Configuration of intercompany transactions

By means of intercompany transactions it is possible to automate registering of business transactions taking place between companes, in case if e.g. one of them is engaged in production activities and the second one in distribution activities. Such a path begins with a sales order document which reflects the registration of a customer order.

In order to activate the functionality of intercompany transactions, from the level of *Configuration → Company Structure →* edition of selected center of *Company* type, in field *Intercompany Transactions,* it is necessary to define the role of a given company in the organization:

- *Vendor*
- *Customer*
- *Vendor* and *Customer*

Parameter Intercompany Transactions

Note
To save a company as *Vendor/Customer* in intercompany transactions handling, it is necessary to assicate the form with a customer/vendor.

Note
After selecting one of the options and saving the company form, it is not possible to change it.
In the forms of a *Company* participating in international transactions, there is an additional tab *Inctercompany Transactions.* It contains the following columns:

- **Process** — column presenting paths of possible generations whose quantity depends on the function hold by a given company: For a *Customer* these are as follows:
    - *SO Release — PO Receipt*
    - *Sales Invoice — Purchase Ivoice*
    - *Sales Invoice Quantity Correction — Purchase Invoice Quantity Correction*

For a *Vendor it* is as follows:

- *PO Receipt Quantity Correction — SO Release Quantity Correction*
- **Owner** — allows for indicating a center within which an opposite document will be automatically created. The following options are available for selection:
    - *According to the customer's/vendor's center —* deafult value, the owner of an opposite document is a center associated with the *Secondary Customer* indicated in the source document.
    - Selected company/center with activated intercompany transactions — an opposite document will be created within selected unit of company structure, regardless of the association between the center and the secondary customer in the source document.

Tab Intercompany Transactions in Company forms

[hint] An association with a customer/vendor can be also added from the level of the forms of centers subordinated to a company with activated intercompany transactions <LINK>. Thanks to that, it is possible to specify center in which an opposite document should be generated. [/hint]

Example

ABC company which functions as customer in intercompany transactions, is associated with customer *Laneco.* It is also the parent company for center *MOB1* associated with customer *Studio K.*

1. Company *ABC* issues a SOR document in which:

    - *Laneco* is the *Customer*
    - *Studio K* is the *Secondary Customer*

1. The POR document created during the process of intercompany transactions will be generated in the secondary customer's center — *MOB1.*

Dedicated fields on documents involved in intercompany transactions (SI, SOR, PI, POR)

Customer's Warehouse – field available in the header of SI and SOR documents It allows for selecting a local warehouse to which an opposite document will be generated.

By default, the field is filled in by the default warehouse of:

- from the customer's center, in case
  - only the customer selected in the document is an internal customer
  - both the customer and the secondary customer are internal customers and the secondary customer is assigned to a different company than the customer
- from the secondary customer 's center, when both the customer and the secondary customer are internal customers assigned to the same company.

Note
In case of generating a SI from several SOR documents issued to different warehouses, the field *Customer's Warehouse* takes on value *<All>.*

Note
It is possible to change the secondary customer in a SI/SOR document if it was generated from a SOR/SI document which registers an intercompany transaction.
Vendor's Warehouse – field available in the header of PI and POR documents generated from SI/SOR. It presents the name of the warehouse to which the associated opposite document (source document) has been issued.

Principles of creating documents during intercompany transactions

An opposite document is generated automatically at the moment of confirming the source document. If an error occurs during the creation of a document, its content is presented in an appropriate message and the confirmation of the source document gets withdrawn.

- *Vendor/Secondary Vendor* in a PI/POR document is set on the basis of the center being the owner of the source document.
- PI/POR documents are generated to a warehouse set as *Customer's Warehouse* in the source document.
- The total/subtotal value or discounts defined in the source document are mantained in documents generated during an intercompany transaction.
- In documents generated during an intercompany transaction, the value in a system currency is calculated according to the exchange rate of the document currency to the system currency of the target comapny. Features of an exchange rate (type, date type, date) in PI/POR are set according to the definition of the document type in a given center, whereas in corrections — according to the settings of corrected documents.
- As the price type in documents for received items created from documents for released items, the type

associated with the customer/vendor for which the document is being issued, is set. If such an association is not dedined, the default purchase price types retrieved.

