



QUANTUM OMEGA GROUP™
The Future Today



ASX-GEN-110 VAT Coefficient

Support country-specific VAT calculation rules required by Czech legislation

THE
FUTURE
TODAY

THE
FUTURE
TODAY



MINISTERSTVO FINANCIJA

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1. Introduction

Quantum Omega Group is a dynamic and forward-thinking provider of Microsoft Dynamics Implementation, Outsourcing, Development, and Consulting Solutions. With an established, strong reputation for successful Dynamics Implementation across the globe and a commitment to transparency, effective communication, and quality assurance, Quantum Omega Group simplifies complex processes, reduces risk, and optimizes delivery times for its clients. So that you get the results you expect, when you expect them.

2. Overview

The Czech Tax Coefficient development in Microsoft Dynamics 365 Finance & Operations extends the standard tax framework to support country-specific VAT calculation rules required by Czech legislation. In the Czech Republic, certain transactions—especially mixed-use purchases or partially deductible VAT scenarios—require the application of a proportional deduction coefficient (koeficient DPH) to correctly allocate input VAT between deductible and non-deductible portions. Since this functionality is not fully supported out-of-the-box in D365 FO, a localized enhancement is required to automate the coefficient calculation, apply the adjusted deductible VAT amounts, and ensure accurate reporting for Czech statutory obligations.

This development integrates seamlessly with the tax modules, vendor invoice processes, and financial posting logic to ensure compliant VAT treatment throughout the system lifecycle.

3. Purpose

The purpose of the Czech Tax Coefficient development is to provide a system-driven, compliant, and transparent method for applying proportional VAT deduction rules mandated by Czech tax law. The enhancement ensures that organizations operating in the Czech Republic can maintain accurate tax calculations based on the annual or periodic coefficient, apply the calculated deductible VAT across relevant purchase transactions, and automatically post any non-deductible VAT to the appropriate ledger accounts.

Additionally, the functionality supports auditability by maintaining clear coefficient records, calculation history, and systematic application during invoice entry and posting. This enables Finance teams to eliminate manual calculations, reduce compliance risks, and generate precise figures for Czech VAT returns.

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4. Benefits

Regulatory Compliance:

Ensures adherence to Czech VAT legislation by correctly applying proportional deduction coefficients and automating mixed-use VAT calculations in line with statutory rules.

Improved Accuracy:

Eliminates manual tax adjustments, reducing the risk of errors in VAT deduction, allocation, and financial postings across purchase transactions.

Operational Efficiency:

Automates the application of the annual/periodic coefficient across relevant invoices, reducing finance workload and enabling consistent month-end and year-end processing.

Enhanced Auditability:

Provides clear documentation trails, coefficient management screens, historical values, and consistent calculation logic to support internal controls and external audits.

Aligned Financial Reporting:

Ensures non-deductible VAT is systematically posted to correct ledger accounts, supporting accurate P&L and balance sheet representation, as well as statutory Czech VAT reporting.

Seamless Integration:

Embedded directly into D365 FO's tax and invoice processes, allowing users to work within standard flows without requiring manual workarounds or external tools.

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5. Process Flow

5.1. Configuration

1) Enable the service:

In Tax/Setup/Parameters/General ledger parameters ---> Sales Tax,

Tab: Advance Sales Tax Framework, **Section:** Settlement; turn *Enable Coefficient Calculation* to Yes, the field "Calculation on" choose "Post Vendor Invoice" and set up "Coefficient journal" from the list. Save the setup.

Standard view ▾
General ledger parameters

Ledger

Sales tax

Set up sales tax and sales tax group information

Advanced Sales Tax Framework

Enable auto sales tax group Yes

Error level

Sales tax security level User group

Delivery terms security level User group

RETURN ORDER

Retrieve sales tax group from ori... No

Enable delivery address No

Enable departure address No

PURCHASE ORDER

Default departure address from ... No

Update sales tax group PO head... No

No departure address

Purpose

VENDOR INVOICE

Default departure address from ... No

Default delivery address from pri... No

Purpose

SALES ORDER

Update sales tax group SO head... No

Update tax exempt from line to ... No

CREDIT NOTE

Retrieve sales tax group from ori... No

Advanced calculation date type No

↑ Up ↓ Down

Priority	Calculation date type
<input type="radio"/>	1 Invoice date
<input type="radio"/>	2 Delivery date
<input type="radio"/>	3 Document date
<input type="radio"/>	4 Sales tax date

