

# Clearing



**Release 4.6B**



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## Clearing

### [The Clearing Program \[Page 7\]](#)

This section introduces you to the clearing process in the R/3 System and explains how to automatically clear open items using the clearing program.

### [Clearing Procedure \[Page 16\]](#)

This section explains the requirements that need to be fulfilled in order to clear open items in the R/3 System.

### [Clearing Open Items \[Page 55\]](#)

This section describes the process of clearing open items using the *Post with Clearing* function.

### [Clearing 4.0 \[Page 101\]](#)

This section describes the new functions for clearing open items in Release 4.0.

## The Clearing Program

Open items on an account can be cleared manually using the *Account clearing* function, or they can be cleared automatically by the system. Automatic clearing is especially useful for clearing accounts in the general ledger.

This section describes:

- The prerequisites for automatic clearing
- How to clear accounts automatically.

[Introduction to the Clearing Program \[Page 8\]](#)

[Prerequisites for Clearing \[Page 9\]](#)

### Executing the Clearing Program

[Parameters for Running the Program \[Page 13\]](#)

[Running the Clearing Program \[Page 14\]](#)

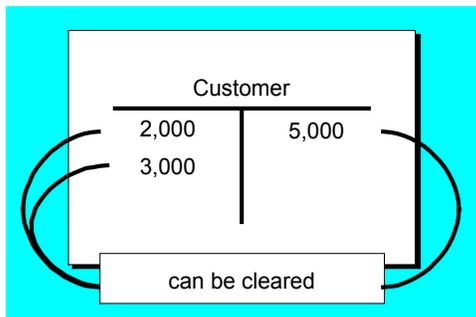
### Reviewing the Clearing Results

[Generating a Line Item List and Additional Log \[Page 15\]](#)

## Introduction to the Clearing Program

### Introduction to the Clearing Program

You can use the clearing program to clear open items from customer, vendor, and G/L accounts. This program uses predefined criteria to group together open items per account. If the balance of the group of open items equals zero in local, foreign, and where applicable, the parallel currency, the items are marked as cleared.



During clearing, the program enters a clearing document number and a clearing date in the line items. It uses the document number and posting date from the most recent document with the highest document number that is part of the clearing process.

The program groups together those items from an account that have the same:

- Business area
- Trading partner ID
- Reconciliation account number
- Currency in which the general ledger is updated
- Up to four criteria that you define

You can specify criteria for each account type based on a single account or an interval of accounts. You use these criteria to restrict the number of items that are considered together. This ensures that only those items that are based on a specific business transaction are cleared together.



You want to clear the open items in the GR/IR clearing account automatically. In addition to the criteria predefined by the system, you set a criteria for the purchase order number. This criteria ensures that only goods receipt items and invoice items that belong to each other are cleared together.

## Prerequisites for Clearing

The following prerequisites must be met in order for open items to be cleared:

- The accounts must be managed on an open item basis.
- The accounts that can be cleared automatically must be defined in Customizing for *Financial Accounting*.
- The items to be cleared cannot trigger a posting, for example, cash discounts or exchange rate differences.
- The items cannot be special G/L transactions. These items are cleared with special functions. For more information about special G/L transactions, see [Special G/L Transactions: Down Payments and Guarantees \[Ext.\]](#)

See also:

[Open Item Management \[Page 10\]](#)

[Criteria for Grouping Open Items \[Page 11\]](#)

[Items That Are Not Cleared \[Page 12\]](#)

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**Open Item Management**

## Open Item Management

The basic prerequisite for automatic clearing is that the accounts must be kept on an **open item basis**. Customer and vendor accounts are always managed in this way. This allows you to monitor your outstanding receivables and payables at any time. The **open item management** option, however, must be defined for general ledger accounts. You would set this option, for example, for clearing accounts and bank subaccounts in order to be able to track whether the business transactions posted to these accounts are closed yet.

Open item management ensures that all items that have not yet been cleared are available in the system. A document can only be archived after all open items in a document have been cleared.

## Criteria for Grouping Open Items

In addition to the criteria predefined by the system, you can define up to four other criteria to group together open items for clearing. To do this, enter the following when configuring the clearing program:

- Account type
- An account number or a number interval
- Two additional criteria

Acct. type	Acct. no.1	Acct. no.2	Crit 1	Crit 2	Crit 3	Crit 4
S	191000	191100	EBELN			
...	...	...	...			

Fields from tables BSEG or BKPF can be entered as criteria. If possible, you should select fields so that they will also be contained in tables BSIS (G/L accounts), BSID (customer accounts), or BSIK (vendor accounts).

---

**Items That Are Not Cleared**

## Items That Are Not Cleared

The program does not clear special G/L transactions or post any new documents. It therefore does not clear items if additional postings would be required.



You posted a vendor invoice. This item could be cleared with a credit memo. At the time of clearing, cash discount would have to be posted. Therefore, the clearing program cannot clear the item.

Items that require an additional posting are:

- Items that contain cash discount. Cash discount would have to be posted for these items.
- Items that were posted using the net procedure. Cash discount clearing would have to be posted for these items.
- Items that would require a withholding tax posting.

A posting would also be required if the items balance to zero in document currency, but not in the local currency or parallel currency (group or global company currency, and so on). Clearing could not be carried out in this case either.

## Parameters for Running the Program

For the program run, you specify in which company codes which accounts should be cleared. You can specify individual accounts or intervals of account numbers. You can restrict the selection of open items even more by specifying a fiscal year.



If you do not enter any parameters, the entire dataset is selected. You should therefore always specify company codes and accounts.

To avoid having to enter the parameters repeatedly for every program run, you can store your specifications in variants. A variant consists of a complete group of clearing parameters which you save and call up together .

---

**Running the Clearing Program**

## Running the Clearing Program

To execute the clearing program from the *General Ledger*, *Accounts Payable*, or *Accounts Receivable* menu:

1. Choose *Periodic processing* → *Automatic clearing*.

The screen to enter the parameters for clearing open items is displayed.

2. Specify the accounts you want to clear, select the lists you want the program to generate, and specify whether the program should clear the items.

If you select the parameter *Test run* (default), a list of the items to be cleared is output. Clearing is only carried out however, if you have not selected the field *Test run*.

3. Choose *Program* → *Execute* or *Execute in background*.

The system outputs the results of the clearing transaction.

## Generating a Line Item List and Additional Log

The program outputs:

- A line item list, which can be output in either short form or detailed form.
- Additional log. This contains information about the line items that were not selected and any system messages about the account types for which no items were selected.

You can print the lists by choosing *List* → *Print*.

---

**Clearing Transactions**

## Clearing Transactions

The following topics explain the different requirements and features for clearing open items in the SAP R/3 System.

[The Basic Principles for Clearing Transactions \[Page 17\]](#)

[Clearing Transactions \[Page 24\]](#)

[Payment Differences \[Page 33\]](#)

[Automatic Postings for Clearing Transactions \[Page 39\]](#)

[Cross-Company Code Clearing \[Page 42\]](#)

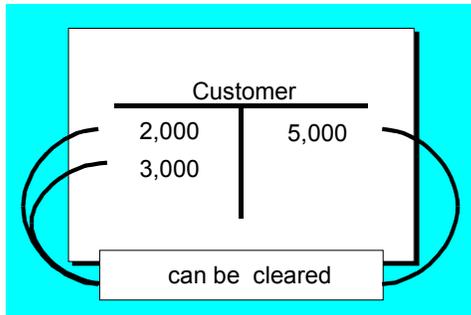
[Bank Subaccounts \[Page 45\]](#)

[Specifications for Processing Open Items \[Page 48\]](#)

## The Basic Principles for Clearing Transactions

Open items are in fact unfinished transactions. For example, a vendor invoice that has not been settled remains in the vendor account as an open item until it is paid.

The open items of an account can only be cleared once you post an identical offsetting amount to the account. In other words, the balance of the items assigned to each other must equal zero, as shown in the illustration below.



During clearing, the system enters a clearing document number and the clearing date in these items. Invoices on a customer account, for example, would then be marked as paid, while items on a bank clearing account would be marked as cleared.

In order for you to clear items from an account, the account must be managed on an open item basis. Customer and vendor accounts are always managed in this way. This allows you to monitor your outstanding receivables and payables at any time. The **open item management** option, however, must be defined for general ledger accounts. You would set this option, for example, for bank subaccounts and clearing accounts in order to be able to track whether the business transactions posted to these accounts are closed yet.

Open item management ensures that all items that have not yet been cleared are available in the system. A document can only be archived after all open items in a document have been cleared.

You can see whether an item has been cleared in the line item display or document display. In line item display, the last three digits of the clearing document number are displayed if you choose the standard line layout variant. You will want to view clearing documents to find out how the open items were cleared.

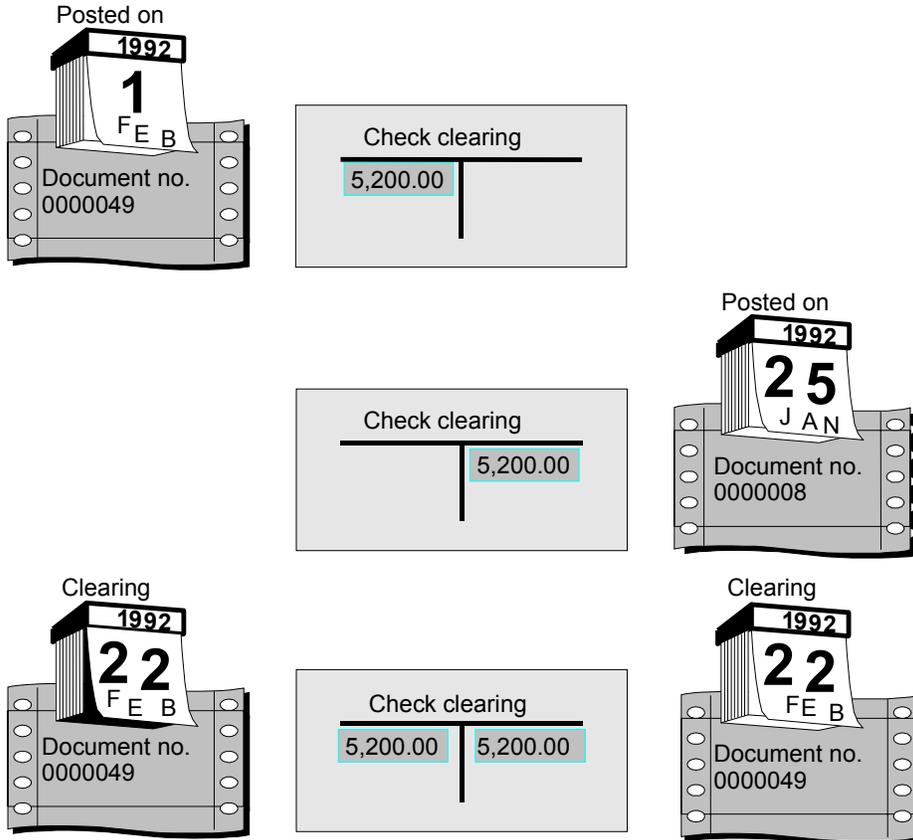
The Basic Principles for Clearing Transactions

Customer .....	EVANS
Company code ...	0001
Incoming payment /15-----	0100000843 - 002
Amount .....	5,000.00
Tax code .....	
-----	
Business area .....	Clrg BusArea ...
	Disc. amount ... 0.00 USD
Baseline date ...	05/10/91
Pmnt block ...	/ /
Pmnt method	
Clearing ...	05/10/91 / 0100000843 Pmnt amount ... 5,000.00 USD
Assignment..	19910510 Cash flow ..... 0
-----	

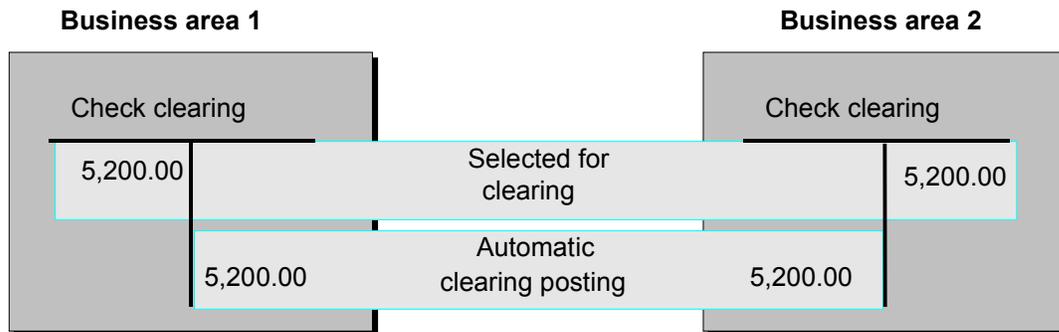
There are two functions you can choose from to clear open items [Account Clearing \[Page 19\]](#) and [Posting with Clearing \[Page 21\]](#). These procedures are explained in the following section.

## Account Clearing

In this clearing procedure, you select open items that balance to zero from an account. These items are marked as cleared by the system. The system enters a clearing document number and the clearing date in the document items. The clearing date can be the current date or a date that you enter manually. The clearing document number is the number of the most recent document involved in the clearing transaction.



Since postings do not have to be made during account clearing, documents are usually not created. However, the system might have to make clearing entries if line items from different business areas are part of the clearing transaction. In this case, a document is created. The number of this clearing document is entered in all cleared items.

**Account Clearing****Conditions for Clearing**

Generally, you use this procedure for bank subaccounts and clearing accounts. For example, you would use the check number to select an item in the checks receivable account to clear it against the cashed check.

