How to Setup Microsoft Dynamics GP to Calculate Sales Taxes

This information is only about standard Sales Tax. If you are in another country, you will need to talk to a Tax Professional/your GP Partner about Taxable Taxes, Rounding Options and more. If you notice any issues or errors with this tip, please let me know ASAP!!

Hit F1 in this window to review the information about all fields not explained in this tip. PLEASE check with a Tax Professional for any questions about Tax law

1. Setup Tax Schedule/Detail:
   a. Admin > Setup > Company >> Tax Detail
      i. Be Consistent with your Tax Detail IDs.
      ii. You can keep the ID and description generic to allow for changes in rates…or specific as shown below.

i. Select the GL Account that will be used. Notice that this is a Balance Sheet account. This is important!! It will only be cleared when you enter the AP Transaction to create the invoice for the Tax Authority that you will be paying.

b. Admin > Setup > Company >> Tax Schedule
   i. Enter a Tax ID
   ii. Enter a Description
   iii. Insert the Tax Detail IDs (You might have more than 1 detail for a Tax Schedule if you are required to show/calculate separate amounts for Local vs. State)

2. Add a Tax Schedules called "ALL DETAILS"
   a. Insert ALL Sales Tax Details.
   b. This allows for AR Taxes to work for any state.

| Tax Schedule Maintenance - TWO (sa) | — | □ | × |

Save	Delete	File	Print	Tools	Help	Add Note
Actions		File		Tools	Help	

Tax Schedule ID ALL DETAILS

Description   Schedule with all Details

Available Tax Detail IDs		Selected Tax Detail IDs	
Description		Description	
AUSSTE+PS0N0		AUSSTE+PS0N0	
AUSSTE+PS20N0		AUSSTE+PS20N0	
AUSSTE-PS20N0		AUSSTE-PS20N0	
CANABPST+PS6N0	Insert >>	CANABPST+PS6N0	
CANABPST-PS6N0		CANABPST-PS6N0	
CANGST+PS7N0	Remove	CANGST+PS7N0	
CANGST+PS7T0		CANGST+PS7T0	
CANGST+TIP7N0	Copy	CANGST+TIP7N0	
CANGST+TIP7T0		CANGST+TIP7T0	
CANGST-PS7N0		CANGST-PS7N0	
CANGST-PS7T0		CANGST-PS7T0	
CANGST-TIP7N0		CANGST-TIP7N0	
CANGST-TIP7T0		CANGST-TIP7T0	
CANONPST+PS8N0		CANONPST+PS8N0	
CANONPST-PS8N0		CANONPST-PS8N0	
CANPQQST+PS8N0		CANPQQST+PS8N0	

3. For AR Tax to calculate on AR Transactions (Credit Memos, AR Invoices, Debit Memos, etc.)
   a. Sales > Setup > Receivables Management
   b. Click Options
   c. Select the "ALL DETAILS" tax schedule. (If Freight is taxable, enter ALL DETAILS for this field as well. You can also make the amount you enter into Miscellaneous taxable by entering ALL DETAILS for that line as well).

©2018 – Training Dynamo, LLC
For more Microsoft Dynamics GP Tips, visit: www.trainingdynamo.com

Customer Setup

All addresses must have the Tax Schedule and Shipping Method populated for Sales Tax to Calculate. Use SmartList to verify this info (Sales > Customer Addresses). It is recommended that you setup a Tax Schedule for Out of State (OOS) and other "Non-Taxable" sales. I recommend making the Schedule/Detail descriptive as to the reason the sale in non-taxable (i.e. Out of State, Government, etc.)

Add the following Columns:

1. Address Code
2. Tax Schedule ID
3. Shipping Method.

Customer Number	Customer Name	Address Code	Address 1	Address 2	City	State	Zip	Phone 1	Tax Schedule ID	Shipping Method
1130803	David Skinner	MAIN								
AAA	Automobile Club of...	MAIN							USASTCITY-6*	GROUND
AARONFIT0001	Aaron Fitz Electrical	PRIMARY	One Microsof...		Redmo	WA	98052-...	(425) 555-0...	USASTCITY-6*	LOCAL DELIVERY
AARONFIT0001	Aaron Fitz Electrical	WAREHOUSE	11403 45 St. ...		Chicago	IL	60603-...	(312) 555-0...	USASTCITY-6*	LOCAL DELIVERY
ADAMPARK0001	Adam Park Resort	BILLING	P.O. Box 1391		Indiana...	IN	46206-...	(317) 555-0...	USASTCITY-6*	MAIL
ADAMPARK0001	Adam Park Resort	PRIMARY	Suite 9876	321 Chestnut ...	Indiana...	IN	46206-...	(317) 555-0...		
ADVANCED0001	Advanced Paper Co.	PRIMARY	456 19th Stre...		Chicago	IL	60603-	(312) 555-0...	USASTCITY-6*	LOCAL DELIVERY
ADVANCED0002	Advanced Tech Sate...	PRIMARY	8765 66 Ave.		Toronto	ON	M8D 7	(416) 555-0...	CANALLGST-7	GROUND
ADVANCED0002	Advanced Tech Sate...	WAREHOUSE	97 48 Ave		Toronto	ON	M5D 7J5	(416) 555-0...	CANALLGST-7	GROUND
ALTONMAN0001	Alton Manufacturing	PRIMARY	P.O. Box 3343		Detroit	MI	48233-...	(313) 555-0...		
ALTONMAN0001	Alton Manufacturing	SERVICE	348 23 East A		Detroit	MI	48233	(313) 555-0...	USASTCITY-6*	GROUND
AMERICAN0001	American Science ...	PRIMARY	789 North Ca...		St. Louis	MO	63115	(314) 555-0...	USASTCITY-6*	GROUND
AMERICAN0002	American Electrical ...	PRIMARY	3456 North C...		Iowa Ci	IA	52240-...	(319) 555-0...	USASTCITY-6*	GROUND
AMERICAN0002	American Electrical ...	WAREHOUSE	849 89 Ave E		Iowa Ci	IA	52240-...	(319) 555-0...	USASTCITY-6*	GROUND
AMEX	American Express	MAIN								
ASSOCIAT0001	Associated Insuranc...	BILLING	Box 3849		Lincoln	NE	68502-...	(402) 555-0...	USALLEXMPT-0	MAIL

For more Microsoft Dynamics GP Tips, visit: www.trainingdynamo.com

Shipping Methods

Pickup (Delivery Types) will look at the Tax Schedule assigned to the Company for AR Transactions (Admin > Setup > Company) or the site (Inventory > Cards > Site).

Shipping Methods S...	
Shipping Method	FEDEX - 2 DAY
Description	FedEx - 2 Day
Shipping Type	◯ Pickup ● Delivery
Carrier	FedEx
Carrier Account	1234-5678
Contact	Jane Smith
Phone Number	(800) 555-1221 Ext. 0000

Delivery will look at the customer as long as the item is setup to base tax on Customer.

Item Setup

If you select Taxable, it requires that you enter a Tax Schedule and this will be the schedule used for ALL sales of this item. That has never been a good option for any clients I work with. Therefore, I always recommend "Base on Customers". This can be setup as the default on the Class ID.

Sample AR Transaction

Receivables Tax Entry - TWO (sa)

OK | Delete | Default | Options | View | File | Tools | Help | Add Note

Actions | | | Options | View | File | Tools | Help

Type	Sales / Invoices
Document Number	SLS0005106
Pre-Tax Amount	$1,000.00

Tax Detail ID	Total Sales	Total Taxable Sales	Tax Amount
Description		Account	Percent/Amount
SALES-MI 6.35	$1,000.00	$1,000.00	$63.50
Sales - Michigan 6.35%		000 -2390 -00	6.35000%
	$0.00	$0.00	$0.00
		- -	

Total Tax Amount	$63.50
Difference	$0.00

Samples Sales Order Processing Transaction

Sales Customer Detail Entry - TWO (sa)

OK | Cancel | File | Tools | Help | Add Note

Actions | File | Tools | Help

Customer ID	WESTSIDE0001
Name	Westside Cable Service

Customer PO Number: 13232

☐ Ship Complete Document

Bill To Address ID	PRIMARY
Ship To Address ID	SHIP TO

Display: ⦿ Bill To Address ◯ Ship To Address

Name	Westside Cable Service
Contact	Pam Lockwood
Address	123 Domino St. N
City	Lansing
State	MI
ZIP Code	48924-9237
Country Code	
Country	USA

Shipping Method	TWO DAY
Ship To Tax Schedule ID	MI-SALES
Price Level	RETAIL
UPS Zone	

Payment Terms	Net 30
Salesperson ID	GREG E.
Territory ID	TERRITORY 2

Tax Registration No.	
Tax-Exempt 1	
Tax-Exempt 2	

Holds | User-Defined | Customer | Activity | Period | Year | Payments

---

Note: If you enter a 1-time "Ship To" address (by clicking the Blue Arrow by the Ship To Address ID field), you will need to manually enter/modify the Ship To Tax Schedule if the state is different that what defaults).

