F330 Sales Taxes

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Timing and Agenda

Aug 17, 2021 -10 AM -11 AM

Day 1

Lesson 1.1: Creating a Tax Agency

Lesson 1.2: Configuring a Tax Report

Lesson 1.3: Creating Tax Zones and Tax Categories

Lesson 1.4: Configuring Sales Taxes

Aug 18, 2021 -10 AM -11 AM

Day 2

Lesson 2.1: Processing Invoices with Sales Taxes

Lesson 2.2: Applying Sales Taxes to Cash Entries

Lesson 2.3: Processing Credit Memos with Sales Taxes

Lesson 2.4: Processing Purchases with Sales Taxes

Lesson 2.5: Configuring and Applying Taxes with

Different Calculation Methods

Acumatica
The Cloud ERP

Timing and Agenda

Aug 19, 2021 -10 AM -11 AM

Day 3

Lesson 3.1: Preparing a Tax Report

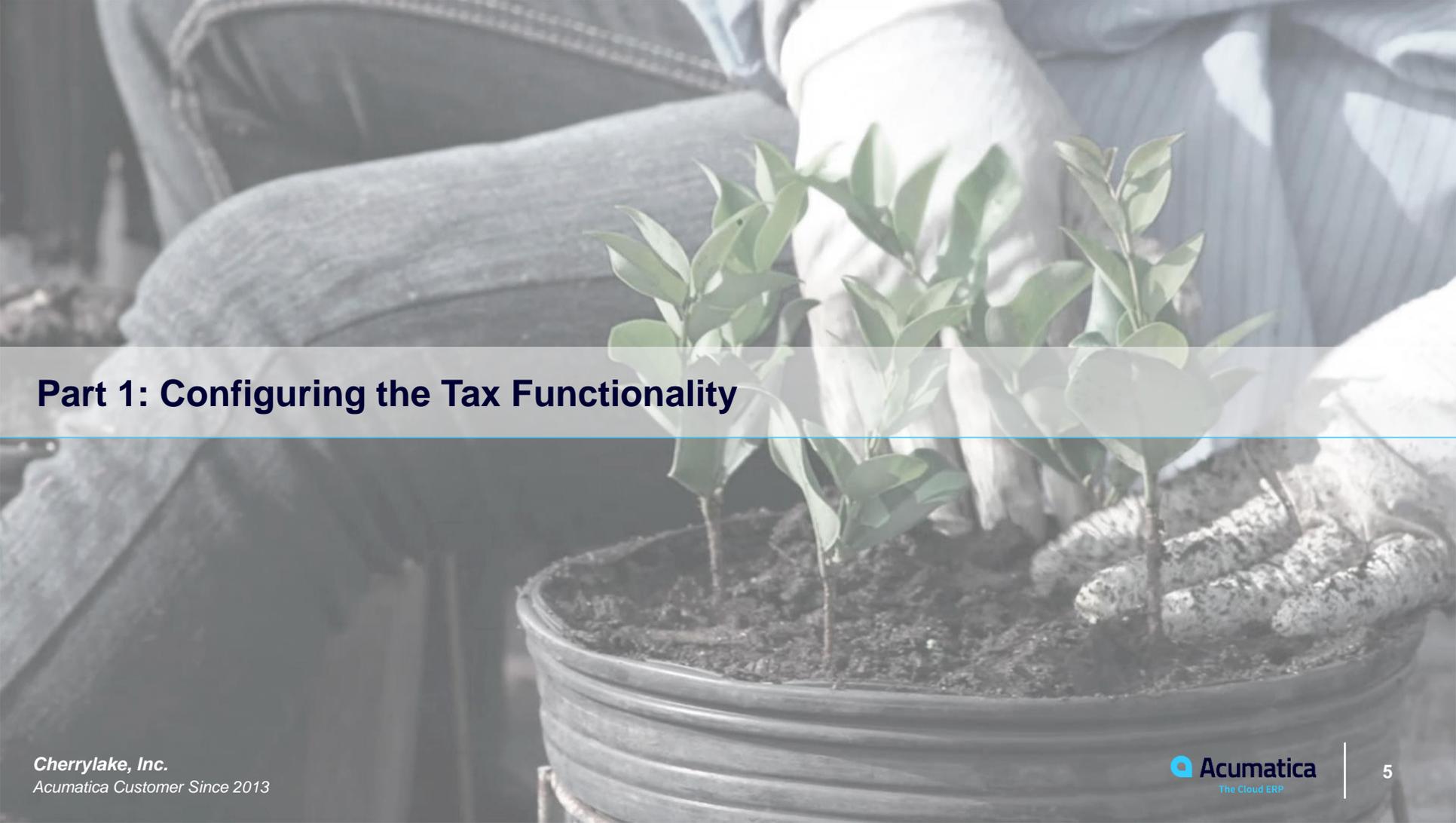**Lesson 3.2: Voiding a Tax Report**

Lesson 3.3: Creating Tax Adjustments to a Tax Report

Lesson 3.4: Releasing a Tax Report

Lesson 4.1: Configuring Use Taxes

Lesson 4.2: Processing Purchases with Use Taxes

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Day 1

Part 1: Configuring the Tax Functionality

Lesson 1.1: Creating a Tax Agency

Learning Objectives

In this lesson, you will learn how to create a tax agency that you will use for tax reporting purposes.

Tax Agency: Implementation Activity

Suppose that you, as an implementation manager, are configuring the tax management functionality for the Muffins & Cakes company. The company's managers have decided that they want to automatically generate tax bills to report taxes to the Colorado State Department of Revenue.

You need to create a new vendor and define it as a tax agency in the system.

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Lesson 1.2: Configuring a Tax Report

Learning Objectives

In this lesson, you will learn how to create and configure a tax report.

Tax Report Configuration: Implementation Activity

Suppose that the *COTAXDEP* agency, to which the Muffins & Cakes company is going to report taxes, requires that the tax report includes the following lines:

1. *Taxable Sales*: Accumulates the total amount of sales subjected to sales tax and processed in the tax period

2. *Total Tax*: Accumulates the total sales tax amount of AR documents processed in the tax period

3. *Exempt Sales*: Accumulates the total amount of tax-exempt sales processed in the tax period

4. *Gross Sales*: Accumulates the total amount of sales (excluding the tax amounts) processed in the tax period (that is, *Taxable Sales + Exempt Sales*)

5. *Tax on Purchases*: Accumulates the total amount of purchases subjected to sales tax and processed in the tax period

You need to configure the tax report to meet the requirements of the tax agency.

