CHAPTER 4: SET UP POSTING GROUPS

Objectives

The objectives are:

- Explain and set up specific posting groups
- Explain and set up general posting groups
- Create a general posting setup
- Create an inventory posting setup
- Explain and set up VAT posting groups
- Create a VAT posting setup
- Review additional VAT posting setup
- Review posting setups based on the chart of accounts
- Demonstrate how posting groups direct a sales transaction

Introduction

Companies use posting groups to create links between accounts in the different application areas and the G/L accounts in the General Ledger application area. When users record and post sales, purchases, and other transactions where a specific G/L account is not directly specified, posting groups provide the mapping to the correct accounts. As a result, users must set up the chart of accounts before setting up posting groups.

The three types of posting groups that companies use when selling inventory and resources to customers and buying inventory from vendors are:

- Specific Posting Groups
- General Posting Groups
- VAT Posting Groups

In addition to knowing the three types of posting groups, companies must be able to set them up. This involves becoming familiar with the functions of a posting group structure using a posted sales invoice.
Manual Setup vs. RIM

As demonstrated in the "Set Up a Company with the RIM Toolkit" training in this courseware, most basic setup data is automatically created with the industry-specific XML import when you create a new company. This includes posting groups.

Manually setting up posting groups is relevant when:

- During the RIM process, additional or different posting groups are needed.
- If running an installation, new posting groups must be set up.
Specific Posting Groups

The primary purpose of specific posting groups is to identify the balance sheet account for each subsidiary, or supporting ledger.

For example, the total outstanding accounts receivable balance of all customers must correspond to the total balance of the Accounts Receivable accounts in the balance sheet.

Specific posting groups are assigned to:

- Customers
- Vendors
- Items
- Bank Accounts
- Fixed Assets

These posting groups create the direct link to the primary balance sheet account for each master item.

**NOTE:** Posting groups are not necessary in companies that only use the General Ledger application area and only record regular journal entries to G/L accounts.

The following table provides further descriptions of specific posting groups.

<table>
<thead>
<tr>
<th>Specific Posting Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Posting Group</td>
<td>Maps the accounts receivable account, payment discount accounts, invoice and application rounding accounts, and interest and fee accounts relating to customers.</td>
</tr>
<tr>
<td>Vendor Posting Group</td>
<td>Maps the accounts payable account, payment discount accounts, invoice and application rounding accounts, and interest and fee accounts relating to vendors.</td>
</tr>
<tr>
<td>Inventory Posting Group/Inventory Posting Setup</td>
<td>Inventory posting groups specify the type of inventory and are then combined with location codes in the <strong>Inventory Posting Setup</strong> page. Each combination is then mapped to the inventory accounts, WIP account, and other variance accounts relating to inventory in the chart of accounts.</td>
</tr>
<tr>
<td>Bank Account Posting Group</td>
<td>Maps a bank account to a bank G/L account.</td>
</tr>
<tr>
<td>Fixed Asset Posting Group</td>
<td>Specifies the accounts to which transactions involving fixed assets are posted.</td>
</tr>
</tbody>
</table>
Set Up and Assign Specific Posting Groups

There are two steps in creating specific posting groups:

1. Set up the specific posting group.
2. Assign the specific posting group to the corresponding master item:
   - Customer
   - Vendor
   - Item
   - Bank Account
   - Fixed Asset

**NOTE:** Fixed Asset posting groups and their setup are described in the Fixed Assets in Microsoft Dynamics NAV 2009 course.

Procedure: Set Up Customer Posting Groups

Follow these steps to set up customer posting groups:

1. In the navigation pane, click the Departments button.
2. Click Administration and then click Application Setup.
3. On the Application Setup page, under Financial Management, click Posting Groups and then click Customer Posting Groups.
4. Click New.
5. In the Code field, type a unique identifier.

![FIGURE 4.1 CUSTOMER POSTING GROUPS](image)
6. In each relevant account field, enter the G/L accounts used to post transactions for:
   - Receivables
   - Service charges
   - Payment discounts
   - Additional fees
   - Interest
   - Invoice rounding
   - Payment tolerances

7. Repeat steps 4-6 to set up additional customer posting groups.
8. Click **OK** to close the **Customer Posting Groups** page.

**Procedure: Assign Customer Posting Groups**

Follow these steps to assign a customer posting group to a customer account:

1. In the navigation pane, click the **Financial Management** department.
2. Click **Receivables** and then click **Customers**.
3. Locate the customer and open the Customer Card.
4. Expand the **Invoicing** FastTab.
5. In the **Customer Posting Group** field, enter the appropriate posting group.
6. Click **OK** to close the **Customer Card**.

When customer-related transactions, such as orders, invoices, credit memos, and payments are posted, Microsoft Dynamics NAV uses the customer posting group code to locate and post to the specified accounts.

**Procedure: Set Up Vendor Posting Groups**

Setting up vendor posting groups is the same process as setting up customer posting groups and a similar page is used.

Follow these steps to set up vendor posting groups:

1. On the **Application Setup** page, click **Posting Groups** and then click **Vendor Posting Groups**.
2. Click **New**.

![Fig. 4.2 Vendor Posting Groups](image)

**FIGURE 4.2 VENDOR POSTING GROUPS**

3. In the **Code** field, type a unique identifier.
4. In each relevant account field, enter the G/L accounts used to post transactions for:
   - Payables
   - Service charges
   - Payment discounts
   - Invoice rounding
   - Payment tolerances
5. Repeat steps 2-4 to set up additional vendor posting groups.
6. Click **OK** to close the **Vendor Posting Groups** page.

**Procedure: Assign Vendor Posting Groups**

Follow these steps to assign a vendor posting group to a vendor account:

1. In the navigation pane, click the **Financial Management** department.
2. Click **Payables** and then click **Vendors**.
3. Locate the vendor, open the Vendor Card.
4. Expand the **Invoicing** FastTab.
5. In the **Vendor Posting Group** field, enter the appropriate posting group.
6. Click **OK** to close the **Vendor Card**.
Chapter 4: Set Up Posting Groups

When vendor-related transactions, such as orders, invoices, credit memos, and payments are posted, Microsoft Dynamics NAV uses the vendor posting group code to locate and post to the specified accounts.

**Inventory Posting Groups and Inventory Posting Setup**

Inventory posting groups are used to group items for statistical purposes. Reports, such as the Inventory Valuation, and batch jobs, such as the Post Inventory Cost to G/L, use inventory posting groups to list the results.

The inventory posting group setup is slightly different than the setup of customer and vendor posting groups because two pages are used:

- Inventory Posting Groups
- Inventory Posting Setup

In the **Inventory Posting Groups** page, inventory item groups are specified. This setup allows users to link G/L accounts to item groups rather than to specific items.

The **Inventory Posting Setup** page holds the links between the inventory posting group, inventory locations, and G/L accounts.

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**NOTE:** It is common to set up inventory posting groups without locations to allow for items not tracked in the warehouse.

