customer Order, Inventory transactions will be updated.



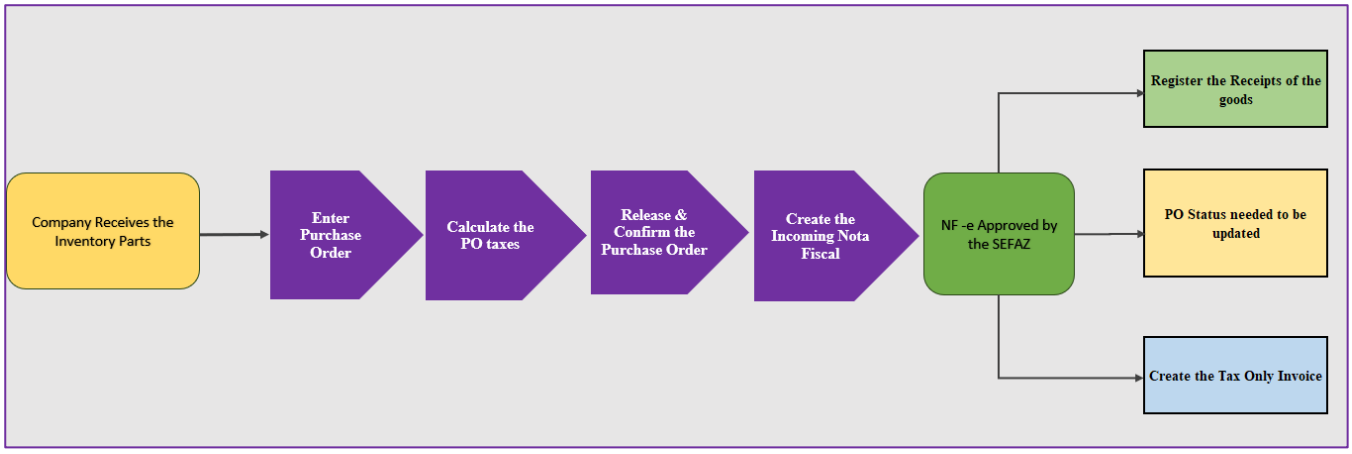
Automatically the AVALARA taxes will be calculated for the Component Customer Order lines and the Customer Invoice will be created indicating the ***"Company Bearing Tax Amount"***.





The Outgoing Nota Fiscal needed to be created and upon the approval of the Outgoing Nota Fiscal, the Company bearing taxes postings will be created as per the Core FOC functionality.

Receiving the Inventory Part back from the Supplier (Recipient Customer and the Issuer is the Supplier)



The flow is as follows.

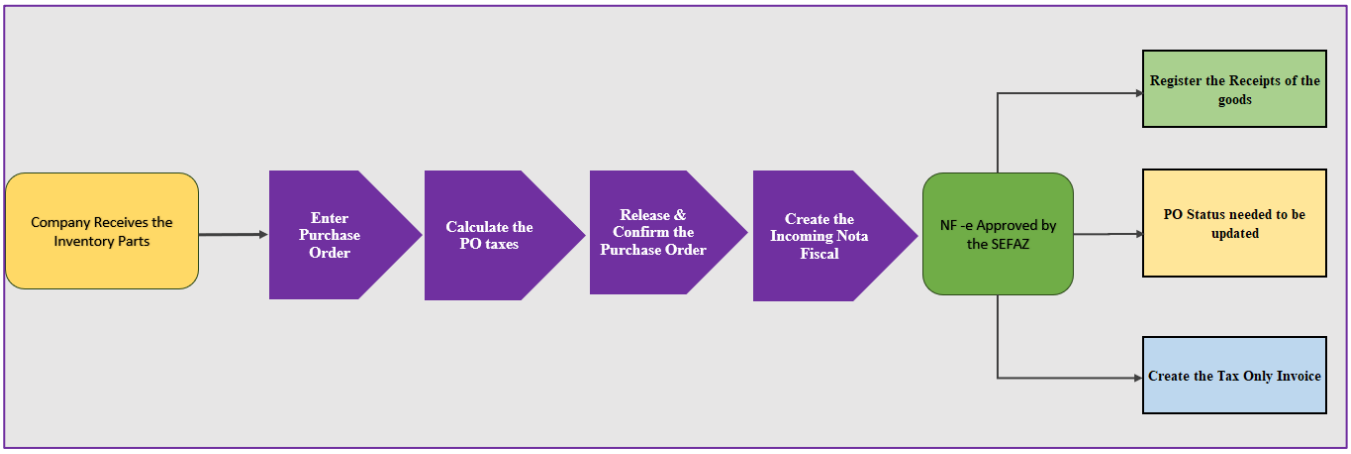
- Create a Purchase Order
- Calculate the PO taxes using AVALARA.
- Release the Purchase Order
- Register the receipt of the goods
- Create the Incoming Nota Fiscal
- Approve the Incoming Nota Fiscal.
- Create the Tax only Invoices
- Post the Tax Invoices.

The normal Brazilian Incoming Nota Fiscal flow will be used to record the Incoming NF transactions. Upon approving the Incoming Nota Fiscal following Tax posting will be created. After registering the receipt of the Inventory items, the inventory transactions will be automatically updated.

Scenario 02: The Company (The Company Uses the IFS ERP) will receive the Inventory Part to be repaired/ warranty claimable (Warranty Part / Maintenance Part) from the Customer and supplier will do the repairs & maintenance and then sends the Warranty part back to the Customer.

Receiving the Inventory Part from the Customer (Issuer is the Customer and the Recipient is the Supplier)

The flow is as follows.

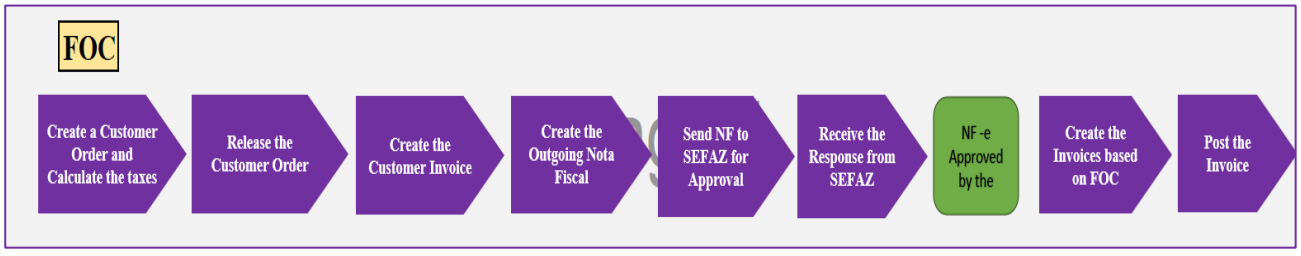


Create a Purchase Order *(Goods are received from the Customer, therefore, the user should create an identical supplier for the Customer)*

- Calculate the PO taxes using AVALARA.
- Release the Purchase Order
- Register the receipt of the goods
- Create the Incoming Nota Fiscal
- Approve the Incoming Nota Fiscal.
- Create the Tax only Invoices
- Post the Tax Invoices.

The normal Brazilian Incoming Nota Fiscal flow will be used to record the Incoming NF transactions. Upon approving the Incoming Nota Fiscal following Tax posting will be created. After registering the receipt of the Inventory items, the inventory transactions will be automatically updated. Normal Procurement related Supplier invoices needn't be created in these NF types and the tax only invoice will be generated. In order to create the tax only Invoices the user needs to enable the creation of Tax Only Invoice in the *Business Transaction Code page >> Business Transaction ID >> Tax Only Invoice.*

Sending the Inventory Part to the Customer– (Recipient Customer and the Issuer is the Supplier)



The Flow is as follows.

- Create a Customer Order and Calculate the AVALARA taxes.
- Release the Customer Order
- Create the Customer Invoice

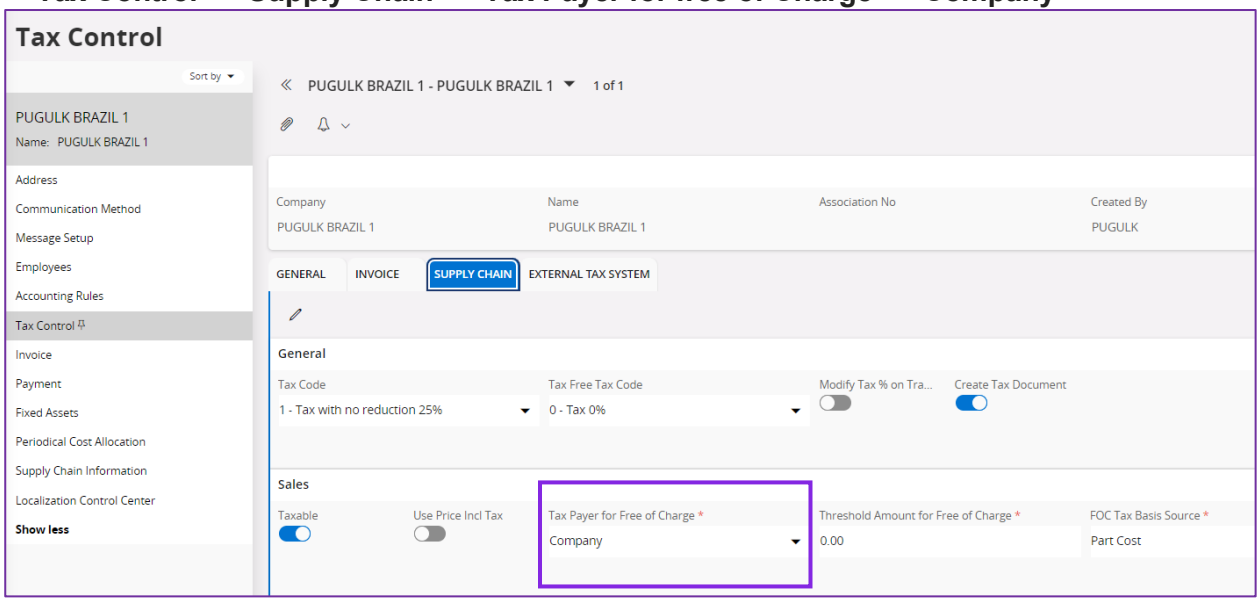
- Create the Outgoing Nota Fiscal
- Send NF to SEFAZ for approval
- Create the Invoices and Post the invoices

22.4 Prerequisites

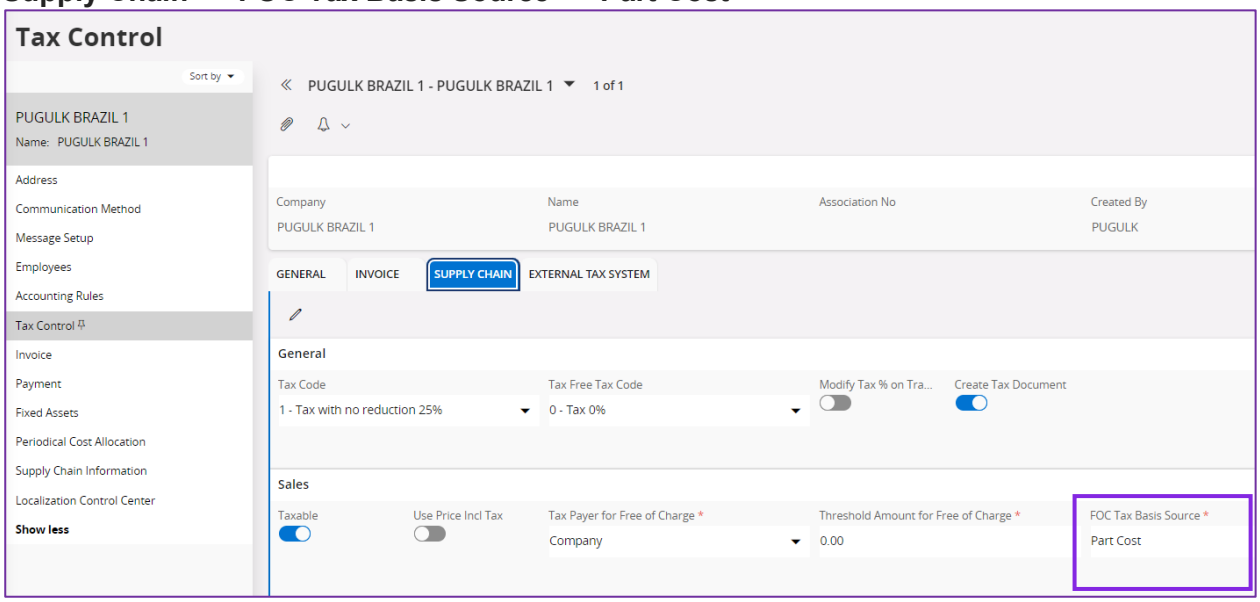
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the “Outgoing Nota Fiscals” parameter must be enabled.
Note that also parameters “Acquisition Origin”, “Business Operation”, “Address Specific Tax ID Numbers”, “Goods/Services Statistical Codes”, “Extended Tax 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.

22.5 Define Basic Data

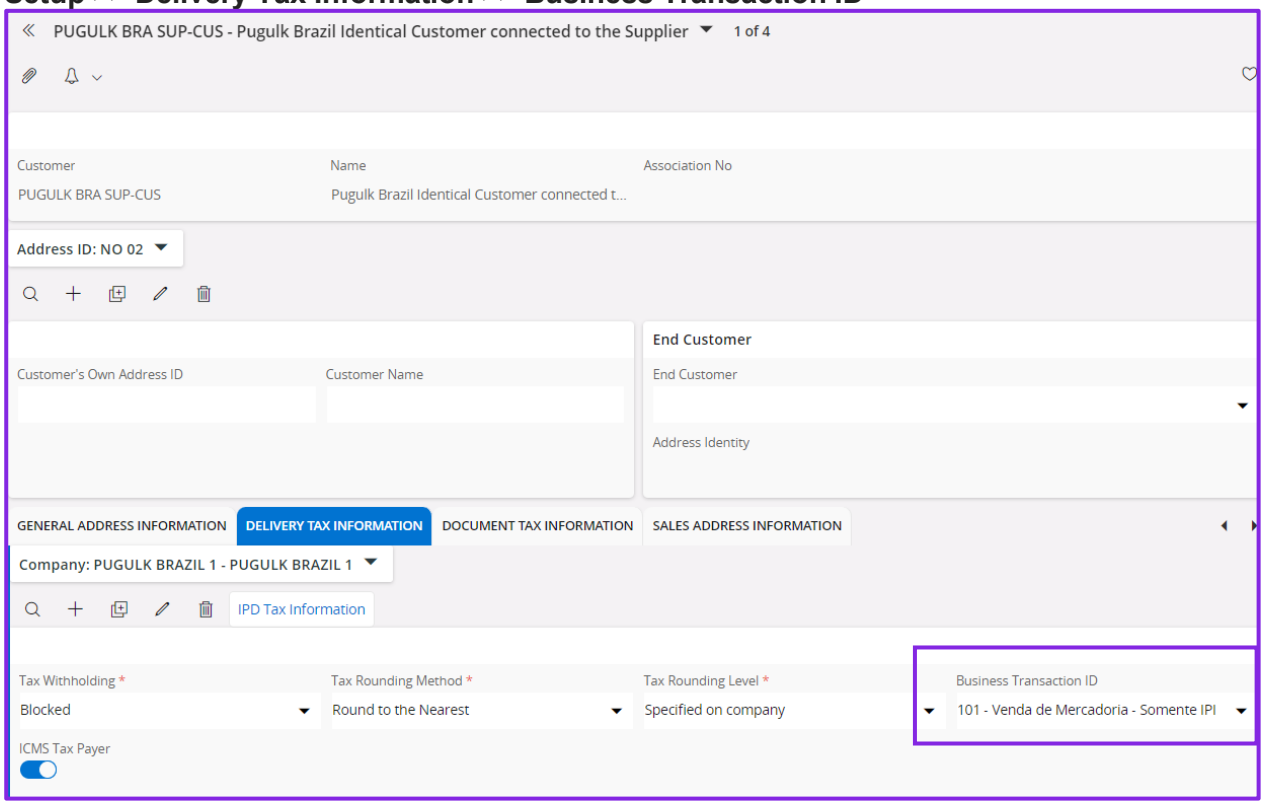
Tax Payer needed to be the Issuer and should select the Company as the Tax Payer - **Company >>Tax Control >> Supply Chain >> Tax Payer for free of Charge >> Company**



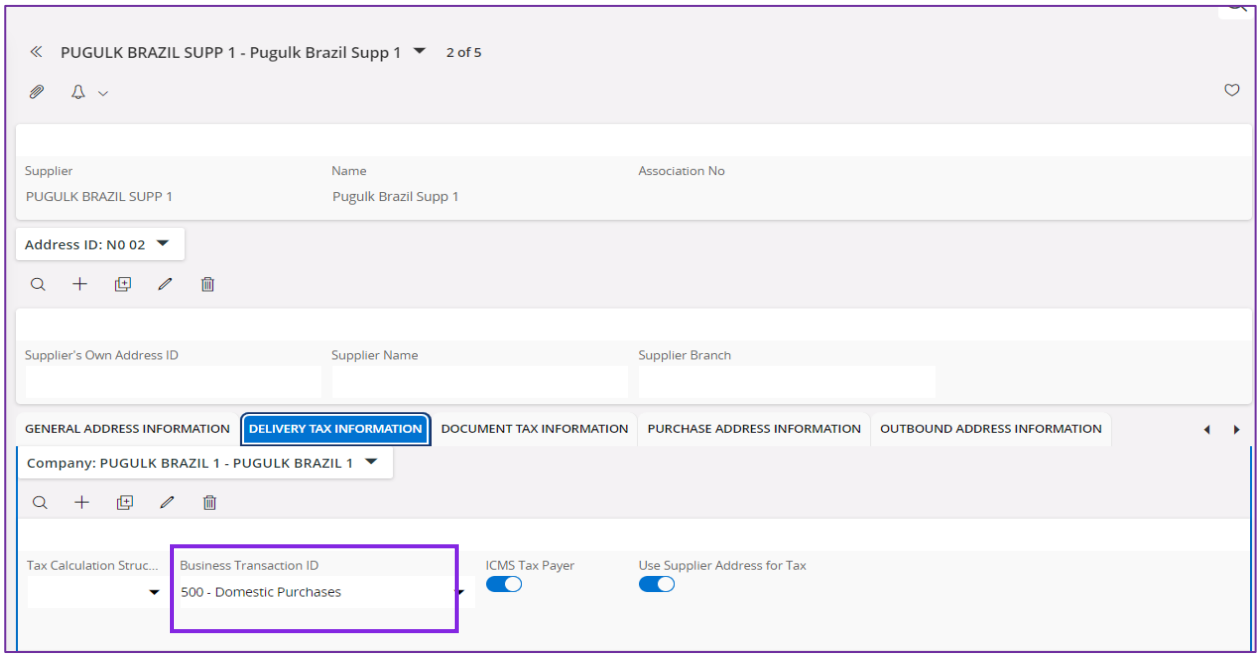
Taxes needed to be calculated based on the Cost of the Part in **Company >>Tax Control >> Supply Chain >> FOC Tax Basis Source >> Part Cost**



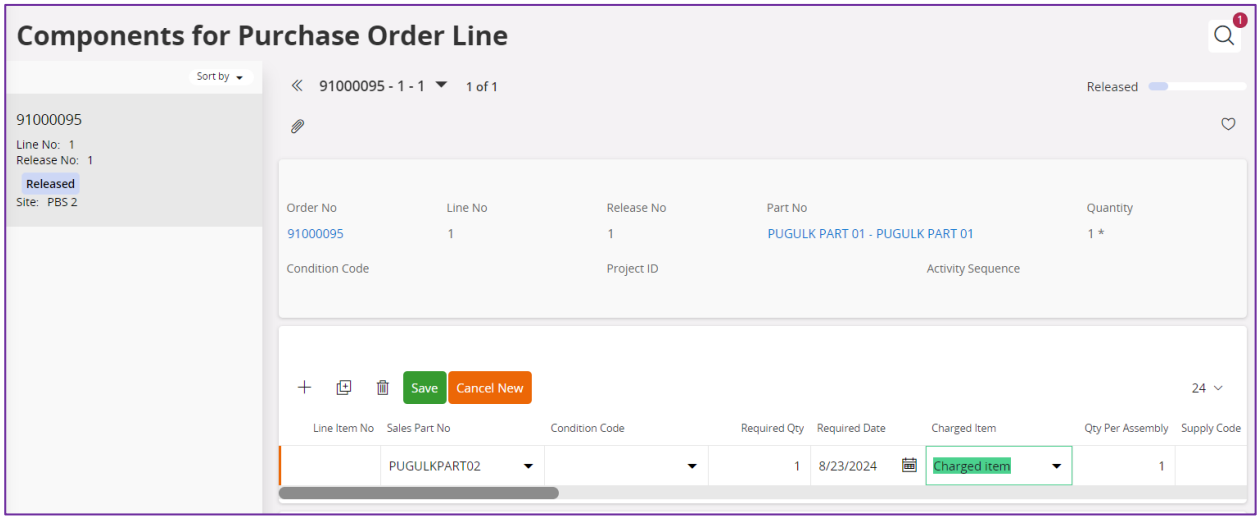
Customer needed to be enabled with a Business Transaction ID in the **Customer Basic Data Setup >> Delivery Tax Information >> Business Transaction ID**



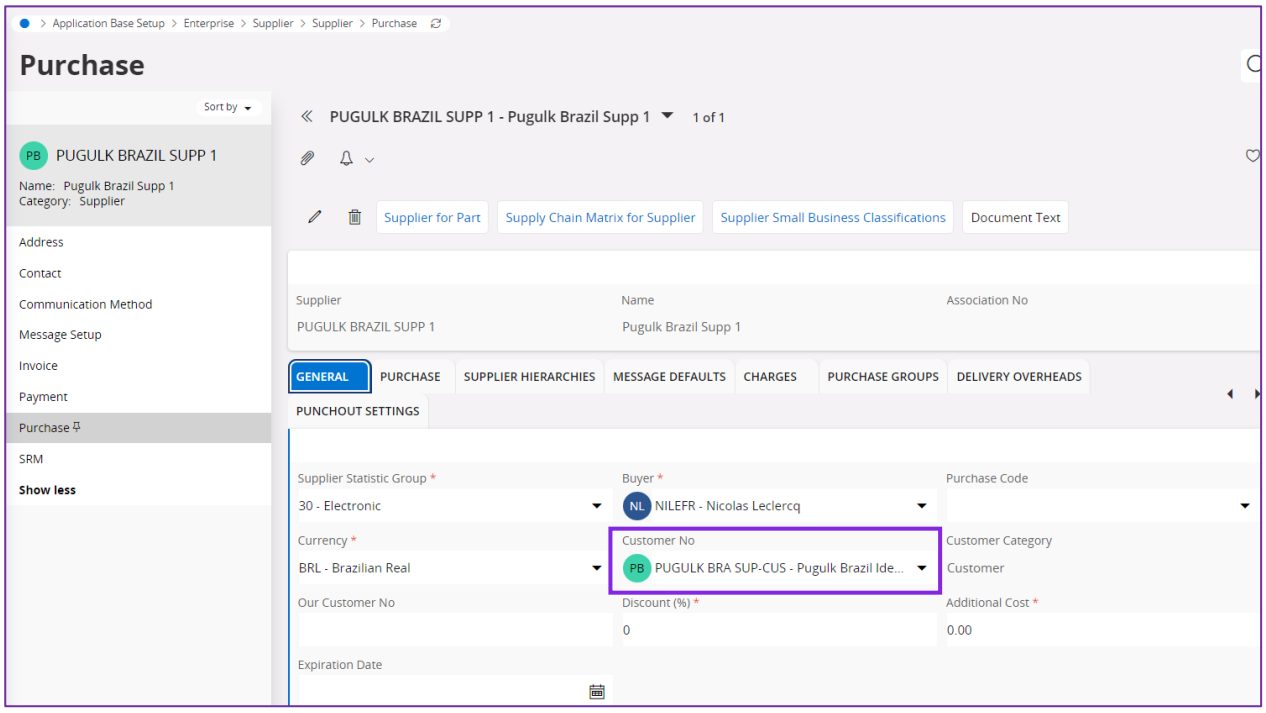
Supplier needed to be enabled with a Business Transaction ID in the **Supplier Basic Data Setup >> Delivery Tax Information >> Business Transaction ID**



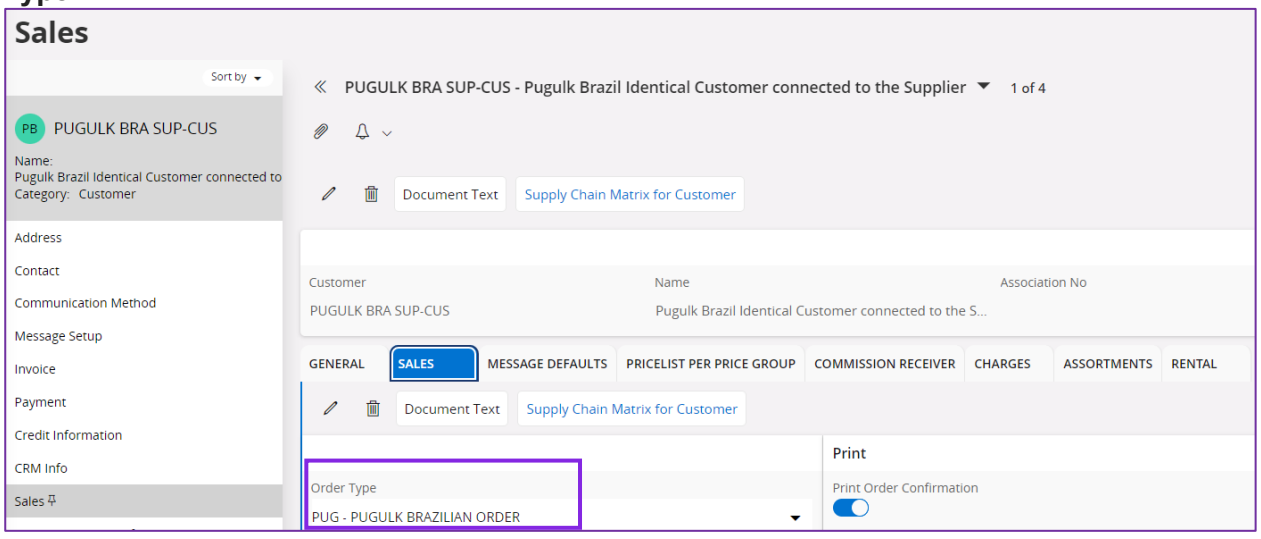
Define and connect the **Component Part** for the inventory part that will be moved between the entities.



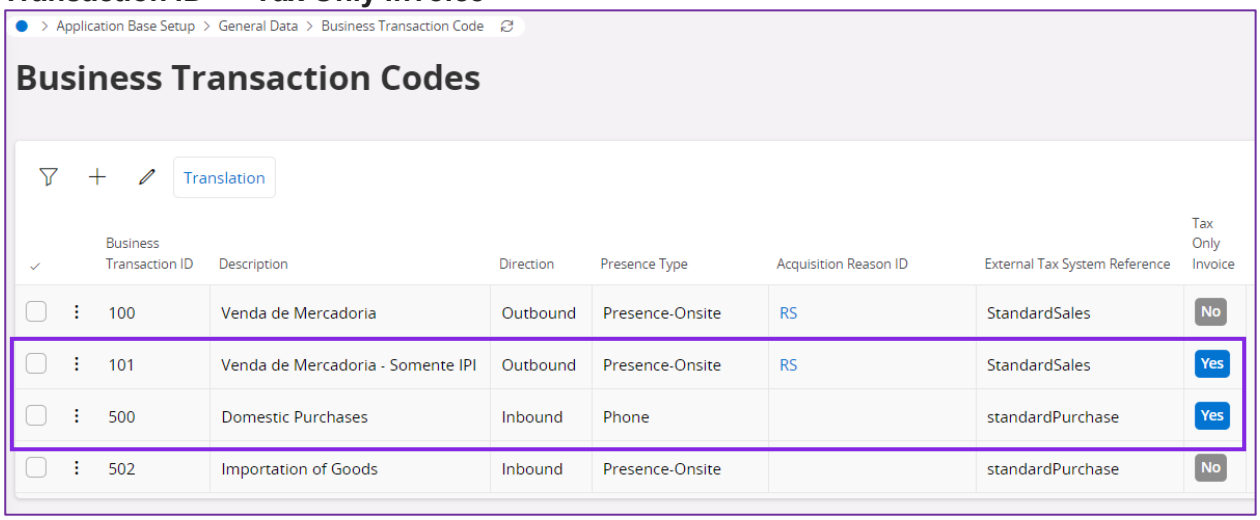
Create and connect an identical Customer to the Supplier in the **Supplier Basic Data >> Purchase >> General >> Customer No**



Connect an Order Type in the Identical **Customer Basic Data Set Up >> Sales >> Sales >> Order Type**



Enable the creation of Tax Only Invoice in the **Business Transaction Code page >> Business Transaction ID >> Tax Only Invoice**



22.6 Delimitations

Tax Only Manual Supplier Invoice postings are enabled for Manual Incoming NF scenarios.

23 Support to Issue and Receive Complementary Nota Fiscal

23.1 Overview Legal Requirement

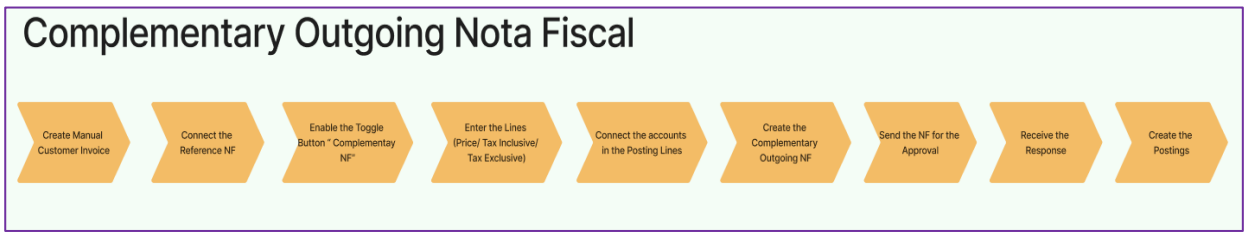
In Brazil the Nota Fiscal is a mandatory official document that must be issued to prove the existence of a commercial act, e.g., sale of goods. It's a tax document that registers transfer of ownership or possession of a good or commercial activity provided by a company to an individual or another company 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.
In cases where the tax amount or price stated in the Nota Fiscal is different than it should be, the Tax Authority allows the taxpayer to correct it by issuing a complementary Nota Fiscal. This new document refers to the previous one and includes the amount differences.

23.2 Other Business Objectives

Following business Scenarios will be handled using BR 146 – Complementary Nota Fiscal.

