Sales Tax Overview and Set Up

BisTrack is flexible in its calculation of tax on transactions.

It has the sophistication to handle both simple and complex tax environments.

The key to seamless and accurate tax calculations is in the set up.

This training course includes an introduction to the set up of Tax Rates, Tax Areas, Tax Groups and Tax Exemption Groups.

We will then look at how these settings are assigned and tie it all together with the Tax Matrix.

Tax Rates are used to calculate the sales tax amount.

For tax calculation based on the point of delivery, it is necessary to set the rate for each state, province, city or county that you deliver to.

An exempt or 'non-taxable' rate has been pre-defined.

To access from within System Manager select 'Financial' on the left, and then choose 'Tax Rates'.

Select the Tax Rate, right-click and select 'Properties'.

The 'Type' is set to 'Sales'.

The 'Code' is an abbreviated reference for the tax rate.

The 'Name' describes the tax rate.

The 'Code in financials' represents the tax rate within BisTrack financial reporting.

‘GL code’ is the General Ledger Account number that tax is accrued to.

From the ‘Based on’ drop down list, determine if the tax calculation is created using a percentage of sales or costs.

Most sales tax amounts are based on a percentage of sales.

Set the ‘Rounding type’ to round up, down or nearest.

As tax rates change, you can click on the ‘Add’ button to change the rate and enter an effective date.

Once complete, click ‘OK’.

Click ‘OK’ again to save the Tax Rate Properties.

New Tax Rates can be added using the button in the upper left corner.

Tax Areas typically represent geographical regions such as states, provinces, cities or counties.

A Tax Exempt Tax Area has been set as a catch all for tax free situations.

These Areas are assigned to customers and assigned to branches.

To access from within System Manager, select ‘Financial’ and then ‘Tax Areas’.

Right-click and select ‘Properties’.

Each Tax Area is assigned a ‘Name’.

New Tax Areas can be added using the button in the upper left corner.

Tax Groups represent various tax conditions.

Typical Tax Groups include taxable, non-taxable and labor.

Tax Groups are assigned to products, and manual order line types or MOLTs.

To manage Tax Groups, select ‘Financial’ and then ‘Tax Groups’.

Right-click and select ‘Properties’.

Only a ‘Name’ is required to create a Tax Group.

New Tax Groups can be added using the button in the upper left corner.

Tax Exemption Groups are used to assemble multiple tax rates that customers are exempt from, into one group.

An Exemption Group would be applied to a customer’s account.

To access, select ‘Financial’ within System Manager and then choose ‘Tax Exemption Groups’.

Right-click and select ‘Properties’.

On the General tab, the ‘Name’ and ‘Description’ are entered.

On the Members tab, the Tax Rates that this group is exempt from are listed.

With Tax Rates, Areas and Groups established, you can now assign them products, MOLTs, customers and branches.

For example, we will add a Tax Group to a Product.

On the Selling tab, the ‘Tax group’ is selected from the drop down list of available tax groups.

Save and Close to update the item.

A ‘Tax group’ needs to be assigned to MOLTs.

There are a few settings within Branch properties that are related to tax.

The General tab identifies the ‘Tax area’.

The ‘GL code’ setting is used to identify the Branch that the tax rate wildcard rule uses for accruing taxes by branch, region or division.

For any branch that requires a different configuration than the system setting, use the drop down list on the Branch Options tab.

The Invoicing tab of customer properties contains the ‘Tax area’ for the customer.

This needs to be identified even for those customers that are tax exempt.

Tax exemptions can be entered on the Accounts tab.

‘Tax Exemption’ certificates can be entered by Tax Rate or through a Tax Exemption Group.

The Tax Matrix is the final piece that ties together the settings for Rates, Areas and Groups.

From within System Manager select ‘Options Taskpad’ then ‘Tax Matrix’.

The first column represents each Tax Area. Tax Areas can be Branch and Customer specific.

The second column displays the Tax Groups which are associated with products and MOLTs.

The third column represents the type of transaction.

The columns that follow represent the Tax Rates that can be applied.

To enter or change a tax rate, click on the drop down in column for a specified Area and Group.

Select the applicable rate.

For example, a sale in Stockton, of a product that has the Group 'Always Taxable' uses a Tax Rate of 7 percent.

Multiple tax rates can apply to an Area and Group. For example, in Canada some provinces apply sales tax at the federal and provincial level which has two different rates and reporting requirements.

You should now be familiar with the concepts of Tax Rates, Tax Areas, Tax Groups and Tax Exemption Groups.

By assigning these settings to Branches, Customers or Products you can insure that the correct rate is being calculated at the correct time.

By reviewing the possible combinations within the Tax Matrix you can easily make needed alterations.

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