Infor System21 US Sales Tax

Product Guide

Contents

About this guide

The purpose of this document is to describe the functions that can be used within the US Sales Tax Module.

Intended audience

The guide is intended for any users of the US US Sales Tax business module.

Related documents

You can find the documents in the product documentation section of the Infor Xtreme Support portal, as described in the "Contacting Infor" section.

Contacting Infor

If you have questions about Infor products, go to the Infor Xtreme Support portal at www.infor.com/inforxtreme.

If we update this document after the product release, we will post the new version on this Web site. We recommend that you check this Web site periodically for updated documentation.

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Chapter 1   Overview

Introduction

The purpose of the US Sales Tax module is to support the legislative requirements for tax calculations within the United States.

Tax rates may differ between states, and between counties within an individual state.

Under these requirements complex situations can arise where an item attracts different tax rates across a number of legislative tax bodies.

Sales tax should be applied on sales that will not be re-sold or incorporated into other items for re-sale, for example, cars from a dealer. Sales tax would not be applied on the sale of car components from a manufacturer to a car assembler as the assembled car itself is subject to sales tax, however, if the manufacturer sells parts directly to employees, sales tax should be applied.

Links to Other Applications

All System 21 product guides emphasize the vital importance of careful and detailed planning prior to the introduction of the new application. When the United States Sales Tax is installed, the following areas must be considered:

- Have the prerequisite applications been installed; and if so are they set up in a way suitable for the operation of United States Sales Tax?
- How will the functions of the United States Sales Tax application be used to greatest effect?

United States Sales Tax is a fully standardised System 21 product, and as such, operates under the control of Application Manager. United States Sales Tax extends the functionality of the base applications.

The following applications are prerequisites to the operation of United States Sales Tax:

- Application Manager
- Inventory Management
- Sales Order Processing and Invoicing
- Accounts Receivable
- General Ledger (If automatic posting to the General Ledger is required by the tax body.)

- Advanced Financial Integrator

United States Sales Tax updates the standard sales order database by calculating sales tax for invoices and maintains a breakdown of tax values for each taxing body, per invoice.

The two-character company code in United States Sales Tax identifies the Sales Order Processing and Invoicing, Inventory Management, Accounts Receivable and Sales Analysis company to which it is limited.

The US Sales Tax application depends directly on data held in other applications.

For example:

- Customer information from Sales Order Processing and Invoicing
- Item and miscellaneous charge information from Inventory
- Furthermore the US Sales Tax application effects the updates to other applications:
- Sales tax amounts within Sales Order Processing and Invoicing
- Tax values in Accounts Receivable
- Tax postings to the General Ledger

General Ledger Posting

For each invoice posted to the General Ledger from Sales Order Processing and Invoicing, the total tax amount for each tax body on the invoice is posted separately to the General Ledger account code defined on the Chart of Accounts and to the tax body.

Application Configuration

As with all System 21 applications, United States Sales Tax can be operated for a number of companies. The characteristics of these are defined within the other prerequisite applications. Additional configuration of United States Sales Tax company profile, tax body details, customer tax bodies and item or miscellaneous charge override tax rates need to be defined. Certain entries already exist for these on the item/tax body override file.

Basic Data Setup

Having decided how US Sales Tax will be used in conjunction with other applications and which companies to use, you will need to plan and implement the setting up of the additional data required. The main elements you will need to create are:

- Tax Body details, rates and remit to addresses
- Item and charge override rates

- Customer tax body defaults
- Item and charge tax codes

These are fully discussed in the Maintenance section of this product guide.

A set of state and some city tax bodies and rates have been defined for the Z1 Demonstration company.

These can be copied for live companies (see the Utilities chapter of this product guide), although tax rates are subject to change.

Some entries have also been defined to the Inventory Descriptions file against the major types PSTC (Sales tax codes) and USTT (Sales tax body types). See the Maintenance chapter of this product guide and the Application Reference Data section of the Inventory Management product guide for more details on these parameters.

Preparing to Use United States Sales Tax

Preparing to use the United States Sales Tax application requires careful planning and preparation. Your existing sales tax procedures and data need to be transferred to the application.