Figure: Process of accumulating sales taxes

Process of accumulating taxes
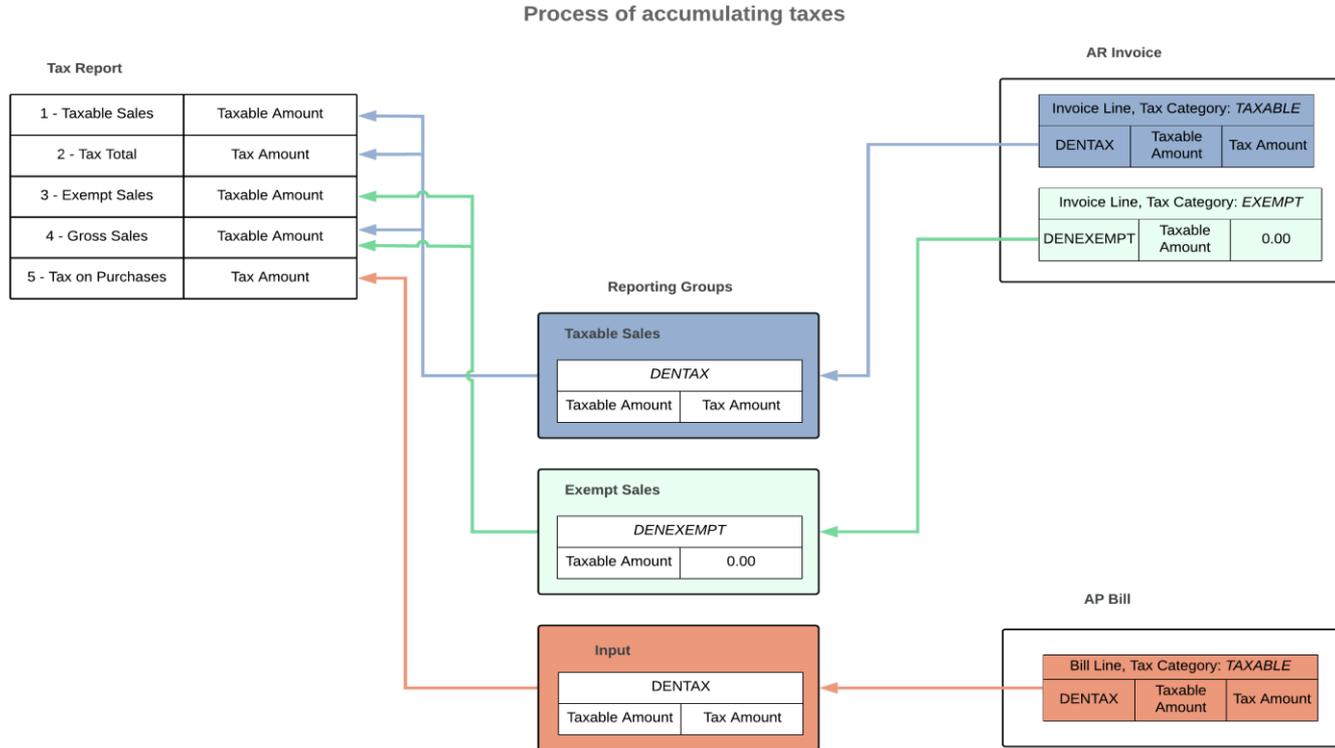
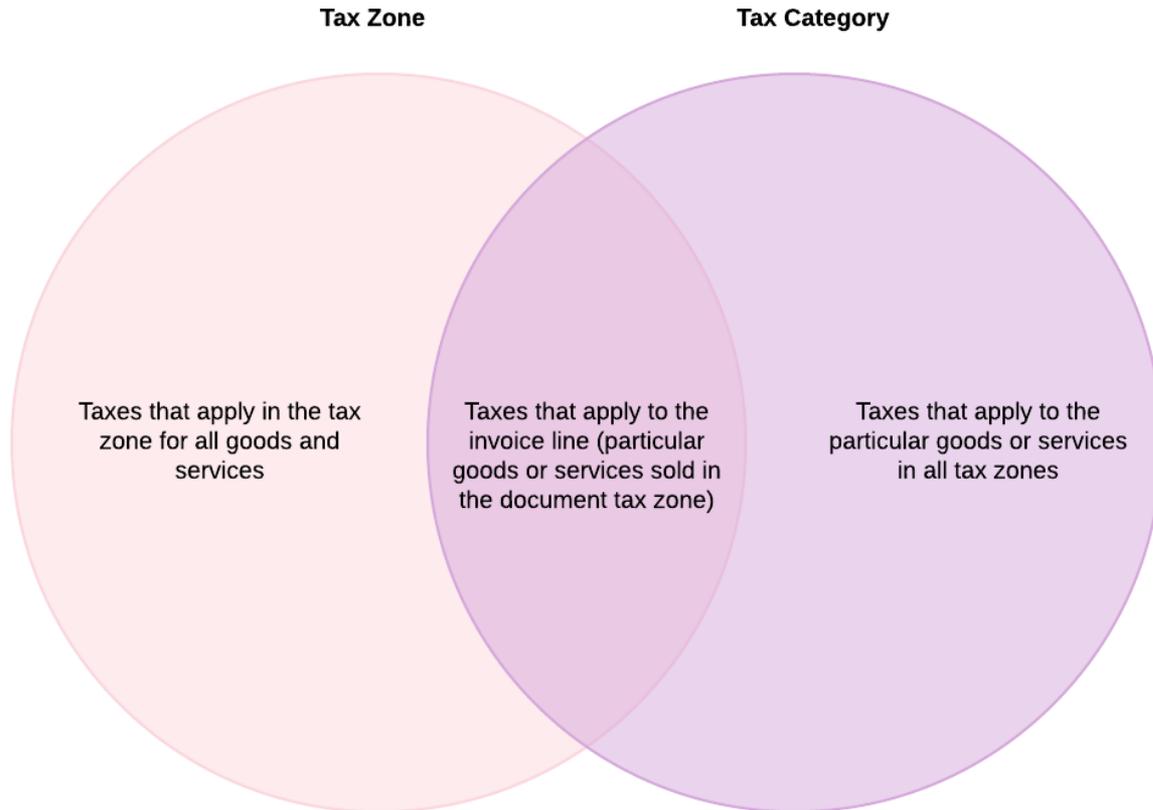| Report Line Order (added by default)	Description	Update With	Update Rule	Net Tax	Hide Report Line
1	Taxable Sales	Taxable Amount	+Output-Input	Cleared	Cleared
2	Tax Total	Tax Amount	+Output-Input	Selected	Cleared
3	Exempt Sales	Taxable Amount	+Output-Input	Cleared	Cleared
4	Gross Sales	Taxable Amount	+Output-Input	Cleared	Cleared
5	Tax on Purchases	Tax Amount	+Input-Output	Cleared	Selected