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Once the inventory posting group is assigned to an item, when item entries are posted, Microsoft Dynamics NAV posts to the G/L account specified for the combination of inventory posting group and location code linked to the item line entry.

**Procedure: Set up Inventory Posting Groups**

Follow these steps to set up an inventory posting group:

1. On the **Application Setup** page, click **Posting Groups** and then click **Inventory Posting Groups**.
2. Click New.

![FIGURE 4.3 INVENTORY POSTING GROUPS]

3. In the Code field, type a unique, descriptive identifier. This code is used on reports.

4. In the Description field, type a short description of the inventory posting group.

**Procedure: Set Up Inventory Posting**

To access the Inventory Posting Setup page to set up the inventory accounts, use one of the following methods:

- On the Inventory Posting Groups page, click Setup.
- On the Application Setup page, click Posting Groups and then click Inventory Posting Setup.

![FIGURE 4.4 INVENTORY POSTING SETUP]
Follow these steps to complete the **Inventory Posting Setup** page:

1. Access the **Inventory Posting Setup** page.
2. Right-click the column heading and then select **New Line**.
3. In the **Location Code** field, enter the relevant location to combine with the Inventory Posting Group.
4. In the **Inventory Posting Group** field, enter the relevant posting group.
5. In each relevant account field, enter the G/L accounts that will be used to post transactions to:
   - Inventory accounts
   - WIP accounts
   - Manufacturing accounts
6. Repeat steps 2-5 to set up additional inventory posting groups.
7. Close the open pages.

For each combination of inventory posting group and location code, use the same or different G/L account numbers.

**NOTE: The only two accounts initially required are Inventory Account and Inventory Account (Interim). The other accounts pertain to specific application areas that may or may not be used.**

**Procedure: Assign Inventory Posting Groups**

Follow these steps to assign inventory posting groups to items:

1. In the navigation pane, click the **Warehouse** department.
2. Click **Planning & Execution** and then click **Items**.
3. Locate the item and open the Item Card.
4. Expand the **Invoicing** FastTab.
5. In the **Inventory Posting Group** field, enter the appropriate posting group.
6. Click **OK** to close the **Item Card**.

**Procedure: Set Up Bank Account Posting Groups**

Bank account posting groups are used to link bank accounts to the general ledger. To simplify tracing transactions and bank reconciliations, it is recommended to:

- Set up unique G/L accounts for all bank accounts.
- Create bank account posting groups for each G/L account.
- Assign each bank account with the unique posting group.
Follow these steps to set up a bank account posting group:

1. On the Application Setup page, click Posting Groups and then click Bank Account Posting Groups.
2. Click New.

![Bank Account Posting Groups](image)

FIGURE 4.5 BANK ACCOUNT POSTING GROUPS

3. In the Code field, type a unique identifier, corresponding to one of the bank accounts set up in the program.
4. In the G/L Bank Account No. field, enter the account number corresponding to the bank account set up in the program.
5. Click OK to close the Bank Account Posting Groups page.

**Procedure: Assign Bank Account Posting Groups**

Follow these steps to assign a bank account posting group to a bank account:

1. In the navigation pane, click the Financial Management department.
2. Click Cash Management and then click Bank Accounts.
3. Open the Bank Account Card.
4. Expand the Posting FastTab.
5. In the Bank Acc. Posting Group field, enter the appropriate posting group.
6. Click OK to close the Bank Account Card.

When bank transactions are posted, Microsoft Dynamics NAV uses the bank account posting group code to locate and post to the specified account.
Lab 4.1 - Set Up an Inventory Posting Group

The purpose of this lab is to reinforce your understanding of the process required to set up an Inventory Posting Group.

**Scenario**

CRONUS International, Ltd. currently has three inventory posting groups:

- Finished
- Raw Materials
- Retail

Management has decided to add a Wholesale inventory posting group to accommodate a new Home and Garden wholesale business.

As the accounting manager, it is your responsibility to set up a Wholesale posting group, with the description of Wholesale Home and Garden.

*HINT: Since this inventory will only be stored in the RED warehouse, only two setup lines need to be entered.*

*Currently, only inventory account 2110 and inventory interim account 2111 need to be set up for this posting group.*

**Challenge Yourself**

1. Create a new posting group as specified in the scenario.
2. Enter the two combinations as specified in the scenario.

**Need a Little Help?**

1. Open the *Inventory Posting Group* page.
2. Enter the new posting group, as specified in the scenario.
3. Open the *Inventory Posting Setup* page.
4. Enter a line for the location and posting group combination.
5. Enter a line for the blank location.

**Step by Step**

1. On the *Application Setup* page, click *Posting Groups*, and then click *Inventory Posting Groups*.
2. Click *New*.
3. In the *Code* field, type Wholesale.
4. In the *Description* field, type Wholesale Home and Garden.
5. Click **Setup**.
6. In the **Location Code** field, enter **RED**.
7. In the **Inventory Account** field, enter **2110**.
8. In the **Inventory Account (Interim)** field, enter **2111**.
9. Right-click the column heading and then select **New Line**.
10. Leave the **Location Code** field empty, and in the **Inventory Account** field, enter **2110**.
11. In the **Inventory Account (Interim)** field, enter **2111**.
12. Close the **Inventory Posting Setup** and **Inventory Posting Groups** pages.

**General Posting Groups**

The primary purpose for general posting groups is to identify the Income Statement account for each subsidiary, or supporting ledger. General posting groups are added to customers, vendors, items, and resources to link the following to the general ledger:

- Item and/or resource transactions from purchases and sales documents
- Item journals and job journals
- Machine centers, work centers, and item charges

The following table shows the two types of general posting groups.

<table>
<thead>
<tr>
<th>General Posting Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Business Posting Group</td>
<td>Specifies who is sold to (customers) and who is purchased from (vendors).</td>
</tr>
<tr>
<td>General Product Posting Group</td>
<td>Specifies what is being sold (items and resources) and what is being purchased (items).</td>
</tr>
</tbody>
</table>

**General Business Posting Groups**

General business posting groups are assigned to:

- Customers
- Vendors
- G/L Accounts

When setting up general business posting groups, consider how many groups are needed for breaking down:

- Sales by customers
- Purchases by vendors
For example, general business posting groups can be divided by:

- Geographical area
- Type of business
- Type of industry

**Procedure: Set Up General Business Posting Groups**

Follow these steps to set up general business posting groups:

1. On the **Application Setup** page, click **Posting Groups** and then click **Gen. Business Posting Groups**.
2. Click **New**.

   ![FIGURE 4.6 GENERAL BUSINESS POSTING GROUPS](image)

3. In the **Code** field, type a unique identifier for the business group.
4. In the **Description** field, type a short description.
5. In the **Def. VAT Bus. Posting Group** field, enter the VAT Business Posting Group to be used as the default for transactions involving this business group.
6. Select the **Auto Insert Default** check box to automatically insert the **Def. VAT Bus. Posting Group** when the corresponding general business posting group is assigned to a customer, vendor, or G/L account.
7. Click **OK** to close the **Gen. Business Posting Groups** page.
NOTE: Messages appear when you change the contents of the **Def. VAT Bus. Posting Group** field that ask you to update any G/L accounts, customers, and vendors affected by this change.

