Financials

# F330 Sales Taxes

# Training Guide

Acumatica
The Cloud ERP

# Contents

# Copyright

Software Version: 2021 R1

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# How To Use This Course

This course provides a set of lessons that illustrate the basic tax management processes in a midsize company as well as the configuration that underlies this processing.

The course consists of four parts, each providing a set of lessons that illustrate the basic tax management processes in a midsize company.

> ⚠️ In the examples of this course, you will use sample settings for tax zones, categories, and tax agencies, as well as sample tax rates and tax reports. These sample settings, reports, and rates are presented to illustrate the functionality of the taxes subledger of Acumatica ERP. In production systems, you have to specify the configuration entities, such as tax agencies, tax reports, and tax zones, and you need to account for taxes as required by government regulations and the business requirements of the company.

The course should be completed on Acumatica ERP 2021 R1 Update 3 or later versions. For this course, you will use an Acumatica ERP tenant with the *U100* dataset preloaded.

You perform the following general steps to complete the course:

1. You prepare an Acumatica ERP 2021 R1 instance, as described in *How to Create a Tenant with the U100 Dataset*.

2. In the prepared tenant with the *U100* dataset preloaded, you complete all the lessons.

3. At Partner University, you take F330 Certification Test.

4. At Partner University, you complete the course survey to finish the course and get the Partner University certificate of course completion.

> ⚠️ The configuration and process activities depend on one another and should be completed in the order given in the course.

## What Is in a Configuration Lesson

A *configuration lesson*—that is, a lesson dedicated to the configuration of system settings and entities —provides a brief overview of the required system configuration and a description of other settings that could affect the configuration workflow.

Each configuration lesson includes at least one implementation activity that you have to complete in your Acumatica ERP instance to configure the core system settings or to prepare system entities.

## What Is in a Process Lesson?

A *process lesson*—that is, a lesson dedicated to the performing of a particular business process— includes a description of the process workflow and a process diagram that illustrates the user scenario supported by this process. The process lesson also provides a brief overview of the settings and entities that need to be prepared in the system before you start to perform this business process. Also, the lesson may include a description of generated transactions, information about reports and inquiry forms that can be used for gathering information related to the described business process, and explanations on how to mass-process documents as you perform the business process.

Each lesson includes at least one process activity that you have to complete in your Acumatica ERP instance to learn how to perform the described business process.

## What Are the Documentation Resources

The complete Acumatica ERP documentation is available on *https://help.acumatica.com/* and is included in the Acumatica ERP instance. While viewing any form used in the course, you can click the **Open Help** button in the top pane to bring up a form-specific Help menu; you can use the links on this menu to quickly access form-related concepts and procedures and to open a reference topic with detailed descriptions of the form elements.

## How to Create a Tenant with the *U100* Dataset

To add to an existing Acumatica ERP instance a tenant with the *U100* dataset, which is required for the completion of this course, and prepare the tenant for completing the activities, perform the following instructions:

1. Go to *Amazon Storage*.

2. Open the folder of your Acumatica ERP instance version.

3. In this folder, open the `Snapshots` folder, and download the `u100.zip` file.

4. Launch the Acumatica ERP instance, and sign in.

5. Open the *Tenants* (SM203520) form, and click **Add New Record** on the form toolbar.

6. In the **Login Name** box, type the name to be used for the tenant.

7. On the form toolbar, click **Save**.

8. On the **Snapshots** tab, click **Import Snapshot**.

9. In the **Upload Snapshot Package** dialog box, select the `u100.zip` file, which you have downloaded, and click **Upload**.

   The system uploads the snapshot to the **Snapshots** tab of the *Tenants* form.

10. On the form toolbar, click **Restore Snapshot**.

11. If the **Warning** dialog box appears, click **Yes**.

12. In the **Restore Snapshot** dialog box, make sure that the correct snapshot package is being uploaded, and click **OK**. The system will restore the snapshot and sign you out.

    You are now on the Sign-In page, and you can sign in to the tenant you have just created.

# Company Story

This topic explains the organizational structure and operational activity of the company with which you will work during this training.

## Company Structure

The SweetLife Fruits & Jams company is a midsize company located in New York City. The company consists of the following branches:

- SweetLife Head Office and Wholesale Center: This branch of the company consists of a jam factory and a large warehouse where the company stores fruit (purchased from wholesale vendors) and the jam it produces. Warehouse workers perform warehouse operations by using barcode scanners or mobile devices with barcode scanning support.

- SweetLife Store: This branch has a retail shop with a small warehouse to which the goods to be sold are distributed from the company's main warehouse. This branch is also planning on selling goods via a website created on an e-commerce platform to accept orders online. The e-commerce integration project is underway.

- Service and Equipment Sales Center: This branch is a service center with a small warehouse where juicers are stored. This branch assembles juicers, sells juicers, installs juicers, trains customers' employees to operate juicers, and provides juicer servicing.

The ToadGreen Building Group is a subsidiary of the SweetLife Fruits & Jams company. ToadGreen Building Group —which is located in New York—is a general contractor coordinating construction projects for governmental and commercial customers. The company has only one branch, ToadGreen Building Group, in which the corresponding projects are being managed and all construction-related tasks are recorded.

The Muffins & Cakes company is a subsidiary SweetLife Fruits & Jams company. Muffins & Cakes— which is located in Denver, Colorado—consists of the following branches:

- Muffins Head Office and Wholesale Center: This branch owns a bakery and a wholesale warehouse where products are stored.

- Muffins Retail Shop: This branch, which sells products to retail customers, has a retail shop with a small warehouse.

## Operational Activity

The company has been operating starting in the *01-2020* financial period. In November 2020, the company started using Acumatica ERP as an ERP and CRM system and migrated all data of the main office and retail store to Acumatica ERP. Because the company has grown, the equipment center has begun its operations in *01-2021*.

In October *2020*, the company received an investment and opened a subsidiary company for construction (ToadGreen). In February *2020*, the company started its first construction project.

The Muffins & Cakes company was established in January 2020 and started using Acumatica ERP at the end of the *01-2021* financial period.

## Company Purchases

The company purchases fruits and spices from large fruit vendors for sale and for jam production. For producing jams and packing jams and fruits, the company purchases jars, labels, and paper bags

from various vendors. For the internal needs of the main office and store, the company purchases stationery (printing paper, pens, and pencils), computers, and computer accessories from various vendors. The company also purchases juicers and juicer parts for sale from a large juicer vendor and either purchases the installation service for the juicers or provides the installation service on its own, depending on the complexity of the installation.

The Muffins & Cakes company also purchases stationery (printing paper, pens, and pencils) and advertising services.

## Company Sales and Services

Each company's branch has its own business processes, as follows:

● SweetLife Head Office and Wholesale Center: In this branch, jams and fruit are sold to wholesale customers, such as restaurants and cafés. The company also conducts home canning training at the customer's location and webinars on the company's website.

● SweetLife Store: In the store, retail customers purchase fresh fruit, berries, and jams, or pick up the goods they have ordered on the website. Some of the goods listed in the website catalog are not stored in the retail warehouse, such as tropical fruits (which are purchased on demand) and tea (which is drop-shipped from a third-party vendor).

● Service and Equipment Sales Center: This branch assembles juicers, sells juicers, provides training on equipment use, and offers equipment installation, including site review and maintenance services. The branch performs one-time endeavors as well as complex projects with their own budgets.

The Muffins & Cakes branches have the following business processes:

● Muffins Head Office & Wholesale Center: In this branch, baked goods and products for baking are sold to wholesale customers, such as restaurants and cafés. The company also conducts baking classes at customer locations.

● Muffins Store: In the store, small retail customers purchase baked goods, or pick the goods ordered on the website.

# Part 1: Configuring the Tax Functionality

Part 1 of the course describes how to configure sales taxes in Acumatica ERP, including a tax agency account, a tax report, tax zones and categories, and sales taxes to be used in AR and AP.

In this part, you will learn how to configure Acumatica ERP for maintaining sales taxes. In particular, you will learn how to perform the following tasks:

● Creating a tax agency to which the company will file taxes

● Configuring a tax report and configuring the rules of accumulating data in the tax report

● Creating tax zones and tax categories

● Configuring sales taxes for use in the AR subledger (that is, for sales) and the AP subledger (that is, for purchases)

# Lesson 1.1: Creating a Tax Agency

## Tax Agency: General Information

If your company buys or sells goods or services, it must report the appropriate taxes to the responsible tax agencies by filing tax reports regularly. The tax authorities or agencies can exist at multiple levels. For example, in most European countries, the tax rates are defined at the federal level and are the same in all territories, and in other countries, there can be many zones with different taxes; this depends on the taxation system of the country. Thus, the tax agencies can have different reporting periods and different tax rates. You may need to report taxes to different tax agencies. For each tax agency, you need to create a separate tax agency account in Acumatica ERP and configure the applicable tax report.

Some taxes (such as custom duties on imported goods) you pay directly to the tax agencies or to the vendors authorized to collect the taxes when you receive an invoice for the taxes from a tax agency or a vendor. The taxes can be included into a tax report to be claimed from the tax authorities.

The following sections of this topic describe how you establish the general settings for a tax agency and how you set up a tax agency.

### Learning Objectives

From reading the topics in this chapter and completing the implementation activity, you will learn how to create a tax agency that you will use for tax reporting purposes.

### Applicable Scenarios

You can configure a tax agency account in Acumatica ERP to cover either of the following purposes:

● You want to set up tax reporting for the tax agency. For such an agency, you configure an appropriate tax report and set up automatic accumulation of tax amounts in the tax report.

● You want to pay taxes directly to the tax agency. (For certain taxes, such as the customs duties on imported goods, instead of filing tax reports, you must pay the taxes directly to the tax agency.) In this case, you need to create the tax bills by using the *Tax Bills and Adjustments* (TX303000) form, and then pay the billable amounts to the vendor (which is a tax agency).

## Definition of a Tax Agency Account

In Acumatica ERP, you define a tax agency as a vendor (because you make payments to it) by using the *Vendors* (AP303000) form. On this form, you indicate that the vendor is a tax agency by selecting the **Vendor Is Tax Agency** check box, which causes the **Tax Agency Settings** tab to appear on the form. On this tab, you should specify the specific settings for the tax agency. For details, see *Tax Agency: Implementation Activity*.

## Preparation of a Tax Agency for Tax Reporting

For each tax agency to which you will report taxes, you specify the following tax report-related settings on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form:

- **Default Tax Period Type**: You can specify the reporting period (*Half a Month*, *Month*, *Two Months*, *Quarter*, *Half a Year*, *Year*, or *Financial Period*). In many states of the United States, the reporting frequency depends on the amount of tax you collect and is subject to change if this amount significantly changes in a specific period.

  ⚠️ You can change the period type after all the year's reporting periods are closed.

- GL Accounts: You can specify the following GL accounts, which will be used for posting tax-related entries:

  - **Tax Payable Account**: This account accumulates the tax amounts that should be paid to the tax agency (for example, tax amounts resulting from sales that are subject to sales tax). The account selected in this box should be configured as a control account for the taxes subledger. For more information on control accounts, see *Control Accounts: General Information*.

  - **Tax Claimable Account**: This account accumulates the tax amounts that should be claimed from the tax agency (for example, tax amounts resulting from purchases that are subject to VAT). The account selected in this box should be configured as a control account for the taxes subledger. For more information on control accounts, see *Control Accounts: General Information*.

  - **Tax Expense Account**: This account accumulates the tax-related expenses for a particular agency (for example, tax amounts resulting from purchases that are subject to use tax).

- **Tax Report Precision**: You can specify the maximum number (0 through 9) of decimal places in the values (tax amounts and taxable amounts) gathered in the tax report lines. Alternatively, you can use the decimal precision of the reporting currency by selecting the **Use Currency Precision** check box (which makes the **Tax Report Precision** box unavailable).

- **Tax Report Rounding**: You can specify the rounding rule for adjusting the values gathered in the tax report, so they will be rounded to the number of decimal places according to the defined precision. To do this, select one of the following options: *Mathematical*, *Ceiling*, or *Floor*. For details, see *Rounding of Document Amounts*.

After you have specified and saved the settings on the **Tax Agency Settings** tab of the *Vendors* form, you configure the tax-reporting functionality for the tax agency by completing the following tasks:

1. On the *Tax Periods* (TX207000) form, you specify the date when the tax year should start for the selected tax agency. If the tax year is already configured for the tax agency, you can change the start date of the next tax year, so that the current tax year will be shortened.

To change the start date, you should select the required date; your current tax year will end one day before the specified date. For example, suppose that the tax year currently configured in your system ends on December 31, 2021 and that you specify the start date of the next tax year as August 1, 2021. After you save this change, your current tax year will end on July 31, 2021, and will consist of seven periods.

2. On the *Reporting Settings* (TX205100) form, you configure the tax report for the particular tax agency. For details, see *Configuring a Tax Report*.

3. On the *Tax Zones* (TX206000) and *Tax Categories* (TX205500) forms, you configure the tax zone (or zones) that will hold the taxes reported to the tax agency and the tax categories to which these taxes will be assigned. For details, see *Tax Zones and Categories: General Information*.

4. On the *Taxes* (TX205000) form, you create all taxes applied by this tax agency with their effective rates and effective dates (if you haven't already created these taxes). For each of these taxes, you select the tax agency account in the **Tax Agency ID** box (on the **Tax Settings** tab). For details, see *Managing Taxes*.

5. You set up the tax calculation. For details, see *Tax Calculation Methods: General Information*.

Thus, the tax report configured for a specific tax agency will accumulate only the taxes defined for that tax agency.

# Tax Agency: Implementation Activity

By performing this implementation activity, you will learn how to create a vendor and define it as a tax agency to which you will report taxes.

> ⚠ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

### Story

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.

### Process Overview

In this activity, to create a tax agency, you will create a new vendor on the *Vendors* (AP303000) form. On the tabs of this form, you will specify the vendor's details, select the **Vendor is Tax Agency** check box, and specify the needed settings on the **Tax Agency Settings** tab.

### System Preparation

Before you begin to work with a tax agency, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded.

2. To sign in as an administrator, use the following credentials:

- Username: *gibbs*

- Password: *123*

## Step 1: Creating a Vendor Account

To create a vendor account to be used as a tax agency, proceed as follows:

1. Open the *Vendors* (AP303000) form.

2. On the form toolbar, click **Add New Record**.

3. In the Summary area, specify the following settings:

    - **Vendor ID**: COTAXDEP

    - **Status**: *Active*

    - **Vendor Class**: *TAXAGENCY*

4. On the **General** tab, in the **Account Name** box, specify CO State Department of Revenue.

5. In the **Vendor Properties** section, select the **Vendor is Tax Agency** check box.

6. On the form toolbar, click **Save** to save your changes.

## Step 2: Configuring the Vendor as a Tax Agency

To configure the newly created vendor account to act as a tax agency, proceed as follows:

1. While you are still on the *Vendors* (AP303000) form, open the **Tax Agency Settings** tab.

2. In the **Default Tax Accounts** section, specify the following settings:

    - **Tax Payable Account**: *24100 (Tax Payable)*

    - **Tax Expense Account**: *65100 (Other Tax Expenses)*

3. In the **Tax Report Settings** section, select the following settings:

    - **Default Tax Period Type**: *Month*

    - **Automatically Generate Tax Bill**: Selected

    - **Use Currency Precision**: Selected

4. On the form toolbar, click **Save** to save your changes.

# Lesson 1.2: Configuring a Tax Report

## Tax Report Configuration: General Information

A tax report is a document that contains tax information related to your business and that must be filed to a specific tax agency once per reporting period. The tax report is usually set up in a worksheet format that is determined by the particular tax agency. In Acumatica ERP, you can configure the

content elements of the tax report based on the report form provided by the responsible tax agency, and define the rules for automatically filling the tax report with appropriate values. Although the tax reports differ depending on the taxes to be reported, generally the elements of the report form and the rules for filling the report are common.