Entering Basic Data

You must initialise your application by entering the following basic data:

- Company profile containing control and parameter information for the operation of your company within the application
- Tax bodies, rates and override rates

These will be used in both Sales Order Processing and Inventory Management to establish the rates of Sales Tax payable as well as the body to which it should be paid.

Chapter 2 Maintenance

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Introduction to Maintaining US Sales Tax

Since US Sales Tax is an advanced application module of System21, much of the primary data already exists within the base modules, such as Inventory Management and Accounts Receivable. There is, however, additional information that you must maintain in order to use United States Sales Tax.

Maintain/Enquire on Tax Bodies [1/USM, 21/USM]

Use the Maintain Tax Bodies task to enter tax body codes, associated descriptions and control details, rates and remittance addresses. You can use the Enquire On Tax Bodies task to view the information you maintain.

The enquiries in the Enquire on Tax Bodies task cover the same categories as the maintenance functions in the Maintain Tax Bodies task:

- Details
- Rates
- Remit to

They allow operators who do not have access to maintenance tasks to view the parameters and rates set up for each tax body.

Maintain Tax Bodies Selection Window

To display this window, select the Maintain Tax Bodies task.

Use this window to add or maintain a tax body.

Fields

Tax Body

Enter the code of the tax body that you want to maintain or add. The code can be up to four alphanumeric characters long. You can prompt for a list of existing codes if required.

Option

Enter one of the following:

1 - To maintain or add tax body details for the active company

2 - To maintain or add associated tax rates for the tax body

3 - To maintain or add associated remittance details for the tax body

Before you can use options **2** or **3**, you must already have added or maintained the tax body using option **1**.

Press Enter to display the Maintain Tax Body Details window.

Maintain Tax Body Details Window

To display this window, enter a tax body, select option 1 and then press Enter on the Maintain Tax Bodies Selection window.

Use this window to maintain details of the tax body.

<u>**Fields**</u>

Description

Enter up to 30 alphanumeric characters to describe the tax body, for example, the state name. This description appears on any postings to the General Ledger for this tax body.

Tax Body Type

Enter the tax body type associated with this tax body. Tax body types are defined in the Inventory Descriptions file, under major type USTT.

For more information on how to define codes in the Inventory Descriptions file, see the Descriptions section in the Inventory Management product guide.

Remit To Tax Body

Enter the code of the tax body that is to receive taxes collected specifically on its behalf. If you want to define city or county tax body types, this is usually the state tax body. You can enter the same tax body as the one you are maintaining, or enter any other tax body that you have set up previously.

Payment Frequency

Enter one of the following to denote how often the taxes that are collected for this tax body should be remitted:

1 - Monthly

2 - Quarterly

3 - Annually

Zip Code From

Enter the first in a range of zip codes that you want to associate with this tax body. You can use the zip code range to generate taxable items and charges for a range of geographical areas.

Zip Code To

Enter the last code in the range of zip codes associated with this tax body.

General Ledger Account

Enter the account code in the General Ledger to which customers will post any sales tax invoices created for this tax body.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Rates (F22)

Use this to add or maintain tax rates for the current tax body.

Remit To (F23)

Use this to add or maintain remittance details for the current tax body.

Press Enter to save any changes and re-display the Maintain Tax Bodies Selection window.

Maintain Tax Body Rates Window

To display this window, select **Rates (F22)** on the Maintain Tax Body Details window.

Alternatively, select option 2 and then press Enter on the Maintain Tax Bodies Selection window.

Use this window to enter the details for the selected tax body.

Note: The current tax rate is highlighted with an asterisk.

Fields

Opt (Option)

Enter one of the following:

1 - To change the tax rate for the associated Effective From date

This displays the Amend Rate pop-up.

4 - To delete the tax rate record

If you delete the tax rate that is currently in effect (denoted by an asterisk), the tax rate with the most recent Effective From date becomes the one currently in effect.

Date

This field displays the date on which the tax rate was created.

Time

This field displays the time at which the tax rate was created.

User

This field displays the ID of the user who created the tax rate.

Workstn

This field displays the workstation that was used to enter the tax rate details.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Add Rate (F10)

Use this to add a new tax rate.

