Guide to
System Business Rules for
VAT (Value-Added Tax) Reporting

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Overview

This guide presents the System Business Rules for the Accounting Seed Data Extraction to Avalara VAT (Value-added Tax) Reporting. The System Business Rules are categorized by object. These Business Rules are only applicable if you have the VAT Reporting extension package installed.

For information on the System Business Rules for the Accounting Seed application, refer to the System Business Rules article.

Account

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country must be populated if the VAT Business Identification Number is entered.	System Integrity		

Accounting Settings

BUSINESS RULE	PURPOSE	BANK	AR/AP
If Header Level Post is enable on the Post Settings tab, then Avalara VAT Reporting can be enabled on the Tax Settings tab.	System Integrity		
If Avalara VAT Reporting is enabled in the Tax Settings tab, then Line Level Post cannot be set in the Post Settings tab.	System Integrity		
Although Avalara VAT Reporting is enabled in the Tax Settings tab, AS Native Tax HLP (Header Level Post) can be used with non-VAT Tax Groups on Billing Lines and Payable Lines.	System Integrity		

AP Aging History

BUSINESS RULE	PURPOSE	BANK	AR/AP
If associated Payable is Reverse-Charge, the Amount field shall Exclude the Purchase Tax (VAT) Amount.	System Integrity		

Billing

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country must be set on the associated Ledger to create a Billing Line with a VAT Tax Group	System Integrity		
Company Code must be set on the associated Ledger to create a Billing Line with a VAT Tax Group. This should align with the Company Name in Avalara VAT Reporting.	System Integrity		
Posting Billing with VAT Tax Groups will not send information to VAT Reporting if Avalara VAT Reporting is not enabled on the org.	System Integrity		
Posting Billings with non-VAT Tax Groups will not send information to Avalara VAT Reporting.	System Integrity		

Billing Lines

BUSINESS RULE	PURPOSE	BANK	AR/AP
The VAT Business Identification Number for an Account or Contact must be populated if a Tax Group on the line has VAT Business ID Number Required checked.	System Integrity		
VAT Country on the Tax Group must match the VAT Country on the Billing's associated Ledger.	System Integrity		
Lines cannot have Tax Groups with different VAT Country Reportable values.	System Integrity		
Cannot mix Billing Lines that use VAT Tax Groups WITH Billing Lines that use non-VAT Tax Groups or Tax Groups equal to null.	System Integrity		
VAT Country Ledger's related 2-character country ISO code to be passed through to in XML file to VAT Reporting.	System Integrity		
VAT Country Reportable's related 2-character country ISO code to be passed through to in XML file to VAT Reporting.	System Integrity		

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Contact

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country must be populated if the VAT Business Identification Number is entered.	System Integrity		

GL Account

BUSINESS RULE	PURPOSE	BANK	AR/AP
GL Category cannot be changed on GL Accounts if there are transactions posted to the GL Account.	System Integrity		
Only one GL Account can be categorized as Input VAT	System Integrity		
Only one GL Account can be categorized as Output VAT	System Integrity		
Only GL Account of Type = Balance Sheet and Sub Type 1 = Liabilities can have their GL Category set as Input VAT or Output VAT GL Account.	System Integrity		

Ledger

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country cannot be changed if there are associated Billings/Payables using VAT Tax Groups.	System Integrity		
VAT Country and Company Code cannot be populated if Ledger's currency is non-GBP.	System Integrity		

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Payable

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country must be set on the associated Ledger to create a Payable Line with a VAT Tax Group.	System Integrity		
Company Code must be set on the associated Ledger to create a Payable Line with a VAT Tax Group. This should align with the Company Name in Avalara VAT Reporting.	System Integrity		
Posting Payables with VAT Tax Groups will not send information to VAT Reporting if Avalara VAT Reporting is not enabled on the org.	System Integrity		
Posting Payables with non-VAT Tax Groups will not send information to Avalara VAT Reporting.	System Integrity		
Payee cannot be an Employee when the Payable has lines with VAT Tax Groups.	System Integrity		
If Payable is Reverse Charge, then the Net Amount shall exclude the Purchase Tax (VAT) Amount.	System Integrity		

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Payable Lines

BUSINESS RULE	PURPOSE	BANK	AR/AP
The VAT Business Identification Number for an Account or Contact must be populated if a Tax Group on the line has VAT Business ID Number Required checked.	System Integrity		
VAT Country on the Tax Group must match the VAT Country on the Payable's associated Ledger.	System Integrity		
Lines cannot have Tax Groups with different VAT Country Reportable values.	System Integrity		
Cannot mix Payable Lines that use VAT Tax Groups WITH Payable Lines that use non-VAT Tax Groups or Tax Groups equal to null.	System Integrity		
Cannot mix Reverse Charge and non-Reverse Charge VAT Tax Groups on the same Payable.	System Integrity		

Payable Lines (cont'd)

BUSINESS RULE	PURPOSE	BANK	AR/AP
VAT Country Ledger's related 2-character country ISO code to be passed through to in XML file to Avalara VAT Reporting.	System Integrity		
VAT Country Reportable's related 2-character country ISO code to be passed through to in XML file to Avalara VAT Reporting.	System Integrity		

Tax Group

BUSINESS RULE	PURPOSE	BANK	AR/AP
If Avalara VAT Reporting is enabled in Accounting Settings AND External ID is populated, then the Tax Group is defined as a VAT Tax Group.	System Integrity		
VAT Country Ledger and VAT Country Reportable are required if the External ID is populated.	System Integrity		
Reverse Charge can only be checked if the External ID is populated.	System Integrity		
VAT Tax Groups can have no more than two Tax Rate records.	System Integrity		
Non-VAT Tax Groups can have up to five Tax Rate records.	System Integrity		
A Tax Group cannot be deleted if there are associated Billing Lines or Payable Lines.	System Integrity		

Tax Group (cont'd)

BUSINESS RULE	PURPOSE	BANK	AR/AP
The following fields cannot be modified after a Tax Group is created: - External ID - VAT Country Ledger - VAT Country Reportable	System Integrity		
The following fields cannot be modified on a Tax Group after Billing/Payable Lines have been created with it: - Combined Tax Rate - Tax Type - Tax Rate Count	System Integrity		
The following fields can be modified on a Tax Group after Billing/Payable Lines have been created with it: - Tax Group Name - Description - VAT Business ID Required checkbox - Reverse Charge checkbox - Active checkbox	System Integrity		

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Tax Rate

BUSINESS RULE	PURPOSE	BANK	AR/AP
If VAT Tax Group, then Sales Tax Liability GL Account can only be set to a GL Account with GL Category that is equal to Output VAT.	System Integrity		
If VAT Tax Group, then Purchase Tax Expense GL Account can be set to any GL Account EXCEPT GL Account with GL Category that is equal to Output VAT.	System Integrity		
If non-VAT Tax Group, then the Sales Tax Liability GL Account or Purchase Tax Expense GL Account cannot be set to a GL Account with GL Category that is equal to Output VAT or Input VAT.	System Integrity		
The Tax Group field on a Tax Rate cannot be modified after creation.	System Integrity		
The following fields cannot be modified on a Tax Rate after Billing/Payable Lines have been created with it: - Sales Tax Liability GL Account - Tax Rate %	System Integrity		

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Tax Rate (cont'd)

BUSINESS RULE	PURPOSE	BANK	AR/AP
The following fields **can** be modified on a Tax Rate after Billing/Payable Lines have been created with it: - Tax Rate Name - Description - Purchase Tax Expense GL Account	System Integrity		