

Sales Tax Setup

Last Modified on 04/27/2022 2:47 pm EDT

Three setup methods will be described in this article.

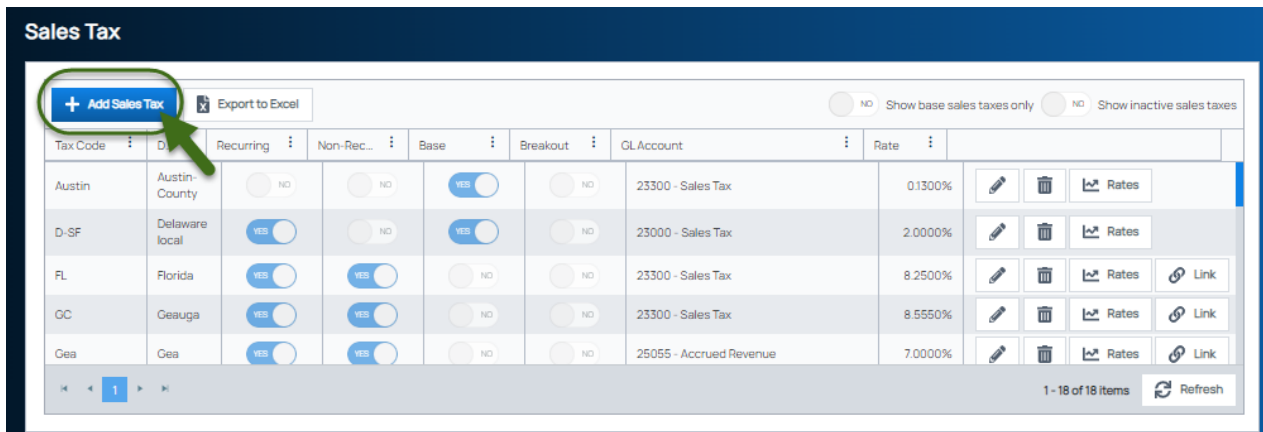
- Entire state has the same tax rate
- Multiple Taxing Jurisdictions – setup one Sales Tax Record
- Multiple Taxing Jurisdictions – setup multiple Sales Tax Records

Entire State Same Tax Rate

From the main menu, arrive at the Sales Tax setup with this path: Setup > Accounting > Sales Tax.

The Sales Tax list will be displayed. Setting up a new Sales Tax record is a two-step process. First, create the Sales Tax record, and then setup the tax rate.

Click on the Add Sales Tax button at the upper left of the page.



Tax Code	D	Recurring	Non-Rec...	Base	Breakout	GL Account	Rate	
Austin	Austin County	<input type="radio"/> NO	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23300 - Sales Tax	0.1300%	
D-SF	Delaware local	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23000 - Sales Tax	2.0000%	
FL	Florida	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.2500%	
GC	Geauga	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.5550%	
Gea	Gea	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	25055 - Accrued Revenue	7.0000%	

The Sales Tax Edit form will be displayed. Each data entry field will be described below.

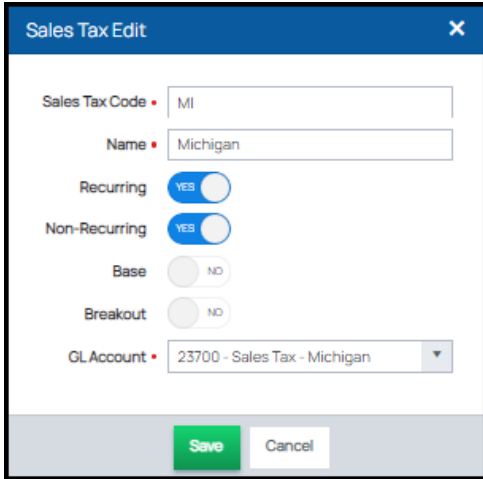
Data entry fields preceded with an asterisk are required.

- ***Sales Tax Code** – Enter a code, maximum of 25 characters.
- ***Name** – Enter a description, maximum of 50 characters.
- **Recurring** – If recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.

Note: Individual Items and Parts may be flagged as taxable or non-taxable.

- **Non-Recurring** – If non-recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.
- **Base** – Set to No. This is only used if you are linking several Sales Tax records together for a combined rate.
- **Breakout** – Set to No. This is only set to Yes if you are linking several Sales Tax records together for a combined rate, and you want to print the amount of tax for each Sales Tax record separately on the customer invoice.
- ***GL Account** – From the drop-down list, select the GL Account to be used as the sales tax liability account.