Lesson 1.3: Creating Tax Zones and Tax Categories

Learning Objectives

In this lesson, you will learn how to do the following:

• Create a tax zone

• Review the tax categories existing in the system

• Assign tax categories to non-stock items

Figure: Application of taxes to an AR document

Tax Zone   **Tax Category**

Taxes that apply in the tax zone for all goods and services

Taxes that apply to the invoice line (particular goods or services sold in the document tax zone)

Taxes that apply to the particular goods or services in all tax zones

Tax Zones and Categories: Implementation Activity

The Muffins & Cakes company, which operates in Denver, Colorado, provides delivery services that are subject to an 8.31% sales tax. While two tax categories have been already created in Acumatica ERP (*TAXABLE* and *EXEMPT*), no other tax configuration has been performed.

You need to assign the *TAXABLE* tax category to the needed non-stock item (*DELIVERY*). You also need to create a tax zone for Denver, Colorado, to which you will also assign the *TAXABLE* category as the default tax category of the tax zone.

Lesson 1.4: Configuring Sales Taxes

Learning Objectives

In this lesson, you will learn how to configure sales taxes to be used in AR and AP documents.

Sales Taxes: To Create a Sales Tax for Use in AR

The Muffins & Cakes company, which operates in Denver, Colorado, provides services subject to an 8.31% sales tax. You need to configure the sales tax, assign it to the *TAXABLE* category and the *DENVER* tax zone, and specify the tax calculation method for this tax.

You also need to define a 0% sales tax, because you have to report exempt sales in your tax report. This tax indicates that a sale should be reported as tax exempt.

Sales Taxes: To Configure a Sales Tax for Use in AP

The Muffins & Cakes company buys goods from its suppliers and pays the sales tax on these purchases (input tax). The rate of the sales tax is 8.31%. You need to configure a sales tax of the *Input* type in the system, which will be applied to AP documents.

