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Advanced Intercompany Sales and Stock Transfer with SAP S/4HANA®

- Move goods throughout your organization with advanced intercompany processes
- Configure advanced and multistage intercompany sales and stock transfer functionality in SAP S/4HANA
- Integrate your intercompany movements with logistics, compliance, and finance

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Chapter 3
Multistage Intercompany Sales

Multistage (or multilevel) intercompany sales enables a single, automated, end-to-end sales process involving more than two affiliated companies within a corporate group. It allows a selling entity to source goods from an intermediate company, which in turn purchases from a delivering company, ensuring automated purchase order and sales order creation across the supply chain.

More than two affiliates within a corporate group are generally involved in intercompany sales transactions for different reasons, such as revenue sharing, tax benefit, and so on. The physical flow of goods may happen from the delivering plant of the delivering company to the customer directly in the selling company, but one or multiple affiliates other than the delivering company and selling company may be involved in these intercompany transactions.

Let's consider an example organization manufacturing and selling industrial products that operates in several countries with their parent company or headquarters based in Germany (DE). One of their affiliates that operates in Sweden (SE) wants to sell a particular product to their customer in SE, but that product isn't manufactured or stored in SE—it's manufactured in the United States (US). If the SE affiliate orders directly from the US affiliate and the US affiliate ships the product directly to the SE customer, then the DE parent company doesn't get any revenue directly in that transaction. Therefore, the SE affiliate places the order to the DE parent company, which in turn places the order to the US affiliate so that revenue transactions happen in all three affiliates (SE, DE, US), although the US affiliate ships the product directly to the SE customer. There may be other reasons such as tax benefits that necessitate more than two entities/affiliates in intercompany transactions.

Note

SAP has released multistage (or multilevel) intercompany sales scenarios with SAP S/4HANA 2025 FPS01 as an extension of advanced intercompany sales that was initially released with SAP S/4HANA 2022. Downporting the multistage functionality to earlier releases such as SAP S/4HANA 2022 and 2023 isn't possible. Therefore, companies need to upgrade to SAP S/4HANA 2025 to use multistage intercompany sales.

Now, let's explore how SAP S/4HANA supports multistage intercompany sales by walking through the process flow and key features. We'll also cover the supported scenarios, including complex and exception scenarios.

3.1 Process Flow

The process flow for multistage intercompany sales is the extension of advanced intercompany sales with single or multiple intermediate affiliate companies within the corporate group. Like advanced intercompany sales (with no intermediate company, as discussed in Chapter 2), the selling company creates the sales order with its external customer at its sales organization with the delivering plant of the delivering company. However, multiple intercompany purchase orders and intercompany sales orders will be created automatically by value chain monitoring (VCM) after the creation of the initiating sales order at the selling company depending on whether single or multiple intermediate companies are involved.

The process flow for multistage intercompany sales with a single intermediate company is quite similar to the flow for multistage intercompany sales with multiple intermediate companies. We'll discuss both in the following sections.

3.1.1 Multistage Intercompany Sales with a Single Intermediate Company

A typical process flow for multistage intercompany sales with a single intermediate company is shown in Figure 3.1.

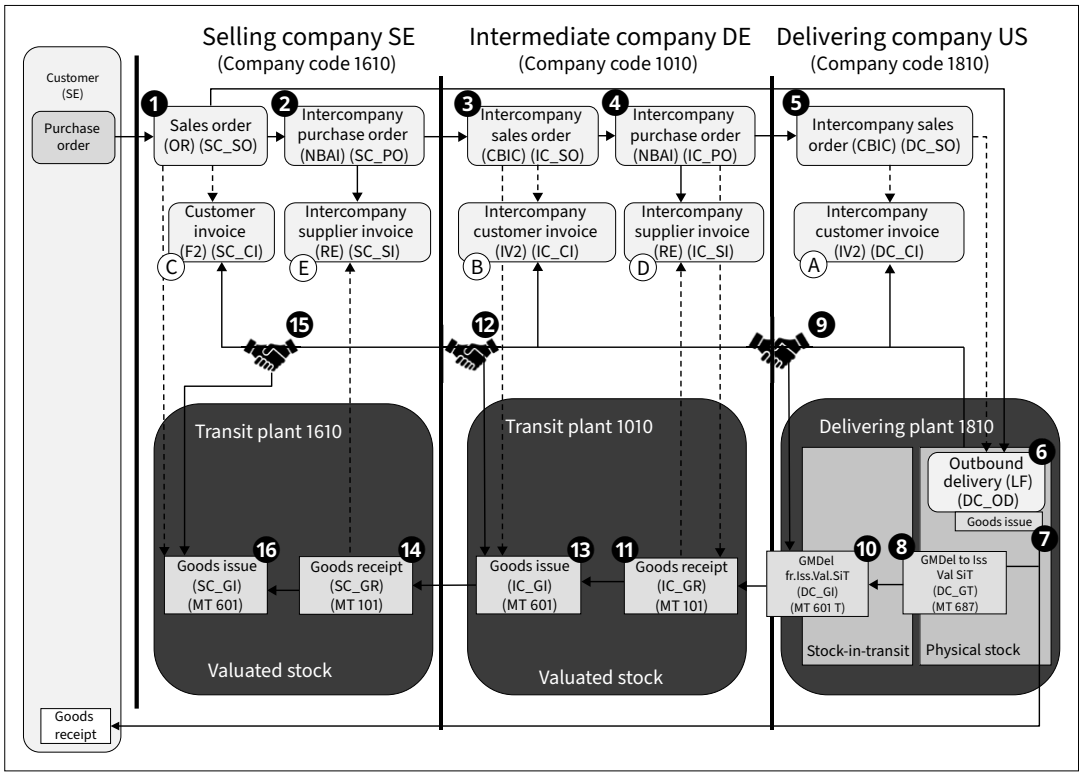


Figure 3.1: Multistage Intercompany Sales with a Single Intermediate Company

Note

SC_SO (**SC Sales Order**), **SC_PO** (**SC Purchase Order**), **SC_GI** (**SC Goods Issue**), and so on are the unique process steps in VCM that appear in the system. **OR** (**Standard Order**), **NBAI** (**IC Sales**), **CBIC** (**New InterCC Order**), and **LF** (**Delivery**) are standard SAP document types for initiating sales orders, intercompany purchase orders, intercompany sales orders, and delivery type, respectively. MT 687 and MT 601 T are movement types for goods movements. See Chapter 6 and Chapter 7 for more details on VCM and configuration.

Let's walk through these process steps:

❶ A sales order (SC_SO) is created at the selling company (SE) on receipt of the purchase order from the Swedish (SE) customer. The sales organization of the sales order belongs to SE, however, the delivering plant belongs to the delivering company (US).

❷ An intercompany purchase order (SC_PO) is created automatically (in the background with VCM process step SC_PO) at the plant and purchasing organization of the selling company (SE) with the supplier representing the intermediate company (DE).

❸ An intercompany sales order (IC_SO) is created automatically (in the background with VCM process step IC_SO) with the sales organization and plant belonging to the intermediate company (DE) and with the sold-to party representing the selling company (SE).

❹ An intercompany purchase order (IC_PO) is created automatically (in the background with VCM process step IC_PO) at the plant and purchasing organization of the intermediate company (DE) with the supplier representing the delivering company (US).

❺ An intercompany sales order (DC_SO) is created automatically (in the background with VCM process step DC_SO) with the sales organization and plant belonging to the delivering company (US) and with the sold-to party representing the intermediate company (DE).

❻ An outbound delivery (DC_OD) is created at the delivering company (US) for the supply of the material directly to the external customer in SE as the ship-to party.

❼ Goods issue is triggered on the outbound delivery ❻ (DC_OD) after picking and packing of goods at the delivering plant (or warehouse) for the physical flow of goods directly to the external customer in SE.

❽ Stock is transferred (in the background with VCM process step DC_GT) from the physical plant of the delivering company (US) to the valuated stock-in-transit (VSiT).

❾ The handshake for the internal transfer of control of the ownership of goods from the delivering company (US) to the intermediate company (DE) happens at a mutually agreed Incoterm location.

❿ Goods issue from VSiT of the delivering plant (US) happens automatically (in the background with VCM process step DC_GI).

⓫ Goods receipt at the transit plant's storage location for the intermediate company (DE) to valuated stock happens automatically (in the background with VCM process step

IC_GR). This goods receipt in the transit plant of the intermediate company (DE) happens only from a system perspective; it's not a physical goods receipt as the goods are transferred from the delivering company (US) to the external customer in SE directly.

⓬ The handshake for the internal transfer of control for the ownership of goods from the intermediate company (DE) to the selling company (SE) happens at a mutually agreed Incoterm location.

⓭ Goods issue from the valuated stock of the transit plant for the intermediate company (DE) happens automatically (in the background with VCM process step IC_GI).

⓮ Goods receipt at the storage location of the transit plant for the selling company (SE) to valuated stock happens automatically (in the background with VCM process step SC_GR). This goods receipt in the transit plant of selling company (SE) happens only from a system perspective; it's not a physical goods receipt as the goods are transferred from the delivering company (US) to the external customer in SE.

⓯ The handshake for the external transfer of control of the ownership of goods from the selling company (SE) to the external customer in SE happens at a mutually agreed Incoterm location.

⓰ Goods issue from valuated stock of the transit plant of the selling company (SE) to the external customer in SE happens automatically (in the background with VCM process step SC_GI).

The following documents are created after the goods issue on the outbound delivery ❼:

- Ⓐ: An intercompany customer invoice (DC_CI) is created by the delivering company (US) to the intermediate company (DE) with reference to the outbound delivery ❻
- Ⓑ: An intercompany customer invoice (IC_CI) by the intermediate company (DE) to the selling company (SE) with reference to the outbound delivery ❻
- Ⓒ: A customer invoice (SC_CI) by the selling company (SE) to the external customer in SE with reference to the outbound delivery ❻ (DC_OD)

Note

There's no sequence for the intercompany customer invoices and external customer invoice in multistage intercompany sales. Any of them can be created after goods issue on the outbound delivery depending on the business requirements or real-world situation. With classic intercompany sales, the customer invoice to the external customer is to be created first and then the intercompany customer invoice.

- Ⓓ: An intercompany supplier invoice (IC_SI) at the intermediate company (DE) after the goods receipt ⓫ (IC_GR) at the transit plant of the intermediate company (DE) with reference to the intercompany purchase order ❹ (IC_PO) at the intermediate company (DE)

- Ⓔ: An intercompany supplier invoice (SC_SI) at the selling company (SE) after the goods receipt ⓮ (SC_GR) at the transit plant of the selling company (SE) with reference to the intercompany purchase order ❷ (SC_PO) at the selling company (SE)

Let's look at an example in Figure 3.2. Here, the **Completed** process flow for multistage intercompany sales with **Sales Order 10005843** at selling company (SE) is displayed in the Monitor Value Chains app. See Chapter 6 for more details on VCM.

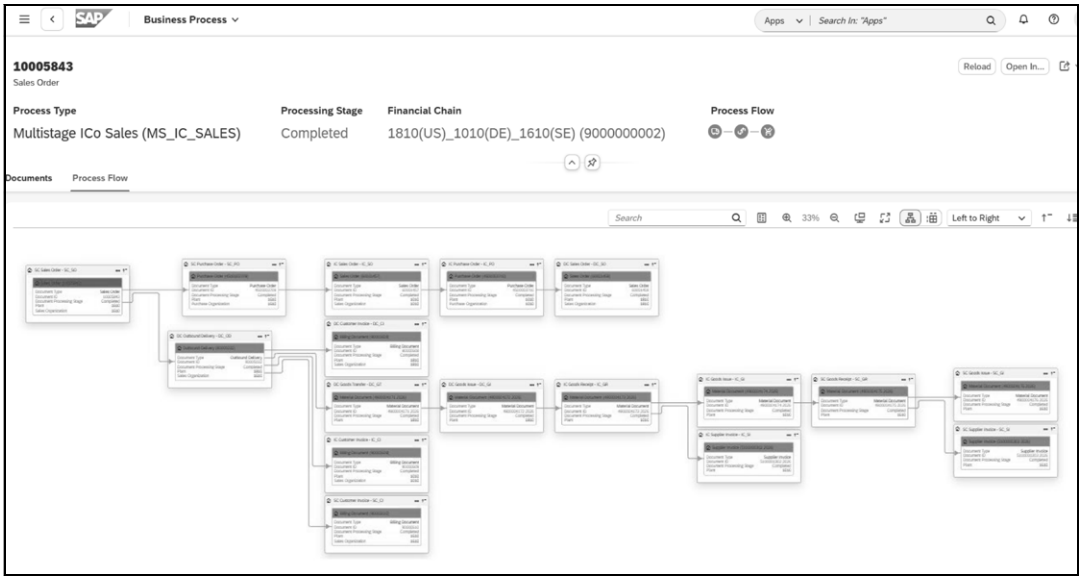


Figure 3.2: Completed Process Flow of Multistage Intercompany Sales in the VCM App

Note

The selling company (SE), intermediate company (DE), and delivering company (US) have been considered just for the explanation of multistage intercompany processing. They can be any organizations operating between different countries (or company codes) within the same corporate group.

3.1.2 Multistage Intercompany Sales with Two Intermediate Companies

A high-level process flow for multistage intercompany sales with two intermediate companies (Germany [DE] and Sweden [SE]) is shown in Figure 3.3. The selling company is in Denmark (DK) with the delivering company in the United States (US).

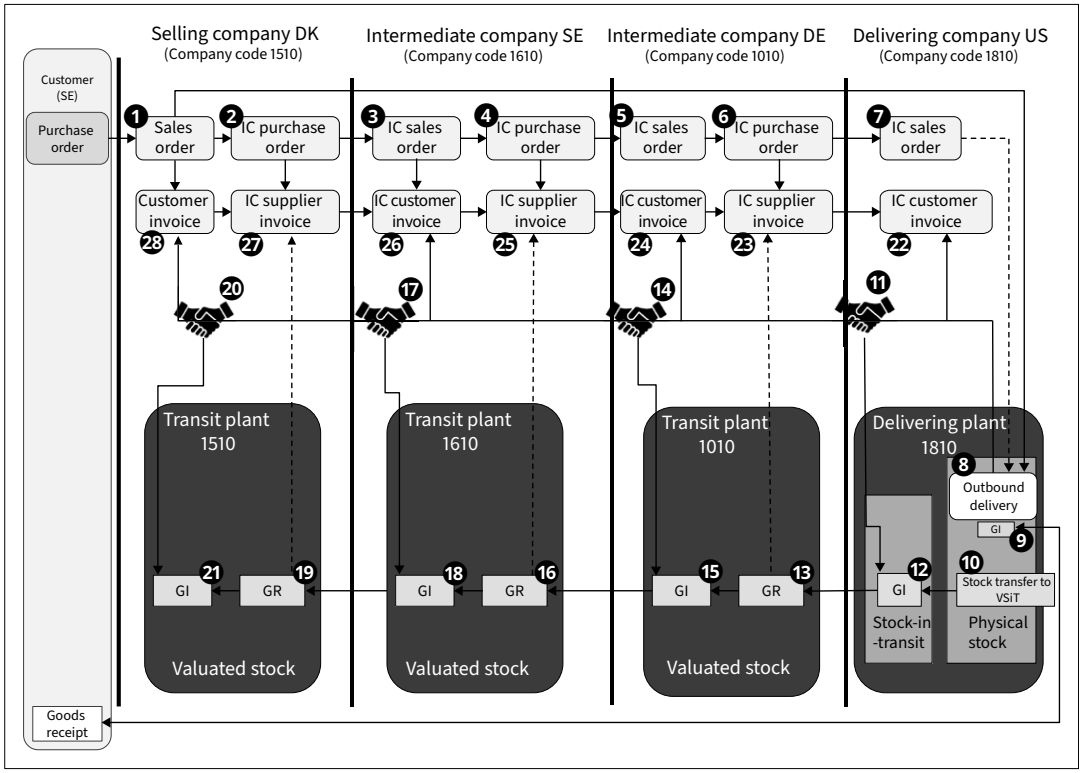


Figure 3.3: Multistage Intercompany Sales with Two Intermediate Companies

The process for multistage intercompany sales with two intermediate companies is described here and is very similar to the process described for multistage intercompany sales with one intermediate company as described in Section 3.1:

❶ A sales order is created by the selling company in Denmark (DK) with the DK sales organization and the US delivering plant.

❷ An intercompany purchase order is created automatically by VCM at the plant and purchasing organization of the selling company (DK) with the supplier representing the intermediate company (SE).

❸ An intercompany sales order is created automatically by VCM with the sales organization and plant belonging to the intermediate company (SE) with the sold-to party representing the selling company (DK).

❹ An intercompany purchase order is created automatically by VCM at the plant and purchasing organization of the intermediate company (SE) with the supplier representing the intermediate company (DE).

❺ An intercompany sales order is created automatically by VCM with the sales organization and plant belonging to the intermediate company (DE) with the sold-to party representing the intermediate company (SE).

❻ An intercompany purchase order is created automatically by VCM at the plant and purchasing organization of the intermediate company (DE) with the supplier representing the delivering company (US).

❼ An intercompany sales order is created automatically by VCM with the sales organization and plant belonging to the delivering company (US) with the sold-to party representing the intermediate company (DE).

❽ An outbound delivery is created at the delivering company (US) for the supply of the material directly to the external customer in DK as the ship-to party.

❾ Goods issue is triggered on the outbound delivery ❽ after picking and packing of goods at the delivering plant (or warehouse) for the physical flow of goods directly to the external customer in DK.

❿ Stock is transferred by VCM from the physical plant of delivering company (US) to the VSiT of delivering plant (US).

⓫ The handshake for the internal transfer of control of the ownership of goods from the delivering company (US) to the intermediate company (DE) happens at a mutually agreed Incoterm location.

⓬ Goods issue from VSiT of the delivering plant (US) happens automatically via VCM to the transit plant of intermediate company (DE).

⓭ Goods receipt at the transit plant's storage location for the intermediate company (DE) to valuated stock happens automatically via VCM. This goods receipt in the transit plant of intermediate company (DE) happens only from a system perspective, it's not a physical goods receipt as the goods are transferred from delivering company (US) to the external customer in DK directly.

⓮ Handshake for the internal transfer of control for the ownership of goods from intermediate company (DE) to intermediate company (SE) happens at a mutually agreed Incoterm location.

⓯ Goods issue from valuated stock of the transit plant of intermediate company (DE) happens automatically via VCM to the transit plant of intermediate company (SE).

⓰ Goods receipt at the storage location of the transit plant of the intermediate company (SE) to valuated stock happens automatically via VCM. This goods receipt in the transit plant of the intermediate company (SE) happens only from a system perspective; it's not a physical goods receipt as the goods are transferred from the delivering company (US) to the external customer in DK.

⓱ The handshake for the internal transfer of control of the ownership of goods from the intermediate company (SE) to the intermediate company (DK) happens at a mutually agreed Incoterm location.

⓲ Goods issue from valuated stock of the transit plant of the intermediate company (SE) happens automatically via VCM to the transit plant of selling company (SE).

⓳ Goods receipt at the transit plant's storage location of the selling company (DK) to valuated stock happens automatically via VCM. This goods receipt in the transit plant of the

selling company (DK) happens only from a system perspective; it's not a physical goods receipt as the goods are transferred from the delivering company (US) to the external customer in DK.

⓴ The handshake for the external transfer of control of the ownership of goods from the selling company (DK) to the external customer in (SE) happens at a mutually agreed Incoterm location.

㉑ Goods issue from valuated stock of the transit plant of the selling company (DK) to the external customer in DK happens automatically via VCM.

㉒ An intercompany customer invoice is created by the delivering company (US) to the intermediate company (DE) with reference to the outbound delivery ❽.

㉓ An intercompany supplier invoice is created at the intermediate company (DE) after the goods receipt ⓭ at the transit plant of the intermediate company (DE) with reference to the intercompany purchase order ❻ at the intermediate company (DE).

㉔ An intercompany customer invoice is created by the intermediate company (DE) to the other intermediate company (SE) with reference to the outbound delivery ❽.

㉕ An intercompany supplier invoice is created at the intermediate company (SE) after the goods receipt ⓰ occurs at its transit plant with reference to the intercompany purchase order ❹ at the intermediate company (SE).

㉖ An intercompany customer invoice is created by the intermediate company (SE) to the other intermediate company (DK) with reference to the outbound delivery ❽.

㉗ An intercompany supplier invoice is created at the intermediate company (DK) after the goods receipt ⓳ at the transit plant of the selling company (DK) with reference to the intercompany purchase order ❷ at the intermediate company (DK).

㉘ A customer invoice is created by the selling company (DK) to the external customer in DK with reference to the outbound delivery ❽.