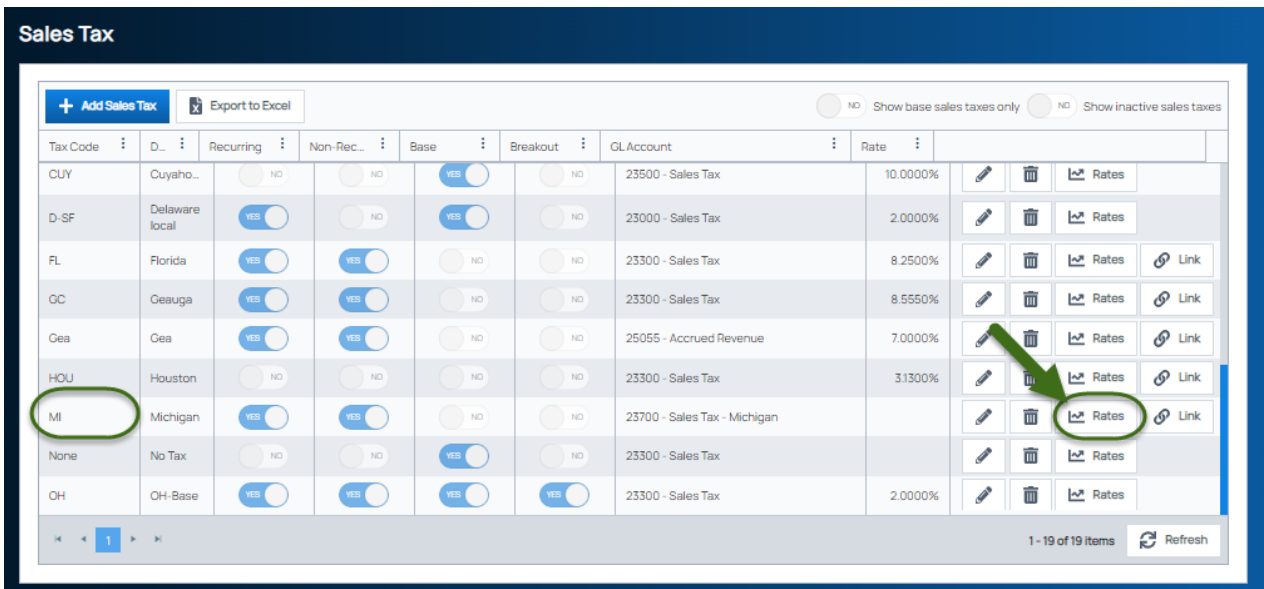
When finished, click the save button at the bottom of the form.



The 'Sales Tax Edit' form contains the following fields and controls:

- Sales Tax Code: MI
- Name: Michigan
- Recurring: YES (selected)
- Non-Recurring: YES (selected)
- Base: NO
- Breakout: NO
- GL Account: 23700 - Sales Tax - Michigan
- Buttons: Save, Cancel

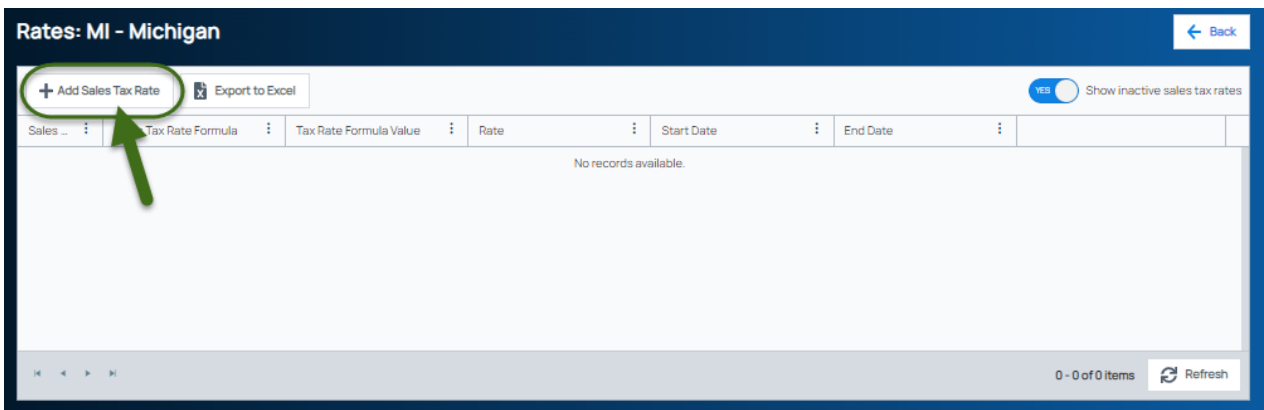
You will be returned to the Sales Tax list. Locate the Sales Tax record just created, and then click the Rates button.



The 'Sales Tax' list displays the following records:

Tax Code	D.	Recurring	Non-Rec.	Base	Breakout	GL Account	Rate	Actions
CUY	Cuyaho...	NO	NO	YES	NO	23500 - Sales Tax	10.0000%	[Edit] [Delete] [Rates]
D-SF	Delaware local	YES	NO	YES	NO	23000 - Sales Tax	2.0000%	[Edit] [Delete] [Rates]
FL	Florida	YES	YES	NO	NO	23300 - Sales Tax	8.2500%	[Edit] [Delete] [Rates] [Link]
OC	Geauga	YES	YES	NO	NO	23300 - Sales Tax	8.5550%	[Edit] [Delete] [Rates] [Link]
Gea	Gea	YES	YES	NO	NO	25055 - Accrued Revenue	7.0000%	[Edit] [Delete] [Rates] [Link]
HOU	Houston	NO	NO	NO	NO	23300 - Sales Tax	3.1300%	[Edit] [Delete] [Rates] [Link]
MI	Michigan	YES	YES	NO	NO	23700 - Sales Tax - Michigan		[Edit] [Delete] [Rates] [Link]
None	No Tax	NO	NO	YES	NO	23300 - Sales Tax		[Edit] [Delete] [Rates]
OH	OH-Base	YES	YES	YES	YES	23300 - Sales Tax	2.0000%	[Edit] [Delete] [Rates]

The Rates list will be displayed for the select Sales Tax record. Click on the Add Sales Tax Rate button at the upper left.



