

Retroactive Billing (SD-SLS-OA)



HELP.SDBILRB

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Retroactive Billing (SD-SLS-OA)

Use

New pricing agreements that you make with your customers may affect billing documents that have already been processed and settled. If a new pricing agreement is effective before the pricing date of the billing documents, you can perform retroactive billing to call up a list of these documents and reevaluate them with the new price. You can then create additional billing documents to settle any differences.

Integration

Retroactive billing is a special billing function often used in [scheduling agreement processing \[Ext.\]](#).

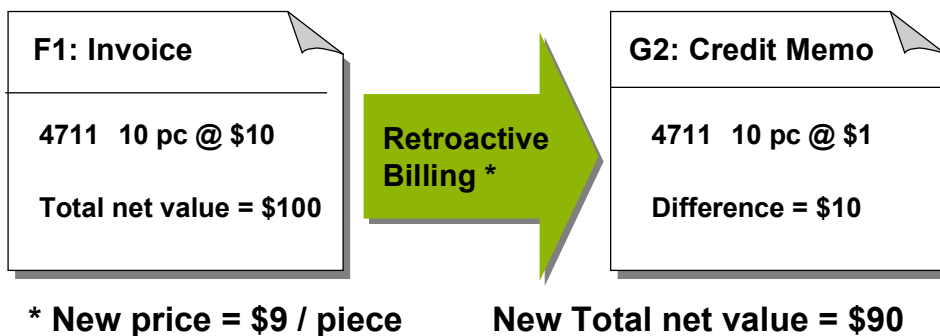
Features

With the retroactive billing function, you can:

- Call up a list of documents affected by price changes
- Trigger the system to create the necessary retroactive billing documents directly from the list
- Create credit or debit memos directly
- Review any errors in a log
- Simulate the retroactive billing process for any document

How does Retroactive Billing work?

The following graphic shows a simple example of retroactive billing:



In this example, the system calculates the difference between the net value of the invoice (\$100) and today's net value based on the new price (\$90). It then creates a credit memo with the net value of \$10 to be credited to the customer.

Retroactive Billing (SD-SLS-OA)**Primary and Secondary Documents**

The system calculates retroactive billing values for *primary* documents. It can use *secondary* documents to help calculate this value.

Invoices are always *primary* documents.

Other billing documents, such as debit or credit memos, can be *primary* or *secondary* documents. This depends on the *order reason* entered in the billing document.

For more information on how the order reason is used to control primary and secondary documents, see [Order Reason in Retroactive Billing \[Page 8\]](#). This section will also provide a more detailed example of how retroactive billing works.

Primary Documents

Primary documents are:

- Invoices
- Credit memos that refer to returns
- Credit and debit memos in which you have entered the relevant order reason

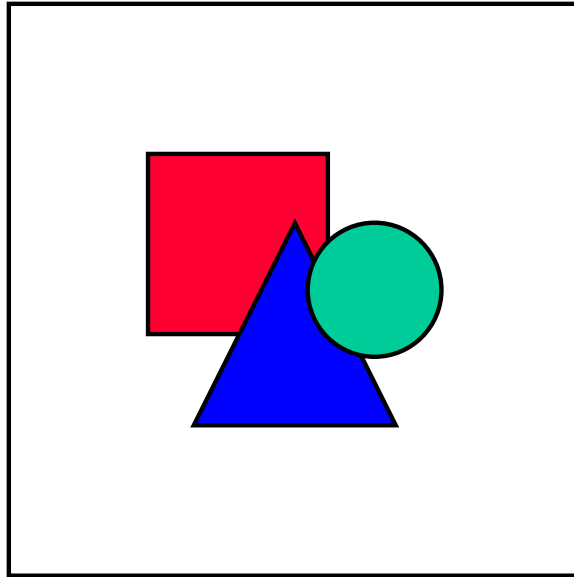
You can also assign an order reason to a memo request which then passes it along to the referenced credit or debit memo.