Enter 1 against a tax rate to display the Amend Rate pop-up.

Amend Rate Pop-up

To display this pop-up, enter 1 against a tax rate on the Maintain Tax Body Rates window.

Use this pop-up to amend the Effective From date and current tax rate.

Fields

Effective From Date

This field displays the date from which the tax rate is to be applied. You cannot amend this date.

Tax Rate to Apply

Enter the tax rate that will apply to invoices dated on or after the Effective From date.

Press Enter to complete the amendment and then select **Previous (F12)** to return to the Maintain Tax Body Rates window.

Add Rate Pop-up

To display this pop-up, select **Add Rate (F10)** on the Maintain Tax Body Rates window.

Use this pop-up to enter the Effective From date and tax rate to apply.

Fields

Effective From Date

Enter the date from which the tax rate is to be applied. You can enter any future tax rate changes before they come into effect.

Tax Rate to Apply

Enter the tax rate that will apply to invoices dated on or after the Effective From date.

Press Enter to confirm the details of the new tax rate and then select **Previous (F12)** to return to the Maintain Tax Body Rates window.

Maintain Remit to Details Window

To display this window, select **Remit To (F23)** on the Maintain Tax Body Details window.

Alternatively, select option 3 and then press Enter on the Maintain Tax Bodies Selection window.

Use this window to maintain the name, address, telephone, fax and bank details of the tax body to which you are remitting taxes.

Fields

Remit to Name

Enter the name of the body that will receive the taxes, using up to 35 alphanumeric characters.

Remit to Address

Enter up to five address lines for the receiving body. You must enter at least two lines of address.

Zip Code (Untitled)

Enter the five-digit zip code and five-digit additional zip code for the receiving body address.

Telephone Number

Enter the telephone number, using up to 16 alphanumeric characters.

Telex Number

Enter the telex number, using up to 16 alphanumeric characters.

Fax Number

Enter the fax number, using up to 16 alphanumeric characters.

Tax Payer Number

Enter the number of the taxpayer, using up to 15 alphanumeric characters.

Bank Account Number

Enter the bank account number, using up to 20 alphanumeric characters.

Bank ID

Enter the bank's routing code, using up to 20 alphanumeric characters.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Press Enter to update the data and return to the previous window.

Add Tax Rates [2/USM]

Use this task to enter the tax rates and Effective From dates for one or more tax bodies.

Add Tax Rates Window

To display this window, select the Add Tax Rates task.

Use this window to enter new tax rates and their effectivity dates for one or more tax bodies.

Fields

Effective From Date

Enter the start date from which to apply the tax rate. You should enter this in the user's date format.

Tax Rate

Enter the tax rate that you want to apply from the effective date.

Position To

If the list of tax bodies extends over multiple windows, you can enter the code for a particular tax body in this field and press **Enter** to re-display this window with that tax body at the top of the window.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Select **Update (F8)** to save any changes.

Maintain Taxable Items [3/USM]

Use this task to maintain overrides to tax body rates.

Maintain Taxable Items Selection Window

To display this window, select the Maintain Taxable Items task.

Use this window to select either an item for which you want to override the tax body details, or a tax body that has one or more items requiring tax rate overrides.

Fields

Enter Item

Enter an item reference, using up to 15 alphanumeric characters.

Or Tax Body

Enter a tax body code. This code must have been set up using the Maintain Tax Bodies task.

Note: You cannot enter information in both the Enter Item and the Or Tax Body fields.

Make your selection and press Enter; the window that is displayed is determined by your selection criteria.

Maintain Taxable Items Item Details Window

To display this window, specify an item and then press Enter on the Maintain Taxable Items Selection window.

Use this window to select the tax body rate that you wish to maintain for the item. Any existing tax bodies with override rates for this item are displayed.

Fields

Option (Opt)

Enter one of the following:

1 - To change the tax rate for the tax body

4 - To delete the override tax rate record for the tax body

Functions

Refresh (F5)

Use this to re-display the original details displayed on this window.

Add (F10)

Use this to add tax override details.

Enter 1 against a tax rate line to display the Override Tax Rate Maintenance Item pop-up.

