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Tax Schedule

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Overview

SalesPad Cloud's Tax Schedule module allows you to link different <u>Tax Codes</u> and <u>Tax</u> <u>Agencies</u> to a single Tax Schedule. Each Tax Code has a percentage and a Tax Agency associated with it. When a Tax Schedule is applied to a sales document, the summation of each Tax Code percentage multiplied against the extended price of each sales line derives the final tax amount and total for the sales document.

Setup		POS	Reports	Other	
Location Payment Terms Price Level	Sales Document Type Sales Territory Salesperson	Discounts Employees Grid Menu Setup	Dynamic Grid Reports Inventory Stock Status Sales Analysis	Integration Dashb Inventory Reconc System Settings	
Price Lists Purchase Order Type	Shipping Method Tax Schedule	Sync Logs Till Counting Till Drawer	File Import History Grid Reports	Manage Security Company Card Manage Organiza	tion
Account Class	Item Class		Report Designer		
Contact Method Type	Reason Codes				
Currency	Tax Agencies				
Customer Class	UofM Type				
Customer Type	User Field Definitions				
Email Templates	Vendor Class				
Entity Number	Vendor Type				
Fee Туре	Workflow				
Interaction Type					

To get started, select **Tax Schedule** from the Settings menu.

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Tax Schedule

Create a Tax Schedule

To create a Tax Schedule, click the **New Tax Schedule** button in the upper left-hand corner of the Tax Schedule screen.

Tax Schedule				
Find A Tax Schedule				×
New Tax Schedule 2	🛛 🖌 Hide Inact	ive	C⊋ Export ≡	Columns
Tax Schedule	•	Description	Total Tax Rate	
		No Results Found	d	

The Create Tax Schedule drawer will appear. Give your Tax Schedule a name and description, then click **Save** to close the drawer.

Create Tax Schedule	×
Tax Schedule	
Michigan	
Description	
Michigan sales tax	

Your new Tax Schedule will now appear in the grid on the left-hand side of the screen.

Find A Tax Schedule				>
New Tax Schedule	🛃 Hide Ina	ctive	∠⇒ Export ≡ 0	Columns
Tax Schedule	^	Description	Total Tax Rate	
Michigan		Michigan sales tax		

To add or remove one or more Tax Codes to your Tax Schedule follow the instructions in the Add or Remove Tax Codes to Tax Schedules section of this document.

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Edit a Tax Schedule

To edit the name or description of an existing Tax Schedule, or to make the Tax Schedule inactive, click the **Edit** icon in the Tax Schedule's cell (this icon is not visible until you hover over the far right of the Tax Schedule cell.

Find A Tax Schedule		
New Tax Schedule	C Hide Inactive	C⊋ Export
Tax Schedule	 Description 	

The Edit Tax Schedule drawer will appear. Make your changes here, then click **Save** to close the drawer.

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Tax Code

Create a Tax Code

To create a Tax Code, click the **New Tax Code** button in the upper left-hand corner of the Tax Code side of the Tax Schedule screen.

Find A Tax Code New Tax Code More Actions	▼ 3 Hide Inactive	🗶 Export 📃 Columns
Tax Code Name	L L	Tax Value
	No Results Found	

Note: Make sure you have the Tax Schedule you want to add this Tax Code to selected in the grid on the left-hand side of the screen, or no Tax Schedule selected. If you have a different Tax Schedule selected, you will then have to <u>remove</u> the Tax Code from this Tax Schedule.

The Create Tax Code drawer will open. Fill out the information fields in this drawer.

Create Tax Code

Tax Code Name	
Michigan Sales Tax	
Description	
Standard MI sales tax	
Tax Value (%)	
	0.06
Tax Agency	
State of Michigan	•
Tax Code Detail Type	
Sales	•

For a brief explanation of the different information fields in the Create Tax Code drawer, click here:

Create Tax Code

Tax Code Name - Allows you to give the Tax Code a name

Description - Allows you to give the Tax Code a description

Tax Value (%) - Assigns a percentage value to the Tax Code

Tax Agency - Assigns a Tax Agency to the Tax Code

Tax Code Detail Type - Designates whether this Tax Code is meant for sales or purchases

When you've finished entering your information, click **Save**.

Your new Tax Code will now appear in the grid on the left-hand side of the screen.

Find A Tax Code		×
New Tax Code More Actions 👻 🧲	Hide Inactive	C⊋ Export
Tax Code Name	^	Tax Value
Michigan Sales Tax		6%

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Edit a Tax Code

To edit the name or description of an existing Tax Code, or to make the Tax Code inactive, click the Edit icon in the Tax Schedule's cell (this icon is not visible until you hover over the

far right of the Tax Schedule cell.

