

How to Refund Sales Tax

Set Up Item in Inventory File for Sales Tax Adjustment

It is recommended that a sales tax adjustment item using a miscellaneous vendor code be set up in the inventory file. For the purpose of example, this document uses item number "TAX" with Vendor Code "ZZZ" and description "SALES TAX ADJUSTMENT." When following this procedure, use the item number your company has set up for sales tax adjustments.

Refund Sales Tax using Point-of-Sale

1. Identify the customer and order number in which sales tax was charged and should not have been. Write down the customer ID, the order number and the Taxable amount of the order. The Taxable amount of the order can be found on the "Totals page" or "Closing screen."
2. Open a new "L" type order for the customer. Enter the customer's name, address and telephone number on the order heading screen if needed.
3. Two lines will be entered on the line item entry screen. The first line will "back out" or "reverse" the Taxable sales dollars on the original order.
 - Enter a Qty of negative 1.
 - Enter the sales tax adjustment item.
 - Enter the Taxable amount (identified in Step 1) in the Price field. In the example below, \$20.70 was the taxable amount of the original order.
 - Optional: Enter a note on the Info line with an "I" flag to print on the credit invoice.
 - Be sure there is a "Y" in the Tax field indicating the item is taxable. If not "Y," use the <up arrow> to move to the Tax field and change it.
 - Press <F10> to sell the item. (If a "Cost is Zero" message displays, press <F10> again.)

Must be Y for taxable.

```

1 Qty: -1      Item: TAX                VC: ZZZ  Tax: Y  Prc: 20.700
Stk: _ _ _ _ Room:                    Loc:    Flg: * Cost: 0.000
Info: REFUND TAX CHARGED ON ORDER 123456 I_ Net:   Disc: 0.000
Desc: SALES TAX ADJUSTMENT                LBR :    0.00
F2=TO QTY  F3=INQUIRY  F4=ALT/SUPER  F7=UPC TOGGLE  F8=AUTO TOGGLE  TAB=TOTAL
    
```

How to Refund Sales Tax

4. The same item will be sold on the second line as non-taxable:
 - Enter a Qty of 1 (positive 1).
 - Enter the same sales tax adjustment item that was used on the first line.
 - Enter the same Taxable amount in the Price field that was used on the first line.
 - Use the <up arrow> key to move cursor to the Tax flag field and change it to “N” for non-taxable. **This line item will be sold as non-taxable.**
 - Press <F10> to sell the item. (If a “Cost is Zero” message displays, press <F10> again.)

Must be N for Non-taxable.

```

2 Qty: 1      Item: TAX                VC: ZZZ Tax: N Prc:_    20.700
Stk:_ _ _ _ Room:                    Loc:      Flg: * Cost:     0.000
Info: _____                      Net:     Disc:     0.000
Desc: SALES TAX ADJUSTMENT                LBR :     0.00
F2=TO QTY  F3=INQUIRY  F4=ALT/SUPER  F7=UPC TOGGLE  F8=AUTO TOGGLE  TAB=TOTAL
        
```

5. The extended price of the two line items will net to zero.

Ln#	Item Number	VC	Qty	BKO TF	Sell Price	LBR	Total
1	TAX	ZZZ	-1	Y*	20.700		-20.70
2	TAX	ZZZ	1	N*	20.700		20.70

6. Press <TAB> to go to the Totals page/Closing screen. The Price Subtotal of the order will be zero. The Taxable and Non-Taxable amounts on the closing screen will reflect your entries on the line item screen and should “net” to zero. **The Tax amount will be negative and is the amount of the sales tax refund.** This amount will display in the “Total” and “Balance Due” amounts. Close the order using the appropriate pay method. (Note: If closing to Accounts Receivable, this negative order can be applied to the unpaid amount of the original order after the next daily close.) Print a credit invoice for the customer.