



Acumatica

The Cloud ERP

F330 Sales Taxes

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Timing and Agenda

July 8, 2024 -10:00-11:30 AM PT

Day 1

Lesson 1.1: Creating a Tax Agency

Lesson 1.2: Configuring a Tax Report

Lesson 1.3: Creating Tax Zones and Tax Categories

Lesson 1.4: Configuring Sales Taxes

Lesson 2.1: Processing Invoices with Sales Taxes

July 9, 2024 -10:00-11:30 AM PT

Day 2

Lesson 2.2: Applying Sales Taxes to Cash Entries

Lesson 2.3: Processing Funds Transfers with Taxable Fees

Lesson 2.4: Processing Credit Memos with Sales Taxes

Lesson 2.5: Processing Purchases with Sales Taxes

Lesson 2.6: Including Taxes in the Cost of Items

Timing and Agenda

July 10, 2024 -10:00-11:30 AM PT

Day 3

Lesson 2.7: Configuring and Applying Taxes with Different Calculation Methods

Lesson 3.1: Processing Sales with Inclusive Sales Taxes

Lesson 3.2: Processing Purchases with Inclusive Sales Taxes

July 11, 2024 -10:00-11:30 AM PT

Day 4

Lesson 4.1: Preparing a Tax Report

Lesson 4.2: Voiding a Tax Report

Lesson 4.3: Creating Tax Adjustments to a Tax Report

Lesson 4.4: Releasing a Tax Report

Lesson 5.1: Configuring Use Taxes

Lesson 5.2: Processing Purchases with Use Taxes



Day 1





Part 1: Configuring the Tax Functionality

Lesson 1.1: Creating a Tax Agency

Learning Objectives

In this lesson, you will learn how to create a tax agency in Acumatica ERP.

Tax Agency: To Set Up a Tax Agency for Sales Taxes

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.