> ⚠ If you use the tax reporting functionality in Acumatica ERP, an AP bill will be automatically generated on release of the tax report at the end of the reporting period if the **Automatically Generate Tax Bill** check box is selected for the tax agency on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form.

## Learning Objectives

From reading the topics in this chapter and completing the implementation activity, you will learn how to create and configure a tax report.

## Applicable Scenarios

You configure a tax report in Acumatica ERP to set up the processes of accumulating taxes and preparing the tax report when it comes due. To configure a tax report, you should use as a template a blank tax report form from the particular tax collection agency, and create a tax report with a similar structure in Acumatica ERP.

## Tax Report Configuration Process

In Acumatica ERP, a tax report is represented as a table into which the system records the total tax amounts and taxable amounts for the period to be reported to the tax agency. When you configure a tax report in Acumatica ERP, you set up report lines that correspond to the tax agency's report boxes. The resulting tax report is shown as a table consisting of these lines. Each row of the table holds an accumulated tax amount or taxable amount calculated on sales or purchases during the tax reporting period, or a sum or difference of these amounts. The number of lines in a particular tax report may vary depending on the number of taxes you need to report.

To start the tax report configuration process, on the **Report Lines** tab of the *Reporting Settings* (TX205100) form, you create the required lines in the report and specify the type of the amount (tax or taxable) that should be accumulated in each line. The number of the lines is prescribed by the tax report template from the applicable tax agency, but you can create additional lines for your internal use—for example, to accumulate some taxable amounts that should not be reported to the tax agency but that supervisors want to see. In these cases, you create the line and select the **Hide Report Line** check box for it, so that the amount will be accumulated in that line, but the line will be excluded from the tax report during its generation.

After you have created the required lines for the tax report, you need to create multiple *reporting groups* by using the **Reporting Groups** tab. A reporting group is an Acumatica ERP entity that consists of one report line or multiple report lines (which you add into the group later) and acts as a link between a particular tax and these report lines. Thus, the tax amounts and taxable amounts calculated based on this tax in all sales or purchase documents update the lines included in the reporting group. (You will specify a reporting group or two reporting groups for each tax later.)

A reporting group can have one of the following types:

- *Output*: Specified for a tax that must be paid to a tax agency

- *Input*: Specified for a tax that can be claimed from a tax agency

For each tax, you can specify one or two reporting groups that are effective on a specific date: no more than one *Input* group, and no more than one *Output* group.

The type of reporting group you specify for a tax depends on the type of the particular tax. You specify the type of reporting group by using the *Taxes* (TX205000) form as follows:

- For a *Sales* tax, define an *output* reporting group for tax amounts calculated on customer invoices and memos, which should be paid to the tax agency and (optionally) an *input* reporting group for tax amounts calculated on vendor bills and adjustments.

- For a *Use* tax, define an *output* reporting group because the use tax amounts are paid to the tax agency.

- For a *Withholding* tax, define an *output* reporting group because the withholding tax amounts are paid to the tax agency.

- For *VAT* or *GST*, define an *input* reporting group for tax amounts calculated on vendor bills and adjustments that should be claimed from the tax agency, and an *output* reporting group for tax amounts calculated on customer invoices and memos that should be paid to the tax agency.

Once you have configured the elements of the tax report (the report lines and reporting groups), you need to add report lines to each reporting group you have created. You then associate each tax in the system with the appropriate reporting group, so that the taxes will be associated with the reporting groups, which in turn are related to some report lines. Thus, the tax amounts will be accumulated in the specific lines of the tax report.

## Tax Reporting Period

For each tax agency defined on the *Vendors* (AP303000) form, you can specify the frequency of tax report preparation in the **Default Tax Period Type** box on the **Tax Agency Settings** tab; you can select *Half a Month*, *Month*, *Two Months*, *Quarter*, *Half a Year*, *Year*, or *Financial Period*.

The selected tax period type determines the tax reporting periods defined for the tax agency. You can view these tax periods on the *Tax Periods* (TX207000) form, where you can also change the tax period type for a particular company if the period type differs from the default one. These tax periods will be displayed in the **Reporting Period** box on the *Prepare Tax Report* (TX501000) form while you are preparing a tax report.

## AP Bill to Pay the Tax Report

You use the *Release Tax Report* (TX502000) form to release the prepared tax report. You can set up the system to automatically generate an AP bill on release of a tax report to a particular agency. The AP bill will contain the total tax amount that you must pay to the tax agency for the selected reporting period. To set up the system to generate an AP bill while releasing a tax report, do the following:

1. On the *Vendors* (AP303000) form, select the **Automatically Generate Tax Bill** check box for the needed tax agency.

2. On the *Reporting Settings* (TX205100) form, identify a line that accumulates the appropriate tax amounts, and select the **Net** check box for that line.

Once a tax report is released, the system generates an AP bill in the amount of the line for which the **Net** check box is selected. This AP bill appears on the **AP Documents** tab of the *Release Tax Report* form, where you can open and view the bill by clicking its number in the **Reference Nbr.** column. For details, see *Tax Report Preparation: Process Activity*.

If you have posted any documents to a closed reporting period for which you have already released a tax report, you can prepare a revision of the tax report for the closed reporting period. The

functionality of updating a closed reporting period is available if the **Update Closed Tax Periods** check box is selected for the tax agency on the **Tax Agency Settings** tab of the *Vendors* form.

# Tax Report Configuration: Implementation Activity

By performing this implementation activity, you will learn how to configure the content of a tax report, and to specify the rules of accumulating the data in the report lines.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Process Overview

In this activity, you will prepare the tax report by doing the following:

1. You will create a tax report for the needed tax agency and add lines to it on the *Reporting Settings* (TX205100) form.

2. You will add reporting groups on the **Reporting Groups** tab of the *Reporting Settings* form.

3. On the *Reporting Groups* (TX205200) form, you will specify the report lines that should be updated by the taxes associated with each reporting group.

4. On the *Reporting Settings* form, you will review the calculation rule for one of the report lines added automatically by the system.

The following diagram illustrates how the taxes will be accumulated in the tax report that you will configure in this lesson.

**Process of accumulating taxes**

Tax Report

| 1 - Taxable Sales | Taxable Amount |
| 2 - Tax Total | Tax Amount |
| 3 - Exempt Sales | Taxable Amount |
| 4 - Gross Sales | Taxable Amount |
| 5 - Tax on Purchases | Tax Amount |

AR Invoice

Invoice Line, Tax Category: *TAXABLE*

| DENTAX | Taxable Amount | Tax Amount |

Invoice Line, Tax Category: *EXEMPT*

| DENEXEMPT | Taxable Amount | 0.00 |

Reporting Groups

**Taxable Sales**

| DENTAX | |
| Taxable Amount | Tax Amount |

**Exempt Sales**

| DENEXEMPT | |
| Taxable Amount | 0.00 |

**Input**

| DENTAX | |
| Taxable Amount | Tax Amount |

AP Bill

Bill Line, Tax Category: *TAXABLE*

| DENTAX | Taxable Amount | Tax Amount |

**Figure: Process of accumulating sales taxes**

## System Preparation

Before you begin to configure the tax report, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded.

2. To sign in as an administrator, use the following credentials:

   - Username: *gibbs*

   - Password: *123*

## Step 1: Creating a Tax Report and Adding Report Lines

To create a tax report and add report lines to it, proceed as follows:

1. Open the *Reporting Settings* (TX205100) form.

2. In the **Tax Agency ID** box, select *COTAXDEP*.

3. On the **Report Lines** tab, for each line of the tax report to be added, click **Add Row** on the table toolbar and specify the appropriate settings (listed below) in the row:

| 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 |

Because you selected the **Net Tax** check box for the *Tax Total* report line, the amount accumulated in this line will be used as the document amount in the tax bill generated by the system for the tax agency.

4. On the form toolbar, click **Save** to save the report.

## Step 2: Adding Reporting Groups to the Report

To add reporting groups to the newly created tax report, while you are still viewing the report on the *Reporting Settings* (TX205100) form, proceed as follows:

1. On the **Reporting Groups** tab, for each line to be added, click **Add Row** on the table toolbar and specify the appropriate settings (listed below) in the row:

   - **Name**: Taxable, **Group Type**: *Output*

     You will assign to this group the *DENTAX* tax with a 8.310% rate, which will apply to taxable items sold in Denver, Colorado.

     > ⚠️ You use the *Output* type for output taxes that are collected from customers and paid to a tax agency.

   - **Name**: Exempt, **Group Type**: *Output*

     You will assign to this group the *DENEXEMPT* tax with a 0% rate, which is needed to report tax-exempt sales.

   - **Name**: Input, **Group Type**: *Input*

     You will assign to this group the *DENTAX* tax with a 8.310% rate, which will be applied to purchase of taxable items in Denver, Colorado.

2. On the form toolbar, click **Save** to save your changes.

## Step 3: Specifying the Report Lines to be Updated

To specify which report lines will be updated with taxes, proceed as follows:

1. While you are still viewing the report on the *Reporting Settings* (TX205100) form, in the table on the **Reporting Groups** tab, click the row for the *Taxable* group, and on the table toolbar, click **Group Details**.

2. On the *Reporting Groups* (TX205200) form, which opens, for each line to be added, click **Add Row** on the table toolbar, and specify the appropriate settings (listed below) in the row:

   - **Report Line**: *1 - Taxable Sales*

   - **Report Line**: *2 - Tax Total*

   - **Report Line**: *4 - Gross Sales*

3. On the form toolbar, click **Save** to save your changes.

   The taxes that you will assign to the *Taxable* reporting group will be included in report lines *1*, *2*, and *4*.

4. In the **Reporting Group** box of the Summary area, select *2 - Exempt*.

5. For each line to be added, on the table toolbar, click **Add Row**, and specify the appropriate settings in the added row:

   - **Report Line**: *3 - Exempt Sales*

   - **Report Line**: *4 - Gross Sales*

   The taxes that you will assign to the *Exempt* reporting group will be included in report lines *3* and *4*.

6. In the **Reporting Group** box, select *3 - Input*.

7. On the table toolbar, click **Add Row**, and in the **Report Line** column of the row, select *5 - Tax on Purchases*.

   The tax that you will assign to this report line will not be included in the tax report, because it is marked as hidden.

8. On the form toolbar, click **Save** to save your changes.

## Step 4: Reviewing the Calculation Rule for a Report Line

To review the calculation rules for a report line, proceed as follows:

1. Open the *Reporting Settings* (TX205100) form.

2. In the **Tax Agency ID** box, select *COTAXDEP*.

3. On the **Report Lines** tab, review the **Calc. Rule** column for report line *4*.

   The system has automatically updated the calculation rule for report line *4*, based on the reporting group settings that you have specified. You have configured the reporting groups so that the *1 - Taxable Sales* line is updated by the taxes included in the *Taxable Sales* group, the *3 - Exempt Sales* line is updated by the taxes included in the *Exempt Sales* group, and the *4 - Gross Sales* line is updated by the taxes that are included in the *Taxable Sales* or *Exempt Sales* group. As a result, the amount of the aggregate line *4* is calculated as the sum of the amounts in lines *1* and *3*.

# Lesson 1.3: Creating Tax Zones and Tax Categories

## Tax Zones and Categories: General Information

In some countries (for example, most European countries), taxes and their rates are defined at the federal level. In other countries, taxes are applied at multiple levels corresponding to geographical areas (federal, state, county, and municipality). So the taxes that a company pays or collects and their rates may differ from place to place, and may be common to the same geographical area. In Acumatica ERP, you can organize taxes by groups that are applicable in the same area by creating *tax zones*. When you create taxes in the system, you assign them to all applicable tax zones.

The taxes and their rates may also be different depending on the type of the goods or services you are selling or purchasing. For example, depending on whether the goods sold are electronic goods or food, the applied rate of the sales tax may be different even in the same geographical area. In Acumatica ERP, you can create tax categories to group the taxes that are applicable to particular services or goods. When you create taxes in the system, you specify the tax categories to which the tax belongs. You also select the tax category for non-stock and stock items defined in the system.

As a result of assigning taxes to the appropriate entities, you can ensure that the system will correctly apply taxes in various documents in the system.

### Learning Objectives

From reading the topics in this chapter and completing the implementation activity, 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

### Applicable Scenarios

You create tax categories in Acumatica ERP early in the process of the implementation of taxes in the system. You then assign the appropriate categories to taxable or exempt items (stock and non-stock); you also assign a tax category to each tax. You create tax zones for all applicable geographical areas where your company does business so that you can assign taxes to the tax zones that correspond to these geographical locations.

### Tax Zones

In Acumatica ERP, a tax zone is a group of taxes levied on a particular geographical area for all goods and services that may be sold or purchased by your company. You create tax zones for all geographical areas of your customers and vendors and then assign appropriate taxes to these tax zones. After that, you specify the appropriate tax zone for each customer and vendor account.

You can also assign a particular tax zone to each branch of your company on the **Delivery Settings** tab of the *Branches* (CS102000) form. If no tax zone is specified for a customer in the **Tax Zone** box in the **Default Location Settings** section on the **Delivery Settings** tab of the *Customers* (AR303000) form, the system applies the tax assigned to the tax zone of the branch specified on the **Financial Details** tab of the *Invoices and Memos* (AR301000) form.

You create a tax zone by using the *Tax Zones* (TX206000) form. You can create as many tax zones as you need.

For each tax zone, you can specify the default tax category that will be used by default for this tax zone in document lines in which an item is not specified; if a stock or non-stock item is selected, the tax category of the item will be used to define the taxes that apply to the line. If needed, you can override the default category for any document line.

## Tax Categories

A tax category is a group of taxes that are levied for selling or purchasing particular goods or services, regardless of the geographical location of the seller, the buyer, or the sale. You create a tax category and associate it with the appropriate goods and services, which are defined as stock and non-stock items in Acumatica ERP. The taxes of a particular tax category will be used for calculating the tax amounts in the documents that include the corresponding stock or non-stock items. Any number of taxes can be assigned to a tax category, and they can be any type.

However, not all taxes included in the tax category specified for an item will be applied to a particular bill or invoice that includes the item. The taxes that are not levied in the tax zone of the vendor or customer specified in the document will be excluded. Thus, only the taxes included both in the tax category of the stock or non-stock item and in the tax zone of the vendor or customer will be applied to the item and included in the tax amount.

For example, consider a company that sells books in Oregon and Delaware; the company defines a *Books* tax category that includes the sales taxes of both states. In reality, a customer from Delaware pays only the Delaware tax and a customer from Oregon pays only the Oregon tax, because the customers are located in different tax zones, each with a specific tax. To apply taxes appropriately, for each sale transaction, the system applies only taxes in both the tax zone and tax category lists. The Delaware tax zone, then, includes the tax that applies to book sales in this state, and the Oregon tax zone includes the state-specific tax applicable to books.

You can create a tax category that includes the taxes that should be excluded from the tax zone, so that the products or services of this tax category are the subject to all taxes of the tax zone *except* the taxes included in this tax category. To do this, select the **Exclude Listed Taxes** check box on the *Tax Categories* (TX205500) form.

## Tax Application Diagram

The diagram below illustrates how taxes are applied in AR documents. For details, see *Invoices with Sales Taxes: General Information*.