SETTLEMENT

Enable Coefficient Calculation Yes

QDASXRunCoeffCalc

Coefficient journal

a) **Enable Coefficient Calculation:** configure the system to calculate the VAT coefficient.

b) **Calculation on:** available options:

- i) Post Vendor Invoice - coefficient calculation to be done at the moment of the posting of the vendor invoice
- ii) Settle Vendor Invoice: coefficient calculation at the moment of settlement

Standard view ▾
General ledger parameters

Ledger

Sales tax

Set up sales tax and sales tax group information

Advanced Sales Tax Framework

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↑ Up ↓ Down

Priority	Calculation date type
<input type="radio"/>	1 Invoice date
<input type="radio"/>	2 Delivery date
<input type="radio"/>	3 Document date
<input type="radio"/>	4 Sales tax date

SETTLEMENT

Enable Coefficient Calculation Yes

QDASXRunCoeffCalc

Coefficient journal

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c) **Coefficient Journal:** choose from the list of available journal types

The Sales Tax Codes must be defined appropriately so that the system can calculate the coefficient

- i) Include in Coefficient - turn to Yes
- ii) Ledger Posting Group - chooses posting group from the list

b) **Ledger Posting Groups** (Path: Tax -> Setup -> Sales tax)

Define the appropriate accounts for coefficient settlement so that the system can post the transactions

2) **Prepare parameters:** On the next parameters, please check the needed settings:

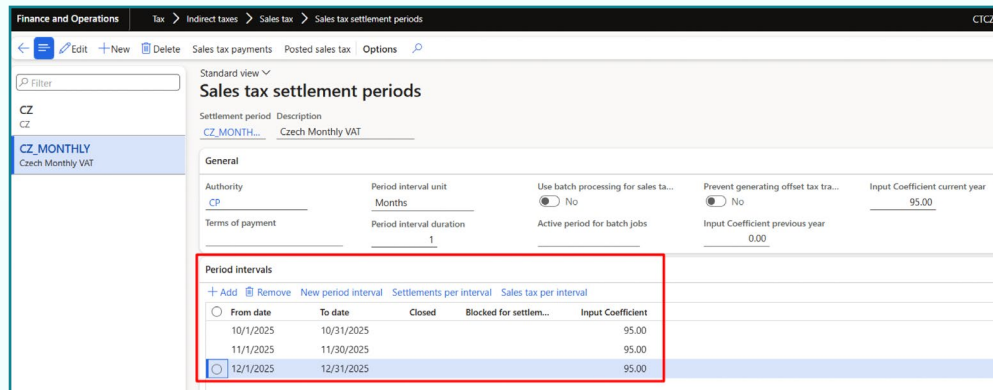
a) **Sales Tax Code** (Path: Tax -> Indirect taxes -> Sales tax)

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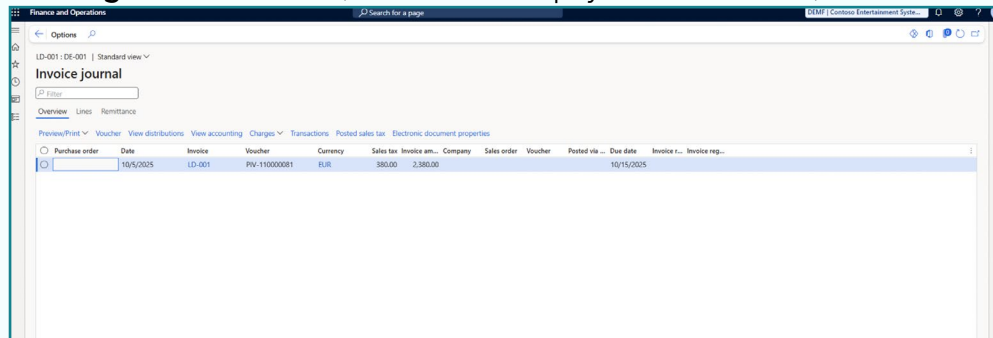
c) Sales Tax Settlement Period (Path: Tax -> Indirect taxes -> Sales tax)

The sales tax settlement period must be defined with the appropriate coefficient.



