



BHP

New Feature - Withholding Tax Determination

Supplier QRG

This document gives a complete information about the new feature of Withholding Tax determination.

Requirement

The standard SAP system currently lacks the capability to determine withholding tax (WHT) applicability based on the location where services are physically performed. It relies solely on the master data settings and does not factor in the country of service delivery.

To address this gap, a custom solution has been developed to ensure accurate WHT determination. The solution introduces logic that exempts WHT for services performed outside the PO issuing entity's country.

For example, if a Canadian entity issues a PO and the services are performed in Canada, WHT applies. However, if the services are performed outside Canada, WHT should be exempted.

- ❖ **Ariba Customization**
- ❖ **Payment proposal enhancement to capture Withholding tax**
- ❖ **Remittance Advice enhancement to capture Withholding tax**

What are the changes

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❖ Ariba Network Customization

To support accurate withholding tax (WHT) calculation based on the physical location of service delivery, enhancements have been made to the Ariba Network interface for suppliers during Invoice and Service Entry Sheet (SES) creation.

New Feature: Service Location Field

A mandatory drop-down field titled “**Services Location**” has been introduced, accompanied by a warning message. This field allows suppliers to specify where the services were physically performed. The selection made here directly influences WHT applicability in SAP.

⚠ If the PO issuing entity and the supplier location are based in different countries, then withholding tax may be applicable. Please select "Services physically performed outside of PO issuing entity" for travel reimbursements or if waiver applicable on withholding tax

1. Services physically performed in the country of PO issuing entity (*Default Value*)

By selecting this option it means that withholding tax is applicable for that particular line item while invoice posting. Please select this value if the services are physically performed in the country of the PO issuing entity. This value will apply withholding tax from invoice.

2. Service physically performed outside the country of PO issuing entity

By selecting this option it means that withholding tax is exempted for that particular line item while invoice posting. Please select this value if the services are physically performed outside the country of the PO issuing entity. This value will exempt withholding tax from invoice.

Additional Fields	entity':
	Service Location: <input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="Services physically performed in the country of PO issuing entity"/>
	<p>⚠ If the PO issuing entity withholding tax may be app issuing entity" for travel rein</p>
<input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="Line Item Actions ▾"/> <input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="Delete"/>	<input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="Services physically performed in the country of PO issuing entity"/> <input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="(no value)"/> <input style="width: 150px; height: 25px; border: 1px solid #ccc; border-radius: 5px; padding: 2px 10px;" type="button" value="Services physically performed outside the country of PO issuing entity"/>

❖ Payment proposal enhancement to capture WHT :

When an invoice is subject to withholding tax, the amount in payment proposal should capture accordingly as below.

Total Invoice amount: total gross amount of the invoice including the withholding tax amount

Total Settlement amount: Net amount of the invoice excluding the withholding tax amount

Tax category: should capture “WHT” as category

Tax Location: Tax jurisdiction code from the PO

Tax amount: the actual withholding tax amount

Invoice amount & settlement amount: these amounts should carry the amount accordingly as mentioned above in the header.

Payment has been paid.															
Expected settlement date	Total invoice amount	Status	Early payment status	Total settlement amount											
Oct 31, 2025	\$100.00 CAD	Paid	Not Eligible	\$85.00 CAD											
<u>Details</u> Payment timeline and history History															
Payment details <table border="1"> <tr> <td>Supplier</td><td>Invoice</td><td>Scheduled payment</td><td>Invoice amount</td><td>Settlement amount</td></tr> <tr> <td>BHP- SPOTLESS TEST</td><td>4518308899INV4</td><td>40000273462026001D100EH1</td><td>\$100.00 CAD</td><td>\$85.00 CAD</td></tr> </table>					Supplier	Invoice	Scheduled payment	Invoice amount	Settlement amount	BHP- SPOTLESS TEST	4518308899INV4	40000273462026001D100EH1	\$100.00 CAD	\$85.00 CAD	
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Tax category	Tax location	Tax amount	Tax adjustment												
WHT	7002100000	\$-15.00 CAD	N/A												

❖ Remittance Advice to capture WHT :

Withholding tax is now included in the remittance advice sent to suppliers. For any invoice subject to WHT, the remittance advice will reflect the correct gross amount, which is the sum of the net payable amount and the withheld tax. This ensures transparency in payment details and allowing suppliers to clearly see the tax withheld during settlement.

BHP	From BHP Group Operations - TEST WHTC - BHP Canada Inc. (Show Payer Details)	To BHP- SPOTLESS TEST (Show Payee Details)	REMITTANCE ADVISE Z-20250914-0000051911 Paid Settlement Date: 4 Sep 2025 WHT Amount Paid: \$85.00 CAD Estimated Settlement on 4 Sep 2025
Payment Detail			
	Payment Method: Other (Unknown) Reference Number: 1500051531 Related Payment: Z-20250914-0000051911 Identified Differences: None	Routing Status: Sent Transaction Date: 4 Sep 2025	
ADDITIONAL INFORMATION			
Line #	Payable Reference	Gross Amount	Discount
1	Invoice: 4518308899INV5 (Show Details)	\$100.00 CAD	\$0.00 CAD
ADDITIONAL INFORMATION			
	bupremisnvoiceno: 4000027349 OriginalInvoiceNo: 4518308899INV5 Company Code: C100 Fiscal Year: 2026 bupCmptnt: 4518308899	Withholding Tax	Adjustment
		\$15.00 CAD	
		Net Amount Paid	Scheduled Payment
		\$85.00 CAD	40000273462026001D100EH1
GRAND TOTAL			
		Gross Amount: \$100.00 CAD Withholding Tax Adjustment: (\$15.00 CAD) Amount Paid: \$85.00 CAD	