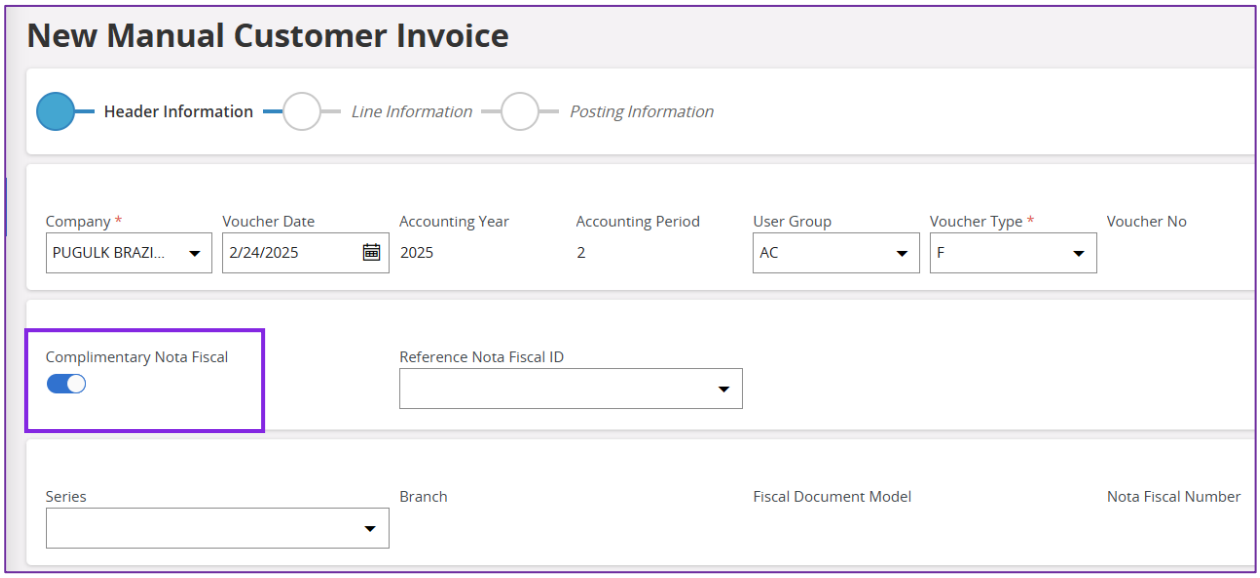
- Price Adjustment Scenarios
- Tax Inclusive and Exclusive Scenarios
- Enabling Outgoing Nota Fiscal handling in the New Manual Customer Invoice
- Handling No Tax Scenarios in both Incoming and Outgoing Nota Fiscals

23.3 Process Overview - Complementary Outgoing Nota Fiscal

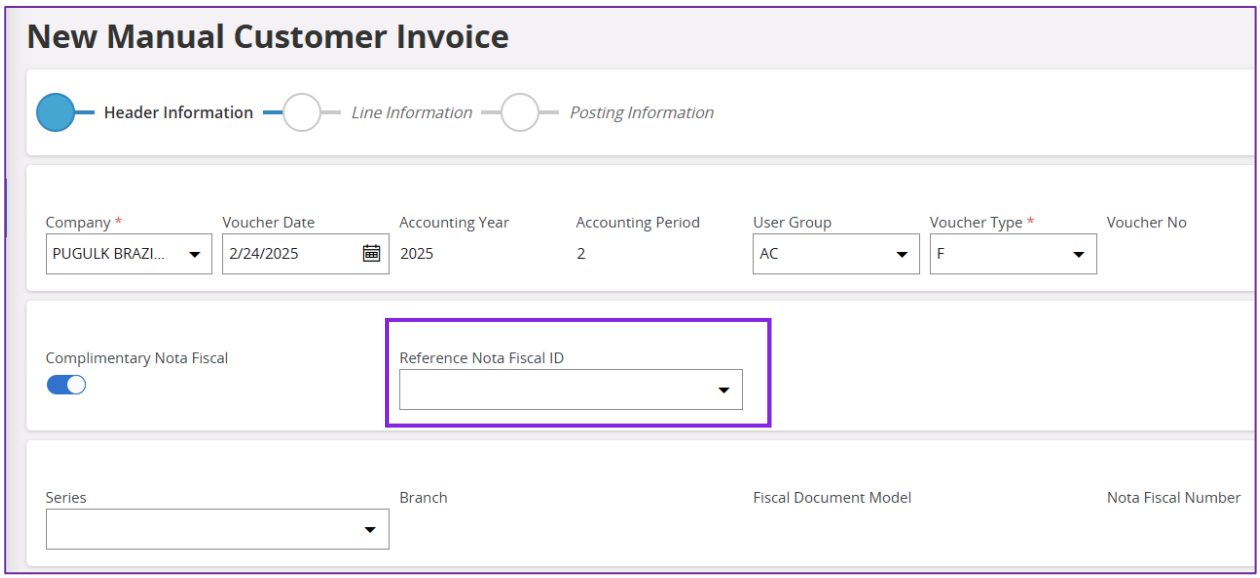


Complement the Price, Inclusive and Exclusive taxes in the Outgoing Nota Fiscal

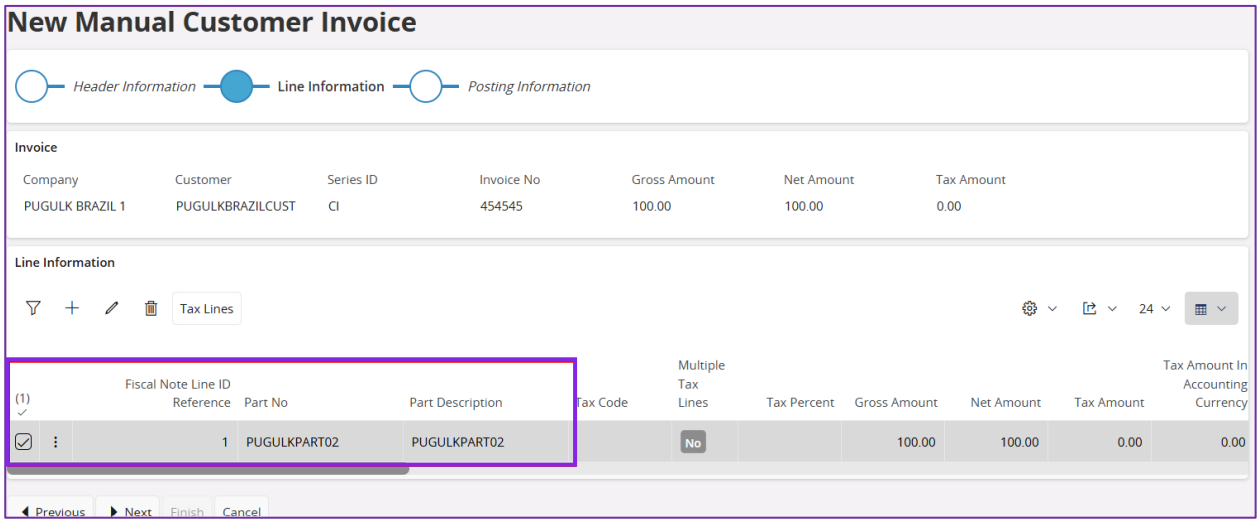
1. Go to the New Manual Customer Invoice and enable the Toggle Button "Complementary Nota Fiscal"



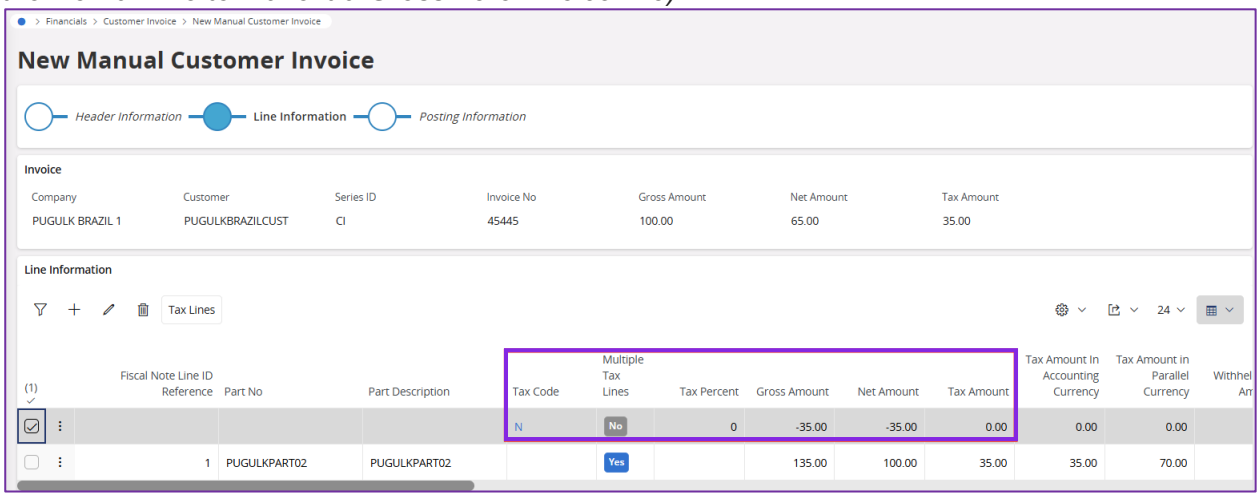
2. Connect the previous Nota Fiscal using Reference Nota Fiscal



3. Connect the Nota Fiscal Series
4. Fetch an Invoice number and proceed to the line level. (The ODN will automatically replace the Invoice number into the Complementary Outgoing NF)
5. Go to the Part Lines and fetch the Fiscal Nota Line ID reference, once the user fetch the Reference Nota Fiscal ID, it will automatically fetch the Part No and the Description



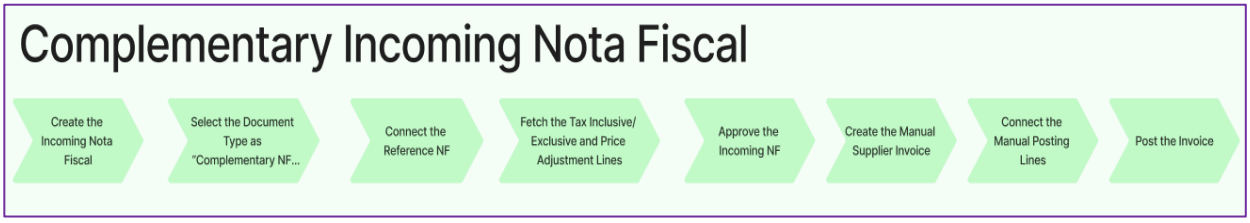
Handle Price Adjustment in the line level, Tax Inclusive and Tax Exclusive scenarios in the Tax lines Dialog and Save the Line level. *(For the Tax Inclusive Scenarios, the user needs to connect the No Tax line to make it a Gross Zero invoice line)*



- *A user can include only a No Tax Line to make it a gross zero invoice line for the inclusive taxes—ICMS, ICMS FCP, PIS, and COFINS.*

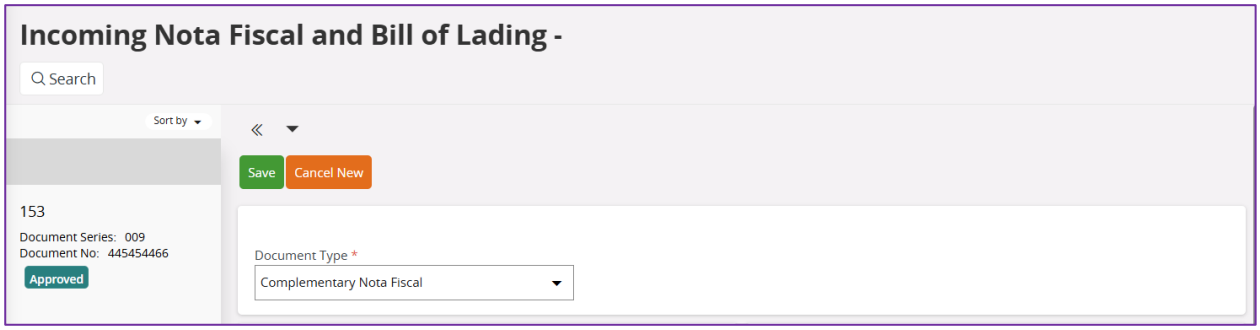
6. Manually handle the postings in the Manual Customer Invoice Setup
7. Create the Complementary Nota Fiscal
8. View and Send the Complementary Nota Fiscal
9. Approve the Complementary Nota Fiscal
10. Create the postings upon the Approval of the Nota Fiscal

23.4 Process Overview - Complementary Incoming Nota Fiscal

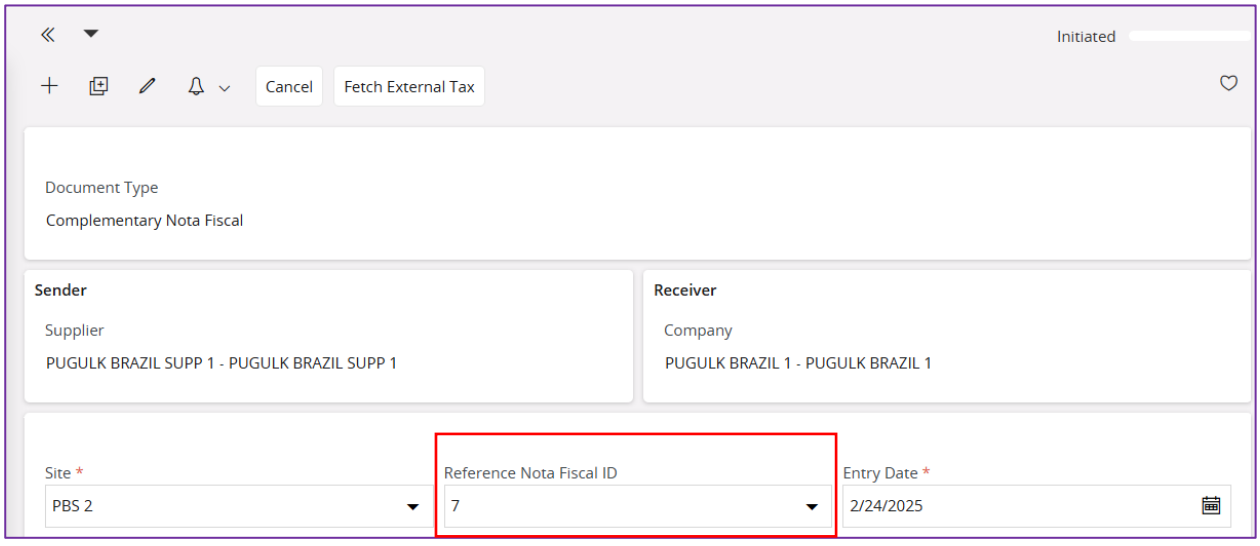


Complement the Price, Inclusive and Exclusive taxes in the Incoming Nota Fiscal

1. Go to the Incoming Nota Fiscal page and select the Document Type as **"Complementary Nota Fiscal"**



2. Connect the previous Nota Fiscal using **Reference Nota Fiscal**



3. Provide the Serie, Document Number and the Document Model
4. Connect the Site, Supplier and save the header level.
5. Handle Price Adjustment in the line level, Tax Inclusive and Tax Exclusive scenarios in the Tax lines Dialog and Save the Line level.

(For the Tax Inclusive scenarios, the No Tax Code will be automatically fetched from the defined No Tax Code from the basic data ***{Company >>Tax Control >> Nota Fiscal >> No Tax Code for Incoming Nota Fiscal}*** *to make it a Gross Zero invoice line)*

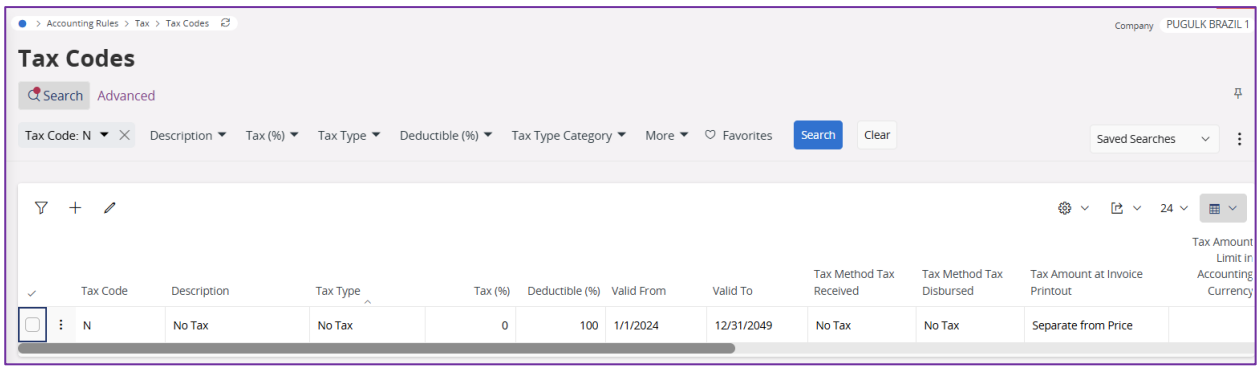
6. Approve the Incoming Nota Fiscal
7. Create the Manual Supplier Invoice
8. Manually handle the Postings
9. Post the Invoice

23.5 Prerequisites

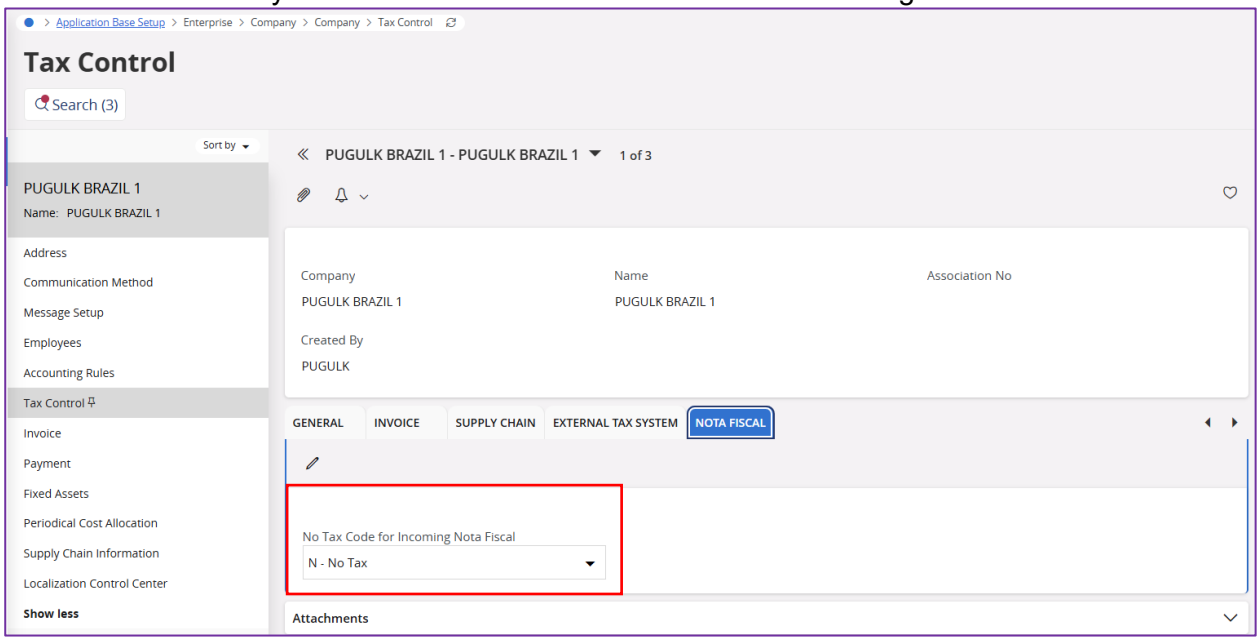
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, and the “Outgoing Nota Fiscals” parameter must be enabled.
Note that also parameters “Acquisition Origin”, “Business Operation”, “Address Specific Tax ID Numbers”, “Goods/Services Statistical Codes”, “Extended Tax 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.

23.6 Define Basic Data

Define No tax code in the ***Application Base Setup >> Enterprise >> Company >> Company >> Tax Control***



Fetch the Default No Tax Code in **the *Company >> Tax Control >> No Tax Code for Incoming Nota Fiscal***
This will automatically create a Gross Zero invoice line in the Incoming Nota Fiscal.



Delimitations

- Inventory valuation based on the price changes aren’t handled in both Complementary Incoming and Outgoing Nota Fiscal scenarios.
- Charges are not handled in the Complementary Nota Fiscals.
- Cancellation,Error and Void Nota Fiscal lifecycles aren’t handled.

24 Symbolic Shipments with Tax Document

24.1 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 **Symbolic Nota Fiscal** is used to handle scenarios where physical goods are either consumed, altered, or otherwise do not exist in their original form. They ensure that even though the physical item may no longer be present, the transaction is still properly documented to meet fiscal and regulatory requirements.

It is important to note that customer or supplier invoices are not required for Symbolic Nota Fiscals, as these relate to non-invoiced transactions on both the incoming and outgoing sides. Although inventory transactions, even if Inventory Part is used, cannot be issued or received in these cases, Brazilian taxes can still be calculated.

Business Scenarios in Handling Symbolic Nota Fiscal

Symbolic Nota Fiscal supports various business transactions where the recipient is not charged and physical goods are either consumed, altered, or otherwise do not exist in their original form such as the following.

1. Inventory count adjustments
2. Return of sample parts previously received
3. Extending the period for external warehousing for goods.

24.2 Process Overview

To facilitate the Brazilian legal requirement of handling Symbolic Nota Fiscals, the Incoming/Outgoing Tax Document objects are used, with some necessary additions, to address these requirements.

ISSUE OF AN OUTGOING SYMBOLIC NOTA FISCAL



RECEIPT OF AN INCOMING SYMBOLIC NOTA FISCAL



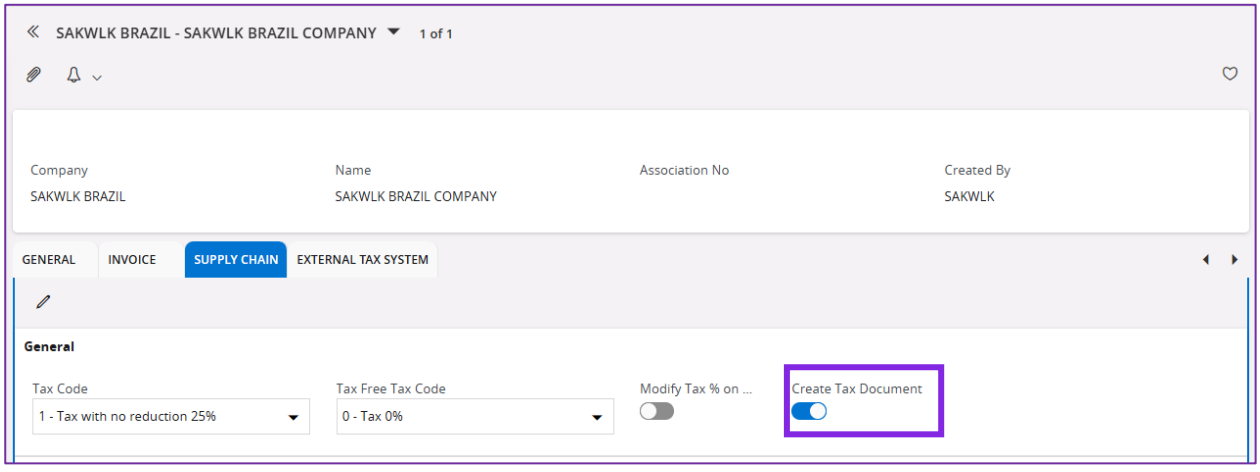
24.3 Prerequisites

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

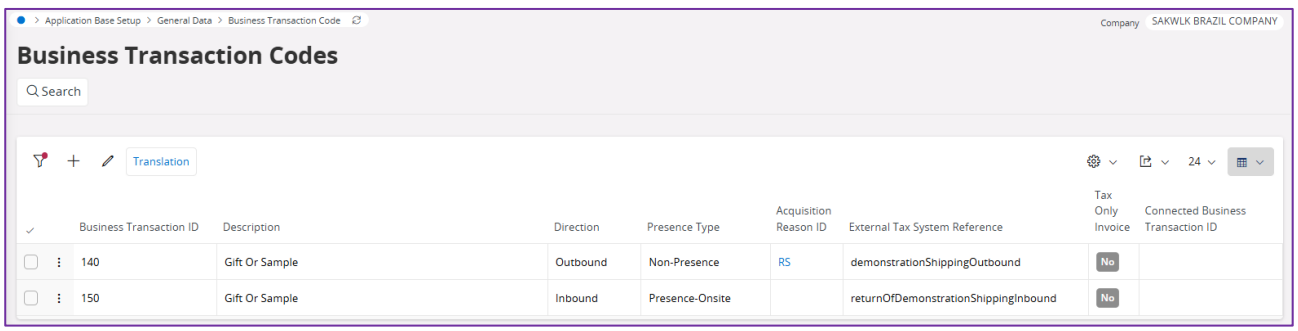
The parameter “Integration to Brazilian External Tax System” should also be enabled to calculate the taxes through the 3rd party tax calculation engine Avalara.

24.4 Define Basic Data

To create the Outgoing and Incoming Tax Documents the toggle button “Create Tax Document” should be enabled in the **Company*/Tax Control/Supply Chain*** page.



Define other basic data relevant for the above-mentioned business scenarios, in the *Business Transaction Code* and *Business Operation* pages.

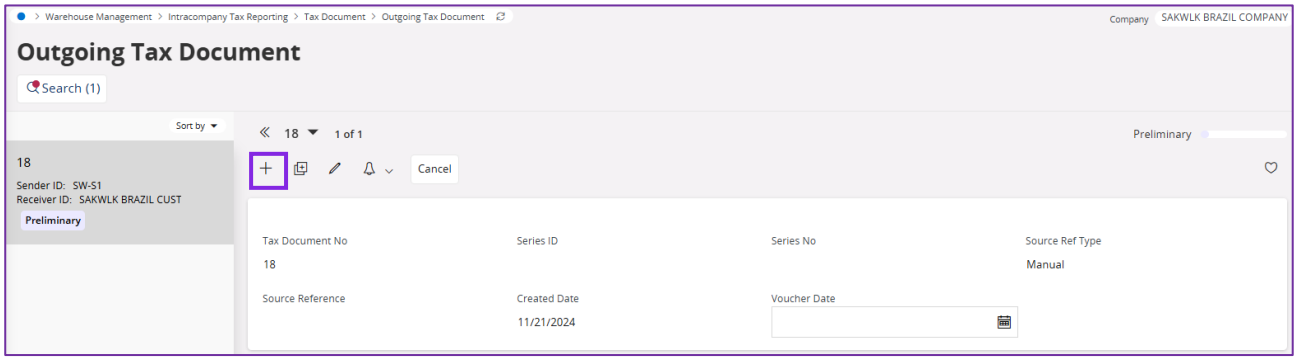


Applicable basic data should exist for Supplier, Customer, Site and Inventory Part/s defined in the company.

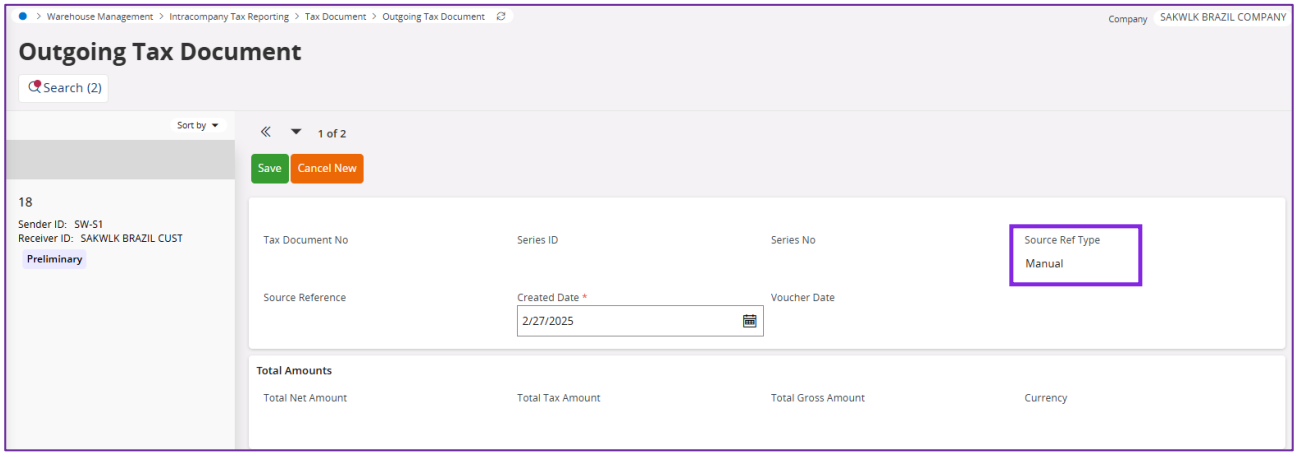
24.5 Issue of an Outgoing Symbolic Nota Fiscal

An Outgoing Symbolic Nota Fiscal can be issued by a Company for either a Customer or a Supplier depending on the Business Scenario. Therefore, the Issuer for an Outgoing Symbolic Nota Fiscal will always be the Company's site and the Receiver of the Nota Fiscal will be a Customer or a Supplier. To facilitate this requirement the "Outgoing Tax Document" functionality is used.

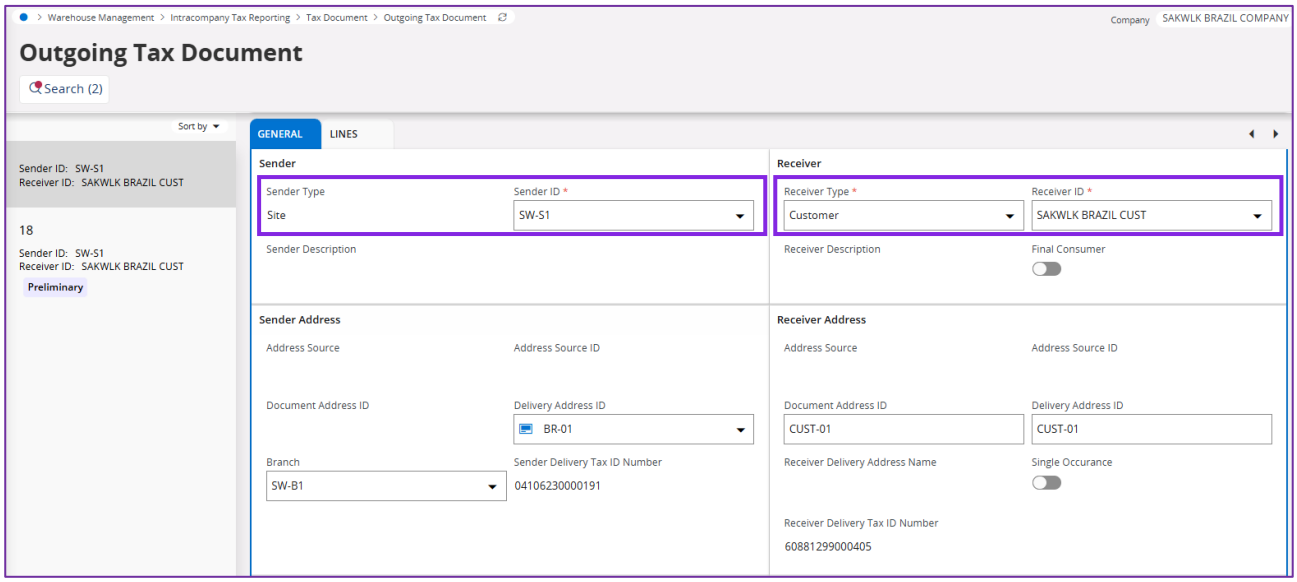
Navigate to "Outgoing Tax Document" in ***Warehouse Management/Intracompany Tax Reporting/Tax Document/Outgoing Tax Document*** page. Add a new record for a Tax Document manually with the enablement of a new button in the Outgoing Tax Document page.



The newly created Tax Document's "Source Ref Type" is set as "Manual".

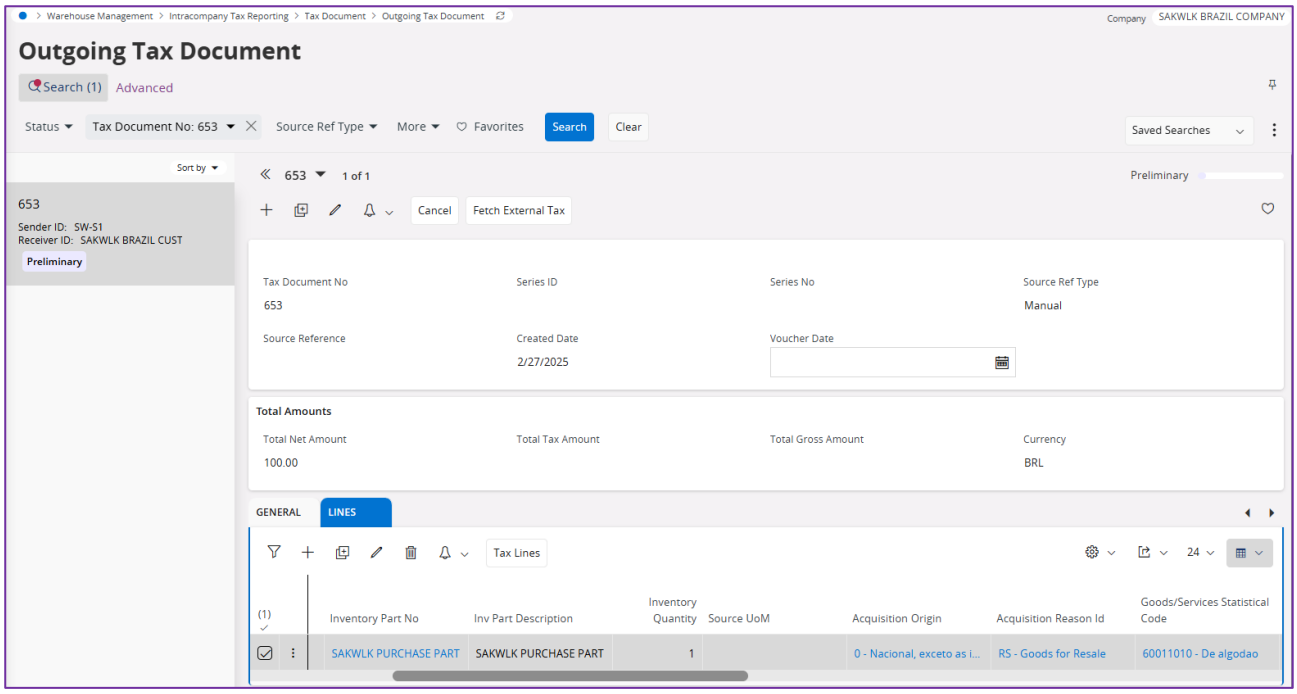


The "Sender Type" will be automatically set as "Site" and all the sites will be listed in the "Sender ID" LOV. The Receiver Type can be set as either "Customer" or "Supplier", and the list of values in the Receiver ID field will display options based on the selected Receiver Type. The Document and Delivery Addresses will be updated and can be modified if needed.

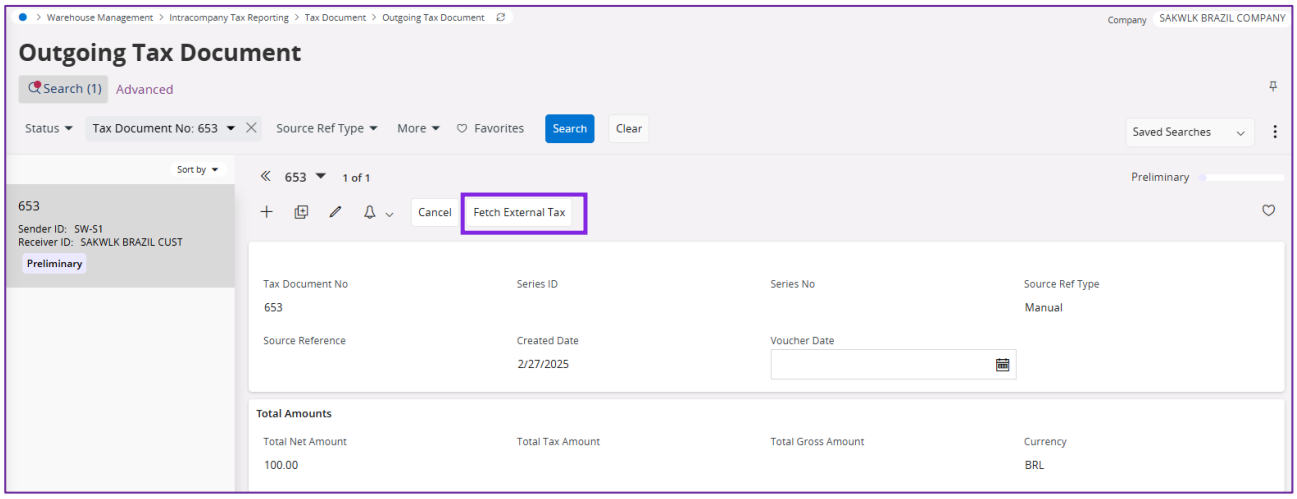


Inform the specific “Business Transaction ID” in Brazil Specifics and save the Tax Document. Once saved, the “Series” should also be informed in the Official Document Number.