3.2 Business Benefits

Multistage intercompany sales eliminates the major limitations of classic intercompany sales and advanced intercompany sales and provides the following business benefits:

- Sell from stock with integrated intercompany sales transactions between affiliated companies within the same corporate group
- Presence of one or more intermediate companies for tax benefits, revenue sharing, and so on (a limitation of advanced intercompany sales)
- Purchase orders in selling company and intermediate companies
- Sales orders in intermediate companies and delivering company
- Seamless transfer of control between the companies within the same corporate group and external customer

- Use of VSiT in the delivering company
- Process orchestration with the VCM framework and error analysis
- Incoterm handling and freight cost with integrated transportation management (TM)
- Trade compliance
- Legal compliance with the International Financial Reporting Standards (IFRS) 15 matching principle with event-based revenue recognition
- Margin analysis for affiliated companies
- Consistent key performance indicator (KPI) reporting for affiliated companies
- Audit transparency

3.3 Salient Features

Multistage intercompany sales enables a seamless, automated, end-to-end sales process between affiliated companies. This section covers the concept, as well as salient and new features of multistage intercompany sales, such as financial chain ID, transit plants, goods suppliers, intercompany purchase orders, intercompany sales orders, valuated stock postings, internal and external transfer of control dates, intercompany supplier invoices, and so on.

Note

Many of the features and functionalities in multistage intercompany sales are the same or similar to advanced intercompany sales, which we discussed in Chapter 2. Our focus in this chapter is on additional features and the differences found in multistage intercompany sales.

3.3.1 Financial Chain ID

The financial chain ID defines the sequence of plants engaged in selling and buying relationships in the multistage intercompany process flow. The financial chain starts with the delivering plant of the delivering company and continues with the transit plants of the intermediate companies and ends at the transit plant of the selling company. It's determined automatically based on the financial chain category (multistage intercompany sales), material number, delivering plant and transit plant of the selling company, and the earliest requested delivery date of the sales order in the selling company. The financial chain ID is displayed on the sales order line item under the **Shipping** tab in the sales order of the selling company. In our example shown in Figure 3.4, the financial chain ID **9000000002 1810(US)_1010(DE)_1610(SE)** indicates that the delivering plant is 1810 (US), the transit plant of the intermediate company is 1010 (DE), and the transit plant of the selling company is 1610 (SE). It's used to determine the following:

- **Supplier of the intercompany purchase order**
  The sales organization assigned to the predecessor plant in the financial chain represents the legal entity from which the goods are purchased. The supplier assigned to the sales organization is used as the supplier in the intercompany purchase order.

  For example, plant **1010** (DE) is the predecessor plant for transit plant **1610** (SE) of the selling company in financial chain **1810(US)_1010(DE)_1610(SE)**. Therefore, selling company **1610** (SE) buys the goods from intermediate company **1010** (DE). The sales organization of plant **1010** (DE) of the intermediate company is determined from table `TVKWZ` (**Org.Unit: Allowed Plants per Sales Organization**). The supplier (`TVKO-LIFNR`) from table `TVKO` (**Organizational Unit: Sales Organizations**) corresponding to the sales organization found in table `TVKWZ` is used as the supplier in the intercompany purchase order created by selling company **1610** (SE) to intermediate company **1010** (DE).

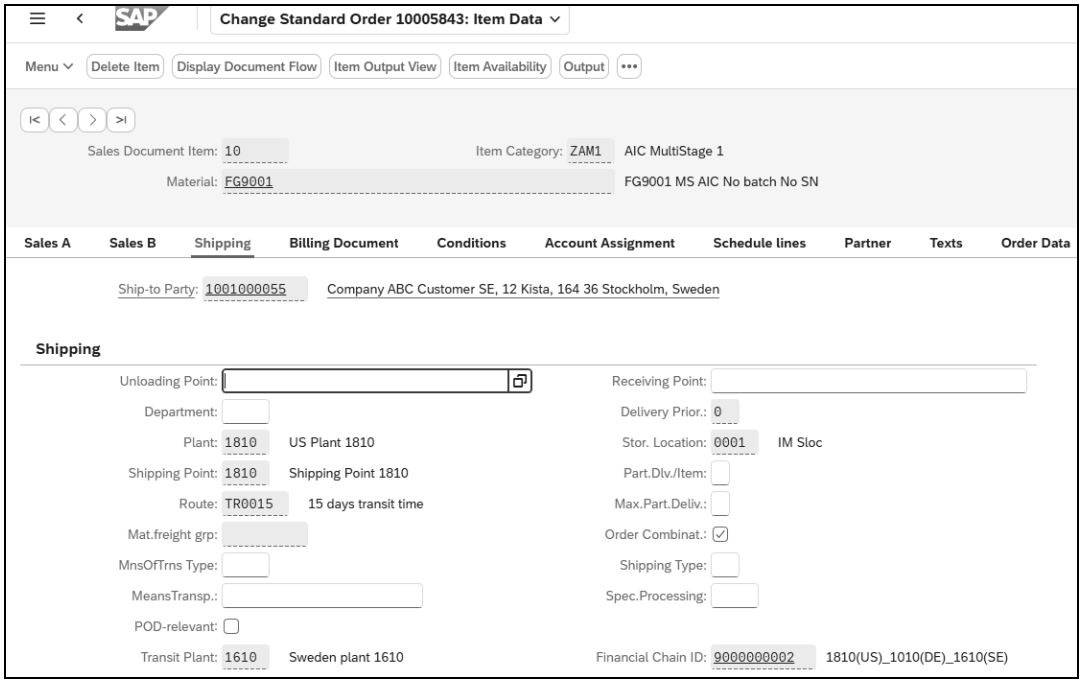


Figure 3.4: Financial Chain ID at the Sales Order Line Item

- **Sold-to party in intercompany sales order**
  The sales organization assigned to the successor plant in the financial chain represents the legal entity to which the goods are sold. The customer assigned to the sales organization is used as the sold-to party in the intercompany sales order.

  For example, transit plant **1610** (SE) is the successor plant for transit plant **1010** (DE) of the intermediate company in financial chain **1810(US)_1010(DE)_1610(SE)**. Therefore, the intermediate company **1010** (DE) sells the goods to selling company **1610** (SE). The sales organization of plant **1610** (SE) of the selling company is determined from table

TVKWZ (**Org.Unit: Allowed Plants per Sales Organization**). The customer (KUNNR) in table TVKO (**Organizational Unit: Sales Organizations**) corresponding to the sales organization found in table TVKWZ is used as the sold-to party in the intercompany sales order created in intermediate company **1010** (DE).

- **Implicit transfer of control date**
  If the actual transfer of control date hasn't been specified explicitly for a sales organization in the outbound delivery, then it can be determined implicitly if the actual transfer of control date is defined (or derived) for the next transfer of control in the financial chain.

  For example, if the actual transfer of control date for the sales organization of intermediate company **1010** (DE) isn't maintained (or derived) explicitly, but the same is maintained (or derived) for the sales organization of selling company **1610** (SE), then the actual transfer of control date for intermediate company **1010** (DE) is determined implicitly from the actual transfer of control of selling company **1610** (SE).

Note

The financial chain ID is a master data and is created with the Manage Financial Chain app. See Chapter 8 for the details.

The financial chain ID at the sales order line item can't be changed manually; it's determined automatically and will be changed if one of the determination parameters (e.g., delivering plant) is changed in the sales order. A sales order can have different financial chain IDs at its individual line items.

The sales order of advanced intercompany sales doesn't have a financial chain ID.

3.3.2 Transit Plant and Delivering Plant

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.1), the transit plant of the selling company and the delivering plant of the delivering company are displayed on the sales order line item of the sales order at the selling company, as shown in Figure 3.4. The plant at the intermediate company also acts as a transit plant. The transit plant enables valuated stock to determine the internal price, profit center, and profitability segment at the selling company (or intermediate company) to fulfill the finance and legal requirements. The delivering plant at the sales order item level enables logistic integration (e.g., available-to-promise [ATP] and material requirements planning [MRP]) such as advanced intercompany sales.

Note

There's a transit plant at the intercompany sales order line item of the intermediate company (look ahead to Figure 3.6), but no transit plant in the intercompany sales order at the delivering company (look ahead to Figure 3.7).

3.3.3 Goods Supplier

Goods supplier (GS) is a partner function in the partner determination procedure. It's created as a business partner representing the physical delivering plant of the delivering company. GS as a partner function is determined in the intercompany purchase order at the selling company and then copied to the respective intercompany sales orders and intercompany purchase orders in respective companies in the financial chain.

> **Note**
>
> GS isn't present as a partner function in the initiating sales order of the selling company.

3.3.4 Intercompany Purchase Order and Intercompany Sales Order

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.2), intercompany purchase orders and intercompany sales orders are created automatically when the selling company creates the sales order.

Figure 3.5 shows an example of intercompany purchase order **4500003709** (**SC_PO**) at the selling company (SE), intercompany sales order **60001457** (**IC_SO**) at the intermediate company (DE), intercompany purchase order **4500003710** (**IC_PO**) at the intermediate company (DE), and intercompany sales order **60001458** (**DC_SO**) at the delivering company (US). They have been created automatically by VCM at the creation of sales order **10005843** (**SC_SO**) at the selling company (SE).



Figure 3.5: Intercompany Purchase Order and Intercompany Sales Orders Created Automatically

Transit plant **1010** (DE) and financial chain ID **9000000002 1810(US)_1010(DE)_1610(SE)** are displayed in the line item of intercompany sales order **60001457** at intermediate company **1010** (DE), as shown in Figure 3.6. The ship-to party is **1001000055**, that is, the external customer in SE.

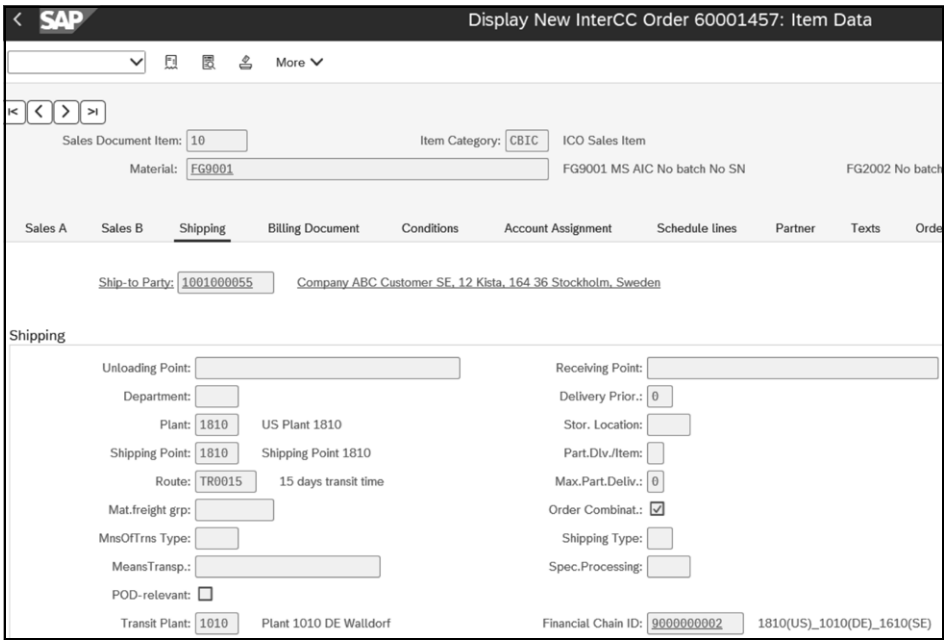


Figure 3.6: Intercompany Sales Order with Transit Plant at the Intermediate Company

Now let's look at financial chain ID **9000000002 1810(US)_1010(DE)_1610(SE)** on the line item of the other intercompany sales order **60001458** at delivering company **1810** (US), as shown in Figure 3.7. The ship-to party is the same, **1001000055**.

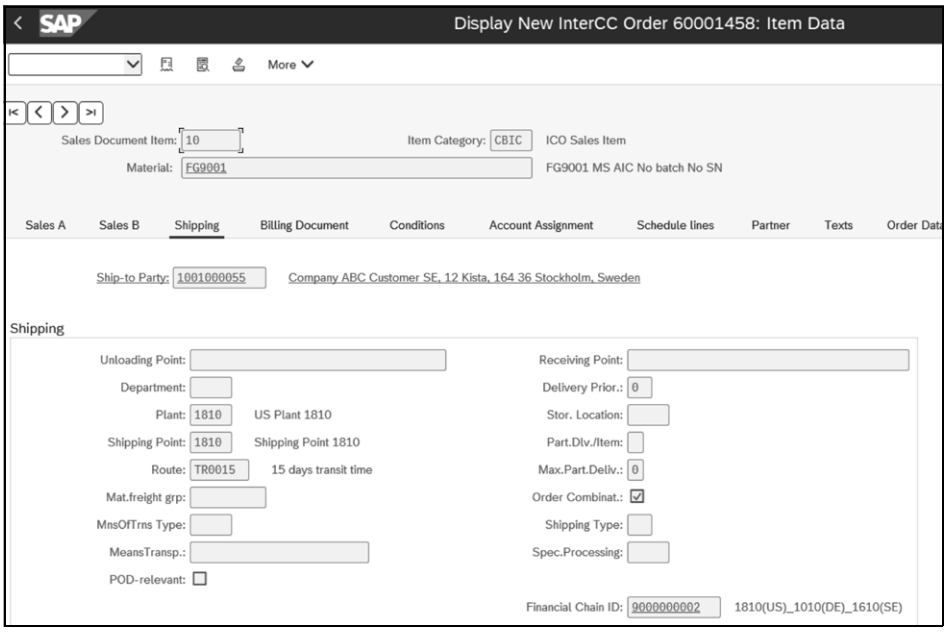


Figure 3.7: Intercompany Sales Order at the Delivering Company with No Transit Plant

Figure 3.8 shows goods supplier **BP1810** determined for delivering plant **1810** (US) as a partner function of intercompany purchase order **4500003709** at the selling company (SE) with purchasing organization **1610** (SE) and company code **1610** (SE). Intercompany purchase order **4500003709**, as shown in Figure 3.9, has supplier **BP_1010** as determined from sales organization **1010** (DE) of intermediate company **1010** (DE) at receiving plant **1610** (SE) with material and quantity as confirmed in initiating sales order **10005843**.

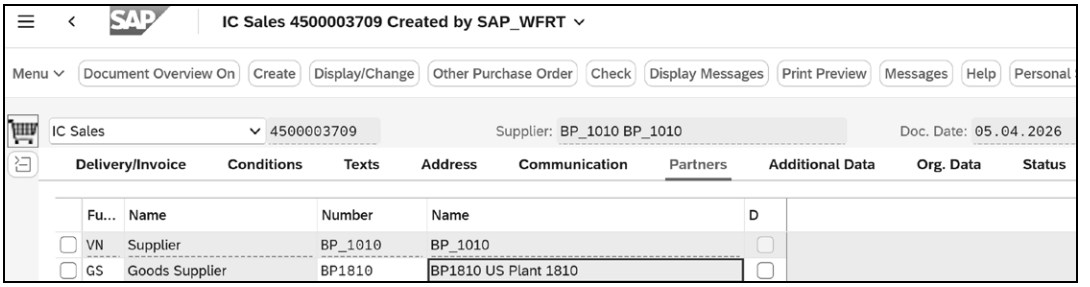


Figure 3.8: Goods Supplier as the Partner Function in the Intercompany Purchase Order at the Selling Company

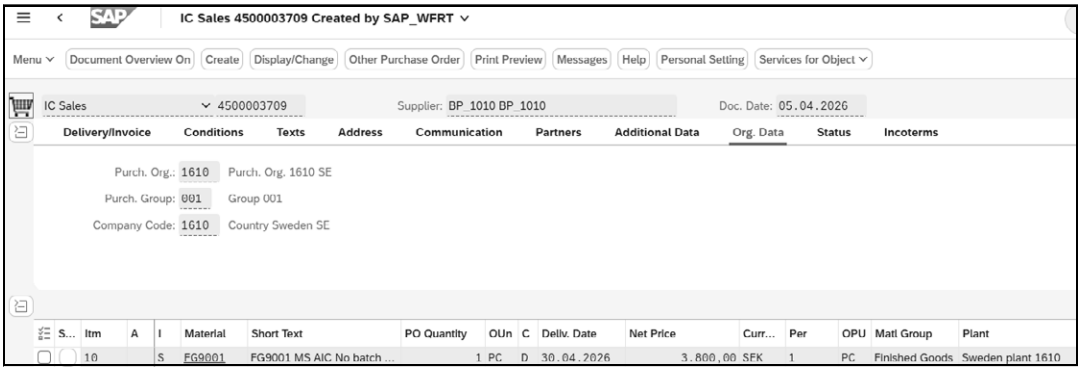


Figure 3.9: Intercompany Purchase Order: Same Quantity as the Confirmed Quantity in the Initiating Sales Order

Goods supplier **BP1810** has been copied from the intercompany purchase order **4500003709** of the selling company shown in Figure 3.8 to the intercompany sales order **60001457** at sales organization **1010** (DE) of the intermediate company (DE), as shown in Figure 3.10.

Intercompany sales order **60001457** has sold-to party **BP1610** as determined by the customer of sales organization **1010** (DE) of the intermediate company, as shown in Figure 3.10 and Figure 3.11.

Goods supplier **BP1810** has been copied from intercompany sales order **60001457** of the intermediate company shown in Figure 3.10 to intercompany purchase order **4500003710** at purchasing organization **1010** (DE) and company code **1010** (DE), which corresponds to the intermediate company (refer to Figure 3.12).

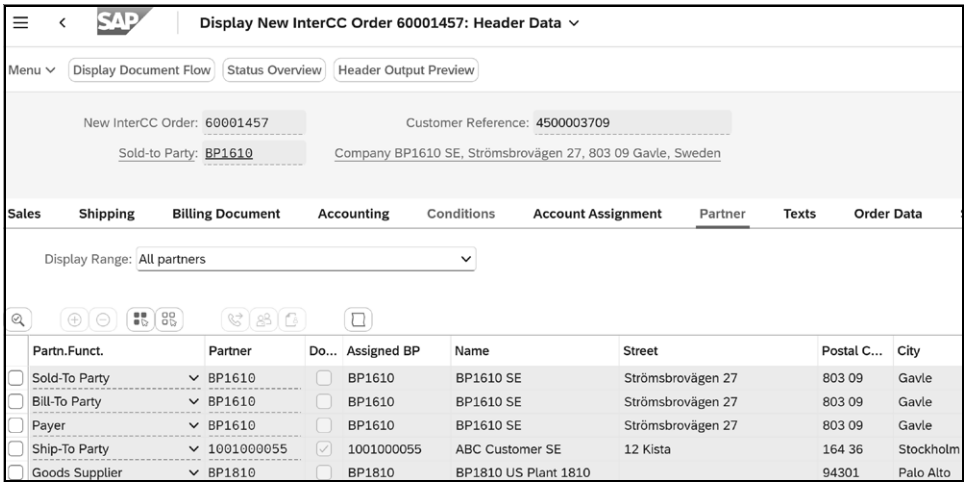


Figure 3.10: Goods Supplier as Partner Function in the Intercompany Sales Order at the Intermediate Company

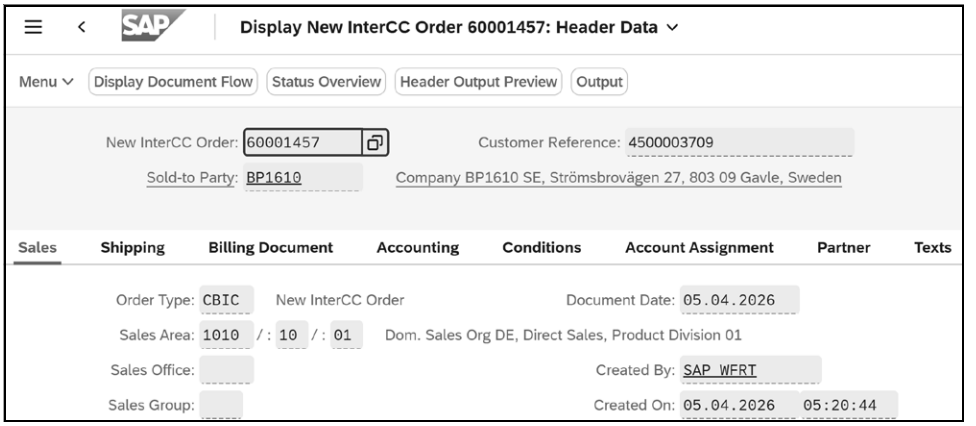


Figure 3.11: Sold-to Party in the Intercompany Sales Order Determined from the Sales Organization

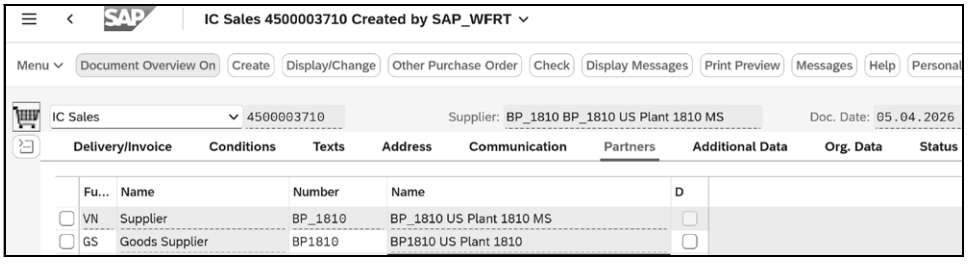


Figure 3.12: Goods Supplier as the Partner Function in the Intercompany Purchase Order at the Intermediate Company

Intercompany purchase order **4500003710** has supplier **BP_1810** as determined from sales organization **1810** (US) of delivering company **1810** (US) (refer to Figure 3.13).