- In case the group of VAT rates of the source company is different then the one assigned to the target company, the value of *VAT Rates* in the header of the source document, is verified:
  - For VAT Rates: *National* — the possibility of creating an opposite document is blocked
  - *Export* — an opposite document with VAT rates available for the target company is created. The generation will be completed with success only if total and subtotal values in both documents are compatible. Otherwise, the process will be interrupted and an appropriate message will be displayed.

Example

Two companies which will be involved in intercompany transactions have been created in the system:

- Company *ABC* with internal customer *ABC Shop* defined as *Vendor* in intercompany transactions handling
- Company *TWZ* with internal customer *Impax* defined as *Customer* in intercompany transactions handling

The automatic generation of warehouse documents is **disabled** in the definition of SI document type in the company *ABC.*

1. A sales invoice is issued in the company *ABC. Impax* is set as the customer and *IPX* warehouse (defauld for documents in the company *TWZ)* is set as the *Customer's warehouse.*
2. Confirming the document results in the automatic generation of an opposite *PI* document in the company *TWX* for the warehouse *IPX.*
3. Next, in the company *ABC,* a SO release is generated from

that document and the confirmation of the document generates a *POR* document in the company *TWZ.*

The table below presents the source of completing fields in opposite documents:

Feature	PI	POR	SORQC	PIQC/PIVC/PORVC
Subtotal/Total amount	Value in document currency from SI	Value in document currency from SOR	Value in document currency from POR corrections	
Reference number	SI number	SOR number	POR correction number	SI/SOR correction number
Date of issue	Date of issue from SI	Date of issue from SOR	Date of issue from POR correction	Date of issue from SI/SOR correction
Date of receipt	Current date set automatically	Current date set automatically	-	Current date set automatically
Date of purchase	Date of sale from SI	-	-	-
Date of correction	-	-	POR correction date	SI/SOR correction date
Date of receipt	-	Current date set automatically	-	-
Reason for correction	-	-	Reason for correction from POR	Reason for correction from SI/SOR
Processing priority	-	Standard behavior	Standard behavior	Standard behavior

Feature	PI	POR	SORQC	PIQC/PIVC/PORVC
Payment parameters (payment method, date, number of days, EOM, number of days EOM)	Payment parameters from the source SI	-	SOR corrections: From the setting on customer/vendor form	PI corrections: Payment parameters of the source SI correction POR corrections - not applicable
Currency	SI currency	SOR currency	POR correction currency	SI/SOR correction currency
Transaction type	Transaction type from SI	Transaction type from SOR	Transaction type from POR correction	Transaction type from SI/SOR correction
Reason for tax exemption	Reason from SI	-	-	PI corrections: reason from PI document
Delivery method	Delivery method from SI	Delivery method from SOR	Delivery method from POR correction	Delivery method from SI/SOR correction
VAT direction	VAT direction from SI document	VAT direction from SOR document	Vat direction from POR correction	VAT direction from SI/SOR correction
VAT aggregation	Parameter value from SI	Parameter value from SOR	Parameter value from POR correction	Parameter value from SI/SOR correction
Reverse charge	Parameter value from SI	Parameter value from SOR	SOR source document	PI/POR source document
VAT Account	According to the settings of the owner of the target document			

Feature	PI	POR	SORQC	PIQC/PIVC/PORVC
Owner	Center/company selected in the definition of company/center, in the tab Intercompany transactions. In case option According to the customer's/vendor's center, the following centers can be set as the owner: • customer's center in case only the customer is an internal customer or both the customer and the secondary customer are internal customers assigned different companies • secondary customer's center in case the customer and the secondary customer are internal customers assigned different companies			
Handled By	Employee of the operator who initiates the transaction			

Blockade of creating documents in intercompany transactions

In companies with activated handling of intercompany transactions, there is a blockade of:

- generating POR from PI if the invoice is an opposite document to SI. In such a case, it is possible to create a PO receipt only on the basis of a realase of resources by means of the source SI document.
- generating PI from POR if POR was automatically created to a SOR document. In such a case, it is possible to create an invoice for the POR document only on the basis of the trade document issued to the source SOR document.
- adding a POR document, in case the vendor selected in a document is an internal customer/vendor and the comany to which they are assigned is defined as *Vendor,* whereas

the company in which te document is being issued is defined as *Customer.* In such a case it possible to issue a POR only on the basis of a SOR document in the vendor's company.