**General Product Posting Groups**

General product posting groups are assigned to:

- Items
- Resources
- G/L Accounts
- Machine centers
- Work centers
- Item charges

When you are setting up general product posting groups, consider how many groups are needed for breaking down:

- Sales by products (items and resources)
- Purchases by items

For example, general product posting groups can be divided by:

- Raw Material items
- Retail items
- Resources
- Capacities

General product posting groups provide the major product groups reflected in the chart of accounts. Each inventory item and resource is assigned a product posting group.

**Procedure: Set Up General Product Posting Groups**

Follow these steps to set up general product posting groups:

1. On the **Application Setup** page, click **Posting Groups** and then click **Gen. Product Posting Groups**.
Chapter 4: Set Up Posting Groups

2. Click New.

![Image of the New - Gen. Product Posting Groups window]

**FIGURE 4.7 GENERAL PRODUCT POSTING GROUPS**

3. In the **Code** field, type a unique identifier for the product group.
4. In the **Description** field, type a short description.
5. In the **Def. VAT Prod. Posting Group** field, enter the VAT Product Posting Group to be used as the default for transactions involving this product group.
6. Select the **Auto Insert Default** check box to automatically insert the **Def. VAT Prod. Posting Group** when the corresponding general product posting group is assigned to an item, resource, or G/L account.

**NOTE:** Messages appear when you change the contents of the **Def. VAT Prod. Posting Group** field that ask you to update any G/L accounts, items, resources, and item charges affected by this change.

### Procedure: Assign General Posting Groups

Follow these steps to assign general posting groups to G/L accounts:

1. In the navigation pane, click the **Financial Management** department.
2. Click **General Ledger** and then click **Chart of Accounts**.
3. Open the relevant **G/L Account Card**.
4. On the **Posting** FastTab, in the **Gen. Bus. Posting Group** field, enter the relevant business group.
5. In the **Gen. Prod. Posting Group** field, enter the relevant product group.
6. Click **OK** to close the **G/L Account Card**.
Lab 4.2 - Create a Product Posting Group

The purpose of this lab is to reinforce your understanding of the process required to set up a Product Posting Group.

Scenario

As the accounting manager at CRONUS, it is your responsibility to set up general posting groups. A new product group is needed for the newly acquired Home and Garden division of the company.

Use Home as the code and VAT25 as the default VAT posting group. Confirm all messages generated during this setup process, and ensure that the default VAT posting group is always used with this product group.

_HINT_: Leave the _Def. VAT Prod. Posting Group_ field by clicking another field or pressing TAB to generate the confirmation messages.

Challenge Yourself

Create the product posting group as specified in the scenario.

Need a Little Help?

2. Enter the _Code_ and _Description_ as noted in the scenario.
3. Enter the default VAT posting group.
4. Confirm all messages.

Step by Step

1. On the _Application Setup_ page, click _Posting Groups_ and then click _Gen. Product Posting Groups_.
2. Click _New_.
3. In the _Code_ field, type _Home_.
4. In the _Description_ field, type _Home and Garden_.
5. In the _Def. VAT Prod. Posting Group_, enter _VAT25_.
6. Leave the field by clicking another field or pressing TAB.
7. Click _Yes_ to all requests to change all occurrences of this VAT Prod. Posting Group.
8. Ensure that the _Auto Insert Default_ check box is checked.
General Posting Setup

The **General Posting Setup** page is a matrix that combines business and product posting groups. Each combination determines the accounts that are used to post:

- Sales and purchases
- Sales and purchase credit memos
- Sales and purchase invoice discounts and payment discounts
- Cost of Goods Sold and inventory adjustments
- Direct Cost Applied and Overhead Applied
- Purchase variances

For each combination of business and product posting groups, users can assign a different set of G/L accounts. As a result, users can post the sale of the same item to different sales accounts in the general ledger since customers are assigned different general business posting groups.

Users can populate the **General Posting Setup** matrix in the following ways:

- On the **General Posting Setup** page:
  - Manually
  - Using a copy feature
- From the individual general posting group pages

**Procedure: Manually Enter General Posting Setup Lines**

Follow these steps to manually fill in the **General Posting Setup** page:

1. On the **Application Setup** page, click **Posting Groups** and then click **General Posting Setup**.

![FIGURE 4.8 GENERAL POSTING SETUP MATRIX]
2. Right-click the column heading and then select **New Line**.
3. In the **Gen. Bus. Posting Group** field, enter the relevant business group.
4. In the **Gen. Prod. Posting Group** field, enter the relevant product group to complete the combination.
5. In each relevant account field, enter the G/L accounts used to post transactions for the selected general posting combination.
6. Repeat steps 2-5 to set up additional combinations.
7. Click **OK** to close the **General Posting Setup** page.

**NOTE:** If using inventory, in addition to entering every possible combination of general business and general product posting groups, enter a line for each general product posting group with a blank general business posting group. An instance when this combination is necessary is for posting activity from item journals when there is not a customer or vendor assigned to the transaction.

**Procedure: Copy General Posting Setup Lines**

The more general the business and product posting groups are, the more combinations need to be set up in the **General Posting Setup** page. While there may be many different combinations, in many cases, the G/L account numbers are the same (or approximately the same) on several lines.

To limit the amount of manual entry, Microsoft Dynamics NAV provides a copy function that fills in G/L accounts on a line with the G/L account numbers from an already completed line.

**NOTE:** Before using the copy function, the **Gen. Bus. Posting Group** and **Gen. Prod. Posting Group** fields on the line you want to copy to must be filled in.

Follow these steps to run the **Copy General Posting Setup** batch job:

1. On the **Application Setup** page, click **Posting Groups** and then click **General Posting Setup**.
2. Right-click the column heading and then select **New Line**.
4. Ensure the line is selected and then click **Copy**.

![Figure 4.9 Copy - General Posting Setup Function](image)

**FIGURE 4.9 COPY - GENERAL POSTING SETUP FUNCTION**

6. In the **Copy** field, select either All fields or Selected fields.
7. Click **OK**.
8. Click **Yes** to copy the General Posting Setup.
9. Adjust the copied account numbers as needed.
10. Click **OK** to close the **General Posting Setup** page.

**Procedure: Create Posting Setup Lines from General Posting Groups**

Instead of setting up all general posting groups at once in the **General Posting Setup** page, general business and product posting groups can be set up individually from the respective pages by clicking **Setup** on the Action Pane.

In the following example, the general business posting group is used; however, the process is the same for the general product posting group.

Follow these steps to review or fill in the **General Posting Setup** page from the **Gen. Business Posting Groups** page:

1. On the **Application Setup** page, click **Posting Groups** and then click **Gen. Business Posting Groups**.
2. Select the general business posting group line to review or set up.
3. Click **Setup**; the **General Posting Setup** page for the selected general business posting group appears.
   - If combinations have been set up, the posting setup lines are filtered to only show those combinations with the selected general business posting group.
   - If combinations have not been set up, the **Gen. Bus. Posting Group** field on the first empty line is automatically populated based on the selected general business posting group.