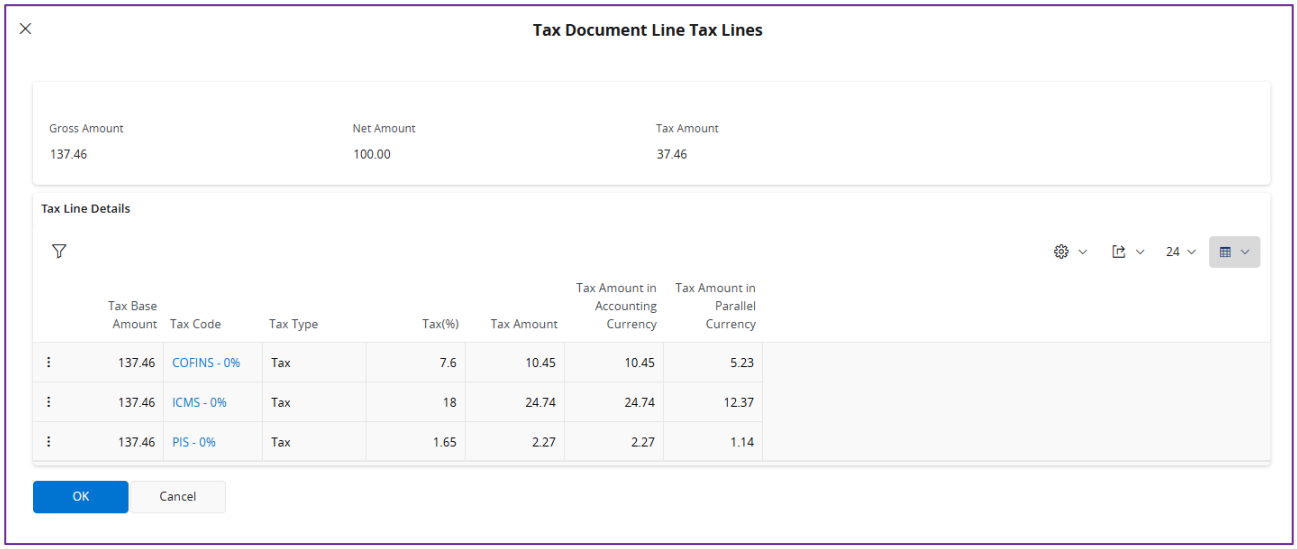
Go to Tax Document Lines and select the “Inventory Part No” and “Inventory Quantity” as required. The default values will be fetched for “Acquisition Origin”, “Acquisition Reason” and “Goods/Services Statistical Code” as defined in the Inventory Part. These fields can be modified as needed. These will be mandatory attributes to calculate taxes through Avalara.



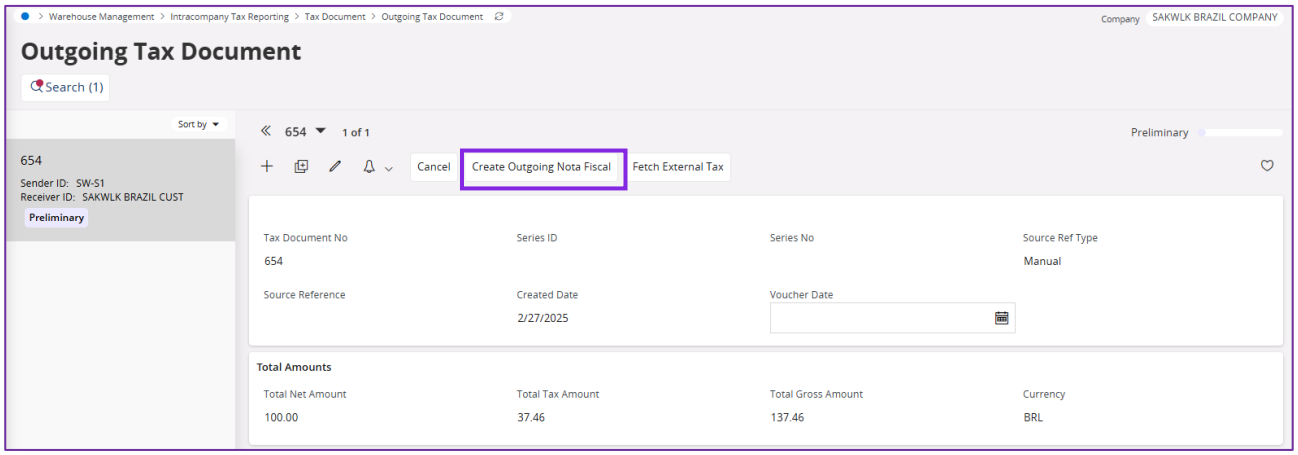
The “Unit Cost” defined for the selected Inventory Part will be automatically fetched for the “Price” and can be modified if needed. Save the lines and use the “Fetch External Tax” command to calculate taxes through Avalara.



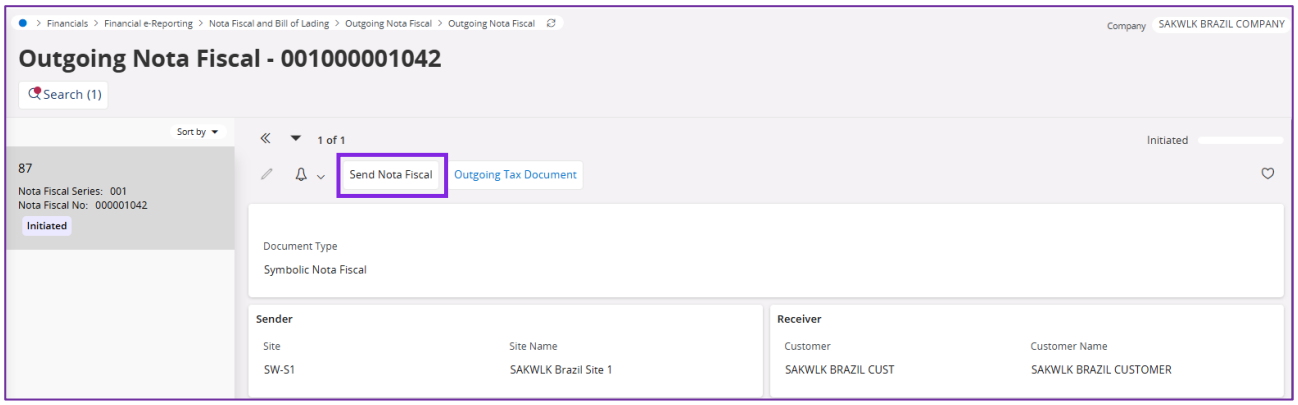
When the command button Fetch External Taxes is clicked, a request for tax determination is sent to the external tax system Avalara. The Brazil unit price returned by Avalara is recorded in the Outgoing Tax Document line, along with all tax details, which are recorded in the Tax Lines dialog for each item.



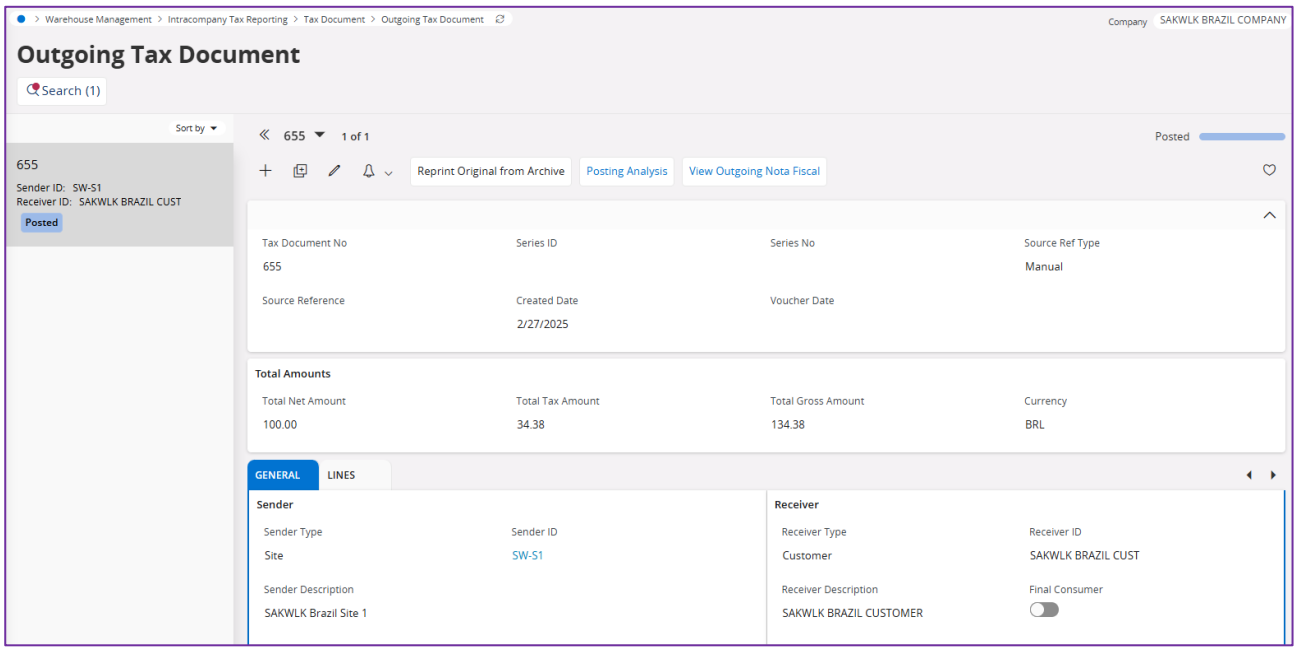
Once taxes are calculated, the “Create Outgoing Nota Fiscal” command button can be used to generate the Nota Fiscal.



The Outgoing Nota Fiscal is then created with Document Type automatically set to Symbolic Nota Fiscal, and with the Brazil unit price and all the tax details copied from the related Outgoing Tax Document. The NF-e can then be communicated to the Tax Authority to get it approved.



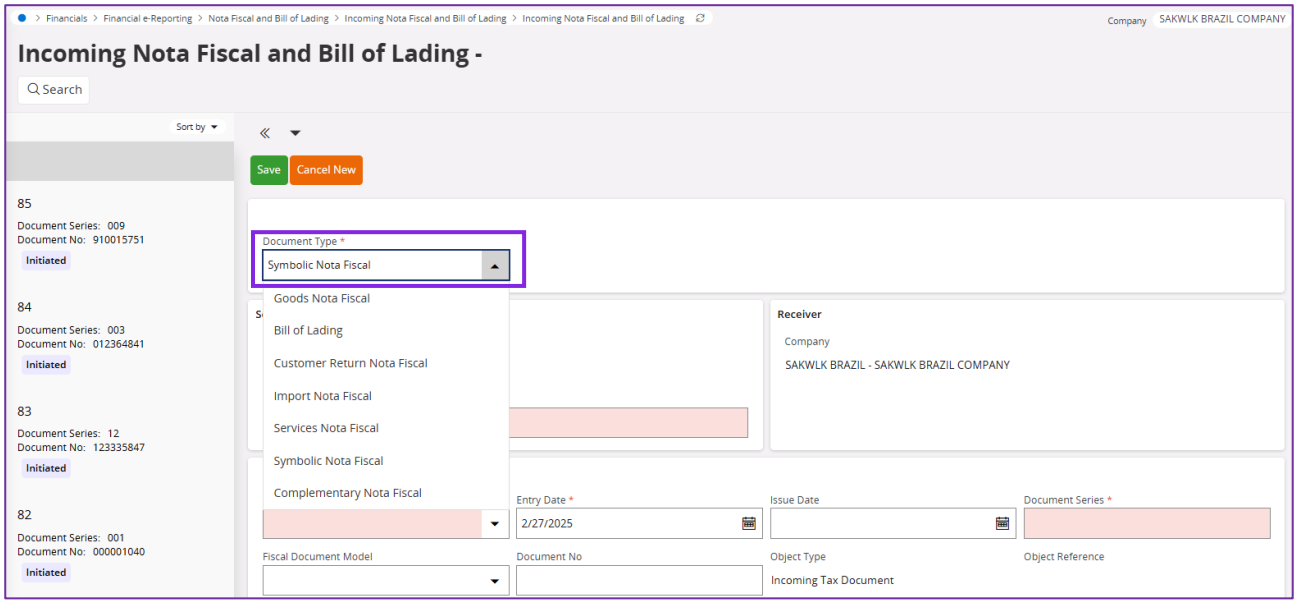
Once the Nf-e is approved, the Outgoing Tax Document is in posted state.



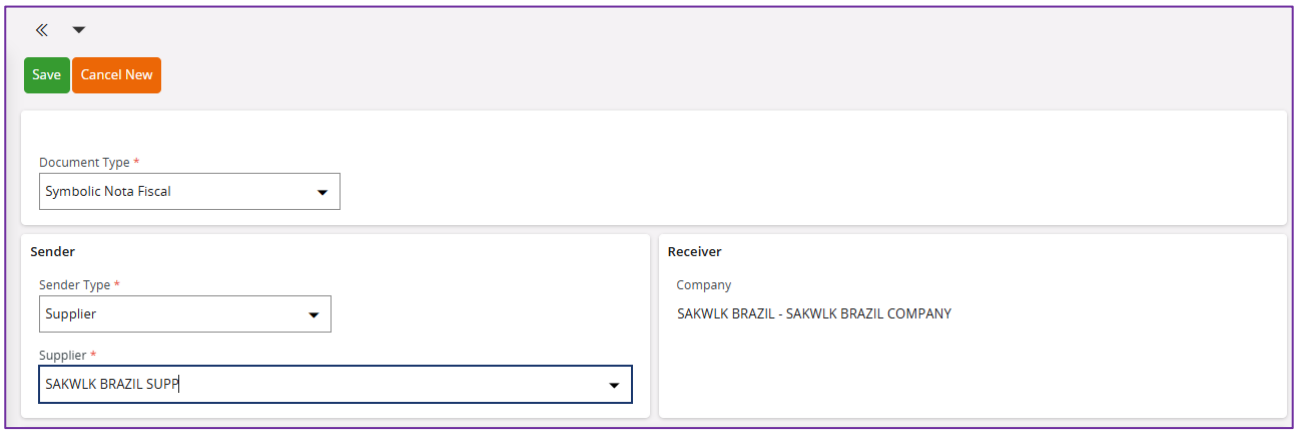
24.6 Receipt of an Incoming Symbolic Nota Fiscal

An Incoming Symbolic Nota Fiscal can be received by a Company from either a Customer or a Supplier depending on the Business Scenario. Therefore, the Receiver for an Incoming Symbolic Nota Fiscal will always be the Company and the Issuer of the Nota Fiscal will be a Customer or a Supplier. To facilitate this requirement a new Document Type, “Symbolic Nota Fiscal” has been introduced in the “Incoming Nota Fiscal and Bill of Lading” page.

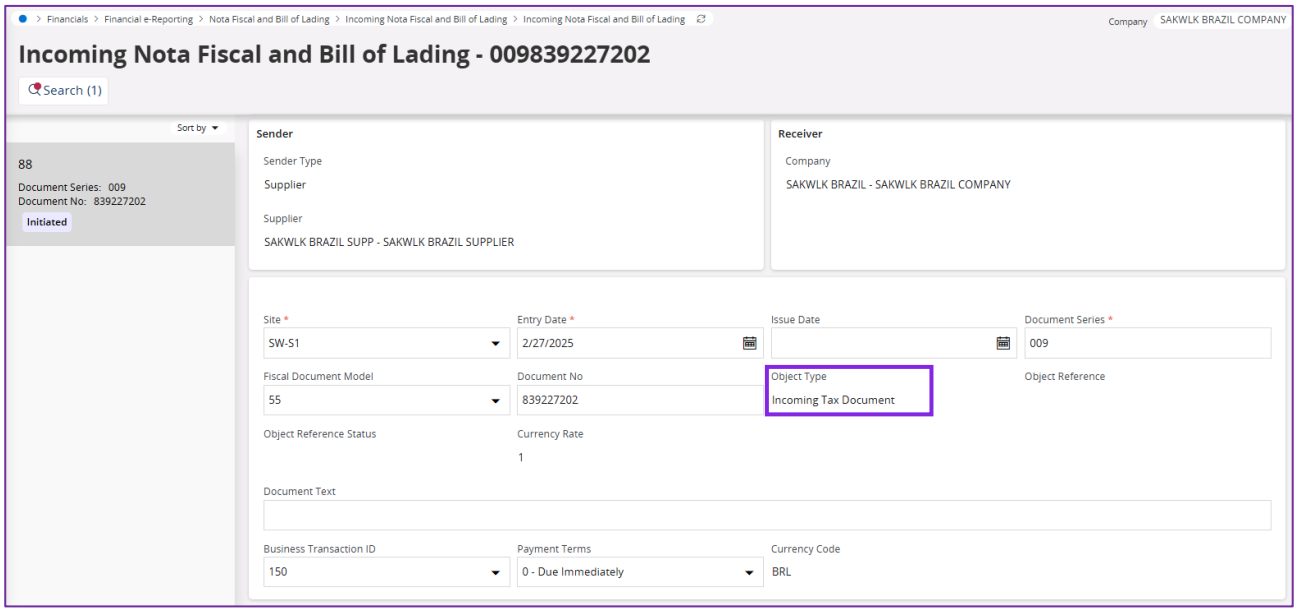
Navigate to ***Financials/Financial e-Reporting/Nota Fiscal and Bill of Lading/Incoming Nota Fiscal and Bill of Lading*** page and create a new Incoming Nota Fiscal setting the Document Type as “Symbolic Nota Fiscal”.



The “Receiver” will be automatically set as the Company. The Sender Type can be set as either "Customer" or "Supplier", and the list of values in the Sender ID field will display options based on the selected Sender Type.

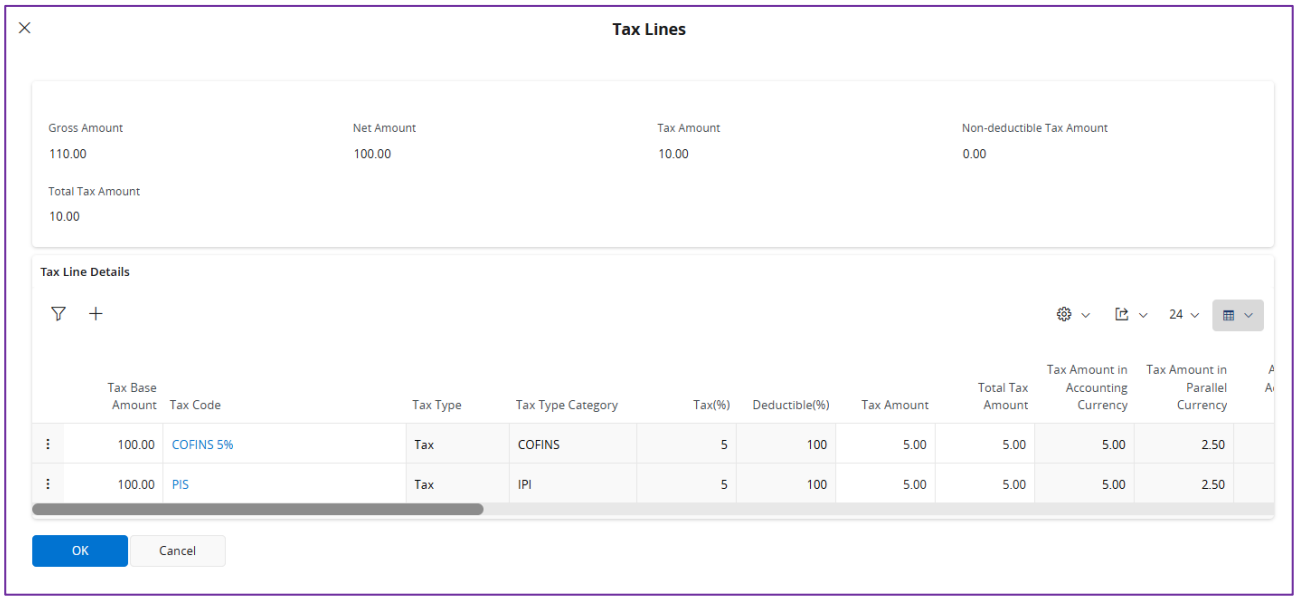


Fill in the attributes – Site, Document Series, Fiscal Document Model, Document Type and Business Transaction ID and save the NF Header. The “Object Type” will be set as “Incoming Tax Document”.

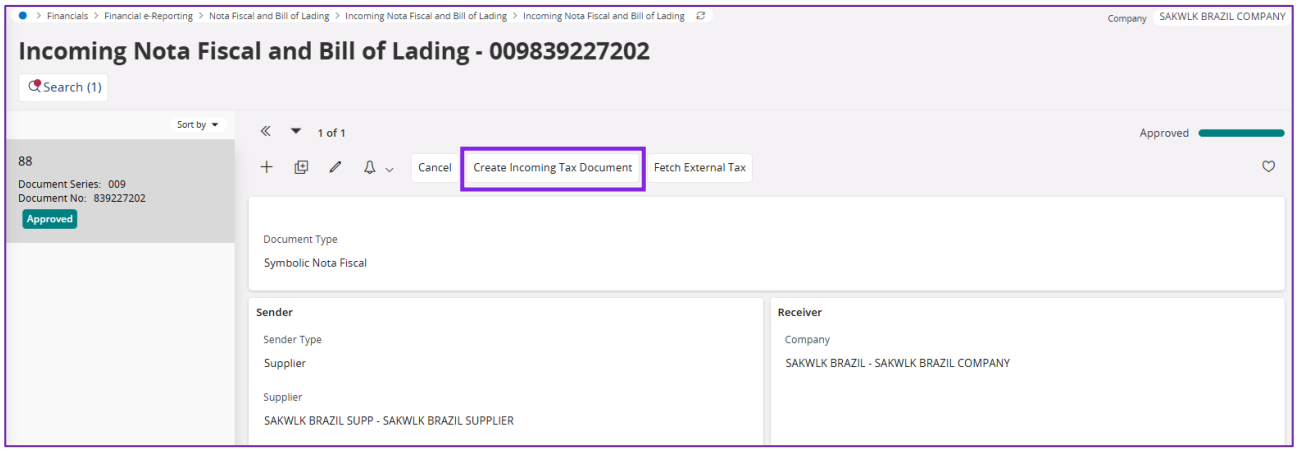


The Document and Delivery Addresses will be updated for the Sender and the Receiver accordingly once the Nota Fiscal Header details are saved.

Go to the Nota Fiscal Lines and enter the lines. Select the needed Inventory Part from the “Part No” which will list all the Inventory Parts connected to the Site and enter the Quantity. Then go to “Tax Lines” and enter Tax details information as required manually.

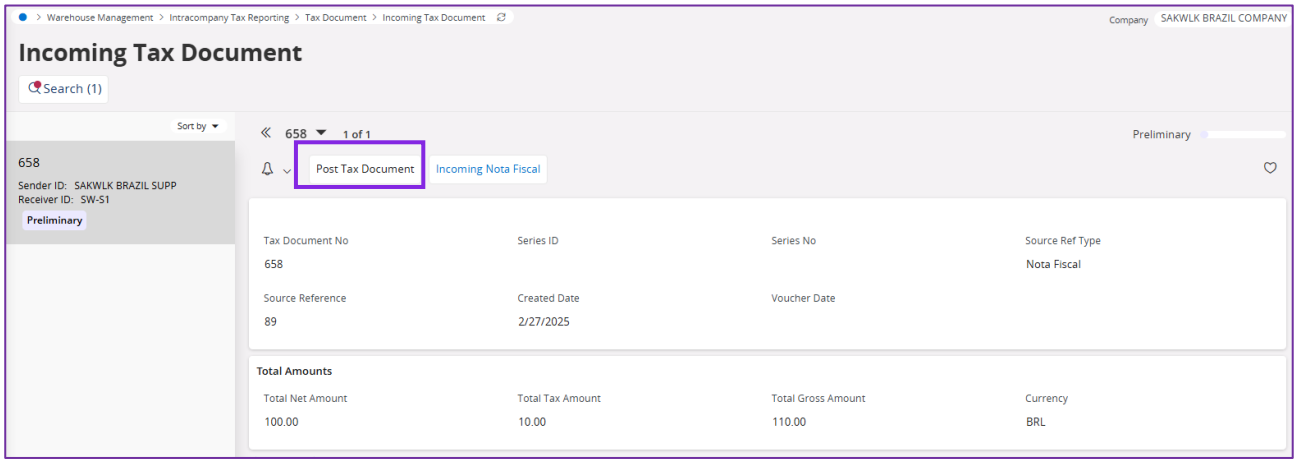


Once Tax details are entered, save the tax lines and approve the Nota Fiscal. Once approved, use the “Create Incoming Tax Document” command button to create the Incoming Tax Document.



The Incoming Tax Document is non-editable. All the tax details, Sender and Receiver details are copied from the related Incoming Nota Fiscal. The “Source Ref Type” will be automatically set to “Nota Fiscal”.

The “Post Tax Document” command button can then be used to post the taxes in the Tax Document.

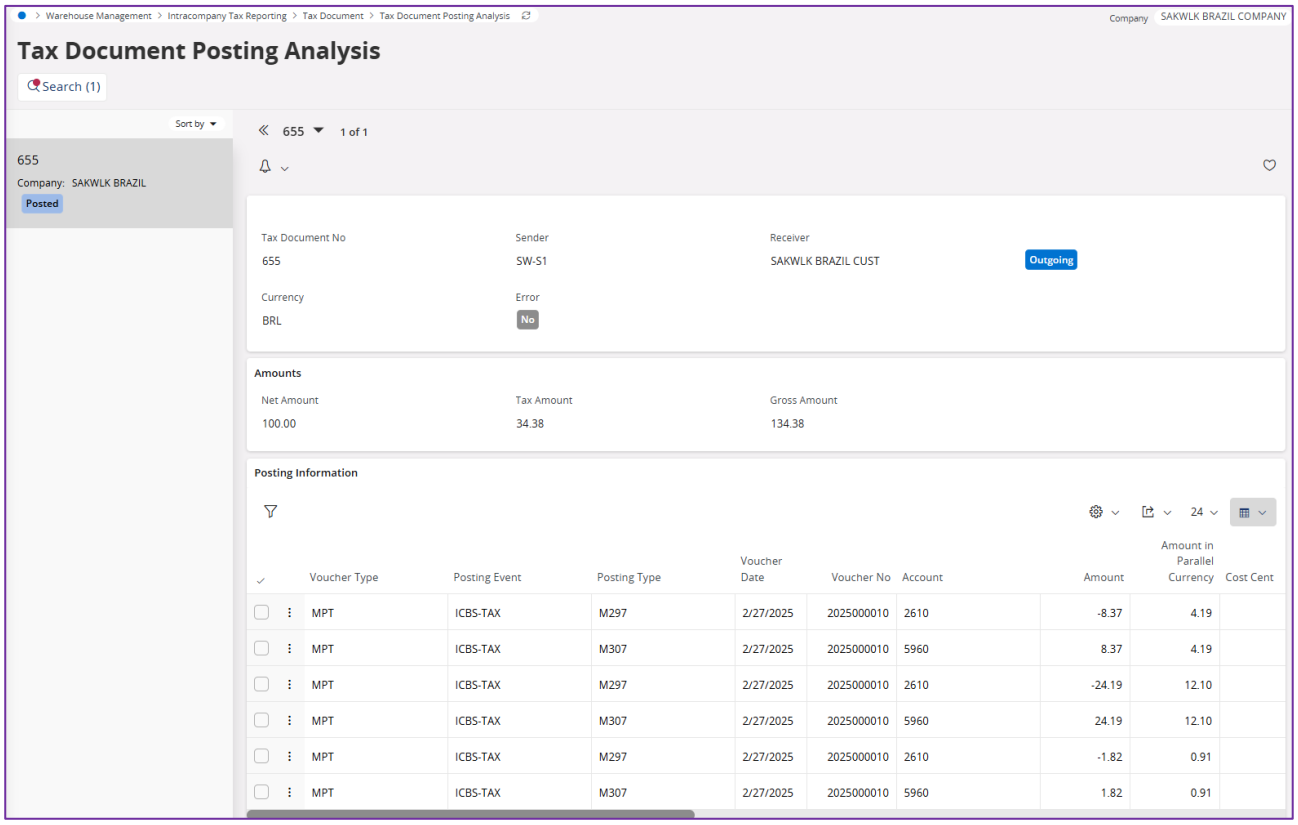


24.7 **Postings**

24.7.1 OUTGOING TAX DOCUMENT

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

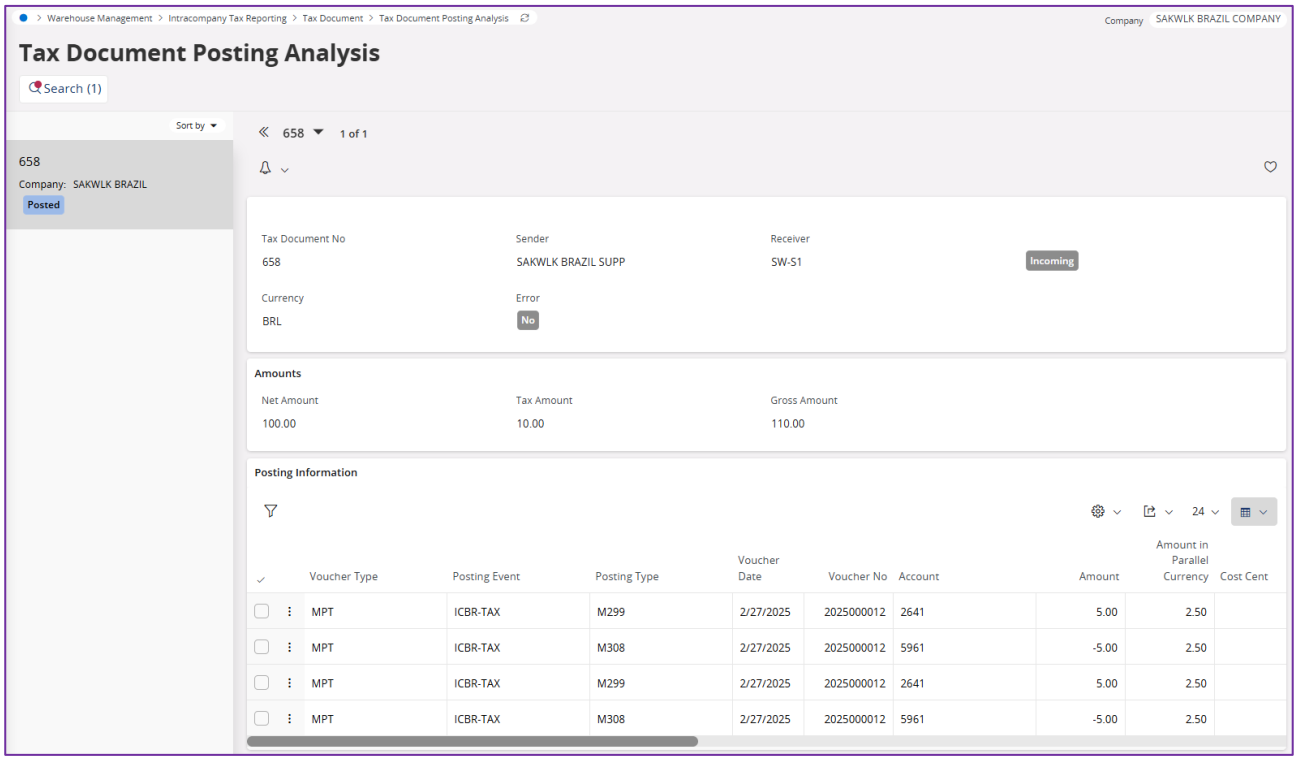
Voucher Type	Posting Type	Posting Type Description	Debit/Credit	Control Type
MPT	M297	Tax Disbursed, Intracompany Part Movements	Credit	AC7 – Tax Code
MPT	M307	Company Bearing Tax Disbursed, Tax Amount	Debit	AC1 – Fixed Value



24.7.2 INCOMING TAX DOCUMENT

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

Voucher Type	Posting Type	Posting Type Description	Debit/Credit	Control Type
MPT	M299	Tax Received, Intracompany Part Movements	Debit	AC1 – Fixed Value
MPT	M308	Company Bearing Tax Received, Tax Amount	Credit	AC1 – Fixed Value



24.8 Delimitations

Charges such as Freight, Insurance, and Expenses will not be handled in this flow, as Charges are not supported in the Tax Document.

The option to enter Non-Inventory Parts in the Outgoing Tax Document Lines will not be supported in this release.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

25 Discounts in Incoming and Outgoing Nota Fiscals

25.1 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.

In both Incoming and Outgoing Nota Fiscal, discounts are mandatory to be specified at the line-item level, whenever applicable.

25.2 Prerequisites

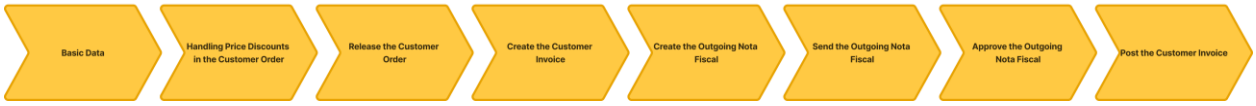
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter, the “Outgoing Nota Fiscal” and “Incoming Nota Fiscal” parameters must be enabled.

