

Settlement Deductions

Last Modified on 10/23/2025 9:25 am CDT

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 checkoffs, promo fee, state mandated insurance fund, or indemnity fund.

Setup

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

Edit a Settlement Deduction

Deduction / Addition Reference: SbnCk Deduction Type: Regular

Description: Soybean Checkoff Default to Deduction
 Calculate From Gross Units When Available Default to Addition

Rate/Unit: Class of Deduction:
 None
% of Gross Dollar: .5000 Grain Tax
Flat Rate: 0.0000 Credit AR
<G/L Posting Account>: 2450001-00 Advance Code
 G/L Posts to Commodity/Location Purchase Account

<Invoice Item>: Use Item From Settlement Location

Patronage Category:
<Category>

Allow this "Advance" deduction to be tied to a Contract
 Allow this deduction to be used on a Purchase Contract Amendment

Nets Out Gross Dollars Paid when by percent

	<Deduction>	Description
1	Bugs	Bugs
2	DMG	Damage
3	Drying	Drying
4	FM	Foreign Material
5	HD	Heat Damage

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.
- **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.
 - When grain is taxed by a percent of Gross Dollars, certain taxes allow different Settlement Deductions to be netted out of the gross value before the tax is calculated. With Agvance Version 7.0.28900 and up, if there is a tax that is a percent of gross, the following setup will need to be completed:
 - On Settlement Deductions marked as *Grain Tax* and a *% of Gross Dollar* entered, add any

Settlement Deductions that qualify to be discounts from the gross value before the tax is calculated in the *Nets Out Gross Dollars Paid when by percent* grid.

- **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.