

# How to Set Up Sales Tax Rate Record

## Setup Sales Tax Codes

Select Closing Routines from Main Menu

Select Sales Tax Summary

Use "R" to set up Rate Record

Sample is shown below.

MM/DD/YYYY	SALES TAX SETUP SCREEN					
TAX CODE: 10	TYPE: R	(D,P,Y,R)	TAX PERCENT	7.3250%		
DESCRIPTION: ST LOUIS MISSOURI			EXCLUDE FROM LOOKUP	N		
TAX CENTS START	0	ROUND FACTOR	50			
ITEM TAXABLE	C	(Y,N,C)	DISCOUNT TAXABLE	N (Y,N,C)		
LABOR TAXABLE	N	(Y,N,C)	FREIGHT TAXABLE	N (Y,N,C)		
OTHER CHARGES TAXABLE	N	(Y,N,C)	EXCLUDE ALLOWANCE	N (Y,N)		
TAX BREAKDOWNS BASED ON C (A,C,L)						
	DESC	PERCENT	LIMIT	DESC	PERCENT	LIMIT
BREAKDOWN 1	ST	6.0000%	0.00	BREAKDOWN 2	CO	0.3250% 0.00
BREAKDOWN 3	CITY	1.0000%	0.00	BREAKDOWN 4		0.0000%
BREAKDOWN 5		0.0000%		BREAKDOWN 6		0.0000%
F3=LOOKUP						

*Tax Codes must be set up before adding customers.*

**Tax Code:** Enter "up to" four alphanumeric characters to designate the tax code. Each sales tax rate record is identified by a unique code which can contain any combination of letters or numbers.

**Type:** D=Daily, P=Period, Y=Yearly, **R=Rate**. You must create an "R" type Rate record for each sales tax code. The sample above shows tax code **10** for St Louis Missouri sales.

**Tax Percent** – Enter the total percent of tax to be charged for this tax code. This field will accept two (2) digits to the left of the decimal point and four (4) digits to the right of the decimal point. In the example above, the sales tax rate is 7.325 percent.

**Description:** Enter a description for this tax code. Typically, this description is the sales tax jurisdiction. There is an option to display and then "choose from" a list of sales tax codes on the Customer Master Screen and when creating a customer order in Point of Sale. This description displays to help identify the tax code.

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**Exclude from Lookup:** The typical response is 'N' meaning No, do not exclude this tax code from the Sales Tax Lookup screen that is displayed when pressing F3 from the Tax Code field. If this tax code should not be displayed when using the F3 Sales Tax Lookup, then enter 'Y' to exclude it. The F3 Sales Tax Lookup inquiry can be used from the Tax Code field in the Sales Tax Summary Screen, in the Customer Master and in the Point of Sale heading screen to display a pop-up box with a of tax codes along with the description and percentage rate.

**Tax Cents Start:** This field determines at which penny tax starts to be collected. The value entered into this field must be less than one dollar. If zero is entered, tax will begin calculating for sales at .01. Change as needed according to the tax laws in that jurisdiction.

**Round Factor:** A factor entered here will round (to the nearest penny) the tax being charged. In the above example, **50** is the factor used. This is the most common response. A value of "50" in this field will round up \$1.275 to \$1.28.

**Item Taxable (Y,N,C): C is the most common response.** It means that taxability is conditional on the Customer master.

Note: There are three (3) "flags" which determine if an item is taxable: (1)The tax flag field in the customer master. (2)The tax flag in the item master. (3)The item taxable field in this tax record.

The item taxable flag in the tax rate record usually is set to indicate that the taxing authority is based upon the taxability of the "**C**"ustomer master. (The other two entries for this field "Y" and "N" are rarely used. See reference manual for more information.)

**Discount Taxable (Y,N,C): N is the most common response.** This refers to line item and bottom line discounts given on sales orders. The usual response is N which calculates sales tax **after** the discount is subtracted.

Y-calculate sales tax before discount is subtracted. C-conditional: if customer is taxable C will work like Y; if customer is not taxable, C will work like N. NOTE: If some items are taxable and some nontaxable on the same sales order, and a bottom line discount is given, the tax is calculated only on the taxable sales less that portion of the discount.

**Labor taxable (Y,N,C):** Y=yes, labor sales are taxable. N=no, labor sales are not taxable. C=conditional on customer's taxability. Labor sales are taxable if the customer is taxable.

**Freight Taxable (Y,N,C):** N=no, freight charges are not taxable. Y=yes, freight charges are taxable. C=conditional on customer's taxability.

**Other Charges Taxable (Y,N,C):** Y=yes, other charges are taxable. N=No, other charges are not taxable. C=conditional; other charges are taxable if the customer is taxable. NOTE: Tag-n-Trak customers use "other charges" in various ways. Some use "other charges" for a restocking fee on merchandise returns.

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**Exclude Allowance (Y,N):** Y=Yes, exclude builder allowance from sales tax. (Note: This is the case in the state of Arizona.) N=No, do not exclude allowance from sales tax. **N=No is the most common response.**

**Tax Breakdowns Based on: C** C=Calculated A=Accumulated. L=Limit. C is the most common response by Tag-n-Trak users. C will calculate sales tax on the subtotal of a sales order (including labor, freight and other charges **IF** they are taxable).

A=Accumulated: if the Accumulated method is used, the program will calculate tax and round on *each* line item and then add the tax for each line for the total tax amount.

L=Limit: L indicates that taxable limits must be set up. Tag-n-Trak has the capability to set up taxable limits for a single line item or for an entire sales order. There are a few states that have taxable limits. If you need to establish taxable limits, please contact Mylee Customer Support for instructions.

### Breakdowns of Sales Tax:

DESC	PERCENT	LIMIT	DESC	PERCENT	LIMIT
BREAKDOWN 1 ST	6.0000%	0.00	BREAKDOWN 2 CO	0.3250%	0.00
BREAKDOWN 3 CITY	1.0000%	0.00	BREAKDOWN 4	0.0000%	
BREAKDOWN 5	0.0000%		BREAKDOWN 6	0.0000%	

Use of the tax “breakdowns” is optional. It is recommended that you use the “breakdowns” if they are needed when filing your sales tax report to the taxing authority.

In the example above, Breakdown 1 **ST** is used to show the State portion (6%) of the sales tax. Breakdown 2 **CO** is used to show the county portion (.325%). Breakdown 3 **CITY** is used to show the city portion (1%).

### Save the Sales Tax Rate Record

Press the [Enter] key through the remaining breakdown fields. Respond **Y** to the following prompt to save the new sales tax rate record:

OK TO ADD RECORD? (Y OR N) Y