**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
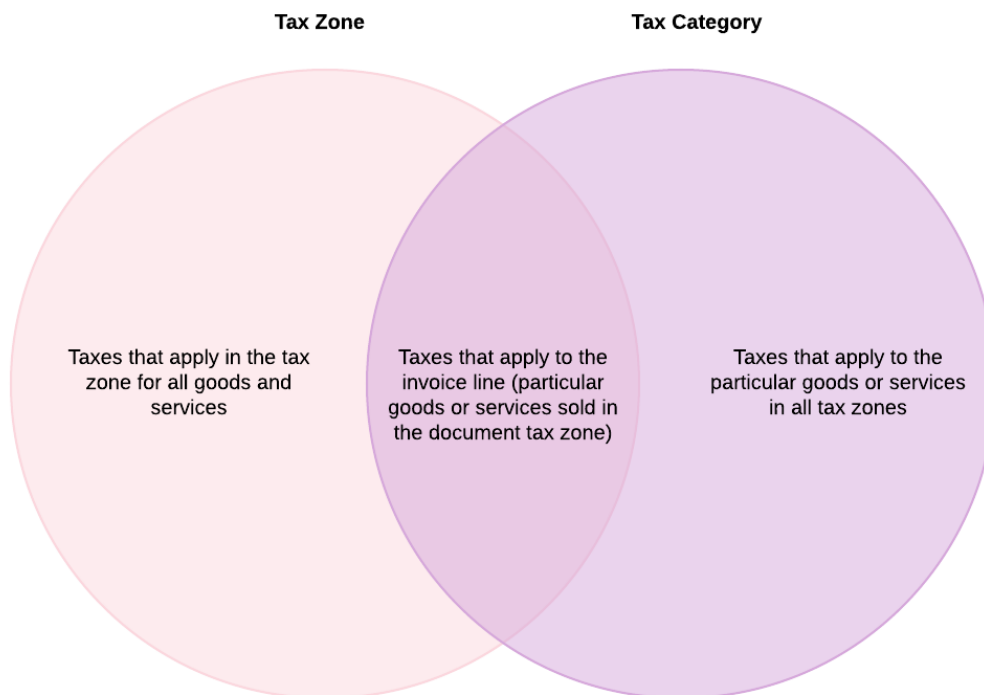
**Figure: Application of taxes to an AR document**

## Tax Zones and Categories: Implementation Activity

By performing the following implementation activity, you will review tax categories and their settings and learn how to create a tax zone.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

### Story

The Muffins & Cakes company, which operates in Denver, Colorado, provides delivery services that are subject to a 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.

### Process Overview

In this activity, you will first create the needed tax category on the *Tax Categories* (TX205500) form. You will then create the needed tax zone on the *Tax Zones* (TX206000) form, assigning the appropriate default tax category to it.

## System Preparation

Before you begin to work with tax categories and tax zones, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded.

2. To sign in as an administrator, use the following credentials:

   - Username: *gibbs*

   - Password: *123*

## Step 1: Reviewing Tax Categories and Assigning a Tax Category to a Non-Stock Item

To review the existing tax categories and assign a tax category to a non-stock item, proceed as follows:

1. Open the *Tax Categories* (TX2055PL) form.

2. In the table, review the two existing tax categories listed in the table, *EXEMPT* and *TAXABLE* as follows:

   - Click the link in the **Tax Category ID** column to review the taxes included in the category. Click the link in the **Tax ID** column to open the *Taxes* (TX205000) form for each tax. Notice the **Tax Schedule** settings in the table.

   - The *EXEMPT* category contains a tax with the tax rate of *0*, indicating that the goods assigned to this tax category are exempt from the sales tax, but the **Group Type** is *Output* and the **Tax Agency** in the Summary area is specified. It means that exempt sales will be shown in the tax report generated for this agency because the specified reporting group is associated with report lines.

   - For the *TAXABLE* category, for the *NYSTATETAX* assigned to this category, the tax rate of 8.875 with the 1/1/2021 date is applied, the **Group Type** is *Output* and the **Tax Agency** in the Summary area is specified. It means that sales with this sales tax will be shown in the tax report generated for this agency.

   - After you are done reviewing the details, close the *Taxes* form and return to the table on the *Tax Categories* (TX205500) form.

   All of the company's current sales taxes fit into these categories and will be assigned accordingly.

3. Open the *Non-Stock Items* (IN202000) form.

4. In the **Inventory ID** box, select *DELIVERY*. You will assign the appropriate tax category to this item, because the delivery services are taxable and you need to change the preconfigured tax category for this item.

5. On the **General** tab (the **Item Defaults** section), in the **Tax Category** box, select *TAXABLE*.

   This tax category will be inserted by default into the lines of documents in which this item is specified; however, you can override it.

6. On the form toolbar, click **Save** to save your changes.

### Step 2: Creating a Tax Zone

Do the following to create the tax zone for Denver:

1. Open the *Tax Zones* (TX206000) form.

2. On the form toolbar, click **Add New Record**, and create a tax zone with the following settings in the Summary area:

   - **Tax Zone ID**: DENVER

   - **Description**: Denver tax zone

   - **Default Tax Category**: *TAXABLE*

   The specified tax category will be used by default for this tax zone in document lines in which an item is not specified.

3. On the form toolbar, click **Save** to save your changes.

   Taxes can then be created and assigned to this tax zone.

# Lesson 1.4: Configuring Sales Taxes

## Sales Taxes: General Information

A tax in Acumatica ERP is an entity that defines the tax rate, calculation method, and effective date, as well as the GL accounts to which the tax amounts are accumulated.

A *sales tax* is a tax collected by a company from customers as a part of the invoice amount; then the company pays the accumulated tax amounts to the responsible tax agency. (The company does not claim the sales tax it pays to vendors.) In Acumatica ERP, the system calculates the sales tax in customer and vendor documents.

### Learning Objectives

From reading the topics in this chapter and completing the implementation activities, you will learn how to configure sales taxes to be used in AR and AP documents.

### Applicable Scenarios

You configure sales taxes in the following cases:

- You want to process AR documents with sales taxes

- You want to process AP documents with sales taxes

### Updating of the Tax Rate

If the rate of a particular tax is going to be changed in the future, on the *Taxes* (TX205000) form, you can specify the new tax rate and the date on which it will become effective. To do that, you add a new row to the table on the **Tax Schedule** tab and specify its settings.

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

By performing this implementation activity, you will learn how to configure a sales tax that will be used in AR documents.

⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

The Muffins & Cakes company, which operates in Denver, Colorado, provides services subject to a 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.

## Process Overview

In this activity, on the *Taxes* (TX205000) form, you will create a sales tax and specify its tax rate, tax category and tax zone. On the same form, you will also create a sales tax of 0% to represent exempt sales in the tax report. On the *Tax Zones* (TX206000) form, you will then review the list of taxes assigned to the tax zone, and on the *Tax Categories* (TX205500) form, you will review the taxes assigned to each tax category.

## Before You Proceed

Before configuring a sales tax in the production environment, you should know exactly which calculation method should be applied in the **Calculation Rule** box of the *Taxes* (TX205000) form (the **Tax Settings** tab).

## System Preparation

Before you begin to work with sales taxes, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded.

2. To sign in as a system administrator, use the following credentials:

   - Username: *gibbs*

   - Password: *123*

## Step 1: Creating a Sales Tax

To create a sales tax, proceed as follows:

1. Open the *Taxes* (TX205000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Tax ID**: DENTAX

- **Description**: `Denver Sales Tax`

- **Tax Type**: *Sales*

- **Calculation Rule**: *Exclusive Document-Level*

  This setting means that the tax amount is calculated on the sum of the line amounts to which this tax is applied.

- **Cash Discount**: *Does Not Affect Taxable Amount*

- **Tax Agency**: *COTAXDEP*

3. On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings:

   - **Start Date**: *1/1/1900* (inserted by default)

   - **Tax Rate**: `8.310`

   - **Reporting Group**: *Taxable*

4. On the **Categories** tab, click **Add Row** on the table toolbar, and select *TAXABLE* in the **Tax Category** column.

5. On the **Zones** tab, click **Add Row** on the table toolbar, and select *DENVER* in the **Tax Zone ID** column.

   The created tax will be applied to all taxable items sold to customers assigned to the *DENVER* tax zone.

6. On the **GL Accounts** tab, review the GL accounts assigned to this sales tax.

   The Tax Payable account is the liability account that accumulates the tax amounts to be paid to the tax agency. The account is credited in the tax amount when taxable invoices are released.

7. On the form toolbar, click **Save** to save your changes.

## Step 2: Creating a 0% Sales Tax

To create a 0% (exempt) sales tax, proceed as follows:

1. While you are still on the *Taxes* (TX205000) form, click **Add New Record** on the form toolbar, and specify the following settings in the Summary area:

   - **Tax ID**: `DENEXEMPT`

   - **Description**: `Denver Exempt`

   - **Tax Type**: *Sales*

   - **Calculation Rule**: *Exclusive Document-Level*

   - **Cash Discount**: *Does Not Affect Taxable Amount*

   - **Tax Agency**: *COTAXDEP*

2. On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings:

- **Start Date**: *1/1/1900* (inserted by default)

- **Tax Rate**: `0.000`

- **Reporting Group**: Exempt

3. On the **Categories** tab, click **Add Row** on the table toolbar, and select *EXEMPT* in the **Tax Category** column.

4. On the **Zones** tab, click **Add Row** on the table toolbar, and select *DENVER* in the **Tax Zone ID** column.

5. On the form toolbar, click **Save** to save your changes.

## Step 3: Reviewing the List of Taxes

To review the list of taxes now available for the Denver tax zone, proceed as follows:

1. Open the *Tax Zones* (TX206000) form.

2. In the **Tax Zone ID** box, select *DENVER*; review the list of taxes that currently belong to this zone. Notice that the list includes both *DENTAX* and *DENEXEMPT*.

3. Open the *Tax Categories* (TX205500) form.

4. In the **Tax Category ID** box, select *TAXABLE*, and review the table. The *TAXABLE* category now includes the *DENTAX* tax.

5. In the **Tax Category ID** box, select *EXEMPT*, and review the table. The *EXEMPT* category now includes the *DENEXEMPT* tax.

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

By performing this implementation activity, you will learn how to configure a sales tax that will be used in AP documents and purchase orders.

> ⚠ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Process Overview

In this activity, on the *Taxes* (TX205000) form, you will open a sales tax; on the **Tax Schedule** tab, you will add a line for the *Input* type of reporting group.

## Before You Proceed

Before configuring a sales tax in the production environment, you should know exactly which calculation method should be applied in the **Calculation Rule** box of the *Taxes* (TX205000) form (the **Tax Settings** tab).

## System Preparation

Before you begin to work with sales taxes, do the following:

1.  Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded.

2.  To sign in as an administrator, use the following credentials:

    ● Username: *gibbs*

    ● Password: *123*

## Step: Updating the Tax Schedule for the Sales Tax

To add a line to the tax schedule of the sales tax, proceed as follows:

1.  Open the *Taxes* (TX205000) form.

2.  In the **Tax ID** box, select *DENTAX*.

3.  On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings:

    ● **Start Date**: *1/1/1900* (inserted by default)

    ● **Tax Rate**: `8.310`

    ● **Reporting Group**: *Input*

4.  On the form toolbar, click **Save** to save your changes.

    The created tax will be applied to all taxable items purchased from vendors assigned to the *DENVER* tax zone.

# Part 2: Processing Documents with Sales Taxes

In Part 2, you will learn how to process AR and AP documents to which sales taxes are applied automatically and review the GL transactions generated by the system on release of these documents.

In this part, you will learn how to create and release taxable sales-related and purchase-related documents and analyze how the system applies taxes to them depending on the document settings. You will perform the following tasks:

- Processing an AR invoice with a sales tax

- Applying a sales tax to a cash entry

- Processing a credit memo with a sales tax

- Processing a purchase with a sales tax

- Configuring taxes with different calculation methods and analyzing how the system applies these taxes to a document

- Configuring and applying a second-level tax (optional)

# Lesson 2.1: Processing Invoices with Sales Taxes

## Invoices with Sales Taxes: General Information

In your company's invoices, a sales tax is a tax collected by a company from customers as a part of the invoice amount; then the company pays the accumulated tax amounts to the responsible tax agency. In Acumatica ERP, the system calculates the sales tax in customer documents automatically.

The system calculates taxes based on the following details specified in the document:

- The customer

- The inventory IDs

- The total price of the inventory items

- The document date

The system calculates the tax and taxable amounts by using the settings of each tax that corresponds to both the tax category of the specified inventory ID and the tax zone of the selected customer. The system calculates the tax and taxable amounts for each line of the document or for the total document amount, depending on the settings of the applied tax (for details, see *Sales Taxes: To Create a Sales Tax for Use in AR*). The system inserts the sales tax amount in the **Tax Total** box in the Summary area of the *Invoices and Memos* (AR301000) form.

Once any taxable invoice is released, the system updates the GL account balances and the corresponding amounts in the tax report.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, 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

### Applicable Scenarios

You create an AR invoice with a sales tax to record sales subject to sales taxes. At the end of the tax reporting period, you will generate a tax report that will collect tax-related amounts from all AR invoices, which you will pay to the tax agency.

### Applying Sales Taxes to AR Documents

After you have configured all the required configuration entities (tax zones, categories, tax agency accounts, and taxes), the sales taxes are automatically applied to taxable AR invoices and debit and credit memos if all of the following conditions are met:

- The date of the document is the same as or later than the effective date of the tax.

- The tax zone specified in the document includes the tax. By default, the tax zone is copied from the settings of the customer's account. If a tax zone is not specified for the customer, the system uses the tax zone that is specified in the settings of the selling branch (if a tax zone is specified for the branch). If needed, you can manually override the tax zone in the document.

- The tax category specified in the document line includes the tax. If a stock or non-stock item is selected in the document line, the tax category of the item is used for the line. If no item is specified in the document line, the default category of the tax zone specified for the document is used for the line. If needed, you can manually override the tax category in the document line.

## Invoices with Sales Taxes: Generated Transactions

For documents created in the AR subledger, the system records tax amounts to the GL account specified for a particular tax on the **GL Accounts** tab of the *Taxes* (TX205000) form, as shown in the following table.

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

## Invoices with Sales Taxes: Process Activity

This activity will walk you through the process of creating and releasing an AR invoice with a sales tax.

⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* and *EXEMPT* tax categories have been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone. The *New York Exempt* tax has been configured and assigned to the *EXEMPT* category and the *NYSTATE* tax zone.

- On the *Non-Stock Items* (IN202000) form, the *VIDEOGUIDE* item has been configured and assigned to the *TAXABLE* category.

- On the *Customers* (AR303000) form, the *MORNINGCAF* customer account has been configured, and the *NYSTATE* tax zone has been added for the customer on the **Shipping** tab of this form.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

## Process Overview

In this activity, you will create an invoice on the *Invoices and Memos* (AR301000) form, adding two lines to it—one line with a taxable non-stock item and the other line with tax-exempt support services. On the **Tax Details** tab, you will review the taxes applied to the invoice automatically. You will then release the invoice and review the GL transaction generated by the system on the *Journal Transactions* (GL301000) form.