**Automatic Clearing**

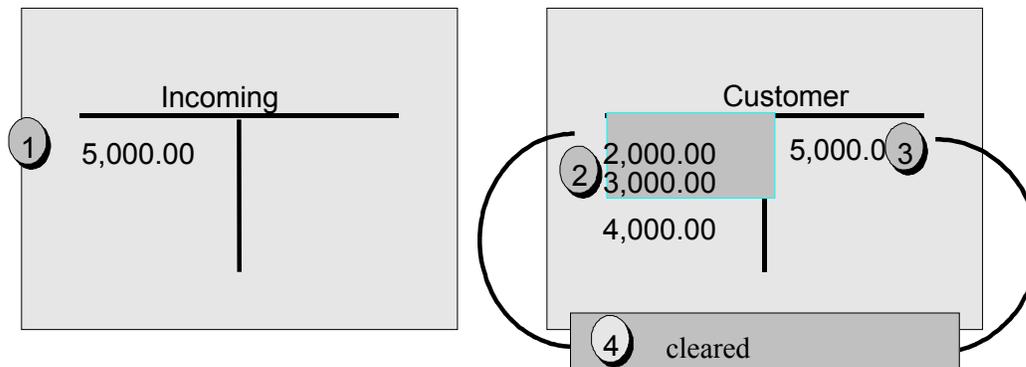
Instead of clearing items manually, you can also use a program to clear them automatically (provided no new items have to be created to clear the open items). For more information, see [The Clearing Program \[Page 7\]](#)

## Posting with Clearing

Using the posting with clearing function, you enter document line items and then select the open items that are to be cleared. Once the total amount of selected open items equals the amount of entered line items, the system clears the open items by creating one or more offsetting entries.



A customer pays several receivables amounting to 5,000 USD by check. You enter the amount of the check payment in the checks receivable account (see 1 in the illustration below). To clear the receivables on the customer account, you choose the open items (see 2 below). The amount you enter and the items you select must balance to zero. The system posts an incoming payment (automatic offsetting entry) to the customer account (see 3 below) and marks the open items as cleared (see 4 below). All four steps are performed in **one** procedure.



In this clearing procedure, the system generates a clearing document comprised of the items you entered and the offsetting entries it created to balance the document to zero.

The system marks the items as cleared and sets the clearing date and clearing document number in the open items you selected and in the offsetting entries it created. The clearing date is usually the posting date. If however, the items you select for clearing have a posting date that comes after the posting date of the clearing document, the system uses the most recent posting date as the clearing date. The following illustration shows the item that the system posted automatically in the above example. The open items are cleared, and the document line item they are matched to contains the clearing information.

## Posting with Clearing

Customer .....	EVANS
Company code ...	0001
Incoming payment /15-----	0100000843 - 002
Amount .....	5,000.00
Tax code .....	
-----	
Business area .....	Crg BusArea ...
	Disc. amount ... 0.00    USD
Baseline date ...	05/10/91
Pmnt block ...	/ /
Pmnt method	
Clearing ...	05/10/91 / 0100000843    Pmnt amount ... 5,000.00
Assignment ..	19910510                    Cash flow
-----	

There are three functions you can choose from for posting with clearing. The one basic function can be used for any type of business transaction in which items need to be posted and cleared simultaneously. The two other functions are specially designed for incoming and outgoing payments.

### Clearing Options

You can:

- Clear several accounts and account types
- Clear items in any currency
- Clear items and post any differences
- Enter any number of line items (for example, bank charges)

### Automatic Clearing

You can also execute posting with clearing automatically by running the payment program. Normally, you run the payment program to pay vendor invoices. You can also use the payment program if you and your customers have agreed on a debit memo procedure (collection or direct debiting procedure).



Some special G/L transactions, such as bills of exchange, are cleared using special functions. For more information about special G/L transactions, see [Special G/L Transactions: Down Payments and Payment Guarantees \[Ext.\]](#) and [Special G/L Transactions: Bills of Exchange \[Ext.\]](#).



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**Clearing Transactions**

## Clearing Transactions

The standard system contains a clearing transaction for each clearing function that creates documents. The clearing transactions are:

- Incoming payment
- Outgoing payment
- Transfer posting with clearing

A clearing transaction represents a business transaction that requires that an item be cleared. To clear items against an incoming payment, you would use the *Incoming payment* clearing transaction. If you are making a payment to a vendor, you would use the *Outgoing payment* clearing transaction.

There are two separate functions specially designed for each of these clearing transactions: Incoming payment and outgoing payment. They both use special screens that make it easier to process open items. The fast entry function enables you to quickly enter payment lots. It uses the posting keys that are defined for the incoming payment clearing transaction.

[Self-Defined Clearing Transactions \[Page 25\]](#)

[Transactions for Posting with Clearing \[Page 26\]](#)

[Transaction for Account Clearing \[Page 30\]](#)

[Defining and Maintaining Clearing Transactions \[Page 32\]](#)



Transactions for Posting with Clearing

## Transactions for Posting with Clearing

The following overview lists the clearing transactions in the standard system and the functions used to post them.

Clearing transactions	Clearing functions			
	General clearing function	Incoming payment	Outgoing payment	Clearing an account
Incoming payment	X	X		
Outgoing payment	X		X	
Transfer posting	X			X
User-defined	X			

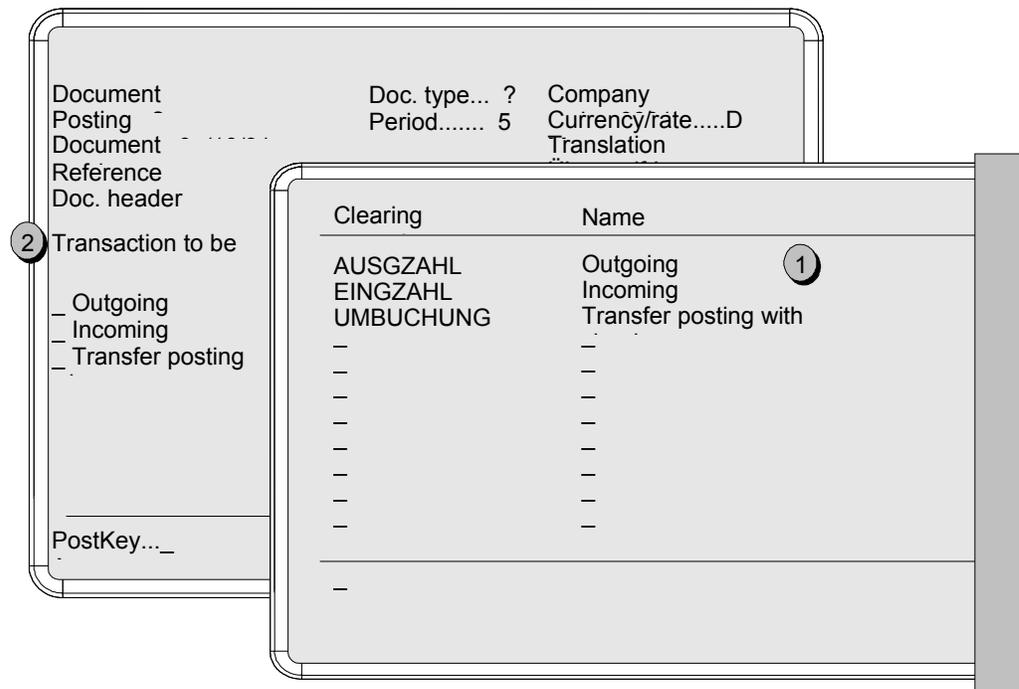
The system has to make clearing entries for each transaction except account clearing (see [Account Clearing \[Page 19\]](#) and [Posting with Clearing \[Page 21\]](#) ). To do this, it requires posting keys for the corresponding clearing procedure.

The required posting keys are already defined for these transactions in the standard system. You will have to change the standard settings or make new settings if:

- You change the **posting keys** delivered with the standard system, or you do not want to use the predefined posting keys. You then have to enter the new posting keys for the clearing transactions.
- You want to change the **name** of the transaction. In this case, simply enter a new name for the clearing transaction.
- You require **more transactions**. You must define these transactions.

The following illustration shows the clearing transactions that are defined in the standard system (see **1**) and the options for choosing one of the transactions in the general clearing function (see **2**).

Transactions for Posting with Clearing



**Posting Keys for Clearing Transactions**

For each transaction, the following posting keys are specified for debit and credit postings depending on the account type:

- Customer and vendor accounts are assigned posting keys for the clearing entry, the residual item balance, and special G/L transactions.
- G/L accounts are assigned only a debit and credit posting key. No further distinction is made for the posting keys for G/L accounts.

If you define your own transactions, you should maintain all posting keys for each account type. Using the incoming payment transaction, the following illustration shows why this is necessary:

## Transactions for Posting with Clearing

Posting keys for EINGZAHL Incoming payment		
Customers -----	Debit -----	Credit -----
Clearing entry	08 Payment clearing	15 Incoming payment
Residual item bal.	06 Payment difference	16 Payment difference
Special G/L trans.	09 Special G/L debit	39 Special G/L credit
Vendors -----	Debit -----	Credit -----
Clearing entry	28 Payment clearing	35 Incoming payment
Residual item bal.	26 Payment difference	36 Payment difference
Special G/L trans.	29 Special G/L debit	39 Special G/L credit
G/L accounts -----	Debit -----	Credit -----
	40 Debit posting	50 Credit posting

When you post an incoming payment, the system requires a posting key to generate the offsetting entry for open items selected. To generate this offsetting entry, it uses the customer credit posting key that is specified for the clearing entry. All the other posting keys are used for special situations that may occur when posting an incoming payment:

- The customer debit posting key specified for the clearing entry is required if an incoming payment is posted across different business areas. If you select, for example, an invoice and a credit memo from different business areas for the clearing transaction, the system has to make a debit posting to clear the credit memo as well as a credit posting to clear the invoice.
- Vendor posting keys are required so that offsetting entries can be made to the vendor account when open items are cleared between a customer and vendor.
- Posting keys are required for special G/L transactions (for example, down payments) if you want to clear, for example, an invoice and a down payment in a single clearing transaction.

The system can also deal with payment differences when you post and clear items, but requires a posting key to do this. You can treat payment differences as follows:

- You can post the payment as a **partial payment**. The system does not mark the open items you selected as cleared. The partial payment is posted to the customer account with an invoice reference that allows you to track which invoice the partial payment was matched to. For partial payments, the system uses the posting keys you define for clearing open items. The posting key defined in the standard system for customer partial payments is posting key "15".
- If you post any outstanding receivable as a **residual** item, the original receivable is automatically cleared from the account. To post the residual item, the system uses the posting keys specified for the residual item balance.

---

**Transactions for Posting with Clearing**

The posting keys you specify for the *Transfer posting with clearing* transaction are used for the general clearing function and, if the system has to make internal transfer postings, for the account clearing function as well.

The payment program and the special functions for outgoing and incoming payments use the posting keys defined for the incoming payment and outgoing payment transactions.

You cannot delete these transactions.

Posting keys for the invoice and credit memo fast entry function are defined separately in the system.

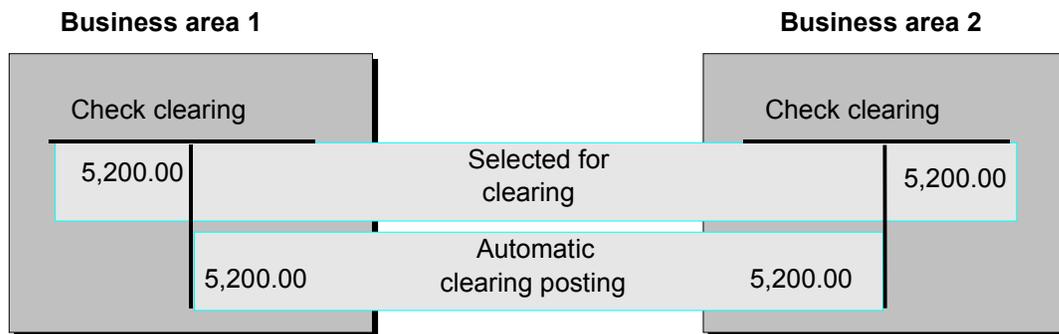
Transaction for Account Clearing

## Transaction for Account Clearing

Normally you use the account clearing function without creating a posting. However, the system may have to automatically make transfer postings in some cases. This is necessary for example, if you are clearing in several business areas, since you have to carry out clearing between the individual business areas.



You want to clear items in a clearing account that were posted to different business areas. When clearing the items, the system has to generate a document since it has to generate a clearing posting for each business area.



For account clearing, you enter an account, account type, clearing currency, clearing date and, if necessary, a special G/L indicator. All the information that is required if clearing postings are generated is defined in the system. This includes the document type and the posting key. You specify both for the transfer posting with clearing transaction.

The standard system is delivered with a standard document type for all account types (see table below). If the system has to generate documents for account clearing, it assigns them a number from the number range for this document type.

### Standard Document Types for Account Clearing Function

Account type	Document type	Description
D	AB	General document
K	AB	General document
S	AB	General document

If you do not use the standard document type in your system, or you have deleted it, you have to specify one of your own document types. If a valid document type is not specified for clearing between business areas, the system cannot clear the items between the different business areas specified on the debit and credit sides.

This means that you can also prevent entries from being offset automatically if, for example, your organization does not want its users to clear items between different business areas.

*Transfer posting with clearing* is the transaction for account clearing in the standard system. It is not possible to use any other transaction for account clearing. You can, however, make changes to the transfer posting with clearing transaction.

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Transaction for Account Clearing

For more information, see [Defining and Maintaining Clearing Transactions \[Page 32\]](#)

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**Defining and Maintaining Clearing Transactions**

## Defining and Maintaining Clearing Transactions

You can change the clearing transactions that are delivered with the standard system. The functions for incoming and outgoing payments and the function for account clearing were each assigned to a separate clearing transaction. If your company requires additional transactions, you can define them for the general clearing function. To do this, you have to maintain the posting keys and the texts that are displayed for choosing the transactions on the initial screen of the general clearing function.