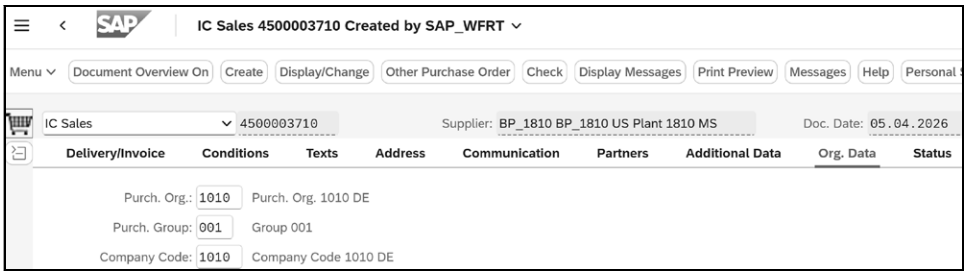


Figure 3.13: Supplier in the Intercompany Purchase Order Determined from the Sales Organization

Goods supplier **BP1810** has been copied from intercompany purchase order **4500003710** of the intermediate company, as shown in Figure 3.12, to intercompany sales order **60001458** at sales organization **1810** (US) of the delivering company (US) (refer to Figure 3.14).

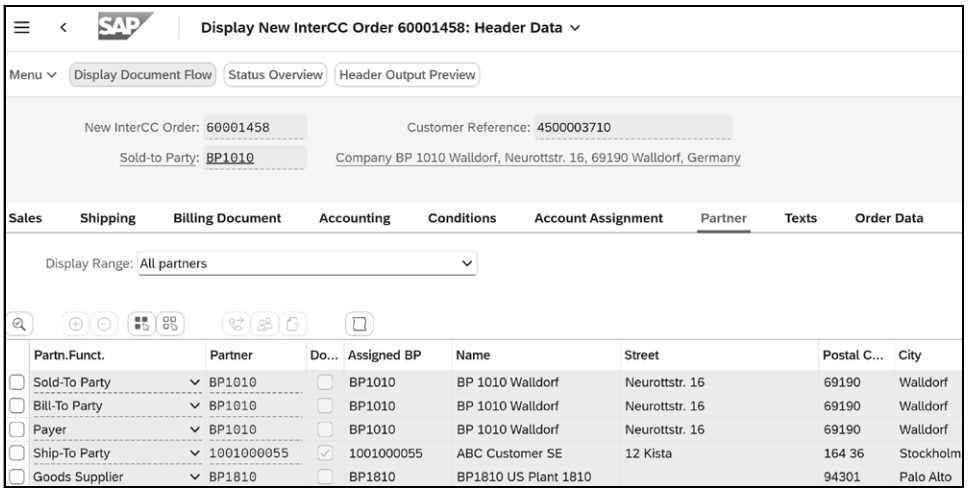


Figure 3.14: Goods Supplier Determined in the Intercompany Purchase Order from the Intercompany Sales Order

Intercompany sales order **60001458** has sold-to party **BP1010** as determined by the customer of sales organization **1810** (US), as shown in Figure 3.15.

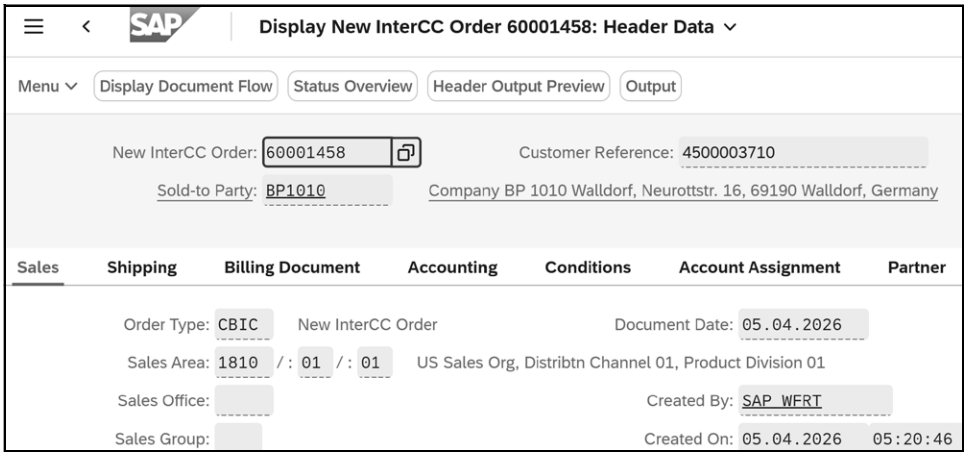


Figure 3.15: Sold-to Party in the Intercompany Sales Order Determined from the Sales Organization

3.3.5 Outbound Delivery

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.3), outbound delivery is created at the delivering company by referring to the initiating sales order at the selling company for shipping goods directly to the external customer of the selling company. There's only one outbound delivery in advanced intercompany sales and multistage intercompany sales.

Outbound delivery **80005032** (see Figure 3.16) has been created with delivering plant **1810** (US) and ship-to party **1001000055** for delivery of goods directly to the external customer in SE.

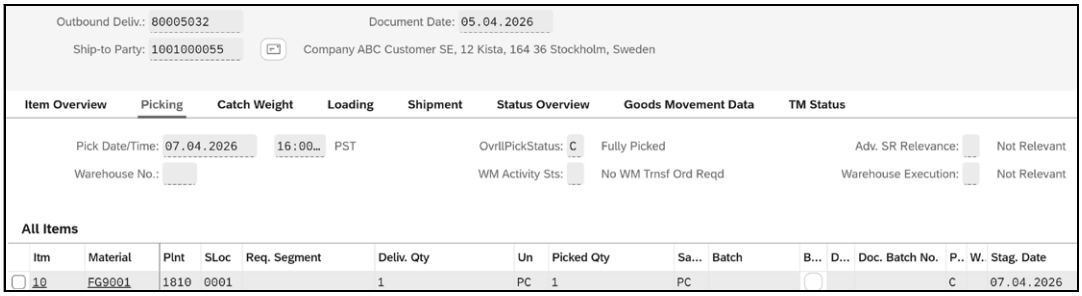


Figure 3.16: Outbound Delivery at the Delivering Company with the Ship-to Party as the External Customer

Looking back to Figure 3.1, the outbound delivery ❻ is created from the initiating sales order ❶, and the goods issue ❼ transfers the stock with process step **DC_GT** to the VSiT.

In our example, outbound delivery **80005032** (**DC_OD**), created from sales order **10005843** (**SC_SO**), has generated material document **4900004171 2026** with process step **DC Goods Transfer** (**DC_GT**) on its goods issue (see Figure 3.17).

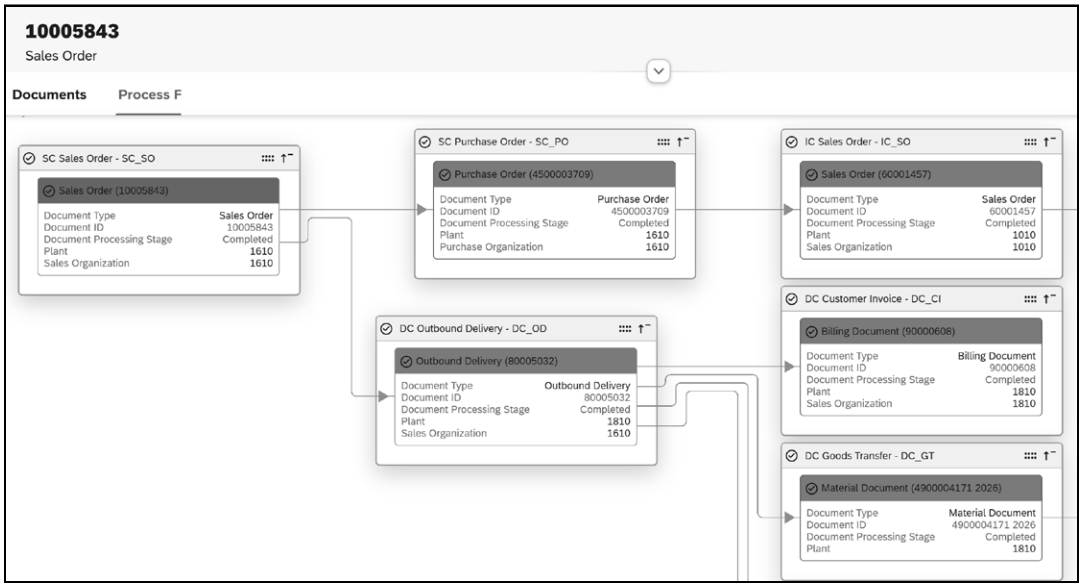


Figure 3.17: Outbound Delivery with Process Step DC_GT on Its Goods Issue

Material document **4900004171 2026** is posted with movement type **687** (**GMDel to Iss Val SiT**), as shown in Figure 3.18.

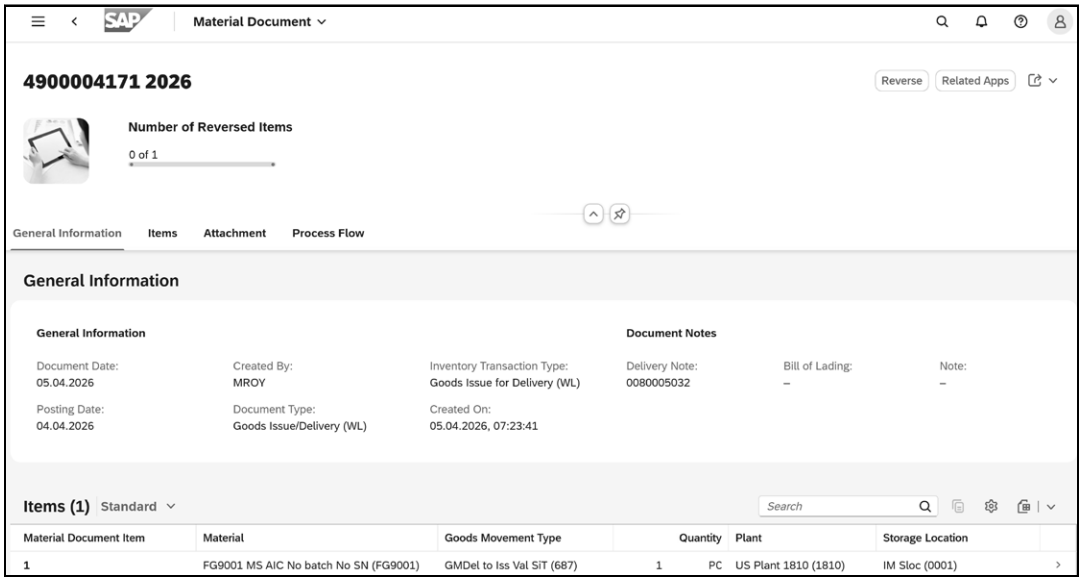


Figure 3.18: Material Document on Goods Issue of the Outbound Delivery

3.3.6 Internal and External Transfer of Control

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.4), internal and external transfer of controls are used to transfer the ownership of goods. External transfer of control

transfers the ownership of goods from the selling company to the external customer. There are multiple internal transfers of control depending on the number of intermediate companies in multistage intercompany sales.

Looking back to Figure 3.1, internal transfer of controls (❾, ⓬) transfers the ownership of goods from the delivering company (US) to the intermediate company (DE) and from the intermediate company (DE) to the selling company (SE), respectively. Accordingly, there are multiple internal transfers of control dates under the **Shipment** tab in the header of outbound delivery **80005032** (see Figure 3.19). Each internal transfer of control date requires the relevant receiving sales organization. Planned internal transfer of control dates aren't populated automatically at the creation of delivery—only the planned external transfer of control date is populated automatically (see Figure 3.19). Planned internal transfer of control dates can be populated from TM after transportation planning, as discussed in Chapter 11.

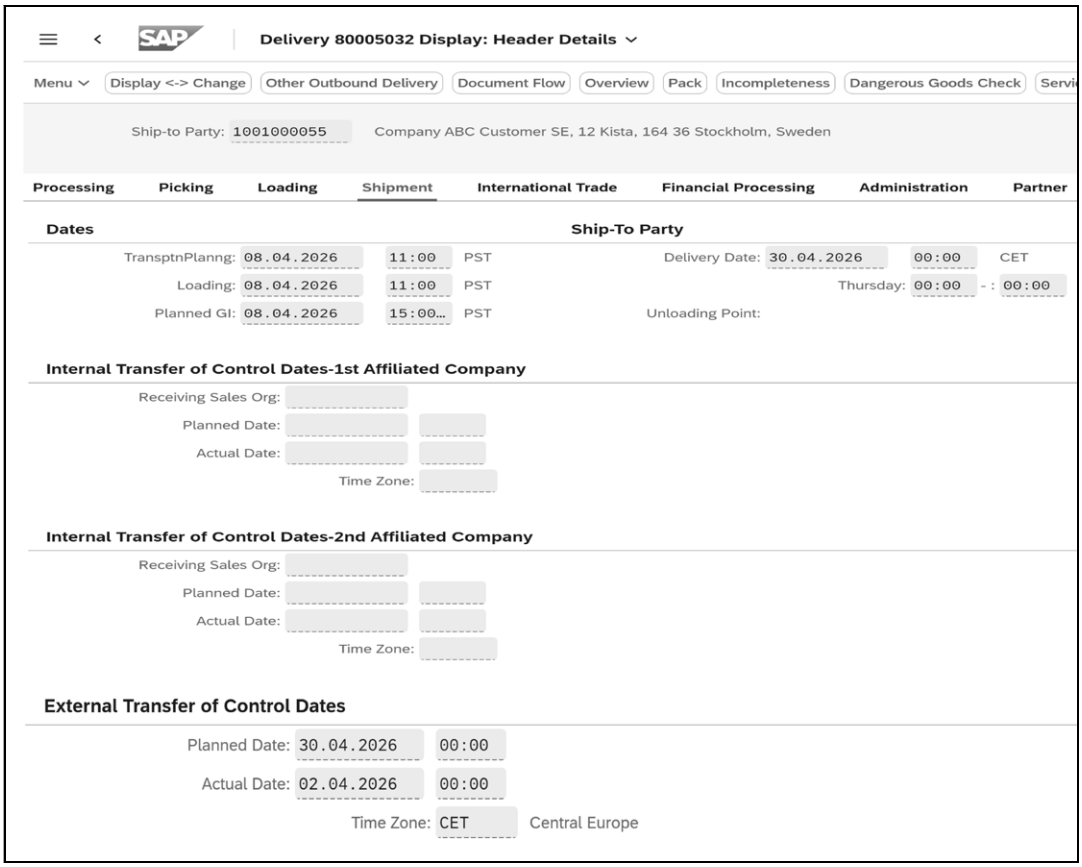


Figure 3.19: One External Transfer of Control Date and Multiple Internal Transfers of Control Dates in the Outbound Delivery

The actual date on the external transfer of control is updated on the outbound delivery, as depicted earlier in Figure 3.19. Actual dates for the internal transfer of control dates aren't

mentioned explicitly on the outbound delivery; however, the system has derived the actual dates for the internal transfer of control dates implicitly and has posted the goods movements with VCM process steps **DC_GI**, **IC_GR**, **IC_GI**, **SC_GR**, and **SC_GI** accordingly (refer to Figure 3.20).



Figure 3.20: Implicit Internal Transfer of Control Dates

Dates for the internal and external transfer of control can be populated in outbound delivery in the following ways:

- Entering default values with SAP standard configuration
- Using business add-in (BAdI) `LE_SHP_MODIFY_HEAD`
- Using TM
- Making manual entries

> **Note**
>
> *Implicit* internal transfer of control from *explicit* external transfer of control isn't possible with advanced intercompany sales as of SAP S/4HANA 2025 FPS01.

3.3.7 Postings for Goods Movements

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.5), VCM executes the postings for the goods movements sequentially with respective movement types corresponding to VCM process steps. Sequential process steps for goods movements are listed and summarized in Table 3.1 and also shown earlier in Figure 3.1.

Process Step	Description	Movement Type	Update on Outbound Delivery	Execution Type
DC_GT	Delivering company goods transfer	687	Post goods issue (PGI)	Executed in SAP S/4HANA outside of VCM

Table 3.1: Sequential Process Steps for Goods Movements

Process Step	Description	Movement Type	Update on Outbound Delivery	Execution Type
DC_GI	Delivering company goods issue	601 T	Actual date and time on internal transfer of control	Automatically executed by VCM
IC_GR	Intercompany goods receipt	101		
IC_GI	Intercompany goods issue	601		
SC_GR	Selling company goods receipt	101		
SC_GI	Selling company goods issue	601	Actual date and time on external transfer of control	Automatically executed by VCM

Table 3.1: Sequential Process Steps for Goods Movements (Cont.)

Note

Per standard SAP design, only the delivering company uses VSiT in multistage intercompany sales, unlike in advanced intercompany sales, where both the delivering company and the selling company use VSiT.

3.3.8 Intercompany Customer Invoice

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.6), an intercompany customer invoice is created with reference to the outbound delivery after the goods issue for the supply of goods by one company to another company within the same corporate group. There are multiple intercompany invoices depending on the number of intermediate companies in the multistage flow. Intercompany customer invoices can be created following the same process as used with advanced intercompany sales with the same billing type IV2 (intercompany invoice).

Unlike advanced intercompany sales, VCM doesn't create or trigger the creation of the intercompany supplier invoice in multistage intercompany sales. Accordingly, there's no direct link between the intercompany customer invoice (in our example, **90000608** [**DC_CI**] created by delivering company **1810** [US]) with the supplier invoice (in our example, [**IC_SI**] **5100000302/2026** created at intermediate company **1010** [DE]), as shown in Figure 3.21.



Figure 3.21: No Direct Link Between the Intercompany Customer Invoice and the Supplier Invoice

3.3.9 Customer Invoice

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.7), the customer invoice is created for the external customer with reference to the outbound delivery after the goods issue. The same billing type F2 (F2 invoice) can be used. In addition, there's no sequence to be followed for the creation of the customer invoice and the intercompany customer invoices in multistage intercompany sales (like advanced intercompany sales, and unlike classic intercompany sales).

3.3.10 Intercompany Supplier Invoice

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.8), the intercompany supplier invoice can only be created after the goods receipt because the intercompany purchase order is marked with goods receipt–based invoice verification.

Unlike advanced intercompany sales, VCM doesn't automatically create the intercompany supplier invoice from the intercompany customer invoice. Instead, it needs to be created by the Create Supplier Invoice app (F0859), Business Application Programming Interface (BAPI) `BAPI_INCOMINGINVOICE_CREATE1`, or application programming interface (API) `InvoiceRequest_IN`.

3.3.11 Pro Forma Invoices

As in advanced intercompany sales (refer to Chapter 2, Section 2.3.9), pro forma invoices can be created from the sales order and the outbound delivery with the same billing types.

3.3.12 Transfer Price

The transfer price is the price negotiated between two affiliates (within the same corporate group) for the exchange of goods. As in advanced intercompany sales (refer to Chapter 2, Section 2.3.10), it's maintained in the relevant sales condition records in the intermediate company and the delivering company. Intercompany sales orders determine the transfer prices from the relevant sales condition records, and intercompany customer invoices derive the transfer prices from the corresponding intercompany sales orders.

The generic flow of the prices and quantities in the relevant intercompany sales orders, intercompany customer invoices, and supplier invoices (and customer invoice) is given here and shown in Figure 3.22:

❶ The price in the initiating sales order at the selling company (SE) is fetched from the sales condition record Ⓐ for the material at the sales organization of selling company (SE).