- adding a PI document, in case the vendor selected in a document is an internal customer/vendor and the comany to which they are assigned is defined as *Vendor,* whereas the company in which te document is being issued is defined as *Customer.* In such a case it possible to issue a PI only on the basis of a SI document in the vendor's company.
- issuing a VAT correction to a soruce document to which an opposite document has been generated
- issuing opposite documents to documents for released items containing sets with parameters *Retrieve elements onto document* checked
- issuing opposite documents, if the source company does not have access to the objects used in the source document (customer/vendor, item, warehouse) or the operator does not have permissions to log-in to the target center.

Canceling documents deriving from intercompany transactions

Canceling documents involved in intercompany transactions should begin from the side of opposite documents.

Note
There is no possibility of direct cancellation of documents
which are source documents in the transaction path. Canceling
an opposite document automatically cancels its source
document.

Example

1. In a company which is a customer, a SI document has been
   issued, whose confirmation has initiated automatic
   generation of a SOR document
2. During an intercompany transaction taking place in the
   customer company:

   - to the SOR document, an oppoosite POR document is
     created
   - to the SI document, an opposite PI document is created

1. In the event of canceling documents:

   - first, it is necessary to cancel the POR document, which
     will result in automatic cancellation of the SOR
     document
   - then, it will be possible to cancel the PI document,
     which will result in automatic cancellation of the SI
     document.

Configuration of warehouses involved in intercompany transactions

Defining intermediate warehouses

An intermediate warehouse allows to make full use of the functionality of intercompany transactions in databases with activated FIFO/LIFO method of queuing resources. Such a warehouse can be used in the following documents:

- SI and quantity/value corrections
- SOR and quantity/value corrections
- PI and quantity/value/additional cost corrections
- POR and quantity/value/additional cost corrections
- WM−/WM+
- IR+
- IR−

In order to add an intermediate warehouse, from the level of *Main → Warehouses* or *Warehouse → Warehouse,* it is necessary to select button [**Add**] and option *Intermediate.*

Use of intermediate warehouses has been described in article <LINK>.

Note
The possibility of adding an intermediate warehouse is available only for companies with activated handling of intercompany transactions.

Intermediate warehouse form

The differences between the form of an intermediate warehouse and the forms of other<< local warehouses>> are as follows:

- the parameter *Dedicated for parent company* is grayed out. The parameter is checked only if the Main Company has been selected in field *Company.*
- the parameter *Handling of WMS* is hidden
- it is not possible to define address data and the forecast coefficient
- there are no tabs: *Stock Management, Stock Level Visibility* and there are no buttons used for generating documents

Company – field allowing for associating the warehouse with a selected company. The of companies is limited to companies with activated handling of intercompany transactions. This field is available for editing after the warehouse form is saved for the first time.

Features of the intermediate warehouse:

- only one intermediate warehouse can be assigned to each company
- it becomes automatically available defined within the company to which it belongs (it is not visible in *Object Availability*)
- it cannot be deactivated

Parameter *Replenish in intercompany process* in local warehouses

Replenish in intercompany process – *field* available in the headers of local warehouses in companies/centers handling intercompany transactions as *Customers,* in databases with FIFO/LIFO method of queuing resources. A user can select one of the following options:

- **Direct** (default value) – in a process of intercompany

transaction, a merchandise is received with the omission of the intermediate warehouse (e.g. SOR → POR)

- **Indirect** — in a process of intercompany transaction, a merchandise is received with the use of indirect warehouses (e.g. SOR → POR → WM−/+)