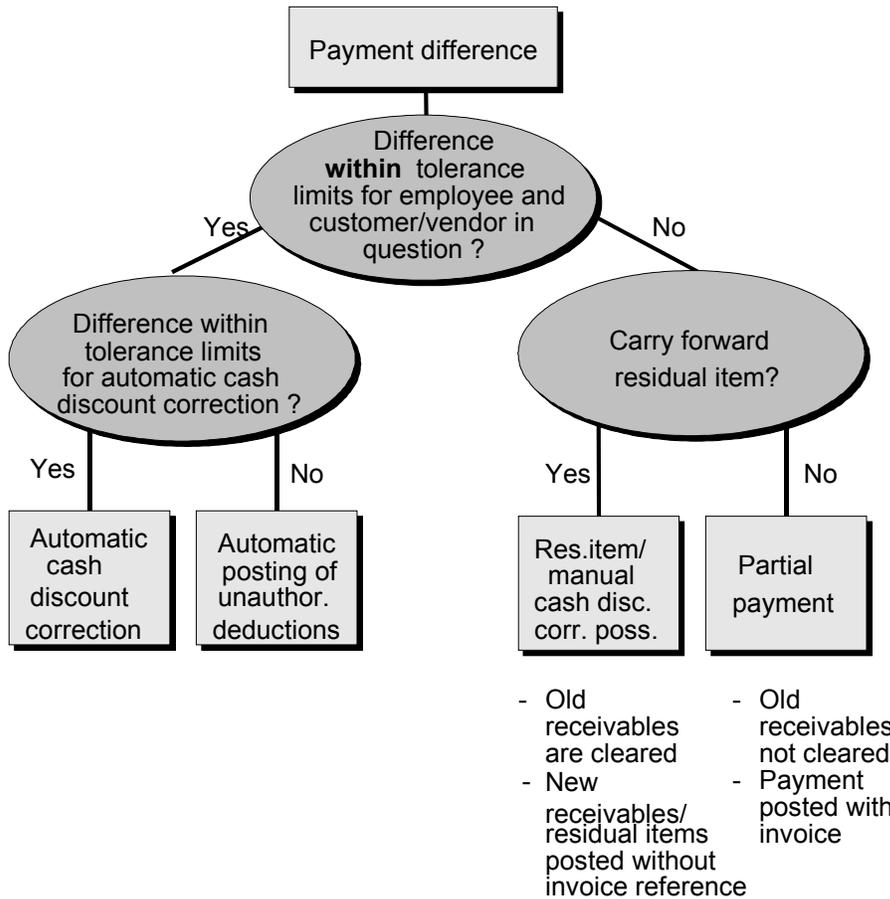
You cannot delete the transactions that are delivered with the standard system. You can only delete the transactions that you define.

For more information on how to create or change clearing transactions, see the *Define Posting Keys for Clearing* activity in the *Financial Accounting Implementation Guide [Ext.]*.

## Payment Differences

Payment differences can occur when clearing open items if, for example, a customer does not pay enough or takes an unauthorized cash discount. If the difference is immaterial, you usually clear the receivable and post the difference. You can define how payment differences should be posted. You have the following options:

- If the payment difference is immaterial, you can have the system automatically adjust the cash discount or post the difference to a separate gain or loss account. You have to specify the maximum amount of any differences that can be posted in this way by setting amount tolerances and percentage limits.
- If the payment difference exceeds the tolerances you set, you can process the payment as a partial payment or enter a residual item for the difference. When entering a partial payment, the system does not clear the receivable, but posts the payment with an invoice reference. When creating a residual item, the system clears the original receivable and posts the outstanding difference as residual item to the customer account.



Automatic posting

Manual processing

**Payment Differences**

[Differences Within Tolerance Limits \[Page 35\]](#)

[Differences Outside Tolerance Limits \[Page 37\]](#)

[Reason Codes \[Page 38\]](#)

## Differences Within Tolerance Limits

Differences within tolerance limits are posted automatically. The system can either adjust the cash discount amount or post the difference to a separate gain or loss account. When defining your tolerance limits, you also specify how the system should post the differences.

You can define:

- The maximum difference amount for which the system should adjust the cash discount. The difference is added to or subtracted from the cash discount.
- The maximum amounts or percentages for which the system should automatically post any difference to a separate gain or loss account if the cash discount cannot be adjusted.

Tolerance limits are defined separately for users and business partners. The system checks both limits when clearing open items. The lowest limit always has priority for the clearing transaction.



For one of your customers you set a maximum amount of two USD for adjusting the cash discount amount when a payment difference occurs. For the accounting clerk that processes this customer account, however, you set a maximum amount of one USD. If differences occur when this clerk clears items from this customer account, the system can adjust the cash discount amount only up to a maximum of one USD.

Settings you make for tolerance limits are valid in the currency of your company code (local currency). The currency is always displayed when defining limits.

### Defining Tolerance Limits

You set tolerance limits separately for your users and your business partners:

For adjusting cash discount, you can set separate tolerance limits depending on whether the difference is a gain or a loss (see **1** in figure below).

Only if a cash discount posting exists and the cash discount amount allows the system to make an adjustment can immaterial differences be cleared by adjusting the cash discount.

If the payment difference cannot be cleared by adjusting the cash discount, the system posts it to a separate gain or loss account. You can also set a maximum amount for such postings for your users and your business partners. The lowest limit has priority in clearing transactions. You can set an absolute amount (see **2**) or a percentage (see **3**). The lowest limit has priority here as well.

To use only absolute amounts or percentages, simply enter maximum values for the other limits. Limits can be separately for gains and losses.

**Differences Within Tolerance Limits**

Company code	US01	SAP AG	Redwood City
Tolerance group			
Currency	USD		
Specifications for clearing transactions -----			
Grace days for due date determinn			
Cash discount terms to display			
Permitted payment differences -----			
	Amount	Percent	Discount adjustment up to
Revenue	2.00 <b>2</b>	0.5 % <b>3</b>	2.00 <b>1</b>
Expense	2.00	0.5 %	2.00
Specifications for posting residual items from payment differences -----			
<input type="checkbox"/>	Payment terms from invoice	Fixed payment terms	ZB04
<input checked="" type="checkbox"/>	Only grant partial cash discount	Dunning key	

**Grouping Business Partners**

Customers or vendors for which you want to use the same tolerances can be grouped together using the tolerance group code. You assign this code to the required business partner in the master record. The tolerances defined for this group code then apply to a group of business partners.

You can also define tolerances without specifying a tolerance group. In this case, leave this field blank. These tolerances will then apply to all customers or vendors that are not assigned any tolerance group in their master records.

You can therefore define standard tolerances that apply to most of your business partners. If you want to define special tolerances for some business partners, you can define these under a separate code.

Tolerance groups are company code-specific. This ensures that all tolerance settings you make are effective in the company code's currency. It also gives you the option of defining different company code-specific tolerances for the same business partner.



When defining tolerances, you can also make other useful settings for open item processing, (see [Specifications for Processing Open Items \[Page 48\]](#)). For more information about setting tolerances, see the *Define Tolerances (Vendors)* or *Define Tolerance Groups for Employees* activities in the *Financial Accounting Implementation Guide [Ext.]*.

## Differences Outside Tolerance Limits

Differences exceeding the tolerance limits set for clearing them automatically may still occur during a payment transaction due to several reasons. Your customer could, for example, send you a payment advice note informing you of the items he wants to pay, but the amount paid may not be enough to clear the amount of outstanding receivables.

When you process open items, you can choose from one of the following options:

- You can treat the payment as a **partial payment**. In this case, the system does not clear the receivables, but posts the payment with an invoice reference by copying the invoice number to the *Invoice reference* field in the payment item. To determine the date that payment is due on, the system calculates the date on which the net amount of the invoice is due, and enters this date in the *Baseline date* field for the payment. The payment is then included in the dunning program and in cash management at this date.
- You can use the payment to clear the original receivables and post the remaining amount to the customer account as a **residual item**. The payment amount is noted in the line items of the original receivables.
- You can clear the original receivables and post the difference to an expense account.

The system requires the posting keys defined in the system for each of these transactions. For more information, see [Posting with Clearing \[Page 21\]](#)

To post residual items, you have to specify what **terms of payment** you want to apply to these items. You can define the following for each business partner:

- The terms of payment are taken from the invoice.
- The difference posting is always assigned predefined terms of payment. You can use a terms of payment key to do this. During clearing, the terms of payment defined under the key are used for the residual items.
- Cash discount should be granted only for the portion that was paid. The remaining cash discount is only granted after the outstanding receivable is paid in full and only if the payment deadline for cash discount is not exceeded. You should always choose this option if the terms of payment in the invoice are used for the residual items.
- The possible dunning levels should be restricted. To do this, you can enter a dunning key that represents the highest dunning level. In this way, you can ensure, for example, that legal dunning proceedings are not initiated for residual items.

## Reason Codes

### Reason Codes

To use the clearing document to find out why a difference existed, you can assign reason codes to the line items. Reason codes are indicated by keys that you define in Customizing.

You can assign reason codes for the following:

- Partial payments made for open items.
- Residual items created for an open item. You can assign one or more reason codes if you split the outstanding difference into several partial amounts.
- Differences posted on account without reference to an open item.
- For each line item you enter in the clearing procedure, if the reason code field for the account is ready for input.

When you process residual items, the reason code also controls how the remaining amount is posted. The remaining amount can be posted as follows:

- To a G/L account that is assigned to the reason code you enter.
- As a new customer or vendor open item if you do not enter a reason code, or if the reason code you enter requires this.

Other features of reason codes:

- You can have the system send a payment notice to a customer if differences occur in clearing open items with incoming payments. You can define what type of notice to create for partial payments, residual items, and payments on account in the tolerance group set up for the customer.
- The system can use the specified reason code to determine the type of notice to create as long as only one reason code is specified in the entire clearing transaction.
- When you check a customer's credit limit, the total of open items is considered. You can exclude disputed items from credit limit checks by assigning them a reason code.

Reason codes control:

- How the difference is posted (as a new open item or to a predefined G/L account)
- What type of payment notice is created
- Whether an item is include in credit limit checks
  - For information on defining reason codes, see the following activities in the *Financial Accounting [Implementation Guide \[Ext.\]](#)*:
    - Define Reason Codes
    - 
    - Define Standard Reason Codes for Clearing with Payment Advice Note

## Automatic Postings for Clearing Transactions

During clearing, the system can automatically post:

- Cash discounts paid or received
- Gains or losses from under/overpayments
- Input and output tax and withholding tax
- Bank charges
- Gains or losses from exchange rate differences
- Entries to clear the account for cash discount clearing in the net method of posting

To have the system post these items automatically, you have to define the accounts that should be posted to. The next sections explain the preparations for automatically posting gains or losses from overpayments and underpayments, and for posting the bank account items and bank charges. For more information on setting up the other transactions, see:

[Gains or Losses from Payment Differences \[Page 40\]](#)

[Bank Charges and Bank Posting \[Page 41\]](#)

### Where are automatic postings explained?

Functions	Section
Cash discount postings	Terms of payment and cash discounts
Tax adjustments and Withholding tax	Taxes
Exchange rate differences	Foreign currency
Cash discount clearing for the net procedure	Terms of payment and cash discounts

---

**Gains or Losses from Payment Differences**

## Gains or Losses from Payment Differences

If a payment difference during clearing is within the predefined tolerances, the system can post it automatically.

The system does not require any additional specifications to clear the difference by adjusting the cash discount. However, for posting to a separate gain or loss account, you have to define special rules to determine the appropriate account to post to.

The accounts can be determined based on the following criteria:

**Debit or credit**

Whether the difference is an under or overpayment determines which accounts are posted to.

**Tax code**

The tax code in the line item determines which accounts are posted to.

**Reason code**

The reason code in the line item determines which accounts are posted to.



If you choose to differentiate accounts by tax code and/or reason code, you have to specify accounts for each tax code and reason code.

The system also requires the posting keys for debit and credit postings to G/L accounts for automatic postings.

All of these settings are already made for the charts of accounts delivered with the standard system. If you do not use these charts of accounts, you have to make the necessary settings yourself.

## Bank Charges and Bank Posting

The functions for incoming and outgoing payments include a field, *Bank charges*, in which you can enter any bank charges that are part of the payment being made or received. For incoming payments the system adds the bank charges to the clearing amount, while for outgoing payments it deducts the charges from the clearing amount.

The system posts the charges to an expense account. To do this, it requires a posting key and details of which account is to be posted to. Both of these details are already defined in the standard system. If you are not using the charts of accounts delivered with the standard system, you have to enter your own account specification for posting bank charges. The *Relevant to cash flow* indicator must be set in the master records of accounts that record bank charges.

For the system to make the **bank posting**, you have to specify the bank account and amount in the clearing function. The posting keys are already defined in the standard system. You only have to change them if you are not using the standard posting keys for debit and credit postings to G/L accounts.

If **taxes** have to be posted for bank charges, you have to set up the bank charges account so that it is relevant for taxes. When posting the bank charges, the system then determines from the account master record that tax entries have to be made for the charges, and displays a screen for users to make the necessary entries.

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**Cross-Company Code Clearing**

## Cross-Company Code Clearing

You can enter cross-company code transactions in one step in the *General Ledger*, *Accounts Receivable*, and *Accounts Payable* application components. This function would be used, for example, for centralized procurement or payment.

For centralized payments, each individual company code enters its own invoices separately, while a central company code pays them. During clearing of open items, the system makes clearing entries between the company codes participating in the clearing procedure. These clearing entries represent the receivables and payables that exist between the company codes in centralized payment.