Day 2

Part 2: Processing Documents with Sales Taxes

Lesson 2.1: Processing Invoices with Sales Taxes

Learning Objectives

In this lesson, you will learn how to do the following:

• Create an AR invoice with a sales tax applied

• Release the AR invoice and review the GL transaction generated by the system

Invoices with Sales Taxes: Process Activity

Suppose that on February 5, 2021, the head office of the SweetLife Fruits & Jams company provided a video course and two hours of support services to Morning Cafe. Acting as a SweetLife accountant, you have to process the corresponding invoice and analyze how the system applies taxes to invoices.

Lesson 2.2: Applying Sales Taxes to Cash Entries

Learning Objectives

In this lesson, you will learn how to create a cash entry and apply a sales tax to it automatically in Acumatica ERP.

Table: Tax Sales Cash Transaction

Account	Debit	Credit
Checking account	Amount + tax amount	00.00
Tax Payable account	00.00	Tax amount
Sales account	00.00	Amount

Table: Receipt Cash Transaction

Account	Debit	Credit
Cash account	Amount + tax amount	0.00
Offset account	0.00	Amount
Tax account	0.00	Tax amount

Table: Disbursement Cash Transaction

Account	Debit	Credit
Cash account	0.00	Amount + tax amount
Offset account	Amount	0.00
Tax account	Tax amount	0.00

Cash Entries with Sales Taxes: Process Activity

The SweetLife Fruits & Jams company provides juicer cleaning services for cash, and these services are subject to sales taxes. Accountants use cash entries to record cash receipts and update the income account. Suppose that on February 13, 2021, a customer of SweetLife paid $45 in cash for 3 hours of juicer cleaning services.

Acting as a SweetLife accountant, you need to process the corresponding cash entry and apply taxes to it.

Lesson 2.3: Processing Credit Memos with Sales Taxes

Learning Objectives

In this lesson, you will learn how to do the following:

- Create and release a credit memo

- Analyze the GL transaction created by the system

Credit Memos with Sales Taxes: Generated Transactions

Account	Debit	Credit
Accounts Receivable account	00.00	Amount + tax amount
Specified Sales account (Income account)	Amount	00.00
Tax Payable account	Tax amount	00.00

Credit Memos with Sales Taxes: Generated Transactions

Suppose that on February 15, 2021, the SweetLife Fruits & Jams company issued a credit memo to Morning Cafe for five hours of online training that were not provided to the customer.

Acting as a SweetLife accountant, you need to create and release the credit memo and review how it is processed.

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Lesson 2.4: Processing Purchases with Sales Taxes

Learning Objectives

In this lesson, you will learn how to do the following:

• Create an AP bill with a sales tax applied

• Release the AP bill and review the GL transaction generated by the system

Stock Items and Non-Stock Items Requiring Receipt

Account	Source of Account	Debit	Credit
Accounts Payable account	Vendor	00.00	Amount + tax amount
PO Accrual account	Dependent on the setting of the posting class of the item specified in the **Use PO Accrual Account From** box on the *Posting Classes* (IN206000) form)	Amount	00.00
Tax Expense account	Tax	Tax amount	00.00

Non-Stock Items Not Requiring Receipt

Account	Source of Account	Debit	Credit
Accounts Payable account	Vendor	00.00	Amount + tax amount
Expense account	Item	Amount	00.00
Tax Expense account	Tax	Tax amount	00.00

Purchases with Sales Taxes: Process Activity

Suppose that on February 13, 2021, the SweetLife Fruits & Jams company purchased office supplies and stationery from the Frontsource vendor in the amount of $280. The vendor is located in the New York state, and the *NYSTATETAX* sales tax has to be applied to this purchase.

Acting as a SweetLife accountant, you need to enter the AP bill, release it, and review how the system calculates the sales tax.

Lesson 2.5: Configuring and Applying Taxes with Different Calculation Methods

Learning Objectives

In this lesson, you will learn how to configure first-level and second-level taxes in Acumatica ERP, learn how different calculation methods affect the resulting tax and the total document amount, and create documents to which these taxes are applied.

