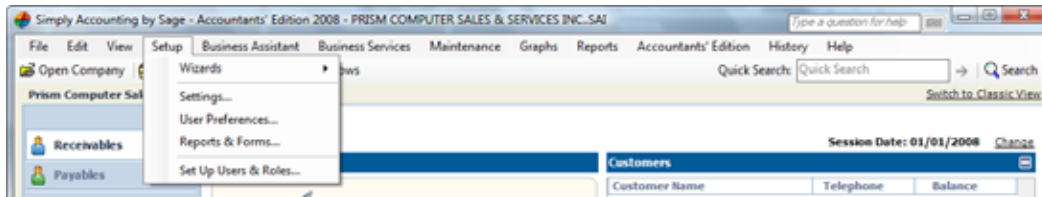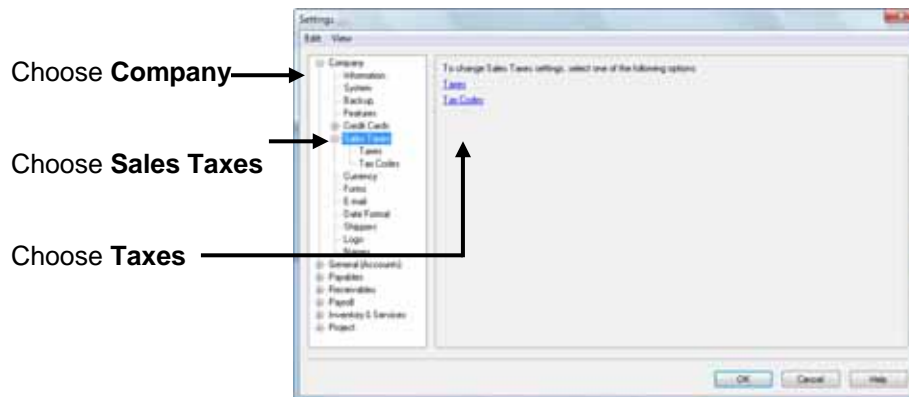## Creating Tax Codes that include the taxes in an amount
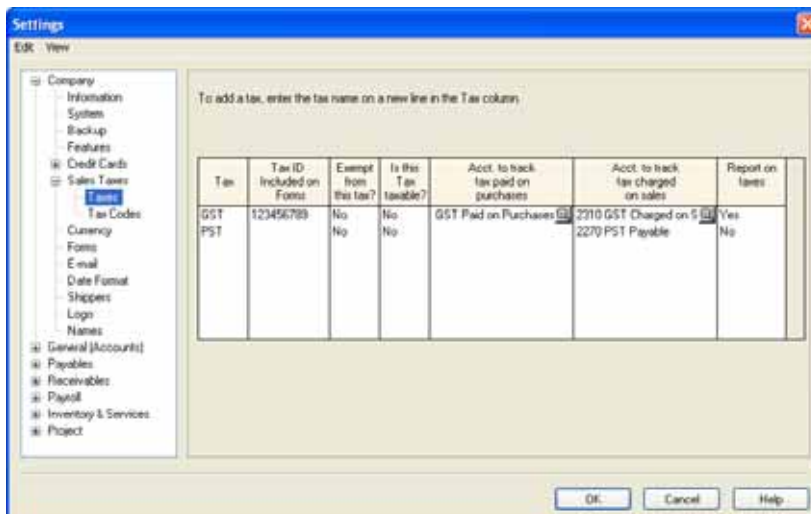
To create a new Tax Code is completed in the Setup menu on Simply's home window. Select Settings from the Setup drop down menu.

The **Settings** window will open…

Choose **Company**

Choose **Sales Taxes**

Choose **Taxes**

In the Tax Setting window, ensure the Tax that is going to be used in the new Tax Code is in the list of Taxes. If it is not, the new Tax should be added.