4. Complete the general product posting group fields and account fields as necessary.
Lab 4.3 - Copy a General Posting Setup Line

The purpose of this lab is to reinforce your understanding of the process required to copy a General Posting Setup line.

Scenario

Previously, you set up a general product posting group for the newly acquired Home and Garden division of the company. It is now time to set up the posting combination using the general business posting group NATIONAL.

Since this new posting set up combination uses the same G/L accounts as the NATIONAL/RETAIL combination, use the copy function to copy all fields.

Challenge Yourself

1. Insert the new general posting setup combination line as specified in the scenario.
2. Run the Copy function as specified in the scenario.

Need a Little Help?

1. Open the General Posting Setup page.
2. Enter the new posting group combination line as specified in the scenario.
3. Use the Copy function to copy from the existing combination specified in the scenario.

Step by Step

1. On the Application Setup page, click Posting Groups and then click General Posting Setup.
2. Right-click the column heading and then select New Line.
5. Click Copy.
8. Ensure that the Copy field is set to All fields and click OK.
9. Click Yes to copy the General Posting Setup.
10. Click OK to close the General Posting Setup page.
VAT Posting Groups

Value-added tax (VAT) is a transaction tax paid by the end consumer, including businesses.

VAT posting groups define how VAT is calculated and posted according to:

- Who is sold to or purchased from (customers and vendors).
- What is sold or purchased (items and resources).

The principles for setting up VAT posting groups are similar to those for setting up general posting groups:

- VAT business posting groups are set up and assigned to customers and vendors.
- VAT product posting groups are set up and assigned to items and resources.
- Combinations of VAT business and product posting groups are specified in the VAT Posting Setup page.

Procedure: Set Up VAT Business Posting Groups

VAT business posting groups determine the calculation and posting of VAT according to the location (country/region) of the customer or vendor involved in a transaction.

When setting up VAT business posting groups, consider how many groups are needed, based on a number of factors, including:

- Local legislation
- Trading both domestically and internationally

Follow these steps to set up VAT business posting groups:

1. On the Application Setup page, click VAT Posting Group and then click VAT Business Posting Groups.
2. Click **New**.

![FIGURE 4.10 VAT BUSINESS POSTING GROUPS](image)

3. In the **Code** field, type a unique identifier for the business group.
4. In the **Description** field, type a short description.
5. Click **OK** to close the **VAT Business Posting Groups** page.

**Procedure: Set Up VAT Product Posting Groups**

VAT product posting groups determine the calculation and posting of VAT according to the type of:

- Item being purchased
- Item or resource being sold
- Costs such as item charges

When setting up VAT product posting groups, consider how many groups are needed, based on the tax liability for items and resources. For example, VAT product posting groups can be set up to group items into food items that require 10 percent VAT, and non-food items that require 15 percent VAT.

Follow these steps to set up VAT product posting groups:

1. On the **Application Setup** page, click **VAT Posting Group** and then click **VAT Product Posting Groups**.
2. Click New.

![FIGURE 4.11 VAT PRODUCT POSTING GROUPS](image)

3. In the **Code** field, type a unique identifier for the product group.
4. In the **Description** field, type a short description.
5. Click **OK** to close the VAT Product Posting Groups page.

**Assign Default VAT Posting Groups**

Once the VAT posting groups are set up, they must be assigned to:

- Customers and vendors
- Items and resources
- G/L accounts (where applicable)

Instead of manually assigning these groups to accounts, assign:

- Default VAT business posting groups to general business posting groups
- Default VAT product posting groups to general product posting groups

Microsoft Dynamics NAV then automatically inserts the relevant code as the VAT business or product posting group when the relevant general business or product posting group is assigned to a customer, vendor, item, resource, or G/L account.
Chapter 4: Set Up Posting Groups

Procedure: Manually Assign VAT Posting Groups

If the default feature is not used, manually assign VAT posting groups to customers, vendors, items, resources and G/L accounts.

Follow these steps to assign VAT business posting groups to customers and vendors:

1. Open a customer or vendor card.
2. Expand the Invoicing FastTab.
3. In the VAT Bus. Posting Group field, enter the relevant business group.
4. Click OK to close the customer or vendor card.

Follow these steps to assign VAT product posting groups to items and resources:

1. Open an item or resource card.
2. Expand the Invoicing FastTab.
3. In the VAT Prod. Posting Group field, enter the relevant product group.
4. Click OK to close the item or resource card.

Follow these steps to assign VAT posting groups to G/L accounts:

1. Open a G/L Account Card.
2. On the Posting FastTab, in the VAT Bus. Posting Group field, enter the relevant business group.
3. In the VAT Prod. Posting Group field, enter the relevant product group.
4. Click OK to close the G/L Account Card.
Lab 4.4 – Create a VAT Posting Group

The purpose of this lab is to reinforce your understanding of the process required to create a VAT Posting Group.

Scenario

The EU has announced a percent change in VAT, from 25 percent to 26 percent. As the accounting manager at CRONUS, it is your responsibility to create a new VAT Product Posting Group called VAT26. Use a similar description as used for the VAT25 line.

Challenge Yourself

Set up the new VAT posting group as specified in the scenario.

Need a Little Help?

1. Open the VAT Product Posting Groups page.
2. Enter the new VAT posting group as specified in the scenario.

Step by Step

1. On the Application Setup page, click VAT Posting Group and then click VAT Product Posting Groups.
2. Click New.
4. In the Description field, type "Miscellaneous with 26 % VAT".
5. Click OK to close the VAT Product Posting Groups page.
VAT Posting Setup

The VAT Posting Setup page is a matrix that combines VAT business and product posting groups, similar to the General Posting Setup page. However, the VAT Posting Setup page contains additional fields specific to VAT recording and posting.

For each combination in the VAT Posting Setup page, specify:

- VAT percentage
- VAT calculation type
- G/L account numbers for VAT posting relating to:
  - Sales
  - Purchases
  - Reverse charge VAT

Each combination can also be set up to:

- Record unrealized VAT
- Adjust VAT for payment discounts
Setting up VAT posting includes:

- VAT calculation types
- Entering lines:
  - Manually
  - Copying from existing lines
  - From the individual VAT posting group page

### VAT Calculation Type

Microsoft Dynamics NAV has four methods of calculating VAT, as shown in the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal VAT</td>
<td>Use this option to calculate VAT for items sold or purchased with this particular combination of business posting group and product posting group code. With this option, the seller of the item calculates and withholds the VAT.</td>
</tr>
<tr>
<td>Reverse Charge VAT</td>
<td>Use this option when you are trading with other countries/regions within the European Union (EU), where the purchaser must calculate and settle VAT accounts with the tax authorities. If this option is used, the Reverse Chrg. VAT Acc. field must be filled in. When you are selling goods with reverse charge VAT, VAT is neither calculated nor withheld. When you are purchasing goods, the program: Calculates the VAT amount. Debits the Purchase VAT Account. Credits the Reverse Chrg. VAT Account.</td>
</tr>
<tr>
<td>Full VAT</td>
<td>Use this option when the amount to post—with this particular combination of VAT business posting group and VAT product posting group—consists entirely of VAT. This option is useful, for example, when you are: Recording import VAT. Making a corrective entry to correct a VAT calculation error. If a corrective entry is made using Full VAT, the original VAT entries are not referenced. This may make the preparation of the VAT Statement more difficult.</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>Use this option only if U.S. sales tax is recorded instead of VAT.</td>
</tr>
</tbody>
</table>
VAT Posting Setup Options

The VAT Posting Setup matrix can be populated in the following ways:

- In the VAT Posting Setup page:
  - Manually
  - Using the copy feature
- From the individual VAT posting group page

**NOTE:** This lesson does not address unrealized VAT, adjusting VAT for payment discounts, or reverse charge VAT for trading between EU countries/regions. These areas are explained in the "Additional VAT Posting Setup" lesson in this course.