Lesson 1.2: Configuring a Tax Report

Learning Objectives

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

Tax Report Configuration: To Create a Tax Report for Sales Taxes

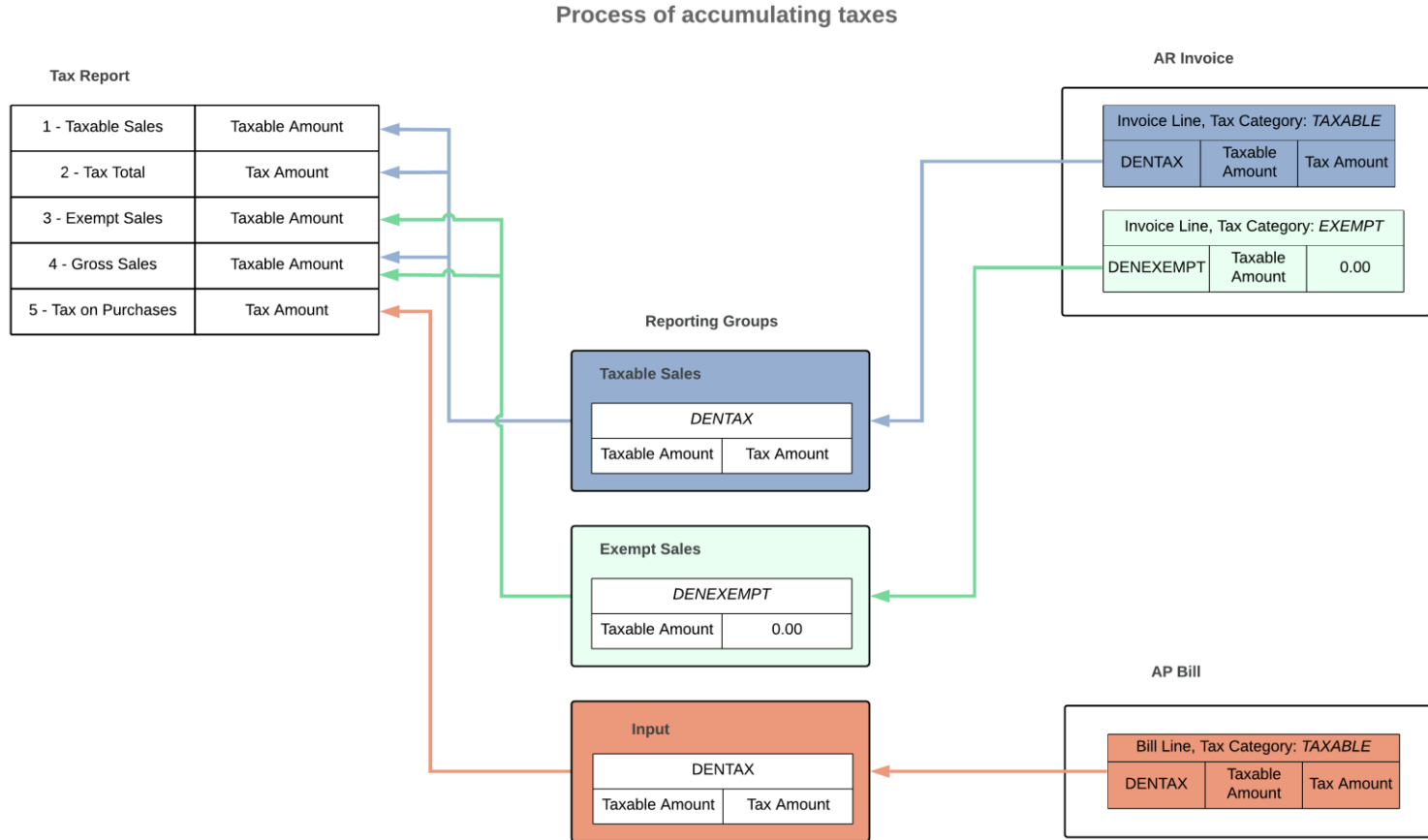
Story

Suppose that the Colorado State Department of Revenue 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

Acting as an implementation consultant, you need to configure the tax report to meet the requirements of the tax agency.

Figure: Process of accumulating sales taxes



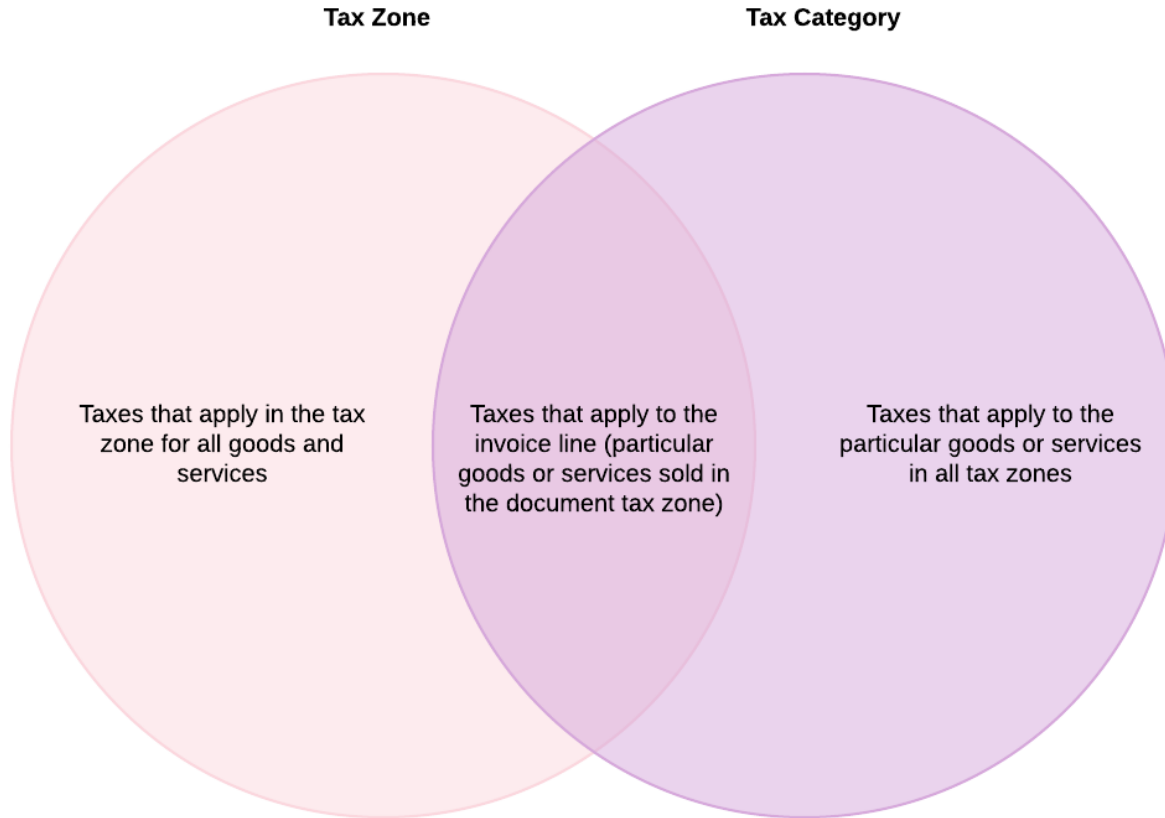
Lesson 1.3: Creating Tax Zones and Tax Categories