❷ The price in the intercompany purchase order at selling company (SE) is fetched from the purchasing info record or purchasing condition record Ⓑ for the material at the purchasing organization of the selling company (SE). Quantity corresponds to the confirmed quantity in the sales order ❶.

❸ The price in the intercompany sales order at the intermediate company (DE) is fetched from the sales condition record Ⓒ for the material at the sales organization of the intermediate company (DE). Quantity corresponds to the confirmed quantity in the sales order ❶.

❹ The price in the intercompany purchase order at the intermediate company (DE) is fetched from the purchasing info record or purchasing condition record Ⓓ for the material at the purchasing organization of the intermediate company (DE). Quantity corresponds to the confirmed quantity in the sales order ❶.

❺ The price in the intercompany sales order at the delivering company (US) is fetched from the sales condition record Ⓔ for the material at the sales organization of the delivering company (US). Quantity corresponds to the confirmed quantity in the sales order ❶.

❻ The quantity in the outbound delivery is the same or less than the confirmed quantity in the initiating sales order ❶.

❼ The price in the intercompany customer invoice is the same as the price in the intercompany sales order ❺ at the delivering company. Quantity corresponds to the quantity in the outbound delivery.

❽ The price in the intercompany supplier invoice is the same as the price in intercompany purchase order ❹ at the intermediate company (DE). Quantity is the same as the goods received in the intermediate company (DE), which is the same as the quantity in the outbound delivery.

❾ The price in the intercompany customer invoice is the same as the price in the intercompany sales order ❸ at the intermediate company. Quantity corresponds to the quantity in the outbound delivery.

⓾ The price in the intercompany supplier invoice is the same as the price in the intercompany purchase order ❷ at the selling company (SE). Quantity is the same as the goods received in the selling company (SE), which is the same as the quantity in the outbound delivery.

⓫ The price in the customer invoice is the same as the price in the initiating sales order ❶ and the quantity corresponds to the outbound delivery.

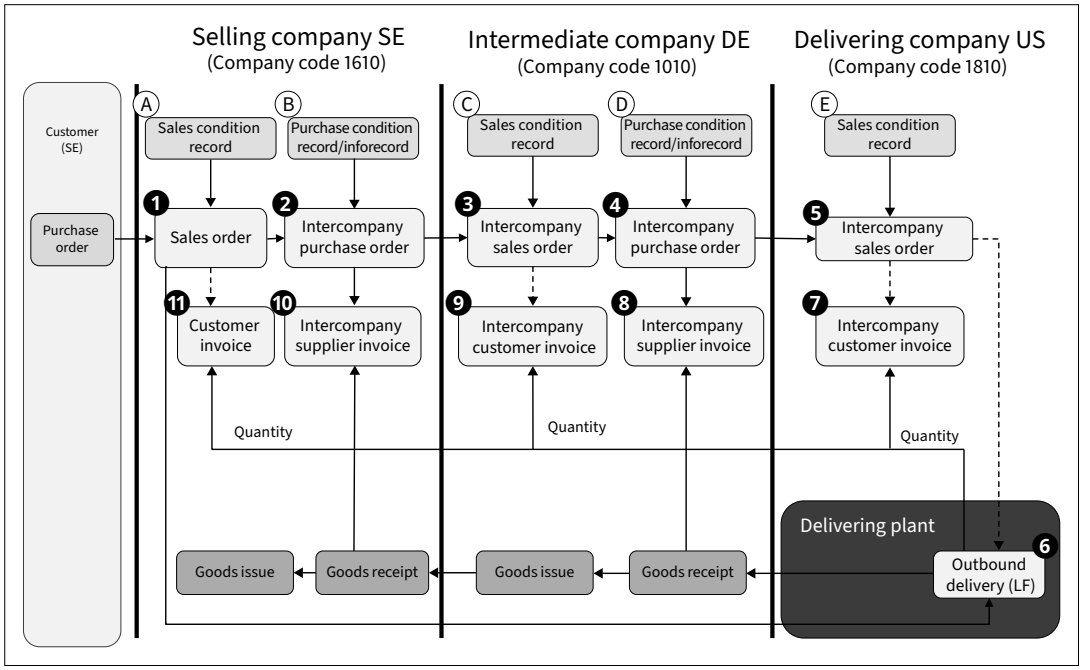


Figure 3.22: Flow of Price and Quantity in the Intercompany Customer Invoice, Supplier Invoice, and Customer Invoice

3.3.13 Output and Input Tax

Output and input tax follow the same process and system solution that we discussed in Chapter 2, Section 2.3.11.

3.4 Scenario Variants

Introduced in SAP S/4HANA 2025 FPS01, multistage intercompany sales supports several scenarios, including selling from stock, free-of-charge (FoC) items, material with batches and batch splits, and materials with serial numbers. We'll discuss each in more detail in the following sections.

3.4.1 Sell from Stock

As in advanced intercompany sales (refer to Chapter 2, Section 2.4.1), multistage intercompany sales supports selling from stock scenarios. The process flow diagrams and scenarios described so far in this section also correspond to the sell from stock scenario.

Standard item category TAN (standard item) can't be used in multistage intercompany sales if the same item category is also used for advanced intercompany sales. See Chapter 7, Section 7.2.4, for the details. Therefore, a custom item category **ZAM1** (copy of item category TAN), as shown in Figure 3.23, has been considered in sales order **10005843** for multistage intercompany sales.

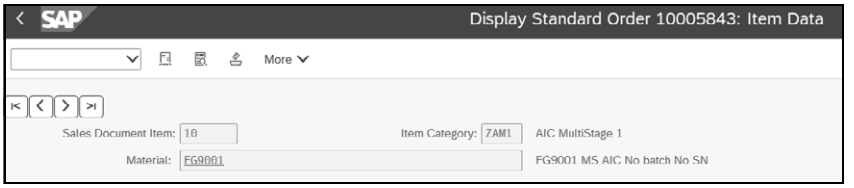


Figure 3.23: Custom Item Category in the Multistage Intercompany Sales Order

3.4.2 Free-of-Charge Item

As in advanced intercompany sales (refer to Chapter 2, Section 2.4.2), multistage intercompany sales supports FoC items. Our example in Figure 3.24 shows sales order **10005873** with item category **ZCBX** (copy of standard CBXN item category for FoC) and a net value of nil with a 100% discount.

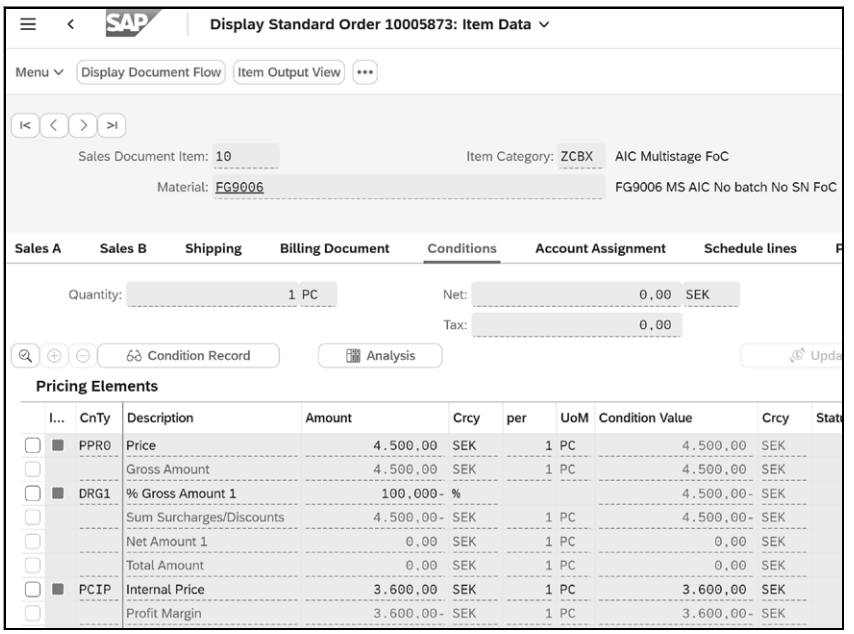


Figure 3.24: FoC Item in Multistage Intercompany Sales

We can see a **Completed** process flow in the Monitor Value Chains app in Figure 3.25 for sales order **10005873** with process type **Multistage ICo Sales (MS_IC_SALES)** and financial chain **1810(US)_1010(DE)_1610(SE) (9000000002)**.

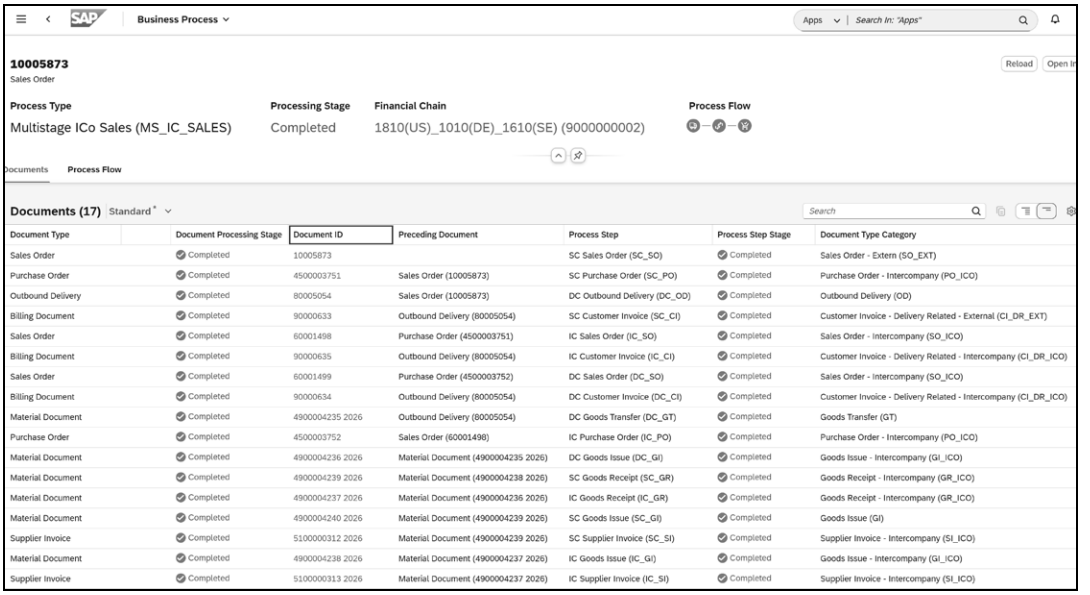


Figure 3.25: Process Flow for a FoC Item in the Monitor Value Chains App

Customer invoice **90000633** (SC_CI), as shown in Figure 3.25, is displayed with a nil value in Figure 3.26 with billing type **F2**. The invoice was created by selling company **1610** (SE) with sold-to party or payer **1001000055**.

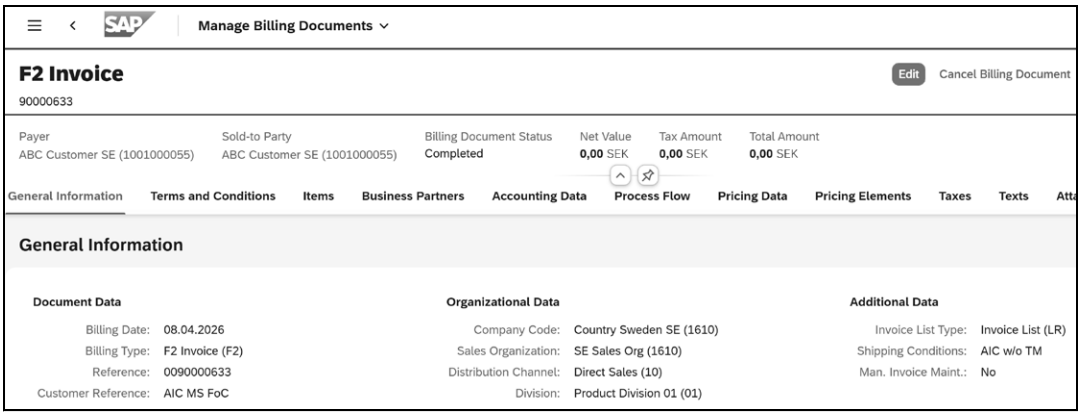


Figure 3.26: Nil Net Value in a Customer Invoice Created by the Selling Company

Figure 3.27 shows the resulting intercompany customer invoice **90000635** in the Manage Billing Documents app with a net value of **400 EUR** and billing type **Intercompany Invoice (IV2)**. This invoice was created by intermediate company **1010** (DE) with sold-to party or payer **BP1610**.

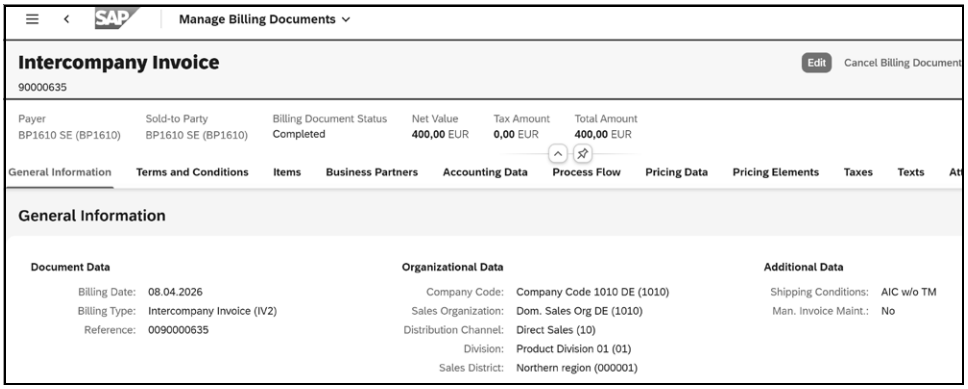


Figure 3.27: Intercompany Invoice Created by the Intermediate Company for the Selling Company

3.4.3 Materials with Batches and Batch Splits

As in advanced intercompany sales (refer to Chapter 2, Section 2.4.3), multistage intercompany sales supports material with batches and batch splits. To demonstrate, the Monitor Value Chains app in Figure 3.28 displays the process flow in the **Completed** processing stage with process type **Multistage ICo Sales (MS_IC_SALES)** for sales order **10005876** with outbound delivery **80005055**.

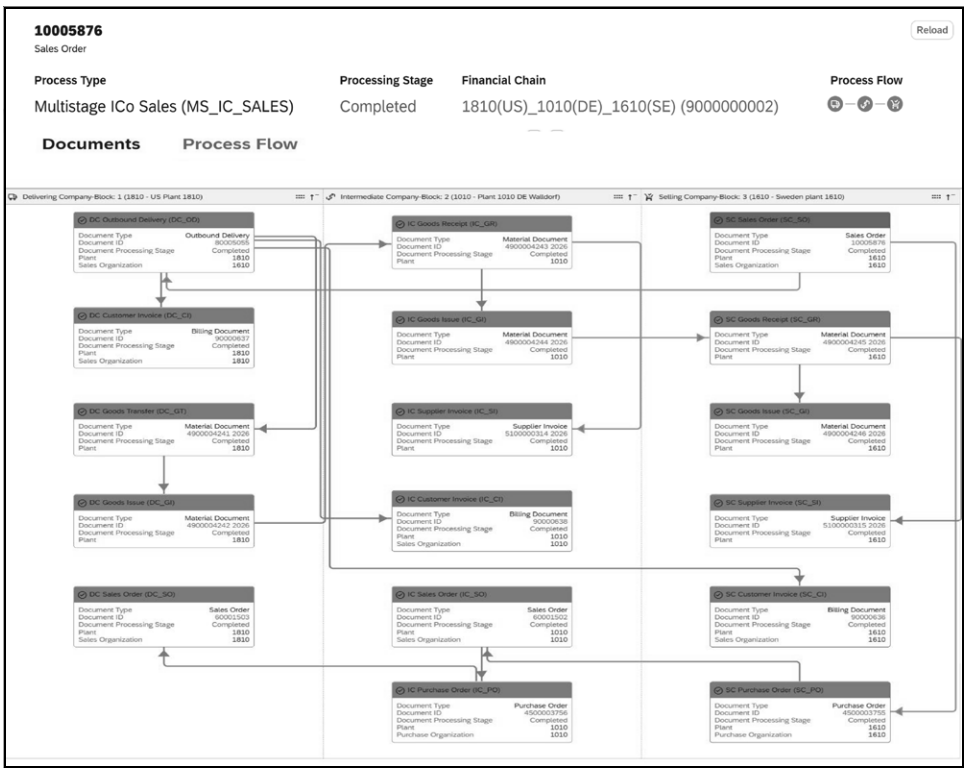


Figure 3.28: Process Flow in the Completed Processing Stage with Process Type Multistage ICo Sales

Outbound delivery **80005055** with batch split is shown in Figure 3.29. Item category **CB99** for the batch subitem can be the same as that used in advanced intercompany sales, as the item category for the batch subitem isn't mapped to VCM.

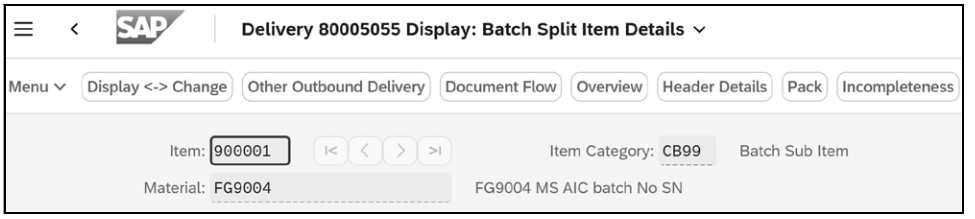


Figure 3.29: Outbound Delivery with Batch Split

Customer invoice **90000636** (SC_CI) (depicted earlier in Figure 3.28) is displayed in Figure 3.30 with billing type **F2 Invoice**, price and quantity on main item **10**, and batches with nil quantity and price on subitems **11** and **12**.

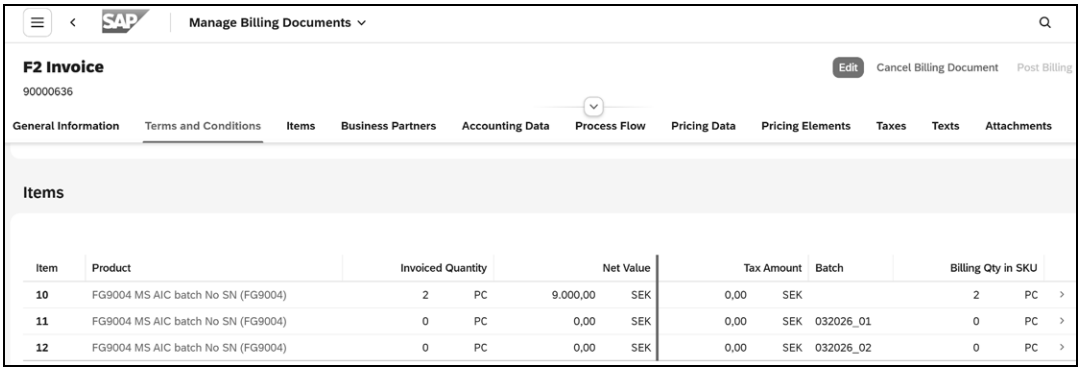


Figure 3.30: Price and Quantity on the Main Item with Batches on the Subitem

> **Note**
>
> Materials also need to be batch managed for all plants in the financial chain if the batch level is plant.

3.4.4 Materials with Serial Numbers

As in advanced intercompany sales (refer to Chapter 2, Section 2.4.4), multistage intercompany sales supports materials with serial numbers. Figure 3.31 shows an example process flow in the Monitor Value Chains app in the **Completed** processing stage with process type **Multistage ICo Sales** (**MS_IC_SALES**) for sales order **10005879** with outbound delivery **80005058**.

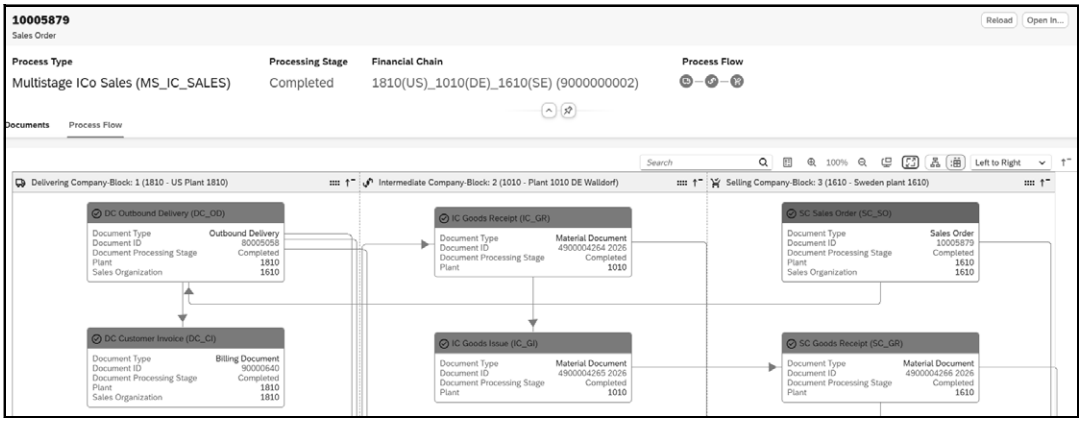


Figure 3.31: Process Flow in the Completed Processing Stage with Process Type Multistage ICo Sales

Figure 3.32 shows example delivery **80005058** for material **FG9007** with serial number **MR202601** and delivering plant **1810** (US).