Procedure: Manually Enter VAT Posting Setup Lines

Follow these steps to manually fill in the VAT Posting Setup page:

1. On the Application Setup page, click VAT Posting Group and then click VAT Posting Setup.
2. Right-click the column heading and then select New Line.
3. In the VAT Bus. Posting Group field, enter the relevant business group.
4. In the VAT Prod. Posting Group field, enter the relevant product group to complete the combination.
5. In the VAT Identifier field, type a VAT grouping identifier.
6. In the VAT % field, type the relevant VAT rate. Do not enter the percentage sign (%).
7. In the VAT Calculation Type field, enter the relevant calculation method.
8. In each account field, specify the G/L accounts used to post transactions for the selected VAT posting combination.
9. Repeat steps 2-8 to set up additional VAT posting combinations.
10. Click OK to close the VAT Posting Setup page.

**NOTE:** If you are using inventory, in addition to entering every possible combination of VAT business and VAT product posting groups, enter a line for each VAT product posting group with a blank VAT business posting group.

This is relevant when you post a purchase/sale from a journal and the vendor/customer is not defined.
Copy VAT Posting Setup Lines

The more VAT business and product posting groups, the more combinations need to be set up in the VAT Posting Setup page.

To limit the amount of manual entry, use the Copy - VAT Posting Setup function to populate new VAT posting combinations with all fields or selected fields from an already completed line.

**NOTE:** Before using the copy function, you must fill in the VAT Bus. Posting Group and VAT Prod. Posting Group fields on the line you want to copy to.

Procedure: Copy VAT Posting Setup Lines

Follow these steps to run the Copy - VAT Posting Setup batch job:

1. On the Application Setup page, click VAT Posting Group and then click VAT Posting Setup.
2. Right-click the column heading and then select New Line.
4. Ensure that the line is selected, and then click Copy; the Copy - VAT Posting Setup batch job appears.
5. Specify the VAT Bus. Posting Group and VAT Prod. Posting Group of the line to copy from.
6. In the Copy field, select either All fields or Selected fields. The following table shows the fields copied.

<table>
<thead>
<tr>
<th>Option</th>
<th>Includes</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT % etc.</td>
<td>VAT %, VAT Calculation Type, Unrealized VAT Type, and Adjust for Payment Discount fields.</td>
</tr>
<tr>
<td>Sales Accounts</td>
<td>All sales account information.</td>
</tr>
<tr>
<td>Purchase Accounts</td>
<td>Purchases and Reverse Charge account information.</td>
</tr>
</tbody>
</table>

7. Click OK.
8. Click Yes to copy the VAT Posting Setup.
9. Adjust the copied information as needed.
10. Click OK to close the VAT Posting Setup page.
Procedure: Create Posting Setup Lines from VAT Posting Groups

Instead of setting up all VAT posting groups at once in the VAT Posting Setup page, users can set up VAT business and product posting groups individually from the respective pages by clicking Setup on the Action Pane.

In the following example, the VAT business posting group is used; however, the process is the same for the VAT product posting group.

Follow these steps to review or fill in the VAT Posting Setup page from the VAT Business Posting Groups page:

1. On the Application Setup page, click VAT Posting Group and then click VAT Business Posting Groups.
2. Select the VAT business posting group line to review or set up.
3. Click Setup; the VAT Posting Setup page for the selected VAT business posting group appears.
   - If combinations have been set up, the posting setup lines are filtered to only show those combinations with the selected VAT business posting group.
   - If combinations have not been set up, the VAT Bus. Posting Group field on the first empty line is automatically populated based on the selected VAT business posting group.
4. Complete the posting combination fields as needed.
Lab 4.5 – Copy a VAT Posting Setup

The purpose of this lab is to reinforce your understanding of the process required to copy a VAT Posting Setup.

Scenario

Previously, you set up a VAT product posting group for the new EU percentage change in VAT, from 25 percent to 26 percent. As the accounting manager at CRONUS, it is your responsibility to:

- Create a posting combination of the new VAT product posting group with the existing VAT business posting group for the EU.
- Ensure that the new combination uses the same information and G/L accounts as the VAT25 posting group.

*NOTE*: Normally, new G/L accounts are created to post the G/L entries with the new VAT percentage to separate accounts. However, setting up new accounts is not the focus of this exercise.

Challenge Yourself

1. Create the VAT posting combination as specified in the scenario.
2. Run the Copy function.

*HINT*: Reset the VAT % after the copy function runs.

Need a Little Help?

1. Open the VAT Posting Setup page.
2. Insert a new line and set up the VAT posting combination, as stated in the scenario.
3. Use a VAT Identifier similar to the one used for VAT25.
4. Run the Copy function for the EU / VAT25 combination for all fields.
5. Update the VAT % field to 26.
Step by Step

1. On the Application Setup page, click VAT Posting Group and then click VAT Posting Setup.
2. Right-click the column heading and then select New Line.
3. In the VAT Bus. Posting Group field, enter EU.
5. In the VAT Identifier field, type VAT26.
6. With this new line selected, click Copy.
7. In the VAT Bus. Posting Group field, enter EU.
8. In the VAT Prod. Posting Group field, enter VAT25.
9. Click OK to run the copy function.
10. Click Yes to copy the VAT posting setup.
11. In the VAT % field, type 26.
12. Click OK to close the VAT Posting Setup page.
Additional VAT Posting Setup

Setup details for additional VAT features include:

- Unrealized VAT
- Adjusting for payment discounts
- Reverse charge VAT for trade between EU countries

**NOTE:** These fields are hidden on the VAT Posting Setup page. Use the Choose Columns function to access these fields.

Unrealized VAT

VAT is typically calculated when the invoice is created but is not due or realized until the invoice is paid. Microsoft Dynamics NAV provides an option to record VAT as unrealized until the invoice is paid.

To process unrealized VAT, the Unrealized VAT check box must be checked in the General Ledger Setup page.