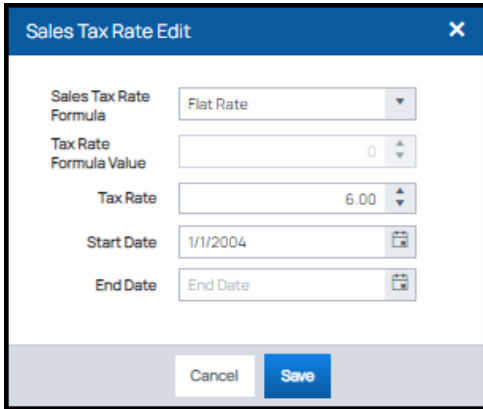
The 'Rates: MI - Michigan' form contains the following fields and controls:

- Buttons: Add Sales Tax Rate, Export to Excel
- Toggle: Show inactive sales tax rates (YES)
- Table Headers: Sales, Tax Rate Formula, Tax Rate Formula Value, Rate, Start Date, End Date
- Content: No records available.
- Footer: 0 - 0 of 0 items, Refresh

The Sales Tax Rate Edit form will be displayed.

In the Tax Rate field, enter the tax rate. In the Start Date field, enter the date this tax rate went into effect. Click

the Save button when finished.

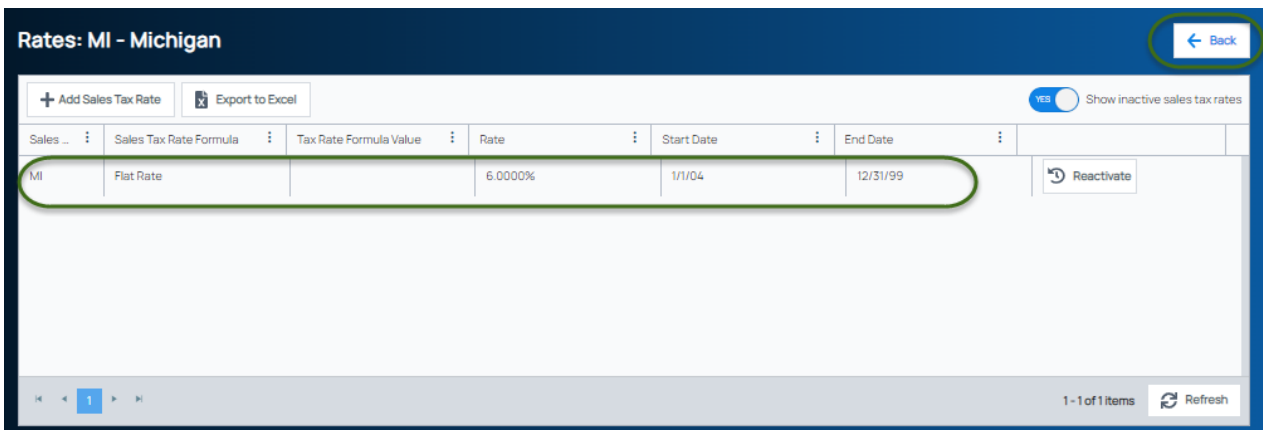


The 'Sales Tax Rate Edit' dialog box contains the following fields:

- Sales Tax Rate Formula: Flat Rate
- Tax Rate Formula Value: 0
- Tax Rate: 6.00
- Start Date: 1/1/2004
- End Date: End Date

Buttons: Cancel, Save

You will be returned to the Rates list. You should see the tax rate appear for your Sales Tax record. Click the Back button at the upper right to return to the Sales Tax listing.