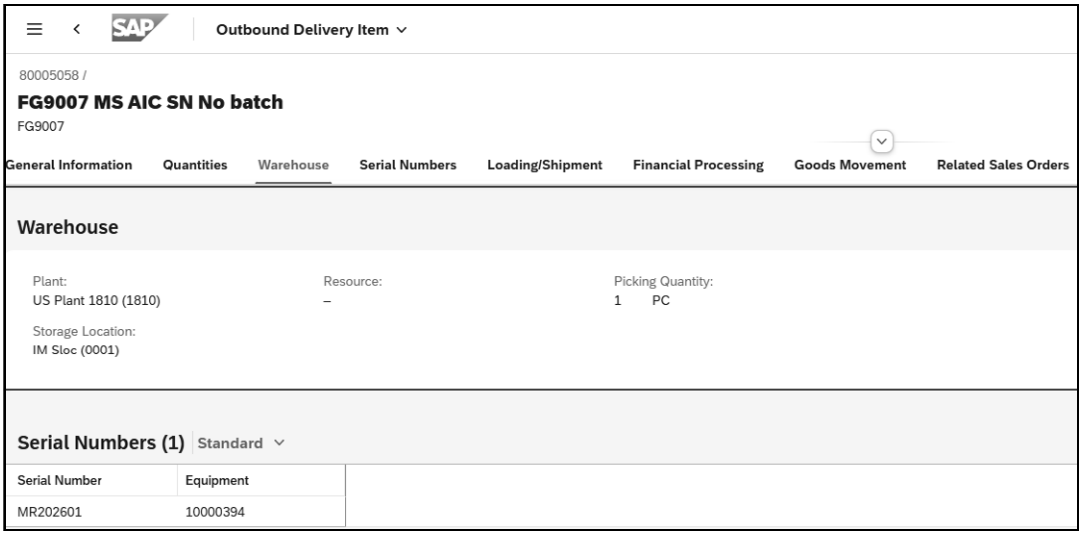


Figure 3.32: Delivery for a Material with a Serial Number in Multistage Intercompany Sales

Note

The serial number profile needs to be maintained in the **Sales:General/Plant** view of the material master in all plants of the financial chain.

3.5 Complex and Exception Scenarios

Multistage intercompany sales also supports complex and exception scenarios. We'll walk through some of them in the following sections.

3.5.1 Availability of Partial Quantity

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.1), if the initiating sales order at the selling company doesn't get fully confirmed (i.e., the confirmed quantity is less than the requested quantity) in multistage intercompany sales, then the system creates the intercompany purchase orders and intercompany sales orders only for the confirmed quantity.

Let's review an example to demonstrate. Figure 3.33 shows the Monitor Value Chains app displaying a process flow for the following: intercompany purchase order (**SC_PO**) **4500003763** at selling company **1610** (SE), intercompany sales order (**IC_SO**) **60001510** at intermediate company **1010** (DE), intercompany purchase order (**IC_PO**) **4500003764** at intermediate company **1010** (DE), and intercompany sales order (**DC_SO**) **60001511** at delivering company **1810** (US). All of them were created automatically by VCM on the creation of initiating sales order (**SC_SO**) **10005880** at selling company **1610** (SE).

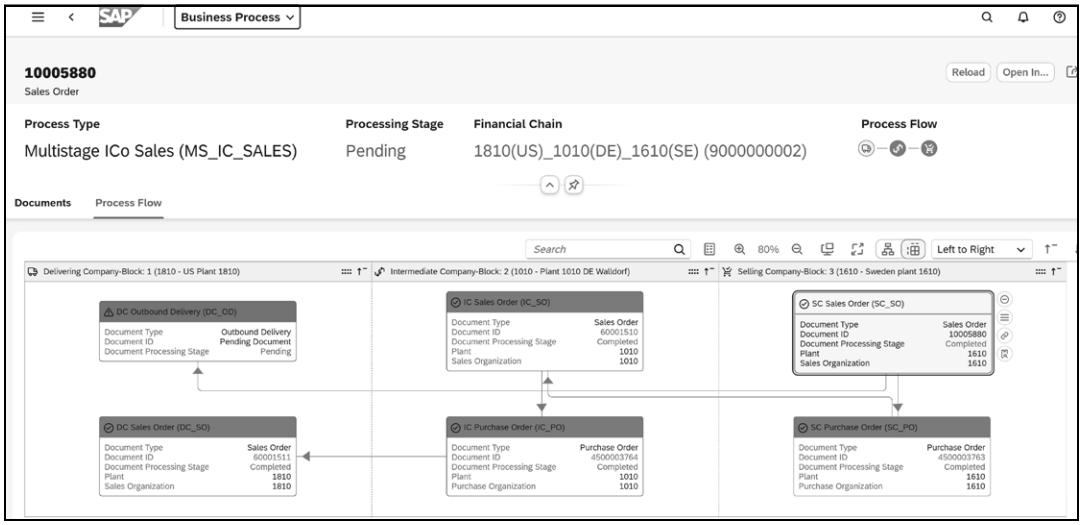


Figure 3.33: Intercompany Purchase Orders and Intercompany Sales Orders Created from the Initiating Sales Order

Figure 3.34 shows that initiating sales order **10005880** performed a material availability check (ATP) at delivering plant **1810** (US) and confirmed only **13 PC** for the requested quantity of **25 PC**.

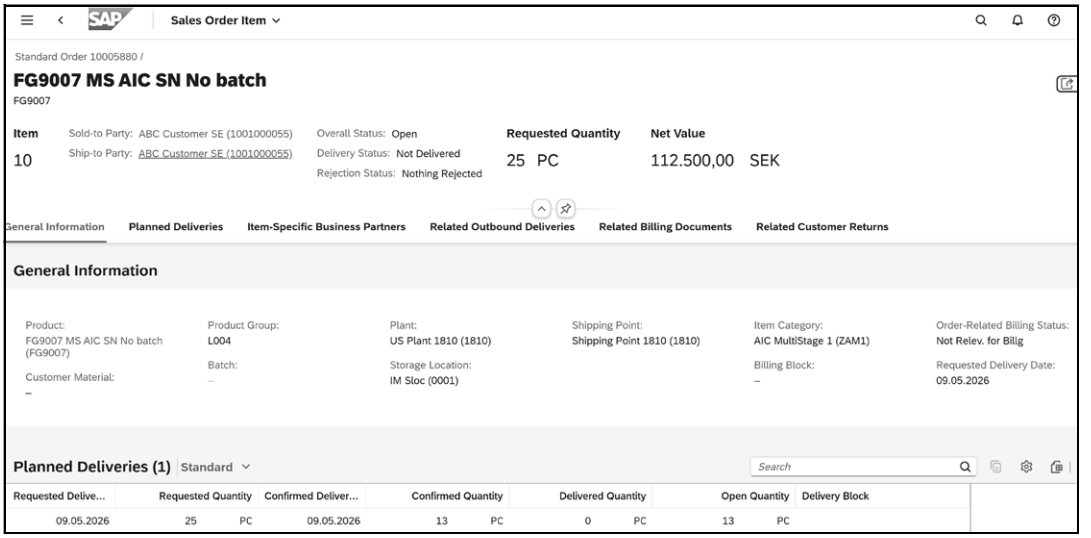


Figure 3.34: Confirmed Quantity Less Than Requested Quantity in the Initiating Sales Order

Accordingly, intercompany purchase order (SC_PO) **4500003763** at selling company 1610 (SE) has been created for the order quantity of **13 PC**, as shown in Figure 3.35.

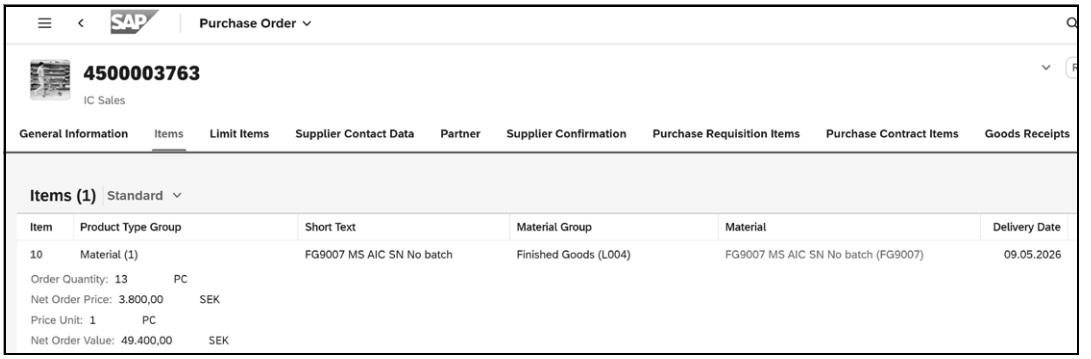


Figure 3.35: Intercompany Purchase Order Created with the Confirmed Quantity of the Sales Order

Subsequent documents—IC_SO, IC_PO, and DC_SO—also have the same order quantity of 13 PC, as the confirmed quantity in the initiating sales order (SC_SO).

3.5.2 Change of Delivering Plant

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.2), if the delivering plant is changed in the multistage intercompany sales order, then the corresponding intercompany purchase orders are set with a deletion indicator flag and the intercompany sales orders are set with **Rejection** status.

Figure 3.36 shows our delivering plant of sales order **10005883** has been changed from **1910** (US) to **1810** (US). The system sets the processing stage to **Completed** for the initial financial chain **1910(US)_1010(DE)_1610(SE) (9000000007)** with delivering plant **1910** and updates the sales order with the new financial chain **1810(US)_1010(DE)_1610(SE) (9000000002)** with delivering plant **1810**.

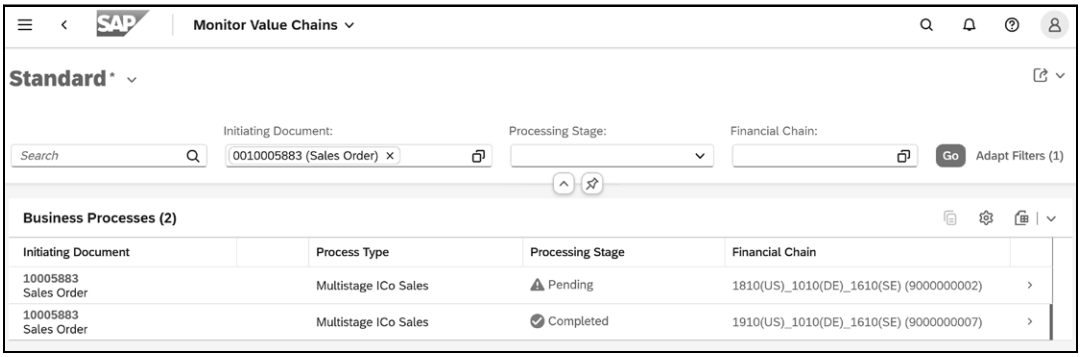


Figure 3.36: Change of Financial Chain Due to the Change in Delivering Plant

The system also marks the status **Deleted** for all the automatically created documents (see Figure 3.37): intercompany purchase order (**SC_PO**) **4500003766** at selling company **1610** (SE), intercompany sales order (**IC_SO**) **60001513** at intermediate company **1010** (DE), intercompany purchase order (**IC_PO**) **4500003767** at intermediate company **1010** (DE), and intercompany sales order (**DC_SO**) **60001514** at delivering company **1910** (US).

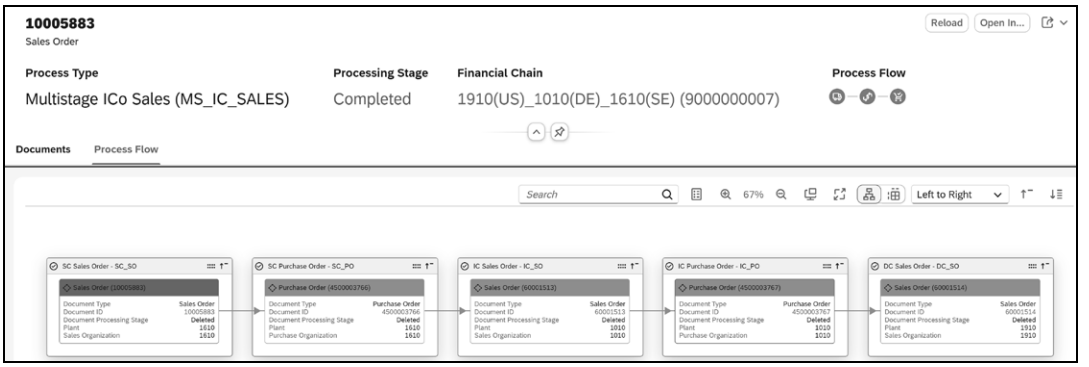


Figure 3.37: Intercompany Purchase Orders and Intercompany Sales Orders Marked as Deleted

Intercompany purchase orders are set to **Marked for Deletion**, and the intercompany sales orders are set to **Fully Rejected** for **Rejection** status. For example, Figure 3.38 shows that intercompany purchase order (SC_PO) **4500003766** is set to **Marked for Deletion** status, and Figure 3.39 shows that intercompany sales order (IC_SO) **60001513** is set with rejection status **Fully Rejected** with the reason **Rejected by Selling Company**.

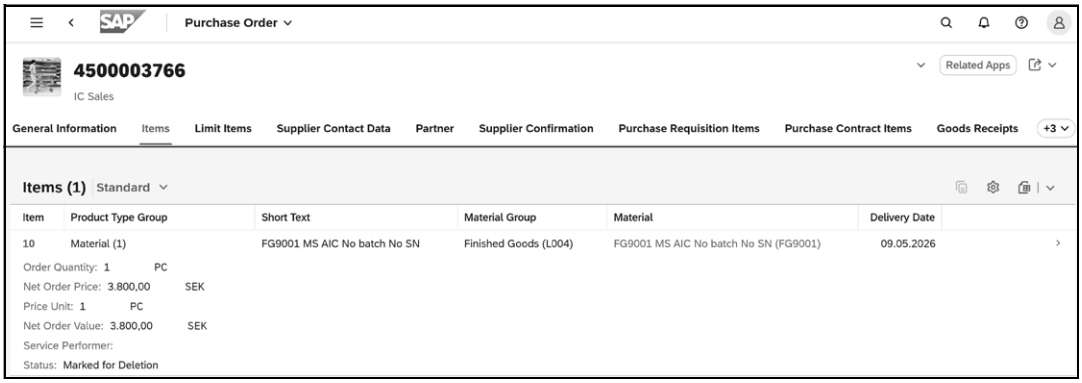


Figure 3.38: Intercompany Purchase Order Set to Marked for Deletion Status



Figure 3.39: Intercompany Sales Order Set with Rejection Status of Fully Rejected

3.5.3 Multiple Intercompany Delivering Plants

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.3), multiple delivering plants at different line items are also supported in the initiating sales order at the selling company. Our example sales order **10005884** has two line items with delivering plants **1910** and **1810** at the individual line items. Accordingly, the sales order has two line items with separate financial chains, **1910(US)_1010(DE)_1610(SE) (9000000007)** for delivering plant **1910** and **1810(US)_1010(DE)_1610(SE) (9000000002)** for delivering plant **1810**, as shown in Figure 3.40.

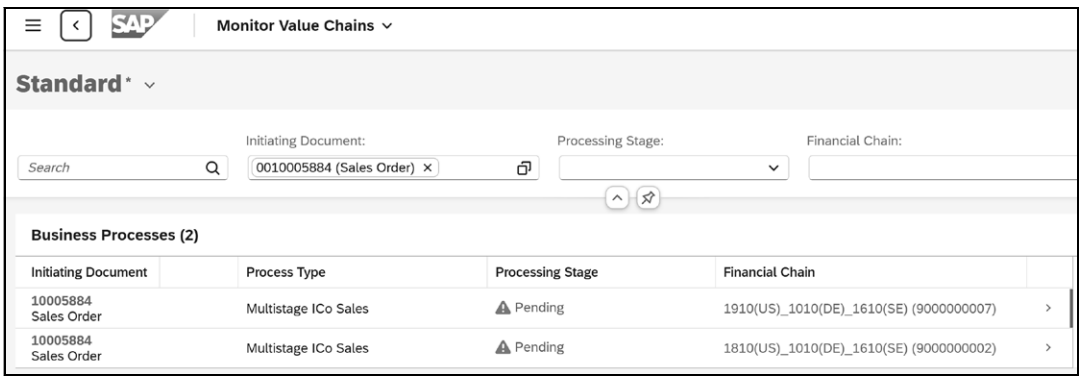


Figure 3.40: Sales Order with Two Delivering Plants and Two Financial Chains

3.5.4 Rejection of Sales Order Line Item

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.4), if the line item of the sales order at the selling company is set with **Reason for Rejection**, then the corresponding intercompany purchase orders are marked as **Deleted** and the intercompany sales orders are set as **Rejected** with the same **Reason for Rejection**.

In Figure 3.41, sales order **10005886** is set to **62 Rejected by Selling Company** as **Reason for Rejection** at line item **10**, which subsequently sets the overall status to **Completed** for the sales order.

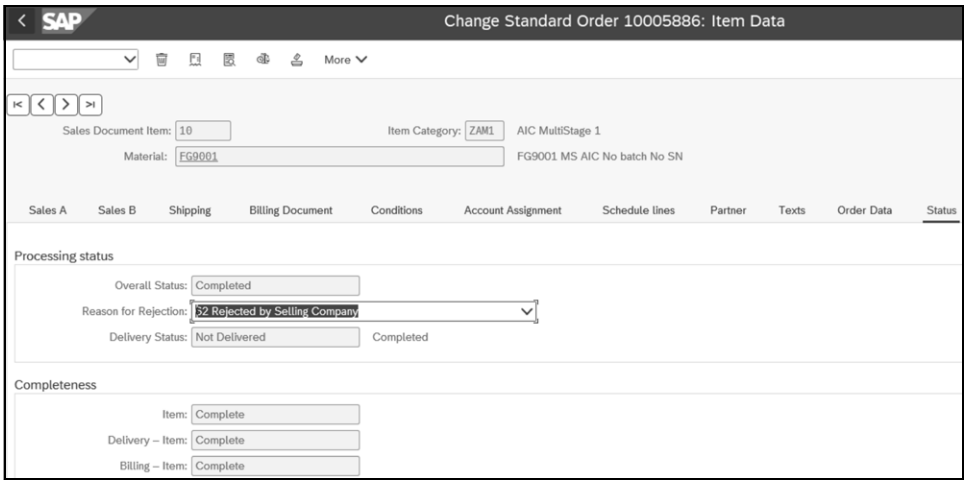


Figure 3.41: Sales Order Line Item Set with Reasons for Rejection

The document processing stage is set to **Deleted** for all automatically created documents (**SC_PO**, **IC_SO**, **IC_PO**, **DC_SO**) with the processing stage set to **Completed** for sales order **10005886** (see Figure 3.42).

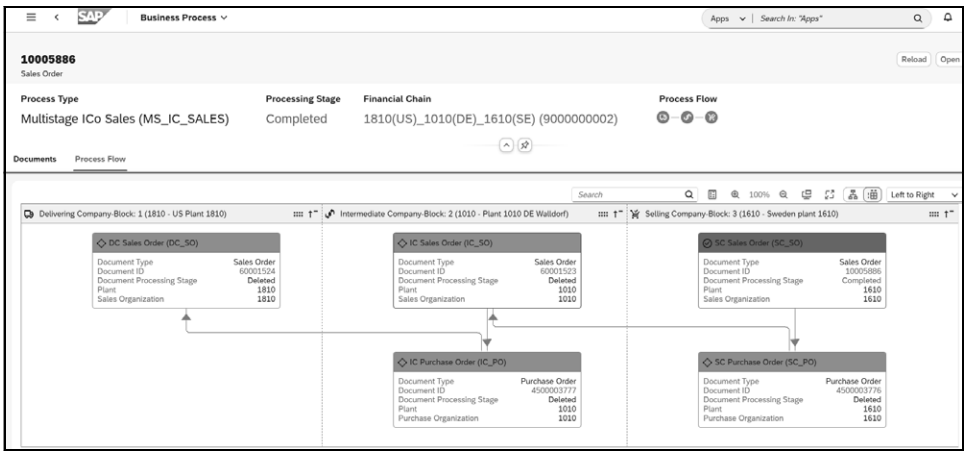


Figure 3.42: Processing Stage Completed for the Sales Order Set with Reasons for Rejection

3.5.5 Variance in Supplier Invoices

The process and system solution for working with variance in supplier invoices is the same as discussed in Chapter 2, Section 2.5.5, for advanced intercompany sales.