Tax Calculation Methods: To Create Taxes

Suppose that you, as an accountant of SweetLife Fruits & Jams, want to explore different tax calculation methods of sales taxes. You want to configure a training tax zone and add taxes that use the following calculation methods:

• Exclusive Document-Level

• Exclusive Line-Level

• Inclusive Line-Level

To be able to compare the difference in how these taxes are applied, the taxes will use the same tax rate of 5%. You are going to use the same customer account (Candyy Cafe) in all activities of this lesson.

Tax Calculation Methods: To Apply Taxes

Suppose that you want to analyze how the taxes are calculated depending on the selected rule. You want to use the CANDYY customer to create a document for it and apply the taxes with different calculation methods to this document. (You do not need to save and release the document.)

Table: Calculating taxes with the Inclusive Line-Level rule (INCLINELEVEL)

	Ext. Price = Taxable Amount + Tax Amount	Taxable Amount = Round (Ext. Price / (1 + Tax Rate))	Tax Amount = Round (Taxable Amount * Tax Rate)	Total = Line 1 + Line 2
Line 1	**115.11**	115.11 / (1 + 0.05) = 109.628 ≈ **109.63**	109.63 * 0.05 = 5.4815 ≈ **5.48**	
Line 2	**154.77**	154.77 / (1 + 0.05) = **147.4**	147.4 * 0.05 = **7.37**	
Document		109.63 + 147.4 = **257.03**	5.48 + 7.37 = **12.85**	**269.88**

Table: Calculating taxes with the Exclusive Document-Level rule (EXDOCLEVEL)

	Ext. Price	Taxable Amount = Detail Total = Line 1 Ext. Price + Line 2 Ext. Price	Tax Amount = Round (Detail Total * Tax Rate)	Total
Line 1	**115.11**			
Line 2	**154.77**			
Document Amount=Taxable Amount+Tax Amount		115.11 + 154.77 = **269.88**	269.88 * 0.05 = 13.494 ≈ **13.49**	269.88 + 13.49 = **283.37**

Table: Calculating taxes with the Exclusive Line-Level rule (EXLINELEVEL)

	Ext. Price	Taxable Amount = Ext. Price	Tax Amount = Round (Taxable Amount * Tax Rate)	Total
Line 1	**115.11**	**115.11**	115.11 * 0.05 = 5.7555 ≈ **5.76**	
Line 2	**154.77**	**154.77**	154.77 * 0.05 = 7.7385 ≈ **7.74**	
	Ext. Price	Taxable Amount = Ext. Price	Tax Amount = Round (Taxable Amount * Tax Rate)	Total
Document Balance = Taxable Amount + Tax Amount		**269.88**	5.76 + 7.74 = **13.50**	269.88 + 13.50 = **283.38**