## System Preparation

Before you begin to work with taxable AR invoices, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button and select *2/5/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating and Releasing an Invoice with a Sales Tax

To create and release an AR invoice with a sales tax applied to it, proceed as follows:

1. Open the *Invoices and Memos* (AR301000) form.

2. Click **Add New Record** on the form toolbar, and specify the following settings in the Summary area:

   - **Type**: *Invoice*

   - **Customer**: *MORNINGCAF*

   - **Terms**: *30D* (inserted by default based on the selected customer)

   - **Date**: *2/5/2021* (the current business date, which is inserted by default)

   - **Post Period**: *02-2021* (inserted by default based on the selected date)

   - **Description**: `Video training`

3. On the **Document Details** tab, click **Add Row**, and specify the following settings in the added row:

   - **Branch**: *HEADOFFICE*

   - **Inventory ID**: *VIDEOGUIDE*

   - **Transaction Descr.**: `Video Training Course`

   - **Quantity**: `1`

4. Click **Add Row**, and specify the following settings in the added row:

   - **Branch**: *HEADOFFICE*

   - **Transaction Descr.**: `Support services`

   - **Quantity**: `2`

   - **Unit Price**: `10`

   - **Tax Category**: *EXEMPT*

   For each line of the invoice, by default, the system uses the tax category of the non-stock item (as is the case with the first invoice line) or of the applicable tax zone if no inventory item is specified in the line. You can override the default tax category, if needed.

5. On the form toolbar, click **Save**.

6. On the **Financial Details** tab, review the **Customer Tax Zone** box, in which the *NYSTATE* tax zone is specified. The taxes of the *NYSTATE* tax zone are now applied to the taxable line of the invoice.

7. On the **Tax Details** tab, review the tax that was applied to the invoice.

   The *VIDEOGUIDE* item belongs to the *TAXABLE* tax category, which contains the *NYSTATETAX* tax. The *NYSTATE* tax zone, which includes the *NYSTATE* tax, is specified for the document. Thus, the *NYSTATETAX* tax, which is assigned to the both the tax category and the tax zone, is applied to the invoice line. The taxable amount is $145.00 and the calculated total tax is $12.87.

   The *NYNOTAX* tax does not belong to the *TAXABLE* category, so it is not applied to the first line of the invoice. Similarly, the *NYNOTAX* tax, which is assigned to both the *EXEMPT* tax category and the *NYSTATE* tax zone, is applied to the second line of the invoice. The *NYSTATETAX* tax does not belong to the *EXEMPT* category, so it is not applied to the second line of the invoice. The tax-exempt amount is $20.00.

8. On the form toolbar, click **Remove Hold**, and then click **Release** to release the invoice.

## Step 2: Reviewing the GL Transaction Generated on Invoice Release

To review the GL transaction that was generated when the system released the invoice, proceed as follows:

1. While you are still viewing the AR invoice on the *Invoices and Memos* (AR301000) form, on the **Financial Details** tab, click the **Batch Nbr.** link.

2. On the *Journal Transactions* (GL301000) form, which is opened, review the transactions that were generated on release of the invoice as follows:

   - The Accounts Receivable account of the customer (*11000*) is debited in the total amount of the invoice (the total of all lines plus the total of the calculated taxes).

   - The Sales Revenue account (*40000*) is credited in the amount specified in the document lines.

   - The Tax Payable account specified for the tax (*24100*) is credited in the calculated tax amount.

# Lesson 2.2: Applying Sales Taxes to Cash Entries

## Cash Entries with Sales Taxes: General Information

In Acumatica ERP, you can record cash entries—that is, cash transactions that involve items being bought or sold, but customers and vendors are not recorded in the system. Transactions of this type affect only the balances of general ledger accounts.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, you will learn how to create a cash entry and apply a sales tax to it automatically in Acumatica ERP.

### Applicable Scenarios

You create a transaction of the *Cash Entry* type to record a cash operation that involves taxable services or a cash sale of at least one taxable non-stock item.

# Cash Entries with Sales Taxes: Generated Transactions

For cash transactions created in the cash management subledger, the system records tax amounts to the GL account specified for a particular tax on the **GL Accounts** tab of the *Taxes* (TX205000) form, as shown in the following table.

**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 |

If taxes are applied to a cash transaction of the *Receipt* or *Disbursement* type, the system generates the following GL transactions.

**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

This activity will walk you through the process of creating a cash entry with a sales tax applied to it.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone.

- On the *Entry Types* (CA203000) form, the *TAXSALES* entry type has been created.

- On the *Cash Accounts* (CA202000) form, the *10200WH* cash account has been configured and the *TAXSALES* entry type has been added for this cash account on the **Entry Types** tab of this form.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

## Process Overview

In this activity, you will create a taxable cash entry on the *Transactions* (CA304000) form. You will then release the cash entry and review the GL transaction generated by the system on the *Journal Transactions* (GL301000) form.

## System Preparation

Before you begin to work with taxable cash entries, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button and select *2/13/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating a Cash Entry

To create a taxable cash entry, proceed as follows:

1. Open the *Transactions* (CA304000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Cash Account**: *10200WH*

   - **Tran. Date**: *2/13/2021* (inserted automatically)

   - **Fin. Period**: *02-2021* (inserted automatically)

   - **Entry Type**: *TAXSALES*

   - **Document Ref.**: 2132020

- **Description**: `Cleaning services`

3. On the **Transaction Details** tab, click **Add Row** and specify the following settings in the added row:

  - **Branch**: *HEADOFFICE* (inserted by default)

  - **Item ID**: *CLEANING*

  - **Quantity**: 3

  - **Price**: 15

  - **Tax Category**: *TAXABLE*

  - **Project**: *HMBAKERY15*

  - **Project Task**: *PHASE1*

  - **Cost Code**: *00-000*

4. On the form toolbar, click **Save** to save the cash entry.

5. On the **Financial Details** tab, review the **Tax Zone** box.

  The *NYSTATE* tax zone is specified for the cash entry, because the cash entry has the *TAXSALES* type and has been created for the *10200WH* cash account.

6. Review the **Tax Details** tab.

  The *NYSTATE* tax zone is applied to the document (as you can see on the **Financial Details** tab), and the *TAXABLE* category is specified in the document line. Thus, the *NYSTATETAX* tax was applied to the cash entry. The taxable total is $45, and the tax total is $3.99.

## Step 2: Releasing the Cash Entry and Reviewing the GL Transaction

To release the cash entry and review the GL transaction generated by the system, proceed as follows:

1. While you are still viewing the cash entry on the *Transactions* (CA304000) form, on the form toolbar, click **Remove Hold**.

2. On the form toolbar, click **Release** to release the cash entry.

3. On the **Financial Details** tab, click the link in the **Batch Number** box to review the GL transaction on the *Journal Transactions* (GL301000) form.

  On release of the cash entry, the system has generated the following transactions:

  - The cash account of the *SweetLife Head Office and Wholesale Center* branch (*10200WH*) is debited in the total amount of the received cash (the line amount plus the calculated tax).

  - The Tax Payable account (*24100*) is credited in the calculated tax amount to record the tax to be paid to the tax agency.

  - The offset account specified for the cash entry type (*40000*) is credited in the line amount to record the income.

# Lesson 2.3: Processing Credit Memos with Sales Taxes

## Credit Memos with Sales Taxes: General Information

Credit memos are used to adjust the balances of the previously issued invoices or in other cases when corrections are needed. The balances of open credit memos with at least one sales tax decrease a customer's balance and decrease the amount of the sales tax payable.

You use the *Invoices and Memos* (AR301000) form to create and process credit memos with sales taxes.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, you will learn how to do the following:

- Create and release a credit memo

- Analyze the GL transaction created by the system

### Applicable Scenarios

You create a credit memo with at least one sales tax when the invoice overcharged the customer or the customer reported receiving damaged goods, and you want to decrease the customer's balance and the amount of taxes payable.

## Credit Memos with Sales Taxes: Generated Transactions

When releasing a credit memo with a sales tax, the system records tax amounts to the GL account specified for a particular tax on the **GL Accounts** tab of the *Taxes* (TX205000) form, and creates a GL batch shown in the following table.

| 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: Process Activity

The following activity will walk you through the process of creating and releasing a credit memo with a sales tax.

### Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone.

- On the *Customers* (AR303000) form, the *MORNINGCAF* customer account has been configured, and the *NYSTATE* tax zone has been added for the customer on the **Shipping** tab of this form.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

## Process Overview

In this activity, on the *Invoices and Memos* (AR301000) form, you will create a credit memo for the needed customer, and specify the *TAXABLE* tax category for the credit memo line. You will then release the credit memo. On the *Journal Transactions* (GL301000) form, you will review the GL transaction generated by the system.

## System Preparation

Before you begin to work with taxable credit memos, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button and select *2/15/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating and Releasing a Credit Memo

To create and release a taxable credit memo, proceed as follows:

1. Open the *Invoices and Memos* (AR301000) form.

2. Click **Add New Record** on the form toolbar, and specify the following settings in the Summary area:

   - **Type**: *Credit Memo*

   - **Customer**: *MORNINGCAF*

   - **Date**: *2/15/2021* (the current business date, which is inserted by default)

- **Post Period**: *02-2021* (inserted by default based on the selected date)

- **Description**: `5 hours of training`

3. On the **Document Details** tab, click **Add Row**, and specify the following settings in the added row:

- **Branch**: *HEADOFFICE*

- **Transaction Descr.**: `Video training`

- **Quantity**: `5`

- **Unit Price**: `30`

- **Ext. Price**: *150* (calculated automatically)

- **Tax Category**: *TAXABLE*

4. On the form toolbar, click **Save** to save the credit memo.

5. On the **Tax Details** tab, review the sales tax applied to the credit memo.

   The system will subtract the calculated tax amount from the accumulated taxes, because credit memos are included in the tax report with the negative sign.

6. On the form toolbar, click **Remove Hold**, and then click **Release** to release the credit memo.

### Step 2: Reviewing the GL Transaction Generated by the System

To review the GL transaction that was generated by the system on release of the credit memo, proceed as follows:

1. On the **Financial Details** tab of the *Invoices and Memos* (AR301000) form, while you are still viewing the credit memo, click the link in the **Batch Nbr.** box.

2. On the *Journal Transactions* (GL301000) form, which is opened, review the transactions generated for the credit memo.

   On release of the credit memo, the system has generated the following transaction:

- The Accounts Receivable account of the customer (*11000*) is credited in the total amount of the credit memo (the total of all lines plus the total of calculated taxes) to decrease the customer balance.

- The Sales Revenue account (*40000*) is debited in the amount specified in the credit memo lines to decrease the sales revenue.

- The Tax Payable account specified for the tax (*24100*) is debited in the amount of calculated taxes to decrease the accumulated tax.

# Lesson 2.4: Processing Purchases with Sales Taxes

# Purchases with Sales Taxes: General Information

In your company's AP bills, a sales tax is a tax paid by the company to its vendors as a part of an AP bill amount. In Acumatica ERP, the system calculates the sales tax in vendor documents automatically.

The system calculates taxes based on the following details specified in the document:

- The vendor

- The inventory IDs

- The total price of the inventory items

- The document date

The system calculates the tax and taxable amounts by using the settings of each tax that corresponds to both the tax category of the specified inventory ID and the tax zone of the selected vendor. The system calculates the tax and taxable amounts for each line of the document or for the total document amount, depending on the settings of the applied tax (for details, see *Sales Taxes: To Configure a Sales Tax for Use in AP*). The system inserts the sales tax amount in the **Tax Total** box in the Summary area of the *Bills and Adjustments* (AP301000) form.

After you release the document, the system creates the corresponding GL transaction and records these amounts to the appropriate GL accounts.

## Learning Objectives

From reading the topics in this chapter and completing the process activity, 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

## Applicable Scenarios

You create an AP bill with at least one sales tax to record a purchase subject to sales taxes.

# Purchases with Sales Taxes: Generated Transactions

An AP bill is created on the *Bills and Adjustments* (AP301000) form for a purchase order and purchase receipt, and the transactions generated on release of this AP bill differ based on the applicable taxes included in the AP bill and the type of the item in a line of the AP bill. The following table lists the transactions that are generated on release of an AP bill that is subject to a sales tax that has the **Use Tax Expense Account** check box selected and the **Tax Expense Account** specified on the **GL Accounts** tab of the *Taxes* (TX205000) form.

> ⚠️ For the transactions generated for AP bills that are subject to a sales tax for which the **Use Tax Expense Account** check box is cleared, see *Taxes Included in the Cost of Items: Generated Transactions*.

### Stock Items and Non-Stock Items Requiring Receipt

For the lines of an AP bill with stock items or non-stock items with the **Require Receipt** check box selected on the *Non-Stock Items* (IN202000) form, when the AP bill is released, the following GL transactions are generated.

| 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

For the lines of an AP bill with non-stock items that have the **Require Receipt** check box cleared on the *Non-Stock Items* (IN202000) form, when the AP bill is released, the following GL transactions are generated.

| 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 |

You can view the reference number of the GL batch generated for a particular AP bill in the **Batch Nbr.** box on the **Financial Details** tab of the *Bills and Adjustments* (AP301000) form. You can click the link in this box to view the details of the batch on the *Journal Transactions* (GL301000) form.

## Purchases with Sales Taxes: Process Activity

The following activity will walk you through the process of creating and releasing an AP bill with a sales tax.

> ⚠ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

### Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone.

- On the *Vendors* (AP303000) form, the *FRONTSRC* vendor account has been configured, and the *NYSTATE* tax zone has been added for this vendor on the **Purchase Settings** tab of this form. The *NYTAXDEP* vendor has been configured as a tax agency.

## Process Overview

In this activity, you will create a bill on the *Bills and Adjustments* (AP301000) form, specifying the *TAXABLE* tax category for the document line. You will release the bill and review the GL transaction generated by the system on the *Journal Transactions* (GL301000) form.

## System Preparation

Before you begin to work with taxable purchases, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button and select *2/13/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating and Releasing an AP Bill with a Sales Tax

To create and release a taxable AP bill, proceed as follows:

1. Open the *Bills and Adjustments* (AP301000) form.

2. Click **Add New Record** on the form toolbar, and specify the following settings in the Summary area:

   - **Type**: *Bill*

   - **Vendor**: *FRONTSRC*

- **Date**: *2/13/2021* (the current business date, which is inserted by default)

- **Post Period**: *02-2021* (inserted by default based on the selected date)

- **Description**: `Office supplies and stationery`

3. On the **Document Details** tab, click **Add Row**, and specify the following settings in the added row:

- **Branch**: *HEADOFFICE*

- **Transaction Descr.**: `Office supplies and stationery`

- **Ext. Cost**: `280`

- **Tax Category**: *TAXABLE*

4. On the form toolbar, click **Save** to save the document.

5. On the **Tax Details** tab, review the tax that was applied to the bill.

   For the bill line, you selected the *TAXABLE* category; it contains the *NYSTATETAX* tax, which has been applied to the bill. The taxable amount is $280.00, and the calculated total tax is $24.85.

6. On the form toolbar, click **Remove Hold**, and then click **Release** to release the bill.

### Step 2: Reviewing the GL Transaction Generated on Bill Release

To review the GL transaction generated by the system, proceed as follows:

1. While you are still viewing the AP bill on the *Bills and Adjustments* (AP301000) form, on the **Financial Details** tab, click the **Batch Nbr.** link.

2. On the *Journal Transactions* (GL301000) form, which is opened, review the transaction that was generated on release of the bill.

   On release of the bill, the system has generated the following transaction:

   - The Accounts Payable account of the vendor (*20000*) is credited in the total amount of the bill (the total of the line plus the total of the calculated tax).

   - The Office Expense account (*62400*) is debited in the amount specified in the document line.

   - The Other Tax Expenses account specified for the tax (*65100*) is credited in the calculated tax amount.