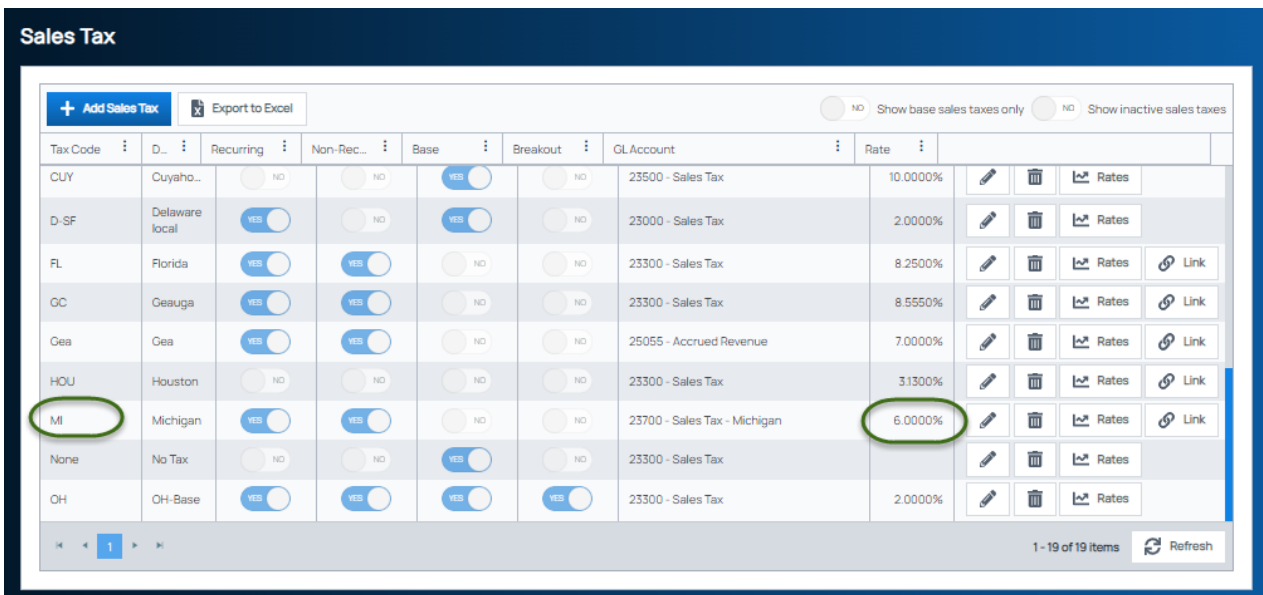
Header: Rates: MI - Michigan

Buttons: + Add Sales Tax Rate, Export to Excel, Show inactive sales tax rates (YES)

Sales ...	Sales Tax Rate Formula	Tax Rate Formula Value	Rate	Start Date	End Date	
MI	Flat Rate		6.0000%	1/1/04	12/31/99	Reactivate

Footer: 1 - 1 of 1 items, Refresh

You will be returned to the Sales Tax list. You should see the tax rate appear for your Sales Tax record.



Header: Sales Tax

Buttons: + Add Sales Tax, Export to Excel, Show base sales taxes only (NO), Show inactive sales taxes (NO)

Tax Code	D...	Recurring	Non-Rec...	Base	Breakout	GL Account	Rate	
CUY	Cuyaho...	NO	NO	YES	NO	23500 - Sales Tax	10.0000%	Rates
D-SF	Delaware local	YES	NO	YES	NO	23000 - Sales Tax	2.0000%	Rates
FL	Florida	YES	YES	NO	NO	23300 - Sales Tax	8.2500%	Rates Link
OC	Geauga	YES	YES	NO	NO	23300 - Sales Tax	8.5550%	Rates Link
Gea	Gea	YES	YES	NO	NO	25055 - Accrued Revenue	7.0000%	Rates Link
HOU	Houston	NO	NO	NO	NO	23300 - Sales Tax	3.1300%	Rates Link
MI	Michigan	YES	YES	NO	NO	23700 - Sales Tax - Michigan	6.0000%	Rates Link
None	No Tax	NO	NO	YES	NO	23300 - Sales Tax		Rates
OH	OH-Base	YES	YES	YES	YES	23300 - Sales Tax	2.0000%	Rates

Footer: 1 - 19 of 19 items, Refresh

Multiple Taxing Jurisdictions – One Sales Tax Record

The process for setting up a single Sales Tax record where multiple taxing jurisdictions are involved, is the same process as described under the topic “Entire State Same Tax Rate”.

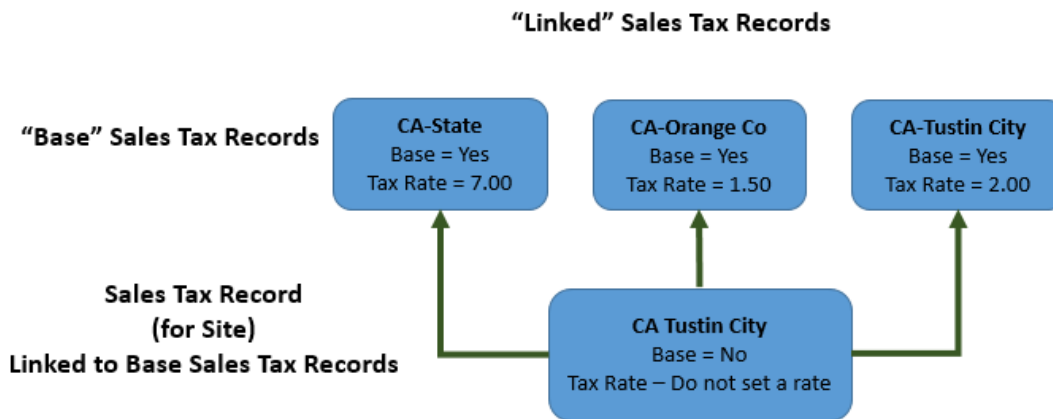
When entering the Tax Rate, you would need to know the combined rate for all jurisdictions.

If any of the rates for any of the jurisdictions changes, you would need to enter a new Tax Rate for the combined amount.