Override Tax Rate Maintenance Item Pop-up

To display this pop-up, enter 1 against the tax rate line on the Maintain Taxable Items Item Details window.

Use this pop-up to override the tax rate for the selected tax body. The tax body and the current tax rate are displayed.

Fields

Tax Body

This field displays the tax body code that has override tax rates for the item. You cannot amend this.

Tax Rate

Enter the override tax rate that you want to apply to this item and tax body combination.

Press Enter to confirm your entry and then select **Previous (F12)** to return to the Maintain Taxable Items Item Details window.

Delete Confirmation Pop-up

To display this pop-up, enter 4 against the tax rate line on the Maintain Taxable Items Item Details window.

Alternatively, enter 4 against a line on the Maintain Taxable Charges Selection window.

Alternatively, enter 4 against a charge code line on the Maintain Taxable Charges by Tax Body window.

Use this pop-up to delete the tax rate for selected line. The tax body and tax rate fields for the selected line are displayed.

Fields

Tax Body

The tax body code and description are displayed for information only.

Tax Rate

The override tax rate is displayed for information only.

Functions

Confirm Delete (F11)

Use this to delete the selected tax rate override record.

Select **Confirm Delete (F11)** to delete the record or press Enter to cancel the deletion and re-display the previous window.

Add a Tax Body Item Pop-up

To display this pop-up, select **Add (F10)** on the Maintain Taxable Items Item Details window.

Use this pop-up to add a new tax body and tax rate.

Fields

Tax Body

Enter the tax body code that has the override tax rates that you want to apply to the selected item.

You can use the prompt facility on this field to display a selection of tax body codes and descriptions.

Tax Rate

Enter the override tax rate that you want to apply to this item and tax body combination.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this pop-up.

Press Enter twice to add the new tax body and then select **Previous (F12)** to return to the Maintain Taxable Items Item Details window.

Maintain Taxable Items Tax Body Details Window

To display this window, select a tax body and press Enter on the Maintain Taxable Items Selection window.

Use this window to select the item you want to maintain for the tax body. Any existing items with override rates for the chosen tax body are displayed.

Fields

Select (Untitled)

Enter one of the following:

1 - To change the tax rate for the item

4 - To delete the override tax rate record for the item

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Add (F10)

Use this to add the details of a tax override.

Enter 1 against an item line to display the Maintain Override Rate Item pop-up.

Maintain Override Rate Item Pop-up

To display this pop-up, enter 1 against an item line on the Maintain Taxable Items Tax Body Details window.

The item description and tax rate fields are displayed for each item.

Fields

Item

This field displays the item code whose override tax rates you want to change.

Tax Rate

Enter the new override tax rate that you want to apply to this item and tax body.

Press Enter to update the tax rate and then select **Previous (F12)** to return to the Maintain Taxable Items Tax Rate Maintenance window.

Delete Confirmation Item Pop-up

To display this pop-up, enter 4 against an item line on the Maintain Taxable Items Tax Body Details window.

Use this pop-up to delete the override tax rate for your selected item and tax body. The item description and tax rate fields are displayed for each item.

Fields

Item

The item code and description are displayed for information only.

Tax Rate

The override tax rate currently applied to this item and tax body combination is displayed for information only.

Functions

Confirm Delete (F11)

Use this to delete the selected tax rate override record.

Select **Confirm Delete (F11)** to delete the tax rate record or press Enter to return to the Maintain Taxable Items Tax Rate Maintenance window without deleting the record.

Add An Item Pop-up

To display this pop-up, select **Add (F10)** on the Maintain Taxable Items Tax Body Details window.

Use this pop-up to add a new item and tax rate to your selected tax body.

Fields

Item

Enter the item code for the new taxable item.

Tax Rate

Enter the override tax rate applicable to this item and tax body.

Press Enter to add the new item and tax rate and then select F12=Previous to return to the Maintain Taxable Items Tax Rate Maintenance window.

Maintain Taxable Charges [4/USM]

Use this task to maintain tax rates against specific miscellaneous charges that are defined in the Inventory Descriptions file and are maintained for each order. The rate specified here is used if the miscellaneous charge is defined as tax charge type 2 (Use Override).