Learning Objectives

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

- Create a tax zone and a tax category
- Review the tax categories existing in the system
- Assign tax categories to non-stock items

Figure: Application of taxes to an AR document



Tax Zones and Categories: To Review Tax Categories and Create a Tax Zone for Sales Taxes

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.

Lesson 1.4: Configuring Sales Taxes

Learning Objectives

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

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

Story

The Muffins & Cakes company, which operates in Denver, Colorado, provides services subject to an 8.31% sales tax.

You need to configure the sales tax, assign it to the TAXABLE category and the DENVER tax zone, and specify the tax calculation method for this tax.

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

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

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.



Part 2: Processing Documents with Sales Taxes

Lesson 2.1: Processing Invoices with Sales Taxes

Learning Objectives

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

- Create an AR invoice with a sales tax applied
- Release the AR invoice and review the GL transaction generated by the system
- Process an AR invoice with a cash discount and a sales tax applied
- Pay an invoice within the cash discount period and review the GL transactions generated by the system

Invoices with Sales Taxes: To Process an AR Invoice

Story

Suppose that on February 5, 2024, 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.

Invoices with Sales Taxes: To Process an AR Invoice with a Cash Discount

Story

Suppose that on February 10, 2024, SweetLife Fruits & Jams provided support services to the Morning Café customer in the amount of \$1,000 and issued an invoice. The invoice amount is \$1,000 plus the sales tax (\$88.75).

The credit terms of the invoice give the customer a 3% discount if the customer pays the invoice within 10 days.

On February 14, 2024, Morning Cafe paid the invoice and took the 3% cash discount.

Acting as a SweetLife accountant, you need to create and release the invoice, applying the cash discount to the taxable amount of the document and making sure that the tax amount is not affected by the cash discount. Finally, you have to create the payment for the invoice.



Day 2

Timing and Agenda

July 9, 2024 -10:00-11:30 AM PT

Day 2

Lesson 2.2: Applying Sales Taxes to Cash Entries

Lesson 2.3: Processing Funds Transfers with Taxable Fees

Lesson 2.4: Processing Credit Memos with Sales Taxes

Lesson 2.5: Processing Purchases with Sales Taxes

Lesson 2.6: Including Taxes in the Cost of Items

Lesson 2.2: Applying Sales Taxes to Cash Entries

Learning Objectives

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

Cash Entries with Taxes: To Process a Cash Entry with a Sales Tax

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, 2024, a customer of SweetLife paid \$45 in cash for 3 hours of juicer cleaning services.

