Hierarchy and Rules for Sales Tax Rate

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The following is the hierarchy for the sales tax rate used when invoicing and what general rules apply when using sales tax.

The sales tax calculated on Invoices is dependent on a number of factors. Because so many elements can influence the amount of tax charged on an Invoice, a hierarchy was established to control which component has precedence when more than one is present. This hierarchy changes when the *Use Tax Rate from Customer and Ship To* preference is selected at *Accounting / Setup / Location Preferences* on the *Invoice* tab.

Hierarchy for Sales Tax Rate When the Preference is Turned On

1. Tank Rent/Lease tax codes (found on the tank file in Energy), LP Tank Fuelware codes (found in the *Setup Fuelware* area under the **Setup Taxes** button), or Customer Ship To codes (found on the Customer file under the **Addresses** button) are three types of mutually exclusive codes, so Agvance will never apply more than one of these on a single Invoice. The code used on the Invoice depends on the function creating the Invoice.

2. Customer tax codes are set up on the Customer's *Miscellaneous Info* tab. If more than one code is set on the Customer file, the rates should be added to determine the total rate.

3. Location tax codes are set up on the *G/L Preferences* tab at *Accounting / Setup / Locations*. If more than one code is set up, the rates should be added to determine the total rate.

4. The Ship To tax rate is set on the Customer file under the **Addresses** button. If this tax rate is used, no codes are captured on the Invoice.

5. The Customer tax rate is set on the Customer's *Miscellaneous Info* tab. If this tax rate is used, no codes are captured on the Invoice.

6. The Location tax rate is set on the *Preferences* tab at *Accounting / Setup / Locations* as the *Sales Tax Multiplier*. If this tax rate is used, no codes are captured on the Invoice.

Hierarchy for Sales Tax Rate When the Preference is Turned Off

1. Tank Rent/Lease tax codes or LP Tank Fuelware codes are mutually exclusive so Agvance will never apply more than one of these on a single Invoice. The code used on the Invoice depends on the function creating the Invoice.

2. Location tax codes are set up on the *G/L Preferences* tab at *Accounting / Setup / Locations*. If more than one code is set up, the rates should be added to determine the total rate.

3. The Location tax rate is set on the *Preferences* tab at *Accounting / Setup / Locations* as the *Sales Tax Multiplier*. If this tax rate is used, no codes are captured on the Invoice.

Other Rules Regarding Sales Tax

1. If the Customer is marked *Sales Taxable* on the *Miscellaneous Info* tab in the Customer file and the Product is

set as *Sales Taxable* on the *Sales Activity* tab in the Product file, the Product defaults as sales taxable on the Invoice.

2. If the Customer or Product is not marked as *Sales Taxable*, the Product will not default as sales taxable at invoicing.

3. Setting the *Sales Tax Rate* to *999* or blank on the Customer's *Miscellaneous Info* tab does not prevent sales tax from calculating. The *Sales Tax Rate* is used according to the rules of the hierarchy above.