Maintain Taxable Charges Selection Window

To display this window, select the Maintain Taxable Charges task.

Use this window to select either the miscellaneous charge for which override tax rates are applied, or the tax body for which miscellaneous charge overrides are applied.

Fields

Enter Charge Code

Enter the miscellaneous charge code that has override tax rates for various applicable tax bodies. Choose a valid charge code from those defined in the Inventory Descriptions file, under major type SUNC.

For more information on defining description codes in the Inventory Descriptions file, see the Descriptions section within the Inventory Management product guide.

Or Tax Body

Enter a tax body code that has at least one miscellaneous charge for which an override tax rate applies.

This tax body must have been defined using the Maintain Tax Bodies task.

Make your selection and press Enter to display the next window. The window that is displayed will depend on your selection criteria.

Maintain Override Tax Rates by Charge Code Window

To display this window, enter a charge code and then press Enter on the Maintain Taxable Charges Selection window.

Use this window to override tax body rates for the miscellaneous charge. Any existing tax bodies with override rates for the selected charge are displayed.

Fields

Opt (Option)

Enter one of the following:

1 - To change the override tax rate for the tax body

4 - To delete the override tax rate record for the tax body

This displays the Delete Confirmation pop-up.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Add (F10)

Use this to add a new tax override rate.

Enter 1 against a line to display the Maintain Override Tax Rate Charge Code pop-up.

Maintain Override Tax Rate Charge Code Pop-up

To display this pop-up, enter 1 against a line on the Maintain Taxable Charges Selection window.

Use this pop-up to override the current tax rate applied to the selected charge code and tax body combination. The pop-up displays the tax body, description and current tax rate for the selected line.

Fields

Tax Body

This field displays the tax body code that has override tax rates for the selected charge code. You cannot amend this.

Tax Rate

Enter the override tax rate applicable to this charge code and tax body.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this pop-up.

Press Enter to complete the amendment and then select **Previous (F12)** to return to the Maintain Taxable Charges Selection window.

Add a Tax Body Charge Code Pop-up

To display this pop-up, select **Add (F10)** on the Maintain Taxable Charges Selection window.

Use this pop-up to add a tax body and tax rate to the selected charge code.

Fields

Tax Body

Enter the tax body code that has override tax rates applicable to the selected charge code.

Tax Rate

Enter the override tax rate applicable to this charge code and tax body.

Press Enter to add the new tax rate and then select **Previous (F12)** to return to the Maintain Taxable Charges Selection window.

Maintain Taxable Charges by Tax Body Window

To display this window, select a tax body on the Maintain Taxable Charges Selection window.

Use this window to override tax rates for miscellaneous charges. Any existing charge codes and override tax rates for the selected tax body are displayed.

Fields

Select (Untitled)

Enter one of the following:

1 - To change the override tax rate for the charge code

4 - To delete the override tax rate for the charge code

This displays the Delete Confirmation pop-up.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Add (F10)

Use this to add a new charge code and tax override rate.

Enter 1 against a charge code line to display the Maintain Override Rate Charge Code pop-up.

Maintain Override Rate Charge Code Pop-up

To display this pop-up, enter 1 against a charge code line on the Maintain Taxable Charges by Tax Body window.

Use this pop-up to amend the tax rate for your selected charge code and tax body combination. The pop-up displays the charge code and current tax rate for the selected tax body.

Fields

Charge Code

This field displays the charge code that has override tax rates to be maintained for the tax body. You cannot change this.

Tax Rate

Enter the override tax rate that you want to amend for this charge code and tax body.

Press Enter to complete the amendment or select **Previous (F12)** to return to the Maintain Taxable Charges by Tax Body window without making any changes.

Add a Charge Code Pop-up

To display this pop-up, select **Add (F10)** on the Maintain Taxable Charges by Tax Body window.

Use this pop-up to add a charge code to the selected tax body.

Note: You must enter both the charge code and tax rate that apply to the selected tax body.

Fields

Charge Code

Enter the new charge code against which you want to add an override tax rate for the selected tax body. Valid charge codes are defined in the Inventory Descriptions file, under major type SUNC.