Multiple Taxing Jurisdictions – Multiple Sales Tax Records

Where multiple taxing jurisdictions are involved, this method takes more time to setup, however is easier to maintain when rates change in the future. If your company does business in multiple cities within the same state, if the state tax rate changes, you only need to make the change in one Sales Tax record.

Below is a visualization of how multiple taxing jurisdictions are setup.



Setup the “Base” Sales Tax Records

For each taxing jurisdiction, create one Sales Tax Record. In our example as shown in the visualization on the previous page, we will create three Sales Tax records: one for the state, one for the county, and one for the city.

From the main menu, arrive at the Sales Tax setup with this path: Setup > Accounting > Sales Tax.

The Sales Tax list will be displayed. Setting up a new Sales Tax record is a two-step process. First, create the Sales Tax record, and then setup the tax rate.

Click on the Add Sales Tax button at the upper left of the page.

Sales Tax

[+ Add Sales Tax](#) [Export to Excel](#) NO Show base sales taxes only NO Show inactive sales taxes

Tax Code	D	Recurring	Non-Rec...	Base	Breakout	GL Account	Rate	
Austin	Austin-County	<input type="radio"/> NO	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23300 - Sales Tax	0.1300%	
D-SF	Delaware local	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23000 - Sales Tax	2.0000%	
FL	Florida	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.2500%	Link
QC	Geauga	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.5550%	Link
Gea	Gea	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	25055 - Accrued Revenue	7.0000%	Link

1 - 18 of 18 items [Refresh](#)

The Sales Tax Edit form will be displayed. Each data entry field will be described below.

Data entry fields preceded with an asterisk are required.

- ***Sales Tax Code** – Enter a code, maximum of 25 characters.
- ***Name** – Enter a description, maximum of 50 characters.
- **Recurring** – If recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.

Note: Individual Items and Parts may be flagged as taxable or non-taxable.

- **Non-Recurring** – If non-recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.
- **Base** – Set to No. This is only used if you are linking several Sales Tax records together for a combined rate.
- **Breakout** – Set to No. This is only set to Yes if you are linking several Sales Tax records together for a combined rate, and you want to print the amount of tax for each Sales Tax record separately on the customer invoice.
- ***GL Account** – From the drop-down list, select the GL Account to be used as the sales tax liability account.

When finished, click the Save button at the bottom of the form.

Sales Tax Edit ✕

Sales Tax Code • CA-State

Name • California State Sales Tax

Recurring NO

Non-Recurring YES

Base YES

Breakout NO

GL Account • 23600 - Sales Tax - California

[Save](#) [Cancel](#)

You will be returned to the Sales Tax list. Locate the Sales Tax record just created, and then click the Rates button.

Sales Tax

[+ Add Sales Tax](#) [Export to Excel](#) NO Show base sales taxes only NO Show inactive sales taxes

Tax Code	D...	Recurring	Non-Rec...	Base	Breakout	GL Account	Rate	
CA-State	California State Sales Tax	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	23600 - Sales Tax - California		Rates
Gea	Gea	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> NO	25055 - Accrued Revenue	7.0000%	Rates
HOU	Houston	<input type="checkbox"/> NO	<input type="checkbox"/> NO	<input type="checkbox"/> NO	<input type="checkbox"/> NO	23300 - Sales Tax	3.1300%	Rates
MI	Michigan	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> NO	23700 - Sales Tax - Michigan	6.0000%	Rates
None	No Tax	<input type="checkbox"/> NO	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	23300 - Sales Tax		Rates
OH	OH Base	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	23300 - Sales Tax	2.0000%	Rates

1 - 19 of 19 items [Refresh](#)

The Rates list will be displayed for the selected Sales Tax record. Click on the Add Sales Tax Rate button at the upper left.

Rates: CA-State - California State Sales Tax [Back](#)

[+ Add Sales Tax Rate](#) [Export to Excel](#) YES Show inactive sales tax rates

Sales ...	Tax Rate Formula	Tax Rate Formula Value	Rate	Start Date	End Date
No records available.					

0 - 0 of 0 items [Refresh](#)

The Sales Tax Rate Edit form will be displayed.

In the Tax Rate field, enter the tax rate. In the Start Date field, enter the date this tax rate went into effect. Click the Save button when finished.

Sales Tax Rate Edit [X](#)