3.5.6 Cancellation of Customer Invoices and Intercompany Customer Invoices

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.6), customer invoices (billing type F2) and intercompany customer invoices (IV2) can be canceled with billing type S1 and IV2S, respectively, following the same process.

Billing documents can be canceled by navigating through the Monitor Value Chains app, as shown in Figure 3.43. Here, customer billing document **90000607** has been canceled, which created billing document **90000643**.

The intercompany customer invoice (**IC_CI**) **90000606** can be canceled by clicking the **Cancel Billing Documents** link to navigate to the Cancel Billing Documents app from the Monitor Value Chains app.

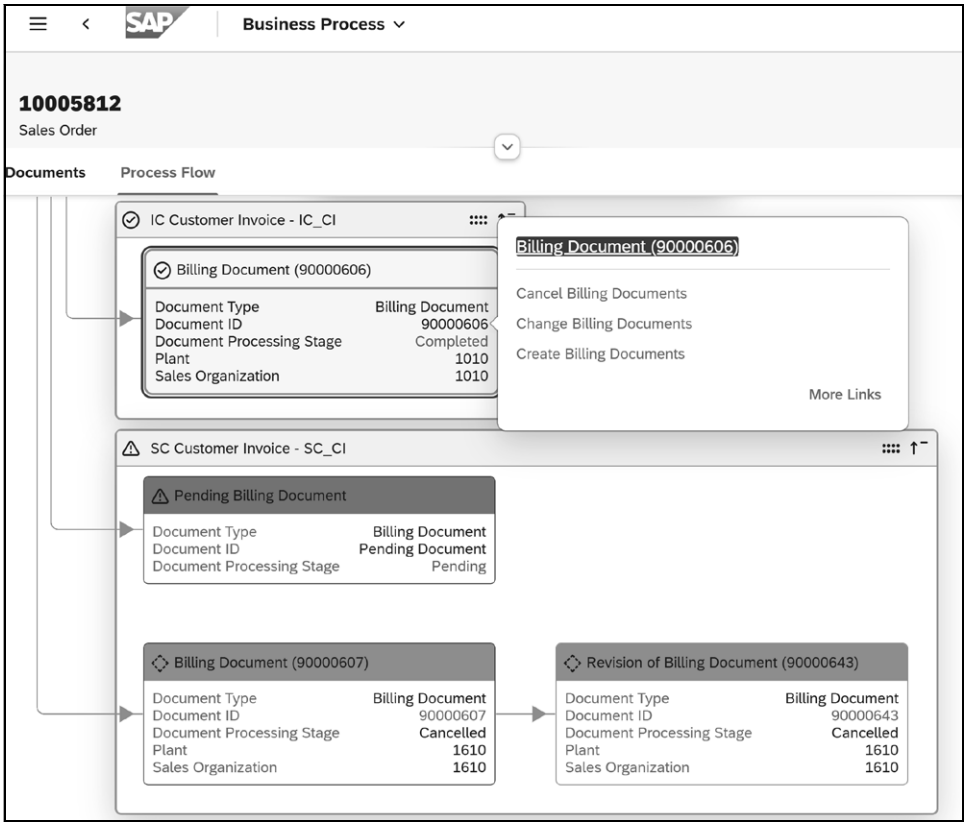


Figure 3.43: Cancellation of Customer Invoice and Intercompany Customer Invoice

If you open Transaction VF03, as shown in Figure 3.44, you can see canceled billing document **90000643** with billing type **S1** (invoice cancellation).

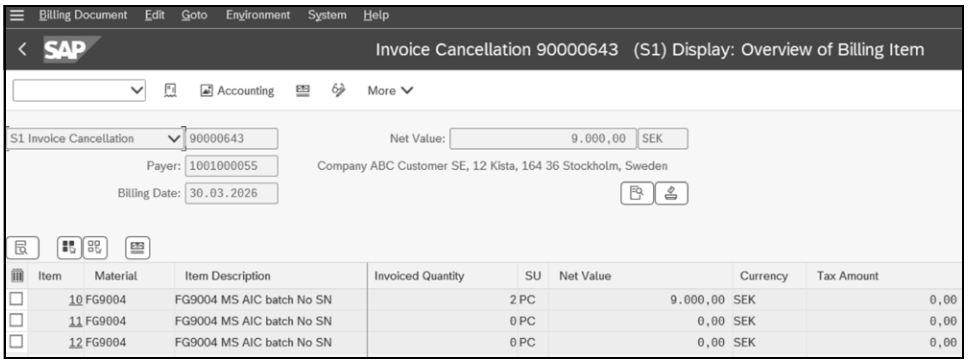


Figure 3.44: Canceled Customer Billing Document

Figure 3.45 shows the cancellation of intercompany customer invoice (**IC_CI**) **90000606** and the creation of new canceled billing document **90000653** at intermediate company **1010** (DE).

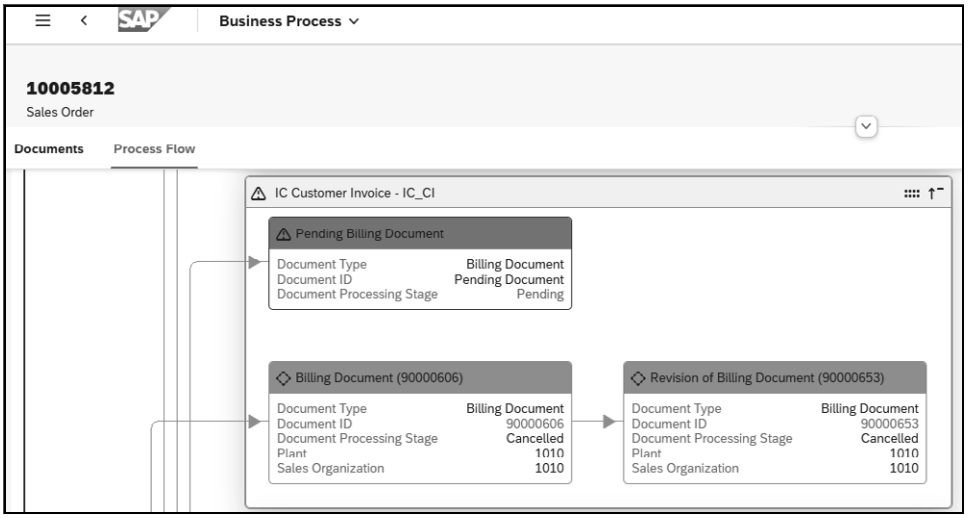


Figure 3.45: Cancellation of an Intercompany Customer Invoice

Figure 3.46 shows billing document **90000653** of billing type **IV2S** for payer **BP1610** (representing the selling company).

Note

Cancellation of an intercompany customer invoice isn't dependent on a supplier invoice nor does it affect the supplier invoice because the intercompany customer invoice doesn't trigger the creation of a supplier invoice in multistage intercompany sales.

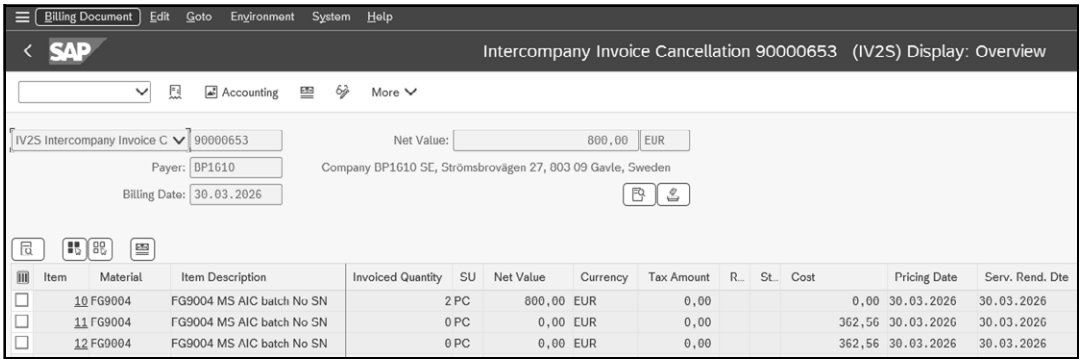


Figure 3.46: Cancellation of an Intercompany Invoice

3.5.7 Cancellation of Supplier Invoices

Unlike advanced intercompany sales, the supplier invoice isn't created from the intercompany customer invoice. Therefore, the supplier invoice won't get canceled with the cancellation of the intercompany customer invoice.

Let's demonstrate with an example. Supplier invoice **5100000320/2026** can be canceled by clicking **Reverse** on the top right of the Supplier Invoice app. You can navigate to this app from the Monitor Value Chains app by clicking on the supplier invoice. Then, click on **Reverse to** open the window to enter **Reason for Reversal** and **Posting Date**, as shown in Figure 3.47.

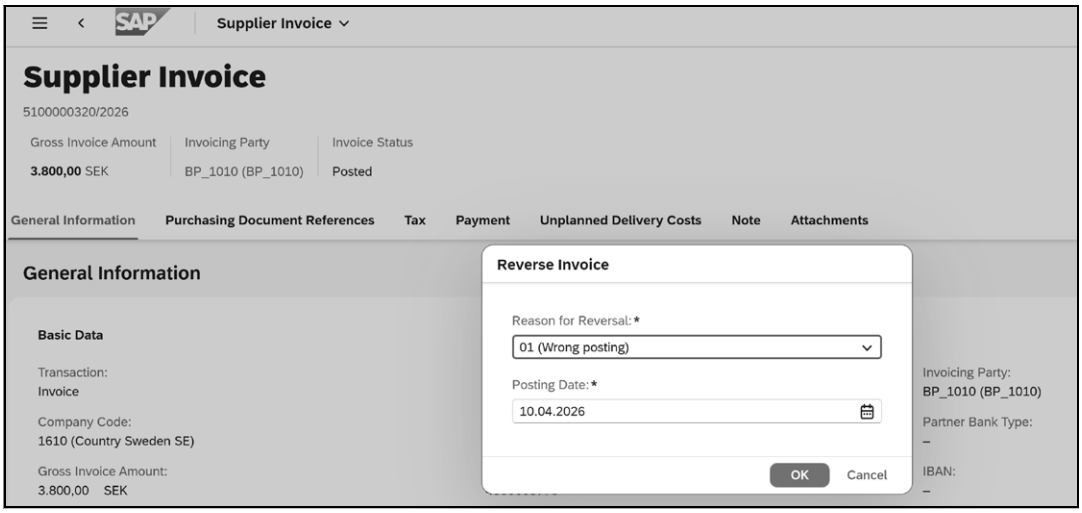


Figure 3.47: Cancel or Reverse a Supplier Invoice

You'll get a **Success** message, as shown in Figure 3.48. The invoicing status is **Reversed** for supplier invoice **5100000320/2026**.

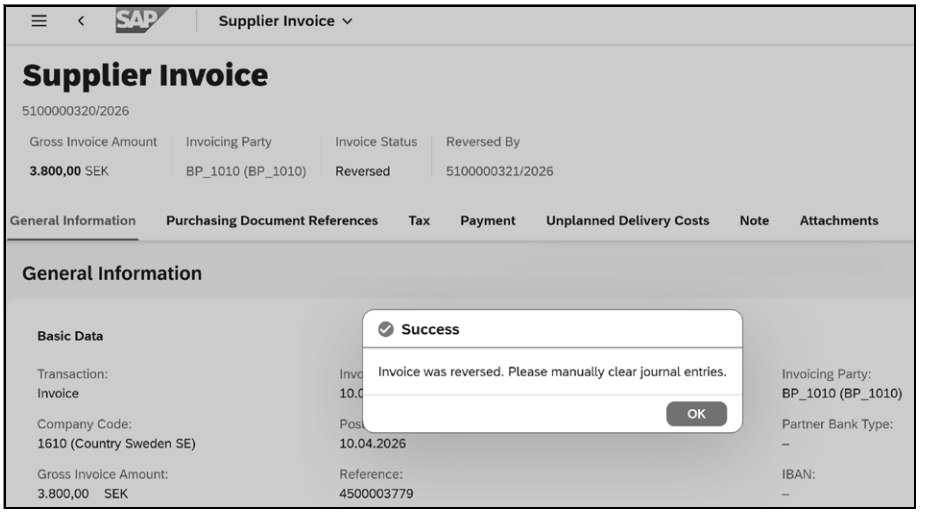


Figure 3.48: Reversal or Cancellation of a Supplier Invoice

Credit memo **5100000321/2026** is created on reversal/cancellation of supplier invoice **5100000320/2026**, as shown in Figure 3.49, with Transaction MIR4 (Display Invoice Document).

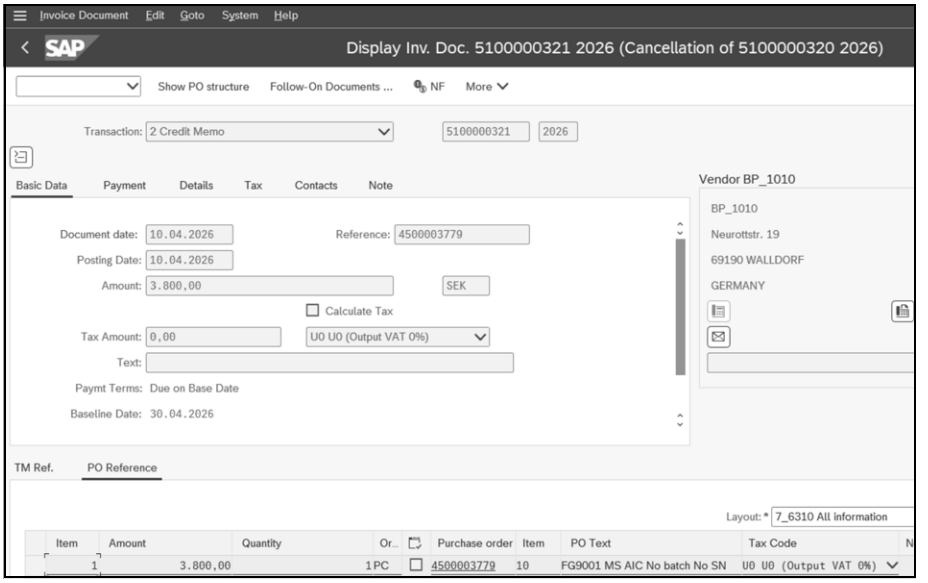


Figure 3.49: Credit Memo Created on Cancellation of a Supplier Invoice

Note

As of SAP S/4HANA 2025 FPS01, a credit memo created on cancellation of a supplier invoice isn't displayed in the Monitor Value Chains app.

3.5.8 Deletion or Reduction of Outbound Delivery Quantity to Nil

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.9), the outbound delivery with a storage location managed by inventory management (IM) can be deleted if there's no picking or handling unit on that outbound delivery.

For example, deleted delivery **80005063** is shown in the Monitor Value Chains app (see Figure 3.50), where we can see the **Deleted** status. Another outbound delivery can be subsequently created as the **Document Processing Stage** is **Pending** for outbound delivery (**DC_OD**).

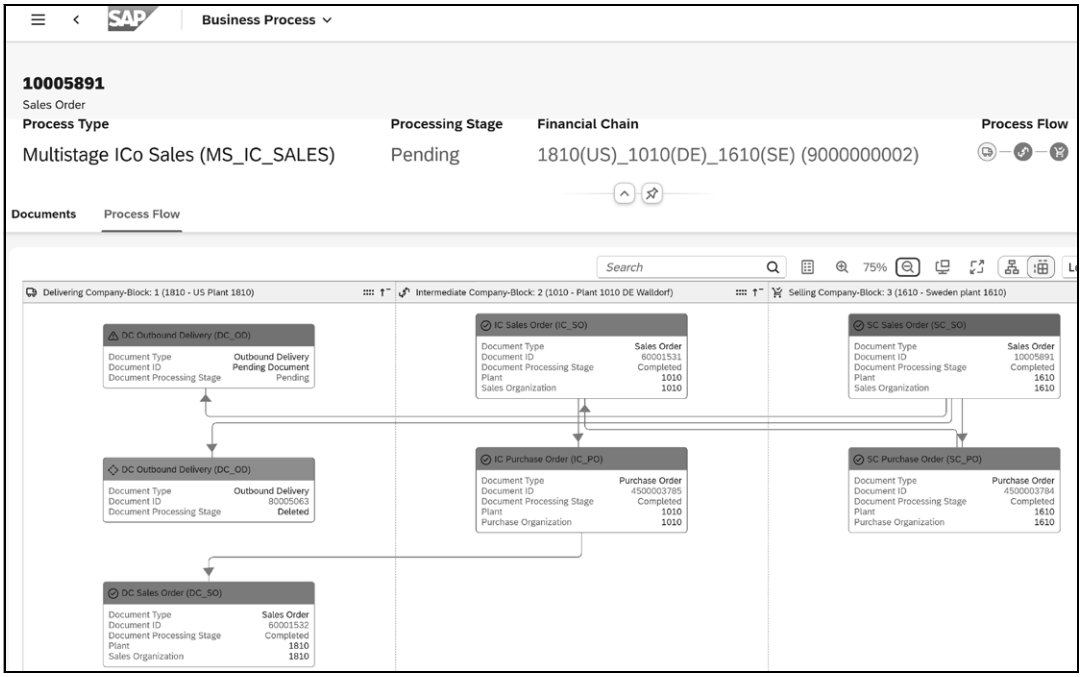


Figure 3.50: Deleted Outbound Delivery in the Monitor Value Chains App

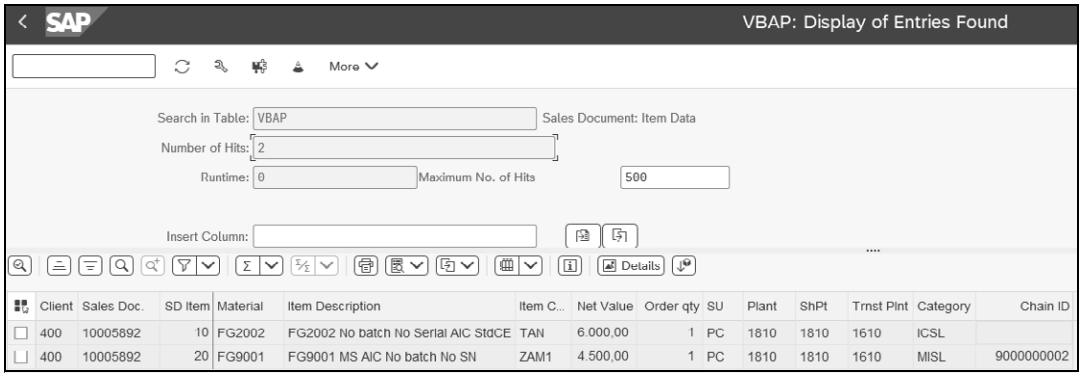
> **Note**
>
> Deleted outbound deliveries can't be displayed with Transaction VL03N or appear in table `LIKP`, but searching in the Monitor Value Chains app can be carried out with deleted outbound deliveries.

If the storage location of the outbound delivery is managed using extended warehouse management (EWM), the outbound delivery in SAP S/4HANA can't be deleted if the outbound delivery has been distributed to EWM. The quantity of the outbound delivery can be reduced to nil following the same process as discussed in Chapter 11, Section 11.4.1, for advanced intercompany sales. Subsequently, the same error appears for the creation of billing documents as discussed in Chapter 2, Section 2.5.9, for advanced intercompany sales.

3.5.9 Combination of Advanced Intercompany Sales with Multistage Intercompany Sales

A sales order can combine both advanced intercompany sales and multistage intercompany sales in its individual line items. Sales order **10005892** in table VBAP (see Figure 3.51) shows line item **10** with transit plant **1610** and value chain category **ICSL** (advanced intercompany sales process) and line item **20** with transit plant **1610**, value chain category **MISL** (multistage intercompany sales), and financial chain **9000000002**.

> **Note**
>
> There is no financial chain in advanced intercompany sales.



