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Settlement Management in SAP S/4HANA®

Condition Contract Settlement

- ▶ Customer rebates, supplier rebates, commission settlement
- ▶ Example process—Sales Commissions for External Agents
- ▶ All settlement scenarios in one module
- ▶ 2nd edition with new functionalities in Release 1909

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2 Example of contract settlement using customer rebate

Contract settlement can be used for both customers and suppliers for numerous applications, which are described in the following chapters. However, it is important to first understand the general way contract settlement works. To do this, we will first explain it using a simple example.

Use case

A customer purchases merchandise from our sample company using S/4HANA contract settlement. They receive a rebate from this sale. This is calculated and paid monthly. Retroactive corrections must be taken into account here. The rebate agreement is mapped in a condition contract.

2.1 Condition contract for customer-side settlement

At the core of every settlement is the *condition contract*. This is where you define the rules for determining the rebate base, settlement dates, the amount to be rebated and the rebate recipient.

Using the following Fiori tile, you can create, view or modify contracts:



A CONDITION CONTRACT has already been created for our sample customer 10100004 – Fahrradhandel Rad&Tat GmbH, which we will go into more detail below (see Figure 2.1).

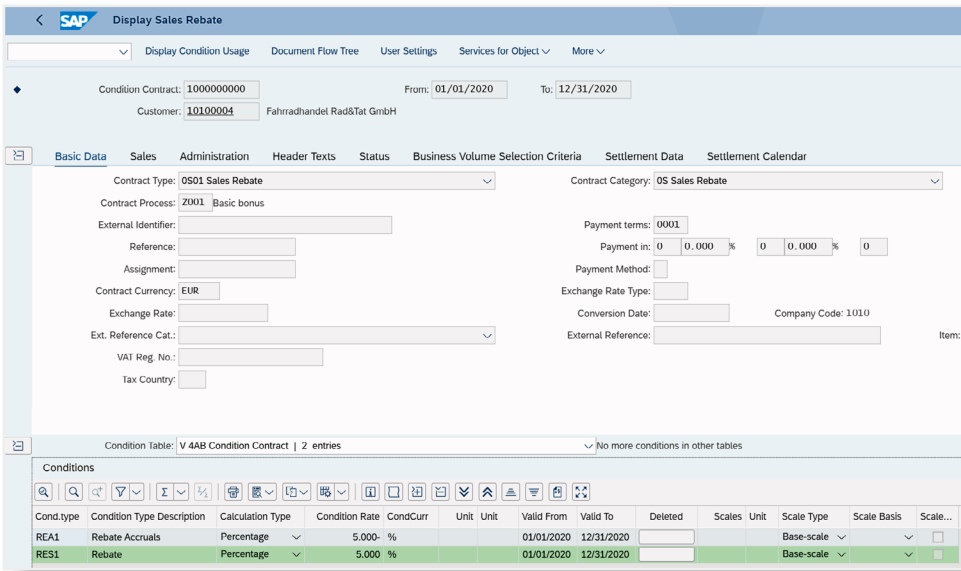


Figure 2.1: Condition contract—initial screen

The contract’s header information, shown in Figure 2.2, contains the contract number, the validity period and the contract owner (our sample customer), who is to receive a sales bonus for 2020. As a rule, contracts are created for contract settlement for one fiscal year.

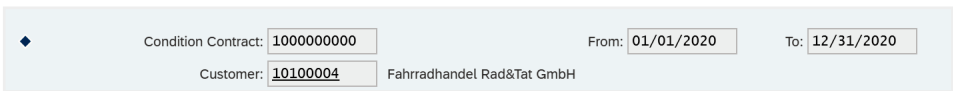


Figure 2.2: Header information

Further detailed information on the contract can be called up or maintained via the tab structure below the header data (Figure 2.3). In the following, we will show you what is behind the individual tabs.

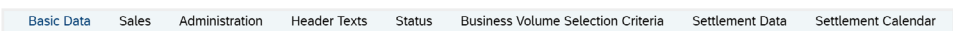


Figure 2.3: Tab structure in condition contract

The BASIC DATA tab takes you to the CONTRACT TYPE (see Figure 2.4). This controls things such as the contract number range, the assigned tables for determining business volume, and which condition types can be stored in the contract. You can also define the CONTRACT CURRENCY and PAYMENT TERMS for the settlement documents. There are also several fields available for reference specifications. For example, these can be used to store an external contract number. Our example contract has a *Sales Rebate* in *EUR*. In our example, the CONTRACT CATEGORY of *OS Sales Rebate* is another grouping criterion for contracts and can be used in report selections or included when determining account/price. It is stored in the system settings of the contract type and cannot be changed within contract maintenance. Different process variants can be assigned to the contract types so that various rebate types can be distinguished within a contract type. For more information on process variants see Section 5.3.

