Sales Tax

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Sales tax codes , VAT codes , GST codes , HST codes

Sales Tax Codes List

Sales tax codes are set in the "Sales Tax Codes" screen which is accessible from the "Administration" menu item on the main menu.

The bookkeeping program is designed to work in many different countries and regions each of which have different sales tax arrangements. As such the program does not set up your sales tax codes, VAT codes, GST codes, HST codes, etc and you are required to do this for your particular country and region. This is a one time task that you need to do before using the program to enter sales or purchases if you want to capture the sales tax related to sales and purchases.

By default the program has a sales tax code of NT with 0% tax that is used for sales with no tax, and a sales tax code of TAX with 10% tax that is used for sales with tax. You can edit the TAX sales tax code and change its name to GST, VAT, etc and adjust the percentage rate to match the rate that you require for your jurisdiction.

The NT tax code is a system tax code used to record all sale and purchase related transactions that have no sales tax assigned. This is used for reports relating to sales taxes collected and paid. e.g. the Consolidated Tax Statement.

> For Australian users, the program will set up a default set of GST tax codes for Australia. You may adjust these to meet your needs if required. For UK users, the program will set up a default set of VAT tax codes for the UK. You may adjust these to meet your needs if required. These default tax codes are a guide only and you need to ensure that they reflect your countries current taxation requirements.

CREATE A NEW SALES TAX CODE

You can create additional sales tax codes that you require for your business by pressing the "+" button at the top right on the sales tax codes screen, or on the sales tax code screen itself.

When setting up tax codes a unique code for the "Sales Tax Code" will be assigned. In most cases you should not change this code.

Set the "Display Name" to the code that you wish to appear on invoices, orders, quotes, etc. The "Sales Tax Code Description" is to provide you with a description of the purpose of the tax code.

Having a separate sales tax code and display name means that you can define multiple different tax codes that all appear with the same display name on invoices, orders, and quotes.

If you are unsure of the correct sales tax codes that you require then you should contact your accountant, or government agency that deals with tax related issues.

The "Hide Tax Component" switch is used to hide a particular tax code from appearing on invoices. This may be required in certain jurisdictions and for certain tax codes.

The "Is Useable" switch is used to determine which tax codes are displayed on the tax code list. If you no longer wish to use a particular tax code then turn this switch OFF.

The "Percent" field is the sales tax rate. For example 10 represents 10% sales tax.

The "Unclaimed Percent" field is used where a percentage of the sales tax cannot be claimed from the tax office.

For example 25 represents 25% unclaimed or a reduced sales tax rate of 75% of the Percent field.

The "Always Paid" switch is used to force this sales tax to always be treated as tax paid.

The "Always Collected" switch is used to force this sales tax to always be treated as tax collected.

Sales Tax Code Buckets

Sales tax code buckets are an advanced facility to calculate summaries on the consolidated tax statement.

The "Buckets For Tax Collected", "Buckets for Tax Paid", "Buckets For Total Collected", and "Buckets For Total Paid" fields are used to calculate the summary totals on Consolidated Tax Statement.

> The buckets are assigned with a comma between each bucket name.

The "Buckets For Tax Collected" will accumulate sales taxes collected for this tax code on the summary totals.

The "Buckets For Tax Paid" will accumulate sales taxed paid for this tax code on the summary totals.

The "Buckets For Total Collected" will accumulate the total amounts collected including taxes for this tax code on the summary totals.

The "Buckets For Total Paid" will accumulate the total amounts paid including taxes for this tax code on the summary totals.

> **Example**
> Bucket "G1" assigned to tax collected on VAT 10% will accumulate all taxes for tax code VAT into the G1 bucket
> Bucket "G2" assigned to total collected on VAT 10% will accumulate all sales for tax code VAT into the G2 bucket
> The summary section of the "Consolidated Tax Statement" will list G1 and G2 buckets with their respective totals.

You can use the bucket facility to calculate the totals of particular taxes to assist with filling out any sales tax remittance to tax authorities.