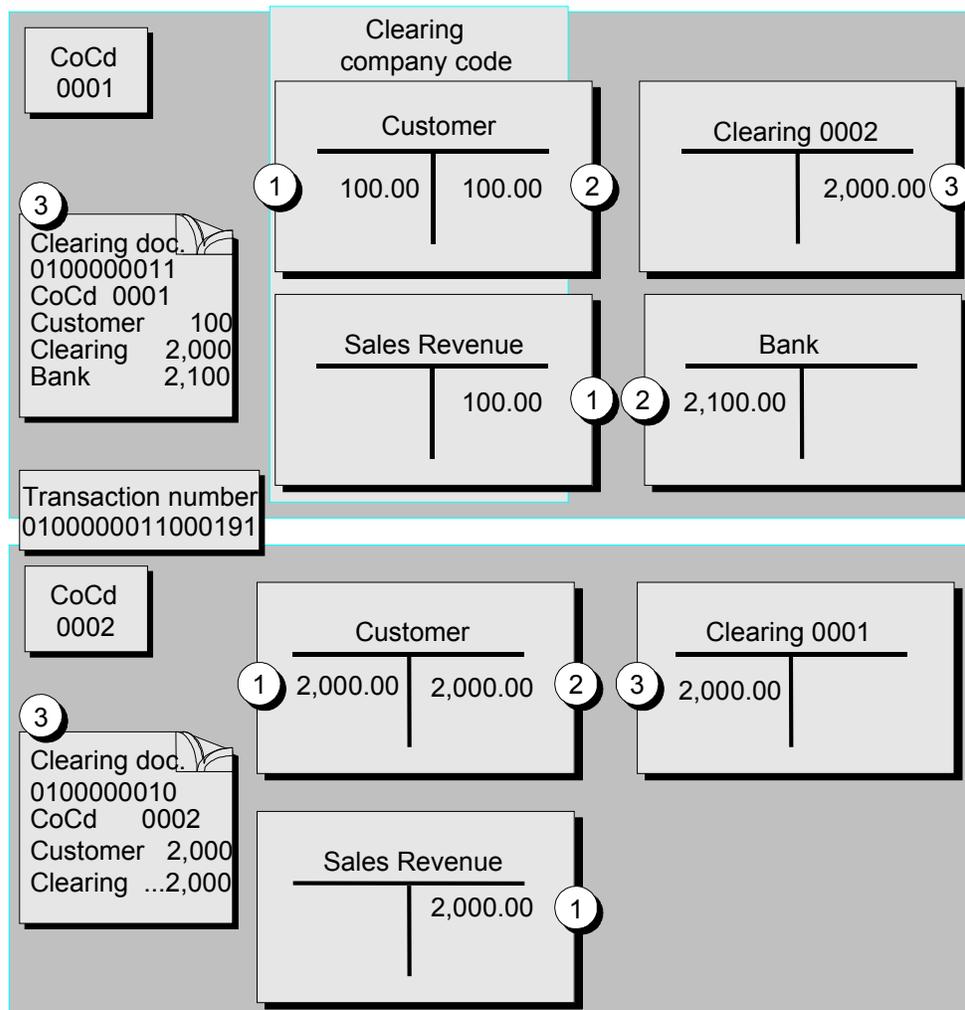
A separate document is created for each company code. These documents are marked as belonging together by a common transaction number.

The following section describes the prerequisites that must be fulfilled for manual centralized payment transactions. See also: [Payments \[Ext.\]](#)



Company code 0001 processes its own incoming payments as well as those for company code 0002. The invoices are entered in the individual company codes.

Cross-Company Code Clearing



The following invoices were posted in the illustration above:

1. An invoice for 100 USD was entered for company code 0001, and an invoice for 2,000 USD was entered for company code 0002.

After payment is received, you clear the open items. Since company code 0001 is also responsible for company code 0002, select the open items on the customer account in company code 0001. The open items from company code 0002 are automatically chosen for processing as well.

2. You clear the receivables from the customer account for company codes 0001 and 0002. The payment for 2,100 USD is posted in company code 0001.
3. The system automatically generates clearing postings for the individual company codes. The payables between the company codes are therefore cleared and the company code-specific documents balance to zero.

See also:

[Prerequisites for Cross-Company Code Clearing \[Page 44\]](#)

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**Prerequisites for Cross-Company Code Clearing**

## Prerequisites for Cross-Company Code Clearing

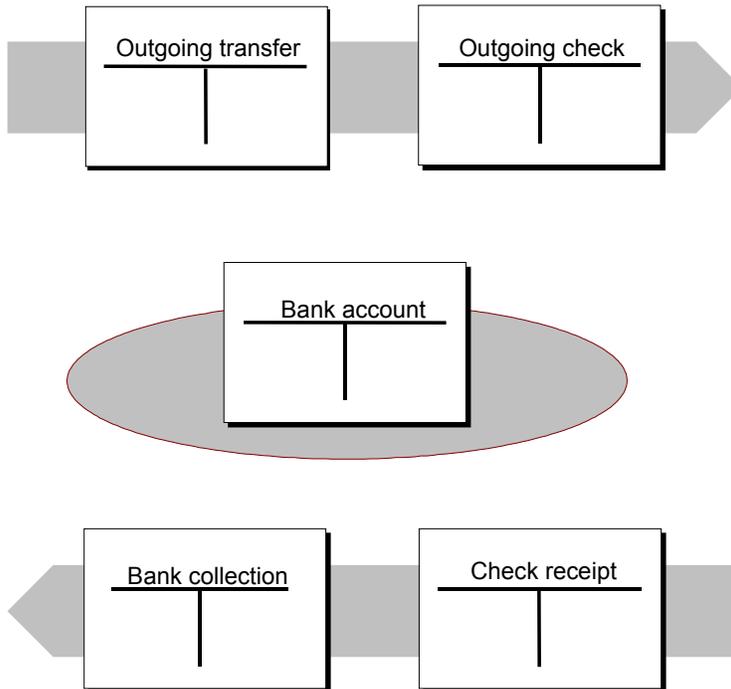
To clear open items across company codes, you have to fulfil the following prerequisites:

- You have to specify which company codes are to be processed via a single company code. In this specification you can distinguish between clearing transactions. You can therefore have different combinations of company codes for incoming and outgoing payments.
- You have to specify the clearing accounts that record the receivables and payables between the individual company codes. The system posts to these accounts automatically when clearing the open items.

For the required settings, see the activity [Prepare Cross-Company Code Manual Payments \[Ext.\]](#) in Customizing for *Financial Accounting (Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Manual Outgoing Payments)*.

## Bank Subaccounts

The charts of accounts delivered with the standard system contain a number of different bank subaccounts. There are bank subaccounts for checks payable, checks receivable, outgoing wire transfers, and bank direct debits.



Using subaccounts has the following advantage: You have the possibility of reconciling at any time the balance of the account at your bank with the balance of your corresponding G/L account. The subaccounts ensure that all incoming and outgoing payments are only posted to the G/L bank account when the money is actually debited from/credited to your bank account. Incoming and outgoing payments are posted to the main G/L bank account once you receive and enter the bank statement.

**See also:**

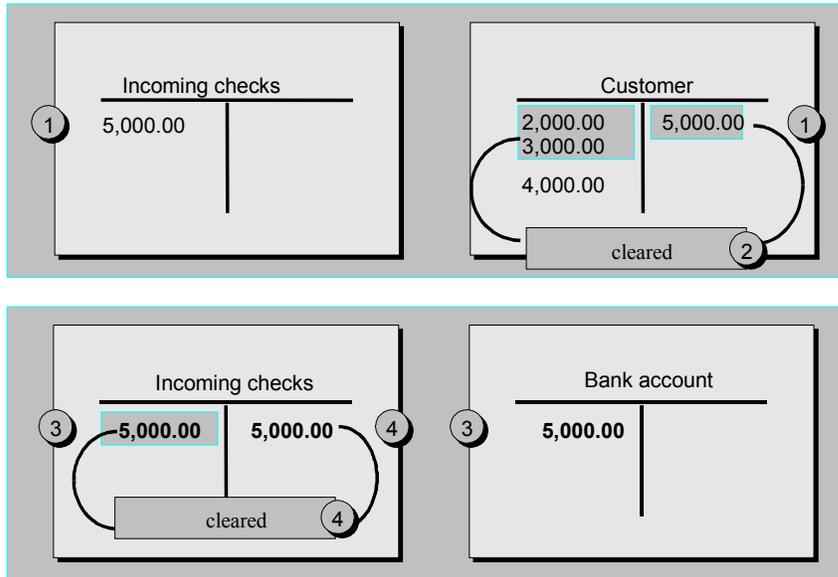
[Prerequisites for Using Bank Subaccounts \[Page 47\]](#)

[Example: Posting a Check Received \[Page 46\]](#)

Example: Posting a Check Received

### Example: Posting a Check Received

A customer sends a check payment for 5,000 USD. The payment was posted to the subaccount for incoming checks and to the customer account (see figure 1 below), while at the same time clearing the receivables on the customer account (see figure 2 below).



Once the check is cashed at your bank, you can post it to the G/L bank account and choose the same item from the *Incoming Checks* account for clearing (see figure 3 above). The system credits the *Incoming Checks* account and clears the items against each other (see figure 4 above). The check is now marked as cashed. The bank account set up in the general ledger only reflects the amounts that your bank actually debits or credits.

## Prerequisites for Using Bank Subaccounts

To use the bank subaccount methodology, you have to create the necessary subaccounts for each bank account that is used in payment transactions. You can see which individual subaccounts you need in the standard charts of accounts. Create these accounts in accordance with the existing accounts in the system.

Subaccounts are generally managed on an open item basis and with line item display, since you want to be able to see via these accounts at any time whether a business transaction has been completed. For example, in the subaccount for checks payable, you can see whether a check you issued has been cashed at your bank.

You can use the field status definition in the G/L account master record to design the screens for posting items to bank subaccounts. For example, you will only need the fields *Assignment number*, *Text*, *Value dates*, and *Bank charges* for subaccounts. You can hide any fields you do not require. This makes it easier to enter business transactions and prevents you from making incorrect entries. For more information on field status definition, see [Field Status Definition: Vendor Master Data \[Ext.\]](#).

The field *Assignment* is particularly important. This field is used to assign items in a subaccount to each other. In a check clearing account, for example, you can enter the check number in this field. For more information about the field *Assignment*, see [Assignment for the Line Item Display \(Accounts Receivable\) \[Ext.\]](#)



The payment program and extended banking processing also use the subaccount methodology. Cash management evaluates the subaccounts. For more information, see the documentation for Cash Management and [Bank Subaccounts for the Payment Program \[Ext.\]](#).

## Specifications for Processing Open Items

# Specifications for Processing Open Items

To help you process open items efficiently, the following options are available:

### Selection and search functions

Prior to calling up open items for processing, you can enter specific values to find the items that you want to process. In the line item display you can search for individual items. The system offers you fields for you to enter search values. You can specify which fields are displayed for selection and search. See also: [Fields for the Selection, Search and Sort Functions \[Page 50\]](#)

### Payment advice notes

A payment advice note created in the system contains all the information about incoming payments that is required for clearing open items. This information includes:

- Gross, net, and difference amounts for the paid items
- Reason codes and customer reference information for payment differences

Payment advice notes are stored in the system under a key consisting of the company code, account type, account number, and a payment advice number. Payment advice notes are either entered manually or created automatically (payment advice notes via EDI or electronic bank statement).

When you use the posting with clearing function, you can refer to a payment advice note. The system automatically selects and activates the items that match the entries in that payment advice note. The system also takes account of any payment differences using the reason codes specified in the payment advice note.

### Sort function

In line item display, you can sort the items according to various criteria. You specify the fields according to which you want to sort in the system. When you access the sort function, you can then choose from a list of fields that can be sorted. See also [Standard Sort Sequence \[Page 51\]](#)

### Line layout of document information

The first screen that appears in all functions of open item processing is an overview screen that displays the most important information about a document. This information comes from the document header and the document line items. For each item of information there is one display line. You decide which data to display in this line by defining the line layout. You can set up several line layout variants. Accounting clerks can store a variant for a work session or in their user master record using the editing options function. When the clerk then accesses the function, the document information corresponding to this variant is displayed. When processing the open items, the clerk can then select other variants and switch backwards and forwards between the different variants. See also [Line Layout of Document Information \[Page 52\]](#)

### Default values for cash discount terms and grace days

To process open items, you can also define a default value for the cash discount terms displayed and grace days for the due date calculation of receivables. To define the grace days and the default values for cash discount terms, you make entries in the following fields:

- Grace days for due date determination
- Cash discount terms to be displayed

### Worklists

To process open items, you can specify a worklist instead of individual account numbers. You use worklists to group together several accounts that you want to include in line item display and

---

## Specifications for Processing Open Items

open item processing. In their editing options, accounting clerks can choose whether they want to use worklists. For more information, see the [Implementation Guide \[Ext.\]](#) for *Financial Accounting*.

### Block for manual payment

You can use payment block reasons to prevent open items from being processed with the functions for incoming and outgoing payments. To do this, you define your own keys for payment block reasons and set them accordingly. It is still possible to make transfer postings or reverse the items manually.

### Internal payment advice notes

If you have to interrupt open item processing, you can save the current status of processing in the form of an internal payment advice note. Later, you can continue processing by referencing the payment advice number. See also: [Payment Advice Notes \[Ext.\]](#)

For more information on the settings you need to make in Customizing, see the [Open Item Processing \[Ext.\]](#) activity in Customizing for *Financial Accounting (Accounts Receivable and Accounts Payable → Line Items)*.

Fields for the Selection, Search and Sort Functions

## Fields for the Selection, Search and Sort Functions

For selecting, searching and sorting, you can determine which fields should be displayed for every function separately. You can also determine the sequence in which the fields appear in the selection screen and you can enter the required field name.

All the specifications needed for these functions are already contained in the standard system. You can change or add to these predefined entries.



The figure below shows the selection screen for the open items and the possible selection fields (see figure 1 below). The second figure shows the specification as to which fields should be displayed for selection (see figure 2 below). An accounting clerk will often want to specify the gross amount or a document number for selection. That is why these fields were placed at the beginning of the field list.

Open items from ... -----  
 Account .....  Company code .....0001  
 Account type ..... D Normal OIs.....  X  
 Other accounts .....  Special G/L ind..   
 Automatic search . \_

Additional selection by ....