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.

The basic data related to the Incoming Nota Fiscal – automatic (XML) flow also needs to be set up. Please see the specific chapters on how to set up the data needed.

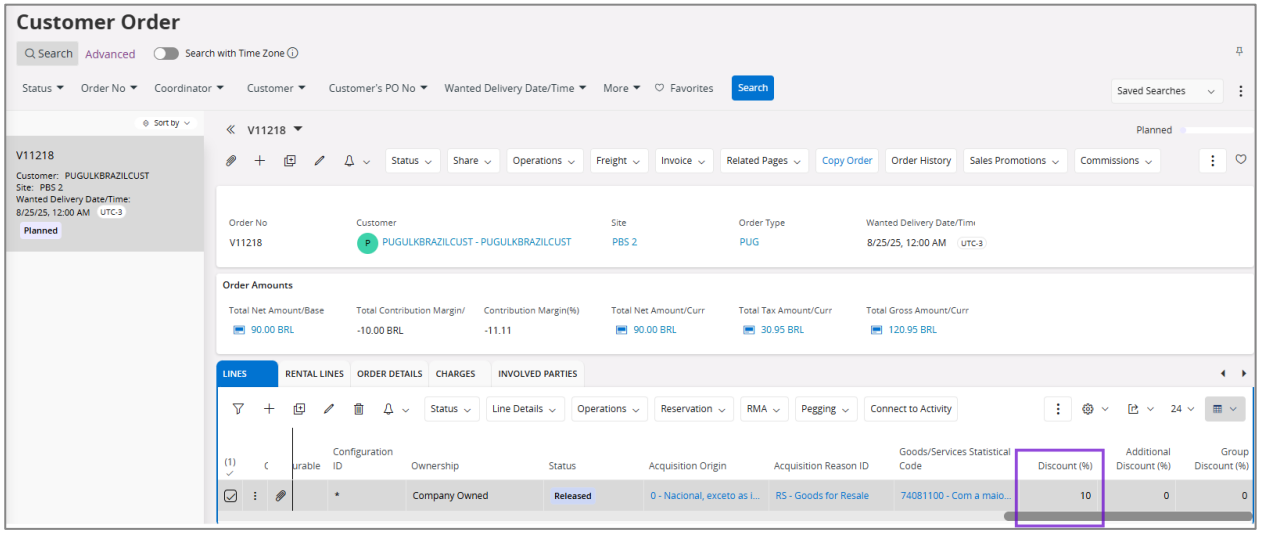
25.3 Process Overview - Discounts Handling in the Outgoing Nota Fiscal

Handling Discounts - Outgoing Nota Fiscal

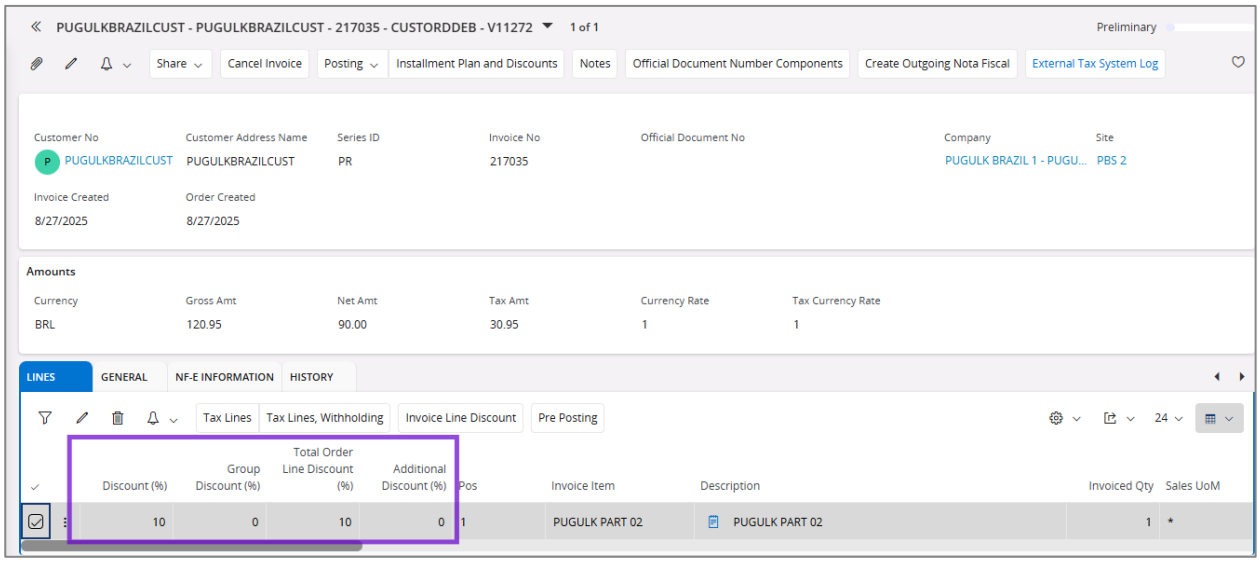


Discounts Handling in the Outgoing Nota Fiscal

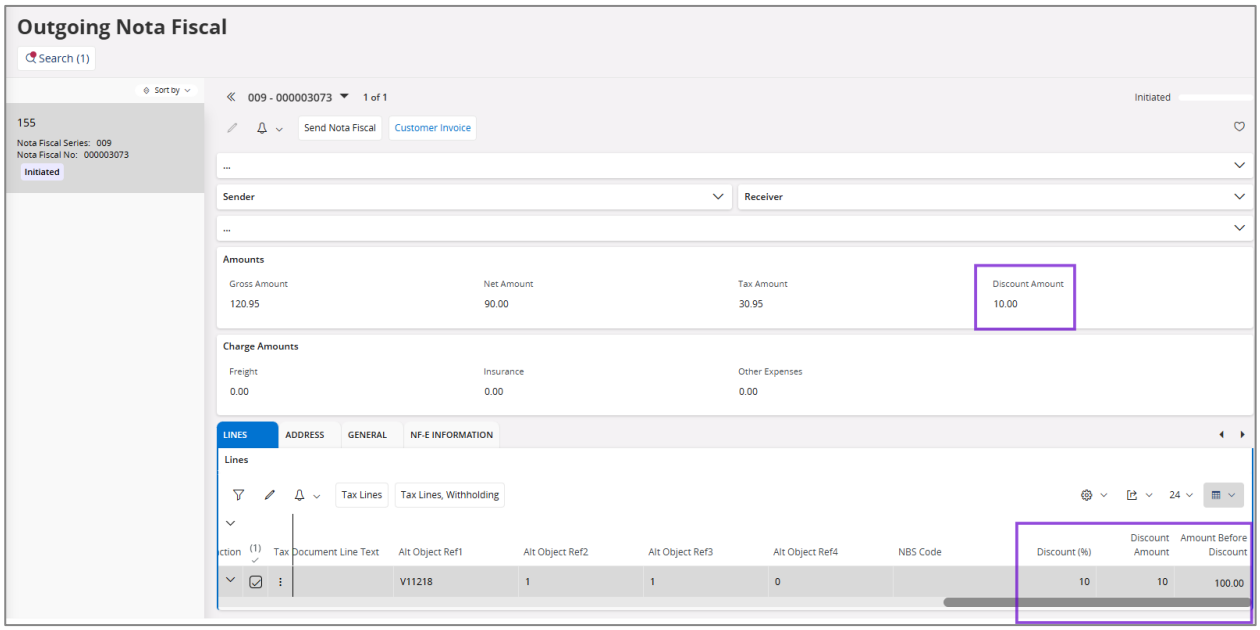
Navigate to the Customer Order and retrieve the applicable discounts using the standard IFS core functionalities



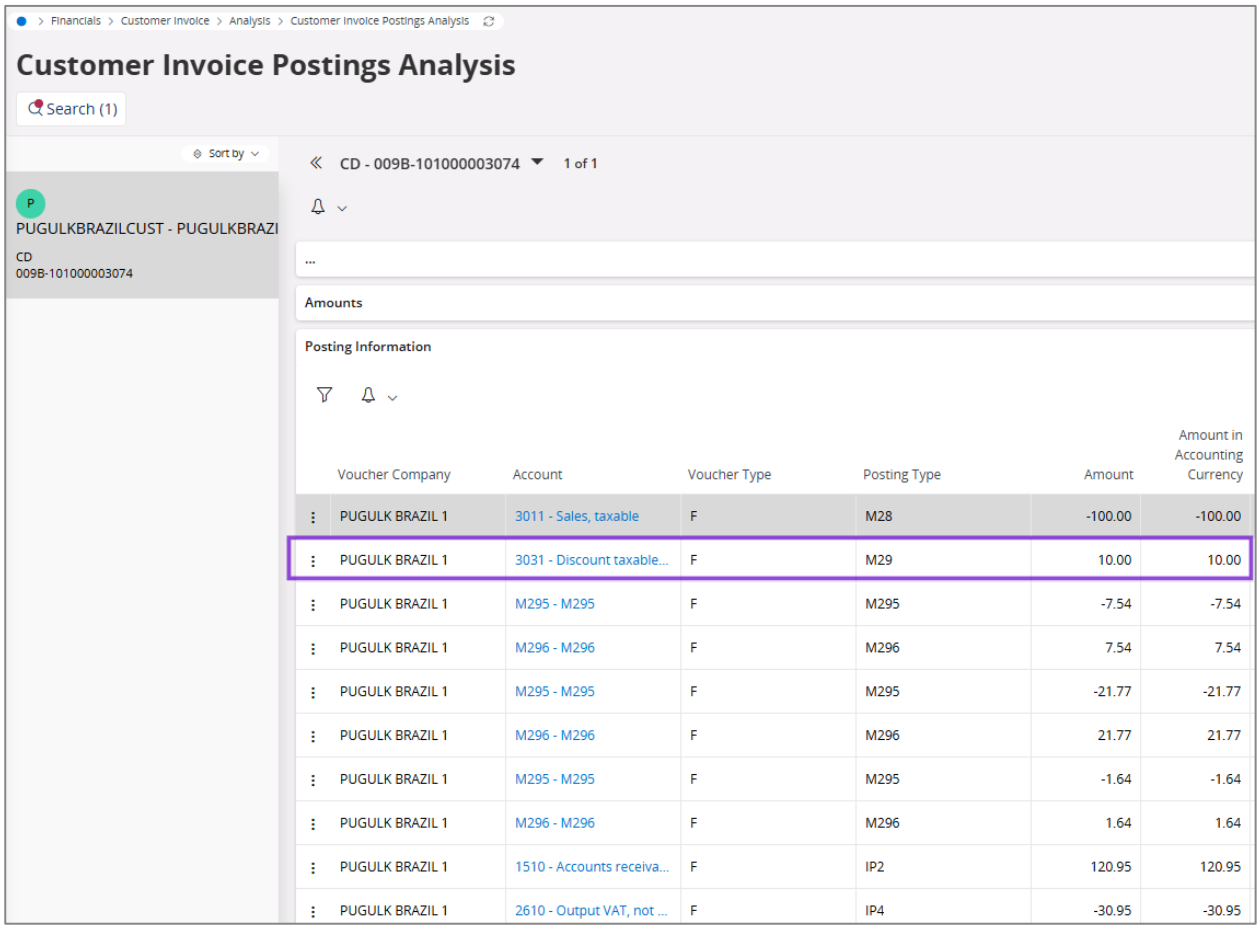
Create Customer Invoice – The Customer Invoice will be created from the Customer Order, and entering additional discounts at this stage is restricted.



Create the Outgoing Nota Fiscal – ***The Discount Amount, Amount Before Discount,*** and ***Discount Percentage*** fields will be enabled in the Outgoing Nota Fiscal

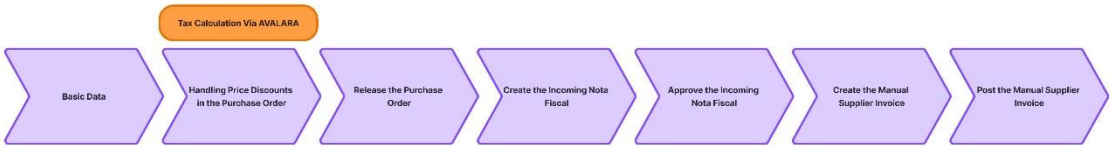


Send and Approve the Outgoing Nota Fiscal. Upon the approval of the Outgoing Nota Fiscal Customer Invoice postings will be created.

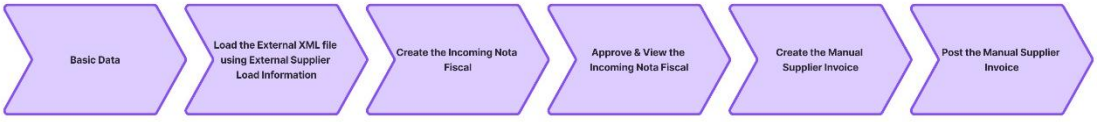


25.4 Process Overview - Discounts Handling in the Incoming Nota Fiscal

Handling Discounts - Manual Flow - Incoming Nota Fiscal

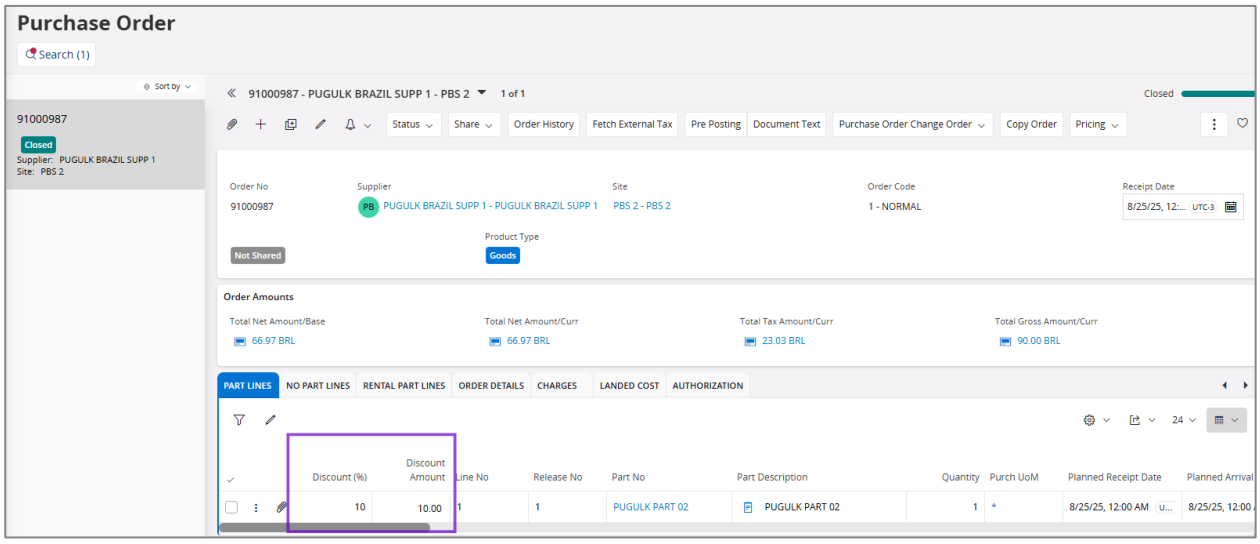


Handling Discounts -External Supplier Invoice Flow - Incoming Nota Fiscal



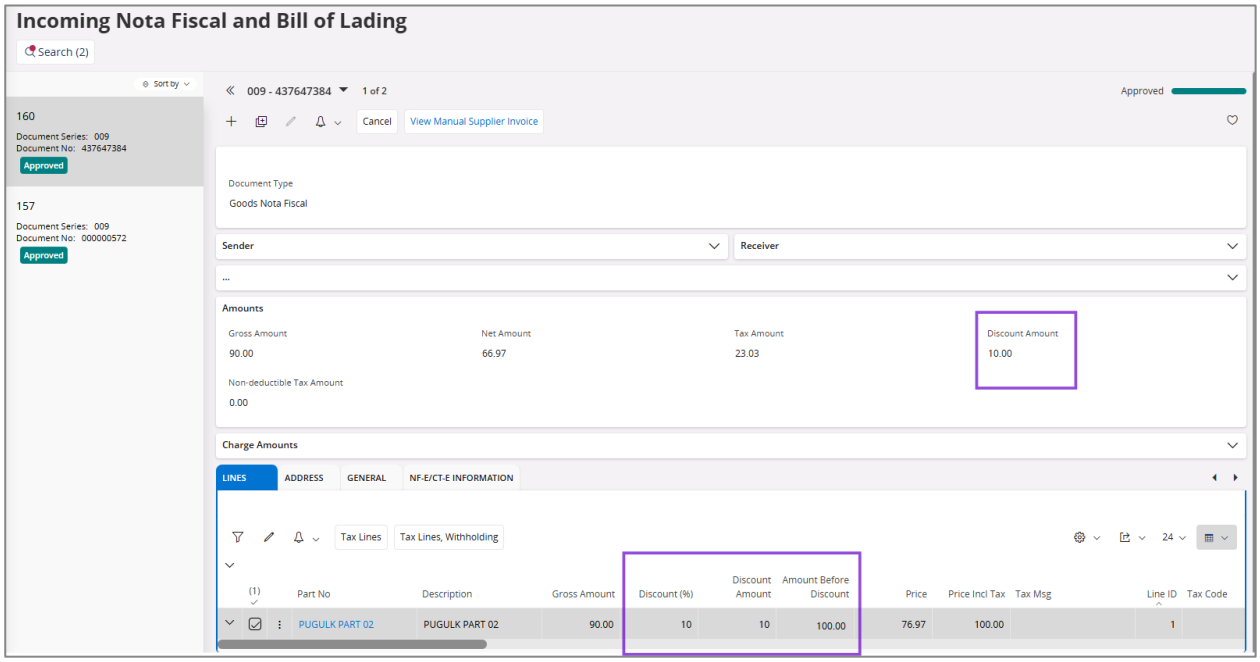
Discounts Handling in the Incoming Nota Fiscal – Manual Flow

Create a Purchase Order for either an inventory or non-inventory part, and calculate applicable taxes via AVALARA, ensuring that discounts are properly incorporated.



Release the Purchase Order & Create the Incoming Nota Fiscal.

Use the ***Copy Unreceived PO Lines***, ***Copy Unmatched PO Receipts*** option available in the Incoming Nota Fiscal line level to fetch the line details from the Purchase Order - The ***Discount Amount, Amount Before Discount***, and ***Discount Percentage*** fields will be enabled in the Incoming Nota Fiscal.



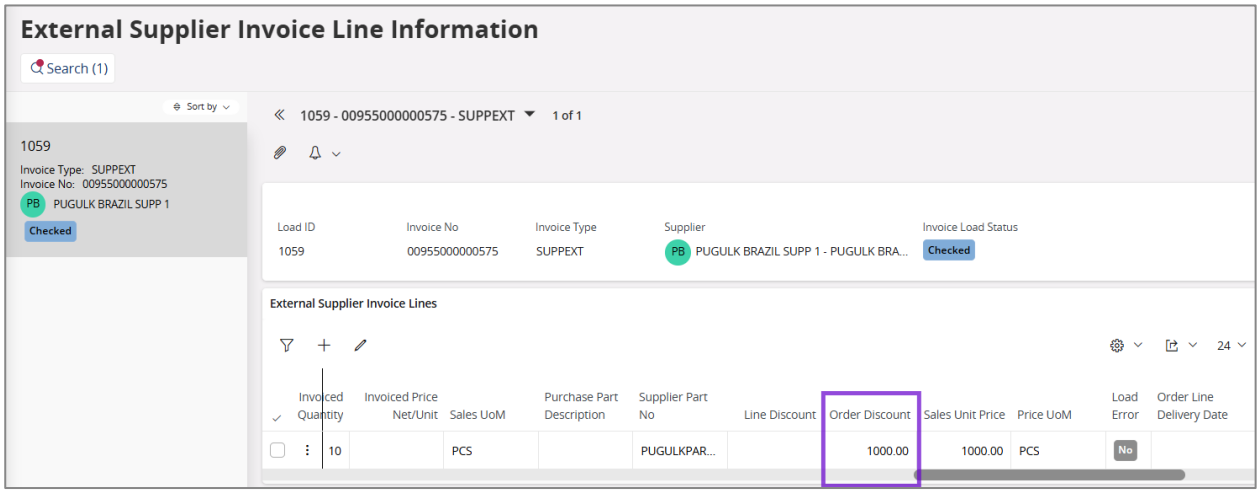
- Approve the Incoming Nota Fiscal
- Register the Receipts of the Goods
- Create the Manual Supplier Invoice
- Post the Manual Supplier Invoice

Discounts Handling in the Incoming Nota Fiscal – Automatic Flow

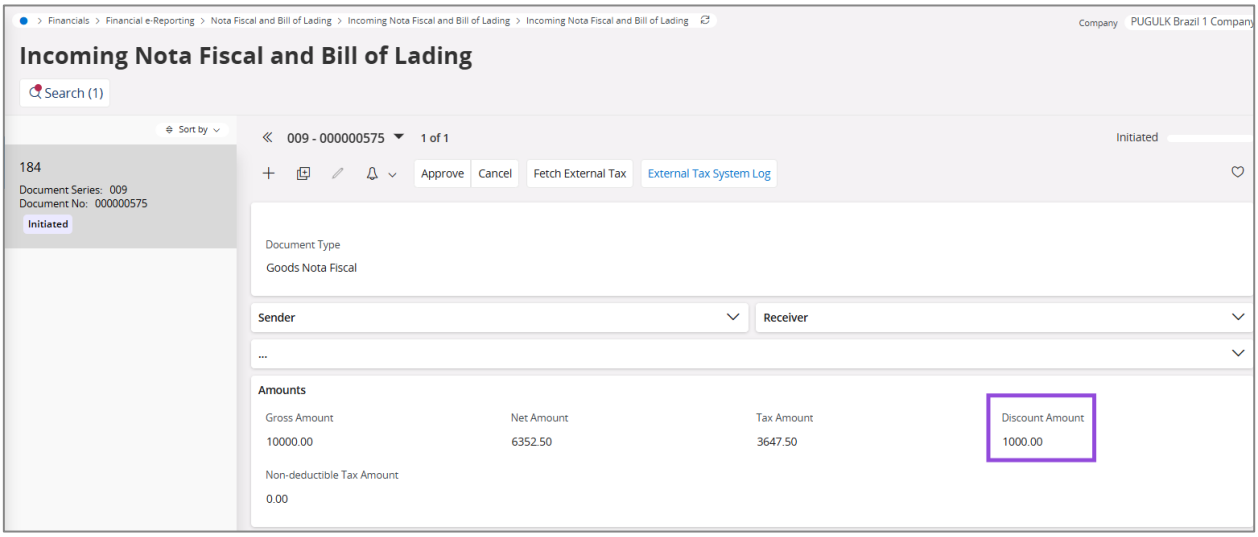
Receive the Incoming XML file using the External Supplier Invoice Load Information page.

Check Invoices and Create the Incoming Nota Fiscal.

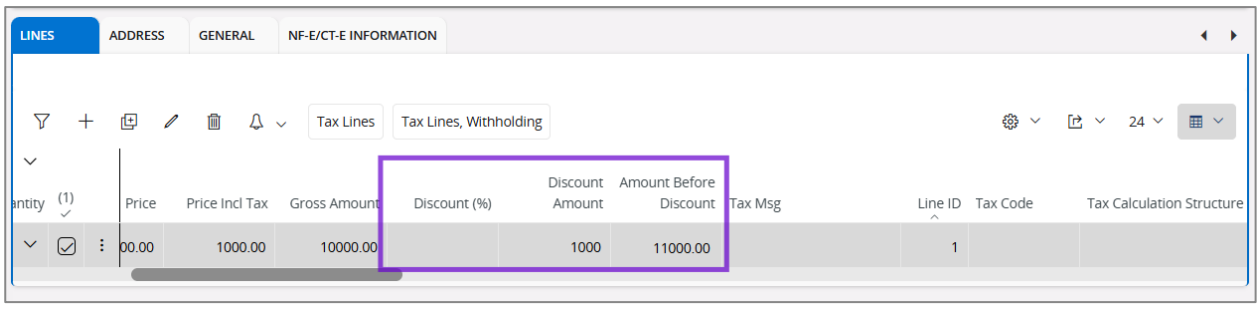
Discount information will be automatically fetched into the ***Order Discount*** field upon loading the XML file through the ***External Supplier Invoice Load Information*** page.



View the Incoming Nota Fiscal - *The Discount field at the header level of the Incoming Nota Fiscal will display the total discount amount from the Incoming Nota Fiscal lines*.



The Discount Amount and **Amount Before Discounts** fields will be enabled in the Incoming Nota Fiscal lines copied from the XML file. The ***Discount Percentage (%)*** will not be displayed in the Incoming Nota Fiscal lines when the Incoming Nota Fiscal is created through the ***External Supplier Load*** **Information** page**.**



- Approve the Incoming Nota Fiscal
- Create the Manual Supplier Invoice
- View the Manual Supplier Invoice
- Post the Supplier Invoice

Tax Calculation incorporating Discounts in the Incoming Nota Fiscal

In the Incoming Nota Fiscal, the user can use the ***'Fetch External Tax'*** command to calculate taxes for both inventory and non-inventory parts, incorporating discounts. The Discount Amount, Amount Before Discount, and Discount Percentage fields will be enabled in the Incoming Nota Fiscal lines after fetching the AVALARA taxes.

25.5 Delimitations

- Payment- and receipt-level cash discounts are not considered in this development.
- The user cannot use the Matching option to create automatic postings in the Manual Supplier Invoice; therefore, postings must be handled manually.
- Tax calculation in the Customer Invoice using the Additional Discounts and Group Discounts options is disabled at the Customer Invoice level.
- Charges are not supported in either Incoming or Outgoing Nota Fiscals.
- The "Amount Before Discount" field in the Incoming Nota Fiscal lines will not be calculated correctly when the Incoming Nota Fiscal is created through the **External Supplier Invoice Load Information** page.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

26 Correction Letter for NF-e

26.1 Overview Legal Requirement

The Correction Letter (CC-e) is an electronic document used to amend information in an Electronic Nota Fiscal (NF-e) previously issued and authorized by the Tax Authority (SEFAZ). This correction can only be made for errors that do not change fiscal values, total amount, taxes, or recipient information (name, CNPJ). Tax Authority allow issuing up to 20 correction letters per Nota Fiscal.

26.2 Process Overview



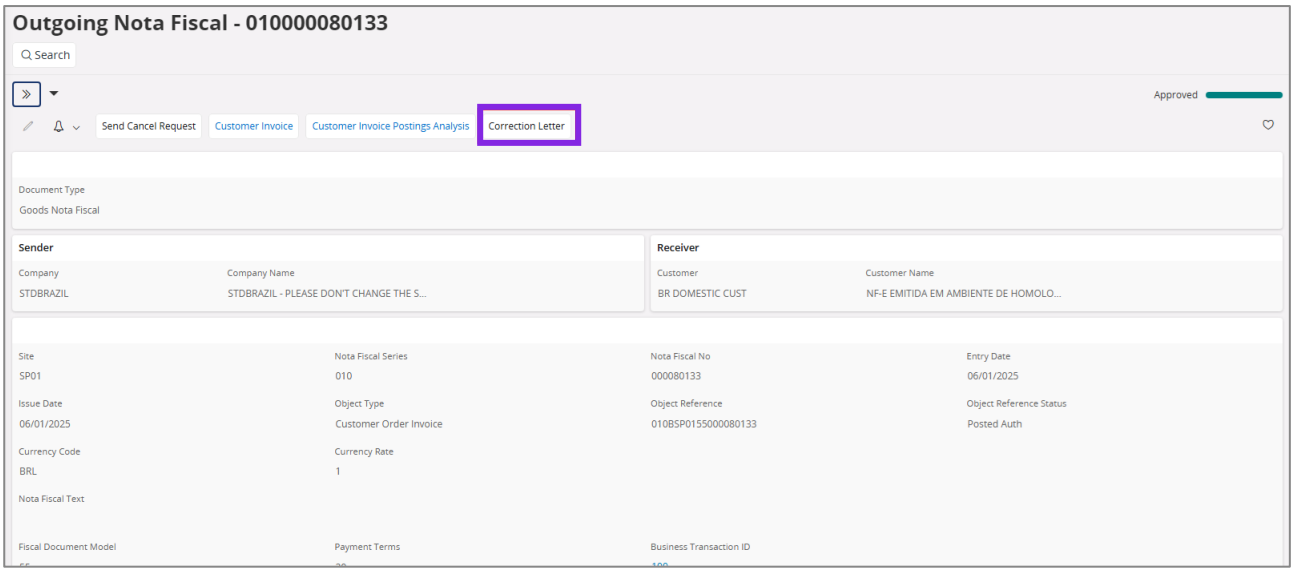
26.3 Prerequisites

The company must be configured to use Brazilian localization (refer to the Company Setup chapter). Additionally, the 'Integration to Brazilian External Tax System' parameter must be enabled. Ensure that the series used for issuing Nota Fiscal is unselected for Manual Issue Nota Fiscal in the 'Official Document Numbers' settings.

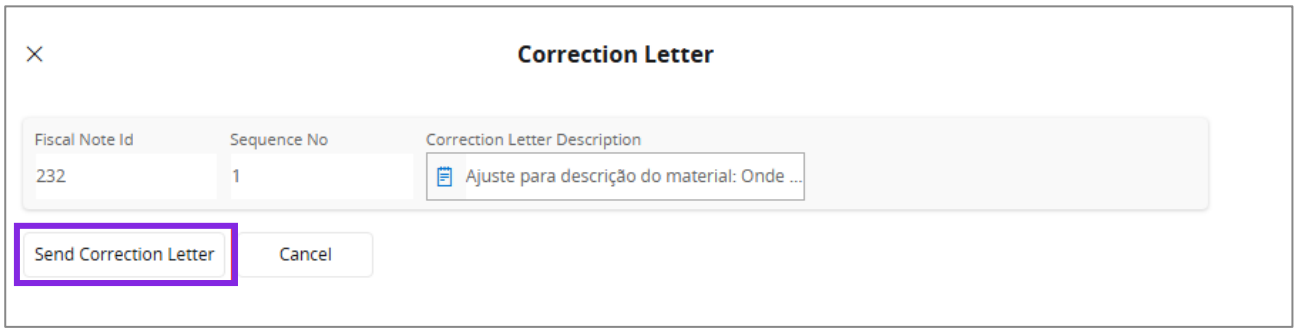
26.4 Issue Correction Letter

Goods Nota Fiscal can be issued through different flows in the application. Once the Nota Fiscal has been created, integrated with the Tax Authority (SEFAZ), and authorized, a Correction Letter can be issued if adjustments are required.

Click the command button Correction Letter:

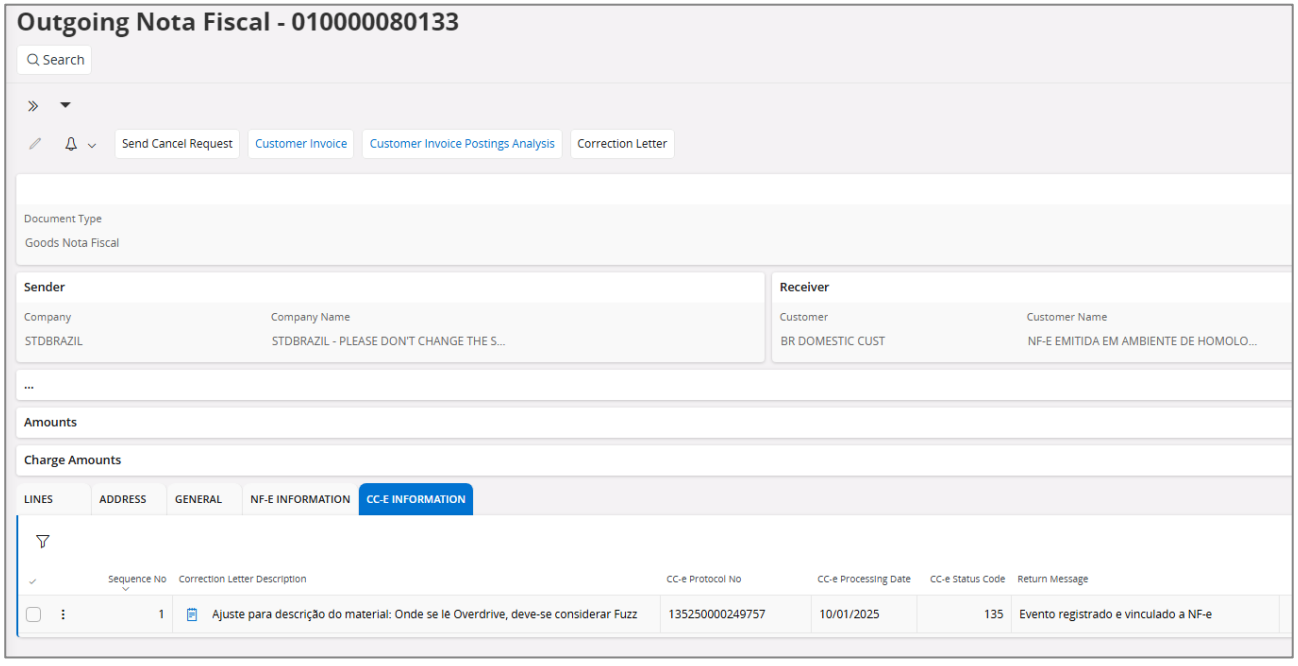


In the Correction Letter dialog, enter the adjustment text regarding correction to be done in the field Correction Letter Description. The text must be between 15 and 1000 characters. Click the notes icon in the left side of field to expand it if needed. Once the adjustment text is entered, click the command Send Correction Letter:



The application communicates the Correction Letter to Tax Authority (Sefaz) via integration with external tax system Avalara.

