

## How to Maintain Terms of Payment in SAP (Payment Terms)

**Terms of payment / Payment terms** are used in SAP to establish the conditions between business partner and organization to settle the payment of invoices. The conditions define the invoice payment due date as per baseline date and the cash discount percentage offered for early invoice payment.

### Navigation

You can maintain payment terms in SAP by using transaction code OBB8 or IMG menu path.

SAP R/3 Role Menu	Maintain Payment Terms in SAP
Transaction Code	<b>OBB8</b>
IMG Menu Path	SPRO >IMG (Implementation Guide for R/3 Customizing) > <b>Financial Accounting (New)</b> > Accounts Receivable & <b>Accounts Payable</b> > Business Transactions > Master Data > Maintain Terms of Payment

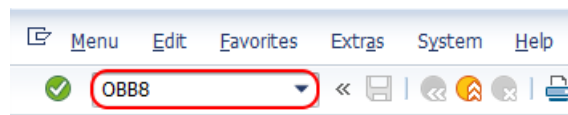
## How to create terms of payment in SAP

In this [SAP FICO](#) tutorial, you will learn how to maintain payment terms in SAP step by step using transaction code OBB8.

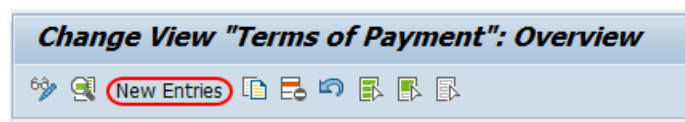
### Configuration Values

Payment Term	Description
TP06	<ul style="list-style-type: none"> <li>▪ 10% discount payment with in 10 days</li> <li>▪ 5% discount payment with in 25 days</li> <li>▪ Payment with in 45 days.</li> </ul>

**Step 1 :** – Enter transaction code “OBB8” in the SAP commend field and enter.



**Step 2 :** – On change view “terms of payment” overview screen, click on new entries button to create new payment terms in SAP as per organizational requirements.



**Step 3 :** – On new entries payment terms screen, update the following details.

1. **Payt Terms** : – Update the four digits key that identifies as terms of payment in SAP – **TP06**
2. **Sales Text** : – Update the description name of payment terms as **10%-10days, 5%-25 days, 45 days due net**.
3. **Account Type** : – Choose the account type that the payment term is applicable for. If this payment term is for vendor accounts choose vendor option or for customer accounts choose customer option. Choose both account type to use this payment terms for both customer and vendor accounts.
4. **Default for baseline data** : – Choose the baseline date based on the requirements and the possible entries are No default, posting date, document date and entry date.
5. **Payment Terms** : – Update the details of percentage, No.of days.
6. **Explanation** : – After you update the payment terms, the system automatically generates details information terms of payment.

**New Entries: Details of Added Entries**

Payt Terms **TP06** Sales text **10%-10days, 5%-25 days, 45days**

Day limit  Own explanation

Account type  
 Customer  
 Vendor

Baseline date calculation  
 Fixed day   
 Additional months

Pmnt block/pmnt method default  
 Block key    
 Payment Method

Default for baseline date  
 No default  Posting date  
 Document date  Entry date

Payment terms  
 Installment payment  Rec. Entries: Supplement fm Master

Term	Percentage	No. of days	Fixed date	Additional months
1.	10,000 %	10	<input type="checkbox"/>	<input type="checkbox"/>
2.	5,000 %	25	<input type="checkbox"/>	<input type="checkbox"/>
3.		45	<input type="checkbox"/>	<input type="checkbox"/>

Explanations  
 within 10 days 10 % cash discount      within 25 days 5 % cash discount  
 within 45 days Due net

After maintaining all the required details, click on save button and save the configured terms of payment details in [SAP](#).

## SAP FICO Training

↳ [SAP FICO Tutorials](#)

## SAP FICO - Introduction

↳ [SAP Financial Accounting](#)

↳ [What is SAP FICO](#)

↳ [What is client in SAP](#)

## SAP FICO - Enterprise Structure

↳ [Define Company in SAP](#)

- ‡ Define Company Code in SAP
- ‡ Assign company code to company in SAP
- ‡ Define business area and consolidation business area in SAP
- ‡ Assign business area to consolidated business area in SAP
- ‡ Define credit control area in SAP
- ‡ Assign company code to credit control area in SAP
- ‡ Define functional area in SAP
- ‡ Maintain Financial Management Area in SAP
- ‡ Assign financial management area to company code in SAP
- ‡ How to create segments in SAP

## SAP FICO - Global Parameters

- ‡ What is Chart of accounts and how to create COA in SAP?
- ‡ Assign company code to chart of accounts
- ‡ What is Fiscal year in SAP?
- ‡ How to maintain fiscal year variant
- ‡ Assign company code to fiscal year variant
- ‡ Define account group in SAP
- ‡ Define retained earnings account
- ‡ Define posting period variant (PPV)
- ‡ Assign variants to company code in SAP
- ‡ Open and closing posting period variants
- ‡ Define field status variant and field status groups in FICO
- ‡ Assign company code to field status variant
- ‡ Define Tolerance group for G/L accounts
- ‡ Define Tolerance group for employees
- ‡ Check company code global parameters

## SAP FICO - Foreign Currency Transactions

- ‡ Check exchange rate types
- ‡ Define translation ratios for currency translation
- ‡ How to maintain exchange rates in SAP
- ‡ Define accounts for exchange rate differences
- ‡ Define foreign currency valuation methods
- ‡ Define accounting principles and assign to ledger group
- ‡ Define valuation areas and assign to accounting principles

## SAP FICO - New G/L Accounting

- ‡ How to activate new G/L accounting?
- ‡ Define ledgers for general ledger accounting
- ‡ Define currencies for leading currency
- ‡ Define & Activate Non-Leading Ledgers
- ‡ Define Zero-balance clearing account
- ‡ Define interest calculation types
- ‡ Define interest indicator

## SAP FICO - Accounts Receivable

- ‡ Define account group for customers
- ‡ Maintain number ranges for customer account groups
- ‡ Assign number ranges to customer account groups
- ‡ Define risk categories
- ‡ Define tolerance group for Customers
- ‡ Create sundry debtors accounts
- ‡ Define Customer Master Record

## SAP FICO - Accounts Payable

- ‡ What is Accounts Payable in SAP?
- ‡ Define vendor account groups
- ‡ Maintain number range intervals for vendor accounts
- ‡ Assign number ranges to vendor account groups
- ‡ Create payment terms
- ‡ Define accounts for cash discount taken
- ‡ Define Vendor reconciliation account
- ‡ Create vendor code

## SAP FICO - Tax on Sales and Purchases

- ‡ What is Sales tax and Purchase tax in SAP?
- ‡ Define tax calculation procedures
- ‡ Assign country to calculation procedure
- ‡ Assign tax codes for non taxable transactions
- ‡ Maintain tax codes for sales and purchases
- ‡ Define tax accounts in SAP

## SAP FICO - Bank Accounting

‡ What is Bank Accounting in SAP?

‡ Define bank key

‡ Define house bank in SAP

‡ Create check lots

‡ Automatic payment program

## SAP FICO - Asset Accounting

‡ What is Asset Accounting in SAP?

‡ Define Chart of Depreciation

‡ Assign chart of depreciation to company code

‡ Specify Account Determination

‡ Number range intervals for Assets

‡ Maintain Asset Classes

‡ Define tax accounts in SAP

## SAP Controlling Training

‡ SAP CO Tutorials

## SAP TCodes

‡ SAP TCodes

‡ SAP FI TCodes