Define how and when VAT is realized in the Unrealized VAT Type field in the VAT Posting Setup page:

- The default value is blank, indicating that unrealized VAT is not calculated for the combination of VAT business and VAT product posting groups.
- If unrealized VAT needs to be calculated, five options—shown in the following table—are available.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>Each payment covers both VAT and invoice amount in proportion to the payment's percentage of the remaining invoice amount. The paid VAT amount is transferred from the unrealized VAT account to the VAT account.</td>
</tr>
<tr>
<td>First</td>
<td>Payments cover VAT first and then invoice amounts. The amount transferred from the unrealized VAT account to the VAT account equals the amount of the payment until the total VAT is paid.</td>
</tr>
<tr>
<td>Last</td>
<td>Payments cover the invoice amount first and then VAT. No amount is transferred from the unrealized VAT account to the VAT account until the total amount of the invoice, exclusive of VAT, is paid.</td>
</tr>
</tbody>
</table>
Chapter 4: Set Up Posting Groups

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>First (Fully Paid)</td>
<td>Payments cover VAT first (as in the First option), but no amount is transferred to the VAT account until the full amount of VAT is paid.</td>
</tr>
<tr>
<td>Last (Fully Paid)</td>
<td>Payments cover the invoice amount first (as in the Last option), but no amount is transferred to the VAT account until the full amount of VAT is paid.</td>
</tr>
</tbody>
</table>

Once the **Unrealized VAT Type** is selected, enter the accounts that unrealized VAT posts to in the following fields:

- Sales VAT Unreal. Account
- Purch. VAT Unreal. Account
- Reverse Chrg. VAT Unreal. Acc.

**Adjust VAT for Payment Discounts**

Set the program to recalculate VAT amounts when you post payments that trigger payment discounts. For example, if a customer receives a payment discount for a timely payment, the VAT amount is recalculated using the same VAT % as when you originally posted the sales invoice for this customer.

To include VAT in the payment discount calculation:

- In the **General Ledger Setup** page, select the **Adjust for Payment Disc.** check box.
- In the **VAT Posting Setup** page, select the **Adjust for Payment Discount** check box for each applicable VAT posting combination.

With this method, if an invoice is paid in time to receive the payment discount, Microsoft Dynamics NAV adjusts both the VAT entry and customer ledger entry to reflect the payment discount.

**NOTE:** To exclude VAT from payment discount calculations, select the **Payment Disc. Excl. VAT** check box in the **General Ledger Setup** page. The **Payment Disc. Excl. VAT** and the **Adjust for Payment Disc.** fields are mutually exclusive.

**Purchases from EU Countries/Regions**

When you are posting a purchase from a vendor in another EU country/region:

- VAT must be calculated using the rate applicable for the country/region making the purchase.
Application Setup in Microsoft Dynamics® NAV 2009

- On the VAT statement, the VAT amount is added to the domestic sales VAT and to the domestic purchase VAT, meaning the calculated VAT does not affect the VAT payable.

- The value of purchases from EU countries/regions (base amount used to calculate purchase VAT) must be reported separately on the VAT statement.

To have VAT on purchases from EU countries/regions treated correctly in Microsoft Dynamics NAV, the following must be set up:

- In the **VAT Posting Setup** page:
  - Set up VAT Bus. Posting Group and VAT Prod. Posting Group combinations with Reverse Charge VAT in the VAT Calculation Type field.
  - In the Reverse Chrg. VAT Account field, type the G/L account where reverse charge VAT is posted.

- In the **Vendor Card** of each EU vendor:
  - On the Foreign Trade FastTab, in the VAT Registration No. field, type the vendor's VAT registration number.

**Sales to EU Countries/Regions**

VAT is not calculated on sales to VAT-liable companies in other EU countries/regions. The value of such sales to EU countries/regions must be reported separately on the VAT statement.

To have VAT on sales to EU countries/regions treated correctly in Microsoft Dynamics NAV, the following must be set up:

- In the **VAT Posting Setup** page:
  - If posting combinations have been set up for purchases from EU countries/regions, use the copy feature to create identical combinations for sales to EU countries/regions.
  - If posting combinations have not been set up for purchases from the EU, set up posting combinations identical to those set up for sales to EU countries/regions.

- In the **Customer Card** of each EU customer:
  - On the Foreign Trade FastTab, in the VAT Registration No. field, type the customer's VAT registration number.
Based on this setup, when posting a sale to a customer in another EU country/region, Microsoft Dynamics NAV:

- Calculates the VAT amount.
- Creates a VAT entry containing the:
  - Reverse Charge VAT.
  - VAT base (the amount used to calculate the VAT amount).
- Does not post entries to the VAT accounts in the general ledger.

**Test Your Knowledge: Additional VAT Posting Setup**

1. What must be set up to use unrealized VAT? (Select all that apply)
   - ( ) The Unrealized VAT check box must be checked in the VAT Posting Setup page
   - ( ) The Unrealized VAT check box must be checked in the General Ledger Setup page
   - ( ) An Unrealized VAT Type, other than blank, must be selected
   - ( ) The Unrealized VAT sales, purchase, and reverse charge accounts must be specified

2. What must be set up to exclude VAT in payment discount calculations?
   - ( ) In the General Ledger Setup page, the Adjust for Payment Disc. check box must be checked
   - ( ) In the VAT Posting Setup page, the Payment Disc. Excl. VAT check box must be checked for each applicable VAT posting combination
   - ( ) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be checked for each applicable VAT posting combination
   - ( ) In the General Ledger Setup page, the Payment Disc. Excl. VAT check box must be checked
3. What must be set up to include VAT in payment discount calculations? (Select all that apply)

   ( ) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be empty for each applicable VAT posting combination

   ( ) In the General Ledger Setup page, the Adjust for Payment Disc. check box must be checked

   ( ) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be checked for each applicable VAT posting combination

   ( ) In the General Ledger Setup page, the Payment Disc. Excl. VAT check box must be checked

4. When is VAT not calculated to VAT-liable companies in other EU countries/regions?

   ( ) On purchases

   ( ) On both sales and purchases

   ( ) On sales

   ( ) None, VAT is always calculated

5. What VAT Calculation Type must be used if an EU company trades with other EU countries/regions?

   ( ) Normal VAT

   ( ) Reverse Charge VAT

   ( ) Full VAT

   ( ) Full Charge VAT
Procedure: Determine Posting Groups

The posting group structure is set up using the chart of accounts as a guide. To provide further explanation of posting group setup decisions, this lesson discusses how general posting groups were established in CRONUS.

One of the first considerations is the segregation of products. For CRONUS, the primary categories of products are:

- Retail
- Raw Materials
- Resources (Services)
- Capacities

These categories are set up as general product posting groups.

The next consideration is the division of customers and vendors. The following primary classifications of customers and vendors are used in CRONUS:

- Domestic (or National)
- EU
- Export for the Sales accounts and the Purchases accounts

These categories are set up as general business posting groups.

In the CRONUS company, the names used in the general posting groups correspond with account names used in the chart of accounts.