Once Correction Letter dialog is closed, the details of Correction Letter can be verified in the CC-e Information tab of Nota Fiscal:



The Brazilian Tax Authority allow the taxpayer companies to issue a maximum of 20 correction letters per Nota Fiscal.

27 Tax Events for CBS/IBS

27.1 Overview Legal Requirement

The tax events are electronic records linked to the Brazilian electronic invoice (NF-e / NFC-e). They complement notas fiscais information without canceling or replacing the document for purposes of calculating IBS (Tax on Goods and Services), CBS (Contribution on Goods and Services under Brazil's new Consumption Tax Reform.
These events allow companies to register specific stages of the taxable event or tax-relevant situations that affect credits, adjustments, payment confirmation, and goods allocation.
These events become part of the mandatory ancillary obligations within the NF-e lifecycle.

Events:

Event Code	Description	Responsable
112110	Information on full payment made to enable presumed credit for the purchaser. (Header)	Issuer
112130	Perishing, loss, theft, or robbery during transportation arranged by the supplier.	Issuer
112140	Delivery not completed despite advance payment.	Issuer
112150	Update to the estimated delivery date.	Issuer
112120	Import in Free Trade Zone (ALC/ZFM) not converted into exemption.	Issuer(Importation Notas Fiscais)
211110	Request for appropriation of presumed credit.	Recipient
211120	Allocation of item for personal use.	Issuer/Recipient
211124	Perishing, loss, theft, or robbery during transportation arranged by the purchaser.	Recipient
211128	Acceptance of debit in tax calculation due to credit note issuance. (Header)	Recipient
211130	Item allocated to fixed assets (capital goods).	Recipient
211140	Request for appropriation of fuel credit.	Recipient
211150	Request for appropriation of credit for goods/services dependent on purchaser's activity.	Recipient
212110	Response to IBS credit transfer request in succession operations.	Recipient
212120	Response to CBS credit transfer request in succession operations.	Recipient
412120	Tax Authority response regarding IBS credit transfer in succession operations.	Recipient
412130	Tax Authority response regarding CBS credit transfer in succession operations.	Recipient

27.2 Process Overview

Events for Outgoing Nota Fiscal



Events for Incoming Nota Fiscal



27.3 Prerequisites

The company must be configured to use Brazilian localization (refer to the Company Setup chapter). Additionally, the 'Integration to Brazilian External Tax System' parameter must be enabled and Use CBS/IBS Tax.

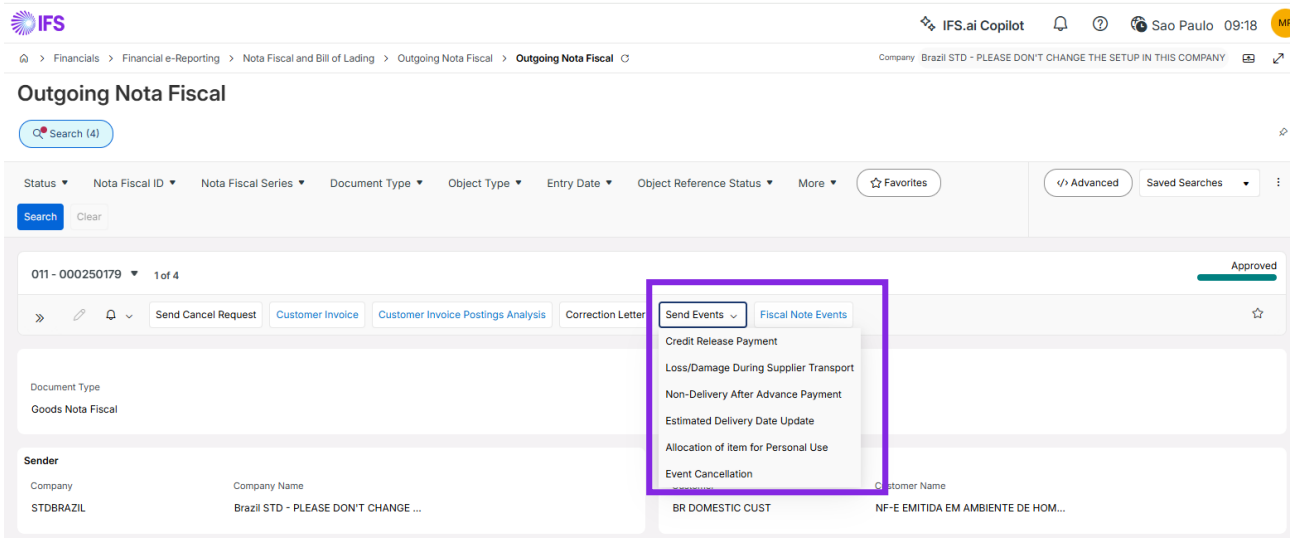
27.4 Send Outgoing Nota Fiscal event for CBS/IBS

Goods and Services Nota Fiscal can be issued through different flows in the application. Once the Nota Fiscal has been created, integrated with the Tax Authority (SEFAZ), and authorized,It complies with the rules for issuing event for CBS/IBS.

Notes:

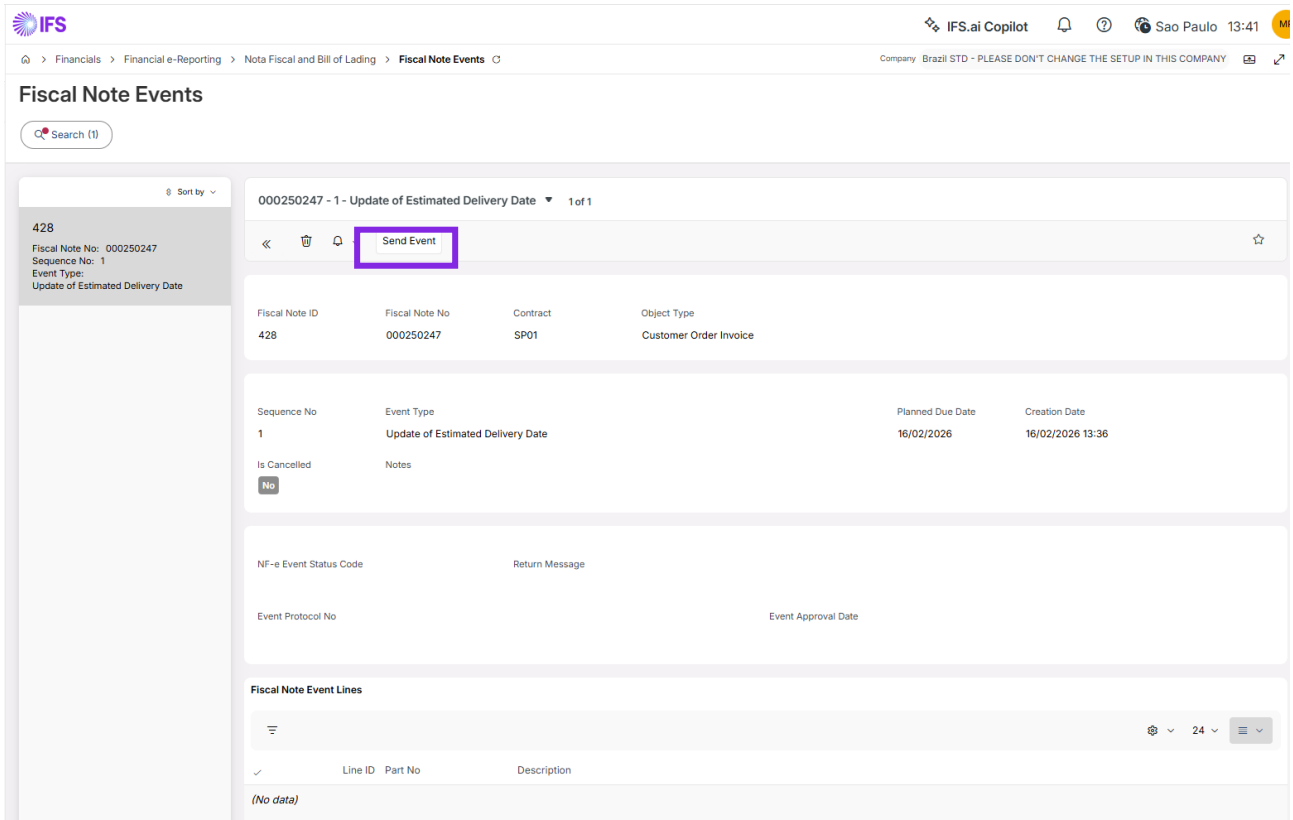
- Not all Outgoing Notas Fiscais for goods/services are eligible for sending the event to SEFAZ (the Brazilian Tax Authority).
- Each event dynamically enables the necessary fields for its submission.

Click the command button Send Events and select one:



The application communicates the event to Tax Authority (Sefaz) via integration with external tax system Avalara.

Once event dialog is closed, the event is submitted, an event submission history will be generated. If the event is not approved it's possible to send the event again. If the event is approved and needs to be cancelled, you can submit the event cancellation request.



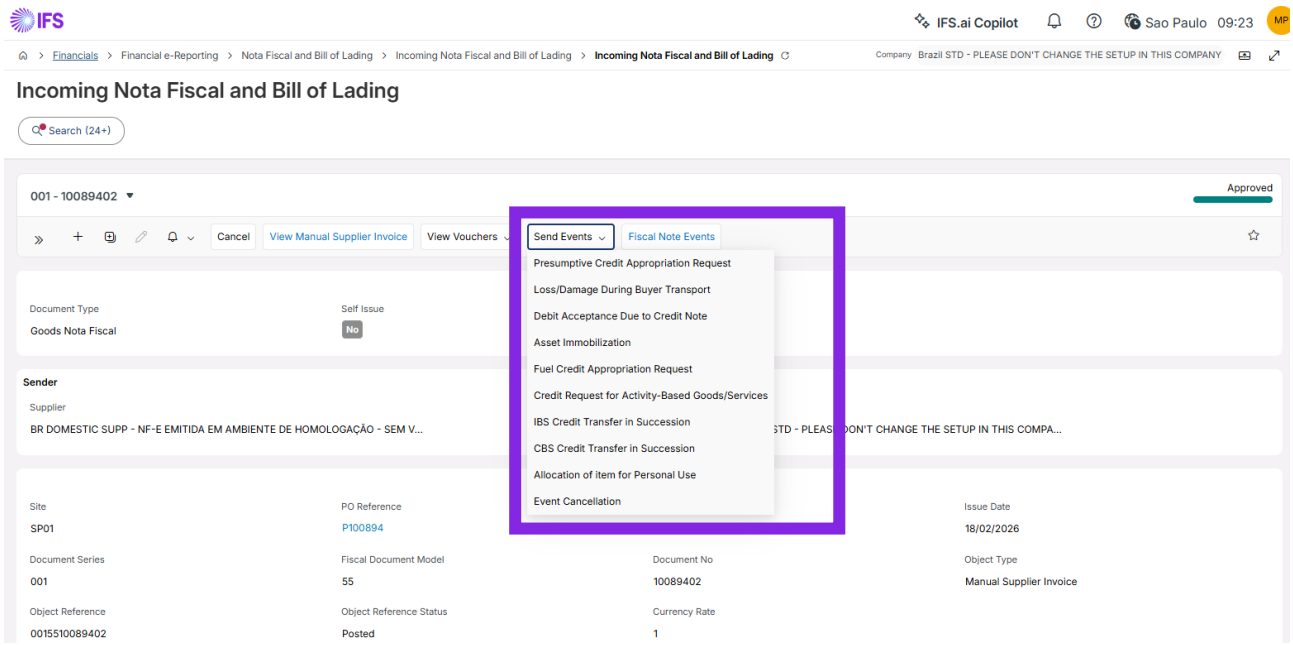
27.5 Send Incoming Nota Fiscal event for CBS/IBS

Goods and Services Nota Fiscal can be issued/Approved through different flows in the application. For the Incoming Notas Fiscais issued (Import Nota Fiscal and Self Issue), once the Nota Fiscal has been created, integrated with the Tax Authority (SEFAZ), and authorized,It complies with the rules for issuing event for CBS/IBS.For the Incoming Notas Fiscais without self Issue, once the Nota Fiscal has been Approved, ,It complies with the rules for issuing event for CBS/IBS integrated.

Notes:

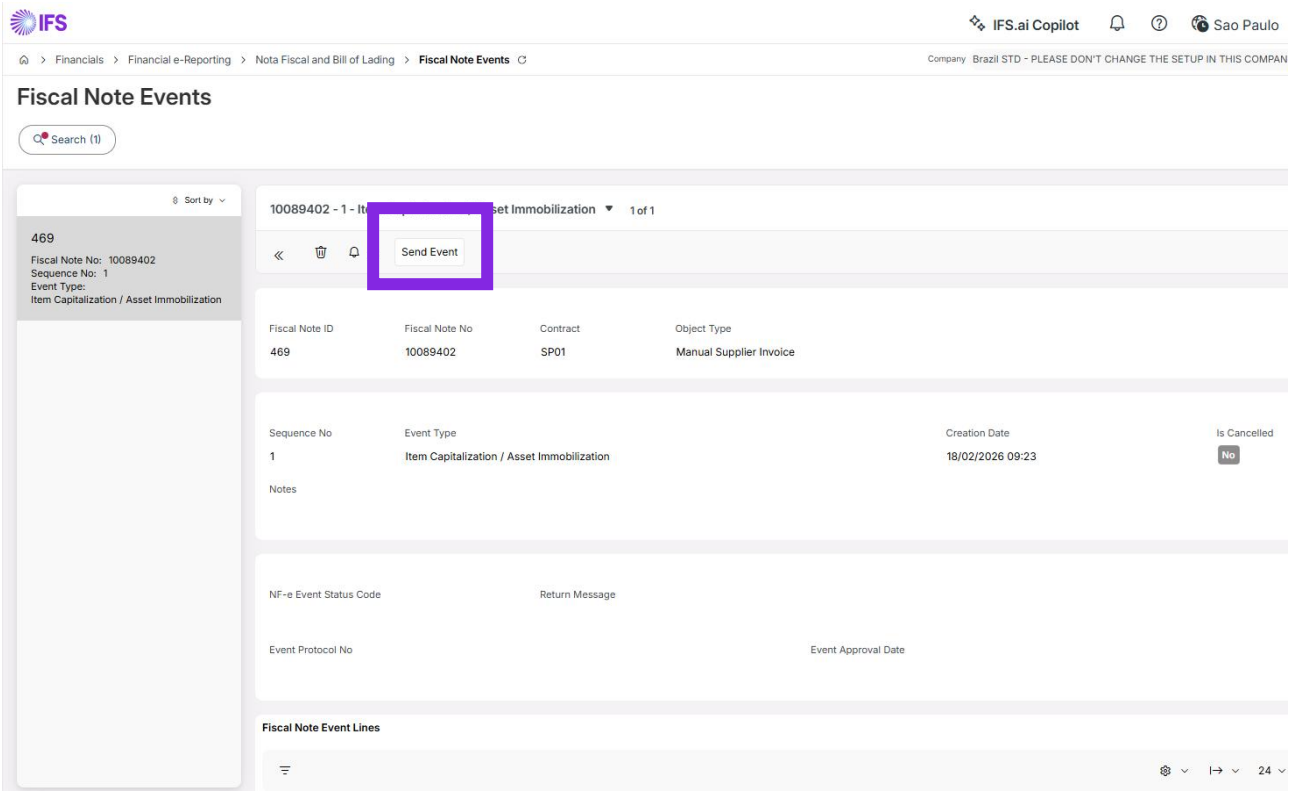
- Not all Incoming Notas Fiscais for goods/services are eligible for sending the event to SEFAZ (the Brazilian Tax Authority).
- Each event dynamically enables the necessary fields for its submission

Click the command button Send Events and select one:



The application communicates the event to Tax Authority (Sefaz) via integration with external tax system Avalara.

Once event dialog is closed, the event is submitted, an event submission history will be generated. If the event is not approved it's possible to send the event again. If the event is approved and needs to be cancelled, you can submit the event cancellation request.



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

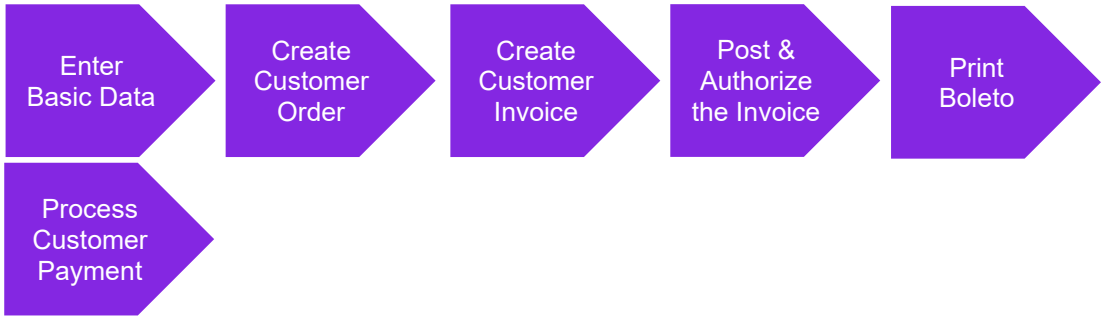
- Boleto functionality should be enabled on company level and the Payment basic data for specific bank should be defined.

- 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

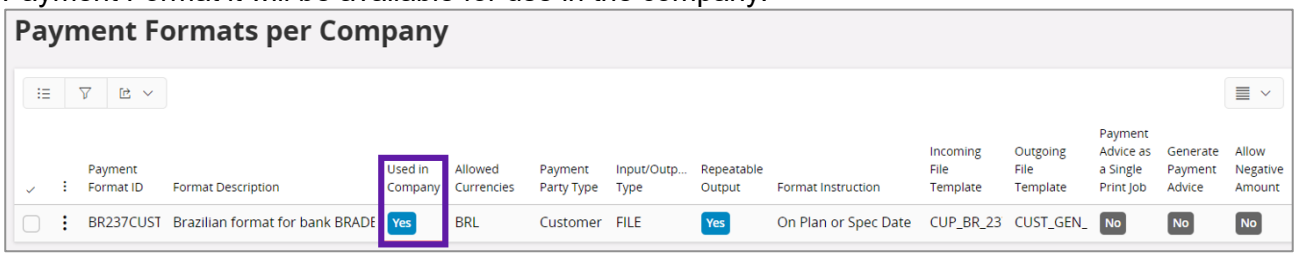


28.4 Prerequisites

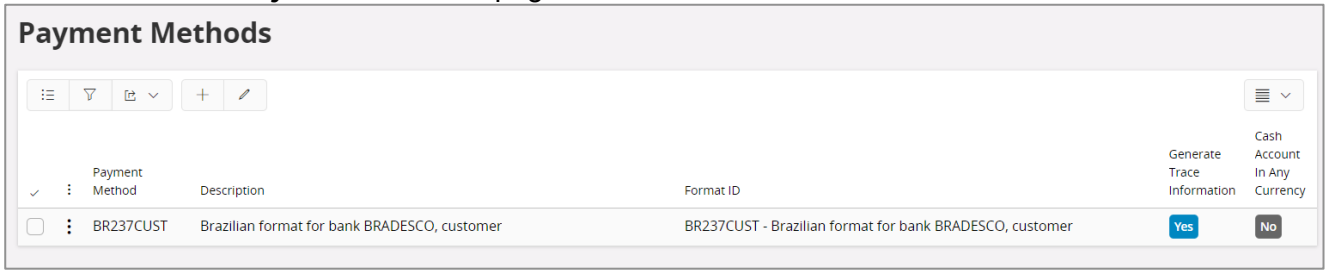
The company must be set-up to use Brazilian localization, see the Company Set up chapter. The 'Boleto – Bank Collection Bill' parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab. The **Customer Invoice Creation Method** field should be set to 'Brazilian Boleto' on the *Company/Invoice/General* tab.

28.5 Define Basic Data

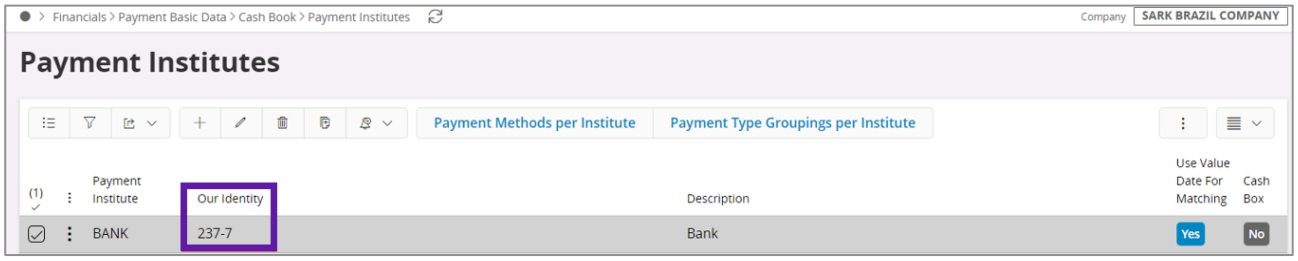
Payment Format per Company:
Select the Customer Payment Format Id that will be used to print the Boleto. After selection, the Payment Format it will be available for use in the company.



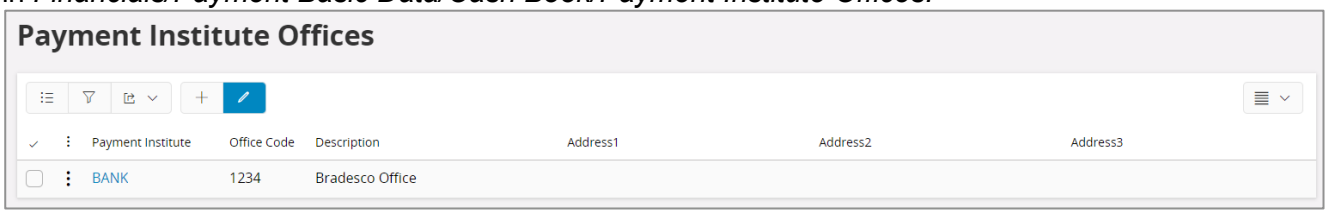
Payment Method:
Enter a new Payment Method and connect to Payment Format in ***Financials/Payment Basic Data/Cash Book/Payment Methods*** page.



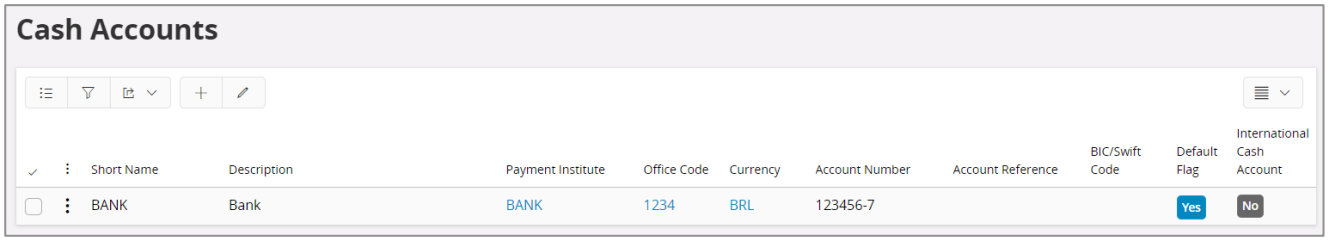
Payment Institutes:
Define Payment Institute for bank in ***Financials/Payment Basic Data/Cash Book/Payment Institutes*** *page.* The field **Our Identity** should be filled with the number of the bank and respective control digit because it is important information to be printed in the Boleto.



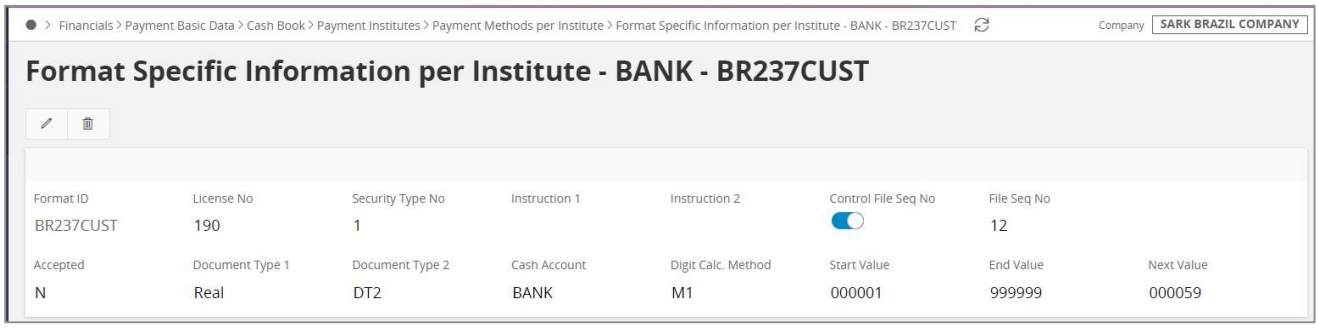
Payment Institute Offices:
Define a Payment Institute Office to be used in the Cash Account that will be used to print the Boleto in *Financials/Payment Basic Data/Cash Book/Payment Institute Offices.*



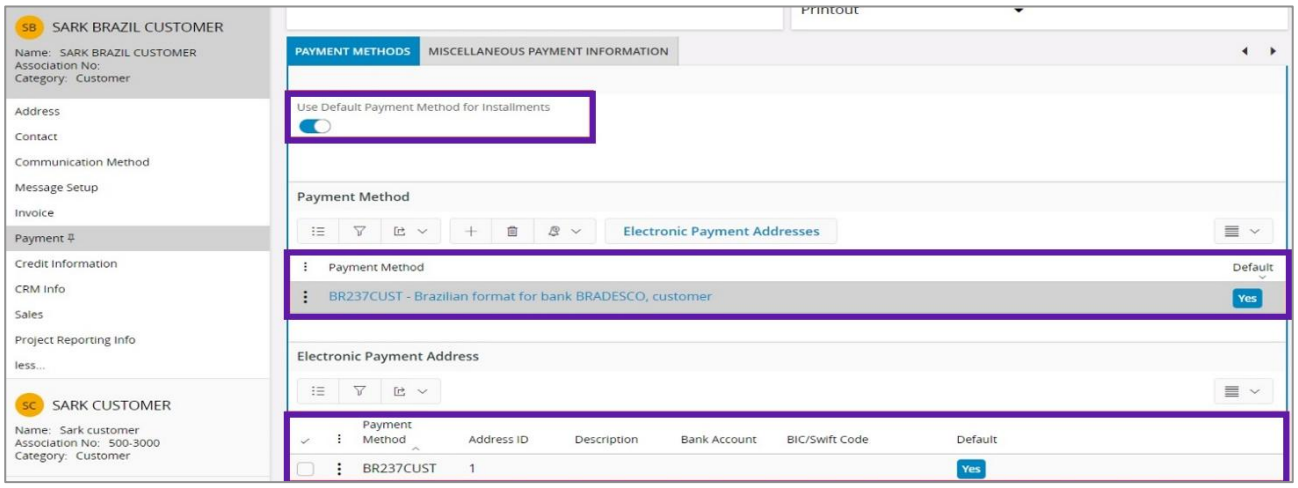
Cash Account:
After creating Payment Institute and Payment Institute Office it is necessary to create the Cash Account that will be used to print the Boleto in ***Financials/Payment Basic Data/Cash Book/Cash Account*** page. The field **Short Name** can be used to define the unique identifier of the 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:



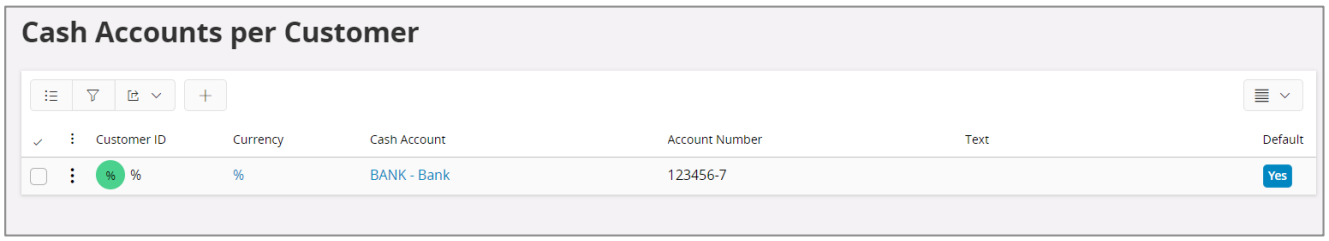
Format Specific Info per Institute:
Make sure that all Boleto definitions are filled in *Financials/Payment Basic Data/Cash Book/Payment Institutes/Payment Methods per Institute/Format Specific Information per Institute.* Enter record in ***Format Specific Info per Institute*** page using cash account 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.



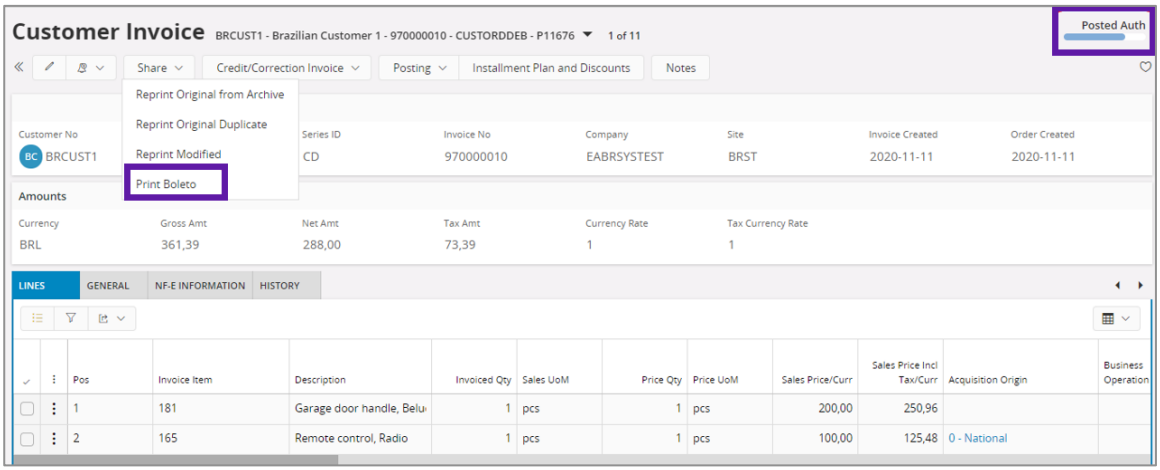
Cash Account per Customer:
Define Cash Account per customer in ***Financials/Payment Basic Data/Cash Book/Cash Accounts/Cash Account per Customer*** page. Make sure that the Cash Account that will be responsible for the Boleto’s printout is enabled as **Default**.