Secondary Documents

Secondary documents are the following billing documents in which you have entered the relevant order reason:

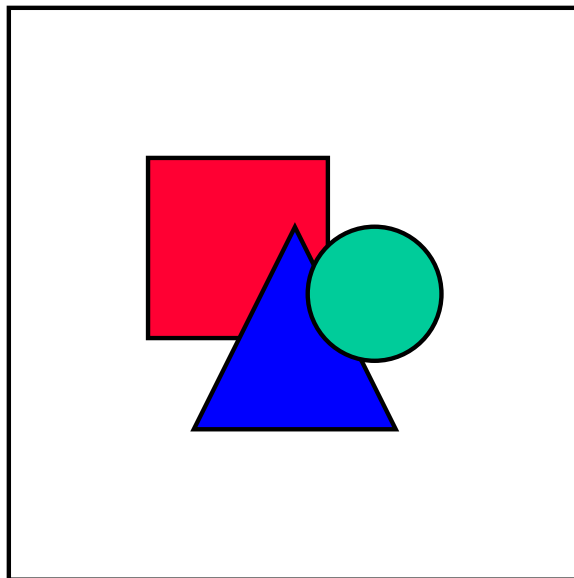
- Credit and debit memo requests
- Credit and debit memos

The system displays such a document only when it has been created with reference to the invoice and when the currencies in both documents match.



If you create a credit or debit memo (or memo request) without reference to an invoice, you will not be able to see in the retroactive billing list if the invoice has already been billed retroactively.

When you create a credit or debit memo request which is relevant for retroactive billing as a secondary document, the system will use it to calculate retroactive billing for the referenced document.



The system does not take into account whether or not a request has been rejected, partially billed, or billed using another pricing procedure. Also, it does not take into account any changes in the payer, sold-to party, sales organization, billing date, or material.

Order Reason in Retroactive Billing

Order Reason in Retroactive Billing

Use

Credit and debit memos and memo requests are not included in the retroactive billing list. However, you may find it necessary in some cases to designate these documents as relevant for retroactive billing. You do this by entering the relevant order reason in the billing document.

Examples of order reasons include price changes, poor quality or ruined material. Depending on how the order reason you entered is customized, this billing document becomes relevant for retroactive billing.

Prerequisites

To make the credit and debit memos and memo requests relevant for retroactive billing, you need to assign a **type** to the order reason as follows:

- for *primary* documents, assign type **2**
- for *secondary* documents, assign type **1**
- for documents which are not relevant for retroactive billing, do not assign a type

You assign types to order reasons in Customizing for Sales and Distribution (choose *Sales* → *Sales Documents* → *Sales Document Header* → *Define order reasons*).

Features

When you enter an order reason which has been assigned a type in Customizing, the billing document becomes relevant for retroactive billing as follows:

- *Primary Document* (order reason is assigned type **2**)

If you enter an order reason with type **2** in a credit or debit memo or memo request, the system will use this billing document in retroactive billing as a *primary* document.

The system will then calculate the retroactive billing amount for this billing document just as for a standard invoice.

"Poor quality" would be a typical order reason for this type, for example.



Example 1:

Order Reason in Retroactive Billing

Order date:	March 1	10 pieces @ \$10 / piece
Invoice date:	March 10	\$100
Credit memo date:	March 25	\$30 (3 pieces poor quality)
Price change date:	July 1	\$9 / piece
(Price effective:	January 1)	

Retro-Billing as at July 1:

<i>Billing document</i>	<i>Doc. no.</i>	<i>Order reason</i>	<i>Type</i>	<i>Net value</i>	<i>Current net value</i>	<i>Differen</i>
invoice (primary doc.)	901			100	90	10-
credit memo (primary doc.)	601	poor quality	2	30-	27-	3
Retro-Billing						
credit memo (secondary doc.)	602	price too high	1	10-		
debit memo (secondary doc.)	603	price too high	1	3		

In this example, the customer was sent an invoice with a net value of \$100. Because 3 pieces were of poor quality, the customer received a credit of \$30.

This credit memo (no. 601) would normally not be included in the retroactive billing list. However, the order reason **poor quality** has been assigned type **2** in Customizing, which means that the credit memo is a primary document relevant for retroactive billing. Therefore, the system calculates the difference between the net value (\$30) and today's net value (\$27) and creates a debit memo of \$3 on the basis of the credit memo no. 601.

Invoices are always primary documents. Therefore the system also calculates the difference between the net value of the invoice (\$100) and the today's net value (\$90) and creates credit memo no. 602 (\$10) on the basis of the invoice.

The credit and debit memos created by the system both have the order reason **price too high**, which has been assigned type **1** in Customizing. Should there be a subsequent retroactive billing run, these billing documents will be relevant for retroactive billing as *secondary* documents.