Create the Included Taxes Codes

Displayed are two example of creating **Tax Codes** for amounts that include only GST and amounts that include both GST and PST. Using the included Tax Codes in transactions is a data entry time saver for businesses.
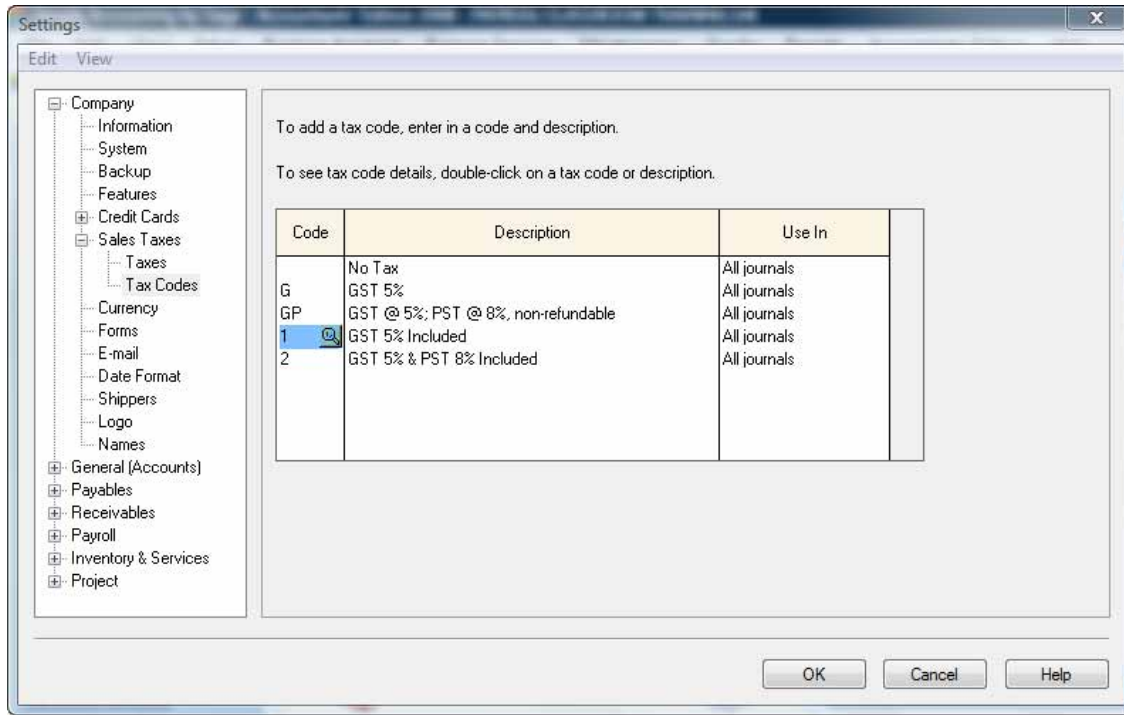
Example GST Included in amount

Tax Code "1" is GST @5% included in the amount. A common expense receipt of vehicle fuel will include only GST in the total. The receipt total is $50.00, but included in the $50 is GST. The posting transaction is $47.62 to Vehicle Fuel Expense and $2.38 to GST Paid on Purchases (ITC). Follow the steps below to setup the Tax Code "1" for GST Included in the amount.

1. Select Tax Codes in the Sales Taxes Settings. The list of Tax Codes will be displayed.

2. In the **Code** column, type 1 and then tab or click with the mouse in the Description field and type in the Description, GST @5% Included.