Sales Item Detail Entry - TWO (sa)

Actions: Save | Delete
Options: Options
Additional: Additional
File: File
Tools: Tools
Help: Help | Add Note

Item Number	D U of M	Invoice Quantity	Unit Price
Description	Markdown	Billed Quantity	Extended Price
Quantity Fulfilled	Quantity Canceled	Qty to Back Order	Unit Cost
2-A3284A	Each	1	$1,000.00
Dual Core Server	$0.00	1	$1,000.00
	0	0	$64,000.00
Quantity Available	1	Subtotal	$1,000.00

Site ID	WAREHOUSE	☐ Exceptional Demand	
Price Level	RETAIL	Ship To Address ID	SHIP TO
Requested Ship Date	4/12/2027	Shipping Method	TWO DAY
Date Fulfilled		Ship To Tax Schedule ID	MI-SALES
Actual Ship Date			
Salesperson ID	GREG E.	Item Tax Option:	Base on customers
Territory ID	TERRITORY 2	Item Tax Schedule ID	
Comment ID		Calculated Tax	$63.50

Item Type:
- Kit
- Non-Inventory

Bins | Item Inquiry | Kits | Serial/Lot | Distributions

|◄ ◄ ► ►|

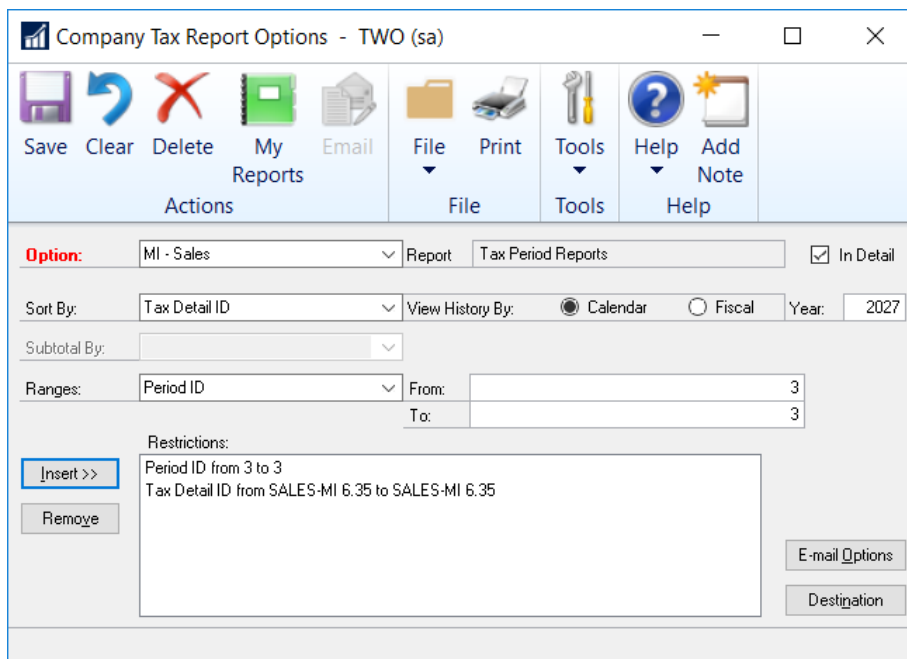# Tax Period Report

Administration > Reports > Company > Taxes >> Tax Period Reports
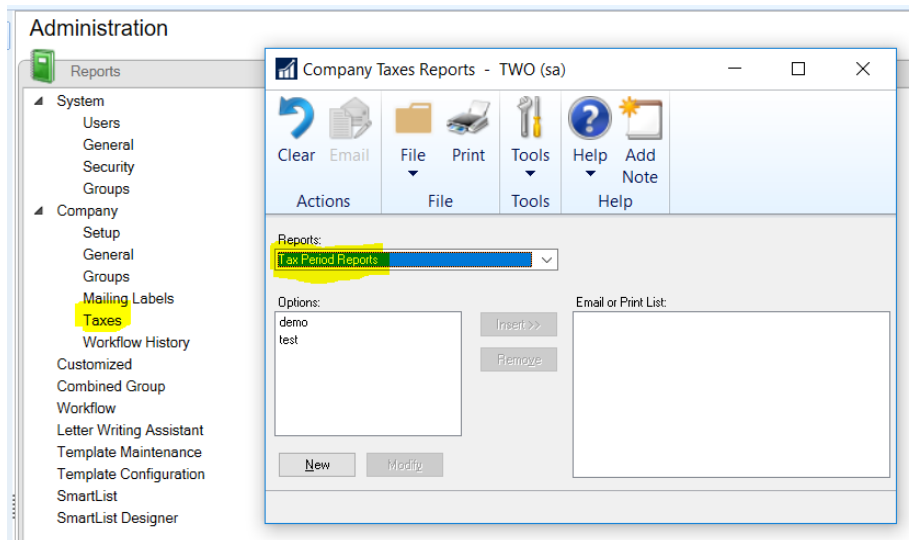
1. Click New
2. Create a Tax Period Report (You can do one for "All Details" by skipping filtering by Detail, or you can setup separate reports for each Tax Detail)

```
System:      6/25/2018   1:57:36 PM                    Fabrikam, Inc.                           Page:    1
User Date:   4/12/2027                           TAX PERIOD REPORT - DETAIL                      User ID: sa

Ranges:
   Tax Detail ID:       SALES-MI 6.35 - SALES-MI 6.35       Period Date:    First - Last
   Tax Detail Type:     First - Last                        Tax ID Number:  First - Last
   History Type:        Calendar
   Detail Description:  First - Last
Sorted: Tax Detail ID

Tax Detail ID    Tax Detail Description        Tax ID Number    Tax Percent/Amount
-----------------------------------------------------------------------------------------------------------------
   Period          Total Sales      Taxable Sales        Tax Amount     Total Purchases   Taxable Purchases       Tax Amount
-----------------------------------------------------------------------------------------------------------------
SALES-MI 6.35    Sales - Michigan 6.35%                           6.35000%