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

Lesson 2.3: Processing Funds Transfers with Taxable Fees

Learning Objectives

In this lesson, you will learn how to perform a funds transfer between two cash accounts and how to record a taxable bank fee for this transfer.

Funds Transfers with Taxable Fees: Process Activity

Story

Suppose that in January 2024, the Head office of SweetLife needs to transfer \$5,000 to the company's account in Cathay Bank (10300WH), which is currently empty. The bank fee for this funds transfer is \$20 and is taxable.

Acting as a SweetLife accountant, you need to perform the funds transfer from the 10200WH (Wholesale Checking) account to the 10300WH - Cathay Bank Savings and record the taxable bank fee that should be paid from the 10200WH account.

Lesson 2.4: Processing Credit Memos with Sales Taxes

Learning Objectives

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

- Create and release a credit memo
- Analyze the GL transaction created by the system

Credit Memos with Sales Taxes: Process Activity

Story

Suppose that on February 15, 2024, 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.

Lesson 2.5: Processing Purchases with Sales Taxes

Learning Objectives

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

- Create an AP bill with a sales tax applied
- Release the AP bill and review the GL transaction generated by the system

Purchases with Sales Taxes: Process Activity

Story

Suppose that on February 13, 2024, the SweetLife Fruits & Jams company purchased office supplies and stationery from the Frontsource vendor in the amount of \$280. The vendor is located in the New York state, and the NYSTATETAX sales tax has to be applied to this purchase.

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

Lesson 2.6: Including Taxes in the Cost of Items

Learning Objectives

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

- Learn how the system updates the costs of various types of items
- Configure a tax to be included in the cost of purchased items
- Configure a tax reason code for tax-related inventory adjustments
- Process a purchase of items
- Review the inventory adjustment transaction that updated the item cost
- Review the GL transaction generated by the system

Taxes Included in the Cost of Items: Rules of Cost Update

This topic explains how the system updates the item cost based on the types of the documents being processed and types of the items included in this documents. The rules described below apply to sales taxes of the *Input* tax

Part 2: Processing Documents with Sales Taxes | 50

group, use taxes, and partially deductible value-added taxes (VAT) that have the **Use Tax Expense Account** check box cleared on the **GL Accounts** tab on the [Taxes](#) (TX205000) form.



If the **Use Tax Expense Account** check box is selected for a tax on the **GL Accounts** tab on the [Taxes](#) form, the described rules are not applicable; the system always posts taxes to the **Tax Expense Account** of a tax.

Taxes Included in the Cost of Items: Implementation Activity

Story

Suppose that you, as an implementation manager, need to update the settings of the New York State tax (defined as NYSTATETAX in the system) so that the taxes calculated on purchases will be automatically included in the costs of the applicable items. First, you need to create a reason code for tax-related inventory adjustment transactions; you then specify this reason code in the purchase order management preferences.

Taxes Included in the Cost of Items: Process Activity

Story

Suppose that on February 13, 2024, SweetLife Fruits & Jams company purchased stationery for its office needs (printing paper and pens) from the Frontsource Ltd. vendor. The vendor is located in the state of New York—that is, the New York sales tax has to be applied to this purchase.

Acting as a SweetLife purchasing manager, you need to enter the purchase order and process it to completion by creating the related purchase receipt and AP bill. Then you need to review how the processed purchase has affected the cost of the purchased items.