Sales Tax Rate Formula: Flat Rate

Tax Rate Formula Value: 0

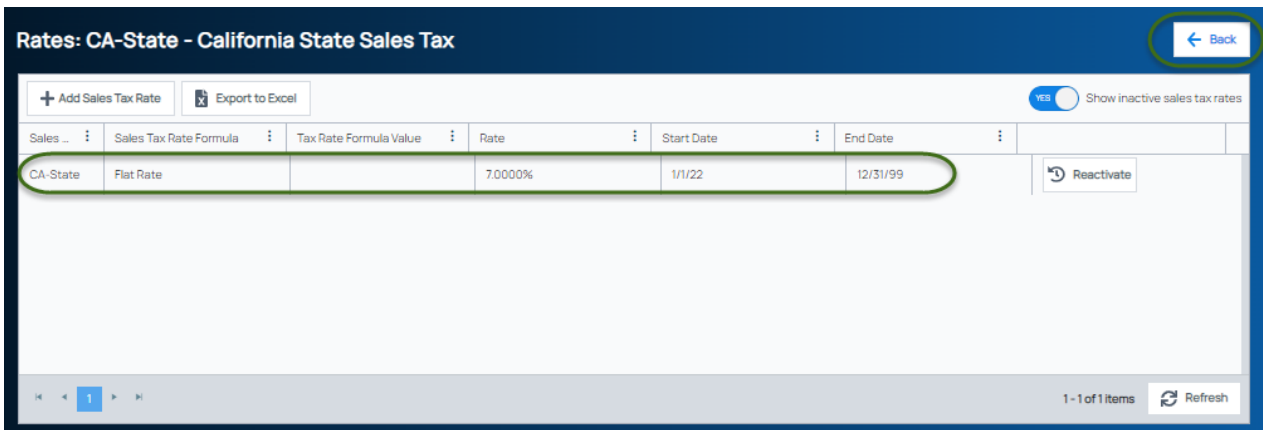
Tax Rate: 7.00

Start Date: 1/1/2022

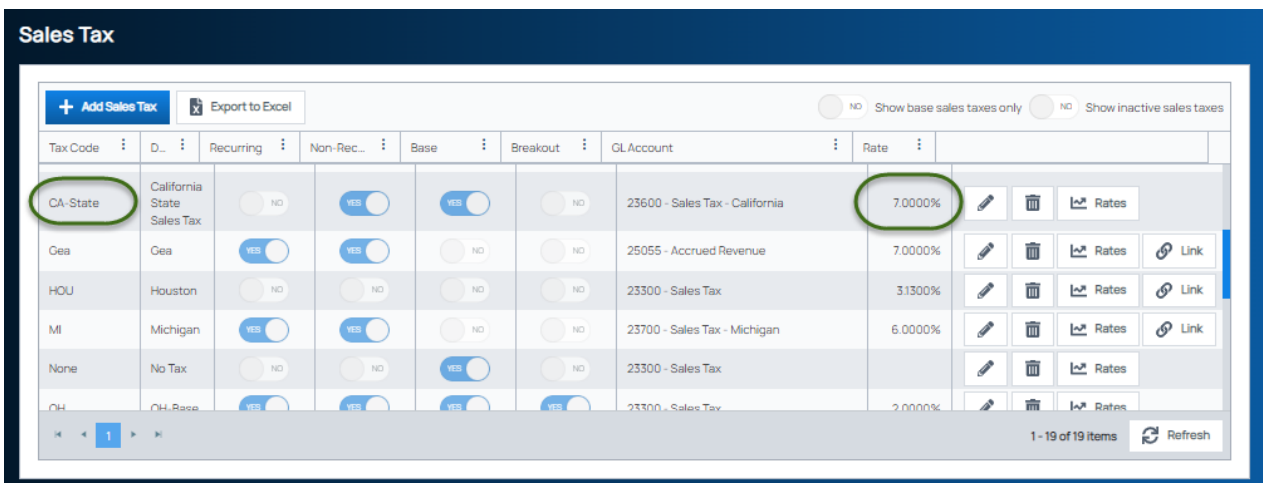
End Date: End Date

[Cancel](#) [Save](#)

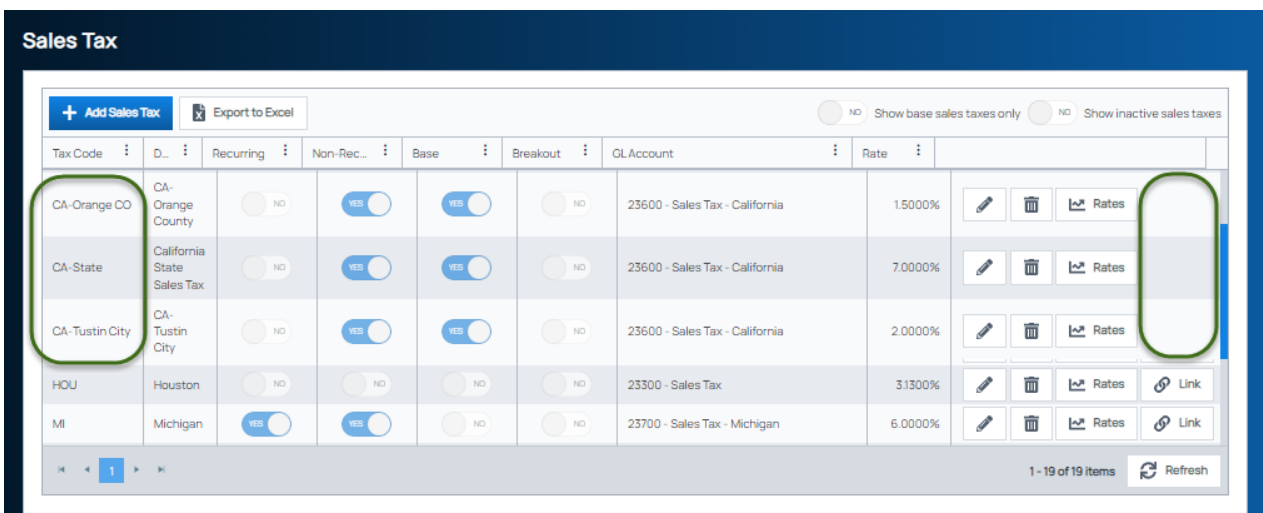
You will be returned to the Rates list. You should see the tax rate appear for your Sales Tax record. Click the Back button at the upper right to return to the Sales Tax listing.



