

# Sales Tax Codes

Last Modified on 07/21/2023 7:09 am CDT

Sales tax reporting needs can vary significantly for companies depending on the number of taxing entities they report to or the number of different sales tax rate percentages their product line requires. This option offers more flexibility and detail than the flat tax rate per location option.

This optional area at *Setup / A/R / Sales Tax Codes* allows any state, county, and municipal taxes that might apply to charges in the market area to be defined.

The screenshot shows a software window titled "Sales Tax Codes" with two main sections: "State Codes" and "Adjustment Codes".

**State Codes Table:**

	Tax ID /	Rate Adjustment	Tax Cap	Delete
1	IL	6.250	0.00	<input type="checkbox"/>
2	WI	5.000	0.00	<input type="checkbox"/>
3	MT	0.000	0.00	<input type="checkbox"/>
4	None	0.000	0.00	<input type="checkbox"/>
5	MI	6.000	0.00	<input type="checkbox"/>
6	IA	6.000	0.00	<input type="checkbox"/>
7	CA	7.250	0.00	<input type="checkbox"/>
8	IN	7.000	0.00	<input type="checkbox"/>

**Adjustment Codes Table:**

	Tax ID /	Rate Adjustment	Tax Cap	Delete	Sub Codes
1	1PCT	1.000	0.00	<input type="checkbox"/>	Setup
2	.5PCT	0.500	0.00	<input type="checkbox"/>	Setup
3	2.5PCT	2.500	0.00	<input type="checkbox"/>	Setup
4	None	0.000	0.00	<input type="checkbox"/>	Setup
5	.75PCT	0.750	0.00	<input type="checkbox"/>	Setup
6	Safety	1.250	0.00	<input type="checkbox"/>	Setup
7	1.5PCT	1.500	0.00	<input type="checkbox"/>	Setup

Buttons: Add, Print, Save, Cancel

## Setting up State Codes

To set up a state code, select **Add** below the *State Codes* area. This will add a line in the grid. The following information will need to be filled out:

- **Tax ID** – The *Tax ID* can be up to 15 characters and identifies the tax code. Add a state code for each state from which sales tax will be collected. It is recommended to add a *None* option for situations where only the Adjustment Code is applicable to the sale.
- **Rate Adjustment** – This is the percent of tax the State Code represents. If the sales tax rate is 6.875%, then the *Rate Adjustment* would be 6.875.
- **Tax Cap** – The *Tax Cap* is the maximum dollar amount of sales tax which can be collected per sales transaction for the State Code. The *Tax Cap* column is optional.