Order Reason in Retroactive Billing

- *Secondary Document* (order reason is assigned type 1)

If you enter an order reason with type 1 in a credit or debit memo or memo request, the system will use this billing document in retroactive billing as a *secondary document*.

"Price difference: price was too high" would be a typical order reason for this type, for example.



Example 2:

Order date:	March 1	10 pieces @ \$10 / piece
Invoice date:	March 10	\$100
Credit memo date:	March 25	\$30 (3 pieces poor quality)
2nd Price change date:	September 1	\$8.50 / piece
(Price effective:	February 1)	

Retro-Billing as at September 1:

<i>Billing document</i>	<i>Doc. no.</i>	<i>Order reason</i>	<i>Type</i>	<i>Net value</i>	<i>Current net value</i>	<i>Difference</i>
invoice (primary doc.)	901			100	85	15-
credit memo (primary doc.)	601	poor quality	2	30-	25.50-	4.50
credit memo (secondary doc.)	602	price too high	1	10-		
debit memo (secondary doc.)	603	price too high	1	3		

Retro-Billing

credit memo (secondary doc.)	604	price too high	1	5-		
debit memo (secondary doc.)	605	price too high	1	1.50		

This example continues the process of the previous example.

The credit and debit memos created by the system both have the order reason **price too high**, which has been assigned type 1 in Customizing. Therefore, they in turn, become relevant for retroactive billing, but as *secondary documents*.

Order Reason in Retroactive Billing

As in the first example, the system calculates the difference between the net value of the invoice (\$100) and today's net value (\$85). It then takes this difference (\$15) and subtracts the net value of the *secondary* document, credit memo 602 (\$10) and creates credit memo no. 604 (\$5) on the basis of the invoice.

The system carries out the same procedure for credit memo no. 601. It calculates the difference between the net value of the credit memo (\$30) and today's net value (\$25.50). It then takes this difference (\$4.50) and subtracts the net value of the *secondary* document, debit memo no. 603 (\$3) and creates credit memo no. 605 (\$1.50) on the basis of credit memo no. 601.

- Documents with Other Order Reasons

Although the system does not take documents with other order reasons into account, it displays them in the list in another color.

Retroactive Billing List

Retroactive Billing List

Definition

List containing billing documents relevant for retroactive billing:

- documents with open values to be processed for price changes
- documents that refer to these billing documents
- documents that have already been created and processed for price adjustments

Structure

The retroactive billing list consists of a header and a list.

Header

The header includes information such as:

- payer
- sales organization
- currency
- ordering party

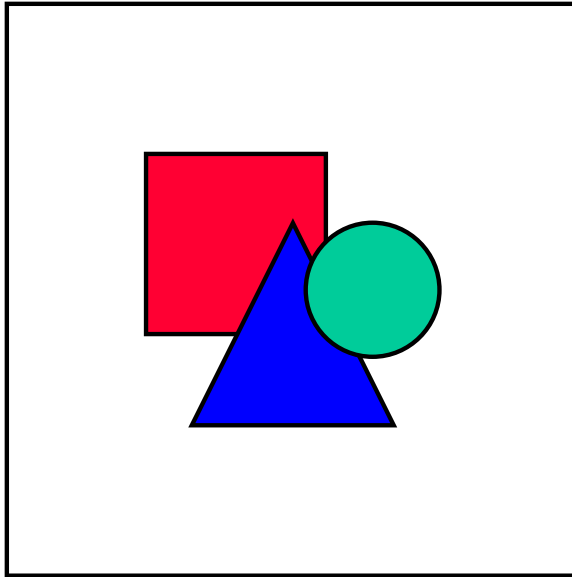
List

The list consists of two parts:

- actual net value of the invoice (highlighted)
i.e. the value that would be determined for the item if you were to reevaluate the billing document
- a list of
 - billing document items with the original item net value
i.e. the value that has already been billed
 - if retroactive billing has already taken place, billing document items created by the retroactive billing with retroactive billing value
i.e. the difference between the actual and item values, plus/minus values from the relevant credit and debit memos or memo requests in the list
 - related document items that are not relevant to retroactive billing for information purposes

Invoices, debit memos, and debit memo requests are shown as positive values. Credit memos and credit memo requests are shown as negative values, indicated by a negative sign (-).

