Sales Tax Setup

✅ **This article is for Drake Accounting 2018. To view this article for Drake Accounting 2019, click here.**

Enter state-, county-, and city-specific sales tax information. Create a sales tax record for each state in which you do business. If you do business in various counties within a state, a unique sales tax record is required for each county. This also is true for unique city tax rates.

Example: You do business in the cities of Highlands and Franklin, both in Macon County, North Carolina. You should create two sales tax records, both showing North Carolina and the appropriate state sales Tax Rate and Macon County with the appropriate county Tax Rate. The City Names will show the two different cities and the city Tax Rate should be entered - even if the rate is the same for both cities.

⚠️ **When the sales tax information is entered, run the Sales Tax Summary report to calculate the amount of sales tax owed each entity in which you do business. Go to Receivables > Crystal Reports > Sales Tax Summary to run this report.**

To enter sales tax records, complete the following:

1. Go to **Receivables > Sales Tax Setup** and click **New**.
2. Enter a Sales Tax Code. Sales tax codes are alphanumeric and can be up to 20 characters long. Once these codes are saved, these can be used in Customer Setup (to assign a default for each customer) and when Entering/Updating Invoices.
3. Select the check boxes that are appropriate for the sales tax code being entered.
   - Sales Tax Exempt — The selected entity does not charge sales tax. The sales tax information is removed from the record.
   - Tax Code Inactive — Select Tax Code Inactive when it should not be used. Inactive codes do not appear as a choice when entering or updating invoices.
   - Shipping Tax Exempt — The selected entity does not charge sales tax on shipping charges.
4. Enter information for the recording of sales tax. When entering multiple records for a state or county, repeat the appropriate higher-level information.
   - Name — Enter a name for the sales tax.

- Tax Rate — Enter the tax rate as a decimal. A tax rate of 6% should be entered as 0.06.
- Maximum Taxable — If there is a maximum amount that is subject to this county's or city's sales tax, enter that amount.

5. **Save** each record before entering the next.
6. **Delete**
   a. To delete a previously saved sales tax record, click the State Name or Tax Code of the record to delete.
   b. The information for that sales tax record displays in the Sales Tax Information section.
   c. Click Delete then click Yes to confirm.
7. **Reset**
   - Click Reset to revert to the last saved sales tax information for this sales tax record.

⚠ **While the Name and Tax Rate for a State or County does not have to be entered for the City tax information to be used, it is recommended that all preceding entities be given names, even if the rates (or maximums) remain zero.**

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