

# Settlement Deductions

Last Modified on 01/26/2024 4:00 pm CST

A Settlement Deduction is an adjustment reflected as a monetary deduction or addition on the Settlement paid to a customer. These are applied after priced adjustments are made.

Common examples of Settlement Deductions are Commodity assessments or check offs, promo fee, state mandated insurance fund, or indemnity fund.

## Setup

Access the Settlement Deduction function at *Setup / Settlement Deductions*.

The screenshot shows a software window titled "Edit a Settlement Deduction". The window contains the following fields and options:

- Deduction / Addition Reference:** BarTax
- Deduction Type:** Regular
- Description:** Barley Tax
- Default to Deduction:**  Default to Deduction
- Calculate From Gross Units When Available:**  Calculate From Gross Units When Available
- Default to Addition:**  Default to Addition
- Rate/Unit:** .01000
- Class of Deduction:**  Grain Tax
- % of Gross Dollar:** (blank)
- Flat Rate:** 0.0000
- <G/L Posting Account>:** 2450002-00
- G/L Posts to Commodity/Location Purchase Account:**  G/L Posts to Commodity/Location Purchase Account
- <Invoice Item>:** (blank)
- Use Item From Settlement Location:**  Use Item From Settlement Location
- Patronage Category:**  Nets Out Gross Dollars Paid when by percent
- <Category>:** (blank)
- Allow this "Advance" deduction to be tied to a Contract:**  Allow this "Advance" deduction to be tied to a Contract
- Allow this deduction to be used on a Purchase Contract Amendment:**  Allow this deduction to be used on a Purchase Contract Amendment

Buttons: Save, Cancel

- **Deduction/Addition Reference** – This required field is the primary reference used to identify the deduction. A maximum of 6 characters may be used.
- **Deduction Type** – This sets the Settlement Deduction to be a *Regular*, *Taxable*, or *Tax* deduction.
- **Description** – Enter a description to add clarification to the ID used to identify a Settlement Deduction.
- **Default to Deduction/Default to Addition** – At settlement time, any Settlement Deduction may be changed to add or subtract from the net check. This setting determines how it defaults.
- **Calculate From Gross Units When Available** – The deduction calculates based off gross units for the line specified.
- **Rate/Unit** – This specifies the default rate per unit amount. If this amount varies for the Settlement Deduction or addition being entered, then leave the field blank and enter the rate at the *Settlement* screen. This field is not available when the deduction type is set to *Tax*.
- **% of Gross Dollar** – If the Settlement Deduction or addition being entered is calculated as a percentage of the

gross dollar amount, enter the percentage in this field. Enter ½% as .5 and 1.25% as 1.25 (without the percent sign). If the percentage varies, leave this area blank and the value may be entered at the *Settlement* screen.

- **Flat Rate** – Optionally enter a flat rate to default. If this amount varies for the Settlement Deduction or addition being entered, then leave this area blank and manually enter the rate at the *Settlement* screen.
- **G/L Posting Account** – Enter the G/L Account where the transaction are to post. This field is required unless the option *G/L Posts to Commodity/Location Purchase Account* is selected.
- **G/L Posts to Commodity/Location Purchase Account** – Select this option if this deduction is to post to the purchase account of Commodity/Location of the settlement which is defined on the *Grain G/L* tab of the Grain Ledger Account found at *Setup / Grain Ledger Accounts*.
- **Invoice Item** – Double-click in this field to select a Product from the *Select a Product* screen. This Product is used on the sales Invoice created to represent the deduction. Prior to selection, the Product must be set up in the Hub or Accounting at *File / Open / Products*.
- **Use Item From Settlement Location** – Optionally select to use the *Invoice Item* for the Location on the Settlement. The Product ID must be the same for each Location.
- **Nets Out Gross Dollars Paid when by percent** – If this Settlement Deduction is to be removed from the gross dollars for the calculation of another deduction which is paid by percent, select this option.
- **Patronage Category** – If the deduction is to be considered for Patronage, select the category of Patronage. Patronage Categories are established at *Accounting / A/R / Patronage / Setup / Patronage Categories*. Those categories that are purchase related are available to be selected.

## Class of Deduction

- **None** – If no class of deduction is necessary, choose this option.
- **Grain Tax** – This is the most common setting for Settlement Deductions. Grain taxes may be calculated as a flat amount per unit or as a percentage of gross dollars. The *Grain Tax* option must be selected for Grain Taxes and an amount must be entered for the tax in the *Rate/Unit, % of Gross Dollar, or Flat Rate* field.
- **Credit AR** – Select this option if the item being entered should cause the program to generate an Invoice when this item is posted. This is used mostly for payment of A/R balances.
- **Advance Code** – If the item being entered is used for making Advance payments, select this option. This creates an open Advance for the customer when the Advance deduction is applied to a Settlement. A report is available to track open Advances.