For more information on defining description codes in the Inventory Descriptions file, see the Descriptions section within the Inventory Management product guide.

Tax Rate

Enter the override tax rate applicable to this charge code and tax body.

Press Enter to add the new charge code and tax rate or select **Previous (F12**) to return to the Maintain Taxable Charges by Tax Body window.

Generate Taxable Items or Charges [5/USM]

Use this task to generate multiple override tax records for specific ranges of tax bodies, item codes, item classes or miscellaneous charge codes. The records that you generate will have zero tax rates, and you must then maintain the rate for each item or charge (see the Maintain Taxable Items and Maintain Taxable Charges sections).

Generate Taxable Items/Charge Records Window

To display this window, select the Generate Taxable Items/Charges task.

Use this window to select a specific range of taxable items or charges.

Fields

Tax Body From

Enter the first tax body in the range for which you want to generate tax override records.

Tax Body To

Enter the last tax body to be included in the range for which you want to generate tax override records.

Note: If you define a range, neither the From nor To tax bodies needs to exist.

Item From

Enter the first item number in the range for which you want to generate tax override records.

Item To

Enter the last item to be included in the range for which you want to generate tax override records.

Note: If you define a range, neither the From nor To item codes needs to exist.

Item Class From

Enter the first item class in the range for which you want to generate tax override records. Item classes are defined in the Inventory Descriptions file, under major type PCLS. They are applied to items using the Items maintenance task within Inventory Management.

Item Class To

Enter the last item class to be included in the range for which you want to generate tax override records.

Note: If you define a range, neither the From nor To item classes needs to exist.

Charge Code From

Enter the first charge code in the range for which you want to generate tax override records. Charge codes are defined in the Inventory Descriptions file, under major type SUNC.

Charge Code To

Enter the last charge code to be included in the range for which you want to generate tax override records.

Note: If you define a range, neither the From nor To charge codes needs to exist.

Select **Update (F8)** to process the override.

Maintain Customers (Tax Bodies) [2/OEM]

Use this task to maintain tax bodies for a customer address. It is the point of sale that determines which tax rates will be applied for the various tax bodies.

Maintain Customer Tax Details Window

To display this window, select the Maintain Customers task in Sales Order Processing. Select option 4 (Sales Tax Details) and then press Enter on the Customer Maintenance window.

Use this window to enter and maintain the tax bodies for the customer's delivery address. For more information about customer maintenance, see the Sales Order Processing product guide.

<u>**Fields**</u>

Tax Body

Enter the tax body code(s) associated with the selected delivery address. You can define up to five tax bodies for a customer, depending on whether the delivery address is subject to state, county, city, or any other type of sales tax.

Apply Tax

Enter one of the following:

0 - To apply zero tax

1 - To apply tax on orders for this customer's delivery address at the rate defined for the <u>tax body</u>

Leave this field blank to use the default value from the US Sales Tax company profile.

Exemption Certificate Number

If the customer is exempt from tax at the selected delivery address, enter the number of the <u>exemption certificate</u>.

Exemption Certificate Date

If the customer is exempt from tax at the selected delivery address, enter the date of the <u>exemption certificate</u>.

Vendors Contribution %

Enter the amount of sales tax to be paid by the vendor. This amount is calculated for each invoice <u>tax body</u> but does not affect the invoice total.

Functions

Refresh (F5)

Use this to re-display the original information displayed on this window.

Delete (F11)

Use this to delete the <u>tax body</u> details for a customer. Select **Delete (F11)** twice to confirm deletion and to return to the Customer Maintenance window in Sales Order Processing.

Press Enter to save any changes and re-display the Customer Maintenance window in Sales Order Processing.

Chapter 3   Processing

Introduction to US Sales Tax Processing

All processing for United States sales tax occurs within base applications, such as Inventory Management and Sales Order Processing.

In Inventory Management you can validate tax codes relating to items and charges. In Sales Order Processing and Advanced Order Entry you can enter overrides to tax bodies. You can perform tax calculations in both Sales Order Processing and Warehousing.