- . Gross amount
- . Document number
- . Posting date
- . Dunning area
- . Business area
- . Reference document
- . Invoice list
- . Document type
- . Branch account

Define field selection for clearing transactions

Field name	Name
WRBTR	Gross amount
BELNR	Document number
BUDAT	Posting date
MABER	Dunning area
GSBER	Business area
XBLNR	Reference document
SAMNR	Invoice list
BLART	Document type
FILKD	Branch account
WAERS	Currency
BSCHL	Posting key
BLDAT	Document date

## Standard Sort Sequence

The open items of an account are always displayed in a standard sort sequence. For this standard sequence, the system uses the fields *Assignment*, *Document number*, and *Fiscal year*. If you select line items by specifying individual document numbers, the system displays the items in the same order in which you specified the document numbers. You can set up your own additional sort sequences as required. See also: [Fields for the Selection, Search and Sort Functions \[Page 50\]](#)

## Line Layout of Open Item Processing

# Line Layout of Open Item Processing

In processing open items from one or more accounts, you can choose from several variants for the line layout.



If you choose the variant **Document number**, the most important data from the document header, such as document number and document date, is displayed, as well as the days in arrears, the amount, and the cash discount. If you choose the variant **Reference number**, the external document number is displayed instead of the document type and the document date.

The above-mentioned variants are predefined in the standard system. You can change them or create your own.

The line layout determines what information is displayed in open item processing. You can assign a line layout variant to every user via their master record. As a result, the information necessary for this person's task is displayed directly when the open items are being processed. The line layout variant does not have to be changed.



Information on dunning eligibility can be important for an accounts receivable accountant. You should therefore, via the master record, assign him a variant that contains this information.

You can therefore use the variants to prepare information about the open items in accordance with the tasks of your accounting clerks.

## Defining a Line Layout

To define your own line layout variants, you have to:

- Specify the fields, the sequence in which they appear, and their display format (see **1** in the figure below). You can use the display format to determine the output length of a field (offset). This can be useful if, for example, you do not use ten-digit document numbers and want to suppress the initial zeros in the display. Furthermore, you determine the distance between a field and the previous field (see **2** in the figure below).
- Define the name of your variant (see **3** in the figure below).



The following figure shows the **Document number** line layout definition. The fields were specified in the sequence required for the line layout (see **1**). The display length for the *Document type* field is 2; the distance between this and the previous field is 1. The output of the *Document type* field was not shortened (see **2**). The system makes all the other display format settings.

## Line Layout of Open Item Processing

Line layout..... K1 Display with doc. no. 3

Field name	Name
BELNR	Document number
BLART	Document type
BLDAT	Document date
BSCHL	
GSBER	
VERZG	

**Display format**

Document type

Offset.....

Display length..... 2

Distance..... 1

Decimal places.....

Data type.....CHAR

Reference type.....

Reference field.....

### Standard Default for the Line Layout

For every clearing function, you can define in the system which variant should be used for the line layout when the function is called up. You can use a different variant for every account type. This default value takes effect if no variant is specified in the user master record.

### Grace Days and Proposal for Cash Discount Terms

For processing open items you can set up two further defaults depending on agreements with your business partners. These include:

- **Grace days**  
For each customer, you can specify that grace days are granted for the due dates of the terms of payment in the document. These days are taken into account when the due date is calculated for an incoming payment. You can use grace days to include bank transfer days in the calculation of payment periods, for example. This makes processing open items much simpler.
- **Cash discount terms for display**  
You can choose which cash discount terms should be displayed with cash discount information for the clearing transaction. Normally, you will want to display this information with the current cash discount terms. This is the default setting for the functions. You can change the cash discount terms in the display at any time. If you do not want to display the cash discount information with the current cash discount terms, but always with the same particular cash discount terms, you should specify this in the system.
- **Tolerances for payment advice notes**  
If the amount to be found for an open item deviates from the amount to be paid that is stated on the payment advice note, you can decide for specific payment differences, that is, under and overpayments, whether a residual item should be set up automatically. You then specify the absolute or percentage deviation that must be reached or exceeded before a residual item is created automatically.

For more information on defining and changing line layout variants, see the *Document Posting* documentation.

---

Line Layout of Open Item Processing

## Clearing Open Items

This section describes how to manually clear open items. You generally use the payment program to clear invoices. Manual clearing of open items is therefore not usually necessary. However, you will sometimes have to clear items manually if, for example, you receive a refund from your vendor or you have set up a direct debit procedure.

Clearing open items in the *Accounts Receivable* and *Accounts Payable* application components is explained by using the standard function *Posting and Clearing*. The standard function for clearing items in the *General Ledger* is *Post with clearing*. The system also provides you with other functions specially designed for particular business transactions. These functions are described later. You execute these functions in basically the same manner as the *Posting and Clearing* function.



You can clear only items that are posted to accounts that are kept on an open item basis. Open item management is automatically set for customer and vendor accounts. For G/L accounts, however, you have to set the open item management option in their master record yourself. Open item management would usually be set for the following G/L accounts:

- Check clearing accounts (bank clearing accounts)
- Goods receipt/invoice receipt (GR/IR) clearing accounts  
See the *Materials Management* documentation in the SAP Library for more information on these accounts.
- Payroll clearing accounts  
See the *Personnel Administration and Payroll Accounting* documentation in the SAP Library for more information on these accounts.

### See also:

[Introduction to Clearing Open Items \[Page 56\]](#)

[Posting and Clearing \[Page 60\]](#)

[Outgoing Payments with Printed Form: Customers and Vendors \[Page 96\]](#)

[Clearing an Account \[Page 99\]](#)

[Resetting Clearing \[Page 100\]](#)

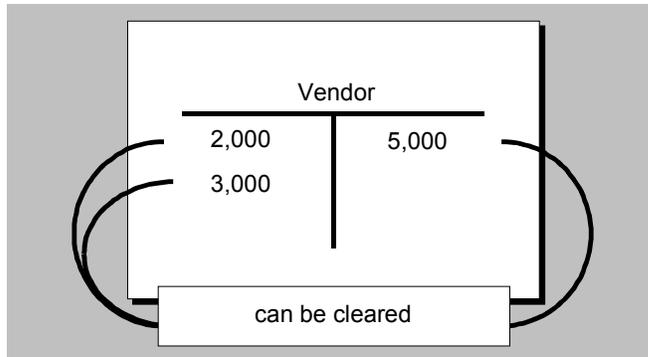
## Introduction to Clearing Open Items

### Introduction to Clearing Open Items

Open items are in fact unfinished transactions. For example, a vendor invoice that has not been settled remains in the vendor account as an open item until it is paid.

The open items of an account can only be cleared once you post an identical offsetting amount to the account. In other words, the balance of the items assigned to each other must equal zero.

An example from Accounts Payable accounting:



During clearing, the system enters a clearing document number and the clearing date in these items. In this way, invoices in a vendor account are indicated as paid, and items in a bank clearing account are indicated as cleared.

The SAP System offers different ways to clear open items. In a single clearing transaction, you can process several accounts, different account types, (G/L, vendor, customer), accounts from different company codes, and special G/L transactions.

[Clearing Functions in Accounts Receivable \[Page 58\]](#)

[Clearing Functions in Accounts Payable \[Page 57\]](#)

[Clearing Functions in General Ledger Accounting \[Page 59\]](#)

## Clearing Functions in Accounts Payable

The following functions are available for manually clearing items:

### Clearing Functions in Accounts Payable

Posting transaction	Example Business Transaction	Choose:
Outgoing payment	Debit memo procedure	<i>Document entry → Outgoing payment → Post</i>
Outgoing payment with printed form	Immediate payment by check	<i>Document entry → Outgoing payment → Post + print forms</i>
Internal transfer posting	Invoice cleared due to a product defect	<i>Document entry → Others → Internal transfer posting → With clearing</i>
Incoming payment	Refund from your vendor, for example, annual quantity discount	<i>Document entry → Others → Incoming payment</i>

The SAP System also supports the automatic entry of bank postings for outgoing payments by importing bank statement data using the *Electronic Bank Statement* function. For more information, see the *FI Treasury* and *FI Bank Statement* documentation.

## Clearing Functions in Accounts Receivable

## Clearing Functions in Accounts Receivable

The following functions are available for manually clearing items:

Posting transaction	Example Business Transaction	Choose:
Incoming payment	Customer payment	<i>Document entry → Incoming payment or Payment fast entry</i>
Outgoing payment	Debit memo procedure Cash payments	<i>Document entry → Outgoing payment → Post</i>
Outgoing payment with printed form	Immediate payment by check	<i>Document entry → Outgoing payment → Post + print forms</i>
Internal transfer posting	Invoice posted as credit memo due to a product defect	<i>Document entry → Others → Internal transfer posting → With clearing</i>
Online check printing	Automatically generated check damaged during print	<i>Document → Additional functions → Payment forms</i>

The system also provides the following additional functions for automatically posting incoming/outgoing payments and clearing open items.

### Automatic Functions for Posting Incoming and Outgoing Payments

Example Business Transaction	Procedure Country	Choose:
Customer payments	POR Switzerland	<i>Periodic processing → Reporting → General</i>
	Lockbox USA	<i>Periodic processing → Reporting → General</i>
	Check deposit transaction with check posting and generation of a check deposit list for the bank	Cash Management menu <i>Input → Check deposit</i>
Incoming, outgoing payments	Electronic bank statement with Multicash	Cash Management menu with <i>Acct statement → Electr. acct statement</i>

See the *FI Electronic Bank Statement and FI Treasury* documentation for more information on these automatic functions.

## Clearing Functions in the General Ledger

The following functions are available for manually clearing items:

Posting transaction	Example Business Transaction	Choose:
<i>Incoming payment</i>	<i>Credit memo for a check deposited in the bank</i>	<i>Document entry → Incoming payment</i>
<i>Outgoing payment</i>	<i>Debit memo for an issued check</i>	<i>Document entry → Outgoing payment</i>
<i>Post with clearing</i>	<i>Clearing the GR/IR clearing account</i>	<i>Post with clearing</i>
<i>Outgoing payment</i>	<i>Debit memo for a issued check</i>	<i>Document entry → Outgoing payment</i>



The following information is based on the *Post with clearing* function. For entering posting data, there are different screens for different clearing functions. Processing open items is however the same for all clearing functions.

---

**Posting and Clearing**

## Posting and Clearing

The figure [The Clearing Process \[Page 61\]](#) shows the normal clearing process for *Posting with Clearing*. The individual data entry screens are depicted as well.

The process of clearing open items includes:

- [Entering the Document Header for Clearing Transactions \[Page 62\]](#)
- Selecting a clearing transaction
- [Entering Line Items \[Page 63\]](#) (optional)
- [Selecting Open Items \[Page 64\]](#) to be cleared
- [Processing Open Items \[Page 68\]](#)
- Posting the clearing document

The system generates a clearing document that consists of:

- A document header
- Line items you entered
- Line items the system generated for clearing the selected and activated items
- Other line items generated automatically, for example, cash discounts, tax adjustments, or gains/losses from exchange rate differences

The system enters the clearing date and clearing document number in the open items to be cleared as well as in the line items it creates to clear the open items.

After you enter a document header and select a clearing transaction, you can carry out these steps in any order. You can alternate between these screens.

**See also:**

[Clearing Between Company Codes \[Page 89\]](#)

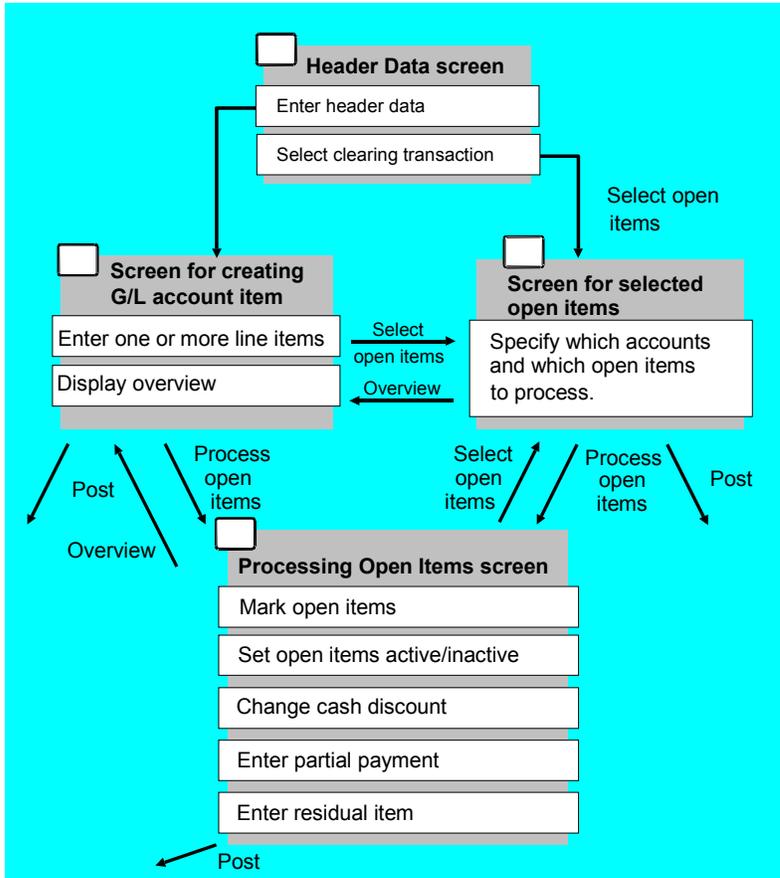
[Clearing Open Items in Foreign Currency \[Page 90\]](#)

[Clearing Mixed Currency Open Items in the Local Currency \[Page 92\]](#)

[Clearing Open Items with a Future Posting Date \[Page 95\]](#)

## The Clearing Process

This illustration shows the various screens that are displayed when posting and clearing items.



---

**Entering the Document Header for Clearing Transactions**

## Entering the Document Header for Clearing Transactions

Proceed as follows:

1. Choose *Document entry* → *Internal transfer posting* → *With clearing* from the *Accounts Payable* or *Account Receivable* menu.  
To clear items in G/L accounts, choose *Document entry* → *Post with clearing* from the *General Ledger* menu.

The screen to enter the document header data is displayed.

2. Enter data as required. Enter at least the document date, company code, and currency for the document header.
3. Select one of the following clearing transactions:
  - Incoming payment
  - Outgoing payment
  - Credit memo
  - Transfer posting with clearing
4. Click the *Choose open items* button.