You will be returned to the Sales Tax list. You should see the tax rate appear for your Sales Tax record.



Follow the same process to create a Sales Tax record for the other taxing jurisdictions. In our example, we have Sales Tax records for CA-State, CA-Orange Co, and CA-Tustin City. If setup correctly, you should not see the Link button on these records.



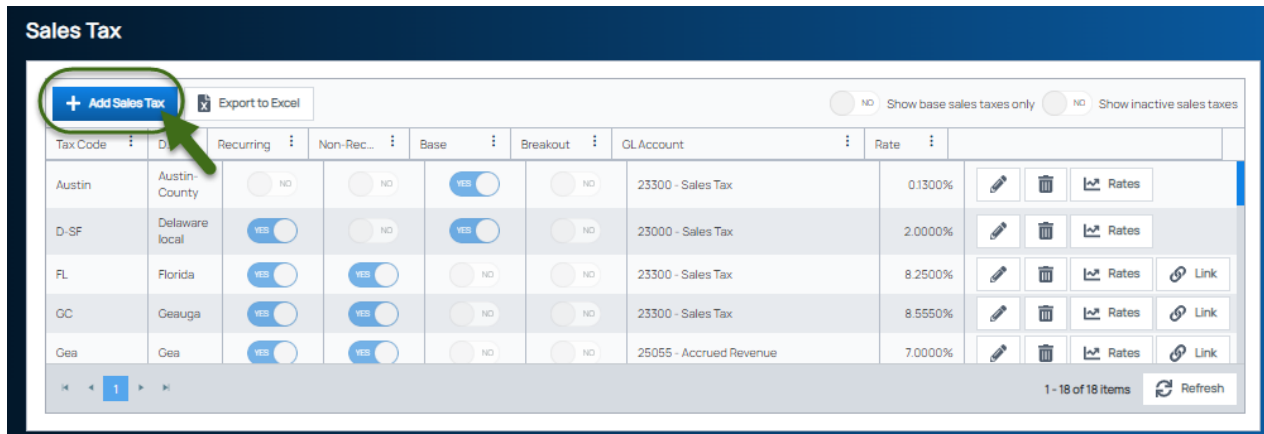
Setup the Sales Tax Record to be Linked to the “Base” Sales Tax Records

For each area that has multiple taxing jurisdictions, you will create one Sales Tax record and then link to all the pertinent Sales Tax records. The name for the Sales Tax record would be the lowest level taxing jurisdiction, typically the city.

When we setup our “Base” Sales Tax records, we setup the following: CA-State, CA-Orange Co, and CA-Tustin City. We need to create a new Sales Tax record that will be used to assign to our site records for the city of Tustin in California. We cannot use the same Sales Tax code again, so we will setup this new record as CA.

From the main menu, arrive at the Sales Tax setup with this path: Setup > Accounting > Sales Tax.

The Sales Tax list will be displayed. Click on the Add Sales Tax button at the upper left of the page.



The Sales Tax Edit form will be displayed. Each data entry field will be described below.

Data entry fields preceded with an asterisk are required.

- ***Sales Tax Code** – Enter a code, maximum of 25 characters.
- ***Name** – Enter a description, maximum of 50 characters.
- **Recurring** – If recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.

Note: Individual Items and Parts may be flagged as taxable or non-taxable.

- **Non-Recurring** – If non-recurring type services are possibly taxable in this jurisdiction, set the toggle to Yes.
- **Base** – Set to No. This is only used if you are linking several Sales Tax records together for a combined rate.
- **Breakout** – Set to No. This is only set to Yes if you are linking several Sales Tax records together for a combined rate, and you want to print the amount of tax for each Sales Tax record separately on the customer invoice.

***GL Account** – From the drop-down list, select the GL Account to be used as the sales tax liability account.

When finished, click the Save button at the bottom of the form.

Sales Tax Edit [X]

Sales Tax Code • CA Tustin

Name • CA Tustin City

Recurring NO

Non-Recurring YES

Base NO

Breakout NO

GL Account • 23600 - Sales Tax - California

Save **Cancel**

You will be returned to the Sales Tax list. Locate the Sales Tax record just created, and then click the Link button.