Follow these steps to compare the chart of accounts with the general business posting groups, as set up in CRONUS:

1. In the navigation pane, click the Financial Management department.
2. Click General Ledger, and then click Chart of Accounts.
3. Locate account 6100, Revenue in the list of accounts (do not set a filter).
4. Note the account classifications of Revenue:
   - 6105, Sales of Retail
   - 6205, Sales of Raw Material
   - 6405, Sales of Resources

These chart of account classifications correspond with the general product posting groups.
Each revenue classification has subcategories including:

- Dom.
- EU
- Export

These chart of accounts sub-classifications correspond with the general business posting groups.

Follow these steps to compare the general posting groups with the chart of accounts as set up in CRONUS:

1. On the **Application Setup** page, click **Posting Groups** and then click **Gen. Product Posting Groups**. Notice that the general product posting group names are similar to the chart of account names attached to the product classifications.
2. On the address bar, click **Posting Groups** to re-open the **Posting Groups** page.
3. Click **Gen. Business Posting Groups**. Notice that general business posting group names are similar to the chart of account names attached to the sub-categories of the product classifications.
4. Re-open the **Posting Groups** page.

The following reviews how the chart of accounts is mapped to posting groups in the **General Posting Setup** page in CRONUS for:

- The combination of Export general business posting group and Retail general product posting group.
- The sales account posting.

Follow these steps to review the mapping:

1. On the **Posting Groups** page, click **General Posting Setup**.
2. Locate the EXPORT general business posting group and RETAIL general product posting group combination.
3. Review the account in the **Sales Account** field. Based on this setup, when a sales transaction is posted using this posting group combination, the amount is posted to G/L Account 6130, the Sales, Retail - Export account.
4. Close the **General Posting Setup** page.
Demonstration: Post and Review a Sales Transaction

This demonstration uses an analysis of a posted sales transaction to review the effect of posting on the chart of accounts and the impact of the posting setup.

Scenario: Arnie, the Accounts Receivable Administrator at CRONUS, creates a sales invoice to customer 10000 for items 1964-W and 70011. He reviews the posting groups for the customer and items to compare them to the posted G/L entries.

Steps: Review Customer Posting Setup from the Sales Invoice Header

Follow these steps to create the sales invoice header and review the customer posting setup:

1. In the navigation pane, click the Sales & Marketing department.
2. On the Sales & Marketing page, click Order Processing and then click Sales Invoices.
3. Click New and press ENTER.
4. In the Sell-to Customer No. field, enter 10000.
5. Leave the field by clicking another field or pressing TAB. The sales invoice header is populated.
6. In the Customer Details FactBox, click Customer No. 10000 to open the Customer Card.
7. Expand the Invoicing FastTab. This customer is set up with the following posting setup:
   - VAT Bus. Posting Group: NATIONAL
   - Customer Posting Group: DOMESTIC
8. In the Customer Posting Group field, click the drop-down arrow and then click Advanced to review the posting setup for Domestic customers.
Account 2310 appears in the **Receivables Account** field. This is the account to which Microsoft Dynamics NAV posts the receivables amount (sales amount including VAT) for this sales invoice.

**FIGURE 4.13 POSTING GROUPS AND G/L ACCOUNTS ASSIGNED TO CUSTOMER 10000**

9. Close the **Customer Posting Groups** and **Customer Card** pages.

10. In the **Posting Date** field, type 01/01/10 and then press ENTER.

**Steps: Review Item Posting Setup from the Sales Invoice Line**

Follow these steps to create the sales invoice lines and review the posting setup for two items:

1. Click in the lines of the new sales invoice.
2. In the **Type** field, enter **Item**.
3. In the **No.** field, type 1964-W, and then press TAB.
4. In the Item Details - Invoicing FactBox, click Item No. **1964-W** to open the Item Card.
5. Expand the Invoicing FastTab. This item is set up with the following posting setup:
   - VAT Prod. Posting Group: VAT25
   - Inventory Posting Group: FINISHED

FIGURE 4.14 POSTING GROUPS ASSIGNED TO ITEM 1964-W

6. Close the Item Card page.
7. In the Quantity field, type 10 and then press ENTER.
8. Click the next line.
9. In the No. field, type 70011 and then press ENTER.
10. In the Item Details - Invoicing FactBox, click Item No. 70011.
11. Review the Invoicing FastTab. This item is set up with the following posting setup:
   - VAT Prod. Posting Group: VAT25
   - Inventory Posting Group: RAW MAT

12. Close the Item Card page.
13. In the Quantity field, type 10 and then press ENTER.
The following table shows that based on the customer and item posting setup, the following general and VAT posting group combinations are used when you post this invoice.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1964-W</td>
<td>NATIONAL</td>
<td>RETAIL</td>
<td>NATIONAL</td>
<td>VAT 25</td>
</tr>
<tr>
<td>70011</td>
<td>NATIONAL</td>
<td>RAW MAT</td>
<td>NATIONAL</td>
<td>VAT 25</td>
</tr>
</tbody>
</table>

**Steps: Review the General Posting Setup**

Follow these steps to review the general posting combinations in the **General Posting Setup** page:

1. On the **Application Setup** page, click **Posting Groups** and then click **General Posting Setup**.
2. Review the posting combinations:
   - For the item 1964-W combination, National and Retail, account 6110 appears in the **Sales Account** field.
   - For the item 70011 combination, National and Raw Mat, account 6210 appears in the **Sales Account** field.
3. Close the **General Posting Setup** page.
By combining the posting groups of customer 10000 and items 1964-W and 70011, Microsoft Dynamics NAV will post the following amounts when the sales invoice is posted:

- 2920.00 to account 6110 for item 1964-W.
- 723.00 to account 6210 for item 70011.

### Steps: Review the VAT Posting Setup

Follow these steps to review the VAT posting combinations in the VAT Posting Setup page:

1. On the Application Setup page, click VAT Posting Group and then click VAT Posting Setup.
2. Review the posting combination of National and VAT25:
   - Account 5610 appears in the Sales VAT Account field.
   - The VAT % field contains 25, so VAT for the sale of each item is as follows:
     - For item 1964-W, 2920 x 25% = 730.00
     - For item 70011, 723 x 25% = 180.75

![VAT Posting Setup](image)

**FIGURE 4.16 VAT POSTING SETUP OF BOTH ITEMS**

3. Close the VAT Posting Setup page.
By combining the posting groups of customer 10000 and items 1964-W and 70011, Microsoft Dynamics NAV will perform the following when the sales invoice is posted:

- Determine the sales VAT account and VAT percentage.
- Calculate VAT on the sale.
- Post two separate VAT entries (730.00 and 180.75) for account 5610.