## Entering the Line Items

You can enter one or more line items. Once you have entered the posting key and account at the bottom of the screen, you can proceed to enter the line items as you normally would.

## Selecting Open Items

### Selecting Open Items

The purpose of this step is to specify which open items the system selects for clearing. Usually, you display the chosen line items, process them, and then clear them. However, you may also choose the open items and clear them without displaying them first.

After you choose *Edit* → *Choose open items*, the screen for choosing the open items you want to process is displayed.

On this screen, you can select the following options:

- **Account and Account type**

This entry is required if you are not selecting a specific document. If you want to post payments for open items from several accounts, you can also specify a worklist in the *Account* field.

To use worklists, choose *Environment* → *User parameters* → *Editing options* from the *Accounts Payable* or *Accounts Receivable* menu. You can create a worklist yourself by choosing, from the same menu, *Environment* → *Current settings* → *Maintain worklists*. If you want to be able to manually process payments for several company codes, you have to set up this function in the [Implementation Guide \[Ext.\]](#) for *Accounts Receivable and Accounts Payable*.

- **Normal OI (standard open items)**

Standard open items are all open items not posted with special G/L indicators. You must select standard open items and/or open items from specific special G/L transactions for the clearing transaction.

- **Special G/L ind.**

A special G/L indicator designates items posted to special G/L accounts. If you want to display open items posted to special G/L accounts, enter the appropriate special G/L indicators, for example, A for down payments.

- **Payment advice note number**

You can enter the number of the payment advice note here. Only those open items which are listed in the payment advice note will be displayed for processing. Additional selection criteria are then ignored.

The system automatically creates residual items and payments on account if differences arise between the payment advice note and the open items.

If you enter the payment advice note, it is not necessary to enter the account number of the customer or vendor. The account number is automatically transferred from the payment advice note. If, however, you administer a lot of payment advice notes in the system, you may want to enter the account number to speed up the system processing time.

- **Other accounts**

To clear line items of more than one account, select this field and then enter the accounts on the next screen.

- **Distribute by age**

---

**Selecting Open Items**

The system distributes the specified clearing amount so that the open items with the greatest number of days in arrears are cleared first.

**See also:**

[Distributing the Clearing Amount by Age \[Page 79\]](#)

- **Automatic search**

The system attempts to find open items which correspond to the specified clearing amount or are closest to it.

- **Additional selection**

You can even choose specific types of open items to clear. For example, you can choose open items by document number or open items within a range of amounts. You can use this option if you want to process accounts with several open items.

After you have selected open items for clearing, you can either display and clear them, or select specific open items. For details about choosing specific open items, see the following section.

### Displaying Net Amounts

If you want to display net amounts in the open item list, you need to set this option. To do this, choose *Settings* → *Editing options* and then *Goto* → *Open items*, and set the *Display net amounts* indicator.

[Choosing Specific Items for Clearing \[Page 66\]](#)

[Clearing Between a Customer and Vendor \[Page 67\]](#)

## Choosing Specific Items for Clearing

### Choosing Specific Items for Clearing

After you have entered an account with open items, you can search for specific open items to be cleared.

On the screen for selecting open items, you can search for specific open items to be cleared using the following additional selection fields:

- *Gross amount*
- *Document number*
- *Posting date*
- Other fields depending on the system configuration

To search for open items using the additional selection criteria:

1. Choose one of these fields such as *Posting date*, then choose **ENTER**.  
The screen for entering selection criteria is displayed.
2. Enter one or more single values or ranges within the selection, such as **01/01/1993** through **01/31/1993** for a range of posting dates.
3. To search for specific open items by other criteria (optional), choose *Edit* → *Select more*.
4. Repeat steps 1 and 2 for the other selection criteria.
5. After you enter your selection criteria, you have the following options:
  - Display the list of open items by choosing *Goto* → *Open items*.
  - Display the clearing document header and the lines entered so far by choosing *Goto* → *Doc. overview*
  - Post the clearing document by choosing *Document* → *Post*

## Clearing Between a Customer and Vendor

If you select a vendor who is also a customer when processing a clearing transaction such as an incoming/outgoing payment or account maintenance, the system will also select the open customer items automatically, provided that:

- The vendor number was entered in the customer master record and
- The *Clearing with customer* indicator has been set.

The same rule applies if a vendor number which also refers to a customer is selected during a clearing transaction.



Note that when you are clearing items, the system checks the authorizations for the customer account as well as the vendor account.

## Processing Open Items

# Processing Open Items

Processing open items involves choosing and then activating the open items. Processing is the last step before posting a clearing document.

The system takes **tolerances** (acceptable payment differences) into account when posting clearing documents. Depending on your system configuration, the system posts small differences between debits and credits to an account for unauthorized deductions. Your system administrator defines the limit of acceptable underpayment or overpayment. For more details, see [Payment Differences \[Page 33\]](#). In general, you should try to choose and process open items so that the debits and the credits balance to zero.

When the line item(s) you enter and the open item(s) you process have been cleared, you can post a clearing document. For example, if you enter a vendor payment for \$1000, you must choose and process vendor open items that equal \$1000. If your system has a 1% tolerance, then you can clear open items with a value from \$990 to \$1010.

When you process open items, you can:

- Activate or deactivate open items
- Activate or deactivate cash discount
- Maintain cash discount amounts
- Enter partial payments or residual items

You need to activate open items before you can clear them.

To process the open items, choose *Goto* → *Open items* on the screen for selecting open items.

You can process open items as follows:

- [With Menu or Function Keys \[Page 70\]](#)
  - To process open items using menu or function keys, proceed as follows:
    - Select the open items.
    - Using the menus or function keys, select a function, for example, activate or select a discount level.
- [Commands \[Page 69\]](#)
- [With the Mouse \[Page 71\]](#)
  - To clear open items with commands or with the mouse, you select and process an item in one step.

[Setting Editing Options for Open Item Processing \[Page 72\]](#)

[Functions for Open Item Processing \[Page 73\]](#)

## Processing Open Items with Commands

Unless your user master record stipulates open item processing with commands, you must select the option to use commands for processing open items. To select open item processing with commands, choose *Options* → *Commands on/off* from the menu bar of the screen for processing open items.

The system then displays a field next to each open item so that you can enter a command. You can process a single open item, a block of open items, or all open items selected. A **block** is a series of open items on a screen of open items. **All** open items are displayed in the entire list of open items.

You can process open items with the following commands:

### Commands for Processing Open Items

To	Single	Block	All
Activate open item(s)	+	++	+*
Deactivate open item(s)	-	--	-*
Activate cash discount	+S	++S	+S*
Deactivate cash discount	-S	-S	-S*
Select first cash discount term	1	11	1*
Select second cash discount term	2	22	2*
Select third cash discount term	3	33	3*
Set current cash discount	0	00	0*

To process a single open item, place the cursor in the command field of the open item and enter the command to process the open item. To process a block of open items:

1. Place the cursor in the command field on the first open item in the block.
2. Enter the block command to activate a block of open items.
3. Place the cursor in the command field on the last open item in the block.
4. Enter the block command to activate a block of open items.
5. Choose `ENTER`.

If you do not specify the last open item in the block, the system processes all open items to the end of the page.

To process all open items displayed, place the cursor in the command field on any open item and enter a command to process all open items, such as `-*`.

You can combine commands to process single open items, a block of open items, and all open items on one screen. For example, you can deactivate a block of open items, but specify certain single open items to activate.

---

**Processing Open Items with Menus or Function Keys**

## Processing Open Items with Menus or Function Keys

To process open items with pull-down menus or function keys, proceed as follows:

1. Select one or more open items.
2. Then select a function to change the open items (activate, set first discount level, and so on).

To select one open item:

1. On the screen for processing open items, place the cursor on the open item.
2. Choose the function key *Select*.

To select several open items:

1. On the screen for processing open items, place the cursor on the first open item in the block.
2. Choose the function key *Select block*.
3. Move the cursor to the last open item in the block you are choosing.
4. Choose the function key *Select block* to select the last open item in the block.

To activate one or more open items, choose *Activate items*. To deactivate one or more open items, choose *Deactivate items*.

To activate the cash discount for one or more open items, choose *Activate discount*. To deactivate the cash discount for one or more open items, choose *Deactivate discount*.

To change the discount level using the menu bar, choose *Edit* → *Change line items* → *Change discount level*. You can select specific cash discount terms for the items selected (1, 2 or, net condition), or select the current terms. If you select *Current cash disc.*, the system determines the cash discount level using the base date, the payment terms in the open item, and the posting date of the clearing transaction.

Note that after you carry out one of these options, the open items are no longer selected. To process the same or other open items again, you must select them again and then carry out the next function.

## Processing Open Items with the Mouse

The quickest way to process open items is with the mouse. You can use the mouse for screens with or without commands.

To activate or deactivate an open item with the mouse, double-click the *Amount* field.

To activate or deactivate the cash discount for an open item, double-click the *Cash Disc.* field in the open item. You can also enter a cash discount amount and percentage directly in the open item.

---

**Setting Editing Options for Open Item Processing**

## Setting Editing Options for Open Item Processing

You can change the system default values for open item processing in the user master record.

To do this, proceed as follows:

1. On the *Process open items* screen, choose *Editing options*. The *Open items* tab is displayed.
2. Select the required options under *Open item processing*.
3. Save your entries.

Your entries are saved in the user master record.



On the *Open items* tab, you can define, under *Line layout variants for clearing transactions*, for which type of processing (customers, vendors, G/L accounts) the selected variant is to be used.

## Functions for Open Item Processing

After entering the document header and line item and choosing the open items, the screen for processing open items is displayed. You have the following options in the open item display:

### Changing the Settings for Open Item Processing

[Changing the Line Layout in Open Item Processing \[Page 74\]](#)

[Switching Between Gross and Net Amount \[Page 81\]](#)

[Switching Between Foreign and Local Currency \[Page 82\]](#)

### Processing Open Items

[Searching for Open Items \[Page 75\]](#)

[Searching for a Specific Amount \[Page 76\]](#)

[Sorting Open Items \[Page 80\]](#)

[Distributing the Clearing Amount by Age \[Page 79\]](#)

[Correcting Errors \[Page 88\]](#)

[Posting Partial Payments: Customers and Vendors \[Page 83\]](#)

[Posting Residual Items \[Page 84\]](#)

[Displaying Open Items \[Page 85\]](#)

[Explaining Differences \[Page 86\]](#)

[Noting Open Items as Payment Advice Notes: Customers and Vendors \[Page 87\]](#)

[Processing Open Items as per Payment Advice Note \[Page 77\]](#)

## Changing the Line Layout in Open Item Processing

### Changing the Line Layout in Open Item Processing

The line layout defines which fields are displayed in which columns. The standard system contains a series of pre-defined line layout variants. To define your own line layout variant, see the [Implementation Guide \[Ext.\] for Financial Accounting](#). To set a default line layout in the user master record, see [Setting Editing Options for Open Item Processing \[Page 72\]](#)

To select a different line layout, proceed as follows:

1. On the *Process open items* screen, choose *Settings* → *Line layout*.  
The system displays the line layout variants available.
2. Select a line layout.  
The system then changes the line layout variant and displays the same open items with the new line layout.

If you want to change an existing line layout variant, for example, to add extra fields, proceed as follows:

1. On the *Process open items* screen, choose *Settings* → *Change line layout*.  
The system branches to the appropriate Customizing transaction.
2. Change the line layout.  
The system displays the open items in the changed line layout.



If you are processing vendor invoices with **withholding tax**, you can display the withholding tax for each open item and the total withholding tax for all open items.

To process withholding tax, from the *Process open items* screen, select the *Withhldg tax* tab.

## Searching for Open Items

If the account has many open items, you can search for specific open items to clear. This avoids having to scroll through many screens of open items.

To search for open items based on certain fields, proceed as follows:

1. From the menu bar of the screen for processing open items, choose *Edit* → *Find* → *Find field contents*.  
The *Choose search criteria* dialog box appears.
2. Select a field by double-clicking it.  
The *Enter desired value* dialog box appears.
3. Enter one or more values or ranges of values, such as posting dates from **01/01/1993** to **01/31/1993**, and choose `ENTER`.

---

**Searching for a Specific Amount**

## Searching for a Specific Amount

You can have the system propose certain open items to clear.

1. On the screen for selecting open items, select the field *Find amount*.
2. On the screen for processing open items, choose *Edit* → *Find* → *Find clearing amount*.

The system then searches for a combination of open items that matches the amount to be cleared, (entered on the previous screen) or matches the difference between the entered line items and activated open items. There are three possible outcomes:

- The system does not find any open items that match the amount searched for.
- The system finds an amount that exactly matches the amount searched for.
- The system finds an amount that approximately matches the amount searched for. A dialog box displays the difference between the amount searched for and the amount in the items found automatically. For example, if you enter a payment of US\$ 1000, but the system finds open items amounting to US\$ 1005, the difference is US\$ 5. You can then accept the system's proposal or reject it.

## Processing Open Items as per Payment Advice Note

In order to process open items according to an existing payment advice note, enter a payment advice note number on the screen for selecting open items. Only those open items which are listed in the payment advice note will be displayed for processing. Additional selection criteria are then ignored.

You are not required to enter the account number, but it usually improves system performance. You do not have to enter the entire account number, you can enter an asterisk \*.



If you enter **\*041**, the system searches for all payment advice notes ending with the numbers 041.

Or, if you enter **\*ABC\***, the system searches for all payment advice notes containing the character string "ABC".

With **MT\***, the system searches for all payment advice notes beginning with the character string "MT".

For every payment advice note item, those items which fulfill the selection criteria are selected. If a document number is entered in the payment advice note, it has priority over other selection criteria. The number of items selected in this way is increased by all the items with an invoice reference, (invoice-related credit memos, partial payments), that belong to a previously selected invoice.