## Setting up Adjustment/Sub Codes

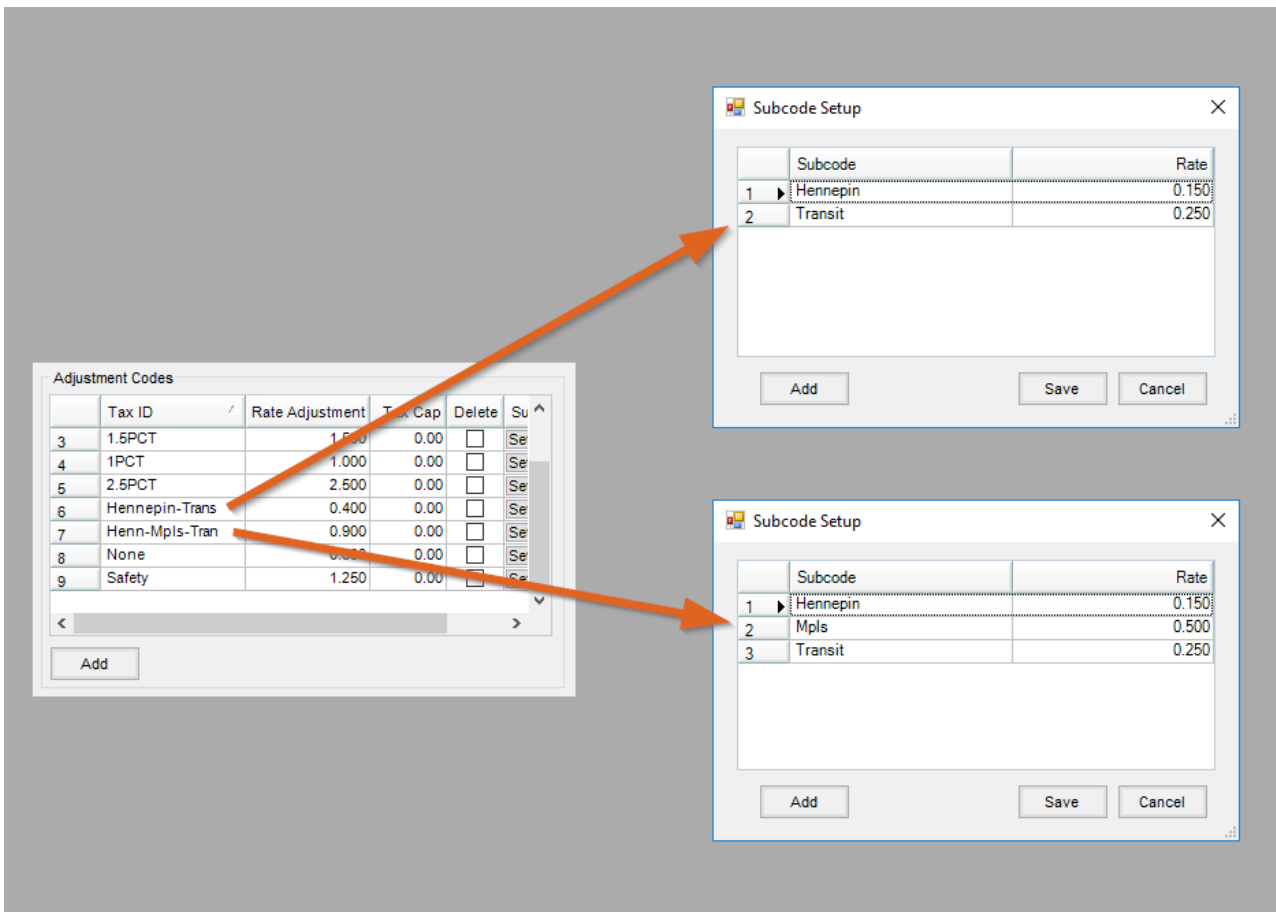
An Adjustment Code is an additional tax which can be added to the State Tax Codes on an Invoice. This tax can represent items such as city tax, county tax, transportation tax, public safety tax, and more. The Adjustment Code can be added to an Invoice that does not have a State Tax Code.

To set up an Adjustment Code, choose **Add** below the *Adjustment Codes* area. This will add a line in the grid. The

following information will need to be populated:

- **Tax ID** – The *Tax ID* can be up to 15 characters and is the link to what the Adjustment Code represents. Add an Adjustment Code for each city, county, or other taxing body for which sales tax will be collected in addition to the State Tax Code. It is also recommended to add a *None* option to be used in cases where only the State Tax Code is applicable to the sale.
- **Rate Adjustment** – This is the percent of tax the Adjustment Code represents. If the tax rate is 0.5%, then the *Rate Adjustment* would be 0.5. Additional codes can be added under the *Sub Codes* column by selecting **Setup**. This would be done if the Adjustment Code is composed of more than one tax.
- **Tax Cap** – The *Tax Cap* is the maximum dollar amount of tax which can be collected per sales transaction for the Adjustment Code. This field is optional.
- **Sub Codes** – If an Adjustment Code represents multiple rates, Sub Codes can be used to layer on the additional Tax Codes to an Invoice. For example, if an area has a city, county, and transportation tax in addition to the State Tax Code, a Sub Code could be set up under the Adjustment Code so all three of the taxes display on the Sales Tax Summary report.
- **Sub Code** – The *Sub Code* can be up to 15 characters and will be the link to what the Sub Code represents.
- **Rate** – This is the percent of tax the Sub Code Represents.