Find	A Tax Code		30
Ne	w Tax Code More Actions 👻	C Hide Inactive	C⊋ Export
	Tax Code Name	A	Tax Value
	Michigan Sales Tax		6%

The Edit Tax Code drawer will appear. Make your changes here, then click **Save** to close the drawer.

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Add or Remove Tax Codes to Tax Schedules

To add Tax Codes to a Tax Schedule, select the Tax Schedule you want to add the Tax Codes to, then select the **Add Existing Tax Code** option from the More Actions dropdown.

Find A Tax Code New Tax Code More Actions •	C Hide Inactive	× Export ≡ Columns
Tax C Add Existing Tax Code	•	Tax Value
	No Results Found	

The Attach Tax Code drawer will appear. Select the Tax Code from the Tax Code dropdown, then indicate whether this Tax Code is intended for sales or for purchases by selecting the appropriate Tax Code Detail Type.

Attach Tax Code	×
Tax Code	
Michigan Sales Tax	•
Tax Code Detail Type	
Sales	•

Click **Save** to close the drawer.

To remove Tax Codes from a Tax Schedule, select the Tax Schedule you want to remove the Tax Codes from, then check the box for any Tax Code you want removed. Next, select the **Remove Tax code(s)** option from the More Actions dropdown.

Ne	w Tax Code More Actions 👻	C Hide Inactive	C⊋ Export
	Add Existing Tax Code	<u>۸</u>	Tax Value
•	California Sales Tax		7.25%
	Michigan Sales Tax		6%

The selected Tax Codes will be removed from the selected Tax Schedule.

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Line Level Taxes

When the *Line Level Tax Enabled* checkbox is checked in your <u>System Settings</u>, your Item Master and sales/purchasing transaction line Tax Codes are available to edit. Please note that this setting is disabled by default for new companies.

Line-level taxes work by calculating taxes based off of overlapping tax rates within the header-level and line-item level Tax Codes on the sales document. If there is an overlap, then the appropriate line items are taxed. Here is an example:

Let's say you are working with three Tax Codes: Michigan, Food Item, and Merchandise. The Michigan Tax Code has a single 6% tax rate called "Michigan Product", the Food Item Tax Code has a single 2% tax rate called "Food Product", and the Merchandise Tax Code has two tax rates: "Michigan Product" at 6% and "Food Product" at 2%. You also have a single taxable inventory item, called Widget, that has its Tax Code set to Merchandise. And, finally, your *Contact Used For Tax* setting is set to Shipping.

A customer whose Shipping Contact has a Michigan Tax Code is added to a sales document, and therefore the sales document's Tax Code is now set to Michigan. The Widget is then added as a line item on the sales document, so that line's Tax Code is now set to Merchandise. The sales document overall now has two Tax Codes to evaluate when calculating final tax: Michigan and Merchandise.

When the sales document calculates its tax, it will look for overlapping tax rates between the sales document and the sales lines. In our case, the "Michigan Product" tax rate exists in both the sales document and sales line Tax Codes, so the sales line item's tax amount is calculated at 6% (the Michigan Product rate).

If the Food Product Tax Code had been set at the sales document level (e.g. a customer with a Food Product Tax Code on their Shipping Contact), the overlap would have occurred on the "Food Product" tax rate, and the sales document would've calculated the line item tax at 2%. If an item without an overlapping tax rate was added to the sales document (an item whose Tax Code was something other than Merchandise), then no tax would be applied to that sales line.

The Is Shipping Taxable checkbox next to the Shipping Amount field on sales documents

can also affect final taxes on a sales document. If a customer's Shipping Contact has their own Is Shipping Taxable checkbox checked, the Is Shipping Taxable checkbox on the sales document will automatically be checked when that customer is added to the sales document. When the sales document's Shipping Taxable box is checked, the Tax Code associated with the Shipping Item Master (specified in the QuickBooks Online Import settings) is evaluated for overlap against the sales document's Tax Code in order to determine the final taxable percent.

	 Ignore Shipping Writeback Is Shipping Taxable
Shipping	\$10.00 Subtotal \$20.00
Discount	\$0.00 More Actions Tax \$0.70
	Total \$30.70

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See it in Action

Tax Schedules are used on various sales documents, such as invoices.

	\$0.00	× Void	Release	More Actions 👻	×
Doc Date			Workflow Batch		
4/6/2018		New Invoice		х 🗸	
Customer PO			Tax Schedule		
		No Tax Schedule			

Tax Codes are assigned to contacts in the Create or Edit <u>Customer</u> drawers, and to inventory items in the Create or Edit <u>Item</u> drawers.

Create Customer

Billing Address	Shipping Address	🕑 Use Billing	
Contact Code			
Contact Person			
Title			
First Name			
Last Name			
Salesperson			
No Salesperson		•	
Sales Territory	Shipping Method		
No Sales Territory	No Shipping Metho	d 🔻	
Location	Tax Code		
No Location 🔻	No Tax Code	•	
Phone Number	Email		

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