If through this procedure several payment advice note items are found, the gross total of all the assigned items will be compared with the gross amount of payment advice note items. If necessary, a combination of the assigned items whose gross total is close to the gross amount of the payment advice note item, is displayed. If a difference remains between the payment advice note and the total of assigned open items, residual items are automatically calculated. If payment advice note sub-items that explain the difference are present, their amounts will be transferred along with the reason codes specified and the reference information. If afterwards yet another difference exists, it will be removed from the payment advice note via the reason code.

If no payment advice note items exist to explain the difference and a reason code is not specified, the system automatically divides up the total difference. Up to three residual items may result from this process. One for each:

- Difference between the gross amounts
- Difference between the cash discount amounts
- Other differences

Other differences arise when in the payment advice note the net amount does not result from the difference between the gross amount and the cash discount amount.

The difference postings, resulting from the different gross amounts or the different cash discount amounts, can be assigned a separate reason code. You can define reason codes in customizing.

The difference postings are generated as a residual posting for the open item with the greatest amount assigned to the payment advice note.

If several difference postings in a payment advice note have the same reason code, they are added together.

---

**Processing Open Items as per Payment Advice Note**

If open items cannot be assigned to a payment advice note item, the system will automatically assign a posting on account for this item. The selection criteria from the payment advice note is in the item text. This makes it easier to assign the payments in the future. The total amount of these payment on account postings is displayed in the *Pyt on act fr.pyt adv.* field. If you do not want these postings to be generated, for example, because the difference must be assigned manually or posted as a total, you can prevent the system from making these postings via the menu path *Edit → Pyt on act fr.pyt adv → Inactive*. To reverse this, choose *Edit → Pyt on act fr.pyt adv → Active*. Alternatively, instead of using these functions, you can double click the *Pyt on act fr.pyt adv* field.

When you post a clearing transaction, the related payment advice is automatically deleted if there is at least one active open item to which an advice item is assigned.

Distributing the Clearing Amount by Age

## Distributing the Clearing Amount by Age

The system can automatically distribute the total clearing amount among the open items by age. In doing this, it includes the selected open items according to the sequence of the number of days in arrears.

To use this function, choose the option *Distribute by age* on the screen for selecting open items, and then choose *Edit → Process open items*. The screen for processing open items is displayed and the required open items are activated.

The system distributes the clearing amount as follows:

- Credit items have priority over debit items when items have the same number of days in arrears.
- Payments on account from earlier payment transactions are always included.
- Items will be automatically activated until
  - the exact clearing amount is reached or
  - the difference between the item total and the clearing amount does not exceed the tolerances for unauthorized deductions.

If these conditions are not met, the system continues to activate items until the largest possible amount is reached without exceeding the clearing amount. The remaining difference is posted on account to the account you are clearing. If you are clearing several accounts together, the posting on account is made to the account containing the last activated item.



Assuming a tolerance for payment differences of 1.00 USD, the table below shows which items are cleared and how much the unauthorized deduction or posting on account is for various payment amounts.

### Clearing Amounts

Doc.	Arrears	Amount	87,50	120,00	200,00	204,00
1	10	107,00	X	X	X	X
2	8	20,00	X	X	X	X
3	8	30,00		X	X	X
4	5	66,00			X	X
5	3	20,00				X
6	1	10,00				
Unauthorized deductions	0,50	0,00	0,00	1,00		
Posting on account difference	0,00	3,00	17,00	0,00		

---

**Sorting Open Items**

## Sorting Open Items

If an account has several open items, or you are searching for open items in a particular sequence, you can sort the open items by various fields.

The system offers you two options for sorting open items:

- To sort the items in ascending order, select *Sort in ascending order*.
- To sort the items in descending order, select *Sort in descending order*.

## Switching Between Gross and Net Amount

You can display the open items as gross amounts or net amounts. The gross amount is the total amount of the line item. The net amount is the gross amount less any cash discount. The amount column determines whether the gross or net amount is displayed.

To switch between the gross and net amount of the line items, choose *Gross<>Net*.

---

**Switching Between Foreign and Local Currency**

## Switching Between Foreign and Local Currency

If you have entered a foreign currency in the clearing document header, you can switch between the value of the open items in the clearing document currency and the value in local currency. The currency key is displayed above the amount column on the screen for editing open items.

To switch between the foreign currency and local currency display, choose *Currency*.

## Posting Partial Payments: Customers and Vendors

A partial payment is a payment that is posted to an account without any open items being cleared. You assign this partial payment to an open item. When posting, the system marks the document number of the original open item in the line item for the partial payment. The original open item and the partial payment remain open.

To enter a partial payment, proceed as follows:

1. On the *Process open items* screen, choose the *Partial pmt* tab.
2. In the *Payment amount* column, enter the partial payment amount. You can make a partial payment for one or more open items. You can assign a reason code to each partial payment. Depending on the reason code you specify, you can send appropriate payment notices to your customers.
3. To go back to the standard screen for editing open items, choose the *Standard* tab.

The system stores the document number, fiscal year and number of the invoice item in the partial payment. You can find this information in the *Payment for* field. Thus you can refer to the original open item from the partial payment. When you post the remaining amount for the invoice, both the partial payment and the invoice are cleared.



You can enter partial payments using the mouse. The advantage of this is that if the remaining amount has to be assigned to a single item, you can enter it automatically in the partial payment screen. To do so, place the cursor in the *Payment amount* field for the line item required and choose the item. The system then takes account of the difference for this item.

## Posting Residual Items

### Posting Residual Items

A residual item results when a payment is made for less than the actual amount outstanding. You clear the original open item, and the system posts a new open item. This new open item is for the same amount as the original open item minus the amount paid.

To enter a residual item, proceed as follows:

1. On the *Process open items* screen, choose the *Res. items* tab.
2. In the *Residual items* column, enter the amount of the residual item.

You can assign one or more reason codes and reference information about the business partner to the residual items. For each reason code, you can define whether a new item is to be posted to the business partner account (outstanding receivable) or if the difference is to be cleared. Depending on the reason code you specify, you can send the relevant payment notice to your business partner.

3. To go back to the standard screen for editing open items, choose the *Standard* tab.

When you post the document, the system enters the document number, fiscal year and item number of the original open item in the *Residual for* field in the residual item.

For the residual item, the system either uses the **terms of payment** from the original invoice item or enters the predefined terms of payment. The payment terms used depends on the settings made for the tolerance group in the vendor master data.



You can enter residual items and process them using the mouse. The advantage of this is that if the remaining amount has to be assigned to a single item, you can do this automatically in the residual item screen. To do so, place the cursor in the *Residual items* field for the line item required, and select this item by double-clicking it. The system then takes account of the difference for this item.



In the editing options, you can set whether the payment amount or the remaining amount is entered in residual items.

## Displaying Open Items

On the screen for processing open items, you can display an entire open item as follows:

1. Place the cursor on the open item, but not on the amount or cash discount fields.
2. Double-click the open item or choose *Environment* → *Display item* from the menu bar.
3. To go to the next open item in the list of displayed open items, choose *Goto* → *Additional functions* → *Next item in list*.
4. To go to the next open item in the document, choose *Goto* → *Next item*.
5. To go back to the list of open items to process, choose *Back*.

---

**Explaining Differences**

## Explaining Differences

To clear open items, the system requires either:

- That the sum of the line items you enter equals the sum of the activated open items (the debits equal the credits)  
or
- That the difference between the debits and credits is within the tolerance limit set in your system configuration.

From the screen for processing open items, you can display an explanation of the difference between the sum of the line items you entered and the sum of the open items you activated.

To do this, choose *Environment* → *Explain difference*.

The *Explain Difference* dialog box appears.

It informs you about the difference between the payment amount (the clearing item) and the amount of the processed open items (amount to be cleared). Choose *Cancel* to go back to the list of open items.

---

**Noting Open Items as Payment Advice Notes: Customers and Vendors**

## Noting Open Items as Payment Advice Notes: Customers and Vendors

When editing open items, you can have the system note the items you have selected along with their current processing status in the form of a payment advice. To do this, choose *Edit* → *Create pyt adv.*. A dialog box appears in which you can enter the key for the payment advice note you require. Alternatively, you can have the system allocate a number internally.

If you have already used an advice note when selecting open items, the following rules apply:

- If the old advice note was created while you were processing open items, when you note the new advice note, the old one is deleted.
- If the old advice note was created in a different way, you cannot generate a new advice note from open item processing. The generation of the new advice note automatically deletes the old advice note. This could mean that detailed information required to process the open items is lost, for example, information on those advice items to which no open items have been assigned.

**Correcting Errors**

## Correcting Errors

If the debits do not equal the credits or you have made a mistake entering a line item or processing open items. You can correct the mistake.

You have the following options for correcting errors:

- Change, delete, or enter line items
- Select additional open items
- Edit selected open items

You can reach the document overview screen from any screen during the clearing process.

From the screen for processing open items, you can make corrections by selecting the following menu sequences:

**Functions in the Document Overview**

To	Choose
Correct an entered line item	<i>Goto → Document overview</i>
Add a new line item	<i>Goto → Document overview</i>
Delete an entered line item	<i>Goto → Document overview</i>
Select additional open items	<i>Edit → Choose more</i>

## Clearing Between Company Codes

In a single clearing transaction, you can clear open items across several company codes. The system must, however, be specially configured for this. For each clearing transaction (payment, credit memo, or transfer posting), the system administrator specifies those company codes to which postings must be made (in addition to the company code you have entered).

The open items of all the company codes involved are then automatically selected and when the clearing is posted, several documents (one per company code) with a cross-company code transaction number are generated simultaneously.

Clearing Open Items in Foreign Currency

## Clearing Open Items in Foreign Currency

You can clear open items in any currency you want.

The amount of all the selected open items will automatically be translated to the currency in which clearing is to take place. The translation is executed as follows:

*Item currency* → *Local currency* → *Clearing currency*.

You are therefore not required to make additional entries in the exchange rate table for cross-currency clearing.

When clearing, you can only display the open items in either the clearing currency or the local currency. The originally posted amounts for items which were posted in a third currency are not displayed in the overview.

You no longer need to make a posting to an interim account (currency exchange account) for payments in a foreign currency which does not correspond to the currency of the paid items.



### Clearing in a Third Currency

The local currency of a company code is DEM. An invoice was issued on 4/1/94 for 1000 SFR, and on 4/15/94 a payment for 685 USD was received. If the invoice were created in USD, the amount due would be \$687.14. In the local currency, there is a difference of 8.65 DEM. This difference is divided up as follows: Unauthorized deductions of 3.66 DEM, and SFR exchange rate fluctuation 4.99 DEM.

Business transaction	Accounts posted to		Exchange rate														
Customer invoice 04/01/95	<table border="1"> <tr><th colspan="2">Receivables</th></tr> <tr><td>1,000 SFR</td><td></td></tr> <tr><td>1,180 DEM</td><td></td></tr> </table>	Receivables		1,000 SFR		1,180 DEM		<table border="1"> <tr><th colspan="2">Sales revenue</th></tr> <tr><td></td><td>1,000 SFR</td></tr> <tr><td></td><td>1,180 DEM</td></tr> </table>	Sales revenue			1,000 SFR		1,180 DEM	1SFR=1.18 DM		
Receivables																	
1,000 SFR																	
1,180 DEM																	
Sales revenue																	
	1,000 SFR																
	1,180 DEM																
Payment 04/15/95	<table border="1"> <tr><th colspan="2">Receivables</th></tr> <tr><td></td><td>1,000 SFR</td></tr> <tr><td></td><td>1,175 DEM</td></tr> <tr><td></td><td>687.14 USD</td></tr> </table>	Receivables			1,000 SFR		1,175 DEM		687.14 USD	<table border="1"> <tr><th colspan="2">Banks</th></tr> <tr><td>685 USD</td><td></td></tr> <tr><td>1,171.35 DEM</td><td></td></tr> </table>	Banks		685 USD		1,171.35 DEM		1SFR=1.175 DM
Receivables																	
	1,000 SFR																
	1,175 DEM																
	687.14 USD																
Banks																	
685 USD																	
1,171.35 DEM																	
	<table border="1"> <tr><th colspan="2">Unauth. deductions</th></tr> <tr><td>2.14 USD</td><td></td></tr> <tr><td>3.66 DEM</td><td></td></tr> </table>	Unauth. deductions		2.14 USD		3.66 DEM		<table border="1"> <tr><th colspan="2">SFR exchange rate</th></tr> <tr><td>0.00 USD</td><td></td></tr> <tr><td>4.99 DEM</td><td></td></tr> </table>	SFR exchange rate		0.00 USD		4.99 DEM		1 USD=1.71 DM		
Unauth. deductions																	
2.14 USD																	
3.66 DEM																	
SFR exchange rate																	
0.00 USD																	
4.99 DEM																	

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**Clearing Open Items in Foreign Currency**

If you want to clear cross-currency open items, it may be worth viewing the item currency keys in the overview. In order to do so, you need to define a corresponding display variant in which the field *Currency* is supported by the internal field name WAERS. In Customizing for *Accounts Receivable and Accounts Payable*, choose the activity *Open Item Processing*. Then select *Define Line Layout*. You can either change or add to the existing variants or define completely new variants.

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**Clearing Mixed Currency Open Items in the Local Currency**

## Clearing Mixed Currency Open Items in the Local Currency

If you have G/L accounts that contain items in foreign and local currency and you want to clear these items using the local currency, you can choose from two different editing options:

- [System Translates All Amounts to Local Currency During Clearing \[Page 93\]](#) (standard)
- [System Uses Historical Values in Local Currency \[Page 94\]](#) (for G/L accounts with open item management)

System Translates All Amounts to Local Currency During Clearing

## System Translates All Amounts to Local Currency During Clearing

This option is preset in the standard system. When you clear open items, all amounts in a foreign currency are translated to the local currency using the current exchange rate. This guarantees that for foreign currency invoices that are to be paid in a different currency (for example, local currency), a proper breakdown is made between exchange rate differences and payment differences.



Some of the open items in your vendor's account are kept in local currency, while others are kept in different foreign currencies. You clear all open items using the local currency.