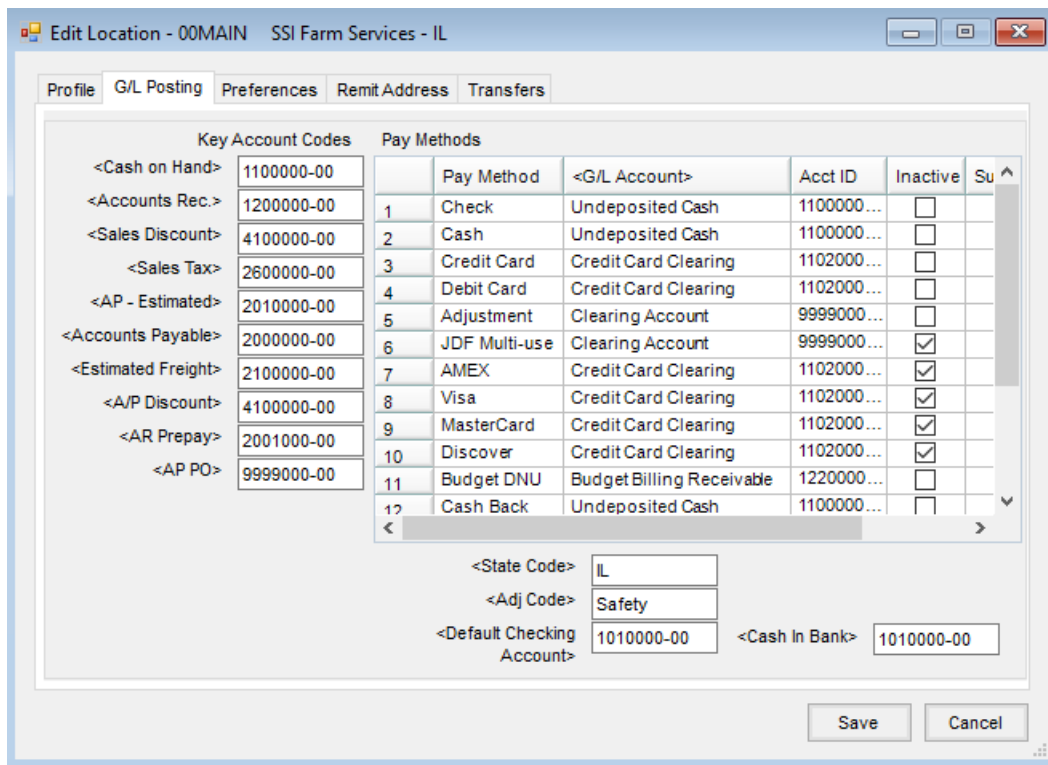
The following are examples of Sub Codes that represent the combination of taxes. The Hennepin-Tran is a combination of a county and transportation tax that can be added to the State Tax Code. The Henn-Mpls-Tran is a combination of a city, county, and transportation tax that can be added to the State Tax Code.



## Setting up the Location

Once all of the State and Adjustment Codes are set up, select which State/Adjustment Codes to use for each Location. This is found at *Accounting / Setup / Locations* Edit the desired location and choose the *G/L Posting* tab.

Select the default State and Adjustment Codes for each Location. If the Location does not have an additional tax to be collected, select the *None* Adjustment Code. This will need to be done for each Location.



## Change Code on an Invoice

To change the *Tax Rate* or *State/Adjustment Code*, go to the *Tax* tab on the Invoice. Double click in the *State* and/or *Adjustment Code* columns to select the new codes to be charged to the customer.

Changes made on the *Tax* tab apply only to the customer on the split who is currently being viewed. To apply the changes to other customers in the split, select **Apply to All Customers**.

Add Invoice #1200875 Customer (AndBa) 1 of 2

Invoice Analysis Tax Additional Info Source Tickets Booking Recap MFT Details

	Product Name	Your Share	Tax	Sales Tax	Prepaid Tax	Prepay Status	Tax Rate	<State Code>	<Adj Code>	Exemption
1	Wonderful Wheat	1500.00	<input checked="" type="checkbox"/>	112.50	0.00		7.5000	IL	Safety	

Taxable Regular Dollars 1500.00  
 Taxable Prepay Dollars 0.00  
 Total Taxable Dollars 1500.00

Regular Tax 112.50  
 Prepaid Tax 0.00  
 Total Tax 112.50

<State Code>   
 <Adj Code>   
 Rate

Tax defaulted from Customer Codes

Extra Charges

Print Method 1. No Roll up

Subtotal	1500.00
Prepay \$ Used	0.00
Sales Tax	112.50
<b>Amount Due</b>	<b>1612.50</b>

COD