

Introduction

Tiered taxing districts let you tax a different tax percent on an item based on sell price. You can also nest combined taxing districts and tax single items at different percentage rates based on categories.

You can set up a combined tax district with unlimited tax districts. Nesting combined taxing districts lets you assign one combined tax district to another combined tax district. Assigning tax categories by item allows you to tax items at different percentage rates.

Using Tiered Tax Districts

Assume the following throughout this handout:

The local county or municipality tax for any single item with a price up to \$1,600 is 2.25%. When selling an item, apply the state tax of 7% plus the variable local tax of 2.25% on the first \$1600 of the item's unit sell price.

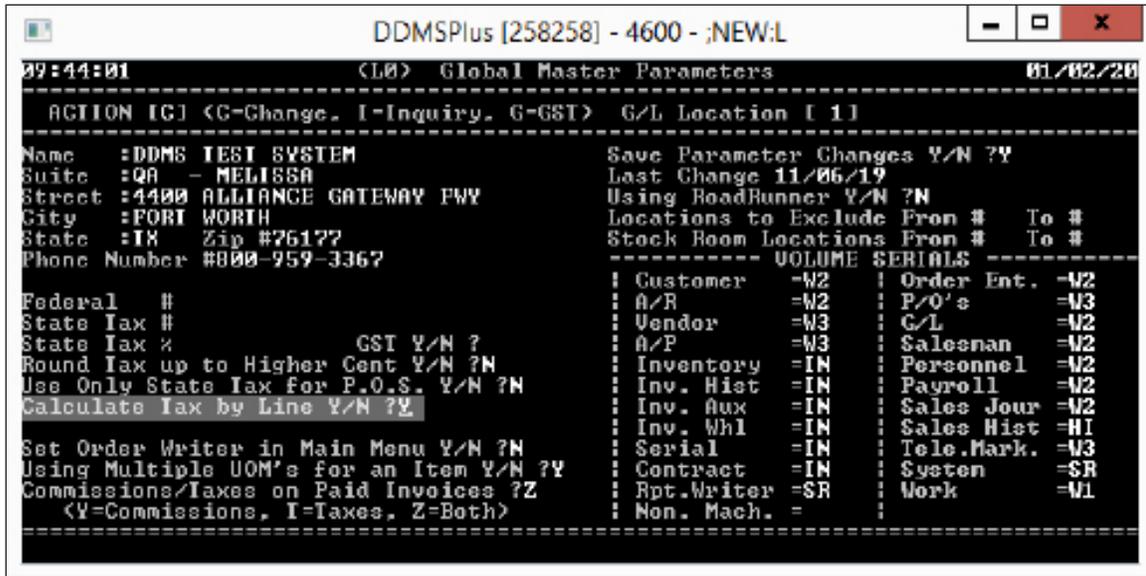
An additional single item tax of 2.75% applies to any amount between \$1,600 and \$3,200. When selling any single item whose price is over \$1,600, apply the customary state 7% and 2.25% local tax on the first \$1,600 of the item price. For the amount of the item priced between \$1,600 and \$3,200, apply the state 7% tax along with the additional 2.75% tax. If the item is more than \$3,200, the amount exceeding \$3,200 incurs only the 7% state tax.

Use the following instructions to set up your system:

1. Set up the (L0) Global Master Parameters screen. The Calculate Tax by Line field must be set to Y for these new taxing features to work. Go to the heading **Setting Up the (L0) Screen**.
2. Set up tax districts in the Tax District Detail dialog box. See the heading **Setting Up Tiered Taxing**.
3. Set up item tax districts. See the heading **Setting Up Item Tax Districts**.
4. Set up nested combined tax districts. See the heading **Setting Up Nested Combined Tax Districts**.

Setting Up the (L0) Screen

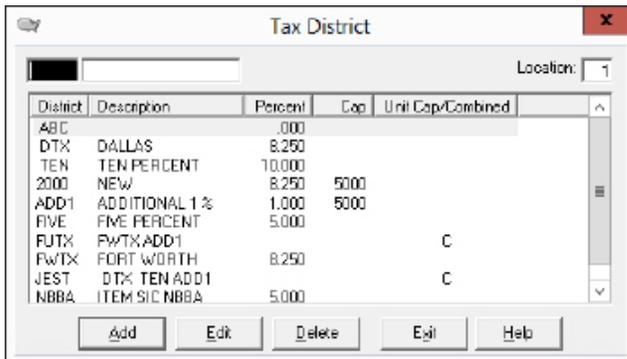
1. From the Master Menu, double-click . The Keyop Menu opens.
2. From the Keyop Menu, double-click . The Parameter Editor Window opens.
3. Double-click Text-Base Parameters. The text-based (L) Parameters screen opens.
4. In the Selection Code field, type **0**. The (L0) Global Master Parameters screen opens.
5. Select the [C] Change action code.
6. Tab to the Calculate Tax By Line field and type **Y**.



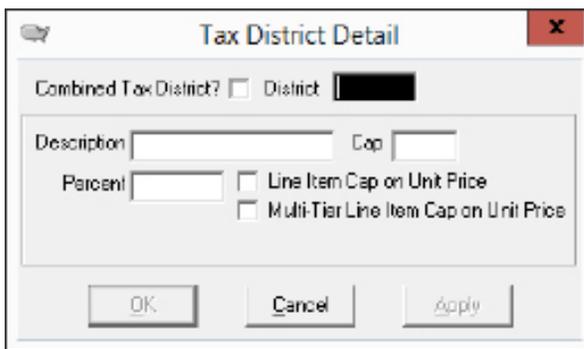
7. Press Enter to return to the Action Code field and save your changes.

