

## Setting Up and Using Tax Codes

Andrew:

Robert, I just spoke with a customer. They wanted me to charge them a special tax rate, but I thought Eagle calculated the tax.

Robert:

It does! We have defaults set up in the system, but there are special cases. Certain customers like farmers, schools, and governments may have a special tax status.

Andrew:

That sounds complicated, how do we track all of that?

Robert:

Well, you can assign default and special rates for stores, customers, and items, so Eagle remembers them for you.

On top of that and based on security, you can select different rates at POS.

Come on! Pick a topic and I'll show you the specifics.

### Topics

- Setting Up Tax Codes
- Tax Code Store Default
- Tax Code Customer Default
- Specific SKU Tax Code
- POS Tax Codes

### Setting Up Tax Codes

Use Tax Code Maintenance to create your available tax codes.

Before you begin, make sure you know the tax rates to charge at your store.

You'll need to create a separate tax code for each tax rate.

You can enter up to three letters or numbers to establish the code that identifies the Tax Rate you are configuring.

Enter the Tax Rate percentage.

Type a description of who collects this tax in the Location box.

Choose a Rounding option.

While tax authorities calculate taxes to thousandths of a cent, the system often rounds the amount to the nearest cent.

Normal rounding adjusts the amount to the nearest cent.

Option U and 4 rounds to the 3rd or 4th decimal place respectively.

Option T truncates the amount, cutting off whatever is in the thousandths place.

Select the option that conforms to the policy of your taxing authority.

Some states and municipalities do not calculate tax on a straight percentage.

Instead, they have a tax card to determine the correct tax amount.

This means you will have to use a tax table to calculate your tax amount.

Choose the type of table, ceiling or repeating, that the card uses.

Once you Add the Tax Code, your tax table displays in the lower section, and you can enter the tax amounts there.

If your business doesn't charge tax below or above a certain purchase amount, enter the minimum and maximum tax amounts here.

Then select the Include in Taxable Amount hyperlink to include or exclude Freight, Labor, Miscellaneous, or Environmental Fee SKU's when calculating taxes.

If you have stores in Canada, you may need to set up a composite tax code.

A composite is a tax code that is made up of more than one tax rate.

Select the link: This record is not a composite to reveal an additional table.

Use these fields to set the tax type and to include or exclude the Goods and Services Tax in the Provincial Sales Tax.

If you are a U.S.- based business, don't make any changes to the defaults in these fields.

Because you can only assign one tax code to a transaction, you can create a composite code to track multiple taxes.

For example, you could use a composite code that covers both a local tax and a state tax.

Follow these steps to create a composite tax code.

First create the component tax codes and a separate composite tax code.

Then enter the component tax codes in the Composite Tax Code table.

Follow the onscreen instructions to enter your codes.

Select Escape when you are done.

When you're finished defining the code, press Add to create it or Change if you're modifying an existing one.

Continue to add tax codes until you have a code for all the tax rates that you're responsible for collecting.

Once you save the tax code and apply it to sales, the sales tax details appear here.

## Tax Code Store Default

Once you set up your tax codes you must assign which to use as the default.

If you have a multi-store system, follow this procedure for each location.

It's a best practice to set up unique codes for each store. This helps you to keep track of your tax liability.

Assign default customer Tax Codes using the A/R Control File.

From the File Menu, select Configure, then Application Options.

Use the options dropdown to select MCT – A/R Control File, and press Enter.

If Eagle does not display the Option dropdown, select change lookup to make it visible.

Locate Option 104.

You can also access this option through Options Configuration.

Select the Current Value cell and enter the default Tax Code.

Select Change to finish.

## Tax Code Customer Default

You may assign a default Tax Code to customers that differs from the store default.

A customer may have a different tax rate based on who they are.

Common examples are schools and governments who are typically exempt from sales tax or sometimes farmers receive a lower tax rate for their business.

A customer default Tax Code takes precedence over a Store Default.

In Customer Maintenance on the Main tab, use the Tax Code drop-down to set the customer default.

It's a best practice to avoid assigning a default Tax Code for customers who use the store's default. Eagle automatically uses the Store's default tax code for customers that do not have a separate tax code assigned.

You can adjust the Taxable field to prevent charging tax to a customer.

Set this dropdown to N - No Sales tax, and Eagle ignores Tax Code defaults for this customer.

## Specific SKU Tax Code

Certain items may have a specific tax amount that's separate from your default.

To set this, open the item in Inventory Maintenance.

On the Codes tab, find the Tax Status and Tax Codes drop-downs.

The Tax Status determines when to tax the SKU.

You can change this, so the item is either always or never taxed.

Leave it set as Yes to let the default rules apply.

Use the Tax Code drop-down to assign a specific tax for this SKU.

Keep in mind that both options overrule the store and customer defaults.

## POS Tax Codes

While at Point of Sale, you can modify Tax Rates for one-time purchases and cash customers.

Select the customer field and press the Header button.

Adjust the tax dropdown and press Change to apply the Tax Code for the entire transaction.

A common reason to do this is for a delivery order where the destination location requires a different Tax Code than your store default.

You can also modify individual transaction lines while you enter an item.

You can select the No Tax button to remove tax from only that item.

Keep in mind that you cannot do this on a posted transaction. At that point you would need to void and reenter the item.

To change the Tax Code for a specific line, select the line. Then open the Menu and choose Change Line Item Tax.

Pick the Tax Code and press Ok.

Note that security permissions monitor who can modify taxes within POS.

Also, when you enable Option ID 9527, Eagle processes returns at the tax rate of the original purchase.

Using these methods, you can keep tax simple while at POS.

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