3. Select the Journal in which the Tax Code is **Use In**. The select tax Code Availability is in All journals, or to limit the Tax Code availability, select either Purchases or Sales.
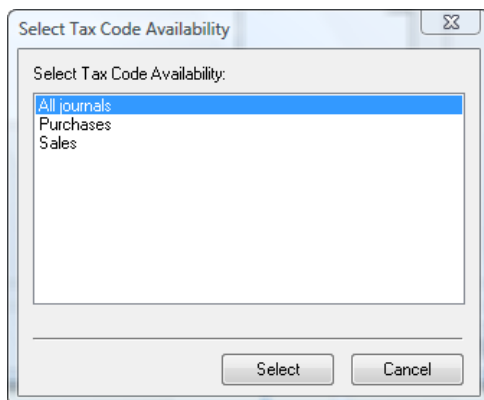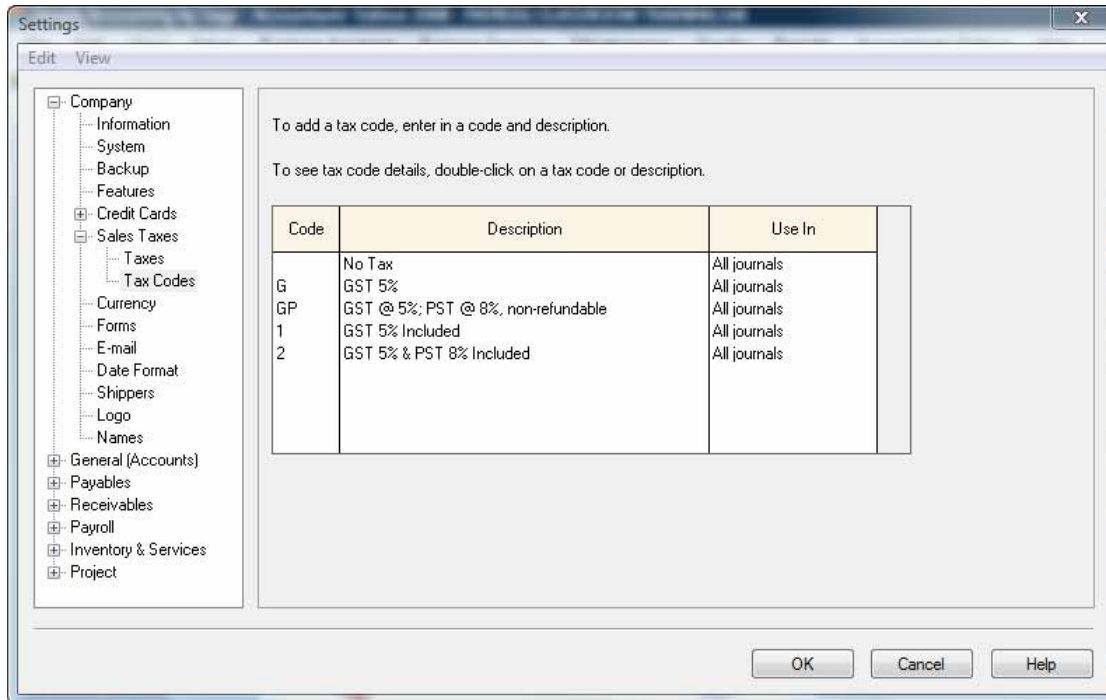
4. To setup the tax rate to be included in amount for code 1, select [icon] beside the "1" and open up the **Tax Code Detail**.

5. The Tax Code Details is how Simply knows what percentage rate to charge and how it applies in transactions. Click on the [icon] and select the **Tax** GST. Select the Status of Taxable, Rate of 5, Included in Price "Yes" and Is Refundable "Yes".
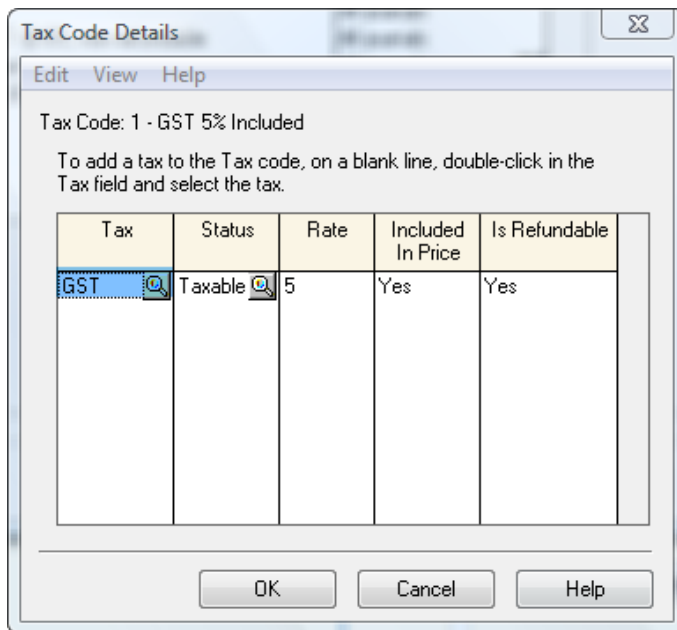
6. To save the Tax Code Details, select [OK]

7. Check the "1" **Tax Code** in a transaction to ensure the **Tax Code** is setup right.

   $47.62 x GST 5% = $2.38, total transaction $50.00

8. Review the Payment Journal Entry to ensure the transaction amounts are correct and the GST amount has been calculated.