Order Tax Body Overrides

You can usually define customer tax bodies in such a way that overrides to order tax bodies are unnecessary. However, you may need to change the details of a county, city or state in the delivery address for the actual order, but keep the existing default codes for the customer or delivery address. In this case you must also change the tax bodies that apply to the order.

To access the Overrides pop-up in Sales Order Processing, select **Tax Overrides (F17)** on the Order Entry Order Header window. For more information, see the Sales Order Processing product guide.

To access the Overrides pop-up in Advanced Order Entry, or amendment, select **Customer (F15)** and then **Tax Overrides (F16)** on the Order Entry Order Entry Line Customer Details window. For more information, see the Advanced Order Entry product guide.

You can also select **Tax Breakdown (F17)** on the Order Entry Trailer window in Advanced Order Entry to view any taxable and tax amounts for each tax body that applies to your selected customer.

Tax Calculation

All functions that calculate sales tax for an order and invoice do so based on the tax bodies for the customer or order, the applied tax flag and the tax flag for the item or miscellaneous charge. The sequence in which the sales tax is calculated is as follows:

If overrides to order tax bodies are defined:

Use these tax bodies.

If the Apply Tax flag for the tax body is **0**, no sales tax is applied.

Otherwise:

If default tax bodies are defined for the customer:

Use these tax bodies.

If the tax code for the item or charge is **2** (Override Defined):

Use the override rate that applies to the tax body for the order or customer.

Otherwise:

If no override is defined for the item or charge:

No sales tax is applied.

If the tax code for the item or charge is **1**:

Use the rate that applies to the tax body for the order or for the customer.

Otherwise:

If the tax code for the item or charge is **0**:

No sales tax is applied.

Line tax is calculated by multiplying the value of the item or charge by the rate for each tax body in turn.

General Ledger Posting

Postings made to the General Ledger are performed via Financial Integrator operating in BFI (Basic) or AFI (Advanced) mode, depending on the status of the AFI link in the Sales Order Processing and Invoicing applications.

BFI Mode

For each invoice posted, the total tax amount for each tax body associated with the invoice is posted separately to the General Ledger account code defined on the Maintain Tax Body Details window.

AFI Mode

The user defines sets of rules to determine the postings to be generated.

For more information, see the Application Interface chapter of the Sales Order Processing product guide.

Chapter 4   Reports

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Sales Tax Reports

The United States Sales Tax application updates the Sales Order Processing database with details of orders and invoices. The full range of Sales Order Processing status and management reports is therefore available.

Invoice Tax Remit to Tax Body [1/USR]

Use this report to produce a list of tax details for each associated remit to tax body, in tax body sequence.

For each sales invoice, the total invoice amount, taxable amount and tax value for each associated tax rate are printed.

You can tailor the report by entering ranges of sales periods and payment frequencies.

You can use this report to provide the information you will need to raise payments to the tax body, and it can be used as an input document for this activity.

Sequence

The sequence of the report is:

- Remit to tax body
- Payment frequency
- Tax body
- Invoice number

Totals

The totals calculated are:

- Invoice taxable amount
- Invoice tax amount (remit to amount)

Note: *Only orders that have been invoiced are included on the report.*

Invoice Tax Remit to Tax Body Window

To display this window, select the Invoice Tax Remit to [Tax Body](#) task.

Use this window to specify the selection criteria you want to use to produce the report.

<u>Fields</u>

From Period

Enter the first period from which to include invoices that have sales tax applied. This should be in the YYMM format.

To Period

Enter the last period from which to include invoices that have sales tax applied. This should be in the format YYMM.

Monthly Payment Frequency

Enter one of the following:

0 - To exclude remittances with a monthly payment frequency

1 - To include invoices in the report that have sales tax applied and where the [tax body](#) is defined as receiving remittance on a monthly basis

Quarterly Payment Frequency

Enter one of the following:

0 - To exclude remittances with a quarterly payment frequency

1 - To include invoices in the report that have sales tax applied and where the [tax body](#) is defined as receiving remittance on a quarterly basis

Annual Payment Frequency

Enter one of the following:

0 - To exclude remittances with an annual payment frequency

1 - To include invoices in the report that have sales tax applied and where the [tax body](#) is defined as receiving remittance on an annual basis

Select **Submit (F8)** to produce the report.