Day 3

Industrial Specialty Services
Acumatica Customer

Timing and Agenda

July 10, 2024 -10:00-11:30 AM PT

Day 3

Lesson 2.7: Configuring and Applying Taxes with Different Calculation Methods

Lesson 3.1: Processing Sales with Inclusive Sales Taxes

Lesson 3.2: Processing Purchases with Inclusive Sales Taxes

Lesson 2.7: Configuring and Applying Taxes with Different Calculation Methods

Learning Objectives

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

- 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 2.7: Configuring and Applying Taxes with Different Calculation Methods

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 \text{ items} * \$10 = \1000 . Then the tax amount would be $\$1000 * 0.0825 = \82.5 .
- With the per-item method, the tax amount per item would be $\$10 * 0.0825 = \0.825 , which rounds to \$0.83. Then the total tax amount would be $\$0.83 * 100 \text{ 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

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 (Candy Cafe) in all activities of this lesson.

Tax Calculation Methods: To Apply Taxes

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.)

Tax Calculation Methods: To Apply Taxes

Comparison:

Detail Total for the Invoice = \$269.88

Inclusive Line-Level Invoice Total *after Tax Calculation* = \$269.88

Exclusive Document-Level Invoice Total *after Tax Calculation* = \$283.37

Exclusive Line-Level Invoice Total *after Tax Calculation* = \$283.38

Tax Calculation Methods: To Apply a Second-Level Tax

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 Candy Cafe customer for the activities in this lesson.



Part 3: Processing Documents with Inclusive Sales Taxes

Lesson 3.1: Processing Sales with Inclusive Sales Taxes

Learning Objectives

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

- Create an inclusive sales tax
- Create a taxable AR invoice with an inclusive document-level sales tax applied
- Process the invoice and review the GL transaction generated by the system

Invoices with Inclusive Sales Taxes: Implementation Activity

Story

Suppose that the SweetLife Fruits & Jams company provides services subject to 8.875% sales tax. This is a tax of the Inclusive type calculated at the document level. You need to create the sales tax, assign it to the TAXABLE category and the NYSTATE tax zone, and specify the tax calculation method.

Invoices with Inclusive Sales Taxes: Implementation Activity

To prepare journal entries posted to the general ledger on release of a document with inclusive sales tax at the document level, the system still calculates line-level taxes for each line to get the amounts before taxes that are posted to the revenue account specified in the lines. Because the document-level tax posted to the tax payable account may differ from the total of tax amount of each line, to balance the transaction, the system posts the difference to a special gain and loss account, which is specified on the *Tax Preferences* (TX103000) form.

Invoices with Inclusive Sales Taxes: Process Activity

Story

Suppose that the SweetLife Fruits & Jams company provides the services of installing juicers and cleaning services, which are subject to a sales tax. On February 13, 2024, one of the SweetLife customers, Morning Cafe purchased the installation and cleaning services.

Acting as the SweetLife accountant, you need to create an AR invoice, and you want the system to calculate the sales tax for the whole document, but not for each document line. The total amount of the invoice should include the tax amount.

Lesson 3.2: Processing Purchases with Inclusive Sales Taxes

Learning Objectives

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

- Update the settings of an inclusive sales tax
- Create a taxable purchase order with an inclusive document-level sales tax applied
- Process the purchase order and the AP bill that corresponds to it, and review the GL transaction generated by the system

Purchases with Inclusive Sales Taxes: Implementation Activity

Story

Suppose that the SweetLife Fruits & Jams company buys goods from its vendors and pays the sales tax on these purchases (input tax). The rate of the sales tax is 8.875% and this tax should be applied at the document level.

Acting as an implementation consultant, you need to configure a sales tax of the Input type in the system, which will be applied to AP documents.

Purchases with Inclusive Sales Taxes: Process Activity

Story

Suppose that on February 13, 2024, SweetLife Fruits & Jams company purchased stationery for its office needs (printing paper and pens) from the Frontsource Ltd. vendor. The vendor is located in the state of New York—that is, the New York inclusive sales tax has to be applied at the document level.

Acting as a SweetLife accountant, you have to enter the purchase order and process it to completion by creating the related purchase receipt and AP bill. Then you need to review the GL transaction generated by the system on release of the AP bill.