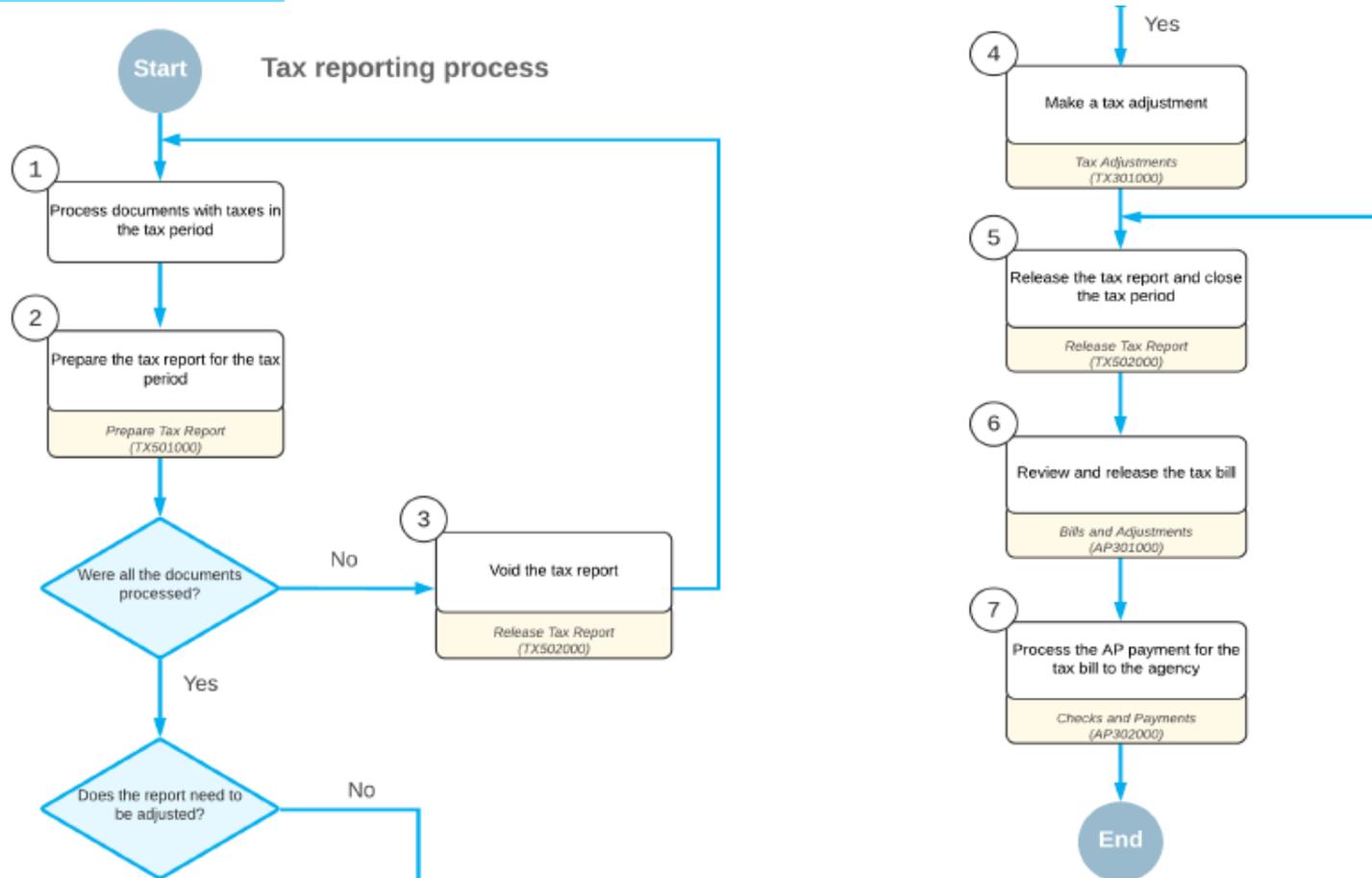## Tax Calculation Methods: To Apply a Second-Level Tax

Suppose that you want to configure a second-level tax with the Compound Line-Level calculation method in the system and review how it is applied to documents. You are going to use the Candyy Cafe customer for the activities in this lesson.

Day 3

Part 3: Paying Taxes to a Tax Agency

Figure: Tax reporting process

Lesson 3.1: Preparing a Tax Report

Learning Objectives

In this lesson, you will learn how to prepare a tax report for a particular company and tax agency for an open tax period.

Tax Report Preparation: Process Activity

Suppose that you, as an accountant of SweetLife Fruits & Jams, have to prepare and review a tax report for the 02-2021 tax period, and you will later release the report.

Lesson 3.2: Voiding a Tax Report

Learning Objectives

In this lesson, you will learn how to void a tax report that has been prepared for a particular company, create any documents that are missing in the system, and again prepare the tax report.