Chapter 5   Utilities

5

Utilities Introduction

Use the Utility tasks within the United States Sales Tax application to set up company details and remove redundant data.

Note: *As the majority of these tasks require exclusive use of the selected company, we recommend that you limit access to these tasks to two key users.*

US Sales Tax Company Profile [1/USU]

Use this task to enter and maintain attributes that will determine whether or not to calculate sales tax, and whether the vendor must make a contribution to the total amount of sales tax.

Maintain Company Profile Selection Window

Select the US Sales Tax Company Profile task.

Use this window to select the company for which you want to maintain the details.

Fields

Select (Untitled)

Enter **1** to select the company you want to maintain and automatically display the Maintain Company Profile Details window.

Enter Company Code To Maintain

If the list of company codes is longer than the display window, enter the company code you want to maintain and press **Enter** to display the Maintain Company Profile Details window.

Press Enter to display the Maintain Company Profile Details window.

Maintain Company Profile Details Window

To display this window, select a company code on the Maintain Company Profile Selection window.

Use this window to maintain the company currently selected.

Fields

Sales Tax Active

Enter one of the following:

0 - To perform standard tax processing

1 - To process United States sales tax for this company

Apply Tax Default

Use this field to determine whether you need to specify a default that will apply in situations where you have not set the flag to apply tax to a tax body for a particular customer or order.

Enter one of the following:

0 - If the majority of invoices for this company are exempt from sales tax

An example would be a company that sells to customers for re-sale.

1 - If the majority of invoices for this company are subject to sales tax

Enable Vendor Contribution

Enter one of the following:

0 - If no contribution to sales tax is required from the vendor

1 - If this company must contribute a percentage of the total sales tax amount

Percentages are defined for the customer or order tax body. The amount of the vendor's contribution is a percentage of the item or charge value. It is held for each invoice detail, but is not applied to invoice values.

Select **Update (F8)** to confirm the changes and update your company profile details.

Copy Company Profile [2/USU]

Use this task to create a new United States sales tax company by copying the company profile, tax body details and rates from an existing company. After you have created the new company, you can use the standard US Sales Tax Company Profile task to adjust the company details as necessary.

Copy Company Window

To display this window, select the Copy Company Profile task.

Use this window to specify the source company (the existing company from which you want to copy) and the target company (the new company for which details are not yet defined).

Fields

From Company

Enter a company from which to copy details. You must already have set up this company in Inventory Management, and then in United States Sales Tax.

To Company

Enter a company to which you want to copy the details from an existing company. The company to which you are copying must already exist in Inventory Management, Sales Order Processing and Accounts Receivable. If the company has also been set up in United States Sales Tax, the existing details will be overwritten.

Select **Update (F8)** to copy and update the target company details.

Purge Sales Tax Audit Files [31/USU]

Use this task to remove redundant records from the sales tax audit files. Master file updates will generate audit records containing details of changed data, and you should review and purge the audit files on a regular basis. When you select this task, you can submit a batch job to delete all except the most recent record from each of the audit files.

Select F8=Confirm Submit to submit the batch job that will purge the sales tax audit files.

Appendix A Glossary
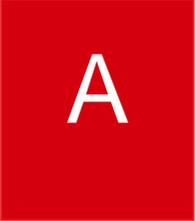
Exemption Certificate

This is a certificate that is issued by the taxing body to all customers who are exempt from sales tax, for example charitable organizations. The exemption certificate has a number and date.

Sales Tax Code

If an item is sold to an end user, the tax payable to the tax bodies is normally defined at customer level. However, some items such as fresh food or clothes can be non-taxable or taxable only at state or city level. For this reason, each item or miscellaneous charge is defined with one of the following codes:

> 0 - Never apply tax.
>
> 1 - Always apply tax according to the tax body rates.
>
> 2 - Only apply tax if the item or charge is taxed by particular tax bodies. In this case, the item is non-taxable unless an entry exists for it on the item or tax body override file.

Tax Body

This is a legislative body that is authorized to charge and collect tax paid on the sale of goods sold to an end user.

Vendor Contribution

This is the amount of the invoice tax value to be paid by the vendor.