**Steps: Post the Sales Invoice**

The table below shows the expected results of posting the sales invoice:

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>6210 Sales, Raw Materials - Domestic</td>
<td>Sale Amount (723.00)</td>
<td></td>
</tr>
<tr>
<td>6110 Sales, Retail - Domestic</td>
<td>Sale Amount (2920.00)</td>
<td></td>
</tr>
<tr>
<td>5610 Sales VAT 25% Account</td>
<td>VAT (180.75+730.00)</td>
<td></td>
</tr>
<tr>
<td>2310 Customers, Domestic</td>
<td>Sale Amount (723.00+2920.00) + VAT (180.75+730.00) = 4,553.75</td>
<td></td>
</tr>
</tbody>
</table>

Follow these steps to post the sales invoice:

1. Open the Sales Invoice for the new invoice to customer 10000.
2. Click Post.
3. Click Yes to post the invoice.

**Steps: Review a Sales Transactions in G/L**

Follow these steps to review the posted G/L entries:

1. In the navigation pane, click the Posted Documents button and then click Posted Sales Invoices.
2. Locate and select the sales invoice posted to customer 10000, The Cannon Group PLC, in the amount of 3,643.00 or 4,553.75, including VAT.
3. Click **Navigate** to review the list of all documents and ledger entries related to this posted invoice.

When the sales invoice posted, Microsoft Dynamics NAV also created and posted:

- G/L entries
- VAT entries
- Customer ledger entries
- Detailed customer ledger entries
- Value entries for the items

4. Click the **G/L Entry** line and then click **Show**; the **General Ledger Entries** page appears.

5. Verify that the amounts match the expected amounts listed in the table in the "Post the Sales Invoice" lesson. (Any slight differences are due to Rounding setup in CRONUS.)

6. Close the open pages.

**Short Answer Question: Vendor Transaction Posting Results**

1. Based on existing entries in CRONUS, but without posting a purchase invoice, determine the amounts and G/L accounts that are posted to when a purchase invoice is posted for **Vendor 40000, Lewis Home Furniture**, for the following items:

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>40</td>
</tr>
<tr>
<td>1120</td>
<td>800</td>
</tr>
</tbody>
</table>

**HINT:** Remember that you are looking for information on purchase entries. Therefore, the **Direct Unit Cost**, found on the **Invoicing** FastTab, is used to determine cost.

Use the following table to document the expected results.

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Summary

The three types of posting groups that are used when selling inventory and resources to customers, in addition to buying inventory from vendors are:

- Specific posting groups
- General posting groups
- VAT posting groups

Using the chart of accounts as a guide, posting groups provide the link between the general ledger and the other application areas in Microsoft Dynamics NAV.

To ensure that posting groups are set up correctly and support the defined business strategy, the person in charge of application setup must understand how posting groups are used in Microsoft Dynamics NAV.
Test Your Knowledge

Test your knowledge with the following questions.

1. Which type of posting group is used to identify balance sheet accounts for each subsidiary or supporting ledger?
   ( ) All posting groups
   ( ) Specific posting groups
   ( ) General posting groups
   ( ) VAT posting groups

2. Which type of posting group is used to identify Income Statement accounts for each subsidiary or supporting ledger?
   ( ) All posting groups
   ( ) Specific posting groups
   ( ) General posting groups
   ( ) VAT posting groups

3. What is VAT? (Select all that apply)
   ( ) Tax paid by the end consumer, including businesses
   ( ) Value added tax
   ( ) A transaction tax
   ( ) Value assessment tax

4. Which of the following are specific posting groups? (Select all that apply)
   ( ) Item
   ( ) Customer
   ( ) Resource
   ( ) Fixed Asset
5. Which of the following are assigned general posting groups? (Select all that apply)

   ( ) Fixed Asset
   ( ) Resource
   ( ) Customer
   ( ) Item

6. Which of the following are assigned VAT posting groups? (Select all that apply)

   ( ) Item
   ( ) Vendor
   ( ) Resource
   ( ) Bank Account
Quick Interaction: Lessons Learned

Take a moment and write down three key points you have learned from this chapter.

1. 

2. 

3. 

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Solutions

Test Your Knowledge: Additional VAT Posting Setup

1. What must be set up to use unrealized VAT? (Select all that apply)
   (~) The Unrealized VAT check box must be checked in the VAT Posting Setup page
   (~) The Unrealized VAT check box must be checked in the General Ledger Setup page
   (~) An Unrealized VAT Type, other than blank, must be selected
   (~) The Unrealized VAT sales, purchase, and reverse charge accounts must be specified

2. What must be set up to exclude VAT in payment discount calculations?
   (~) In the General Ledger Setup page, the Adjust for Payment Disc. check box must be checked
   (~) In the VAT Posting Setup page, the Payment Disc. Excl. VAT check box must be checked for each applicable VAT posting combination
   (~) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be checked for each applicable VAT posting combination
   (~) In the General Ledger Setup page, the Payment Disc. Excl. VAT check box must be checked

3. What must be set up to include VAT in payment discount calculations? (Select all that apply)
   (~) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be empty for each applicable VAT posting combination
   (~) In the General Ledger Setup page, the Adjust for Payment Disc. check box must be checked
   (~) In the VAT Posting Setup page, the Adjust for Payment Discount check box must be checked for each applicable VAT posting combination
   (~) In the General Ledger Setup page, the Payment Disc. Excl. VAT check box must be checked

4. When is VAT not calculated to VAT-liable companies in other EU countries/regions?
   (~) On purchases
   (~) On both sales and purchases
   (~) On sales
   (~) None, VAT is always calculated
5. What VAT Calculation Type must be used if an EU company trades with other EU countries/regions?

   ( ) Normal VAT
   (●) Reverse Charge VAT
   ( ) Full VAT
   ( ) Full Charge VAT

**Short Answer Question: Vendor Transaction Posting Results**

1. Based on existing entries in CRONUS, but without posting a purchase invoice, determine the amounts and G/L accounts that are posted to when a purchase invoice is posted for **Vendor 40000, Lewis Home Furniture**, for the following items:

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>40</td>
</tr>
<tr>
<td>1120</td>
<td>800</td>
</tr>
</tbody>
</table>

   **MODEL ANSWER:** Account 7210 is debited 1600.00, account 7110 is debited 5186.84, account 5360 is debited for 400.00 and 1296.71, and account 5410 is credited 8483.55

**Test Your Knowledge**

1. Which type of posting group is used to identify balance sheet accounts for each subsidiary or supporting ledger?

   ( ) All posting groups
   (●) Specific posting groups
   ( ) General posting groups
   ( ) VAT posting groups

2. Which type of posting group is used to identify Income Statement accounts for each subsidiary or supporting ledger?

   ( ) All posting groups
   ( ) Specific posting groups
   (●) General posting groups
   ( ) VAT posting groups
3. What is VAT? (Select all that apply)
   - (✓) Tax paid by the end consumer, including businesses
   - (✓) Value added tax
   - (✓) A transaction tax
   - ( ) Value assessment tax

4. Which of the following are specific posting groups? (Select all that apply)
   - (✓) Item
   - (✓) Customer
   - ( ) Resource
   - (✓) Fixed Asset

5. Which of the following are assigned general posting groups? (Select all that apply)
   - ( ) Fixed Asset
   - (✓) Resource
   - (✓) Customer
   - (✓) Item

6. Which of the following are assigned VAT posting groups? (Select all that apply)
   - (✓) Item
   - (✓) Vendor
   - (✓) Resource
   - ( ) Bank Account