5.2. Calculation

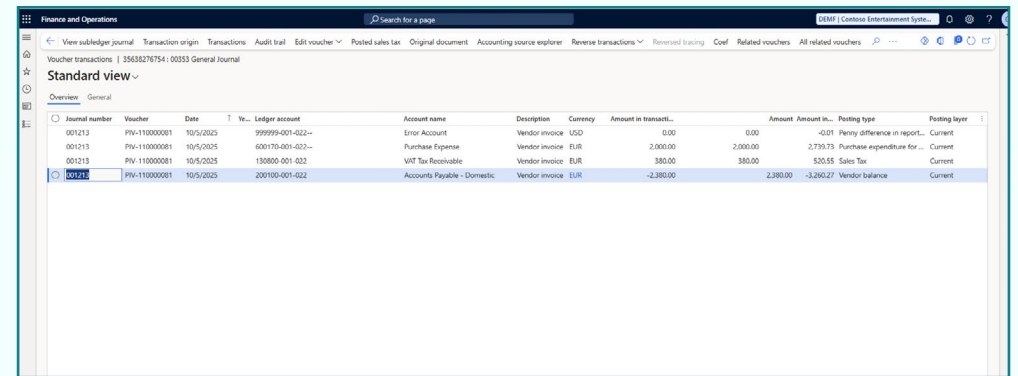
Pending Vendor Invoice (Path: Accounts payable -> Invoices)



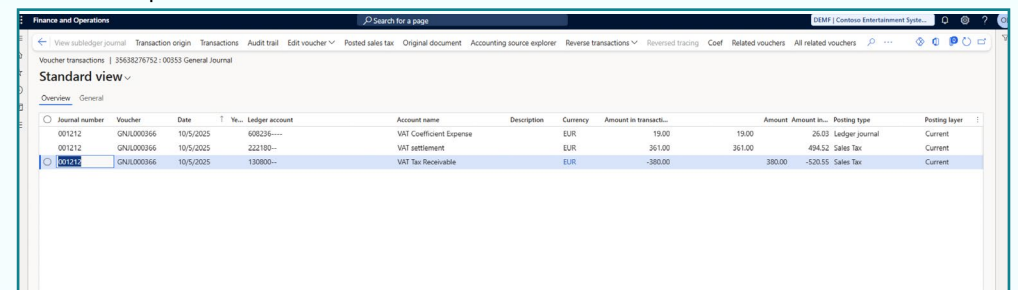
After the user enters the transactions in the Pending Vendor Invoice, defines the appropriate Item Sales Tax Group and Sales Tax Group, at the moment of posting the transactions, the system will calculate the defined coefficient and will post to the appropriate accounts that are defined in

the Ledger Posting Group

While this is the standard voucher transaction created during the posting of the vendor invoice



Additionally, this voucher is created automatically to adjust the VAT that has been posted with the vendor invoice:



In general, the tax receivable tax amount is reversed based on the coefficient configured for the tax period. The deductible part is posted as a tax receivable for the period, while the non-deductible part is posted to the expense account as part of the previously described posting configuration.

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Additionally, on the voucher transaction form, there is a possibility to press "Related vouchers" or "Coef" button

Voucher transactions | LD-001 : DE-001

Standard view

Overview General

Journal number	Voucher	Date	Ye...	Ledger account	Account name	Description	Currency	Amount in transacti...	Amount	Amount in...	Posting typ...
001213	PV-110000081	10/5/2025		999999-001-022--	Error Account	Vendor invoice	USD	0.00		-0.01	Penny differer
001213	PV-110000081	10/5/2025		600170-001-022--	Purchase Expense	Vendor invoice	EUR	2,000.00	2,000.00	2,739.73	Purchase exp
001213	PV-110000081	10/5/2025		130800-001-022	VAT Tax Receivable	Vendor invoice	EUR	380.00	380.00	520.55	Sales Tax
001213	PV-110000081	10/5/2025		200100-001-022	Accounts Payable - Domestic	Vendor invoice	EUR	-2,380.00	2,380.00	-3,260.27	Vendor balanc

Related vouchers

- All related vouchers
- View reversal failures
- Options

This form will allow you to see the voucher transaction from the tax adjustments posting.

Voucher transactions | 001212 : 10/5/2025

Standard view

Overview General

Journal number	Voucher	Date	Ye...	Ledger account	Account name	Description	Currency	Amount in transacti...	Amount	Amount in...	Posting typ...
001212	GNIL000366	10/5/2025		608236----	VAT Coefficient Expense		EUR	19.00	19.00	26.03	Ledger journal
001212	GNIL000366	10/5/2025		222180----	VAT settlement		EUR	361.00	361.00	494.52	Sales Tax
001212	GNIL000366	10/5/2025		130800----	VAT Tax Receivable		EUR	-380.00	380.00	-520.55	Sales Tax

Through this form, using the standard functionality, you can reach the original document, i.e., the general journal created by the automated posting of the tax adjustment.