Sales Tax

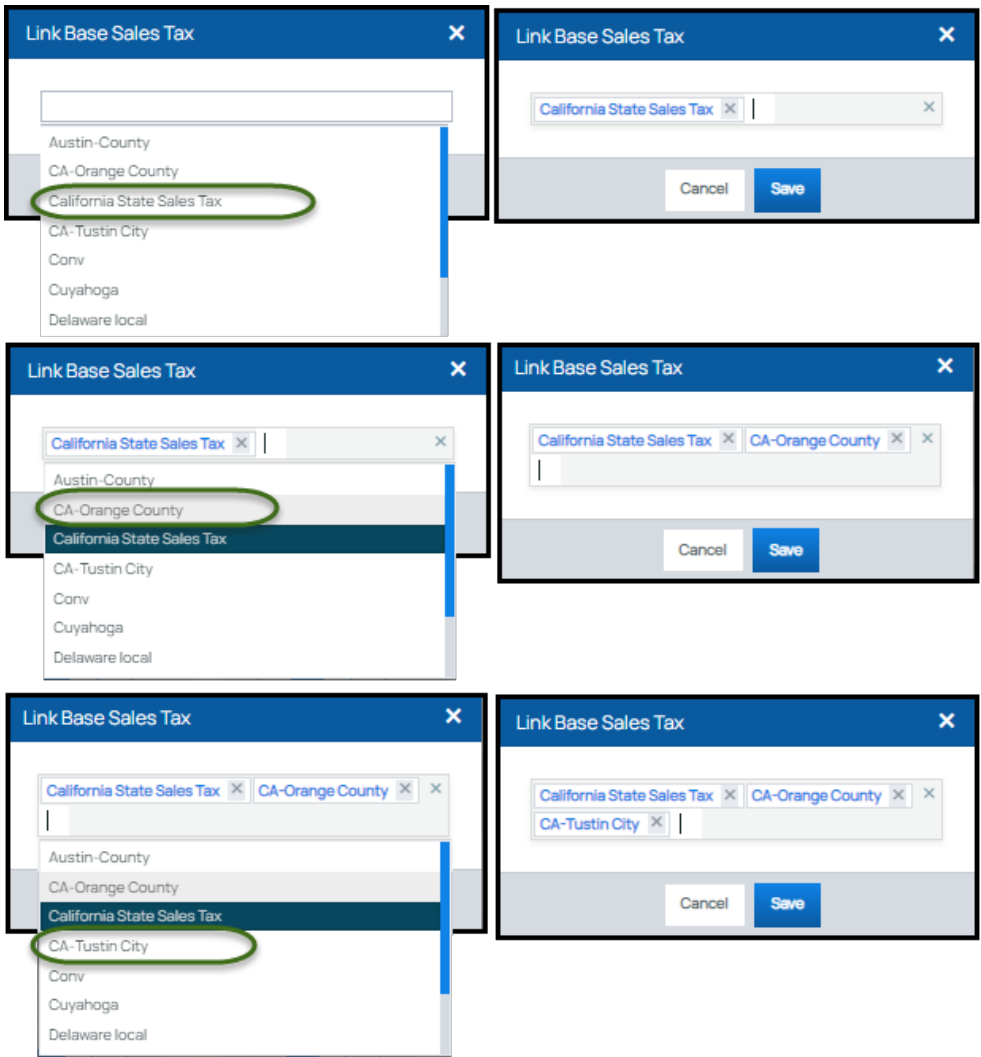
+ Add Sales Tax | Export to Excel | NO Show base sales taxes only | NO Show inactive sales taxes

Tax Code	D..	Recurring	Non-Rec..	Base	Breakout	GL Account	Rate	
Austin	Austin-County	<input type="radio"/> NO	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23300 - Sales Tax	0.1300%	[Edit] [Delete] [Rates]
CA Tustin	CA Tustin City	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23600 - Sales Tax - California		[Edit] [Delete] [Rates] [Link]
CA-Orange CO	CA-Orange County	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	1.5000%	[Edit] [Delete] [Rates]
CA-State	California State Sales Tax	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	7.0000%	[Edit] [Delete] [Rates]
CA-Tustin City	CA-Tustin City	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	2.0000%	[Edit] [Delete] [Rates]
GC	Geauga	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.5550%	[Edit] [Delete] [Rates] [Link]
Gea	Gea	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	25055 - Accrued Revenue	7.0000%	[Edit] [Delete] [Rates] [Link]

1 - 19 of 19 items | Refresh

The Link Base Sales Tax form will be displayed. Click in the white box, which will provide a list of Sales Tax records. Click on the first Sales Tax record to link.

Click in the white box again, and select the next Sales Tax record to link. Repeat the process until all Sales Tax records needed are linked, and then click the Save button at the bottom of the form.



You will be returned to the Sales Tax list. Locate the Sales Tax record on which you performed the link, and in the Rate column, you should see the combined tax rate of all the Sales Tax records that were linked.

Tax Code	D..	Recurring	Non-Rec..	Base	Breakout	GL Account	Rate	
Austin	Austin-County	<input type="radio"/> NO	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23300 - Sales Tax	0.1300%	
CA Tustin	CA Tustin City	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23600 - Sales Tax - California	10.5000%	
CA-Orange CO	CA-Orange County	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	1.5000%	
CA-State	California State Sales Tax	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	7.0000%	
CA-Tustin City	CA-Tustin City	<input type="radio"/> NO	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	23600 - Sales Tax - California	2.0000%	
OC	Cebuga	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	23300 - Sales Tax	8.5550%	
Gea	Gea	<input checked="" type="radio"/> YES	<input checked="" type="radio"/> YES	<input type="radio"/> NO	<input type="radio"/> NO	25055 - Accrued Revenue	7.0000%	