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

Portfolio / Our Number	Portfolio	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	Portfolio / Our Number
16-NOV-20	333000001027-1	DT2	N	24-NOV-20	190/00000000060-5

Bank Use	Portfolio	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

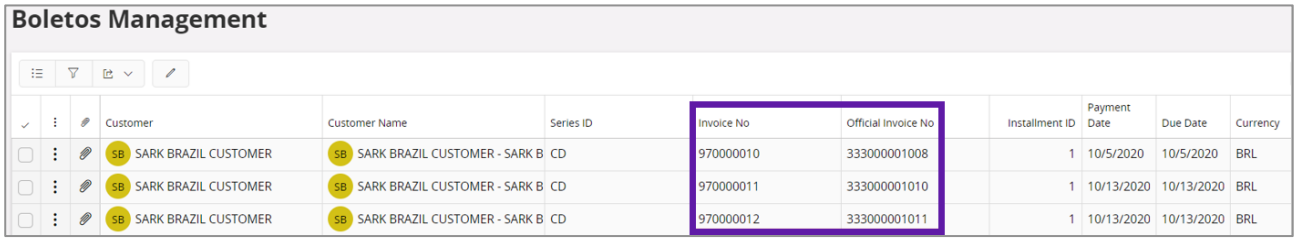
Payer Name: SARK BRAZIL CUSTOMER CNPJ / CPF: 58.265.036/0001-87
Address: Rua Alhandra 70 08190-145 São Paulo SP BRAZIL
Guarantor: CNPJ:

Code of Payment:

Authentication mechanics / COMPENSATION FORM

28.6.2 BOLETOS MANAGEMENT

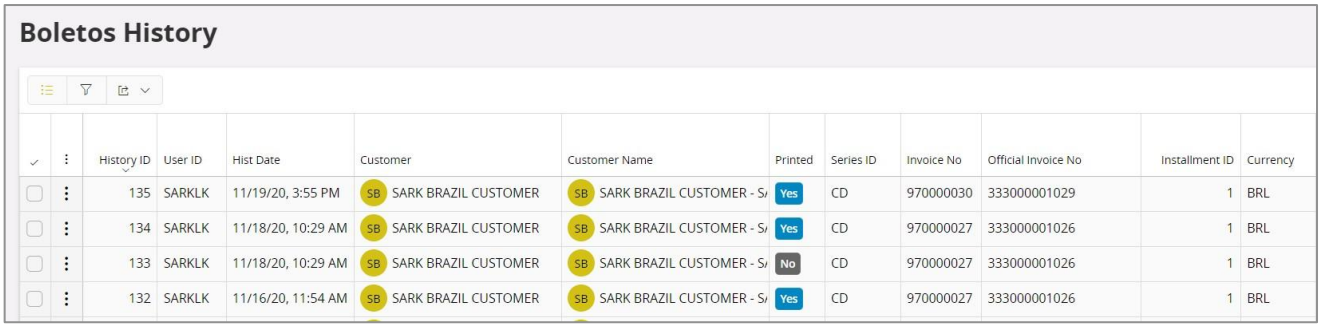
The ***Boletos Management*** page was created to facilitate the use of the Boleto printing functionality, allowing to manage Boleto related data, even if it is already printed and to cancel or print again if necessary. The path is *Financials/Accounts Receivable/Boleto - Bank Collection Bill/ Boletos 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)

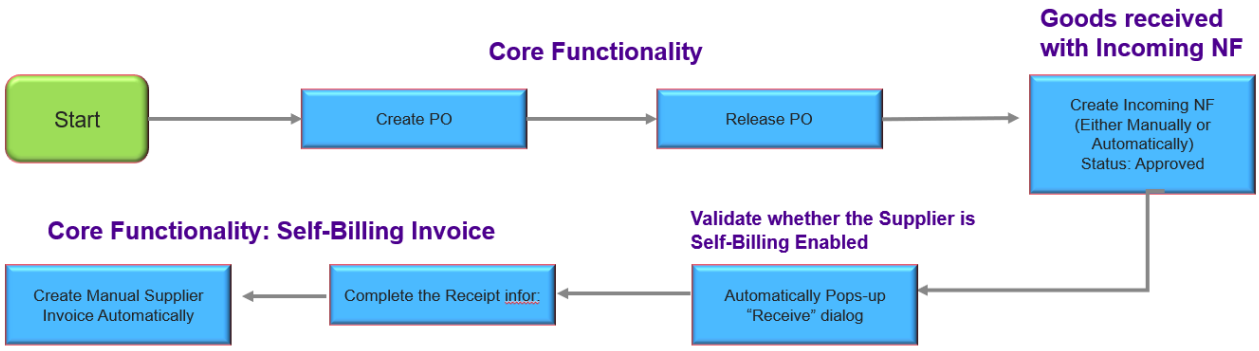
Incoming Nota Fiscal could be received to IFS Cloud in two ways,

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

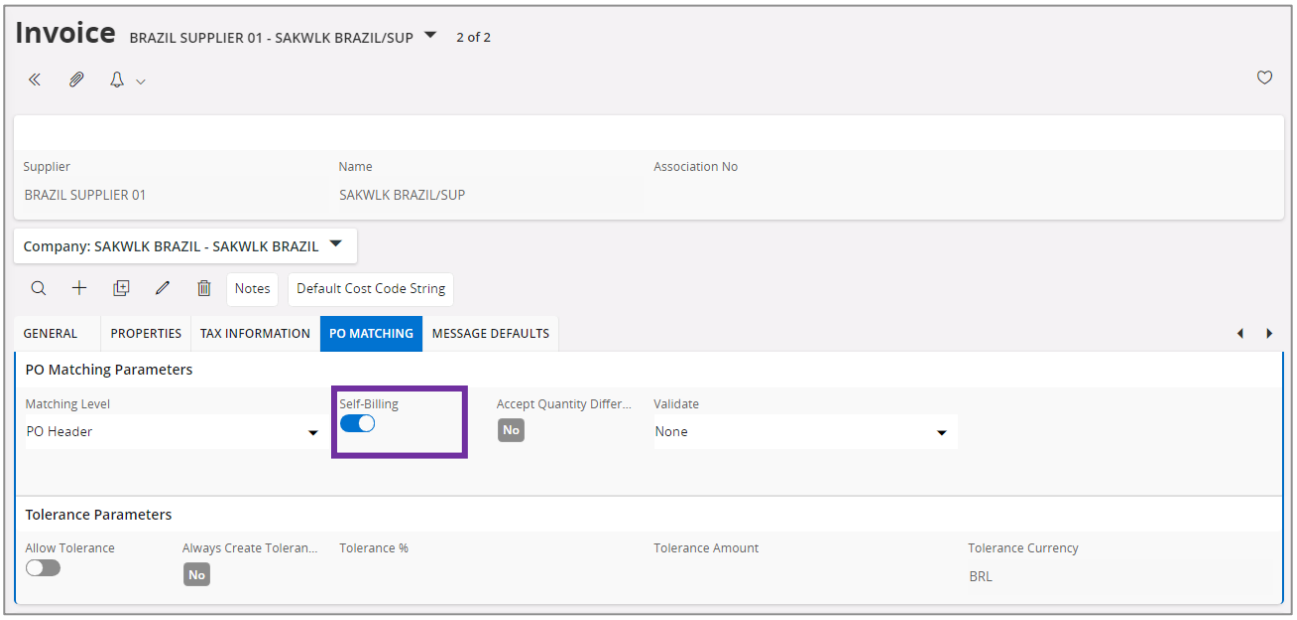


29.5 Prerequisites

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

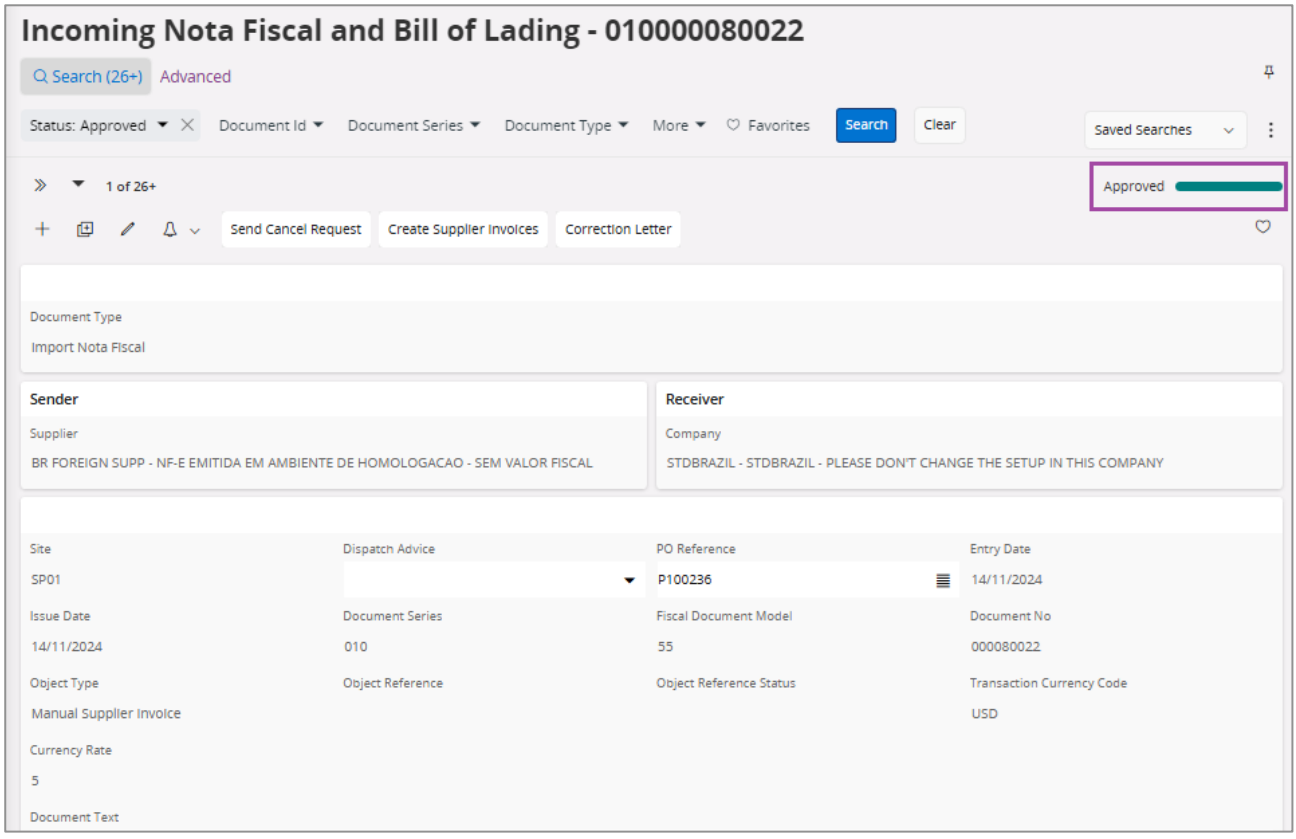
Follow the IFS standard Core process to enter a purchase order for inventory purchase parts in the ***Procurement/Order/Purchase Order*** page. Release and confirm purchase order.

29.7.2 Receive Incoming Goods and create the Incoming Nota Fiscal (Manually or Automatically

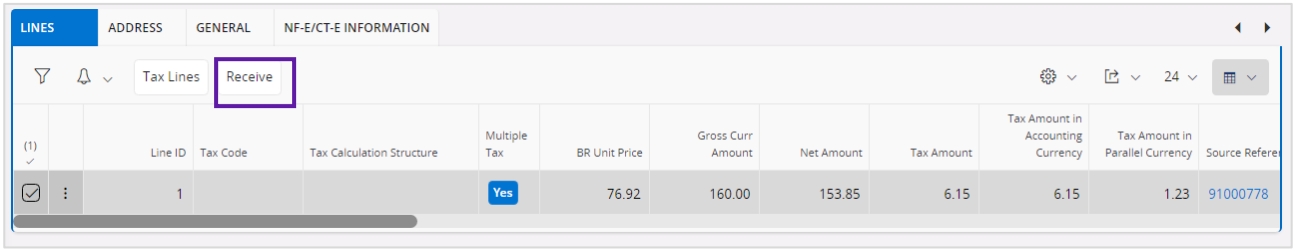
Use IFS Core External Supplier Invoice flow to load the incoming NF-e XML and create the NFe using **Create Nota Fiscal** command or create an Incoming Nota Fiscal manually.

29.7.3 APPROVE INCOMING NOTA FISCAL

The step of Approve incoming nota fiscal will validate whether the supplier is enabled for self-Billing.



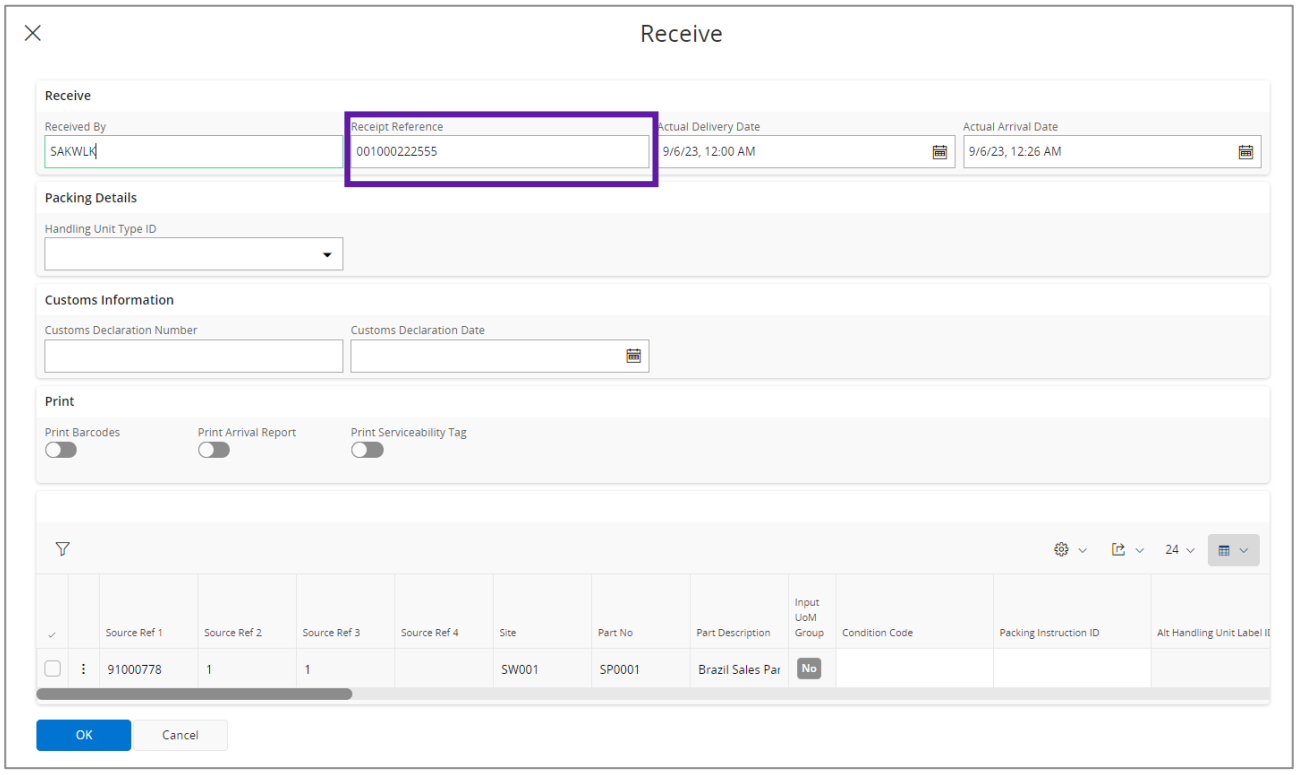
Further, upon approving the Nota Fiscal, “Receipt” button on the face of the **incoming Nota Fiscal** page will be enabled.



29.7.4 RECEIPT DIALOG

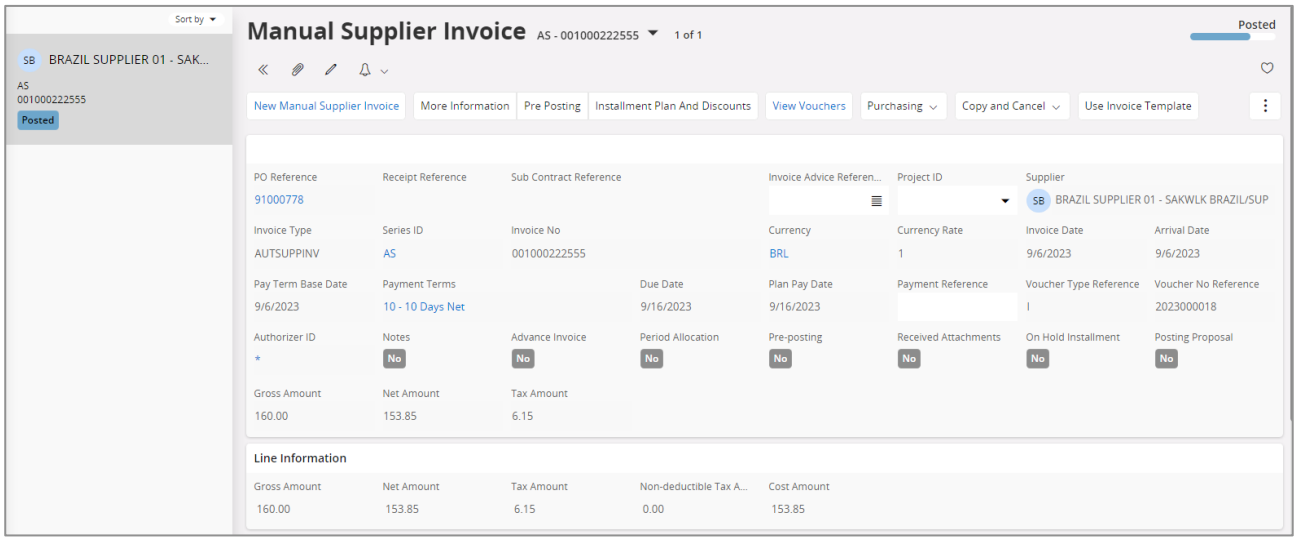
User could click the “Receive” button and application will pops up the core “Receive” Dialog facilitating user to enter receipts from this step.

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 Subcontract Management is not supported in the Project Invoice – Initial Solution.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

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:

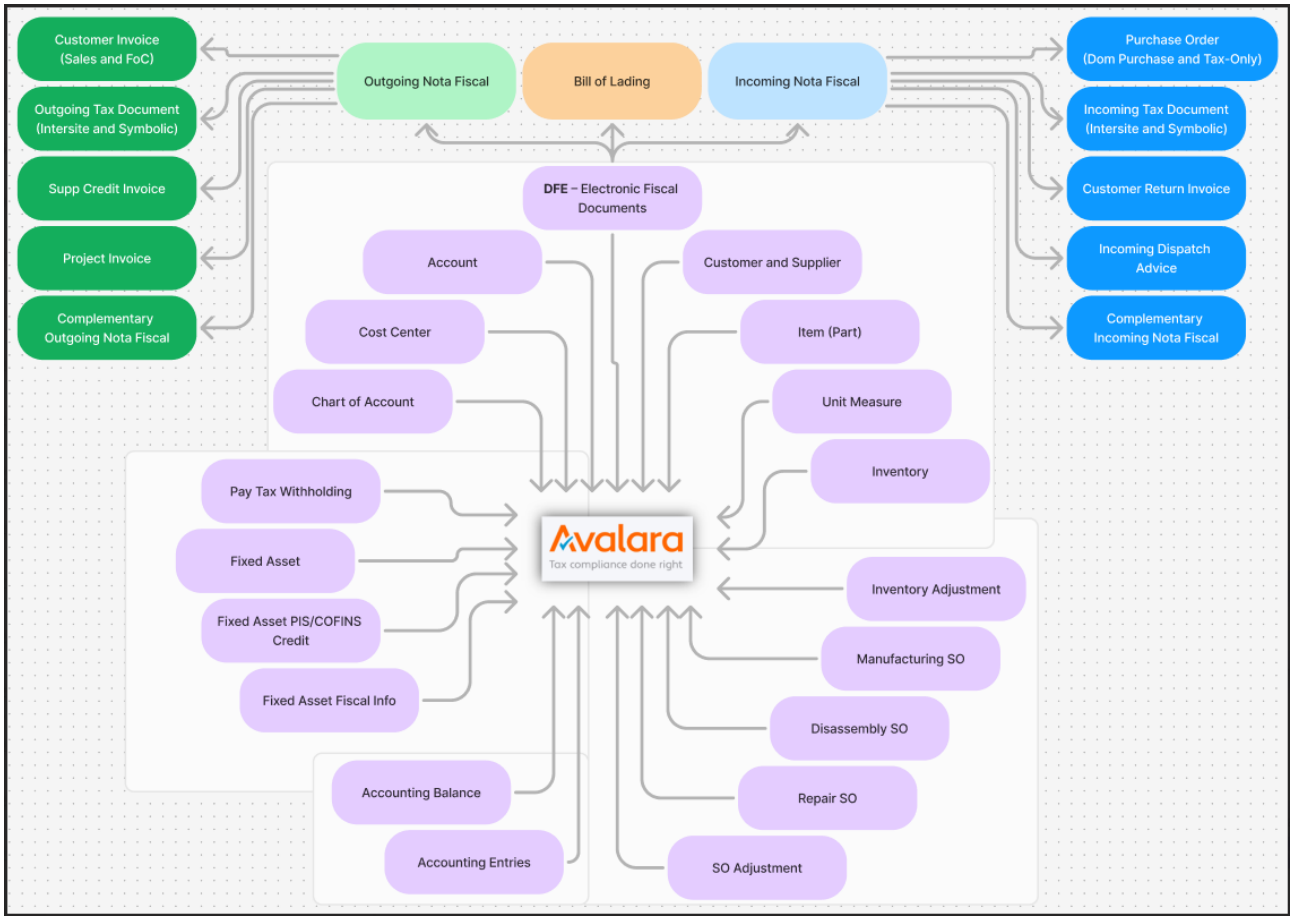
- NF-e – Electronic Nota Fiscal (chapters 19,20)
- CT-e – Bill of Lading (chapter 21)
- EFD ICMS / IPI
- EFD Contribuições
- EFD Reinf
- ECD
- ECF

30.2 Solution Overview

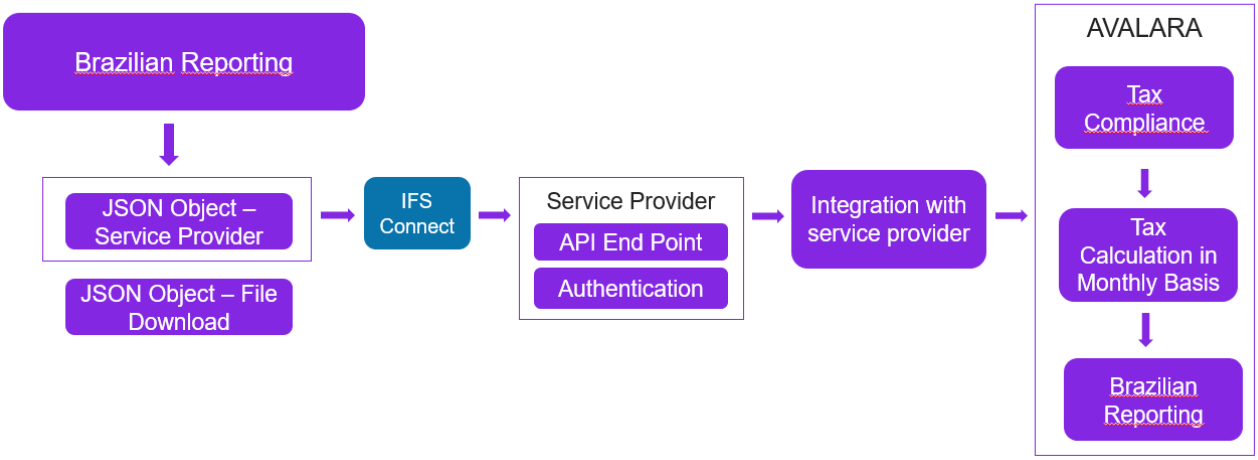
All tax/accounting reporting will be generated by the Avalara partner. Basic and transactional data will be sent from IFS to Avalara.

30.3 Process Overview

Flow Chart IFS's Source data to Avalara



Flow chart IFS Integration to Avalara



30.4 **Prerequisites**

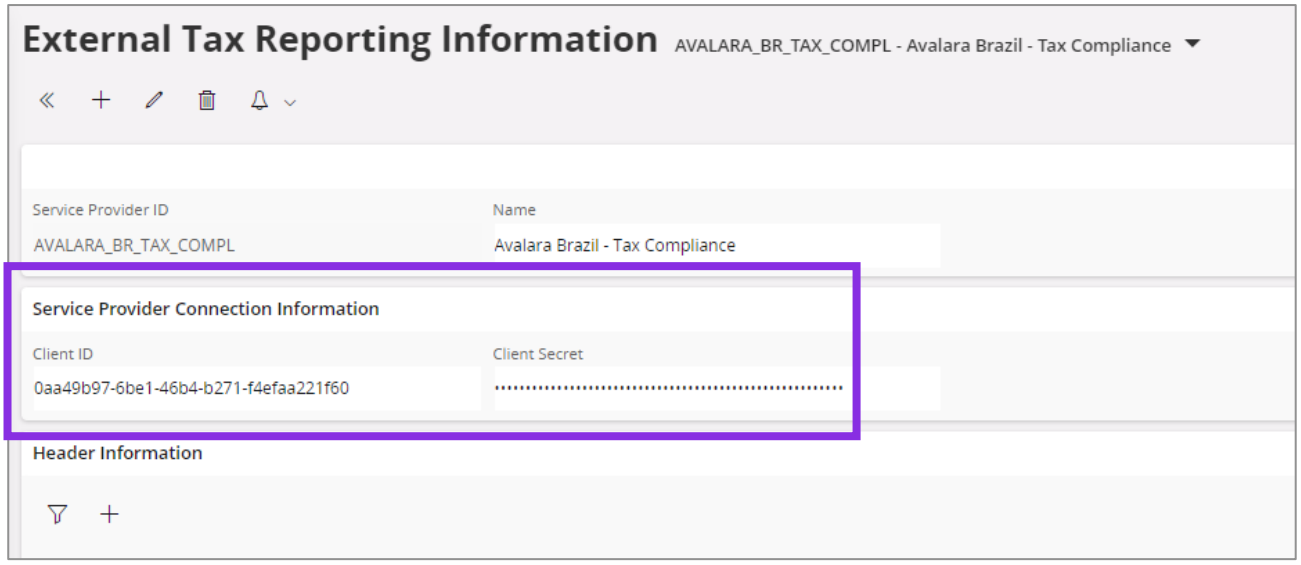
The company must be set-up to use Brazilian localization, see the Company Set up chapter. The "Integration to Brazilian External Tax System" parameter under the **Localization Control Center tab** must be enabled on the *Company/Localization Control Center* tab.

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

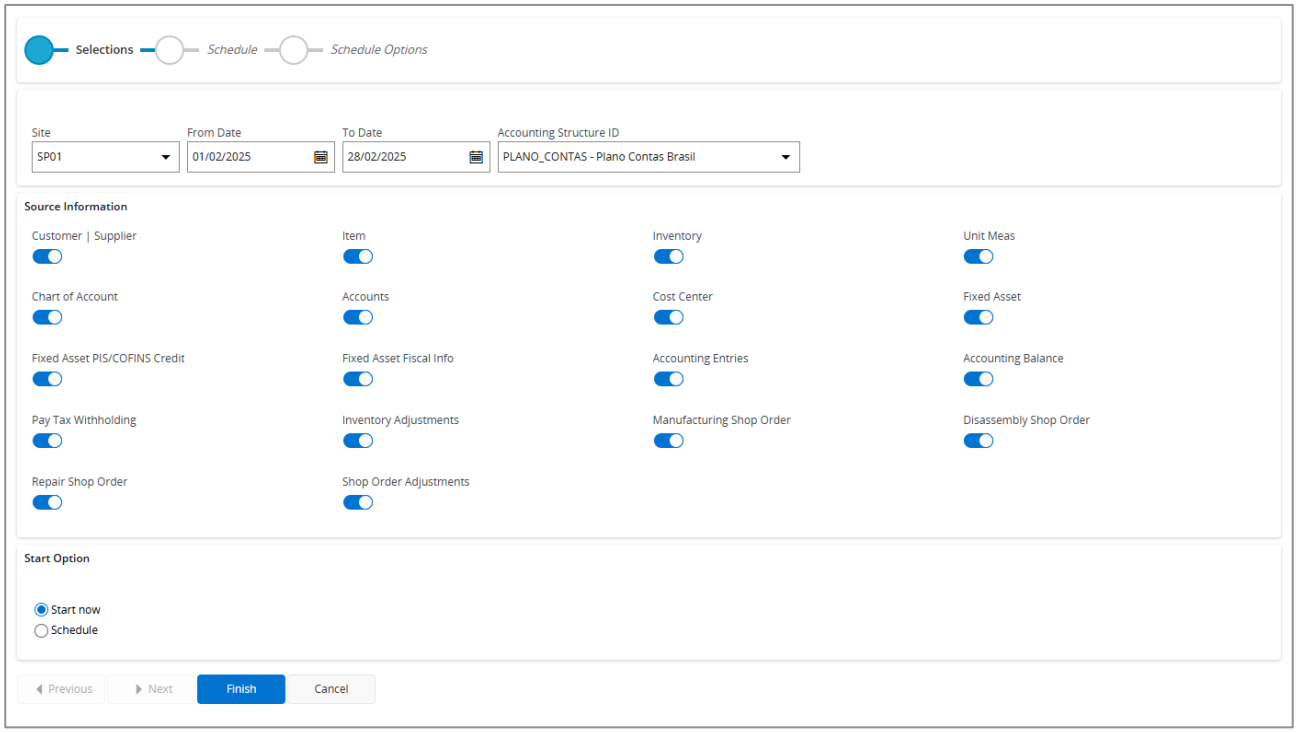
- Chart of Account
- Account
- Cost Center for EFD PIS and Cofins
- Customer/Supplier
- Inventory and non-inventory part
- Unit meas/ Unit Meas Conv Factor
- Fixed Asset

- **Transaction data needed by Avalara**
    - Fiscal Document
        - Incoming Nota Fiscal
        - Outgoing Nota Fiscal
        - Bill of Lading
        - Importation Process
    - Inventory Transactions
    - Fixed Asset Pis/Cofins Credit
    - Fixed Asset Fiscal Info
    - Payment of Tax Withholding
    - Accounting Entries
    - Accounting Balance
    - Inventory Adjustments

- Manufacturing Shop Order
- Disassembly Shop Order
- Repair Shop Order
- Shop Order Adjustments

30.6.1 MASTER / TRANSACTION DATA

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 statuses are: 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.

Notes:

For initial data loads with large data volumes, we recommend running them in the background (scheduled). This helps prevent session drops and interruptions in the integration with the external system.

For the Items and Customer | Supplier endpoints, JSON files of 1000 and 500 lines, respectively, will be generated at a time.

The accounting entries endpoint can only be executed in the background and within a single period (monthly) due to the large amount of data to be generated. Also, JSON files of 5000 lines at a time will be generated.

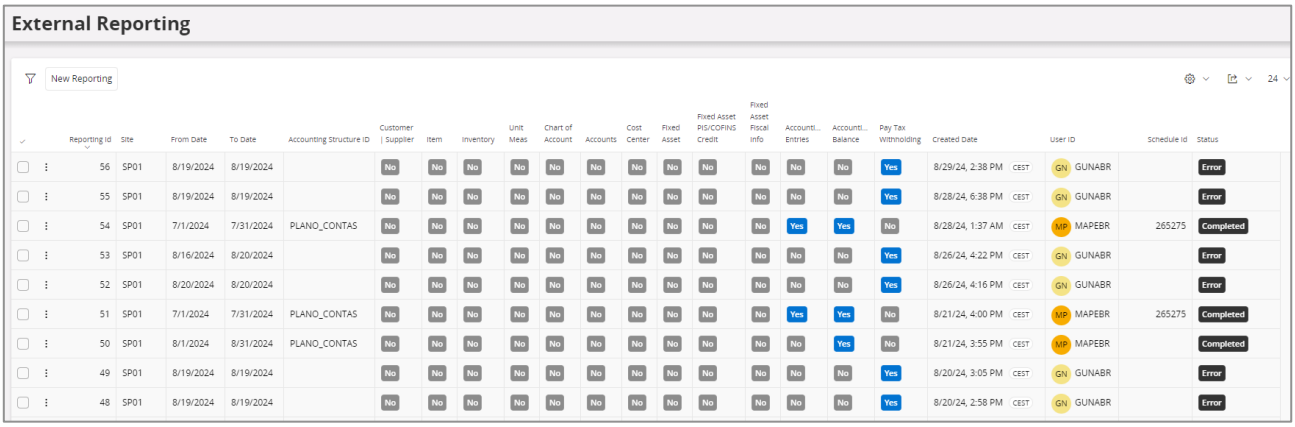
For the accounting entry and accounting balance endpoints, it is mandatory to have the accounting structure (a core functionality of IFS) defined in accordance with the referential chart of accounts from the ECD (Brazilian Digital Accounting Bookkeeping – SPED Contábil) provided by the Brazilian Federal Revenue Service. This structure must include both analytical and synthetic accounts, along with their respective levels.

Example of accounting structure:

Strucutre Node/Code Part Value	Node Name/Code Part Value Name	Level	Parent Account	Node / Account
1	Assets	1		Node
1.1	Current Assets	2	1	Node
1.1.1	Cash and Cash Equivalents	3	1.1	Node
1.1.1.01	Cash	4	1.1.1	Account
1.1.1.02	Bank Accounts	4	1.1.1	Account
1.1.2	Accounts Receivable	3	1.1	Node
1.1.2.01	Domestic Customers	4	1.1.2	Account
2	Liabilities	1		Node
2.1	Current Liabilities	2	2	Node
2.1.1	Suppliers	3	2.1	Node
2.1.1.01	Domestic Suppliers	4	2.1.1	Account
3	Equity	1		Node
3.1	Share Capital	2	3	Node
3.1.1.01	Subscribed Capital	3	3.1	Account
4	Revenues	1		Node
4.1	Gross Revenue	2	4	Node
4.1.1.01	Sales Revenue	3	4.1	Account
5	Expenses	1		Node
5.1	Operating Expenses	2	5	Node
5.1.1.01	Sales Commissions	3	5.1	Account
5.2	Administrative Expenses	2	5	Node
5.2.1.01	Salaries and Wages	3	5.2	Account
5.2.1.02	Rent Expenses	3	5.2	Account

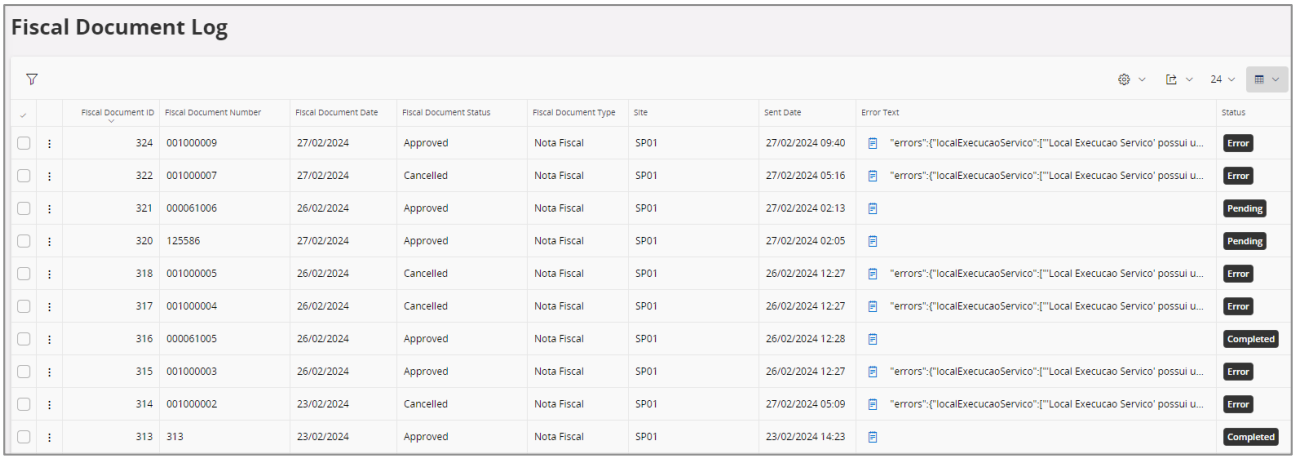
To generate the **Inventory Adjustments** or any **Shop Order-related** endpoint:

- It is also necessary to generate the following endpoints as well: **Item, Unit Meas**, and **Inventory**.
- For By-Products:
  It is required to finalize the Shop Order within the selected period.