The screenshot shows the 'Basic Data' tab with the following fields and values:

- Contract Type: OS01 Sales Rebate
- Contract Category: OS Sales Rebate
- Contract Process: Z001 Basic bonus
- External Identifier: [Empty]
- Reference: [Empty]
- Assignment: [Empty]
- Contract Currency: EUR
- Exchange Rate: [Empty]
- Ext. Reference Cat.: [Empty]
- VAT Reg. No.: [Empty]
- Tax Country: [Empty]
- Payment terms: 0001
- Payment in: 0 0,000 % 0 0,000 % 0
- Payment Method: [Empty]
- Exchange Rate Type: [Empty]
- Conversion Date: [Empty]
- Company Code: 1010
- External Reference: [Empty]
- Item: 0

Figure 2.4: Basic Data tab

Allocation to SAP organizational units is done via the SALES tab (see Figure 2.5). For a customer contract, this is the *sales area* (consisting of a combination of a Sales Organization, Distribution Channel and Division).

The screenshot shows the 'Sales' tab with the following fields and values:

- Sales Organization: 1010 Dom. Sales Org DE
- Distribution Channel: 10 Direct Sales
- Division: 00 Product Division 00
- Sales office: [Empty]
- Sales group: [Empty]

Figure 2.5: Sales tab

The ADMINISTRATION tab (see Figure 2.6) shows who created or changed the contract and when.

Basic Data	Sales	Administration	Header Texts	Status	Business Volume Selection Criteria
Created By:		Last Changed By: BAER			
Created On: May 31, 2020		Last Changed On: Today			
Created At: 15:36:19		Last Changed At: 13:57:49			
Time Zone: CET					
External Partner: <input type="text"/>					

Figure 2.6: Administration tab

Figure 2.7 shows a partial screenshot of the HEADER TEXTS tab, where you can enter editing notes or texts to be output in forms.

Basic Data	Sales	Administration	Header Texts	Status	Business Volume Selection Criteria	Settlement Data	
Text Type: OS01 Internal Text		Language: EN English					
Text Type	Language						
<input type="checkbox"/> Internal Text	English		Here you can type in a text.				

Figure 2.7: Header Texts tab

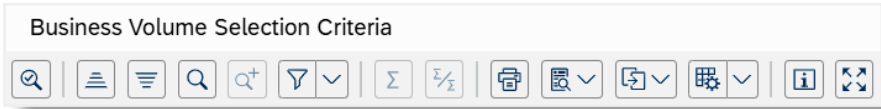
Texts stored here can be printed on the settlement form, for example.





The STATUS tab tells you whether the contract is new, released, locked or logically deleted (see Figure 2.8). A contract with the status “new” cannot yet be settled. It must first be released. If a contract has been locked or deleted, settlement is also no longer possible. Our sample contract has already been released and is therefore ready for settlement.

Basic Data	Sales	Administration	Header Texts	Status
<u>Sys. status</u>	User Status	Bus.Tran		
Active SystemStatus				
Released				

Figure 2.8: Status tab

On the BUSINESS VOLUME SELECTION CRITERIA tab, you define which business volume is to be used as the base for rebates. Various functions are available on the icon bar for this purpose:



In addition to the usual SAP functions for filtering, sorting, layout design, etc., you will work a lot with the icons for inserting a single  or multiple  rows, deleting  or copying  rows.

In the example, all of the customer's business volume in sales organization 1010 is to be selected (see Figure 2.9). On this tab you can also make restrictions (see column INCL EXCL for inclusive/exclusive) to certain product groups and/or items.

FieldComb.	Incl Excl	Valid from	Valid to	Group	Customer	Customer Name	SOrg.	Matt
0003	Inclusive						1010	
0001	Inclusive				10100004	Fahrradhandel Rad&Tat GmbH		

Figure 2.9: Business Volume Selection Criteria tab

Business volume selection

Whereas the customer is defined in the header data and the settlement sales area in the basic data, you define the sales area and customers from which business volume is relevant for settlement on the BUSINESS VOLUME SELECTION CRITERIA tab. You define which criteria can actually be used for business volume selection when you implement contract settlement.

The SETTLEMENT DATA tab is used to determine which material is used for contract settlement if this cannot or should not be determined from the business volume data (see Figure 2.10). SETTLEMENT TYPE CUSTOMER controls how settlement is carried out; for example, *Accounts Receivable* or

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