Sales Tax Code Settings
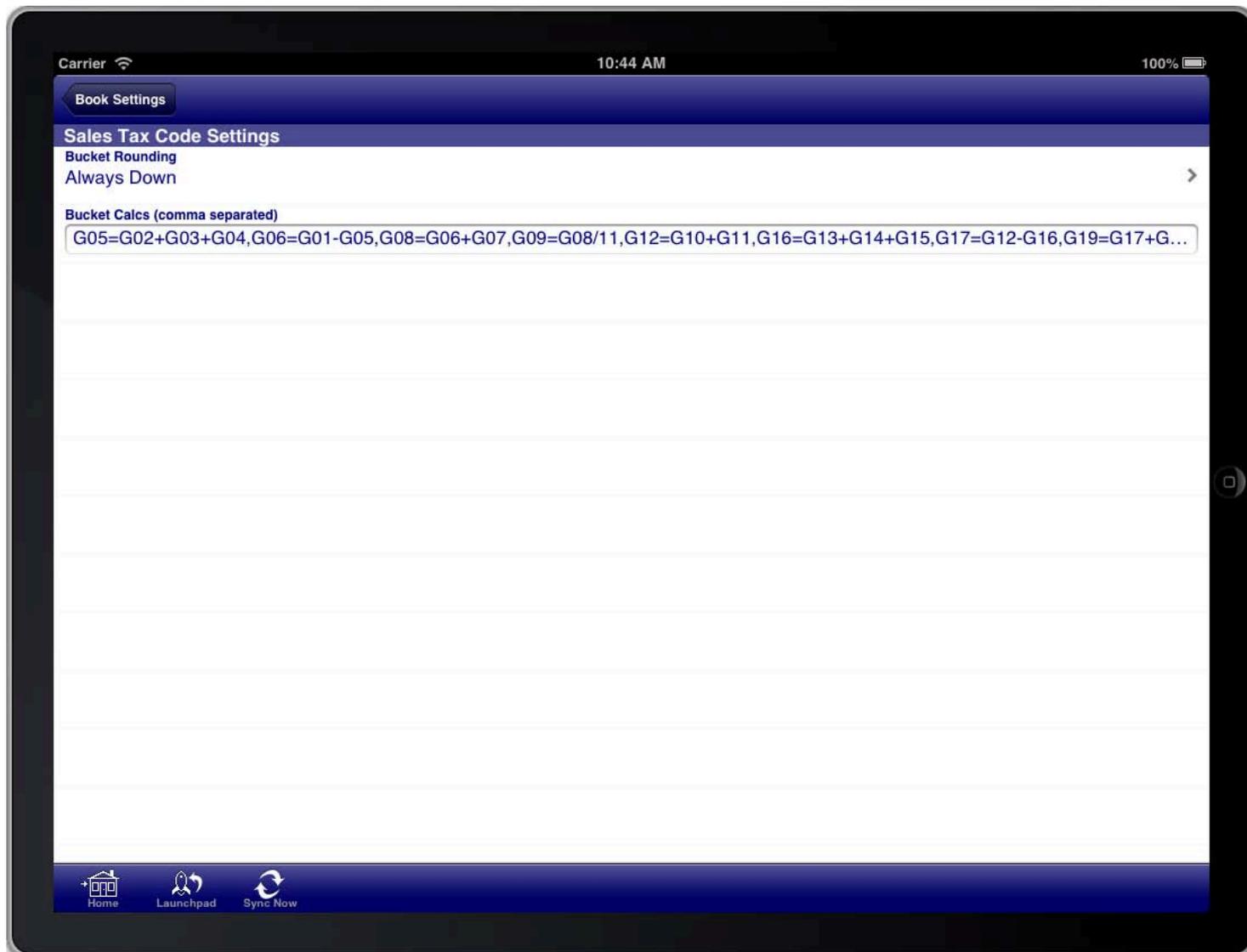
Sales Tax Code Settings

The sales tax code settings are accessed from the "Book Settings" screen.

You can set the rounding method for the bucket totals to match what you require.

You can also set additional bucket calculations in the "Bucket Calcs" field. Place a comma between each calculation.

Bucket calculations are calculations that are performed on buckets that were collected via the sales tax codes configuration. This allows you to perform additional calculations, for example subtracting one bucket from another, and placing the result into another bucket. You can use the basic mathematical operations of addition, subtraction, division, and multiplication. You can use numbers as well as the bucket names in expressions.