30.6.2 FISCAL DOCUMENT

Go to *Financials/Financial e-Reporting/Brazilian Reporting / Fiscal Document Log:*



The fiscal document page is filled in for each incoming and outgoing nota fiscal whose status is:

- Incoming Nota Fiscal (Goods / Services)
  - After the supplier invoice or customer return credit have been posted – Will be insert in Avalara System
  - Canceled Status – Will be delete in Avalara System
- Outgoing Nota Fiscal (Goods / Services/ Project)
  - Approved Status – Will be insert in Avalara System
  - Canceled, Voided, Declined Status – Will be change in Avalara System the nota fiscal Status
- Intersite Process (Outgoing / Incoming Nota Fiscal)
  - After the final inventory transactions have been posted
- Symbolic Outgoing / Incoming Nota Fiscal)
  - After the tax document has been posted

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 statuses are: Created, SentRequest, Error, Pending and Completed. The Completed Status is available just after to send GET method.
The resend option will be available in any status, and for the incoming nota fiscal, when the NF-e key or CEST code is changed, it will be possible to trigger the resend again.

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.

30.6.4 Process Overview

Fixed Asset Acquisition Process Overview



Fixed Asset Sale Process Overview





Fixed Asset Scrapping Process Overview

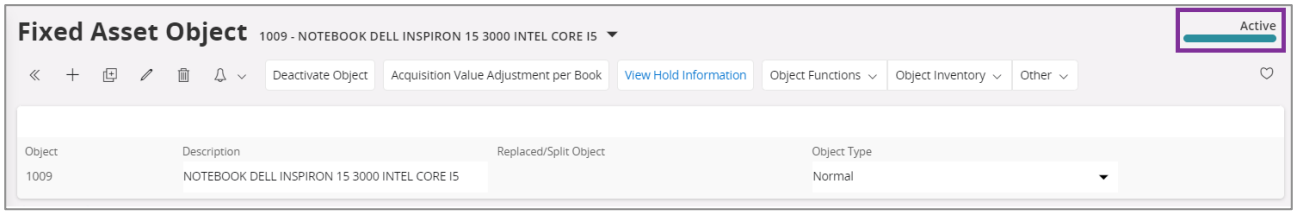


30.6.4.1 Prerequisites

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

30.6.4.2 Define basic data

A Fixed Asset must be registered, and the IFS Cloud core functionalities must be executed until it reaches Active status.

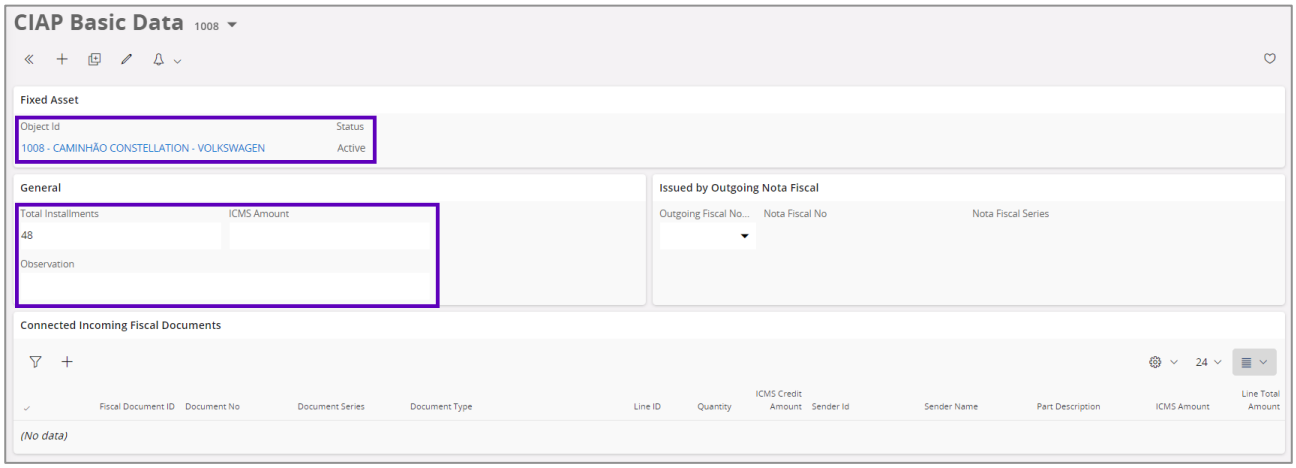


The incoming nota fiscal related to the acquisition of the fixed asset must be previously entered into the application and sent to the third-party system integrator.

The outgoing nota fiscal for the fixed asset must be previously entered into the application and sent to the third-party system integrator.

30.6.4.3 CIAP Basic Data

It is necessary to fill below fields on the ***Financials \ Financial e-Reporting \ Brazilian Reporting \ CIAP Basic Data*** page:



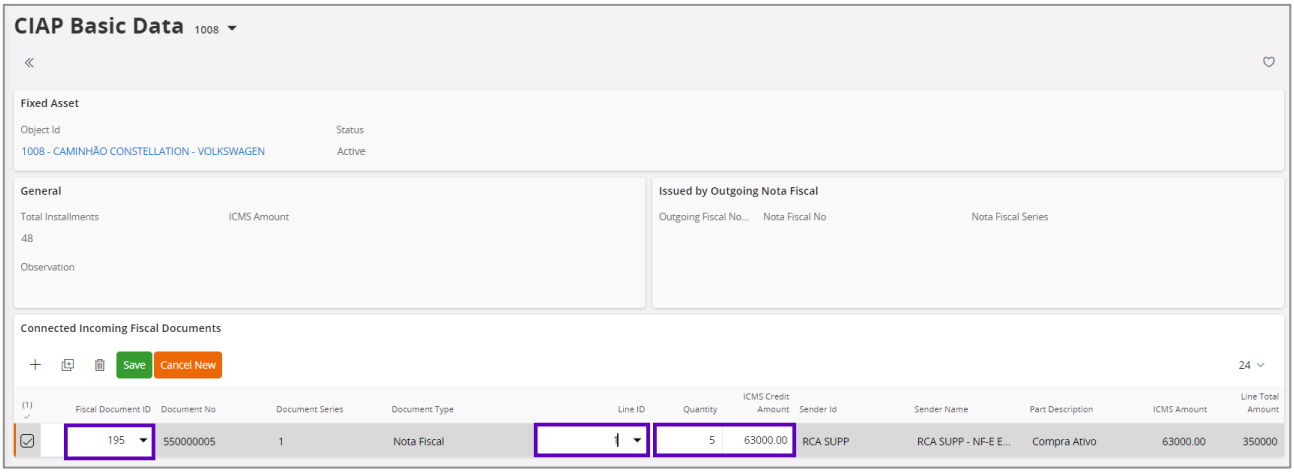
Object Id: Enter the Fixed Asset code which will initiate the credit process for ICMS and PIS/COFINS purposes. Only fixed assets with the Active status will be displayed.

Total Installments: Enter the Total Number of Installments that will be used to calculate the CIAP credit by the third-party system.

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 the 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.

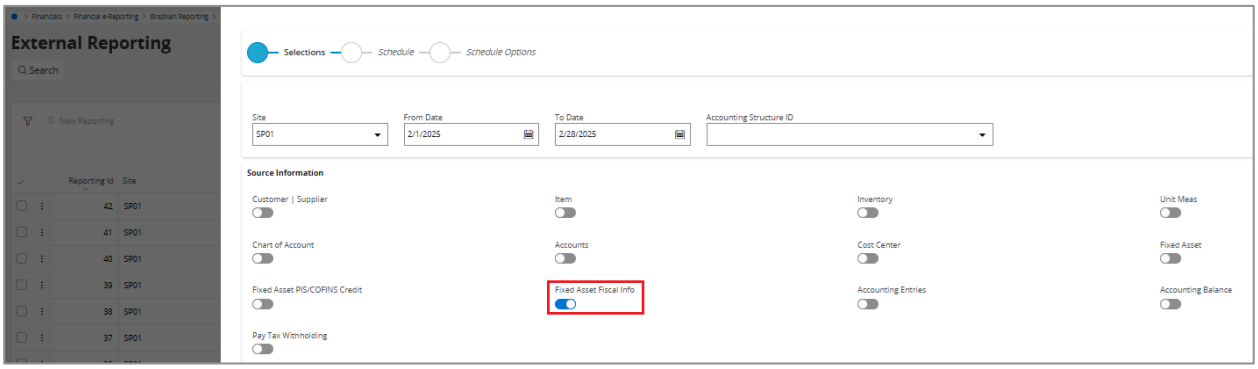
The **ICMS Credit Amount** field contains the tax credit for given fixed asset in this fiscal note line. The value informed in such column will be added in the **ICMS Amount** field present in the header of the CIAP Basic Data/General tab. In necessary, it is possible to change de value recovered from 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.

This movement will be sent to the third-party system integrator with the Type: **IM - Immobilization of individual assets**, referring to the first installment based on the acquisition of the fixed asset.

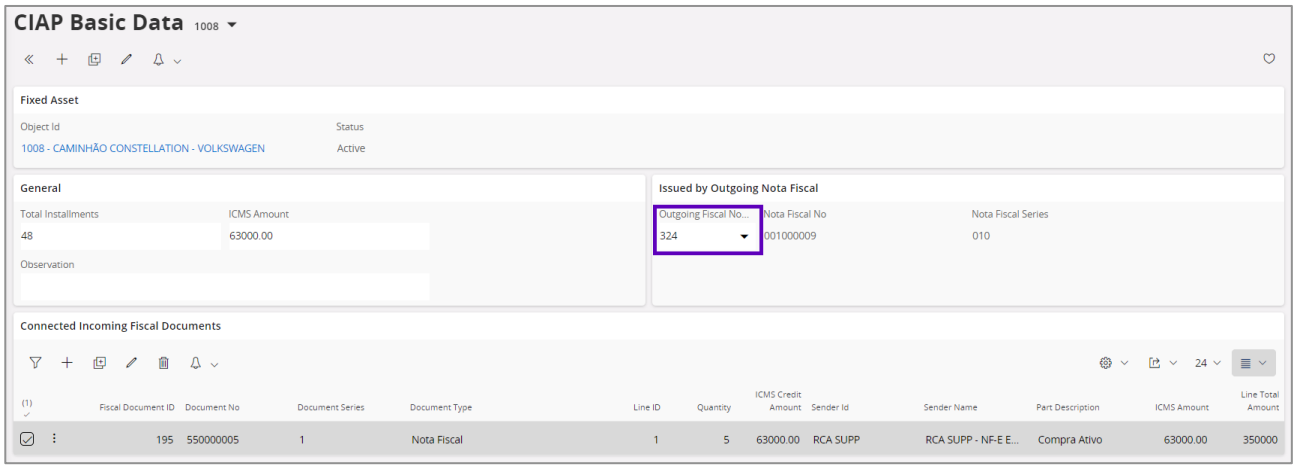
This IM type indicates the initial movement of the fixed asset, and from there, the third-party system integrator will control the CIAP for all other installments, until it reaches the end of the useful life of the fixed asset and the credit to be taken for this fixed asset ends, where the third-party system integrator will write off and close this fixed asset, generating the movement **BA - Asset write-off - End of appropriation period** in SPED Fiscal - Block G.

This initial IM movement will be sent to the third-party system integrator through the option below:



If IFS customer has other fixed assets that are already in the process of appropriating the credit in its current ERP and the current portion calculated is after 1, that is, the acquisition occurred in the past, then the movements referring to the Type: **SI - Initial balance of fixed assets** for these fixed assets that are already in the process of appropriating the ICMS credit must be imported directly into the third-party system integrator, informing the information of the last appropriate installment for each fixed asset in the customer's current ERP, so that in this way, the third-party system integrator will be able to calculate the other installments until the end of the appropriation period.

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. With this, the movement of the sale of the fixed asset with the movement type **AT - Alienation or Transfer** will be sent through the **Fixed Asset Fiscal Info** toggle on the ***External Reporting*** page.

When the third-party system integrator receives this transaction related to the sale of the fixed asset, it will write off and close the right to credit for this fixed asset.

If the fixed asset is scrapped, the core processes must be used via the Scrap Object option on the ***Fixed Asset Object*** page. With this, the movement type **PE - Perishment, Loss or Deterioration** will be sent through the same **Fixed Asset Fiscal Info** toggle on the External Reporting page.

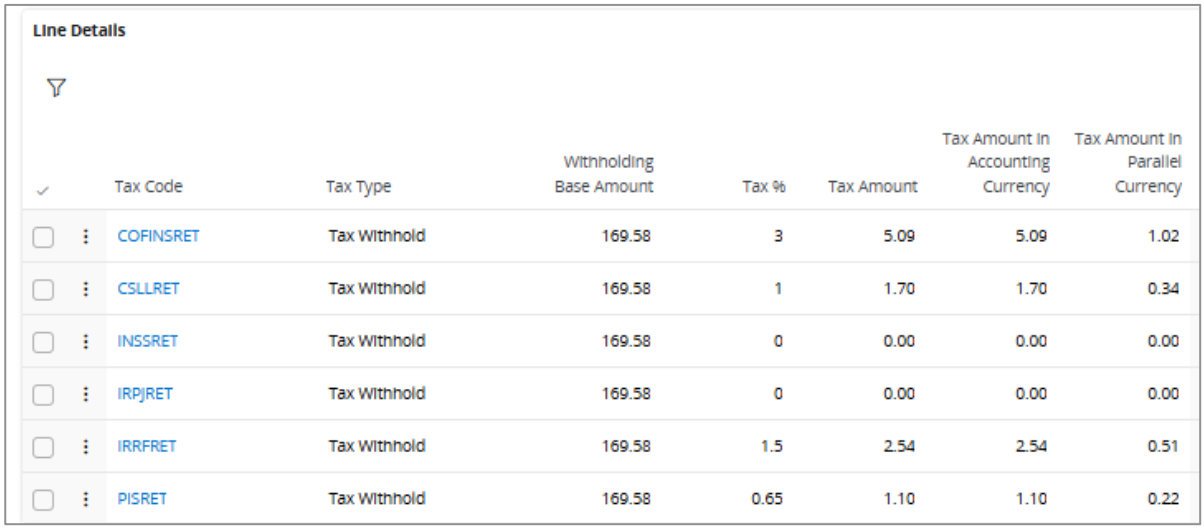
When third-party system integrator receives this transaction related to the scrapping, loss, deterioration, etc. of the fixed asset, it will write off and close the right to credit for this fixed asset.

30.6.5 INTEGRATION OF TAX WITHHOLDING FOR THIRD PARTY SYSTEM

30.6.5.1 Filter for sending taxes withheld on the Incoming Nota Fiscal

The export will be done by filtering by the Entry Date of the Incoming Nota Fiscal. The withholdings tax codes existing within the Tax Lines, Withholding command button of the Manual Supplier Invoice connected to this Incoming Nota Fiscal defined as **Invoice Entry** in the **Tax Method Tax Received** field of the ***Tax Codes*** page will be exported, since a Payment ID has already been previously created on the ***Supplier Payment Analysis*** page with the Payment Type: **Supplier Tax Withholding**, after posting the manual supplier invoice.

Tax Lines, Withholding option on Incoming Nota Fiscal:


Line Details

Tax Code	Tax Type	Withholding Base Amount	Tax %	Tax Amount	Tax Amount In Accounting Currency	Tax Amount In Parallel Currency
COFINSRET	Tax Withhold	169.58	3	5.09	5.09	1.02
CSLLRET	Tax Withhold	169.58	1	1.70	1.70	0.34
INSSRET	Tax Withhold	169.58	0	0.00	0.00	0.00
IRPJRET	Tax Withhold	169.58	0	0.00	0.00	0.00
IRRFRET	Tax Withhold	169.58	1.5	2.54	2.54	0.51
PISRET	Tax Withhold	169.58	0.65	1.10	1.10	0.22

30.6.5.2 Filter for sending taxes withheld on payment of Manual Supplier Invoice

The export will be done by filtering by Payment Date from Supplier Payment Analysis, for Payment Type: **Automatic Payment** and **Supplier Payment**. Each record from Supplier Payment Analysis is connected to an Installment from Manual Supplier Invoice with Status: **Paid** or **Partly Paid**, and the withholdings tax codes of these installments will be considered in the export, being those calculated after payment of the manual supplier invoice.

When the payment of the installment is made by ***Supplier Payment Orders*** page: A Payment ID is generated in ***Supplier Payment Analysis*** page with Payment Type: **Automatic Payment**.

In this flow, the withholdings calculated on the payment can be seen on the **Supplier Payment Proposal Details** page \ **Details** tab \ Select the line and click on the Tax Lines, Withholding command button.

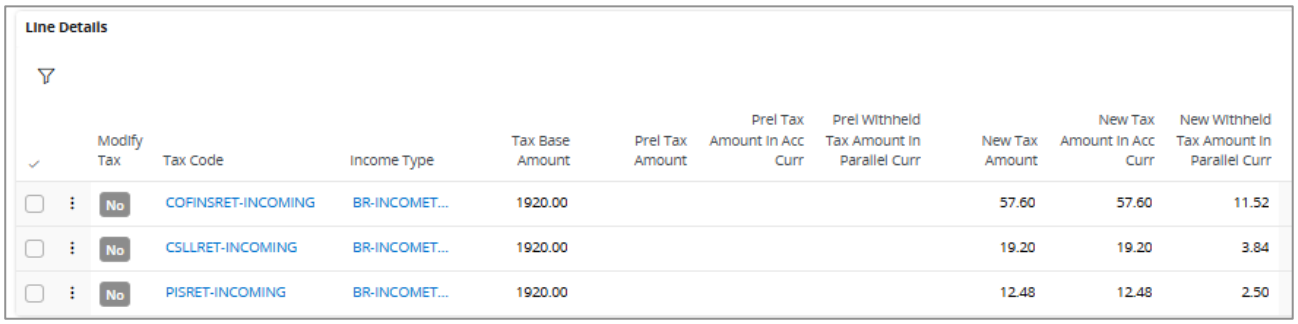
After confirming the proposal and creating the Supplier Payment Order, it is no longer possible to see the individualized withholdings tax codes, showing only the total amount withheld in the payment of the installment in question.

However, the export will be done individually for each withholding tax code defined as **Payment** in the **Tax Method Tax Received** field on the **Tax Codes** page, which are the withholdings that are considered by default by Core in the payment of the installment of the Manual Supplier Invoice.

When the installment payment is made by ***Mixed Payment*** page: A Payment ID is generated in Supplier Payment Analysis with Payment Type: **Supplier Payment**.
In this flow, the withholdings calculated in the payment can be seen within Mixed Payment, which is also connected to Supplier Payment Analysis \ Transactions Tab \ Transaction Details Session \

Select the line and click on the View Transactions button \ Select the line in the Matched Transactions Details session \ Tax Lines, Withholding command button, where the withholdings tax codes calculated for the installment in question are shown and individualized, ready to be exported.

Tax Lines, Withholding option on Manual Supplier Invoice payment:

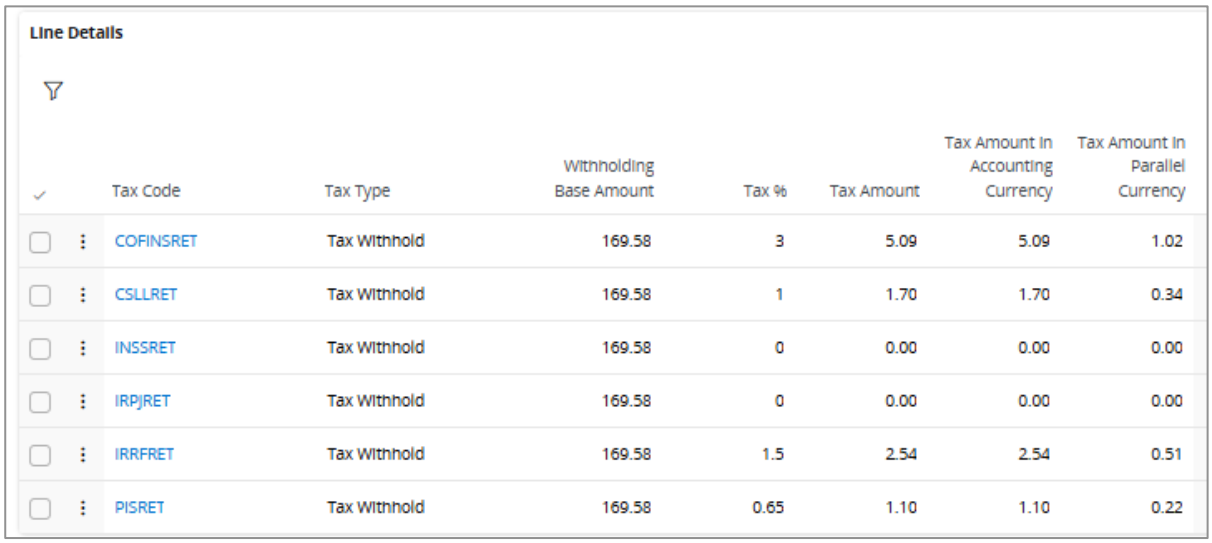

Line Details

	Modify Tax	Tax Code	Income Type	Tax Base Amount	Prel Tax Amount	Prel Tax Amount In Acc Curr	Prel Withheld Tax Amount In Parallel Curr	New Tax Amount	New Tax Amount In Acc Curr	New Withheld Tax Amount In Parallel Curr
	No	COFINSRET-INCOMING	BR-INCOMET...	1920.00				57.60	57.60	11.52
	No	CSLLRET-INCOMING	BR-INCOMET...	1920.00				19.20	19.20	3.84
	No	PISRET-INCOMING	BR-INCOMET...	1920.00				12.48	12.48	2.50

30.6.5.3 Filter for sending taxes withheld in the Outgoing Nota Fiscal

The export will be done by filtering by the Issue Date of the Outgoing Nota Fiscal. The withholdings tax codes existing within the Tax Lines, Withholding command button of the Customer Invoice connected to this Outgoing Nota Fiscal defined as **Invoice Entry** in the **Tax Method Tax Disbursed** field of the ***Tax Codes*** page will be exported, since a Payment ID has already been previously created on the ***Customer Payment Analysis*** page with the Payment Type: **Customer Tax Withholding**, after posting the customer invoice.

Tax Lines, Withholding option on Outgoing Nota Fiscal:


Line Details

Tax Code	Tax Type	Withholding Base Amount	Tax %	Tax Amount	Tax Amount In Accounting Currency	Tax Amount In Parallel Currency
COFINSRET	Tax Withhold	169.58	3	5.09	5.09	1.02
CSLLRET	Tax Withhold	169.58	1	1.70	1.70	0.34
INSSRET	Tax Withhold	169.58	0	0.00	0.00	0.00
IRPJRET	Tax Withhold	169.58	0	0.00	0.00	0.00
IRRFRET	Tax Withhold	169.58	1.5	2.54	2.54	0.51
PISRET	Tax Withhold	169.58	0.65	1.10	1.10	0.22

30.6.5.4 Filter for sending taxes withheld on Customer Invoice payment

The export will be done by filtering by the Payment Date from Customer Payment Analysis, for Payment Type: **Customer Payment** and **Customer Automatic Payment**. Each Customer Payment Analysis record is connected to a Customer Invoice Installment with Status: **Paid** or **Partly Paid**, and the withholdings tax codes of these installments will be considered in the export, being those calculated after the customer invoice payment.
When the installment payment is made by **Mixed Payment** page: A Payment ID is generated in Customer Payment Analysis with Payment Type: **Customer Payment**.

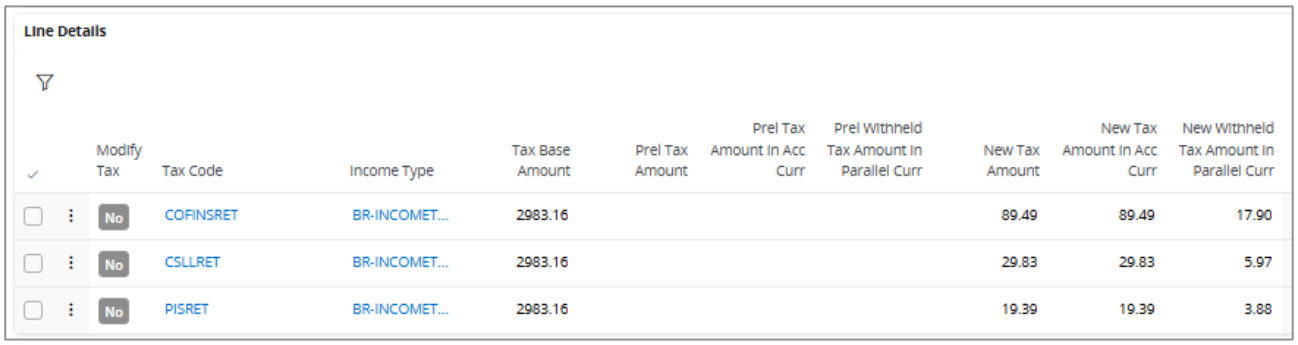
In this flow, the withholdings calculated on the payment can be seen within Mixed Payment, which is also connected to Customer Payment Analysis \ Transactions Tab \ Transaction Details Session \ Select the line and click on the View Transactions button \ Select the line in the Matched Transactions Details session \ Tax Lines, Withholding button, where the withholdings tax codes calculated for the installment in question are shown and individualized, ready to be exported.

When the installment payment is made by ***Customer Payment Orders*** page: A Payment ID is generated in Customer Payment Analysis with the Payment Type: **Customer Automatic Payment**.

In this flow, the withholdings calculated on the payment can be seen on the ***Customer Payment Proposal Details*** page \ Details Tab \ Select the line and click on the Tax Lines, Withholding button.

After confirming the proposal and creating the Customer Payment Order, it is no longer possible to see the individualized withholdings/tax codes, showing only the total amount withheld in the payment of the installment in question, however the export will need to be done individually for each withholding/tax code defined as **Payment** in the **Tax Method Tax Disbursed** field on the ***Tax Codes*** page, which are the withholdings that by default are considered by Core in the payment of the installment of the Customer Invoice.

Tax Lines, Withholding option on Customer Invoice payment:



Modify Tax	Tax Code	Income Type	Tax Base Amount	Prel Tax Amount	Prel Tax Amount In Acc Curr	Prel Withheld Tax Amount In Parallel Curr	New Tax Amount	New Tax Amount In Acc Curr	New Withheld Tax Amount In Parallel Curr
No	COFINSRET	BR-INCOMET...	2983.16				89.49	89.49	17.90
No	CSLLRET	BR-INCOMET...	2983.16				29.83	29.83	5.97
No	PISRET	BR-INCOMET...	2983.16				19.39	19.39	3.88

30.6.6 FCI – Import Content File

30.6.6.1 Overview Legal Requirement

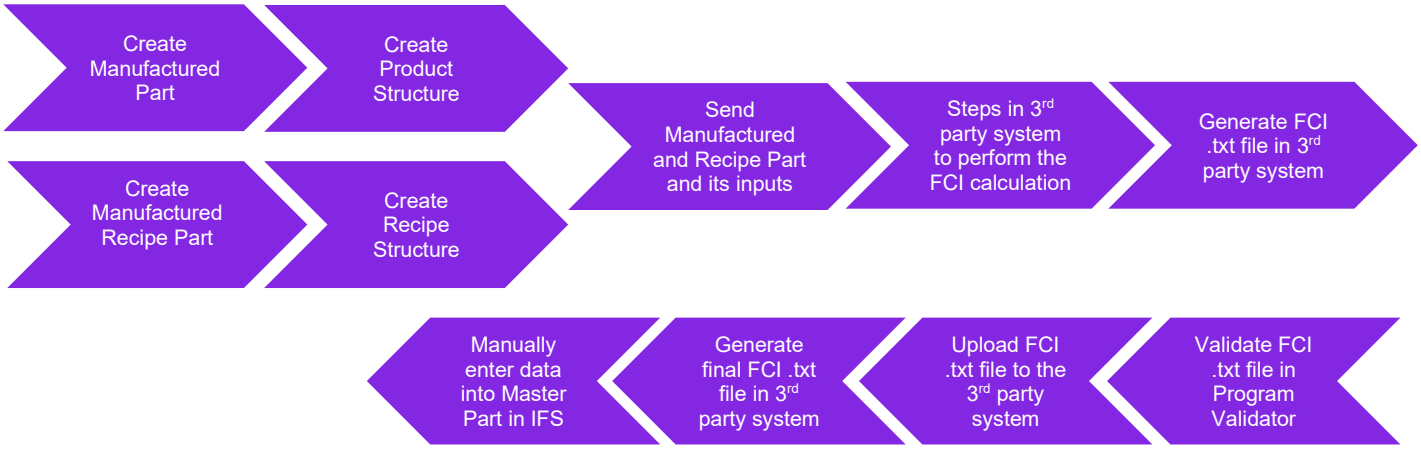
FCI - Import Content File is a control introduced by the Brazilian government to track the use of special ICMS tax percentage when the product is sold, between states, has some portion of imported material on its manufacturing.

The calculation of the imported content for manufactured products considers the notas fiscais for the acquisition of production inputs (component parts in the structure of the manufactured products) versus the interstate sales of the manufactured product using as a reference the second period before the current period. In such cases, before selling the finished product, it is necessary to calculate the percentage of imported material used during the manufacturing process and classify the finished product accordingly.

This classification is sent to the Brazilian government, using a .txt file, to request the FCI hash code for each finished product. When the Brazilian government returns the file with the FCI hash code, this information must be recorded and included in the Nota Fiscal XML file, in a specific tag. This FCI hash code contains all the details of the imported content of the manufactured products, allowing control and authorizing the use of this special ICMS tax rate at a reduced value in interstate transactions.

In IFS Cloud, all of this will be controlled by the third-party system, so they will be the ones who will calculate the FCI according to the notas fiscais we have already sent to them and, for this to happen, some data such as the structure of manufactured parts and manufactured recipe must be previously sent to the third-party system so that they can calculate the FCI and generate the .txt to be submitted to the validator program provided by the Brazilian Government.

30.6.6.2 Process Overview

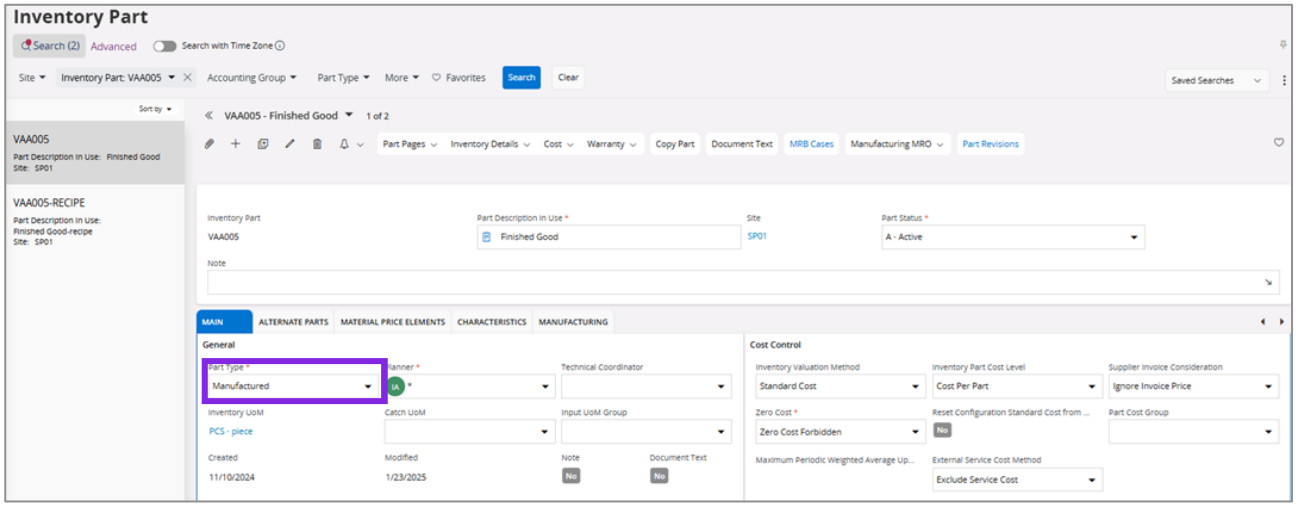


30.6.6.3 Prerequisites

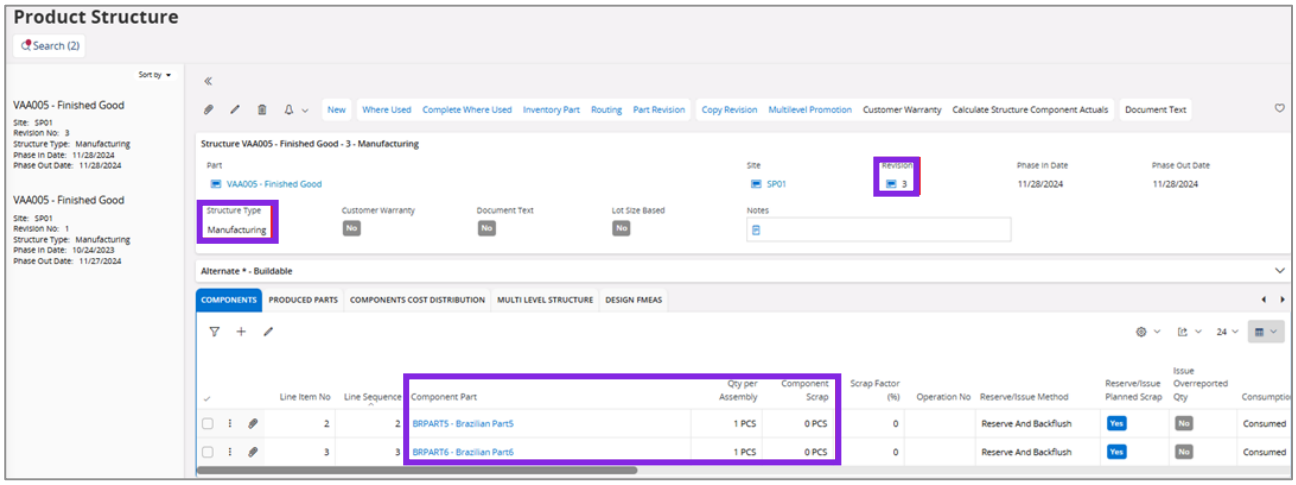
The company must be set-up to use Brazilian localization, see the Company Set-Up chapter and the “Integration to Brazilian External Tax System”.