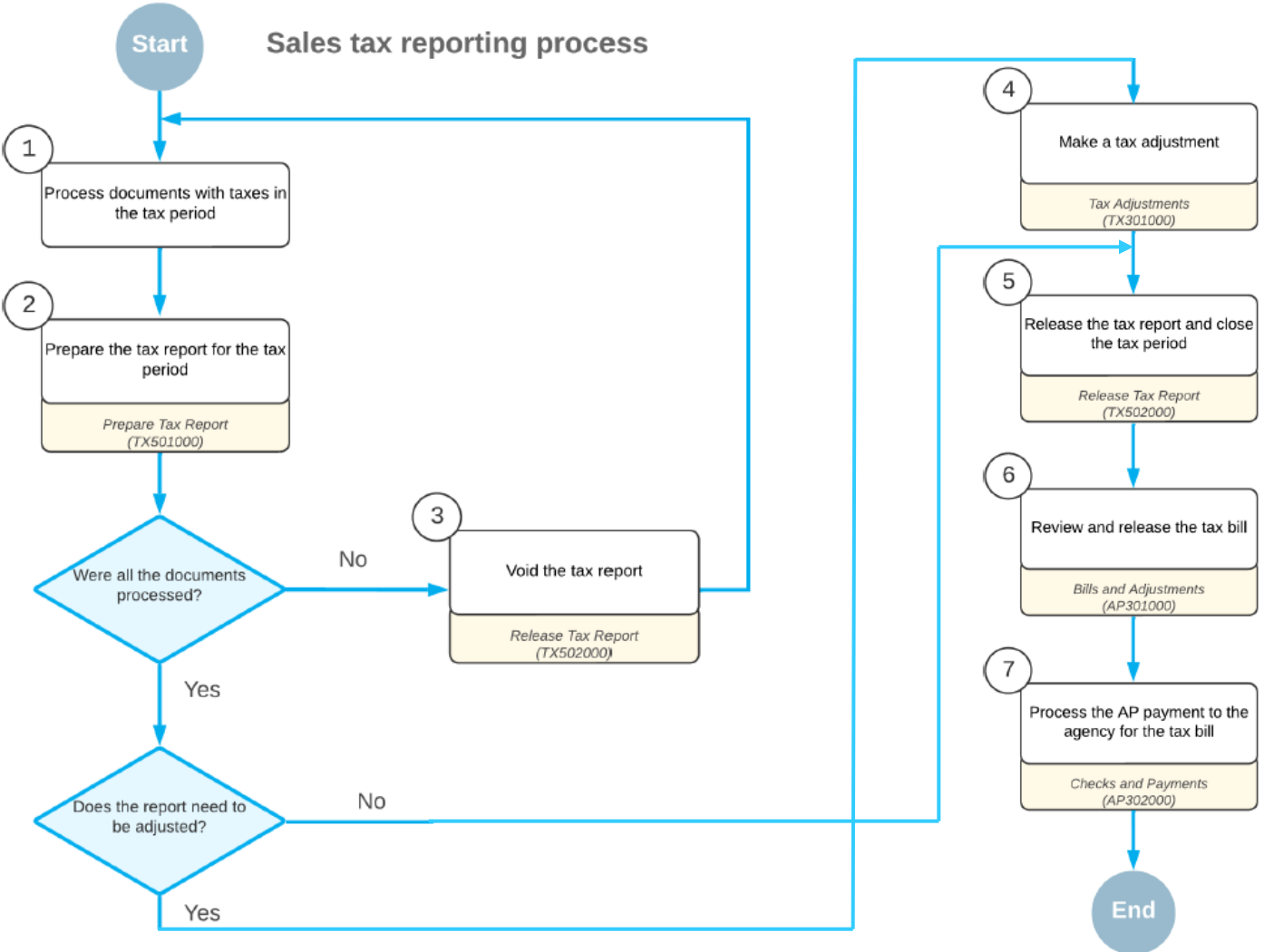


Day 4



Part 4: Paying Taxes to a Tax Agency

Sales tax reporting process



Lesson 4.1: Preparing a Tax Report

Learning Objectives

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

Lesson 4.1: Preparing a Tax Report

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** 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.