> You can use the buckets and bucket calculations to calculate summary totals for your Australian BAS statement, your UK VAT return, or for users in other countries for your countries specific sales tax return requirements.
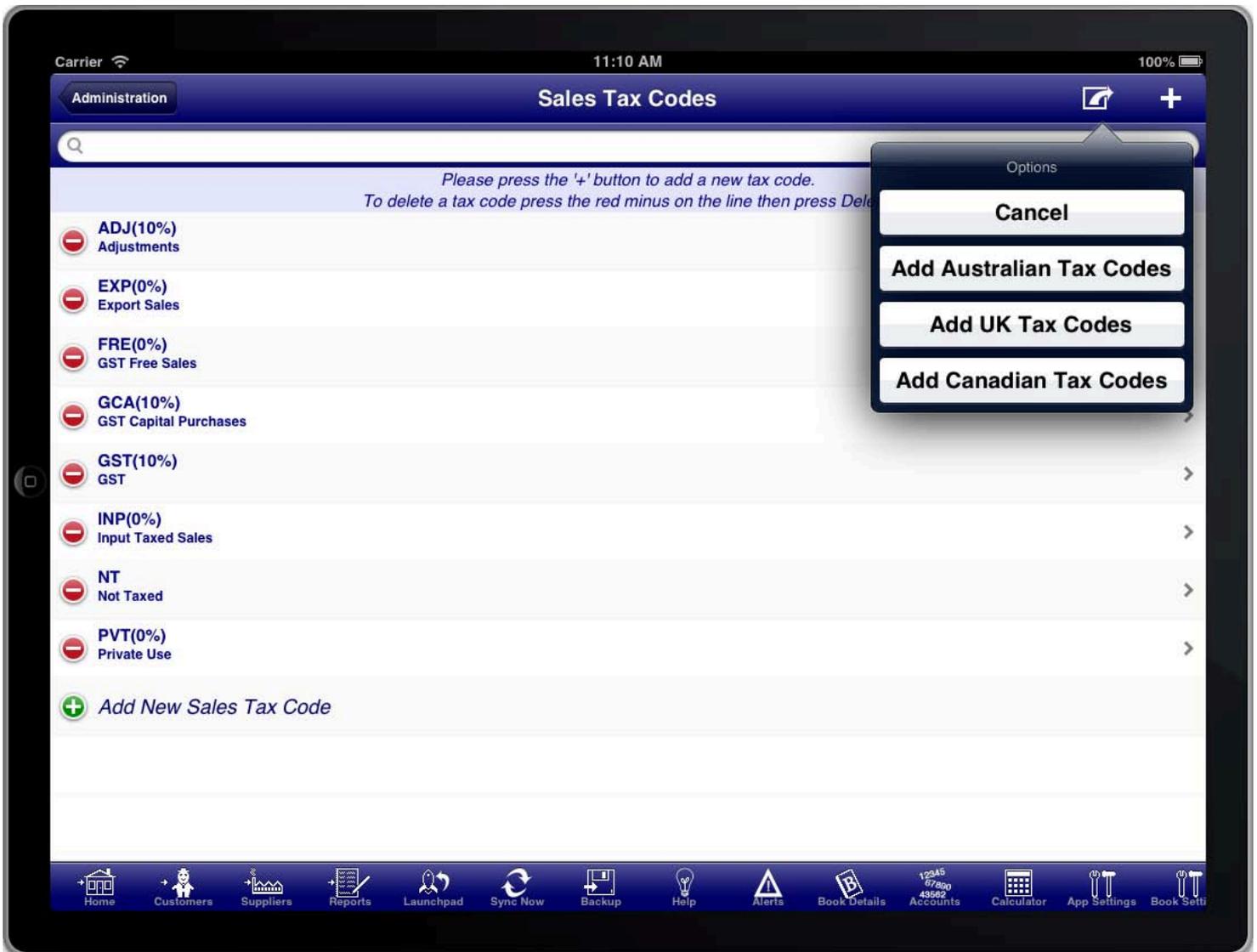
SALES TAX CODES : AUSTRALIA

For Australia you will most likely require a sales tax code of GST with 10%, and another sales tax code of GCA with 10% to record sales and purchases of capital goods. You may also require additional sales tax codes for other categories of goods and services tax (GST). You should consult your accountant if you are unsure what other sales tax categories you require and what the rate should be.

