

# SedonaSetup - AR - Tax Table

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The Tax Table is used to define the various taxing entities. Based on the physical location where service is provided (the Customer's Site), you will build your Tax Tables to meet the local taxing jurisdiction's specific laws or requirements. When a Tax Table entry is created, you select the Taxable Item Types that apply to the taxing jurisdiction.

Each Tax Table consists of two data entry forms; one to identify the code and information about the tax table, and the second to identify what date the tax rate when into effect, the tax rate, and the method of calculation to be used for the tax table.

After creating the Tax Tables, these will be linked to a Tax Group. Each Customer's Site is linked to a default Tax Group to determine how to tax goods and services sold.

If your company is not collecting and remitting sales tax to a government agency, you will still need to set up one tax table labeled Non-Taxable and set the tax rate to zero.

Definitions of each field on the Tax Table Setup forms is shown below.

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## Tax Tables Item Type Definitions

Below is a table which defines each Item Type that is delivered with the SedonaOffice database. Your company may have different or more Item Types depending on your needs for the different types of services your company provides.

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## Tax Table Setup Tab

- Tax Table - The code you will use for the tax table. You may enter up to 25 characters in this field. If your company does business in multiple states, you may want your tax table codes to begin with the two character abbreviation of the state.
- Description - The description for the tax table. You may enter up to 50 characters to describe the tax table.
- Account - Select a G/L account from the drop-down list from the Chart of Accounts setup table which is the liability account to which you will to post sales tax transactions for customer invoices and credit memos for this tax table.
- Tax Agency - From the drop-down list, select the Tax Agency to whom you will remit sales tax collected for this tax table.
- Item Types - Check the box to the left of each Item Type where the type of service provided is possibly taxable in this tax table jurisdiction.

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## Effective Dates & Formula Tab

- Effective Date – Enter the first date this tax table went into effect.
- End Date – If the tax table is still in effect leave this field blank. If/when a tax rate change occurs, you will enter and end date into this field, then click the New button at the bottom of the form to enter the Effective Date, Rate and Formula Type.
- Rate – Enter the tax rate that applies to this tax table. Six percent would be entered as 6.0.
- Formula Type – Defines which method the SedonaOffice application will use to calculate sales tax on Invoices and Credit Memos.
  - Flat Rate – sales tax will calculate on the invoice item and/or inventory parts based on the rate entered in the Rate field of the Effective Dates and Formulas form.
  - Max Taxable Sale - sales tax will calculate on the invoice item and/or inventory parts up to the dollar amount entered in the Formula Field. For example if the formula amount is set to \$5,000.00 and the invoice item is for \$10,000.00, only the first \$5,000.00 will be taxed.
  - Min Taxable Sale - sales tax will calculate on the invoice item and/or inventory parts beginning at the dollar amount entered in the formula field. The Invoice item must be for at least the minimum amount entered in the Formula Amount field; all amounts at and above the setup amount will be taxed.
  - Maximum Tax - sales tax will calculate on the invoice item and/or inventory parts up to a particular amount of sales tax. For example if the formula amount is set to \$75.00 and the calculated amount of tax is 76.00, only \$75.00 of sales tax will be recorded against the invoice item.
  - Pctg of Sale – (Percentage of Sale) sales tax will calculate on the invoice item and/or inventory parts as a percentage of the sale amount. For example, if the tax rate for the Tax Table is set to 5% with the Formula Amount of 10, and the invoice amount is \$50.00, sales tax would be calculated on 10% of the invoice amount at the rate in the tax table which is applicable to the invoice item type. The calculation would be  $(\$50.00 \times 10\%) \times 5\%$  for a total sales tax amount of \$0.25.

When finished, click on the Apply button on the Effective Dates and Formula form, and then click the Apply button on the bottom of the Tax Table Setup form.

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