An invoice for 1,000 USD is posted, the current value in DEM is 1,580. At the time of payment, the USD exchange rate has changed from 1.58 to 1.63, and the customer wants to make a payment of 1,620 DEM.

Transact.	Foreign currency	Exchange rate	Local currency	Amount to be cleared
01.01.95: Invoice	1000 USD	1,58	1580 DEM	
23.01.95: Payment		1,63	1620 DEM	1630 DEM

If the open item is cleared using the local currency, the system uses the current exchange rate to translate the foreign currency amount to local currency. It values the original invoice for 1000 USD using the current exchange rate, resulting in an amount of 1630 DEM. Payment was made for 1620 DEM, which means the system would post an unauthorized deduction of 10 DEM and an exchange rate loss of 50 DEM.

The open item in this example was translated into local currency using the current exchange rate instead of the historical rate. If the historical rate had been used, the customer would have overpaid by 40 DEM, and an exchange rate gain would have been realized.

## System Uses Historical Values in Local Currency During Clearing

## System Uses Historical Values in Local Currency During Clearing

If you select the *Only balances in local crcy* indicator in a G/L account master record, the system uses the historical amount in local currency when you clear open items. This means that all amounts - even if they are posted in foreign currency - are recorded as if they were posted in local currency. When clearing open items, the system processes all amounts as if they were posted in local currency. Accounting for foreign currency open items in this way enables you to use special clearing accounts in the G/L accounts area. For example, clearing accounts for goods receipts and invoice receipts can be set up so that items are only posted manually to these accounts and the goods receipts are always posted in local currency. If their amounts always correspond in local currency, you will be able to clear the goods receipts and invoice receipts without having to make any adjusting entries.



You have accounts with open items in local currency as well as different foreign currencies. You clear all open items using the local currency.

The invoice receipt is posted using 1000 USD and 1580 DEM, and the goods receipt with 1580 DEM. At the time of clearing, the 1000 USD is not translated, instead, the historical value of 1580 DEM is used.

Transaction	Foreign currency	Exch. rate	Local currency	Clearing amnt
01.01.95: Invoice	1000 USD	1,58	1580 DEM	1580 DEM
23.01.95: Goods receipt		1,63		1580 DEM

You can clear the items without having to make any further adjustment postings.



If the *Only balances in local crcy* indicator is suppressed from the screens for G/L account master data maintenance, you have to set it to be displayed in Customizing. To do this, select the activity *Define screen layout per transaction (G/L accounts)* in Customizing for *General Ledger Accounting*. On the next screen, choose the desired activity (display, create, change), and choose *Edit field status*. Then select the *Control* group. On the following detail screen, you can set the field *Only balances in local crcy* as an optional entry, for example.

## Clearing Open Items with a Future Posting Date

When you are carrying out manual clearing transactions such as incoming or outgoing payments, you can also clear items that have a posting date which is ahead of the clearing date.



On 3/26/95, you enter an invoice with the posting date 4/1/95. On 3/29/95, you clear this invoice by posting an incoming payment.

To clear an open item whose posting date is in the future, proceed as follows:

1. Choose *Goto* → *Open items* on the *Post with Clearing* screen.
2. Select those open items with a posting date in the future that you want to clear.

The open item is inactive for the time being. You can activate it.



If the posting date of one of the open items you want to clear comes after the posting date of the clearing procedure, this affects the clearing date entered in all the items involved. In this case it is no longer identical to the clearing posting date. Instead, it is identical to the latest posting date of all the open items.

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**Outgoing Payments with Printed Forms: Customers and Vendors**

## **Outgoing Payments with Printed Forms: Customers and Vendors**

You can print checks without having to run the payment program or the print program. There are two ways of doing this:

- You can post a payment and at the same time print the check for the payment.
- You can print just a check for a payment that has already been posted. This may be necessary, for example, if a check is damaged during printing.

[Clearing Open Items and Printing the Forms: Customers and Vendors \[Page 97\]](#)

[Printing Forms for Items Already Cleared: Customers and Vendors \[Page 98\]](#)

## Clearing Open Items and Printing the Forms: Customers and Vendors

To post a payment, clear the items involved, and print the payment medium immediately, proceed as follows:

1. Choose *Document entry* → *Outgoing payment* → *Post + print forms* from the *Accounts Payable* menu or choose *Document entry* → *Other* → *Outgoing payment* → *Post and print forms* from the *Accounts Receivable* menu.

The screen for entering the specifications appears.

In this screen you enter the specifications for printing checks and payment advice notes. These include company code, payment method, house bank, and the printer for the check and the payment advice note.

You enter this data in this screen once per working session. You can change your entries at any time.

2. Next choose *Specifications* → *Enter payments*.

This screen is only slightly different from the standard entry screen for outgoing payments.

You can post the whole payment amount on account (advance payment). To do this, select the field *Payment on account* and enter a text to be displayed on the payment advice note.

It is generally only necessary to enter the amount and value date as specifications for the bank posting. The system determines the G/L account to be posted to from the specifications for the payment method and the house bank. For this purpose, the system refers to the configuration for the payment program.

3. Process the open items as usual, either by entering selection criteria or directly choosing *Goto* → *Open items*.

You can now process the open items as described in this section. To change the specifications, choose *Goto* → *Specifications*.

4. Post the document.

If you have selected the specification *Print immediately*, the system issues a message that the document was printed. Continue under point 5.

If you have not chosen *Print immediately*, the print request is stored in the spool system. After posting, the system displays the spool numbers for the check or the payment advice note. You can then start the print separately from the spool.

5. If you choose `ENTER`, the system confirms that the print request has been created.

---

**Printing Forms for Items Already Cleared: Customers and Vendors**

## Printing Forms for Items Already Cleared: Customers and Vendors

To print the check for items already cleared, proceed as follows from the Accounts Payable menu:

1. Choose *Document* → *Additional functions* → *Print payment forms*.

The screen for entering the specifications is displayed.

In this screen you enter the specifications for printing checks and payment advice notes. These include company code, payment method, house bank, and the printer for the check and the payment advice note.

2. Choose *Check* → *Print*.

On the basis of the postings in the payment document, the system tries to determine the payee and the house bank to which the check should be issued. To do this, it refers to the values defined for the payment program in the system configuration. You are required to make further entries in the following cases:

- If there is more than one possible payee. This may be the case if you are paying the invoices of more than one vendor at a time, or if there is an alternative payee specified in the master records of a particular vendor. If this is so, the system requires you to select the payee in a dialog box.
- If the system was not able to determine the house bank from the postings in the document, a dialog box is displayed where you are asked to select a house bank.
- If you want to print a check for a payment document that was created by the payment program, other entries are required if you are working with prenumbered checks: In a dialog box, you have to specify whether the system should use the same check number that the payment program suggested or whether a new check form is necessary.

## Clearing an Account

This function differs from posting with a clearing transaction or posting with a payment in the following ways:

- You do not need to enter a document header
- You can only clear open items from one account

You can use this function to clear debits and credits which balance to zero (for example, invoices and payments which you have already entered).



Since internal transfer postings may have to be generated, a document type must be defined for clearing. To make this specification, select the activity *Define posting key for clearing* in the [Implementation Guide \[Ext.\]](#) for *Accounts Receivable* and *Accounts Payable*. On the next screen, select the clearing transaction *Transfer posting with clearing* and then *Goto → Document types*. You can then specify a default document type per account type if this is required for the clearing transaction.

To clear open items in an account, proceed as follows:

1. From the *Accounts Receivable*, *Accounts Payable*, or *General Ledger* menu, choose *Account → Clear*.  
The screen for entering header data is displayed.
2. Enter the account number in the *Account* field and if necessary, also enter a currency key for the clearing document in the *Currency* field. If you do not enter a currency key, the company code's local currency is used. The company code and clearing date is proposed by the system.
3. You have the option of searching for specific items for clearing. To do this, select a field (for example, amount) and choose *Enter*. The next screen prompts you to specify which open items to select.
4. To display the open items for processing, choose *Edit → Open items*.
5. Process the open items as described in [Open Item Processing \[Page 68\]](#).
6. Once the debits equal the credits, choose *Account → Clear*.

The system assigns the clearing date and clearing document number to each open item cleared.

## Resetting Clearing

## Resetting Clearing

You can reset clearing transactions for individual documents. When clearing is reset, the clearing data is removed from the line items (and the reversal data, where it existed, is removed from the document header). The document changes are logged and can be displayed in the change documents. To reset a cleared item to *open item* status, proceed as follows:

1. From the *Accounts Receivable, Accounts Payable, or General Ledger* menu, choose *Document* → *Reset cleared items*.
2. Enter the clearing document number, company code and (if appropriate) the fiscal year.
3. First display the items from the clearing document by choosing *Goto* → *Accompanying items*. You reach the line item display function. To return to the initial screen, choose *Back*.
4. Choose *Goto* → *Accompanying corrsp.* to see whether or not correspondence requests were created and sent. The displayed list will not contain correspondence requests that were reorganized (deleted).

In resetting a clearing document, all accompanying correspondence requests are marked so that you can see that their clearing document was reset. Reorganized (deleted) requests are not marked in this way.

To return to the initial screen, choose *Back*.

5. Choose *Cleared items* → *Reset cleared items*. If any correspondence requests have been created, the system asks you whether you want these requests to be flagged as *Completed* in order to prevent the correspondence from being sent out at a later date. You can also decide whether the clearing document should be reversed. If you do not reverse it, it will also remain in the system as an open item to be cleared along with the other open items.

An exception to this is the clearing transaction in third currency. Clearing documents with exchange rate differences and clearing transactions involving documents posted with the net procedure: In these cases, the clearing document is reversed by the system when it resets the cleared items.



If you use the *Cancel check payment* function, in addition to the cleared items being reset, the payment document is reversed and the related check is voided in the check register and a void reason code is entered. For more information, see [Check Management \[Ext.\]](#).

## Clearing Open Items in Release 4.0

### Clearing Documents: Enhancements

If open items are cleared on one or more accounts without having to make clearing entries (that is, the assigned items balance to zero), the system generates a **clearing document header** for each company code involved in the clearing procedure.

The system will also generate this document header if open items are cleared by running the clearing program.

### Clearing Entries

In clearing open items, the system automatically generates the required clearing postings. These postings contain all information required to update transaction figures, commitments, and account balances. Separate clearing postings can be generated for each of the different company codes, business areas, accounts, or trading partners.

It is also possible to distinguish clearing postings by other criteria such as the assignment, the reference number, or a contract number and at the same time transfer their account assignments to the cleared items.

You can define special cross-client rules for classifying clearing entries in this manner. These rules are called **clearing rules**. For each rule, you choose the fields you require as criteria for classifying the clearing entries.

The clearing rules are assigned on the client/account type level. You can therefore select different classifications for customers, vendors, and G/L accounts.

### Overview of Cleared Accounts

When displaying a document or even the clearing documents that are comprised of just a document header, you can navigate to an overview of the accounts in which the items were cleared.

### Special Periods

In the transactions to:

- Clear a G/L account
- Clear a customer account
- Clear a vendor account

you can also specify a special period as well as the posting date. This means that you can use the transactions to post clearing from the previous year if only special periods are open.

### Account Name Display

In open item processing, the system displays the account name for G/L accounts or the first part of the customer or vendor name in the screen frame. If you are clearing several accounts, the system displays the information on the first account you select for processing along with the text *More*.

## Clearing Open Items in Release 4.0

### Texts in Clearing Entries

You can enter a text entry in each clearing transaction (account maintenance, incoming payment, outgoing payment). This text is copied to every clearing entry that is created in clearing the open items.

### Clearing Down Payment Requests

Selecting and activating down payment requests during clearing triggers the system to post a corresponding down payment. This saves you from having to enter the down payment yourself as well as from having to switch between two transactions in processing incoming payments.

Paying down payment requests and printing the forms (checks) online are now supported by this new function.

Reversing a down payment request by clearing it in account clearing is no longer possible as of Release 4.0A. Down payment requests are reset in the same manner as other documents by using the reversal function.

### Cross-Company Code Clearing

If open items from an account in other company codes, for example, 0002 and 0003, should be selected when executing the clearing procedure using company code 0001, you can still clear them even if the account from which you are clearing them is not created in company code 0001.

### Automatic Clearing

The clearing programs SAPF123 and SAPF123W have been replaced with program SAPF124. The new clearing program also uses the clearing transactions provided for manual account maintenance. This provides you with additional functions. For example, automatic posting of exchange rate differences or automatic generation of transfer postings if items from different business areas or trading partners are involved in clearing. Furthermore, the new program can clear documents that were posted using the net method and documents that contain parallel currencies.

The system no longer uses the business area and trading partner entries as fixed criteria for grouping open items for clearing, so that automatic clearing can be performed across multiple business areas for example.

A clearing date must be specified.

### Customizing: Clearing Document

If clearing is carried out using a transaction for which no document type is defined, for example, customer clearing, a default document type is used for the document header. This is the same document type that is used when transfer postings are required for clearing, for example, because of different business areas in the items.

You define this document type under the clearing transaction *Transfer Posting* in Customizing for *Financial Accounting* in the activity *Define Posting Keys for Clearing*. See also: [Configuring the System Using the Implementation Guide \[Ext.\]](#)

### Customizing: Clearing Entries

You have to define all the clearing rules that you want to use in the system by accessing transaction OBIA. After defining the rules, you assign them to account types by accessing transaction OBIB.

### Customizing: Automatic Clearing

If you want the system to continue to group open items by business area or trading partner for automatic clearing, you have to maintain these criteria (user criteria). There are five user criteria and a variety of fields you can choose from. The system lets you specify field names that are longer than five characters and fields that have an internal length of up to 20 places.

### Procedure: Clearing Document

When displaying clearing documents in document display, the system displays an indicator that there is a clearing document in place of the line item.

### Procedure: Overview of Cleared Accounts

For all documents that you use to clear other line items, including the clearing documents as described above, as well as the payment documents, when you display the document, you can also display all the accounts from which items were cleared.

You can do this via *Extras* → *Clearing information*.