The common sales tax codes for Australia are:

Code	Description
GST	Taxable Supply
GCA	Taxable Capital Expenditure
NT	Not Taxed
INP	Input Taxed Supply
FRE	Free of GST
ADJ	Adjustments
EXP	Export Sales
PVT	Private Use
WET	Wine Equilisation Tax

If you are unsure what rates to apply for each tax code then you should contact your accountant or the ATO.

> These codes and rates were accurate as of the time of writing however they may change and therefore if you are unsure you should contact your accountant or the ATO.

ADD **A**USTRALIAN **S**ALES **T**AXES **O**PTION **M**ENU

You can set up a default set of sales tax codes for Australia from the sales tax codes screen by selecting "Add Australian Tax Codes" from the option menu. You can then adjust them as required before using them.

Sales tax codes : United Kingdom

For the UK you will most likely require a sales tax code of VAT with 20% for VAT standard, you may need another for VAT with 5% for VAT reduced, and a third for VAT with 0% for VAT zero rate. You should consult your accountant if you are unsure what sales tax categories you require and what the rate should be.

If you are using the VAT Cash Accounting Scheme then you should use the Cash Consolidated Tax Statement as that is based upon receipts and payments, otherwise you would normally use the Accrual Consolidated Tax Statement as that is based upon sales and purchases.

If you are using the VAT Flat Rate Scheme then you can set up bucket calculations to calculate the flat rate percentage that you use for your selected business sector. Firstly set up buckets to calculate the total for your turnover from each of the sales tax codes in the "Buckets For Total Collected". Then set up a bucket calculation to multiply that bucket by the percentage you nominated and place the result into a new bucket. When you run the consolidated tax statement the summary section will then calculate your total turnover and the flat rate percentage amount for that turnover.

> These codes and rates were accurate as of the time of writing however they may change and therefore if you are unsure you should contact your accountant or the HM Revenue & Customs.

Add UK Sales Taxes Option Menu

You can set up a default set of sales tax codes for the UK from the sales tax codes screen by selecting "Add UK Tax Codes" from the option menu. You can then adjust them as required before using them.

SALES TAX CODES : CANADA

Canada has a variety of sales tax codes depending upon the province that you are dealing with. For example: Quebec Province has a GST of 5% and a PST of 9.975%. Ontario has a HST of 13%. You should consult your accountant if you are unsure what sales tax categories you require and what the rate should be.

> These codes and rates were accurate as of the time of writing however they may change and therefore if you are unsure you should contact your accountant or the Canadian Revenue Agency.

ADD CANADIAN SALES TAXES OPTION MENU

You can set up a default set of sales tax codes for Canada from the sales tax codes screen by selecting "Add Canadian Tax Codes" from the option menu. You can then adjust them as required before using them.

APPLYING LEVIES

Levies can be applied as part of the sales tax calculations to determine and record obligations that you incur when purchasing or selling goods or services.

Common levies are import and export taxes. In Venezuela the seller is required to remit part of the VAT obligation of the purchaser and this too can be set up as a levy. In some states of the USA businesses are required to remit a levy for certain imports from other states into that state.

When a levy is calculated it is applied separate from the sales tax components of the transaction. The levy is calculated based upon the transaction values however it is recorded against levy accounts as an accrued obligation.

For example:

You might purchase goods from another state and pay no sales tax, however you might be required to remit a 10% levy for importing those goods into the state.

In this case you would set up a sales tax code with a "Tax Type" of "Levy" and a percentage of 10%.

LEVY EXAMPLE

In this example when you purchased items, that had no sales tax but required you to pay a levy for importing the goods, you would select the "LEVY" sales tax code for the purchased items. The levy would be calculated based upon the value of the goods excluding sales tax. This would be recorded as an additional expense for purchasing the items, and would also be recorded as a liability or obligation that you were required to pay.

If you need to apply sales tax and a levy then simply create a sales tax group and then create the sales tax code as a sub sales tax code of the group, and also create a levy tax code as another sub sales tax code for the group. Then on transactions (sales and purchases) use the group tax code instead of the individual tax codes.