# Lesson 2.5: Configuring and Applying Taxes with Different Calculation Methods

## Tax Calculation Methods: General Information

In Acumatica ERP, several tax calculation methods for first-level and second-level taxes are available. The calculation method for a tax is defined on the *Taxes* (TX205000) form.

## Learning Objectives

From reading the topics in this chapter and completing the process activities, 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.

## Applicable Scenarios

You need to use an appropriate tax calculation method that meets the requirements of the tax authority.

## The Method of Calculating the Tax Amount

Different taxes may require different methods of calculation. You can select the appropriate option of a particular tax in the **Calculate On** box on the *Taxes* (TX205000) form. The following options are available:

- *Inclusive Line-Level*: The tax is already included in the item price. The system extracts the tax amount from the item amount according to the tax rate that you specify. This method treats taxes as included in the line amount; that is, the amount specified in the line is the taxable amount plus the tax amount.

- *Exclusive Line-Level*: The tax amount is calculated on a per-item basis; that is, the tax is applied to each line in the document according to the tax category specified in the line. This method uses the amounts specified in the document lines as the taxable amount for the tax; it calculates the tax for each line, rounds the results, and then adds them. (This option is a first-level tax.)

- *Exclusive Document-Level*. The tax amount is calculated on a per-document basis. This method uses the amounts specified in the document lines as the taxable amount for the tax; it adds the line amounts to get the taxable amount, calculates the tax based on the sum, and rounds the result. (This option is a first-level tax.)

- *Compound Line-Level*: The taxable amount of this second-level tax is calculated as the taxable amount of the item plus the first-level tax amount calculated for the item.

- *Compound Document-Level*: The tax amount of this second-level tax is calculated on a per-document basis by using as the tax base the sum of the line amounts (with appropriate tax categories) and the tax amount of the first-level tax.

Consider an example in which the different tax calculation methods are used. Suppose that the document contains 100 lines with one item per line, each priced at $10, and the tax rate is 8.25%:

- With the per-document method, the tax base (total amount of the document) would be 100 items * $10 = $1000. Then the tax amount would be $1000 * .0825 = $82.5.

- With the per-item method, the tax amount per item would be $10 * .0825 = $0.825, which rounds to $0.83. Then the total tax amount would be $0.83 * 100 items = $83.

As you can see, using different methods of tax calculation for the same documents may cause different tax amounts due to rounding. Thus, you need to choose the calculation method that best suits your needs.

# Tax Calculation Methods: To Create Taxes

The following activity will walk you through the process of creating taxes with different calculation methods.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the *CANDYY* customer account has been configured on the *Customers* (AR303000) form.

## Process Overview

You will create a training tax zone for the purposes of this activity on the *Tax Zones* (TX206000) form; you will then create the needed taxes on the *Taxes* (TX205000) form and assign them to this tax zone. On the *Tax Categories* (TX205500) form, you will add the created taxes to the *TRAINING* tax category.

## System Preparation

Before you begin to create taxes with different calculation rules, do the following:

1. Launch the Acumatica ERP website.

2. Sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   ● Username: *johnson*

   ● Password: *123*

## Step 1: Creating a Tax Zone

To create a separate tax zone in which you will later create taxes, proceed as follows:

1. Open the *Tax Zones* (TX206000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Tax Zone ID**: `TRAINING`

   - **Description**: `Calculation rules`

3. On the form toolbar, click **Save** to save the created tax zone.

## Step 2: Creating a Tax with the Exclusive Document-Level Method

To create a tax that uses the *Exclusive Document-Level* method, proceed as follows:

1. Open the *Taxes* (TX205000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings on the **Tax Settings** tab:

   - **Tax ID**: `EXDOCLEVEL`

   - **Description**: `Exclusive Document-Level Tax`

   - **Tax Type**: *Sales*

   - **Calculation Rule**: *Exclusive Document-Level*

   - **Cash Discount**: *Does Not Affect Taxable Amount*

3. On the **Tax Schedule** tab, click **Add Row** on the table toolbar and specify the following settings in the table:

   - **Start Date**: *1/1/2021*

   - **Tax Rate**: `5`

   - **Reporting Group**: *Default Output Group*

     The tax is not assigned to any tax agency, so only the default output group is available for selection.

4. On the **Zones** tab, click **Add Row** on the table toolbar, and select *TRAINING* in the **Tax Zone ID** column.

5. On the **GL Accounts** tab, select *24100* in the **Tax Payable Account** box.

6. On the form toolbar, click **Save** to save the created tax.

## Step 3: Creating a Tax with the Exclusive Line-Level Method

To create a tax that uses the *Exclusive Line-Level* method, proceed as follows:

1. While you are still on the *Taxes* (TX205000) form, click **Add New Record** on the form toolbar, and specify the following settings on the **Tax Settings** tab:

   - **Tax ID**: `EXLINELEVEL`

   - **Description**: `Exclusive Line-Level Tax`

- **Tax Type**: *Sales*

- **Calculation Rule**: *Exclusive Line-Level*

- **Cash Discount**: *Does Not Affect Taxable Amount*

2. On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings in the table:

- **Start Date**: *1/1/2021*

- **Tax Rate**: 5

- **Reporting Group**: *Default Output Group*

3. On the **Zones** tab, click **Add Row** on the table toolbar, and select *TRAINING* in the **Tax Zone ID** column.

4. On the **GL Accounts** tab, select *24100* in the **Tax Payable Account** box.

5. On the form toolbar, click **Save** to save the created tax.

## Step 4: Creating a Tax with the Inclusive Line-Level Method

To create a tax that uses the *Inclusive Line-Level* method, proceed as follows:

1. While you are still on the *Taxes* (TX205000) form, click **Add New Record** on the form toolbar, and specify the following settings on the **Tax Settings** tab:

- **Tax ID**: INCLINELEVEL

- **Description**: Inclusive Line-Level Tax

- **Tax Type**: *Sales*

- **Calculation Rule**: *Inclusive Line-Level*

- **Cash Discount**: *Does Not Affect Taxable Amount*

2. On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings in the table:

- **Start Date**: *1/1/2021*

- **Tax Rate**: 5

- **Reporting Group**: *Default Output Group*

3. On the **Zones** tab, click **Add Row** on the table toolbar, and select *TRAINING* in the **Tax Zone ID** column.

4. On the **GL Accounts** tab, select *24100* in the **Tax Payable Account** box.

5. On the form toolbar, click **Save** to save the created tax.

## Step 5: Creating a Tax Category and Adding Taxes

To create a tax category and add the created taxes to it, proceed as follows:

1.  Open the *Tax Categories* (TX205500) form.

2.  On the form toolbar, select **Add New Record**, and specify the following settings:

    - **Tax Category ID**: TRAINING

    - **Description**: Calculation rules

3.  On the table toolbar, click **Add Row**, and add rows for the taxes you created in the Steps 2, 3, and 4 to the tax category (which you select by their IDs).

4.  On the form toolbar, click **Save** to save the tax category.

# Tax Calculation Methods: To Apply Taxes

The following activity will walk you through the process of applying the created taxes to a document.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.)

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the *CANDYY* customer account has been configured on the *Customers* (AR303000) form.

As prerequisites to this activity, the following configuration tasks have been performed, as described in *Tax Calculation Methods: To Create Taxes*:

- On the *Tax Zones* (TX206000) form, the *TRAINING* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *EXDOCLEVEL*, *EXLINELEVEL*, and *INCLINELEVEL* taxes have been configured and assigned to the *TRAINING* tax zone.

- On the *Tax Categories* (TX205500) form, the *TRAINING* tax category has been configured, and the three listed taxes have been added to it.

## Process Overview

In this activity, on the *Invoices and Memos* (AR301000) form, you will create an invoice with two lines and with the taxes of the *TRAINING* tax zone applied. You will remove and add the needed taxes on the **Tax Details** tab, analyzing how the system calculated the taxes applied to the document.

## System Preparation

Before you begin to create taxes with different calculation rules, do the following:

1.  Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

    ●   Username: *johnson*

    ●   Password: *123*

2.  In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3.  On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating an Invoice and Applying the INCLINELEVEL Tax

To create an invoice and apply a tax with the *INCLINELEVEL* calculation method to it, proceed as follows:

1.  Open the *Invoices and Memos* (AR301000) form.

2.  On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

    ●   **Type**: *Invoice*

    ●   **Customer**: *CANDYY*

    ●   **Date**: *2/28/2021* (inserted by default)

    ●   **Post Period**: *02-2021*

    ●   **Description**: `Calculation rules`

3.  On the **Document Details** tab, add a row by clicking **Add Row** and then specifying the following settings:

    ●   **Branch**: *HEADOFFICE* (inserted by default)

    ●   **Transaction Descr.**: `Taxable item sale`

    ●   **Ext. Price**: `115.11`

    ●   **Tax Category**: *TRAINING*

4.  Click **Add Row** and add another row, specifying the following settings:

    ●   **Branch**: *HEADOFFICE* (inserted by default)

    ●   **Transaction Descr.**: `Taxable item sale`

    ●   **Ext. Price**: `154.77`

    ●   **Tax Category**: *TRAINING*

5. On the **Financial Details** tab, in the **Tax Info** section, select *TRAINING* in the **Customer Tax Zone** box.

6. On the **Tax Details** tab, remove the *EXDOCLEVEL* and *EXLINELEVEL* taxes, and leave the *INCLINELEVEL* tax; review the invoice.

   When the *Inclusive Line-Level* calculation method is selected, the system calculates the tax amount on each line and then adds the amounts. This method is based on the assumption that the **Ext. Price** of each line already includes the tax amount calculated by using the specified tax rate. The **Tax Details** tab displays the total of taxable amounts and the total tax calculated for the document, which is the sum of the tax amounts for all lines of the document that are subject to tax. Based on the rule, the system calculates the tax of $12.85 for the document.

The following table shows how the system calculates the taxes for the invoice.

**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** |

## Step 2: Applying the EXDOCLEVEL Tax to the Invoice

To apply a tax with the *EXDOCLEVEL* calculation method to the invoice, proceed as follows:

1. While you are still on the *Invoices and Memos* (AR301000) form with the created invoice open, on the **Tax Details** tab, remove the *INCLINELEVEL* tax, and add a row with the *EXDOCLEVEL* tax. Press Ctrl+Enter to confirm your changes. The row fills in with the respective details.

2. Review the invoice details.

   When the *Exclusive Document-Level* calculation method is selected, the system calculates the sum of the line amounts to which the tax applies and then calculates the tax amount based on the sum.

> ⓘ If any group or document discounts are applicable to the document, the taxable amount is reduced by the discount amount. To be able to create customer and vendor discounts in the system, you need to enable the *Customer Discounts* and *Vendor Discounts* features on the *Enable/Disable Features* (CS100000) form. For more details, review the *Prices and Discounts* course on *Acumatica Open University*.

The system has applied the *EXDOCLEVEL* tax to the invoice. The detail total ($269.88) is the taxable amount on which the tax is calculated. Based on the rule, the system calculates the tax for the document: $269.88 * 0.05 = $13.494 ≈ $13.49. The document's total amount is $283.37 ($269.88 + $13.49). The table below shows how the system calculates the taxes for the invoice.

**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** |

## Step 3: Applying the EXLINELEVEL Tax to the Invoice

To apply a tax with the *EXLINELEVEL* calculation method to the invoice, proceed as follows:

1.  While you are still on the *Invoices and Memos* (AR301000) form with the created invoice open, on the **Tax Details** tab, remove the *EXDOCLEVEL* tax, and add a row with the *EXLINELEVEL* tax. Press Ctrl+Enter to confirm the changes. The row fills in with the respective details.

2.  Review the invoice details.

> ⚠️ You do not need to save and release the documents created in this lesson.

When the *Exclusive Line-Level* calculation method is selected, the system calculates the tax amount on each line to which the tax applies and then calculates the sum of the tax amounts. The table below shows how the system calculates the taxes for the invoice.

The system has applied the *EXLINELEVEL* tax to the invoice. The detail total ($269.88) is displayed as the taxable amount for the document; taxes are calculated separately for each line and then summed. Based on the rule, the system calculates taxes for each line: $115.11 * 0.05 = $5.7555 ≈ $5.76; $154.77 * 0.05 = $7.7385 ≈ $7.74. The total tax is $5.76 + $7.74 = $13.50. The document's total amount is $283.38 ($269.88 + $13.50).

**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** |

Notice that due to rounding, the tax amounts calculated for a document may vary from the total of tax amounts calculated for the document lines. You have to select the tax calculation method based on your needs and taxation rules.

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

The following activity will walk you through the process of configuring a second-level tax and applying it to a document.

> ⚠ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the *CANDYY* customer account has been configured on the *Customers* (AR303000) form.

As prerequisites to this activity, the following configuration tasks have been performed, as described in *Tax Calculation Methods: To Create Taxes*:

● On the *Tax Zones* (TX206000) form, the *TRAINING* tax zone has been configured.

● On the *Taxes* (TX205000) form, the *EXLINELEVEL* tax has been configured and assigned to the *TRAINING* tax zone.

## Process Overview

In this activity, you will create a new tax category on the *Tax Categories* (TX205500) form. You will then create a second-level tax on the *Taxes* (TX205000) form, and assign it and the *EXLINELEVEL* tax to the created tax category. On the *Invoices and Memos* (AR301000) form, you will create an invoice with two lines, select the created tax category in the invoice lines, and analyze how the taxes assigned to the tax category are applied to the invoice.

## System Preparation

Before you begin to create taxes with different calculation rules, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2021*. If a different date is displayed, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Creating a Tax Category

To create a tax category for a second-level tax, proceed as follows:

1. Open the *Tax Categories* (TX205500) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Tax Category ID**: TAXONTAX

   - **Description**: Second-level tax

3. On the form toolbar, click **Save** to save the tax category.

## Step 2: Creating a Second-Level Tax and Assigning it to the Tax Zone

To create a second-level tax and assign it to the tax zone, proceed as follows:

1. Open the *Taxes* (TX205000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings on the **Tax Settings** tab:

   - **Tax ID**: LINELEVEL2

   - **Description**: Compound Line-Level Tax

   - **Tax Type**: *Sales*

   - **Calculation Rule**: *Compound Line-Level*

   - **Cash Discount**: *Does Not Affect Taxable Amount*

3. On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings for the row:

   - **Start Date**: *1/1/2021*

   - **Tax Rate**: 5

- **Reporting Group**: *Default Output Group*

4. On the **GL Accounts** tab, select *24100* in the **Tax Payable Account** box.

5. On the form toolbar, click **Save** to save the created tax.

6. Open the *Tax Zones* (TX206000) form.

7. In the **Tax Zone ID** box, select *TRAINING*.

8. On the table toolbar of the **Applicable Taxes** tab, click **Add Row**, and add *LINELEVEL2*.

9. Remove the *EXDOCLEVEL* and *INCLINELEVEL* taxes from the table.

10. On the form toolbar, click **Save** to save the tax zone.

## Step 3: Adding Taxes to the Tax Category

To add taxes to the created tax category, proceed as follows:

1. Open the *Tax Categories* (TX205500) form.

2. In the **Tax Category ID** box, select *TAXONTAX*.

3. Add the taxes to the table by clicking **Add Row** on the table toolbar and specifying the following identifiers of each tax:

- **Tax ID**: *EXLINELEVEL*

- **Tax ID**: *LINELEVEL2*

4. On the form toolbar, click **Save** to save the changes to the tax category.

## Step 4: Creating an Invoice and Analyzing How the Second-Level Tax is Applied

To create an invoice and analyze how the second-level tax is applied to it, proceed as follows:

1. Open the *Invoices and Memos* (AR301000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

- **Type**: *Invoice*

- **Customer**: *CANDYY*

- **Date**: *2/28/2021* (inserted by default)

- **Description**: `Tax-on-tax calculation`

3. On the **Document Details** tab, add a row by clicking **Add Row** and specifying the following settings:

- **Branch**: *HEADOFFICE* (inserted by default)

- **Transaction Descr.**: `Taxable item sale`

- **Ext. Price**: `100`

- **Tax Category**: *TAXONTAX*

4. Click **Add Row** and specify the following settings for the added row:

    - **Branch**: *HEADOFFICE* (inserted by default)

    - **Transaction Descr.**: `Taxable item sale`

    - **Ext. Price**: `25`

    - **Tax Category**: *TAXONTAX*

5. On the **Financial Details** tab, in the **Tax Info** section, select *TRAINING* in the **Customer Tax Zone** box.

6. On the **Tax Details** tab, review the calculated taxes and the way the system has applied them.

⚠️  You do not need to save and release the documents created in this lesson.