Local warehouse header

Changes in WM−/+ document

In databases with FIFO/LIFO method of queuing resources, in the forms of WM−/+ issued in a company with activated intercompany transactions and with shared warehouses of other companies, additional fields are available:

- **Intermediate Warehouse** — field completed automatically with the name of the intermediate warehouse, if a warehouse which belongs to another company was selected as the target warehouse in the document. It is a warehouse from which the resources are:
    - Moved during an operation within one company (WM+)
    - Released (SOR/PORQC/IR−)

- **Internal Customer** – presents the name of a customer associated with the company to which the target warehouse is assigned. The field is visible only in these documents, in which the target warehouse is a warehouse which belongs to another company.
- **Intercompany Transaction** – parameter not subject to edition, it is automatically checked if a WM– initiates an intercompany transaction. The field is visible only in these documents, in which the target warehouse is a warehouse which belongs to another company.
- **Process return** – depending on the value of the parameter:
  - from the WM+ can be created PIQC/PORQC/IR– (and SIQC/SORQC/IR+ in the opposite company) – **parameter checked**
  - a SOR is generated from the WM+ – **parameter unchecked**

Note
The parameter is available only in databases with FIFO/LIFO method of queuing resources, only in documents whose target warehouse is a warehouse of another company.

Note
The parameter is checked by default and is not available for editing for companies which are customers only.

- **Target Warehouse** – warehouse to which the documents in the opposite company will be issued
- **Vendor's Warehouse** – name of the warehouse from which resources have been released in another company:
  - In the path: SOR → POR → WM–/WM+ it is the warehouse from which resources have been released with the use of the SOR document
  - In the path: WM–1/WM+ → PORQC/SOR/IR– → SORQC/POR/IR+ → WM–/WM+ it is the source warehouse indicated in the WM–1

Use of intermediate warehouses

An intermediate warehouse can be used during:

- **An intermediate receipt,** as:
    - a warehouse in the header of the POR generated from a SOR from another company
    - a warehouse on subitems of a PI which posts a POR generated from a SOR from another company
    - a warehouse in the header of a POR generated from a SOR from another company
    - a source warehouse in a WM- generated from a POR in the path SOR → POR → WM-
    - a warehouse in PI/POR corrections from an intermediate receipt
- **An intercompany warehouse movement,** as:
    - an intermediate warehouse in a WM- document (to that warehouse will be moved resources, when finishing the circuit of WM documents in the source company)
    - a warehouse in a SOR document generated from an intercompany WM- (resources received by means of an intercompany WM+ document will be released from that warehouse)
    - a warehouse in an IR- document generated from an intercompany WM+ document with checked parameter *Process return* (resources received with an intercompany WM+ for resources created as a result of the delivery done by means of an IR+ from an

internal customer will be released from that warehouse)
- a warehouse in a SI document generated in the path WM+ → SOR → SI
- a warehouse in a SIQC/SORQC in an intercompany movement marked as *Process return* (in the event of company returns, resources will be received in this warehouse)

Note
An intermediate warehouse cannot be selected in a document manually by an operator. It can be set in a document automatically by the system:

- during processes of intermediate receipt
- in PI/POR corrections initiated manually by an operator

Handling indirect warehouse receipt in intercompany transactions

The operation of indirect receipt is performed only in case of registering an intercompany transaction, if:

- an intercompany SOR document has been issued
- in the form of the secondary customer indicated in the SOR, the option of indirect replenishment in intercompany processes is selected
- there is an active intermediate warehouse in the target

company

Example
Below, there is an exemplary path of document circuit in an intercompany transaction with the use of indirect replenishment:

- In a company being a vendor, a SOR document to a customer/vendor associated with the customer's company has been issued.
- In the form of the secondary customer indicated in the SOR, the option of indirect replenishment in intercompany processes is selected
- By means of intercompany transactions, after confirming the SOR, a POR document with *Confirmed* status is automatically generated in the customer's company. The document has been created to *customer's intermediate warehouse*
- From the POR document, a warehouse movement WM- document is created, in which:
  - The source warehouse is the customer's intermediate warehouse
  - The target warehouse is the secondary customer's warehouse from the SOR document

Note
Cancelling a WM- document created as a result of the path SOR → POR → WM- results in cancelling the POR document.