Voiding a Tax Report: Process Activity

Suppose that while reviewing the prepared tax report (which you had not yet released), you realize that the report is missing one invoice for Morning Cafe, which has to be dated February 28, 2021.

To report its tax amount, acting as a SweetLife accountant, you need to void the tax report, process the needed invoice, and again prepare the tax report.

Lesson 3.3: Creating Tax Adjustments to a Tax Report

Learning Objectives

In this lesson, you will learn how to create a tax adjustment to a tax report.

Tax Adjustments: Generated Transactions

Account	Debit	Credit
Specified adjustment account	00.00	Tax amount
Tax Payable account	Tax amount	00.00

Account	Debit	Credit
Specified adjustment account	Tax amount	00.00
Tax Payable account	00.00	Tax amount

Tax Adjustments: Process Activity

Suppose that the chief accountant of SweetLife Fruits & Jams found that the Candyy Cafe company was liquidated and has become unable to pay the $167.87 invoice dated February 13, 2021. The managers of SweetLife have decided to write off this invoice as uncollectible.

After the bad debt expense is reported, you need to make a tax adjustment to deduct the tax on this invoice from the prepared tax report.

Lesson 3.4: Releasing a Tax Report

Learning Objectives

In this lesson, you will learn how to release a tax report and generate an AP bill for the tax agency.

Tax Report Release: Generated Transactions

Account	Debit	Credit
Accounts Payable account	0.00	Accumulated tax amount
Tax Payable account	Accumulated tax amount	00.00

Tax Report Release: Process Activity

Suppose that you, as an accountant of SweetLife Fruits & Jams, have to release the tax report prepared for the 02-2021 tax period and generate an AP bill to be paid to the New York State Department of Revenue.

Part 4: Processing Documents with Use Taxes

Lesson 4.1: Configuring Use Taxes

Learning Objectives

In this lesson, you will learn how to configure a use tax that can be used in AP documents, purchase orders, expense receipts and claims, and cash disbursements.

Use Taxes: Implementation Activity

Suppose that the SQUEEZO vendor, from which the SweetLife Fruits & Jams company buys juicers, does not charge the sales tax from its buyers that are located outside of New Jersey, where this vendor is located. Therefore, all the purchases made from this vendor are subject to the use tax of the New York state, where SweetLife is located.

The chief accountant of the SweetLife company needs to update the tax agency settings, tax report, and the vendor to be able to pay the use tax to the NY tax agency.

Lesson 4.2: Processing Purchases with Use Taxes

Learning Objectives

In this lesson, you will learn how to do the following:

• Create an AP bill with a use tax applied

• Release the AP bill and review the GL transaction generated by the system

• Prepare a new revision of a tax report and review the difference in the tax report revisions

Stock Items and Non-Stock Items Requiring Receipt

Account	Source of Account	Debit	Credit
Accounts Payable account	Vendor	00.00	Amount
PO Accrual account	Dependent on the setting of the posting class of the item specified in the **Use PO Accrual Account From** box on the *Posting Classes* (IN206000) form)	Amount	00.00
Tax Expense Account	Tax code	Tax amount	00.00
Tax Payable Account	Tax code	00.00	Tax amount

Non-Stock Items Not Requiring Receipt

Account	Source of Account	Debit	Credit
Accounts Payable account	Vendor	00.00	Amount
Expense account	Item	Amount	00.00
Tax Expense Account	Tax code	Tax amount	00.00
Tax Payable Account	Tax code	00.00	Tax amount

Purchases with Use Taxes: Process Activity

Suppose that on February 21, 2021, SweetLife Fruits & Jams purchased two juicers from SQUEEZO, which is located in New Jersey. No sales tax was collected on this purchase because the vendor is located outside of the New York state, so SweetLife has to report the use tax and pay it to the NYTAXDEP tax agency.

Acting as a SweetLife accountant, you need to process the purchase and update the tax report for 02-2021.

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Thank you

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