30.6.6.4 Define basic data

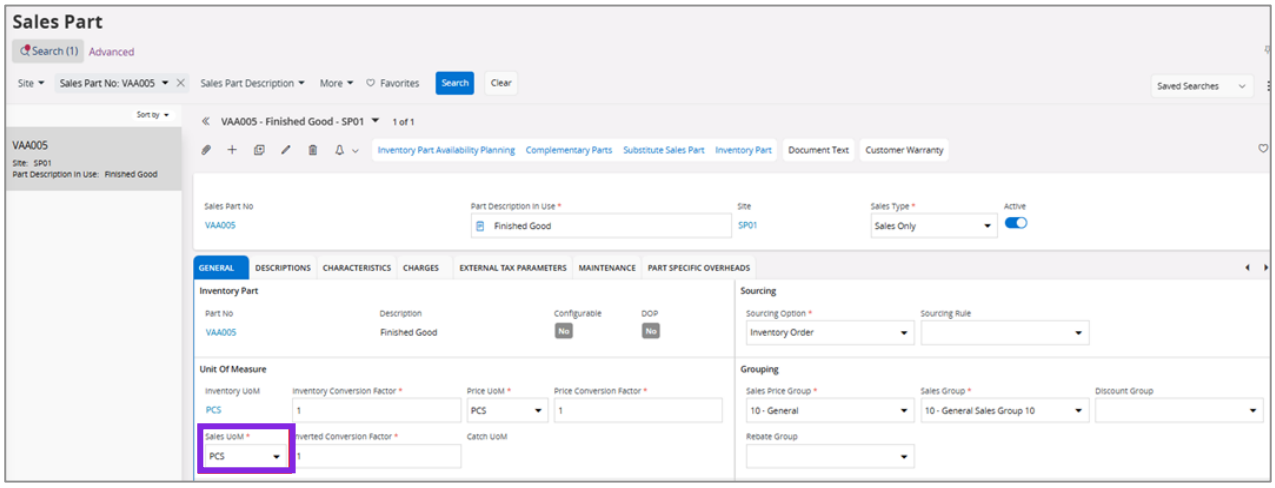
Manufactured parts must be previously registered on the ***Inventory Part*** page, set to **Manufactured** in the Part Type field:



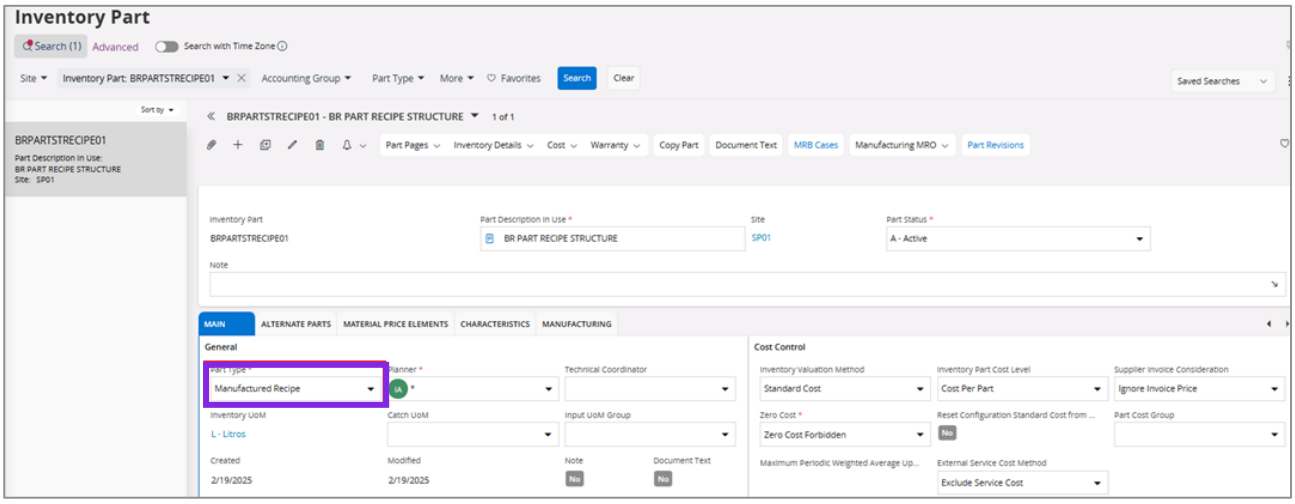
The structure of the main parts set to manufactured with its respective inputs must be registered on the ***Product Structure*** page. The structure defined with the Structure Type: **Manufacturing** will be considered, as well as the last revision of the structure is the one that will be considered, as can be checked through the Revision field:



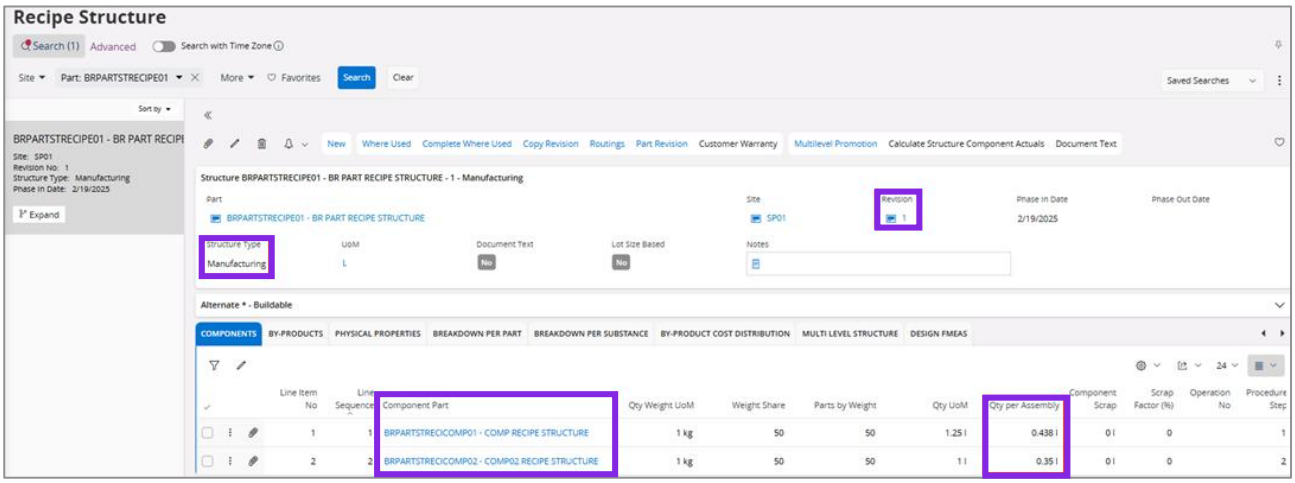
The main parts must also be registered on the ***Sales Part*** page, with the Sales UoM being used as the sales unit of measure for the FCI:



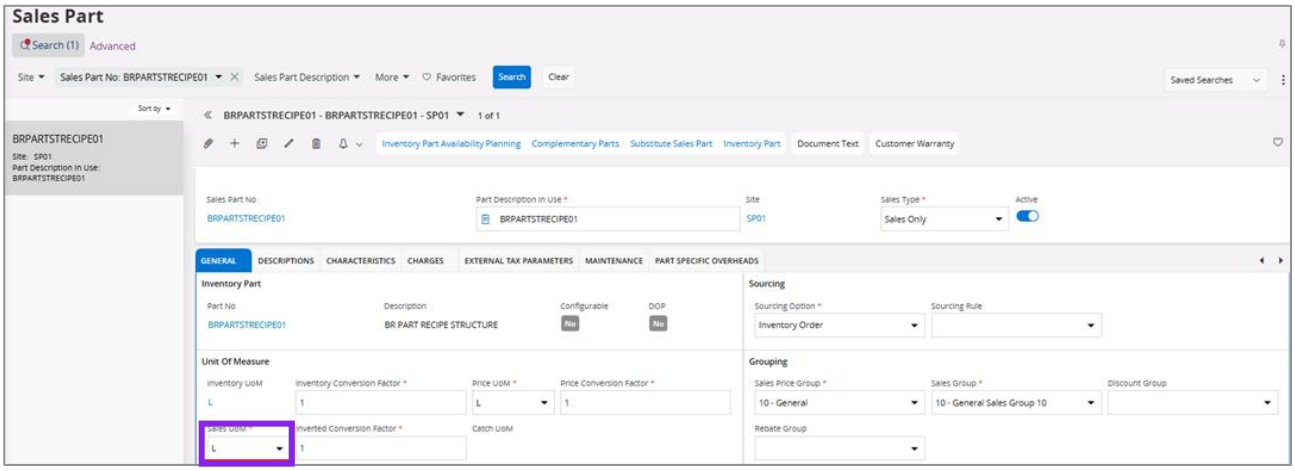
Manufactured Recipe parts must be previously registered on the ***Inventory Part*** page, set to **Manufactured Recipe** in the Part Type field:



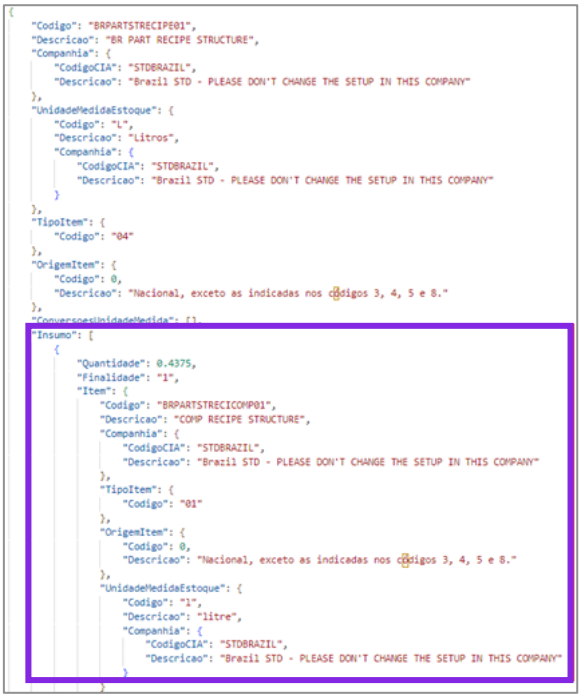
For the parts set to Manufactured Recipe on the ***Inventory Part*** page, the structure of the main part with its respective inputs must be registered on the ***Recipe Structure*** page. The structure defined with the Structure Type: **Manufacturing** will be considered, as well as the last revision of the structure is the one that will be considered, as can be checked through the Revision field:



The main parts must also be registered on the ***Sales Part*** page, with the Sales UoM being used as the sales unit of measure for the FCI:



Example of a JSON file used to send a part and its components/inputs to the third-party system:



In summary, we can consider that as basic data for the FCI:

- The parts defined as Manufactured or Manufactured Recipe on the ***Inventory Par***t page.
- The Product Structure for the Manufactured part and the Recipe Structure for the Manufactured Recipe part, defined on the Product Structure and Recipe Structure pages, respectively.
- The incoming nota fiscal related to the acquisition of production inputs (component parts in the structure of the manufactured products) must be previously entered into the application and sent to the third-party system integrator.
- The outgoing nota fiscal for the interstate sales of the manufactured product must be previously entered into the application and sent to the third-party system integrator.

30.6.6.5 Delimitations

- Currently, the third-party system does not have an endpoint in which we can use it to automatically obtain, right after processing the return file generated by the government validator program, the acquisition origin and the FCI hash code, so that these are updated in the Master Part of the material sold in interstate operations and thus, this data could be sent in the electronic XML, to prove its right to use the reduced ICMS rate.

  Thus, the current solution will require the user to access the Master Part page and manually update the material with the updated acquisition origin, as well as with the FCI hash code, for the purpose mentioned above.

  As soon as the third-party system provides an endpoint in which the acquisition origin and FCI hash code are returned, this integration will be reviewed so that there is an automatic update of the Master Part without the need for manual intervention.

- The structures containing the list of components/inputs will always be obtained from what is previously defined on the Product and Recipe Structure pages. The structures used in the shop orders of the period will not be considered, since these changes are most of the time punctual and will not necessarily impact much on the calculation, and since the change in the structure of a material is frequent, the ideal is to create a new revision for the structure with the new list of components updated for this material.

Additional delimitations may apply; all relevant flows should be tested to ensure completeness.

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.

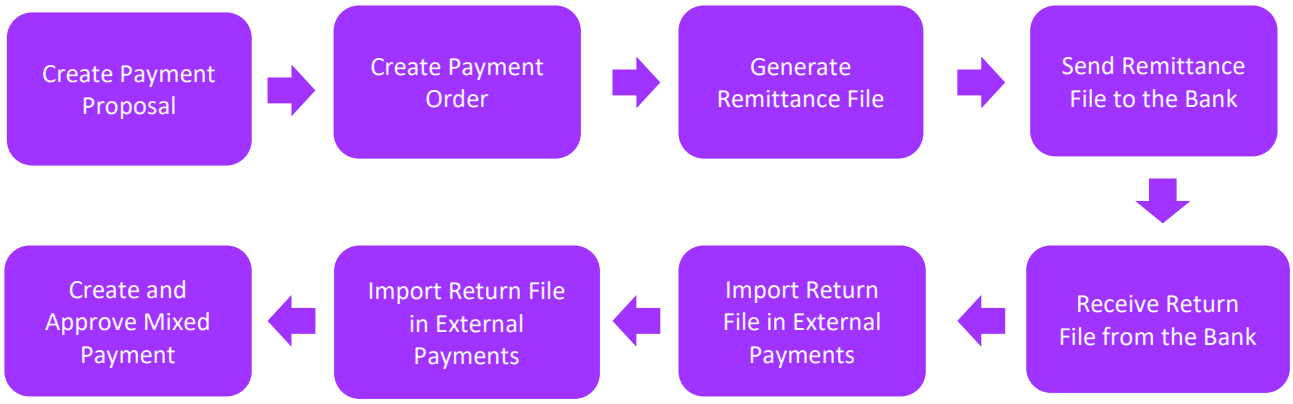
The system covers the following Brazilian banks: **Bradesco, Itaú, Santander, Banco do Brasil,** and **Caixa Econômica Federal**.

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.



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.

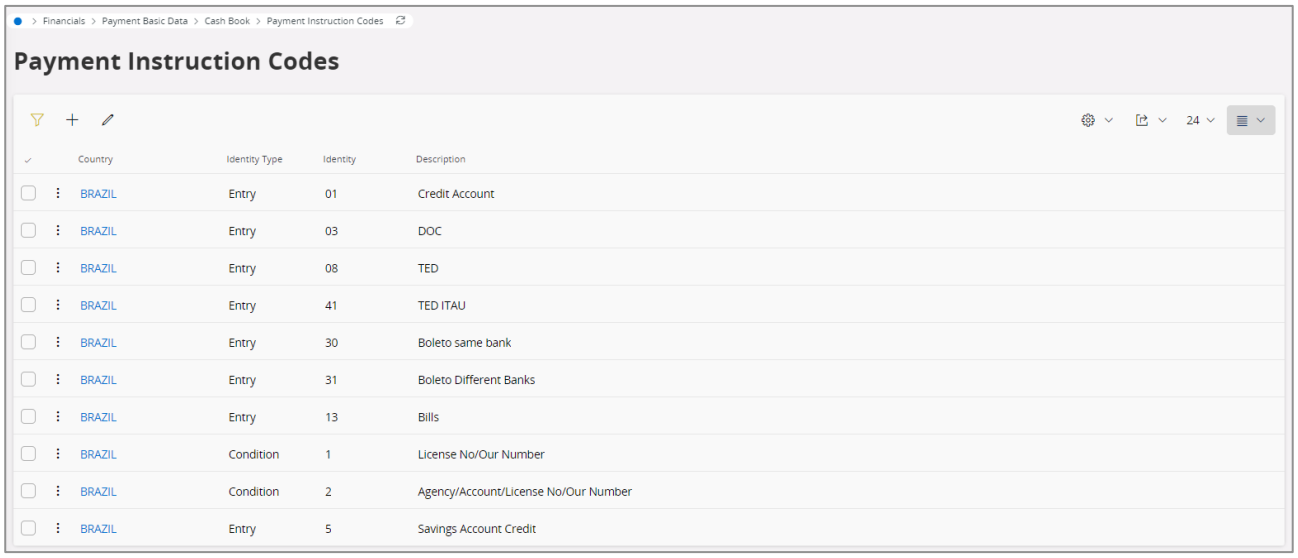
To run the Customer process all basic data relevant to the Boleto process must be defined before starting the communications with the banks. Further, it is necessary to print the Boleto if the company has this process. Unpaid customer ledger items that match the Customer Payment Proposal loading criteria specified must exist.

To run the Supplier process, unpaid supplier ledger items that match the Supplier Payment Proposal loading criteria specified must exist.

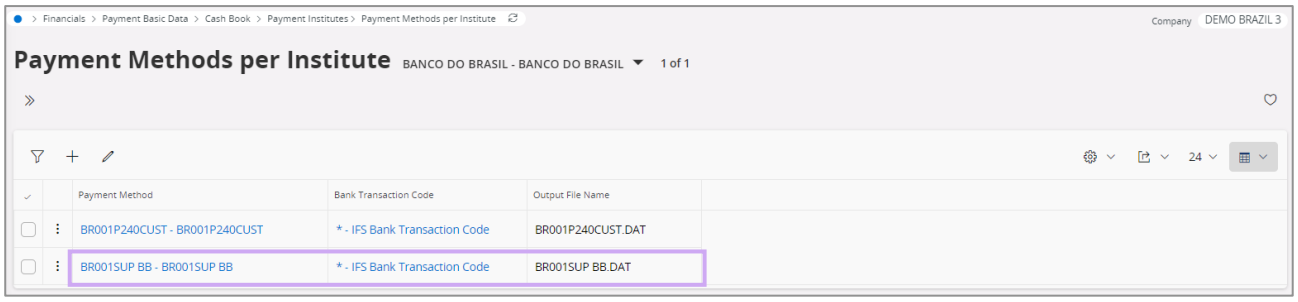
31.4 Basic Data

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.



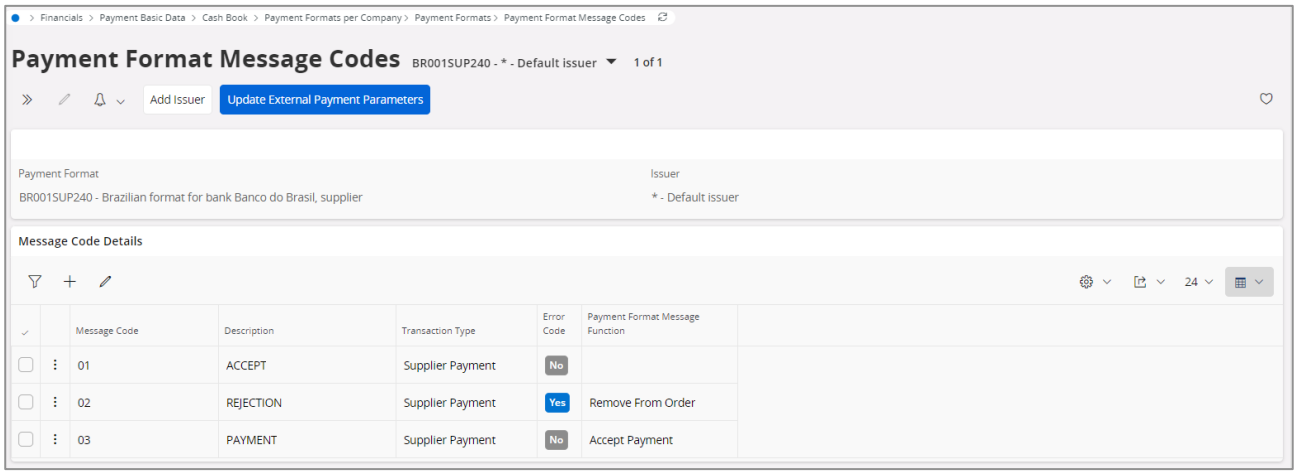
Define **Format Specific Info per Institute** for the payment method in ***Financials/Payment Basic Data/Cash Book/Payment Institutes/Payment Methods per Institute/ Format Specific Info per Institute*** *page.*

The below information might differ from one payment format to another and should be filled according to the bank layout definitions and specifications.

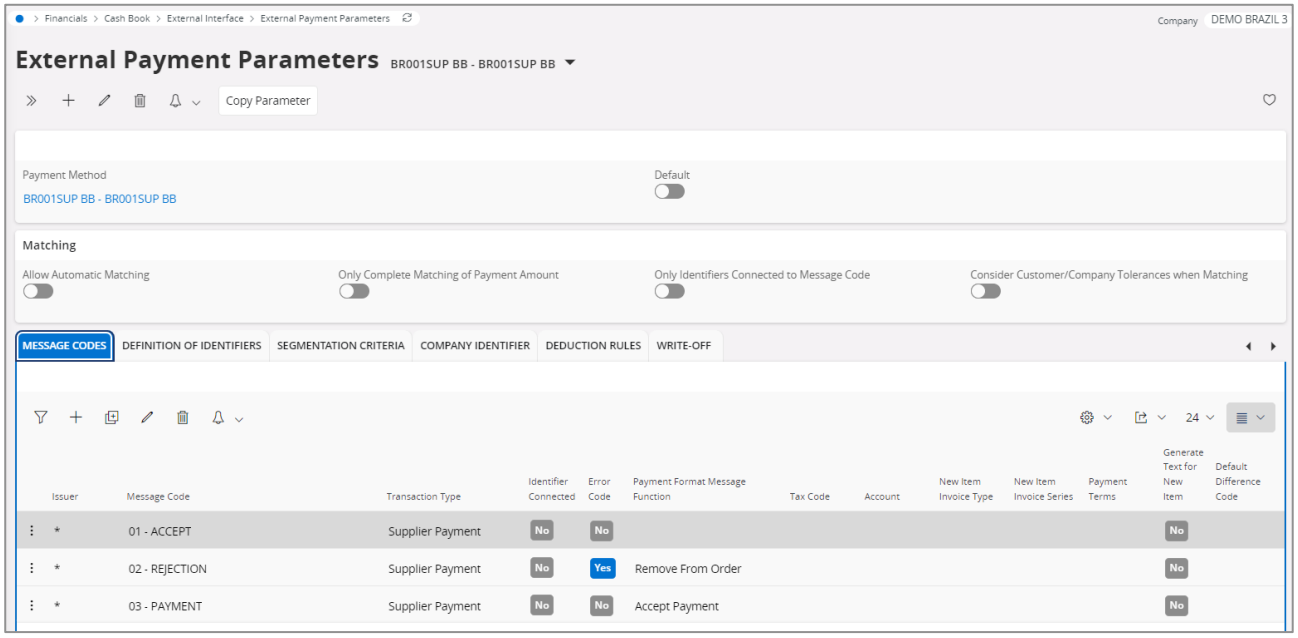
Information specific to a particular Payment Method and Payment Institute. The information required depends on the Payment Format connected to the Payment Method. This field is defined on the ***Client Mapping*** page.



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.

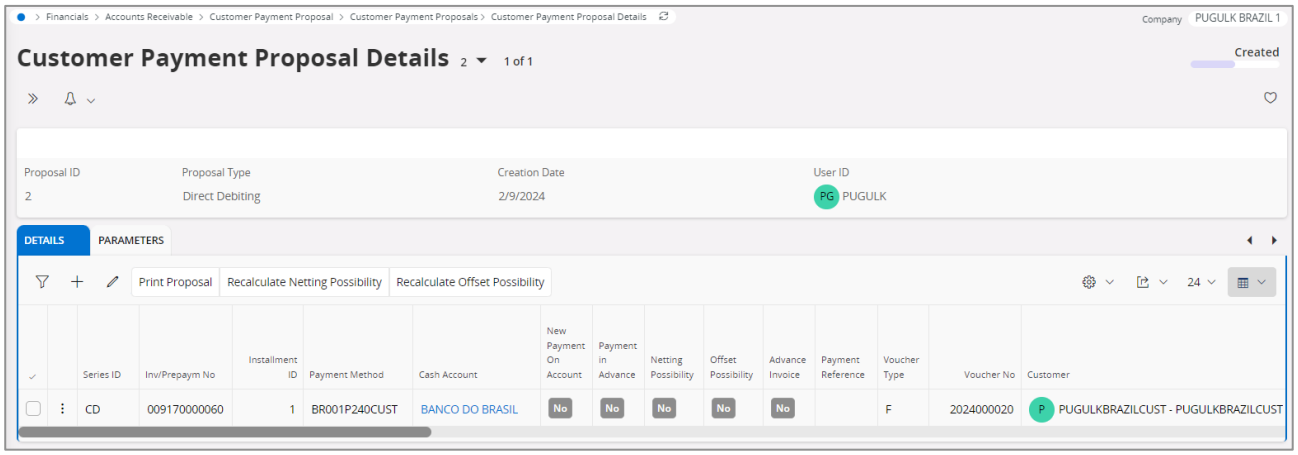


31.5 Customer File Generation

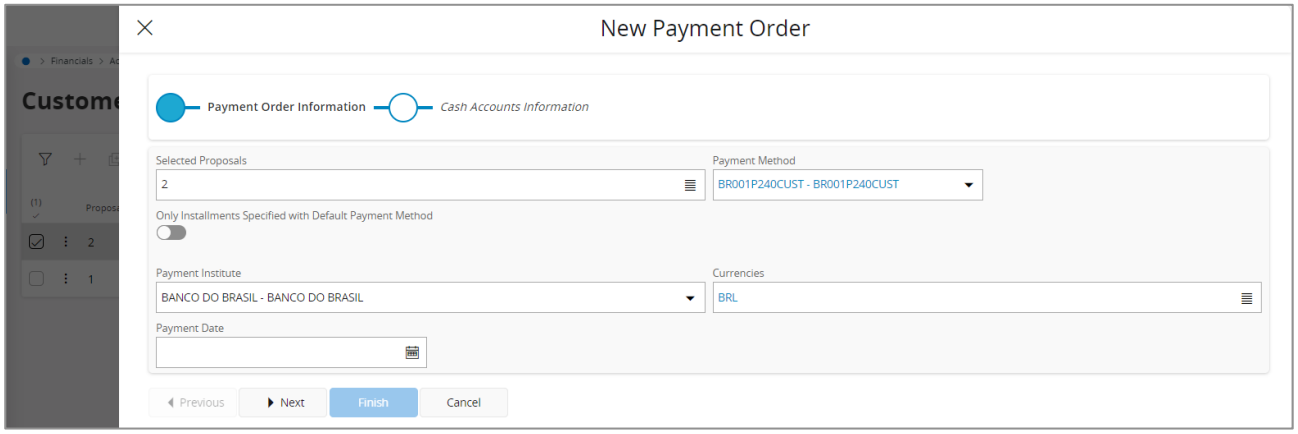
After printing Boletos, it is necessary to generate the Customer Payment Proposal to select the invoices that will be sent to the bank.

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.

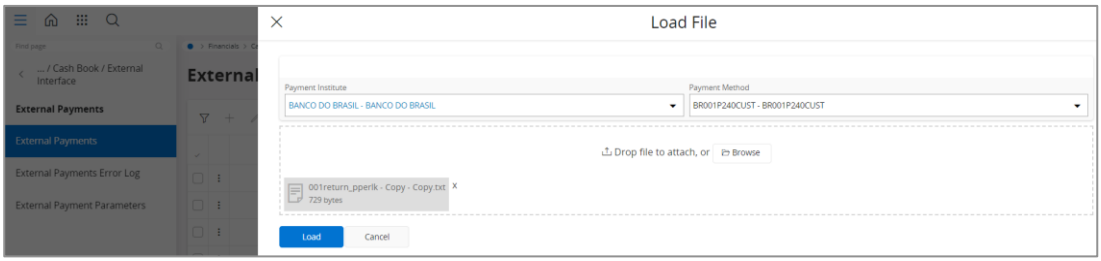
Subsequently, the user can share the remittance file with the relevant banks.

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

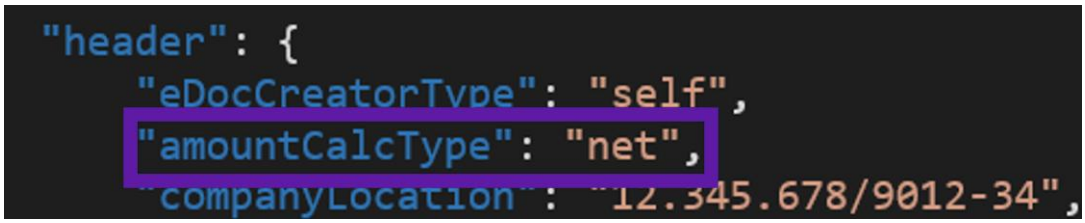
Tax Base Amount = 72.75 x 100
100-(18+1.65+7.6)
=100.00

- Tax: ICMS 18% = 18.00
  PIS 1.65% = 1.65
  COFINS 7.6% = 7.60

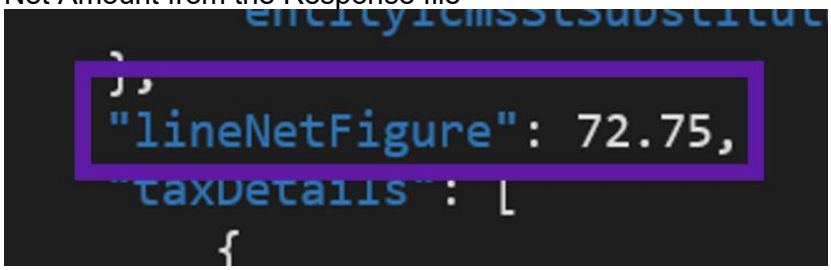
Total Tax = 27.25
Gross Amount (72.75 + 27.25) = 100.00

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 = 78.75
  Tax Base Amount = 78.75 x 100
  100-(7.6+1.65+12)
  =100.00
- Tax: ICMS 12% = 12.00
  PIS 1.65% = 1.65
  COFINS 7.6% = 7.60
  IPI 30% = 30.00 (100 X 30%)

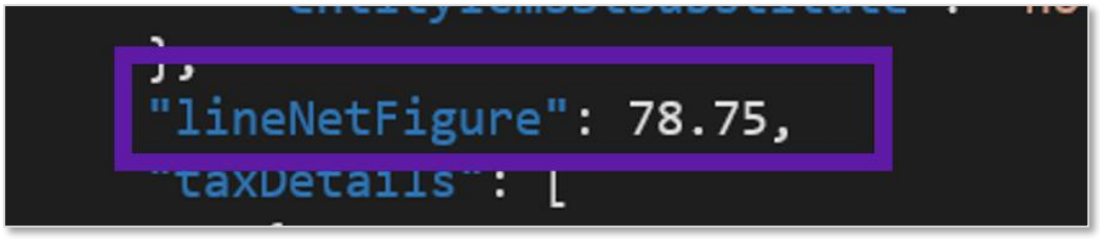
Total Tax = 51.25
Gross Amount (78.75 + 51.25) = 130.00

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%)

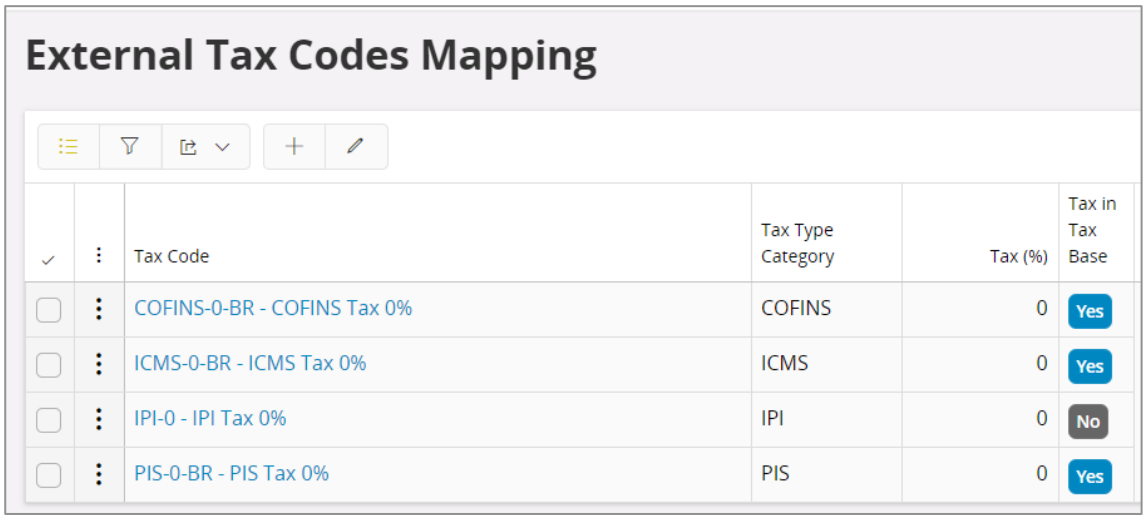

```
"taxType": "ipi",
"citation": "IPI Decreto nº 8950/2016",
"citationId": "56b13fd9-18fb-4d35-91dd-908
"subtotalTaxable": 100,
"rate": 30,
"tax": 30,
```


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 mapping

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