Why is my tax-exempt customer being charged taxes in sales documents?

Megan De Freitas - 2024-11-22 - [FAQ](#)

All tax calculations are handled by Dynamics™ GP and passed on to SalesPad GP. SalesPad GP has no part of the tax calculation process. Taxes applicable to the transaction will vary depending on whether that order is shipped to the customer or picked up at the place of business by the customer.

If the order is delivered, the relevant taxes that GP applies are those in the customer's location. You would likely see a correct omission of taxes for a customer with an exempt tax code value.

However, if the shipping method is set to pickup, the relevant taxes are those in the location where the pickup will occur, and the customer's tax-exempt status will not be integrated into the equation.

To troubleshoot, open a sales document and add the customer tax schedule, item tax schedule and taxed amount. This will show you which tax schedules are in use and the taxed amount will show you which, if either, has been applied.

The shipping method has a location-based tax schedule that overrides:

- Customer tax schedule
- Item tax schedule
- Site tax schedule
- Shipping method

When you save the document in SalesPad GP, the taxes are applied, so you can tell which ones were relevant.