   4 2027          $1,000.00         $1,000.00           $63.50            $0.00             $0.00              $0.00
                ------------------ ------------------ ------------------ ------------------ ------------------ ------------------
Sub total:          $1,000.00         $1,000.00           $63.50            $0.00             $0.00              $0.00

                                                        ------------------                                    ------------------
   Total:                                                 $63.50                                                $0.00
                                                        ==================                                    ==================
```

For more Microsoft Dynamics GP Tips, visit: www.trainingdynamo.com

Setup for Sales Tax Vendor

Purchasing > Cards > Vendor

Note: Work with your GP Partner and Tax Professional to decide on the account that will be used for Tax Adjustments (i.e. rounding to nearest dollar if that is done by the Department of Revenue that you will be paying). Enter the adjustment account into Miscellaneous.

Entering AP Transaction for Taxes Collected

Purchasing > Transactions > Transaction Entry

1. Enter the Amount Collected into Purchases
2. Enter any amount needed for adjustments (i.e. rounding to nearest dollar) into Miscellaneous
3. Review Distributions
4. Post
5. Pay through normal AP options.

Payables Transaction Entry Distribution - TWO (sa)

OK | Delete | Default | View | Additional | File | Tools | Help | Add Note

Actions | View | Additional | File | Tools | Help

Vendor ID	MIDOR0001
Vendor Name	Michigan Department of Revenue
Currency ID	Z-US$

Voucher Number	VCH0000483
Document Type	Invoice
Functional Amount	$64.00
Originating Amount	$0.00

Co. ID	Account	Type	Debit	Credit
	Description		Originating Debit	Originating Credit
	Distribution Reference			Corresp. Co. ID
TWO	000 -2390 -00	PURCH	$63.50	$0.00
MI State Sales Tax Payable				
TWO	000 -6699 -00	MISC	$0.50	$0.00
Sales Tax Adjustments				
TWO	000 -2100 -00	PAY	$0.00	$64.00
Accounts Payable				

	Debit	Credit
Functional Totals	$64.00	$64.00
Originating Totals	$0.00	$0.00

Rates

Redisplay