Original document

Standard view

Filter

Original document	Document number	Description	Amount	Account type
Journal	GNIL000366		-380.00	Ledger

Journal voucher | 00353 : Genlm

Standard view

Display journal lines

All

Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Offset com...	Offset account type	Offset account	Offset transaction L...	Currency	Exchange rate	Item
10/5/2025	GNIL000366	demf	Ledger	222180--		361.00		demf	Ledger			EUR	1,0000	FULL
10/5/2025	GNIL000366	demf	Ledger	608236----		19.00		demf	Ledger			EUR	1,0000	
10/5/2025	GNIL000366	demf	Ledger	130800----			380.00	demf	Ledger			EUR	1,0000	FULL

From the other side, if the user opens the general journal from "General Ledger -> Journal entries -> General journals."

Journal voucher | 00353 : Genlm

Standard view

Display journal lines

All

Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Offset com...	Offset account type	Offset account	Offset transaction L...	Currency	Exchange rate	Item
10/5/2025	GNIL000366	demf	Ledger	222180--		361.00		demf	Ledger			EUR	1,0000	FULL
10/5/2025	GNIL000366	demf	Ledger	608236----		19.00		demf	Ledger			EUR	1,0000	
10/5/2025	GNIL000366	demf	Ledger	130800----			380.00	demf	Ledger			EUR	1,0000	FULL

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The user will see the voucher for postings

Voucher transactions | 00353 : GNIL000366

Standard view

Journal number	Voucher	Date	Ye...	Ledger account	Account name	Description	Currency	Amount in transact...	Amount	Amount in...	Posting typ...
001212	GNIL000366	10/5/2025		608226----	VAT Coefficient Expense		EUR	19.00	19.00	26.03	Ledger journal
001212	GNIL000366	10/5/2025		222180--	VAT settlement		EUR	361.00	361.00	494.52	Sales Tax
001212	GNIL000366	10/5/2025		130800--	VAT Tax Receivable		EUR	-380.00	380.00	-520.55	Sales Tax

If the user presses "Related voucher" or "Coef" button from the ribbon menu, the system will show the related ledger transaction voucher

Related ledger transaction vouchers | 001212 : 10/5/2025

Standard view

Company	Related voucher	Date	Amount
demf	PV-110000081	10/5/2025	2,380.00

Press "Voucher" button from the ribbon menu. In the next form, the system will show the voucher transaction

Voucher transactions | 001213 : 10/5/2025

Standard view

Journal number	Voucher	Date	Ye...	Ledger account	Account name	Description	Currency	Amount in transact...	Amount	Amount in...	Posting typ...
001213	PV-110000081	10/5/2025		999999-001-022--	Error Account	Vendor invoice	USD	0.00	0.00	-0.01	Penny differer
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001213	PV-110000081	10/5/2025		200100-001-022	Accounts Payable - Domestic	Vendor invoice	EUR	-2,380.00	2,380.00	-3,260.27	Vendor balan

Your Premier Microsoft Partner to:



6. Why Quantum Omega Group?

Industry Experts

The Quantum Omega Group, is a trusted ally in the realm of Microsoft Dynamics 365, connecting our industry experts with global enterprises to achieve significant results.

Expertise

Our expertise includes ERP implementation, consulting, development, and support. We focus on crafting solutions that seamlessly integrate into your business. With offices in the Netherlands, Bulgaria, and Belgium, and satellites in Poland, Brazil, India, and beyond, our network covers the globe.

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What sets us apart is our unique blend of meticulous precision and cost-effective strategies, ensuring that Microsoft Dynamics 365 solutions are delivered on time, every time.

Whether you're looking to simplify Dynamics 365 or need guidance in your digital transformation, Quantum Omega Group is your reliable partner.



Transform on your terms with Microsoft Business Applications. Enable people to do their best work. Gain actionable insights. Thrive with solutions expressly built to easily adapt to ever evolving business - and market requirements.

Learn more at: www.dynamics.com

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Stay competitive

Respond to changing business requirements with a flexible platform to rapidly create new solutions, products and services complying to your market needs.



Service

Understand your customers better and respond more quickly by accessing internal and external relationship data.



Finance and operations

Increase your return on investment with Microsoft's agile and efficient cloud solution.



Team

Extend your virtual team and coordinate faster with a consolidated view of team members, activities, and responsibilities.



Manufacturing

Gain end-to-end visibility of processes by connecting all manufacturing steps from start to finish.