First, the system has applied the first-level *EXLINELEVEL* tax to the invoice. The detail total ($125) is the taxable amount for the *EXLINELEVEL* tax, which is the first-level tax; taxes are calculated separately for each line and then summed. Based on the rule, the system has calculated taxes for each line as follows before calculating the sum of the taxes: $100 * 0.05 = $5; $25 * 0.05 = $1.25. The total *EXLINELEVEL* tax is $6.25 ($5.00 + $1.25).

Then the system has applied the second-level *LINELEVEL2* tax. The system has applied this tax to each line; the taxable amount for the second-level tax is calculated as the taxable amount of the line plus the tax amount of the first-level tax that was applied to the line. The total second-level tax for the document is the sum of tax amounts calculated for the document lines. Based on the rule, the system has calculated the *LINELEVEL2* tax for each line: ($100 + $5) * 0.05 = $5.25; ($25 + $1.25) * 0.05 = $1.3125 ≈ $1.31. The total second-level tax for the document is $5.25 + $1.31 = $6.56.

The total tax amount for the document is the sum of the first-level and second-level tax amounts, which is $12.81 ($6.25 + $6.56). Thus, the document's balance is $137.81 ($125.00 + $12.81).

# Part 3: Paying Taxes to a Tax Agency

In Part 3, you will prepare a tax report with tax amounts to be paid to the tax agency, which the system collects from the documents processed in Part 2. You will also learn how to void a tax report and make a tax adjustment to the tax report. You will then release the tax report, close the tax period, and generate an AP bill to be paid to the agency.

In this part, you will learn how to prepare a tax report to be sent to a tax agency, void a tax report, and create adjustments to the tax report. You will perform the following tasks:

- Preparing a tax report

- Voiding a tax report

- Creating a tax adjustment to the tax report

- Releasing the tax report and closing the tax period

## Overall Tax Reporting Process

The diagram below displays the process of reporting taxes in Acumatica ERP.

You start with creating and processing documents with taxes (Item 1 in the diagram) for which the system automatically calculates taxes based on the specified settings. After you have processed all the needed documents, you prepare the tax report for the tax period (2).

If you have prepared the tax report and then you have realized that some documents were not processed, you need to void the report (3) and process all the needed documents; you then re-prepare the tax report for the period. If you need to amend the tax amounts and taxable amounts included in the prepared tax report, you make tax adjustments (4).

After all the required documents have been processed and all the adjustments have been made, you release the tax report, and the tax period is closed in the system (5). After closing the tax period, you review and release the tax bill that the system has generated for the tax agency (6). When an AP payment to the tax agency for the tax bill has been processed (7), the tax reporting process is closed.

**Tax reporting process**

Start

**1** Process documents with taxes in the tax period

**2** Prepare the tax report for the tax period
*Prepare Tax Report (TX501000)*

Were all the documents processed?

No → **3** Void the tax report
*Release Tax Report (TX502000)*

Yes

Does the report need to be adjusted?

No

Yes

**4** Make a tax adjustment
*Tax Adjustments (TX301000)*

**5** Release the tax report and close the tax period
*Release Tax Report (TX502000)*

**6** Review and release the tax bill
*Bills and Adjustments (AP301000)*

**7** Process the AP payment for the tax bill to the agency
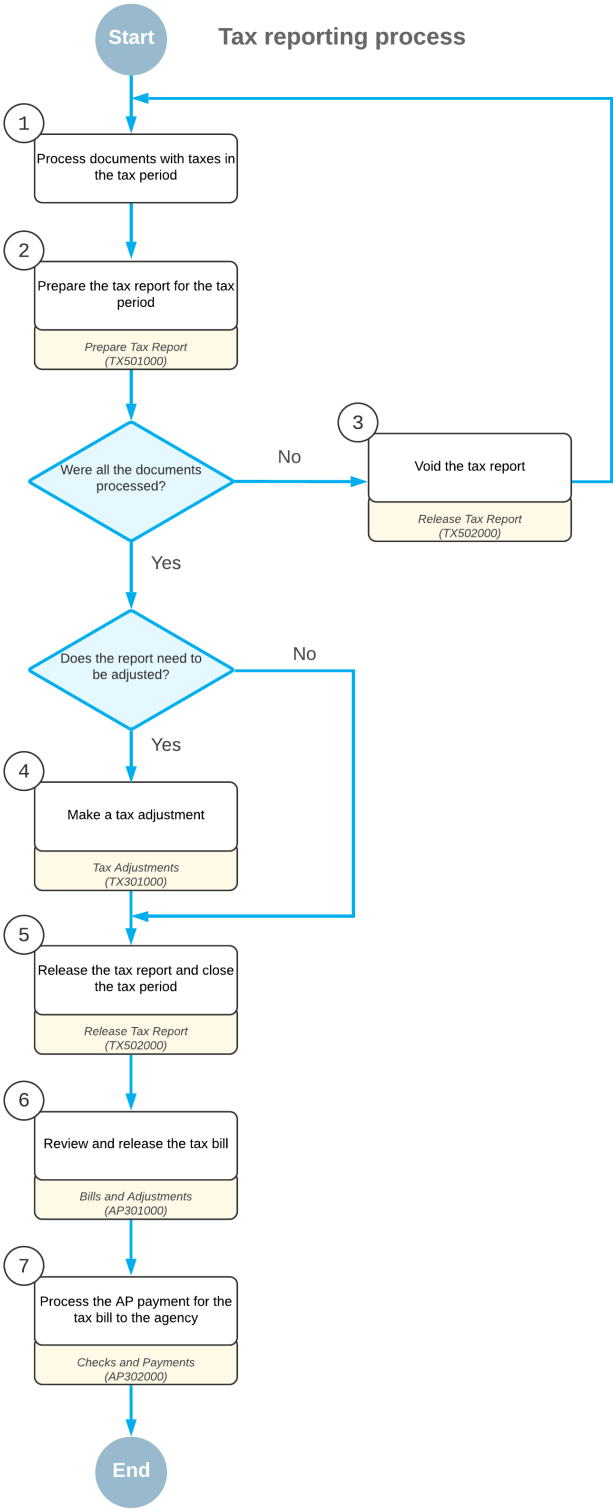*Checks and Payments (AP302000)*

End

**Figure: Tax reporting process**

# Lesson 3.1: Preparing a Tax Report

## Tax Report Preparation: General Information

If your organization is engaged in business activity, you must file a tax report to each applicable tax agency once per reporting period. The reporting period is prescribed by the tax agency.

Acumatica ERP provides functionality that simplifies the process of tax calculation and tax report preparation. You can configure the tax report according to the requirements of the respective tax agency (for details, see *Creating a Tax Agency*), set up tax calculation rules, and then generate a tax report by clicking a button.

In Acumatica ERP, you can prepare a tax report for a particular tax agency. A tax report can be prepared either for an open reporting period or for a closed reporting period if the **Update Closed Tax Periods** check box is selected for the tax agency on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form. The frequency of preparing tax reports depends on the setting that you specify for the tax agency in the **Default Tax Period Type** box on the *Vendors* form. This setting can be overridden for the particular company on the *Tax Periods* (TX207000) form.

If your tenant contains multiple companies (and if a company type is *With Branches Requiring Balancing*), you can prepare a tax report for each particular company or for a particular branch if you file taxes by branch—that is, if the **File Taxes by Branch** check box is selected for the company on the *Companies* (CS101500) form. If you report taxes by branches for a company, you need to prepare tax reports for all branches of the company and then close the tax period for the company.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, you will learn how to prepare a tax report for a particular company and tax agency for an open tax period.

### Applicable Scenarios

You prepare a tax report for an open tax period if the previous tax period has been closed and after the tax period to be reported on has ended.

### Preparation of a Tax Report for an Open Reporting Period

To prepare a tax report for an open reporting period, on the *Prepare Tax Report* (TX501000) form, you should select the required company and branch (if you report taxes by branches), the tax agency, and the reporting period. You can select a period on this form if the **Update Closed Tax Periods** check box is selected for the tax agency on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form. If the check box is cleared, the first open tax period is selected automatically by the system and disabled.

> ⚠️ All previous reporting periods should be closed.

The tax report structure that was previously configured for the selected tax agency appears with the tax amounts and taxable amounts inserted into its lines. The system recalculates these values each time a user opens the *Prepare Tax Report* form, based on the taxable documents released in the system.

To initiate tax report preparation, you need to click **Prepare Tax Report** on the form toolbar of the *Prepare Tax Report* form. If no errors have occurred, the system prepares the tax report and opens the *Release Tax Report* (TX502000) form.

When you prepare the report for the first period of the tax year, the system generates periods with the *Open* status for this year. On the *Tax Periods* (TX207000) form, you can review the periods that have been generated by the process (or that will be generated if you select an upcoming year on the form). If a user voids a tax report run for the first period of the tax year, the system deletes the tax periods for this year. This process is demonstrated in *Voiding a Tax Report: Process Activity*.

# Tax Report Preparation: Process Activity

The following activity will walk you through the process of preparing a sales tax report.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* and *EXEMPT* tax categories have been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone. The *New York Exempt* tax has been configured and assigned to the *EXEMPT* category and the *NYSTATE* tax zone.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

## Process Overview

In this activity, on the *Prepare Tax Report* (TX501000) form, you will prepare a tax report for the specified company and tax agency. On the *Tax Report Details* (TX502010) form, you will then review the documents included in the tax report.

## System Preparation

Before you begin to prepare a tax report, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

- Username: *johnson*

- Password: *123*

2.  In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2021*. If a different date is displayed, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3.  On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Preparing a Tax Report

To prepare a tax report, proceed as follows:

1.  Open the *Prepare Tax Report* (TX501000) form.

2.  In the Summary area, specify the following settings:

    - **Company**: *SWEETLIFE*

    - **Tax Agency**: *NYTAXDEP*

    The table displays the report lines you have configured earlier, and the amounts accumulated for each report line in the current tax period (*02-2021*).

    The system displays a warning next to the **Tax Period** box that one or more transactions from the previous periods will be reported in the current period. This can happen if you create a taxable document with a document date that belongs to a closed tax period. The taxes calculated for the document will be included in the tax report for the current period because the tax agency to which you are reporting taxes has the **Update Closed Tax Period** check box cleared on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form.

3.  On the form toolbar, click **Prepare Tax Report**.

    The *02-2021* tax period is assigned the *Prepared* status (if necessary, you can review it in the **Status** column on the *Tax Periods* (TX207000) form). The system opens the *Release Tax Report* (TX502000) form with the prepared report. Before you release the report, you will review the documents that relate to different lines in this tax report.

## Step 2: Reviewing the Documents in the Report Lines

To review the documents included in the report lines, proceed as follows:

1.  While you are still viewing the report on the *Release Tax Report* (TX502000) form, click the link in the **Amount** column of the *Taxable Sales* row to review the amounts that have been included in this line.

    The *Tax Report Details* (TX502010) form opens.

2.  On this form, review the documents shown in the table.

    This tax report shows the documents of the SweetLife company, including taxable amounts and tax amounts. On the form, you can see the taxable sale documents of the SweetLife company

included in the tax report for February 2021. For each document, you can review the tax and taxable amounts.

You will not release this report at this time.

# Lesson 3.2: Voiding a Tax Report

## Voiding a Tax Report: General Information

You can void a prepared tax report if there are new transactions in the selected reporting period that you want to add to the tax report before preparing it again or if you noticed that the report was not configured properly and you need to amend the tax report structure. You void a tax report with the *Prepared* status; a tax report that has been released cannot be voided.

You void a tax report for a selected company regardless of whether this company reports taxes by branch—that is, regardless of whether the **File Taxes by Branch** check box is selected or cleared on the *Companies* (CS101500) form (if your company type is *With Branches Requiring Balancing*, otherwise this check box is unavailable).

### Learning Objectives

From reading the topics in this chapter and completing the process activity, 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.

### Applicable Scenarios

You void a tax report if you have spotted errors such as a missing document or a document with a wrong tax category (and therefore with an incorrect tax amount). You can void only an unreleased tax report.

### Voiding of a Tax Report

You void a tax report by clicking **Void Report** on the *Release Tax Report* (TX502000) form. When you do, the system changes the status of the corresponding reporting period from *Prepared* to *Open*, and opens the *Prepare Tax Report* (TX501000) form, on which you can prepare another tax report for the selected reporting period. For details, see *Tax Report Preparation: Process Activity*.

## Voiding a Tax Report: Process Activity

The following activity will walk you through the process of voiding a tax report and creating a document that was missing in the system, so that the tax report can be prepared again.

> ⚠ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

### Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* and *EXEMPT* tax categories have been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone. The *New York Exempt* tax has been configured and assigned to the *EXEMPT* category and the *NYSTATE* tax zone.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

- On the *Customers* (AR303000) form, the *MORNINGCAF* customer account has been configured, and the *NYSTATE* tax zone has been added for the customer on the **Shipping** tab of this form.

As a prerequisite to this activity, a tax report has been prepared, but not released, as described in *Tax Report Preparation: Process Activity*.

## Process Overview

In this activity, on the *Release Tax Report* (TX502000) form, you will void the tax report that has been prepared for *02-2021* but has not been released. On the *Invoices and Memos* (AR301000) form, you will create and release an AR invoice that should update the tax report. You then prepare the tax report for the *02-2021* period again on the *Prepare Tax Report* (TX501000) form.

## System Preparation

Before you begin to void the tax report, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2021*. If a different date is displayed, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Voiding the Tax Report

To void the tax report, proceed as follows:

1. Open the *Release Tax Report* (TX502000) form.

2. Select the report with the following settings:

   - **Company**: *SWEETLIFE* (inserted by default)

   - **Tax Agency**: *NYTAXDEP*

   - **Tax Period**: *02-2021*

3. On the form toolbar, click **Void Report**.

   The system voids the prepared tax report for the *02-2021* period, so that the tax period becomes open again.

## Step 2: Creating an Invoice with a Sales Tax

To create a taxable AR invoice to be included in the tax report, proceed as follows:

1. Open the *Invoices and Memos* (AR301000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Type**: *Invoice*

   - **Customer**: *MORNINGCAF*

   - **Date**: *2/28/2021* (inserted by default)

   - **Post Period**: *02-2021* (inserted by default)

   - **Description**: `Online training`

3. On the **Document Details** tab, click **Add Row**, and specify the following settings for the added row:

   - **Branch**: *HEADOFFICE*

   - **Transaction Descr.**: `Online training`

   - **Ext. Price**: `120`

   - **Tax Category**: *TAXABLE*

4. On the form toolbar, click **Remove Hold** to give the invoice the *Balanced* status, and then click **Release** to release the invoice.