Example GST and PST included in amount

Tax Code "2" is GST @5% and PST @ 8% included in the total amount. Provinces will vary for the PST amount; apply your provinces PST rate. A common expense receipt of office supplies usually includes both GST and PST in the total amount. The receipt total is $67.79, but included in the $67.79 is both GST and PST. A posting transaction of, $59.99 to Office Supplies Expense, $3.00 to GST Paid on Purchases (ITC) and PST of $4.80. Follow the steps below to setup the Tax Code "2" for GST and PST Included in the amount.

1. Select Tax Codes in the Sales Taxes Settings. The list of Tax Codes will be displayed.

2. In the **Code** column, type 2 and then tab or click with the mouse in the **Description** field and type in the Description, GST 5% & PST 8%Included.

3. Select the Journal in which the Tax Code is **Use In**. The select tax Code Availability is in All journals, or to limit the Tax Code availability, select either Purchases or Sales.
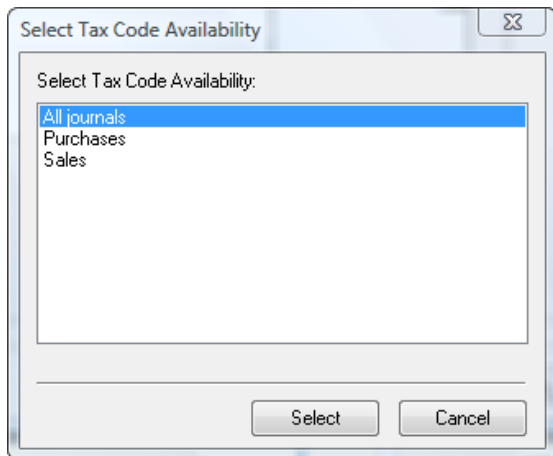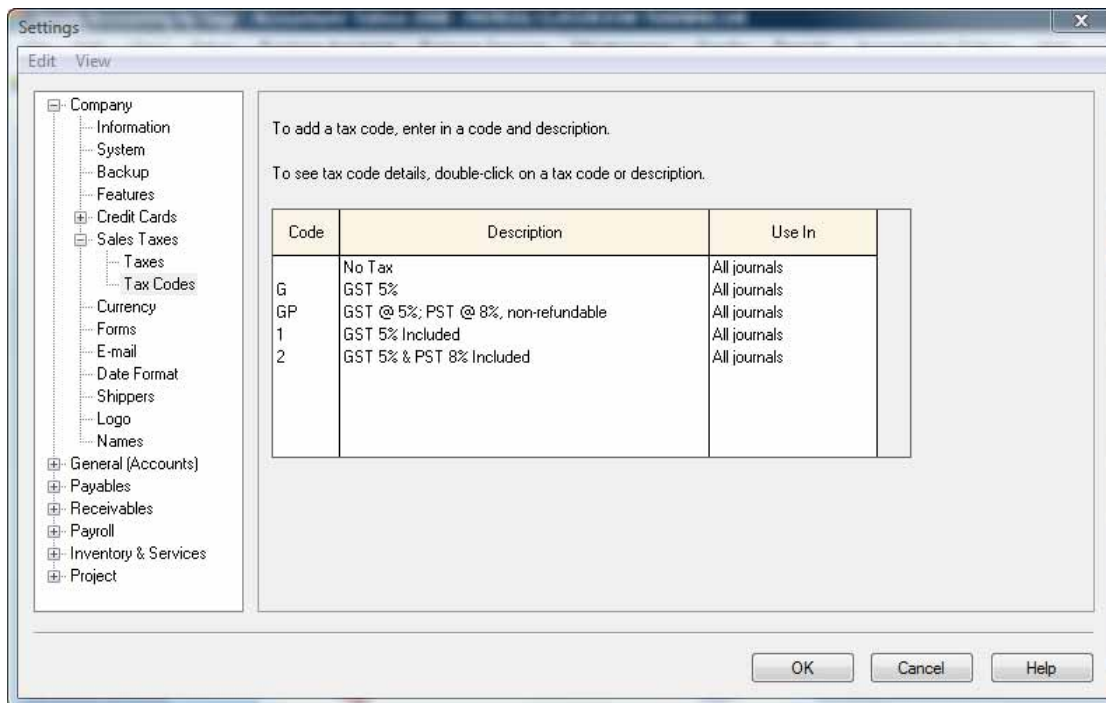
4. To setup the tax rate to be included in amount for code 2, select [icon] beside the "2" and open