Setting Up Tiered Taxing

1. From the Master Menu, click Databases and select Tax Districts. The Tax Districts dialog box opens.



2. Click Add. The Tax District Detail dialog box opens. You can set up either a combined district, or an individual tax district. To add a combined tax district, go to **Step 3**. To add an individual tax district, go to **Step 4**.



3. To set up a tax district composed of more than one district:
 - 3.1 Check the Combined Tax District box.
 - 3.2 Use the District box to enter a unique code to identify the new tax district. The box is limited to four alphanumeric characters.
 - 3.3 Use the Enter Districts To Combine box to define the districts to include. In the 1: box, enter the first district. In the 2: box, enter the second, and so forth. (When setting up a nested combined tax district, you must enter that tax district in Box 3.)
 - 3.4 Click Apply.
4. To add an individual tax district:
 - 4.1 Use the District box to enter a unique code to identify the new tax district. The box is limited to four alphanumeric characters.
 - 4.2 Use the Description box to enter a description to identify the district. The box is limited to 15 alphanumeric characters.
 - 4.3 Use the Cap box to enter the dollar limit (cap) that can be taxed for the tax district, if any.
 - 4.4 Use the Percent box to enter the district's tax percentage.
 - 4.5 Indicate how to calculate the tax. To calculate the tax by each individual line, click the Line Item Cap On Unit Price box. To apply the multi-tier line item cap, click the Multi- Tier Line Item Cap On Unit Price box.
 - 4.6 Click Apply,

Setting Up Item Tax Districts

You can use the Item Tax Districts window to set up tax districts that work with item departments.

Suppose you have two separate locations— Phoenix and Albuquerque. While Albuquerque is taxable, Phoenix is not. When you place an order for Phoenix, it is important that the system recognize the non-taxable status of items on the order. The Item Tax Districts window lets you enter a From tax district to a Replacement tax district that is tied to the item's department. When items with this department are placed on the order, the system automatically switches the tax district to use the replacement district you entered. For example, it could switch from taxable to non-taxable.

Setting up item tax districts involves two processes:

- Setting up categories
- Setting up item tax districts

Setting Up Categories

You use the Tax Code box in the Item Settings tab to enter a user-defined code for item tax categories. You can tax a different percentage based on the type of item. For example, you can tax non-processed food items at a different rate than processed food items.

To set up categories for items:

1. From the Master Menu, double-click . The Item window opens.

2. Select the item for which to set the category.
3. Click the Settings tab.
4. Click the Tax Code box and enter a user-defined code.

5. Click

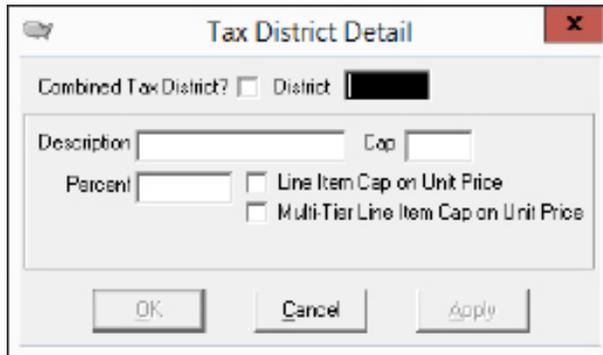
Setting Up the Item Tax District Dialog Box

To set up item tax districts:

1. From the Master Menu, click Databases, then click Item Tax Districts. The Item Tax District dialog box opens.

District	Description	Percent	Cap	Unit Cap/Combined
ABC		.000		
DTX	DALLAS	8.250		
TEN	TEN PERCENT	10.000		
2000	NEW	8.250	5000	
ADD1	ADDITIONAL 1%	1.000	5000	
FIVE	FIVE PERCENT	5.000		
FUTX	PWTX,ADD1			C
PWTX	FORT WORTH	8.250		
JEST	DTX, TEN ADD1			C
NBBA	ITEM SID NBBA	5.000		

2. Click Add. The Item Tax District Detail dialog box opens.



3. Check the From Tax District box and enter the tax district, or click  to query for it.
4. In the Item Tax Code box, enter the tax code you specified in **Step 4** under the **Setting Up Categories** heading.
5. Click the Replacement Tax District box and enter the replacement tax district. The item tax district entered in this box is the tax district used for any item that has the combination of the From Tax District and the Item Tax Code entered here.
6. Click Apply to save your changes.

Setting Up Nested Combined Tax Districts

Nested combined tax districts allow you to create a combined tax district, comprised of more than three tax districts. For example, if you have a state tax, county tax, city tax, and an additional tax district, you can set up nested combined tax districts to allow for the fourth tax district.

Another example would be if you had a tiered tax structure with more than two levels. In either case, you would first set up the individual tax districts, assigning the last two to a combined tax district. Then you would assign the first two tax districts and the combined tax district to another combined tax district that is assigned to the customer. You do this in the Tax District Detail dialog box.

Set up the following tax districts:

- State Tax District
- Lower Level Cap (\$1600 and below)
- Upper Level Cap (\$1600 to \$3200)
- Nested Combined Tax

For instructions, return to the **Setting Up Tiered Taxing** heading.