Tax Report Preparation: Process Activity

Story

Suppose that you, as an accountant of SweetLife Fruits & Jams, have to prepare and review a tax report for the 02-2024 tax period, and you will later release the report.

Lesson 4.2: Voiding a Tax Report

Learning Objectives

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

Voiding of a Sales Tax Report: Process Activity

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 29, 2024.

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

Lesson 4.3: Creating Tax Adjustments to a Tax Report

Learning Objectives

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

Sales Tax Adjustments: Process Activity

Story

Suppose that the chief accountant of SweetLife Fruits & Jams has found out that the Candy Cafe company was liquidated and has become unable to pay the \$167.87 invoice dated February 13, 2024. The managers of SweetLife have decided to write off this invoice as uncollectible.

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

Lesson 4.4: Releasing a Tax Report

Learning Objectives

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

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** tab of the [Vendors](#) (AP303000) form, the system will generate AP bills when a tax report is released.

Release of Sales Tax Report: Process Activity

Story

Suppose that you, as an accountant of SweetLife Fruits & Jams, have to release the tax report prepared for the 02-2024 tax period and generate an AP bill to be paid to the New York State Department of Revenue.



Part 5: Processing Documents with Use Taxes

Lesson 5.1: Configuring Use Taxes

Learning Objectives

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

Lesson 5.1: Use Taxes

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.

Use Taxes: Implementation Activity

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.

Lesson 5.2: Processing Purchases with Use Taxes

Learning Objectives

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

- Create an AP bill with a use tax applied
- Release the AP bill and review the GL transaction generated by the system
- Prepare a new revision of a tax report and review the difference in the tax report revisions

Purchases with Use Taxes: Process Activity

Story

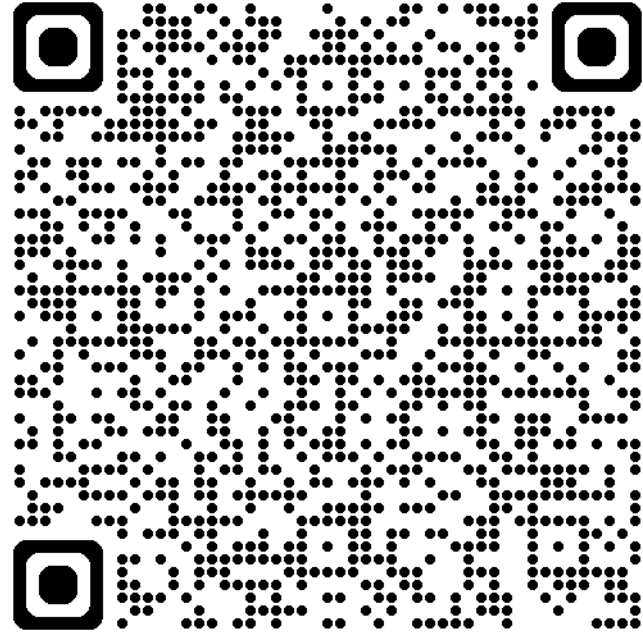
Suppose that on February 21, 2024, SweetLife Fruits & Jams purchased two juicers from SQUEEZO, which is located in New Jersey. No sales tax was collected on this purchase because the vendor is located outside of the New York state, so SweetLife has to report the use tax and pay it to the NYTAXDEP tax agency.

Acting as a SweetLife accountant, you need to process the purchase and update the tax report for 02-2024.

Feedback

Your feedback is appreciated

<https://www.surveymonkey.com/r/XVJMFL5?Instructor=Terry%20Sharp&Course=F330%20Sales%20Taxes&Version=2024R1&Developer=okareva>





Terry Sharp