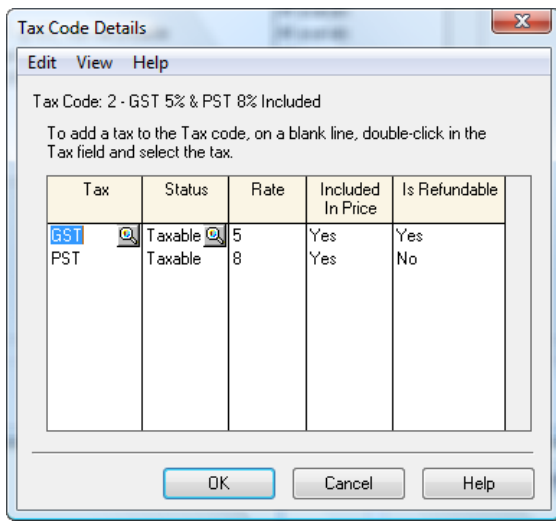
up the **Tax Code Detail**.
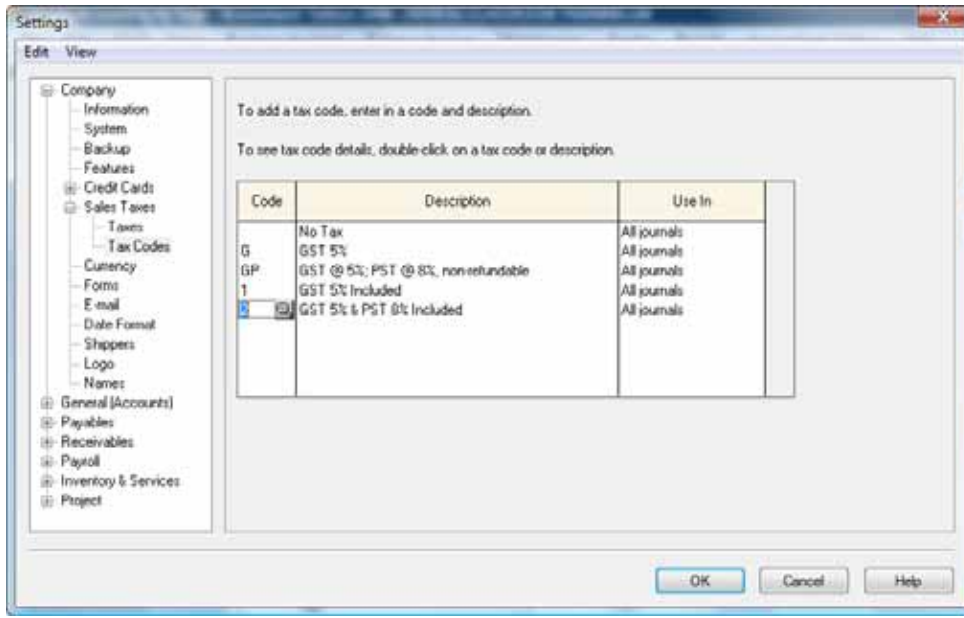
5. The Tax Code Details is how Simply knows what percentage rate to charge and how it applies in transactions. Click on the and select the **Tax.**

    Tax – GST
    Status – Taxable
    Rate - 5
    Included in Price - "Yes"
    Is Refundable - "Yes"

    Tax – PST
    Status – Taxable
    Rate - 8
    Included in Price - "Yes"
    Is Refundable - "Yes"

6. To save the Tax Code Details, select [OK]

7. Check the "2" **Tax Code** in a transaction to ensure the **Tax Code** is setup right. $59.99 x (GST 5% $3.00), x (8% PST $4.80) total transaction $67.79.

8. Review the Payment Journal Entry to ensure the transaction amounts are correct and the GST amount has been calculated.

Error Hints:

If you are using Simply Accounting by Sage Premium version and higher, Taxes and Tax Codes can only be added, edited and deleted in **Single user mode**.

If the Taxes or Tax Codes are grayed out, make sure all windows are closed. Click on Close all other windows to close all windows.