5. Review the **Tax Details** tab. Notice that the *NYSTATETAX* has been applied to the invoice.

## Step 3: Preparing the Tax Report Again

To prepare the voided tax report again, proceed as follows:

1. Open the *Prepare Tax Report* (TX501000) form.

2. In the Summary area, specify the following settings:

   - **Company**: *SWEETLIFE*

   - **Tax Agency**: *NYTAXDEP*

   Notice that the report amounts have been updated by the invoice.

3. On the form toolbar, click **Prepare Tax Report** to again prepare the report for the *02-2021* period. The *02-2021* tax period is again assigned the *Prepared* status (if necessary, you can review it in the **Status** column on the *Tax Periods* (TX207000) form), and the system opens the *Release Tax Report* (TX502000) form with the prepared report.

4. While you are viewing the report on this form, click the link in the **Amount** column of the *Tax Total* row to review the documents that updated this line in *02-2021*. The invoice to Morning Cafe that you created in Step 2 is now shown in the table.

# Lesson 3.3: Creating Tax Adjustments to a Tax Report

## Tax Adjustments: General Information

Once you have prepared the tax report on the *Prepare Tax Report* (TX501000) form, the *Release Tax Report* (TX502000) form opens. Before you release the tax report (which closes the corresponding tax period and generates the appropriate AP bill, as described in *Tax Report Release: Process Activity*), you can perform the following operations:

- Void the tax report, as illustrated in *Voiding a Tax Report: Process Activity*

- Adjust the amounts shown in the tax report, as described in this lesson

- View different revisions of the tax reports (which can also be done after the tax report is released), as described below

### Learning Objectives

From reading the topics in this chapter and completing the process activity, you will learn how to create a tax adjustment to a tax report.

### Applicable Scenarios

You create tax adjustments to a tax report if you want to adjust the taxable or tax amounts to be reported without processing additional AR or AP documents. For example, this may happen if a customer has gone bankrupt and your company determines that their invoices need to be written off.

### Adjustments to the Tax Report

You can create a tax adjustment document manually to adjust the appropriate tax amounts or taxable amounts (or both) in the prepared tax report. A tax adjustment can be created for a past tax period. In this case, the system will include this tax adjustment document in the tax report prepared for the next open period. If a tax adjustment date belongs to a future period, the system will include this tax adjustment document when it prepares a tax report for this period.

To create an adjustment, on the *Release Tax Report* (TX502000) form, while you are viewing the applicable report, click **Adjust Tax** on the form toolbar; the *Tax Adjustments* (TX301000) form opens. You can also open the *Tax Adjustments* form manually by clicking *Tax Adjustments* in the navigation menu. For details, see *Tax Adjustments: Process Activity*.

On the *Tax Adjustments* form, in the **Type** box, you can select one the following types of adjustment document to be created:

- *Adjust Output*: With this type of document, you can adjust the tax and taxable amounts for taxes with the *Output* type (for example, a sales tax). For details about the creation of such a tax, see *Sales Taxes: To Create a Sales Tax for Use in AR*.

- *Adjust Input*: With this type, you can adjust the tax and taxable amounts for taxes with the *Input* type (for example, a VAT or a sales tax used in AP). For details about the creation of such a tax, see *Sales Taxes: To Configure a Sales Tax for Use in AP*.

Once you select a type, you should select an appropriate tax in the **Tax ID** box on the **Documents Details** tab and then enter the required amounts in the **Taxable Amount** and **Tax Amount** boxes. You can enter either positive amounts or negative amounts, depending on whether you need to increase or reduce the corresponding tax and taxable amounts in the tax report.

Once you create and release a tax adjustment document, the system generates a GL transaction that updates the tax payable (or tax claimable) account and expense account assigned to the vendor that is a tax agency. The values in the report lines are changed automatically if a tax report for the adjustment tax period has already been prepared.

### Ability to View the Details of Different Tax Report Revisions

On the *Release Tax Report* (TX502000) form, you can view the details of different revisions of the tax report that have been prepared for the same or closed reporting period. As a result, the system prepares another tax report for the specified tax agency and automatically opens the *Release Tax Report* (TX502000) form. On this form, in the **Revision ID** box, you can review all possible revisions of this tax report. The revision number of the tax report is incremented by 1, and you can select any number in the box to view the respective report details. For more information, see *Tax Report Preparation: To Prepare a Tax Report for a Closed Tax Period*.

## Tax Adjustments: Generated Transactions

For a tax adjustment of the *Adjust Output* type, the system generates the following GL batch, as shown in the following table.

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

For a tax adjustment of the *Adjust Input* type, the system generates the following GL batch, as shown in the following table.

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

# Tax Adjustments: Process Activity

The following activity will walk you through the process of creating a tax adjustment to a tax report.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

- On the *Customers* (AR303000) form, the *CANDYY* customer account has been configured, and the **Enable Write-Offs** check box has been selected for the customer on the **Financial** tab of this form.

As a prerequisite to this activity, a tax report has been prepared, but not released, as described in *Tax Report Preparation: Process Activity*.

## Process Overview

As you complete this activity, you will write off the customer's bad debt on the *Write Off Balances and Credits* (AR505000) form and review the transaction generated by the system on the *Journal Transactions* (GL301000) form. On the *Tax Adjustments* (TX301000) form, you will create a tax adjustment of the *Adjust Output* type to reduce the amount of taxes owed to the tax agency. You will then review the GL transaction generated by the system on the *Journal Transactions* form.

## System Preparation

Before you begin to create a tax adjustment, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2021*. If a different date is displayed, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Writing Off the Bad Debt

To create a balance write-off, proceed as follows:

1. Open the *Write Off Balances and Credits* (AR505000) form.

2. In the Summary area of the form, specify the following settings:

   - **Type**: *Balance WO*

   - **Doc. Date**: *2/28/2021* (inserted by default)

   - **Branch**: *HEADOFFICE* (inserted by default)

   - **Post Period**: *02-2021* (inserted by default)

   - **Customer**: *CANDYY*

   - **Reason Code**: *BALWOFF*

   - **Limit**: 200

   The invoice whose amount you have to write off appears in the table.

3. Select the unlabeled check box in the row for the invoice, and on the form toolbar, click **Process**.

   The system processes the write-off and creates a *Balance WO* document.

4. On the *Payments and Applications* (AR302000) form, in the **Type** box, select *Balance WO*, and open the write-off document you created, in the amount of $167.87.

5. On the **Financial Details** tab, click the link in the **Batch Nbr.** box, and review the generated transaction on the *Journal Transactions* (GL301000) form, which opens.

   On release of the balance write-off:

   - The write-off account specified for the reason code (*81010*) is debited in the amount of outstanding balance of the invoice to record the write-off expense.

   - The AR account (*11000*) is credited in the amount of the open balance of the invoice to decrease the accounts receivable balance.

## Step 2: Creating a Tax Adjustment to the Tax Report

To create a tax adjustment to the tax report, proceed as follows:

1. Open the *Tax Adjustments* (TX301000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings for the tax adjustment:

   - **Type**: *Adjust Output*

     This type of tax adjustment applies to taxes of the *Output* type.

   - **Tax Agency ID**: *NYTAXDEP*

   - **Tax Period**: *02-2021* (inserted automatically)

   - **Date**: *2/28/2021*

   - **Description**: `02-2021 adjusted (bad debt tax deduction)`

3. On the **Document Details** tab, click **Add Row**, and specify the following settings for the added row:

   - **Tax ID**: *NYSTATETAX*

   - **Taxable Amount**: `-145`

   - **Tax Zone**: *NYSTATE*

   - **Description**: `Tax adjustment for invoice AR000086` (your invoice number may be different)

   > ⚠️ You specify a negative taxable amount to decrease the output tax. To increase the output tax, you specify a positive amount.

4. Click **Add Row**, and specify the following settings for the added row:

   - **Tax ID**: *NYNOTAX*

   - **Taxable Amount**: `-10`

   - **Tax Zone**: *NYSTATE*

   - **Description**: `Tax adjustment for invoice AR000086` (your invoice number may be different)

5. On the form toolbar, click **Save** to save the tax adjustment you created.

6. On the **Financial Details** tab, select *81010 - Bad Debts* in the **Adjustment Account** box.

   By default, the adjustment account is copied from the **Expense Account** settings specified for the tax agency account on the *Vendors* (AP303000) form. You override the default value for the account in this particular tax adjustment to record the amounts to the bad debt deduction account.

7. In the **Amount** box in the Summary area, enter `-12.87`.

8. On the form toolbar, click **Remove Hold**, and then click **Release** to release the tax adjustment.

9. On the **Financial Details** tab, click the link in the **Batch Nbr.** box to review the transaction generated by the tax adjustment on the *Journal Transactions* (GL301000) form, which opens.

   The transaction updates accounts as follows:

- The adjustment account (*81010*) specified in the tax adjustment document is credited in the amount of the adjustment to decrease the bad debt expense.

- The Tax Payable account (*24100*) of the specified tax is debited in the amount of the adjustments to decrease the tax amounts to be paid to the agency.

### Step 3: Reviewing the Updated Tax Report

To review the updated tax report, proceed as follows:

1. Open the *Release Tax Report* (TX502000) form.

2. In the Summary area, specify the following settings:

   - **Company**: *SWEETLIFE* (inserted by default)

   - **Tax Agency**: *NYTAXDEP*

   - **Tax Period**: *02-2021* (inserted by default)

3. Review the tax report. Notice that the tax report was updated automatically, so that you did not need to void and regenerate it. Also notice the following updates:

   - Taxable sales have decreased by $145.

   - Exempt sales have decreased by $10.

   - Gross sales have decreased by $155 ($145 + $10).

   - The tax total has decreased by $12.87.

4. Click the link in the *Tax Total* report line, and on the *Tax Report Details* (TX502010) form, which opens, review the documents listed in the table, including the written-off invoice and the related tax adjustment.

# Lesson 3.4: Releasing a Tax Report

## Tax Report Release: General Information

Once you prepare the tax report on the *Prepare Tax Report* (TX501000) form, the *Release Tax Report* (TX502000) form automatically opens. On this form, you can release a tax report for a selected company, reporting period, and tax agency by clicking **Release** on the form toolbar. When the report is released, the system closes the selected reporting period. Depending on the settings in your system, the release of the report can also prompt the system to generate an AP bill with the tax amount to be paid to the selected tax agency, as described below.

> ⚠️ If your company type is *With Branches Requiring Balancing* and you file taxes by company branches—that is, the **File Taxes by Branch** check box is selected for the company on the **Company Details** tab of the *Companies* (CS101500) form—prepare tax reports for all branches first, and then release the company tax report.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, you will learn how to release a tax report and generate an AP bill for the tax agency.

### Applicable Scenarios

You release a tax report after you have prepared it and made sure that all the taxable documents have been included in the report. Depending on the settings in the system, on release of the tax report, the system generates an AP bill for the tax agency.

### AP Documents Generated on Release of the Tax Report

You can set up the system to generate an AP bill once the tax report is released. The AP bill will contain the total tax amount that you must pay to the tax agency for the selected reporting period according to the released tax report. After the tax report is released, the corresponding AP bill appears in the list on the **AP Documents** tab of the *Release Tax Report* (TX502000) form.

If the tax agency owes money to your company according to the documents included in the revision, the system generates an AP debit adjustment. This can happen in the following cases:

- The total tax to be claimed exceeds the total tax to be paid if the tax is a VAT

- The total tax amount in credit memos exceeds the total tax amount in invoices

- The **Net Tax** amount is negative

To set up the system to generate an AP bill while releasing a tax report, on the *Reporting Settings* (TX205100) form for the report, you need to configure a reporting line that accumulates appropriate tax amount, and select the **Net Tax** check box for that line. If this check box is selected and the **Automatically Generate Tax Bill** check box is selected for the tax agency on the **Tax Agency Settings** tab of the *Vendors* (AP303000) form, the system will generate AP bills when a tax report is released.

If you prepare and release a tax report for a closed tax period (that is, for a period for which the tax report has been already released; for details, see *Tax Report Preparation: To Prepare a Tax Report for a Closed Tax Period*), the system will generate another AP bill according to this revision of the tax report. This AP bill will be listed on the **AP Documents** tab (in addition to the AP bill generated by the previous release). Each AP bill will contain the amount of the particular tax report revision.

### Closing the Tax Period

When the tax report is released, the system automatically closes the tax period. Taxable invoices posted after the tax period has been closed will be reported in the next open period.

If you do not want the invoices to be reported in the next open period, you can prepare a revision of the tax report for the closed tax period (if this is allowed by the tax agency) to include the invoices to the next revision of the tax report for the period. For more details, see *Tax Report Preparation: To Prepare a Tax Report for a Closed Tax Period*.

## Tax Report Release: Generated Transactions

On release of the tax report, the system releases an AP bill for the tax agency and creates the following GL transaction.

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

# Tax Report Release: Process Activity

The following activity will walk you through the process of releasing a tax report and closing the current tax period.

> ⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Tax Zones* (TX206000) form, the *NYSTATE* tax zone has been configured.

- On the *Taxes* (TX205000) form, the *NY State Tax* has been configured and assigned to the *TAXABLE* category and the *NYSTATE* tax zone. The *New York Exempt* tax has been configured and assigned to the *EXEMPT* category and the *NYSTATE* tax zone.

- On the *Vendors* (AP303000) form, the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

As prerequisites to this activity, a tax report has been prepared, but not released, as described in *Tax Report Preparation: Process Activity*, and a tax report adjustment has been created and released as described in *Tax Adjustments: Process Activity*.

## Process Overview

In this activity, you will release the tax report on the *Release Tax Report* (TX502000) form, review the AP bill generated by the system on the *Bills and Adjustments* (AP301000) form, and then review the GL transaction generated by the system on the *Journal Transactions* (GL301000) form. On the *Tax Periods* (TX207000) form, you will review the tax periods for the current tax year. Finally, you will review all the lines in the tax report by generating a report on the *Tax Details* (TX620500) form.

## System Preparation

Before you begin to release the tax report, do the following:

1.  Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

    - Username: *johnson*

    - Password: *123*

2.  In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/28/2021*. If a different date is displayed, click the Business Date menu button and select *2/28/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3.  On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

## Step 1: Releasing the Tax Report and Reviewing the AP Bill

To release the tax report and review the generated AP bill, proceed as follows:

1.  Open the *Release Tax Report* (TX502000) form.

2.  In the Summary area of the form, specify the following settings:

    - **Company**: *SWEETLIFE* (inserted by default)

    - **Tax Agency**: *NYTAXDEP*

    - **Tax Period**: *02-2021* (inserted automatically by the system)

3.  On the form toolbar, click **Release**.

    With the release of the tax report, the system closes the corresponding reporting period and generates an AP bill, which contains the total tax amount that you must pay to the tax agency specified in the tax report. The grenerated AP bill appears on the **AP Documents** tab.

4.  On the **AP Documents** tab, click the link in the **Reference Nbr.** column for the AP bill generated for the *HEADOFFICE* branch and review its details on the *Bills and Adjustments* (AP301000) form, which opens.

5.  On the **Financial Details** tab, click the **Batch Nbr.** link, and on the *Journal Transactions* (GL301000) form, review the transactions generated for this bill.

    On release of the tax bill:

    - The Accounts Payable account of the tax agency (*20000*) is credited in the accumulated tax amount that should be paid to the tax agency.

    - The Tax Payable account of the tax agency (*24100*) is debited in the accumulated tax amount, so the balance of the account becomes 0 at the start of the next tax period.