Generating internal documents in the process of intercompany transactions

In the event of registering a return of a resource created by means of a POR issued to a customer/vendor defined as intercompany vendor and then moved with WM-/WM+ documents, it is possible to create mirrored documents IR- reflecting those returns.

Features of created IR+/IR- documents:

- In the document header, there is *Source Number* field which is filled in with the number of a WM- document which initiates an intercompany movement
- IR- document is created to the intermediate warehouse in the source company and in the field *Customer/Vendor* is filled in with the internal customer from the WM+ document
- IR+ document is always created to the intermediate warehouse in the source company and takes on *Confirmed* status
- features of items in IR+ are transferred directly from the IR- document (purchase/acquisition value, quantity, UOM, features, volume/net weight/gross weight)
- the documents do not have associations on the level of items/subitems
- it is not possible to correct them
- there is no possibility of a direct cancellation of IR+/IR- documents, such a process must by initiated by canceling the WM- which initiates the intercompany transaction

Differences between intercompany transactions and BPM process Generate Opposite Documents for Operations Executed Between Companies within One Structure

Differences between intercompany transactions and BPM process <<Generate Opposite Documents for Operations Executed Between Companies within One Structure>>:

- generation of SO and PO can be performed only by means of the standard BPM process
- when handling of intercompany transactions is activated, the process does not generate SO/PO documents
- a PO document is not executed by a POR if the following generation: SO → SOR → POR occured when handling intercompany transaction

Note
In the case of a buisness scenario in which issuing documents starts from a PO, it is recommended to use the process: **Generate Opposite Documents for Operations Executed Between Companies within One Structure.** For such a PO document to be executed, the whole circuit of documents must be handled by the process. [/aler]

- it is not possible to create PORQC → SORQC for SOR/POR and SI/PI documents created by the process — only documents created by the functionality of intercompany

tansasctions are handled.

Differences between intercompany transactions and BPM process <<Generate Opposite Documents for Operations Executed Between Companies within One Structure>>:

- generation of SO and PO can be performed only by means of the standard BPM process
- when handling of intercompany transactions is activated, the process does not generate SO/PO documents
- a PO document is not executed by a POR if the following generation: SO → SOR → POR occured when handling intercompany transaction
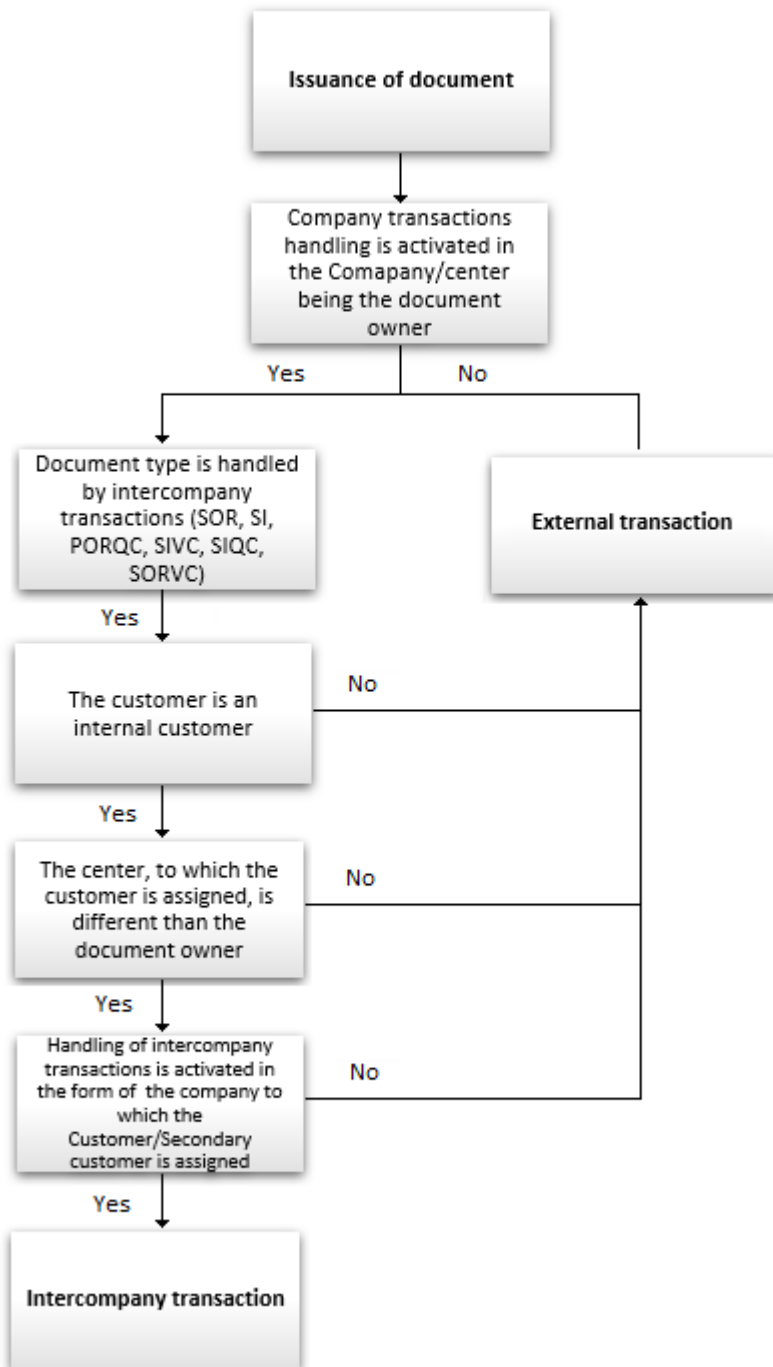
Note
In the case of a buisness scenario in which issuing documents starts from a PO, it is recommended to use the process: **Generate Opposite Documents for Operations Executed Between Companies within One Structure.** For such a PO document to be executed, the whole circuit of documents must be handled by the process. [/aler]

- it is not possible to create PORQC → SORQC for SOR/POR and SI/PI documents created by the process — only documents created by the functionality of intercompany tansasctions are handled.

Identification of intercompany transactions

The scheme below presents identification of an intercompany transaction:

Issuance of document

```
Issuance of document
        │
        ▼
Company transactions
handling is activated in
the Comapany/center
being the document
owner
   ┌────┴────┐
  Yes        No
   │          │
   ▼          ▼
Document type is handled
by intercompany
transactions (SOR, SI,
PORQC, SIVC, SIQC,
SORVC)
   │
  Yes
   │
   ▼
The customer is an     ──No──►  External transaction
internal customer
   │
  Yes
   │
   ▼
The center, to which the  ──No──►
customer is assigned, is
different than the
document owner
   │
  Yes
   │
   ▼
Handling of intercompany  ──No──►
transactions is activated in
the form of the company to
which the
Customer/Secondary
customer is assigned
   │
  Yes
   │
   ▼
Intercompany transaction
```

Handling of intercompany

transactions with selected operator's permissions

Thanks to the possibility of creating documents of opposite type during intercompany transactions regardless of permissions of the operator issuing a source document, the system allows to handle the following business scenarios between centers, with the use of permissions of an additional operator:

- Generating: SOR → POR and SI → PI
- Generating corrections: PORQC → SORQC and SIQC → PIQC
- Intercompany warehouse movements: WM-/+ → POR → WM-
- Intercompany returns: WM-/+ → PORQC/IR- → SORQC/IR+ → WM-
- Operations within more than two companies, e.g. intercompany return and sales to another company
- Cancelling: PI, POR, corrections and intercompany WM-/WM+

Assigning of an appropriate secondary operator can be performed from the level of tab *Computer,* in general system configuration. If no secondary operator is selected, operations are performed normally, with permissions of initiating operator.