The system calculates a separate subtotal for each combination of currency, sold-to party and material.



Note that you cannot directly reject primary documents or set them to complete in order to remove them from the list. As a workaround, you can create a credit or debit memo request with reference to the invoice for the retroactive billing amount. Then reject this document. The primary document will still appear in the list but with an amount of zero. The system displays reasons for rejection in the retroactive billing list.

The following billing documents or items do not appear in the retroactive billing list:

- Cancelled invoices or items
- Cancellation documents
- Proforma invoices



The following points should be noted:

The system lists credit or debit memo requests with reference to invoices, instead of credit or debit memos with reference to requests. If this were not the case, the system would continue proposing retroactive billing documents for the invoice until the requests were actually billed.

If you create a credit or debit memo (or memo request) without reference to an invoice, you will not be able to see in the retroactive billing list if the invoice has already been billed retroactively.

Processing Retroactive Billing Lists

Processing Retroactive Billing Lists

Prerequisites

The system does not automatically trigger the creation of a retroactive billing list when you create, change, or delete condition records. You must create the list manually.

In retroactive billing, the system creates credit and debit memos with reference to invoices only.

For consistent data in the retroactive billing list:

- Create credit and debit memos and memo requests with the same payer, sold-to party, material, and sales organization as the referenced invoice.
- Create credit and debit memo requests with the same currency as the referenced invoice. This is particularly important for the change to **Euro**.
- Be aware that even though you enter an overall pricing type for the list, the system may include billing documents with a different pricing type. The pricing type you enter for the list may also be different from the pricing type determined for the credit and debit memos created by the system. Ideally, these two pricing types should be the same.
- Make sure that you carefully maintain order reasons in Customizing, in sales documents, and in credit and debit memos for retroactive billing.
- Make sure that the condition type **PDIF** is defined in the [pricing procedure \[Ext.\]](#) which is used when creating credit or debit memos. The system will always post the difference with the condition type **PDIF**.

While you are processing the list, the system blocks it for the client, payer, and sales organization. The system allows other users to call the list up for display, and even simulate retroactive billing. However, when they try to perform retroactive billing the system informs them that the list is being processed. When you finish processing the list, the system releases it for the other users. To perform retroactive billing, a user who is already in the list to display or simulate can exit, and call the list up again, or simply choose *Refresh*.

Procedure

1. In [Billing \[Ext.\]](#) choose *Billing document* → *Retro-billing*.
2. Enter a payer, a sales organization, to and from dates, and pricing type **B** or **C**.
The system automatically proposes pricing type **C**. Besides these required entries, you can also enter a currency, sold-to party, or material to narrow your search.
3. Choose *Enter*.
The system creates a [list \[Page 12\]](#), displaying documents and subtotals for each combination of currency, sold-to party and material.
4. If you are working with this function for the first time you must first set the billing types for credit and debit memos and the order reasons for these documents.
Choose *Settings* → *Change*, enter your data, and choose *Save*. Although the system will propose these settings as default in future documents, you can change them at any time.
5. Select the document or documents that you want to bill retroactively and choose *Retro-billing*.

Processing Retroactive Billing Lists

Only items with open quantities can be selected. If you cannot select an item, this means that it has already been processed.

- To simulate the retroactive billing function, choose *Simulate*.

Result

The retroactive billing documents that you have selected are divided into two groups:

- Items that require credit memos
- Items that require debit memos

The system processes these groups separately, creating the necessary credit and debit memos for the retroactive billing amount.

Note the following when reviewing or processing the results:

- You can only work with the full retroactive billing amount. It is not possible to process partial amounts.
- The system does not carry out a tolerance check on the net value. Also, it does not take into account different value-added tax (VAT) amounts for one item. All conditions other than the retroactive billing amount are determined automatically.
- The system does not update the list automatically.

Choose *Refresh* to update the list. Processing large quantities of documents for retroactive billing may negatively affect system performance. Newly created documents may not be available immediately.

- The system splits credit and debit memos when:
 - There are differences in the plus/minus signs of the items
The system creates credit and debit memos with positive amounts.
 - The sales areas in the referenced invoices are different
 - The currencies in the referenced invoices are different
 - The sold-to parties in the referenced invoices are different
- Review any errors that occur by choosing *Log*.