Client	Sales Doc.	SD Item	Material	Item Description	Item C...	Net Value	Order qty	SU	Plant	ShPt	Trnst Plnt	Category	Chain ID
400	10005892	10	FG2002	FG2002 No batch No Serial AIC StdCE	TAN	6.000,00	1	PC	1810	1810	1610	ICSL	
400	10005892	20	FG9001	FG9001 MS AIC No batch No SN	ZAM1	4.500,00	1	PC	1810	1810	1610	MISL	9000000002

Figure 3.51: Sales Order in Table VBAP Combining ICSL and MISL

Accordingly, the Monitor Value Chains app for sales order **10005892** shows two business processes (see Figure 3.52): (1) **Multistage ICo Sales** process type with financial chain **9000000002** and (2) **Advanced Intercompany Sales** process type.

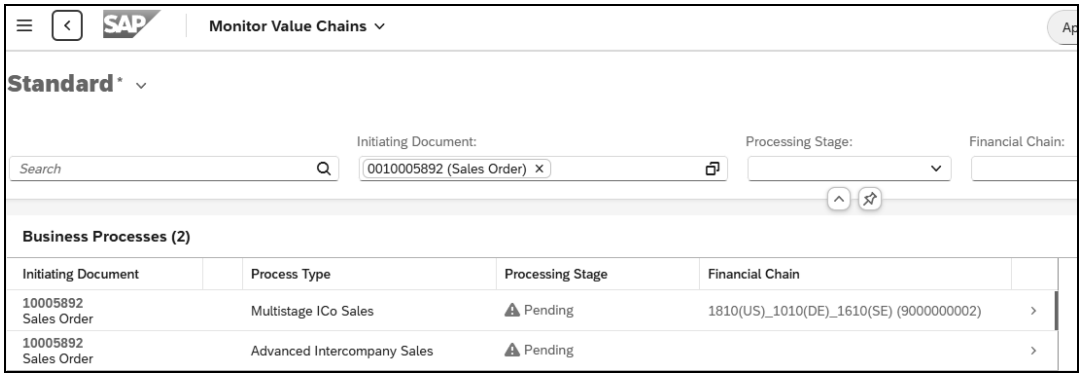


Figure 3.52: Combination of Multistage Intercompany Sales and Advanced Intercompany Sales

3.5.10 Cancellation of Goods Movements

As in advanced intercompany sales (refer to Chapter 2, Section 2.5.8), goods movements for multistage intercompany sales can also be canceled following the same principle of canceling the process steps in the respective preconditions.

> **Note**
>
> See Chapter 7, Section 7.2.4, for relevant configurations of VCM.

Figure 3.53 shows the completed business process flow of sequential goods movements with process steps **DC_GT** → **DC_GI** → **IC_GR** → **IC_GI** → **SC_GR** → **SC_GI** for sales order **10005897**.

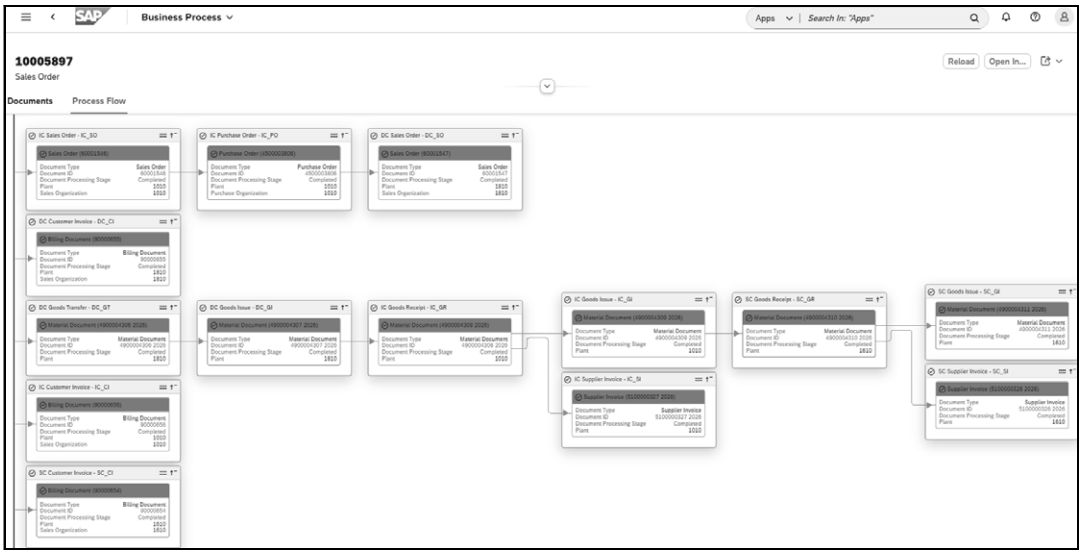


Figure 3.53: Sequential Goods Movements in the Monitor Value Chains App

VCM has the following dependencies for the cancellation or reversal of material document or goods movement postings:

- DC_GT can be canceled only after DC_GI is canceled (along with cancellations of customer invoice [SC_CI] and intercompany customer invoices [IC_CI] and [DC_CI]).
- DC_GI can be canceled only after IC_GR is canceled.
- IC_GR can be canceled only after IC_GI is canceled (along with cancellation of the supplier invoice at the intermediate company [IC_SI]).
- IC_GI can be canceled only after SC_GR is canceled.
- SC_GR can be canceled only after SC_GI is canceled (along with cancellation of the supplier invoice at the selling company [SC_SI]).
- SC_GI is the last step, so there's no precondition.

There is a material document in Figure 3.53 for each of the process steps for goods movements. A material document can't be canceled if the material document for the next step is still active. The sequence of process steps SC_GI → SC_GR → IC_GI → IC_GR → DC_GI → DC_GT for cancellation of goods movements, along with their preconditions, are listed in Table 3.2.

Process Step	Description	Movement Type	Precondition for Cancellation	Execution Type
SC_GI	Selling company goods issue	602		Executed in VCM
SC_GR	Selling company goods receipt	102	■ SC_SI ■ SC_GI	■ Executed in SAP S/4HANA outside of VCM ■ Executed in VCM
IC_GI	Intercompany goods issue	602	■ SC_GR	■ Executed in VCM
IC_GR	Intercompany goods receipt	102	■ IC_SI ■ IC_GI	■ Executed in VCM ■ Executed in VCM
DC_GI	Delivering company goods issue	602	■ IC_GR	■ Executed in VCM
DC_GT	Delivering company goods transfer	688	■ SC_CI ■ IC_CI ■ DC_CI ■ DC_GI	■ Executed in VCM ■ Executed in VCM ■ Executed in VCM ■ Executed in SAP S/4HANA outside of VCM

Table 3.2: Sequential Process Steps and Preconditions for Cancellation of Goods Movements

The **Cancel** button doesn't appear for process step **SC_GR** on the top right of the Monitor Value Chains app in Figure 3.54, as process step **SC_GR** isn't the last step.

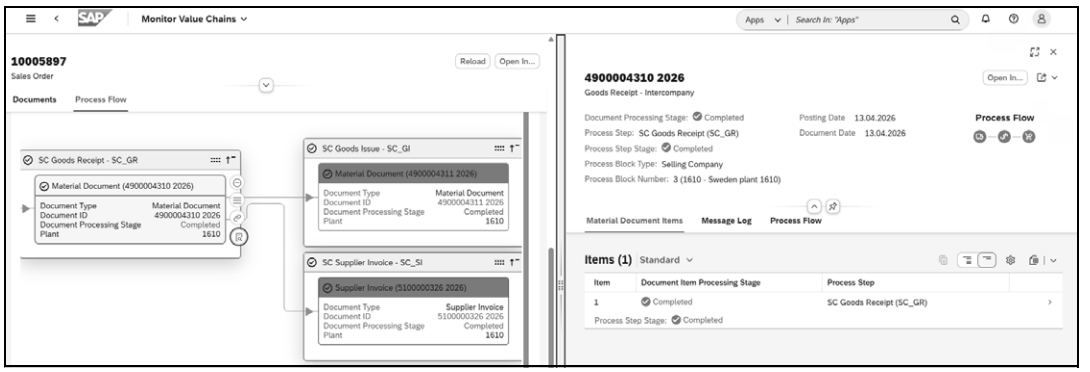


Figure 3.54: No Cancel Button for Process Step SC_GR

We'll walk through the cancellation of each process step in the following sections.

Cancellation of Process Step SC_GI

The **Cancel** button on the top right of the app appears for process step **SC_GI** because **SC_GI** is the last process step, so it can be canceled (see Figure 3.55).

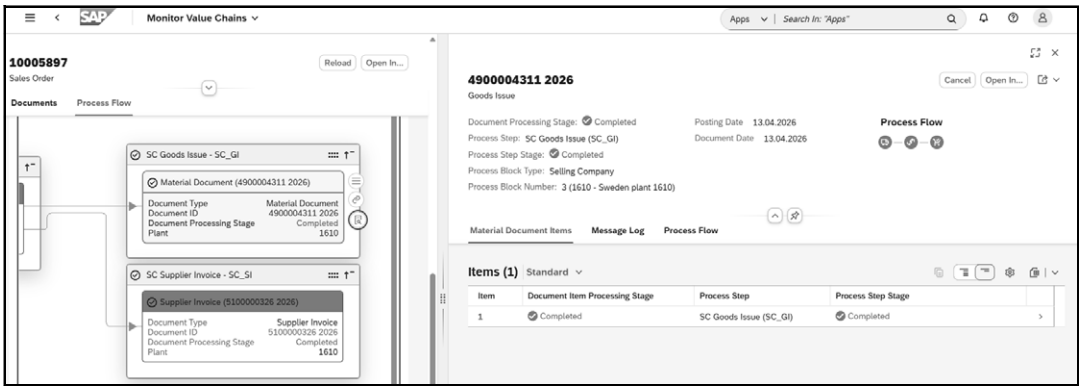


Figure 3.55: Cancel Button for Process Step SC_GI

Process step **SC_GI** is now canceled, as shown in Figure 3.56. The original material document **4900004311 2026** with step **SC_GI** is also canceled, and a new material document **4900004315 2026** has been created on cancellation of step **SC_GI**.



Figure 3.56: New Material Document on Cancellation of Step SC_GI

Transaction MIGO (Display Material Document) shows material document **4900004315 2026** with movement type **602** (**GD Goods deliv. rev.**) referring to outbound delivery **0080005070** in plant **1610** (SE), as shown in Figure 3.57.

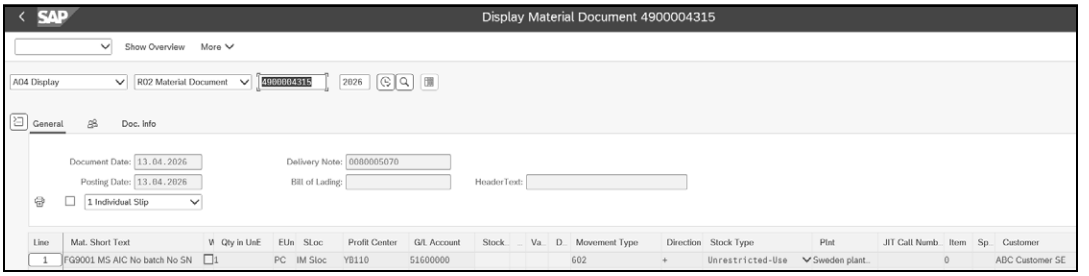


Figure 3.57: Material Document for Cancellation of Process Step SC_GI

Cancellation of Process Step SC_GR

The **Cancel** button now appears for process step **SC_GR** in the Monitor Value Chains app, as shown in Figure 3.58.

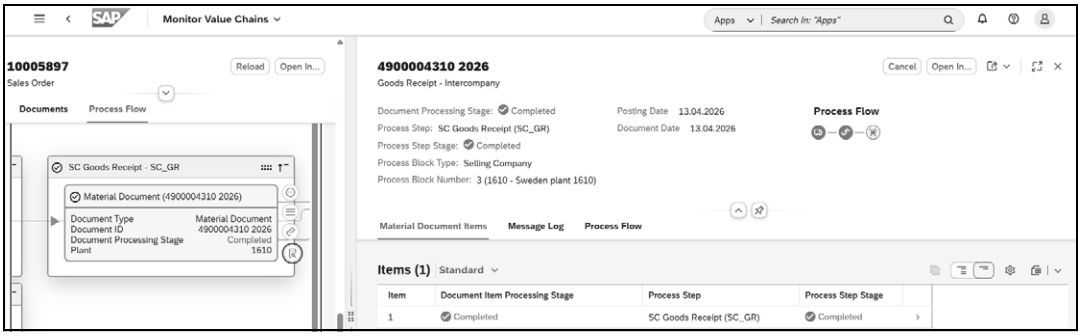


Figure 3.58: Cancel Button for Process Step SC_GR

Process step **SC_GR** can't be canceled at this stage. Error message **Deficit of PU IR quantity 1,000 PC Message No. M7021** appears. Supplier invoice 5100000326/2026 needs to be canceled as a prerequisite for cancellation of process step SC_GR.

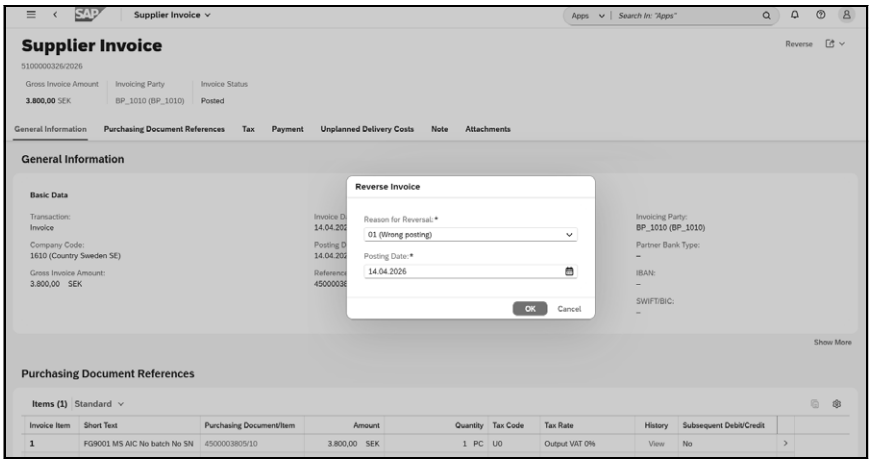


Figure 3.59: Cancellation of a Supplier Invoice

To do so, navigate to the supplier invoice by clicking the document ID in the Monitor Value Chains app. Select the **Reason for Reversal** as **Wrong posting** and choose the **Posting Date**, as shown in Figure 3.59. Supplier invoice (**SC_SI**) **5100000326/2026** is now canceled (reversed).

As shown in Figure 3.60, supplier invoice **5100000326/2026** has now been reversed by credit memo **5100000328/2026** and is in **Reversed** status as well.

Note

The canceled supplier invoice isn't displayed in the Monitor Value Chains app as of SAP S/4HANA 2025 FPS01.

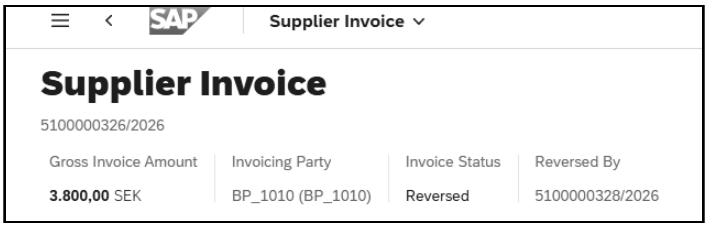


Figure 3.60: Cancellation of Supplier Invoice

Process step **SC_GR** with material document **4900004310 2026** has now been canceled with the creation of new material document **4900004316 2026**, as shown in Figure 3.61.

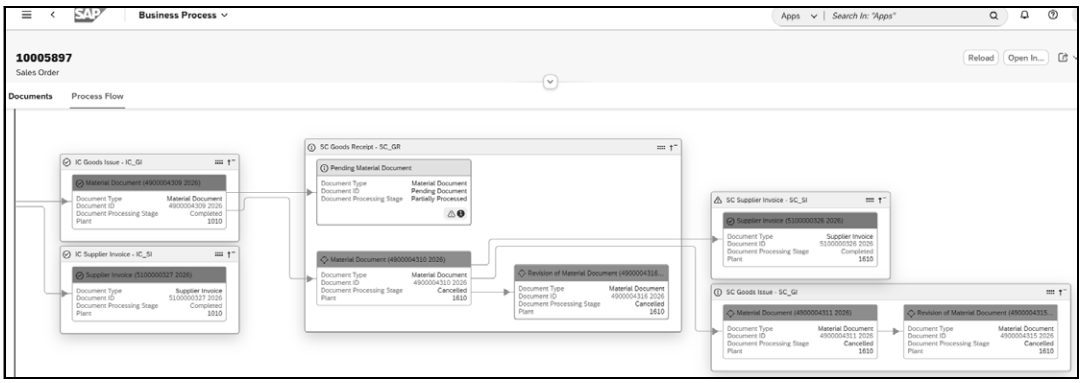


Figure 3.61: Cancellation of Process Step SC_GR

Let's go to the history of purchase order **4500003805** in the selling company (SE), as shown in Figure 3.62. We can see the cancellation (reverse) of process step SC_GR with movement type **102** and material document **4900004316 2026**, and we can see the reverse of the supplier invoice with credit memo **5100000328 2026** referring to outbound delivery **0080005070**.

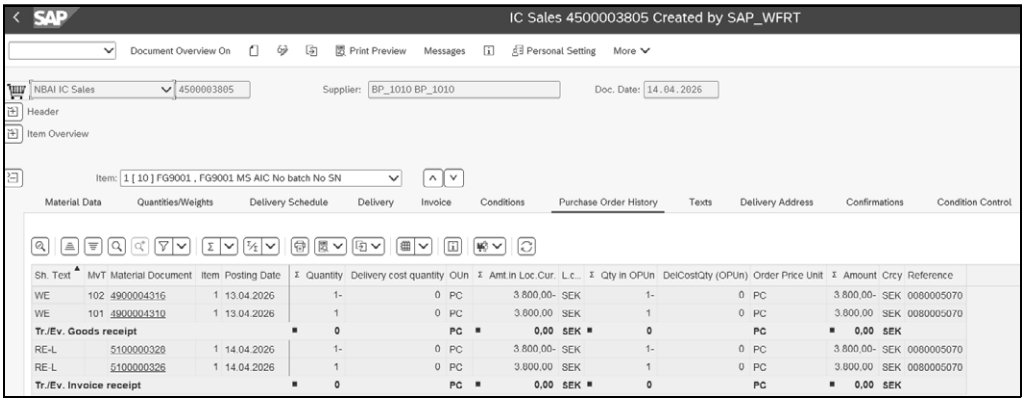


Figure 3.62: Purchase Order History Showing the Cancellation of Goods Receipt and Supplier Invoice

Cancellation of Process Step IC_GI

Figure 3.63 shows the **Cancel** button now appearing on the top right in the Monitor Value Chains app for process step **IC_GI**, which is canceled.

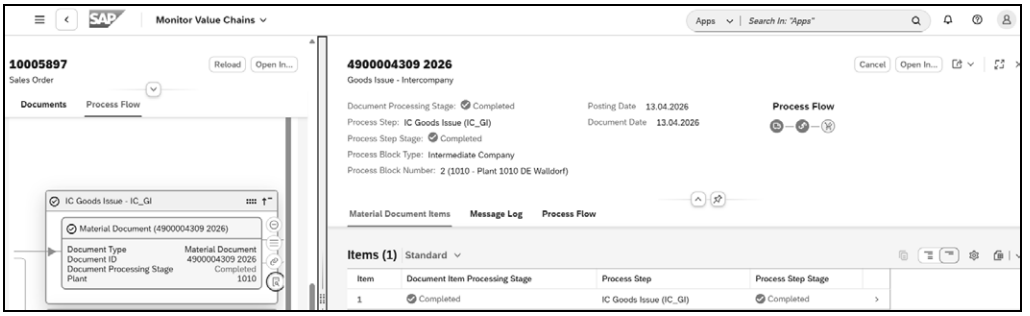


Figure 3.63: Cancellation of Process Step IC_GI

Cancellation of process step **IC_GI** with material document **4900004309 2026** created new material document **4900004321 2026**, as shown in Figure 3.64.



Figure 3.64: New Material Document Created on Cancellation of Process Step IC_GI

Figure 3.65 shows material document **4900004321 2026** with movement type **602** (**GD Goods deliv. rev.**) referring to outbound delivery **0080005070** in plant **1010 (DE)**.