## Step 2: Reviewing the Tax Periods

To review the tax periods, proceed as follows:

1.  Open the *Tax Periods* (TX207000) form.

2. In the **Tax Agency** box, select *NYTAXDEP*.

3. Review the *02-2021* tax period.

   Notice that the tax period has the *Closed* status, and the **Net Tax Amount** column shows the amount accumulated in the line for which the **Net Tax** check box is selected on the **Report Lines** tab of the *Reporting Settings* (TX205100) form.

4. Click the link in the **Net Tax Amount** column and review the *Tax Report Details* (TX502010) form, which opens.

   The amounts in the **Report Tax Amount** column add up to the **Net Tax Amount** on the *Tax Periods* form.

## Step 3: Reviewing the Tax Report Lines for the Closed Period

To review the tax report lines for the closed period, proceed as follows:

1. Open the *Tax Details* (TX620500) form.

2. On the **Report Parameters** tab, specify the following settings:

   - **Company/Branch**: *SWEETLIFE* (inserted by default)

   - **Tax Agency**: *NYTAXDEP*

   - **Tax Period**: *02-2021*

3. On the form toolbar, click **Run Report** and review the generated report.

# Part 4: Processing Documents with Use Taxes

In this part, you will learn to configure a use tax in the system and process a document with the use tax applied. You will perform the following tasks:

- Configuring a use tax

- Processing a purchase with a use tax

# Lesson 4.1: Configuring Use Taxes

## Use Taxes: General Information

A *use tax* is a type of a tax levied in the United States. If your company purchases tax-free goods (for example, from a vendor that is not registered in the state of your purchase, so that your company does not pay sales tax), the company must report the purchases and pay the use tax to the tax agency of its home state. The use tax is typically levied at the same rate as the sales tax that would have been paid in the company's state. In Acumatica ERP, the system calculates a use tax in vendor bills, AP adjustments, purchase orders, expense receipts and claims, and cash disbursements.

Once a user selects a vendor or location in a document on the *Bills and Adjustments* (AP301000) form, the system checks whether a tax zone is specified for the vendor on the **Purchase Settings** tab of the *Vendors* (AP303000) form. If so, the system inserts in the document the applicable taxes, based on the vendor details and the tax categories specified in the document lines. You can review the tax amounts computed by the system on the **Tax Details** tab of the *Bills and Adjustments* form.

### Learning Objectives

From reading the topics in this chapter and completing the implementation activity, 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.

### Applicable Scenarios

You configure a use tax to be used in the following cases:

- Your company bought taxable goods, but paid no sales tax

- Your company bought taxable goods and has paid less tax than the applicable sales tax

### Use Tax Settings

For a use tax, the **Exclude from Tax-on-Tax Calculation** check box must be selected on the **Tax Settings** tab of the *Taxes* (TX205000) form because a use tax should be excluded from the taxable amount for calculating the second-level taxes. For details, see *Tax Calculation Methods: General Information*.

## Use Taxes: Implementation Activity

By performing the following implementation activity, you will learn how to configure a use tax that will be applied to AP documents.

⚠️ The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

## Story

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.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Vendors* (AP303000) form, the *SQUEEZO* vendor account has been configured and the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

## Process Overview

In this activity, you will start the configuration of a use tax by creating a tax zone on the *Tax Zones* (TX206000) form. On the *Vendors* (AP303000) form, you will update the settings of the needed vendor and those of the tax agency. On the *Reporting Settings* (TX205100) form, you will modify the tax report. Finally, you will create a use tax on the *Taxes* (TX205000) form.

## System Preparation

Before you begin to configure the use tax, do the following:

1. Launch the Acumatica ERP website.

2. Sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

## Step 1: Creating a Tax Zone

To create a tax zone, proceed as follows:

1. Open the *Tax Zones* (TX206000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

- **Tax Zone ID**: `NYUSE`

- **Description**: `Use tax zone`

- **Default Tax Category**: *TAXABLE*

After you assign this zone to a particular vendor, taxable items purchased from this vendor will be subject to use tax.

3. On the form toolbar, click **Save** to save the created tax zone.

## Step 2: Updating the Settings of the Tax Agency and the Vendor

To update the settings of the tax agency and the vendor for whose documents you want to apply the use tax, proceed as follows.

1. Open the *Vendors* (AP303000) form.

2. In the **Vendor ID** box, select *NYTAXDEP*.

3. On the **Tax Agency Settings** tab, select the **Update Closed Tax Periods** check box.

4. On the form toolbar, click **Save** to save your changes.

5. In the **Vendor ID** box, select *SQUEEZO*.

6. On the **Purchase Settings** tab, in the **Tax Zone** box, select *NYUSE*.

7. On the form toolbar, click **Save** to save your changes.

## Step 3: Updating the Tax Report

To update the tax report, proceed as follows:

1. Open the *Reporting Settings* (TX205100) form.

2. In the **Tax Agency ID** box, select *NYTAXDEP*.

3. On the **Report Lines** tab, click **Add Row** on the table toolbar, and specify the following settings:

- **Description**: `Purchases Subject to Use Tax`

- **Update With**: *Taxable Amount*

- **Update Rule**: *+Output-Input*

This report line will accumulate the total of purchases that are subject to a use tax.

4. On the form toolbar, click **Save** to save your changes.

5. On the **Reporting Groups** tab, click **Add Row** on the table toolbar, and specify the following settings:

- **Name**: `Use tax`

- **Group Type**: *Output*

The use tax is paid to the tax agency; therefore, it is of the *Output* type.

6.  On the form toolbar, click **Save** to save your changes.

7.  Make sure that the *Use tax* group is selected in the table, and on the table toolbar, click **Group Details**. The *Reporting Groups* (TX205200) form opens.

8.  On this form, add the following rows to the table:

    ●   **Report Line**: *2 - Tax Total*

    ●   **Report Line**: *6 - Purchases Subject to Use Tax*

9.  On the form toolbar, click **Save** to save your changes.

## Step 4: Creating a Use Tax

To create a use tax, proceed as follows:

1.  Open the *Taxes* (TX205000) form.

2.  On the form toolbar, click **Add New Record**, and specify the following settings:

    ●   **Tax ID**: NYUSETAX

    ●   **Description**: New York use tax

    ●   **Tax Type**: *Use*

    ●   **Calculation Rule**: *Exclusive Document-Level*

        Before configuring a use tax in the production environment, you should know exactly which calculation method should be applied in this box.

    ●   **Cash Discount**: *Does Not Affect Taxable Amount*

    ●   **Exclude from Tax-on-Tax Calculation**: Selected

        This check box is selected by default, because the use tax is a first-level tax and should be excluded from tax-on-tax calculation.

    ●   **Tax Agency**: *NYTAXDEP*

3.  On the **Tax Schedule** tab, click **Add Row** on the table toolbar, and specify the following settings:

    ●   **Start Date**: *1/1/1900* (inserted by default)

    ●   **Tax Rate**: 8.875

    ●   **Reporting Group**: *Use tax*

4.  On the **Categories** tab, click **Add Row**, and select *TAXABLE* in the **Tax Category** column.

5.  On the **Zones** tab, click **Add Row**, and select *NYUSE* in the **Tax Zone ID** column.

6.  On the **GL Accounts** tab, make sure that the **Use Tax Expense Account** check box is selected, and select *65200* in the **Tax Expense Account** box.

7.  On the form toolbar, click **Save** to save your changes.

# Lesson 4.2: Processing Purchases with Use Taxes

## Purchases with Use Taxes: General Information

A use tax is a tax paid by the buyer on taxable items the buyer purchases. In Acumatica ERP, the system calculates the use tax in vendor documents automatically.

The system calculates the tax and taxable amounts by using the settings of each tax that corresponds to both the tax category of the specified inventory ID and the tax zone of the selected vendor. The system calculates the tax and taxable amounts for each line of the document or for the total document amount, depending on the settings of the applied tax (for details, see *Use Taxes: Implementation Activity*).

> ⚠️ The use tax amount is not shown in the **Tax Total** box in the Summary area of the *Bills and Adjustments* (AP301000) form, and the system displays a warning that the use tax is excluded from **Tax Total**. The tax and taxable amounts can be reviewed on the **Tax Details** tab of the *Bills and Adjustments* form.

After you have released the document, the system creates the corresponding GL transaction and records the tax and taxable amounts to the appropriate GL accounts.

### Learning Objectives

From reading the topics in this chapter and completing the process activity, 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

### Applicable Scenarios

You create an AP bill with a use tax when the vendor did not charge a sales tax on the purchase of taxable items.

## Purchases with Use Taxes: Generated Transactions

An AP bill is created on the *Bills and Adjustments* (AP301000) form for a purchase order and purchase receipt, and the transactions generated on release of this AP bill differ based on the applicable taxes included in the AP bill and the type of the item in a line of the AP bill. The following table lists the transactions that are generated on release of an AP bill that is subject to a use tax that has the **Use Tax Expense Account** check box selected and the **Tax Expense Account** specified on the **GL Accounts** tab of the *Taxes* (TX205000) form.

> ⚠️ For the transactions generated for AP documents that are subject to a use tax for which the **Use Tax Expense Account** check box is cleared, see *Taxes Included in the Cost of Items: Generated Transactions*.

## Stock Items and Non-Stock Items Requiring Receipt

For the lines of an AP bill with stock items or non-stock items with the **Require Receipt** check box selected on the *Non-Stock Items* (IN202000) form, when the AP bill is released, the following GL transactions are generated.

| 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

For the lines with non-stock items that have the **Require Receipt** check box cleared on the *Non-Stock Items* (IN202000) form, when the AP bill is released, the following GL transactions are generated.

| 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 |

You can view the reference number of the GL batch generated for a particular AP bill in the **Batch Nbr.** box on the **Financial Details** tab of the *Bills and Adjustments* (AP301000) form. You can click the link in this box to view the details of the batch on the *Journal Transactions* (GL301000) form.

# Purchases with Use Taxes: Process Activity

The following activity will walk you through the process of creating and releasing a purchase order with a use tax.

## Story

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*.

## Configuration Overview

In the *U100* dataset, for the purposes of this activity, the following tasks have been performed:

- On the *Tax Categories* (TX205500) form, the *TAXABLE* tax category has been configured.

- On the *Vendors* (AP303000) form, the *SQUEEZO* vendor account has been configured and the *NYTAXDEP* vendor has been configured as a tax agency.

- On the *Reporting Settings* (TX205100) form, a tax report has been configured for the *NYTAXDEP* tax agency.

As prerequisites to this activity, the following tasks have been performed as described in *Use Taxes: Implementation Activity*:

- On the *Tax Zones* (TX206000) form, the *NYUSE* tax zone has been configured.

- On the *Vendors* form, the settings if the *SQUEZZO* vendor and the *NYTAXDEP* tax agency have been updated to enable the application of use tax in the vendor documents.

- On the *Reporting Settings* form, the tax report has been updated to include use taxes.

- the *Taxes* (TX205000) form, the *NYUSETAX* has been created.

As a prerequisite to this activity, a tax report for February 2021 has been released as described in *Tax Report Release: Process Activity*.

## Process Overview

In this activity, on the *Purchase Orders* (PO301000) form, you will create a purchase order, and the system will generate a bill on the *Bills and Adjustments* (AP301000) form. You will review the use taxes in the bill and release it. You will then prepare a tax report on the *Prepare Tax Report* (TX501000) form and release it on the *Release Tax Report* (TX502000) form. On the *Bills and Adjustments* (AP301000) form, you will review the AP bill to the tax agency generated by the system.

## System Preparation

Before you begin to process a purchase with a use tax, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

   - Username: *johnson*

   - Password: *123*

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/21/2021*. If a different date is displayed, click the Business Date menu button and select *2/21/2021*. For simplicity, in this process activity, you will create and process all documents in the system on this business date.

3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

4. Before completing this activity, make sure that the needed configuration of the use tax has been performed, as described in *Use Taxes: Implementation Activity*.

## Step 1: Creating a Purchase Order

To create a purchase order, proceed as follows:

1. Open the *Purchase Orders* (PO301000) form.

2. On the form toolbar, click **Add New Record**, and specify the following settings in the Summary area:

   - **Type**: *Normal*

   - **Vendor**: *SQUEEZO*

   - **Date**: *2/21/2021* (inserted by default)

   - **Description**: Juicers

3. On the **Details** tab, click **Add Row** on the table toolbar, and specify the following settings for the added row:

   - **Branch**: *HEADOFFICE* (selected by default)

   - **Inventory ID**: *JUICER05*

   - **Order Qty.**: 2

   - **Unit Cost**: 800

   - **Tax Category**: *TAXABLE*

4. On the form toolbar, click **Save** to save the purchase order.

5. Review the **Taxes** tab.

   The system has calculated a tax amount of $142.00 for the purchase order. However, this amount is not included in the document totals (the **Tax Total** box in the Summary area is empty and shows a warning), because the document sent by the vendor does not include the calculated use tax. The accountant of SweetLife has to calculate the use tax and pay it directly to the *NYTAXDEP* tax agency.

6. On the form toolbar, click **Remove Hold**.

7. On the form toolbar, click **Actions > Enter AP Bill**.

## Step 2: Releasing the AP Bill and Reviewing the Generated GL Transaction

To release the AP bill and review the GL transaction generated by the system, proceed as follows:

1. On the *Bills and Adjustments* (AP301000) form, which is opened, review the bill automatically generated by the system.

2. On the **Tax Details** tab, make sure that the use tax has been applied.

3. On the form toolbar, click **Remove Hold**, then click **Release** to release the AP bill.

4. On the **Financial Details** tab, click the link in the **Batch Nbr.** box to open the generated transaction.

5. On the *Journal Transactions* (GL301000) form, which is opened, review the transaction generated for the bill.

   The system has generated the following transactions:

   ● The Accounts Payable account of the vendor (*20000*) is credited in the total amount of the bill.

   ● The Inventory Purchase Accrual account (*20100*) is debited in the amount of the purchase.

   ● The Tax Expense account specified for the use tax (*65200*) is debited in the calculated use tax amount to record the tax expenses.

   ● The Tax Payable account specified for the use tax (*24100*) is credited in the amount of calculated taxes to record the amount to be paid to the tax agency.

## Step 3: Preparing and Releasing a Tax Report

To prepare and release the tax report, proceed as follows:

1. Open the *Prepare Tax Report* (TX501000) form.

2. In the Summary area, specify the following settings:

   ● **Company**: *SWEETLIFE*

   ● **Tax Agency**: *NYTAXDEP*

   ● **Tax Period**: *02-2021* (inserted by default)

3. On the form toolbar, click **Prepare Tax Report**, and review the prepared tax report for *02-2021* on the *Release Tax Report* (TX502000) form, which opens.

4. In the Summary area, select the **Show Difference** check box right of the **Revision** box.

   The **Revision** box displays *2*, which means that the tax report has two revisions. With this check box selected, the *2 - Tax Total* line includes the use tax calculated on the purchase of two juicers ($142.00) and the *6 - Purchases Subject to Use Tax* line includes the amount of the purchase order to which the use tax has been applied ($1600.00).

5. In the **Revision** box, select *1*. The system displays the first revision of the tax report that you released in *Tax Report Release: Process Activity*.

6. In the **Revision** box, select *2* and clear the **Show Difference** check box.

7. On form toolbar, click **Release** to release the tax report, close the *02-2021* tax period, and generate the tax bill to the agency.

8. On the **AP Documents** tab, click the link in the **Reference Nbr.** column of the second AP bill generated for the *HEADOFFICE* branch. On the *Bills and Adjustments* (AP301000) form, which is opened, review the tax bill generated to the agency. The tax bill shows the use tax amount that has to be paid to the *NYTAXDEP* tax agency in *02-2021*.