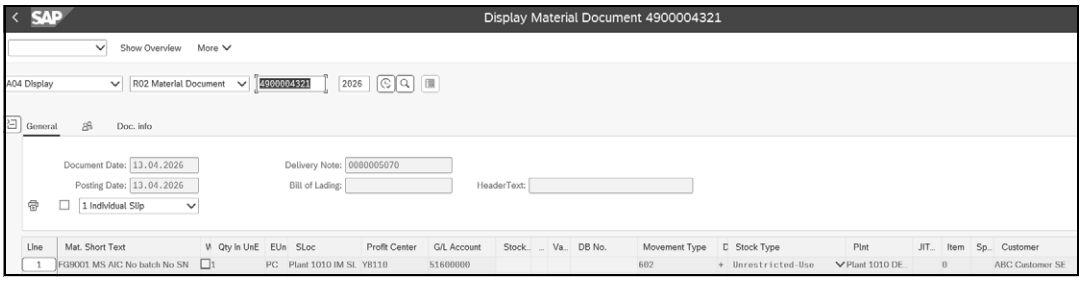


Figure 3.65: Material Document for Cancellation of Process Step IC_GI

Cancellation of Process Step IC_GR

The **Cancel** button now appears on the top right of the Monitor Value Chains app for process step IC_GR. However, you'll get the same error message—**Deficit of PU IR quantity 1,000 PC Message No. M7021**—while trying to cancel IC_GR as in process step SC_GR as the corresponding supplier invoice (IC_SI) **5100000327/2026** needs to be canceled as a prerequisite. Canceling (reversing) supplier invoice **5100000327/2026** sets its invoice status to **Reversed** with the creation of credit memo **5100000329/2026**, as shown in Figure 3.66.



Figure 3.66: Cancellation of a Supplier Invoice

Process step **IC_GR** with material document **4900004308 2026** can now be canceled with creation of new material document **4900004322 2026**, as shown in Figure 3.67.

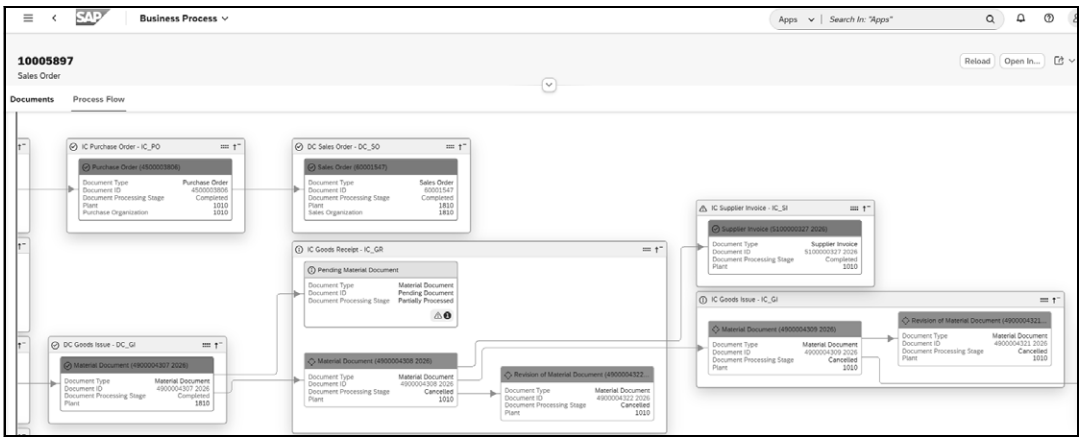


Figure 3.67: Cancellation of Process Step IC_GR

Cancellation of Process Step DC_GI

Process step **DC_GI** is subsequently canceled with material document **4900004307 2026**, which created new material document **4900004323 2026**, as shown in Figure 3.68.



Figure 3.68: Cancellation of Process Step DC_GI

As shown in Figure 3.69, the goods movement for process step **DC_GI** has been reversed with movement type **602** (**RE to Iss. Val. SiT**) in plant **1810** (US), referring to delivery with material document **4900004323 2026**.

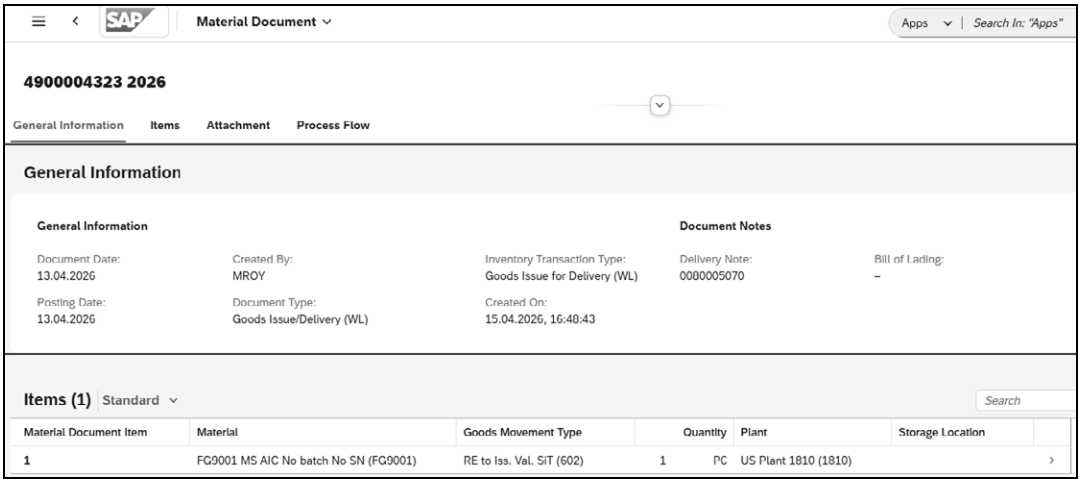


Figure 3.69: Material Document for Cancellation of Process Step DC_GI

Cancellation of Process Step DC_GT

Figure 3.70 shows material document **4900004306 2026** for the next reverse process step, **DC_GT**, in the Monitor Value Chains app, but the **Cancel** button doesn't appear.

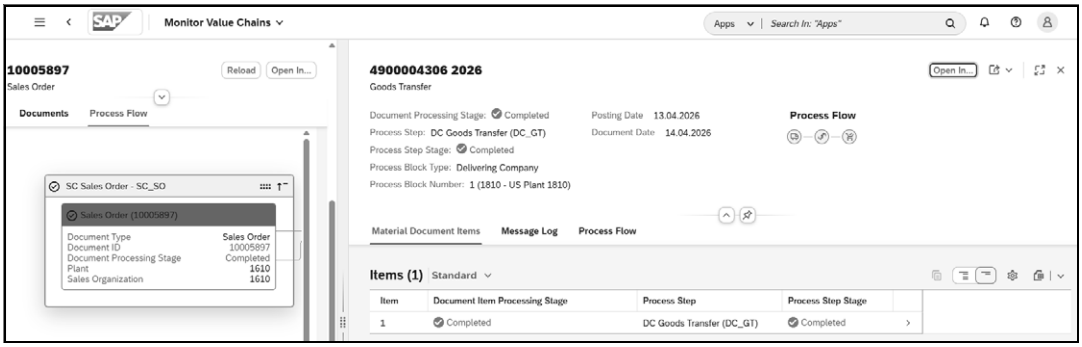


Figure 3.70: Material Document for Process Step DC_GT

Goods movement for process step DC_GT can't be canceled through the Monitor Value Chains app, as stated in Table 3.2 shown earlier. It needs to be canceled through Transaction VL09 or the Reverse GI – Outbound Delivery app if the corresponding storage location of the delivering plant is IM or in the corresponding warehouse management application (stockroom management [StRM] or EWM).

If you try to reverse the outbound delivery through Transaction VL09 or the Reverse GI – Outbound Delivery app for delivery **80005070**, then the system displays the **Delivery is already fully invoiced** error message, as shown in Figure 3.71.

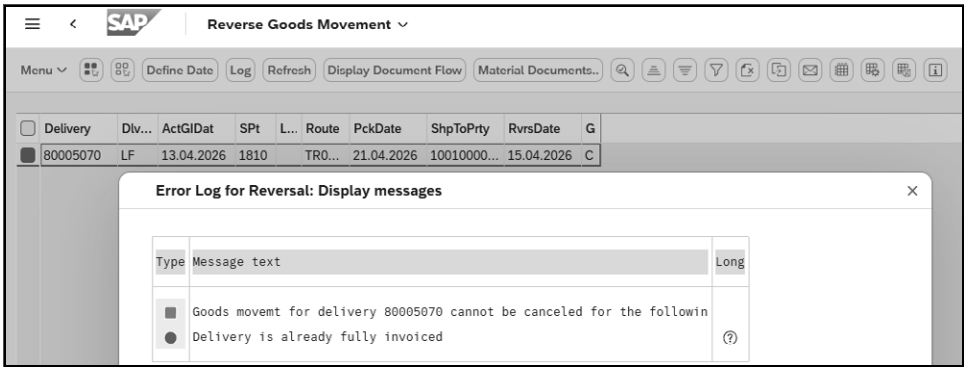
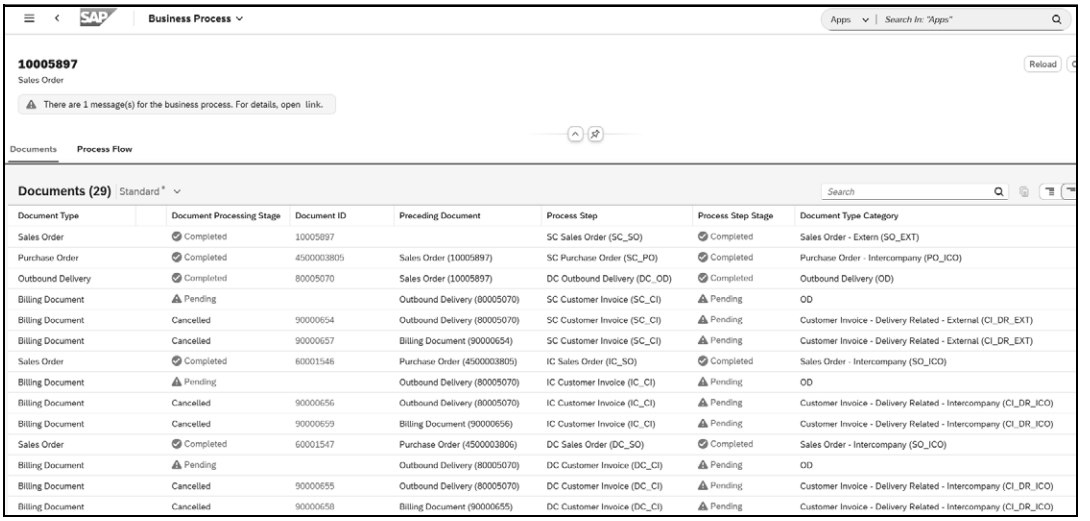


Figure 3.71: Error Message on Trying to Reverse an Outbound Delivery

Customer invoice (**SC_CI**) **90000654**, intercompany customer invoice (**IC_CI**) **90000656**, and intercompany customer invoice (**DC_CI**) **90000655** were canceled with the Cancel Billing Documents app. These cancellations are displayed in the Monitor Value Chains app, as shown in Figure 3.72.



Document Type	Document Processing Stage	Document ID	Preceding Document	Process Step	Process Step Stage	Document Type Category
Sales Order	Completed	10005897		SC Sales Order (SC_SO)	Completed	Sales Order - Extern (SO_EXT)
Purchase Order	Completed	4500003805	Sales Order (10005897)	SC Purchase Order (SC_PO)	Completed	Purchase Order - Intercompany (PO_ICO)
Outbound Delivery	Completed	80005070	Sales Order (10005897)	DC Outbound Delivery (DC_OD)	Completed	Outbound Delivery (OD)
Billing Document	Pending		Outbound Delivery (80005070)	SC Customer Invoice (SC_CI)	Pending	OD
Billing Document	Cancelled	90000654	Outbound Delivery (80005070)	SC Customer Invoice (SC_CI)	Pending	Customer Invoice - Delivery Related - External (CI_DR_EXT)
Billing Document	Cancelled	90000657	Billing Document (90000654)	SC Customer Invoice (SC_CI)	Pending	Customer Invoice - Delivery Related - External (CI_DR_EXT)
Sales Order	Completed	60001546	Purchase Order (4500003805)	IC Sales Order (IC_SO)	Completed	Sales Order - Intercompany (SO_ICO)
Billing Document	Pending		Outbound Delivery (80005070)	IC Customer Invoice (IC_CI)	Pending	OD
Billing Document	Cancelled	90000656	Outbound Delivery (80005070)	IC Customer Invoice (IC_CI)	Pending	Customer Invoice - Delivery Related - Intercompany (CI_DR_ICO)
Billing Document	Cancelled	90000659	Billing Document (90000656)	IC Customer Invoice (IC_CI)	Pending	Customer Invoice - Delivery Related - Intercompany (CI_DR_ICO)
Sales Order	Completed	60001547	Purchase Order (4500003806)	DC Sales Order (DC_SO)	Completed	Sales Order - Intercompany (SO_ICO)
Billing Document	Pending		Outbound Delivery (80005070)	DC Customer Invoice (DC_CI)	Pending	OD
Billing Document	Cancelled	90000655	Outbound Delivery (80005070)	DC Customer Invoice (DC_CI)	Pending	Customer Invoice - Delivery Related - Intercompany (CI_DR_ICO)
Billing Document	Cancelled	90000658	Billing Document (90000655)	DC Customer Invoice (DC_CI)	Pending	Customer Invoice - Delivery Related - Intercompany (CI_DR_ICO)

Figure 3.72: Cancellation of Billing Documents

Outbound delivery **80005070** is subsequently canceled with the Reverse Goods Movement app, as shown in Figure 3.73.

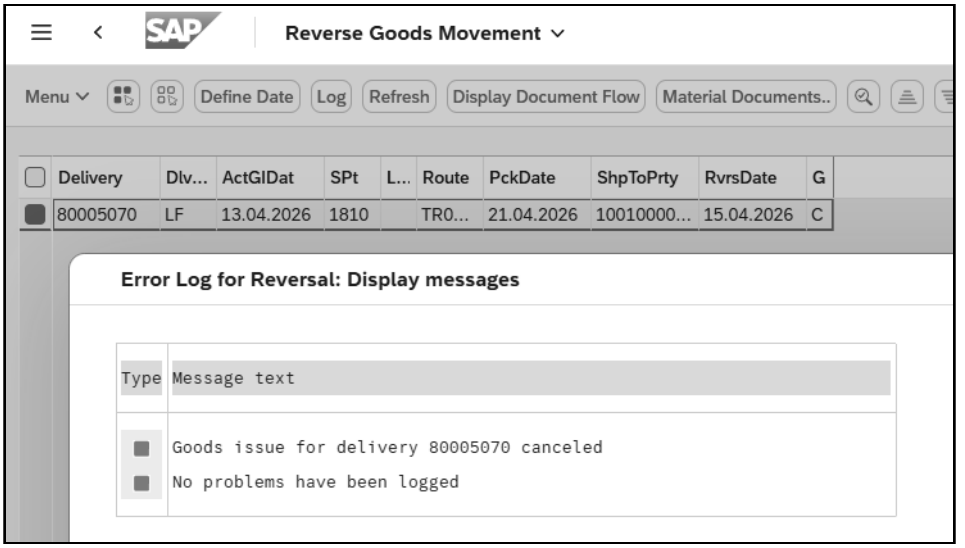


Figure 3.73: Reverse of Outbound Delivery

Cancellation of outbound delivery **80005070** cancels process step **DC_GT** with creation of new material document **4900004324 2026**, as shown in Figure 3.74.

Material document **4900004324 2026** is shown in Figure 3.75 with movement type **688** (**RE fr Iss. Val. SiT**) for **US Plant 1810** for outbound delivery **0080005070**.

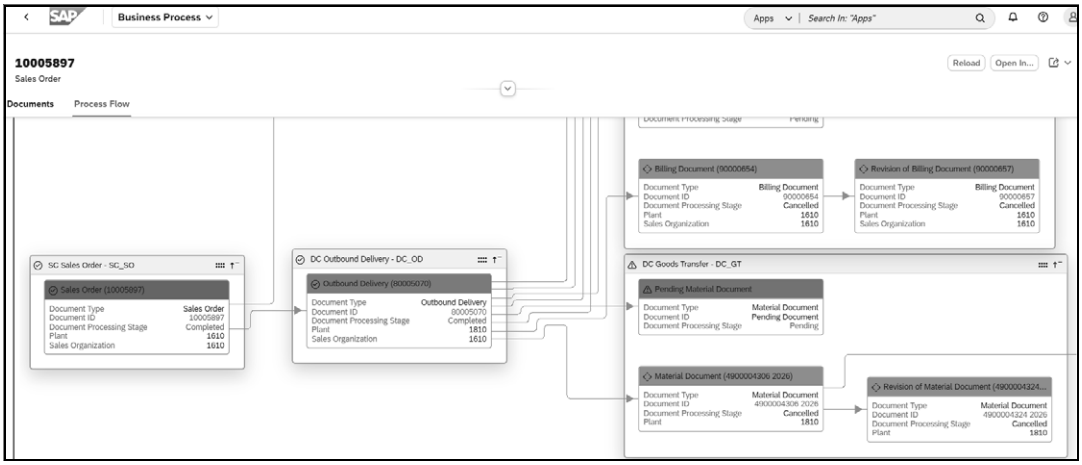


Figure 3.74: Cancellation of Outbound Delivery and Process Step DC_GT

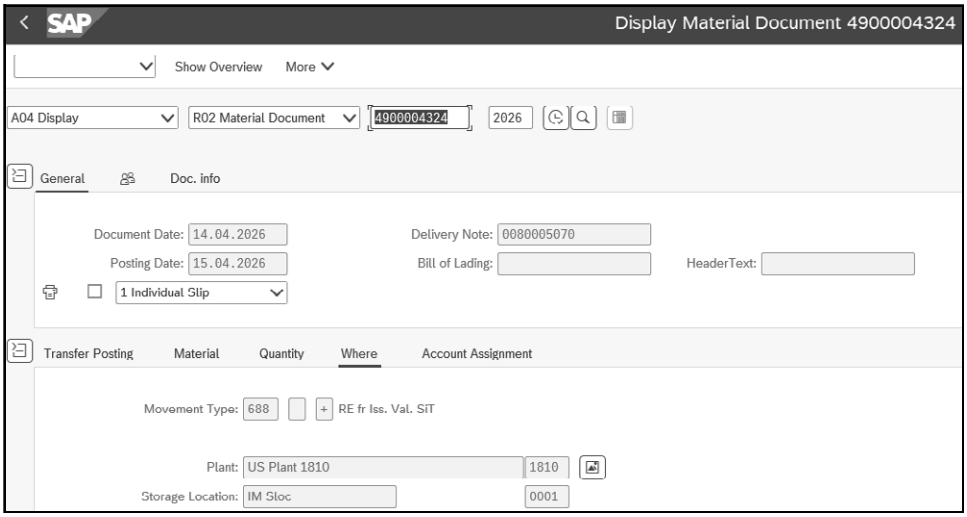
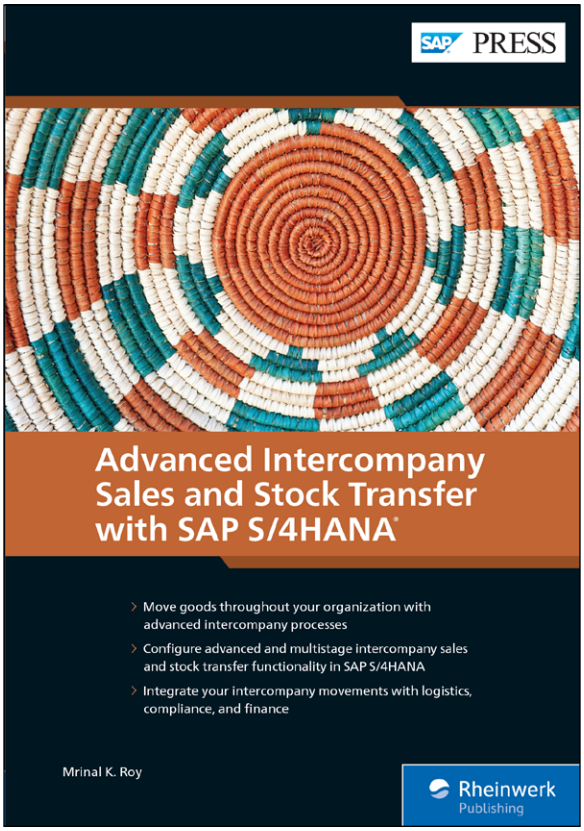


Figure 3.75: Material Document on Cancellation of Process Step DC_GT

3.6 Summary

Multistage intercompany sales will be implemented by many organizations for its sheer business benefits. Standard SAP support for the exception scenarios will facilitate its implementation with fewer glitches. Requisite configurations and master data, as discussed in Chapter 7 and Chapter 8, respectively, are very important for successful implementation.

Many companies also will be implementing advanced intercompany stock transfer scenarios, as discussed in the next chapter.



Mrinal K. Roy

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