

BASICS ABOUT SALES TAX IN DYNAMICS 365 this document will show the basic logic of creation of tax transactions.

Chapter 1: Setup – what is required for Dynamics 365 in order to generate a Sales tax code?:	2
<i>You lost the overview of the setup?</i>	4
<i>How many Sales tax codes do we need? And when do we need them?</i>	5
Chapter 2: The Sales tax code is generated => what is controlled by the Sales tax code?	5
<i>Ledger posting group: these are the ledger accounts where the tax amounts are posted.</i>	6
<i>Sales tax percentage:</i>	7
<i>Tax authority:</i>	7
<i>Settlement period:</i>	8
<i>Mapping with country specific reports:</i>	9
Chapter 3: Where should the Sales tax group be entered?	10
Chapter 4: Where should the Item sales tax group be entered?	12
<i>How and where is the setup used?</i>	13
<i>What, if the ledger account used in the journal line has no Item sales tax group setup?</i>	14
Chapter 5: special taxes – Use tax	15
<i>How does Dynamics 365 know about Use tax?</i>	15
Chapter 6: special taxes - posting of import turnover tax	17
Chapter 7: Sales tax direction	19
<i>What is the impact of the sales tax direction?</i>	19
<i>How is the sales tax direction created?</i>	21
<i>Is it possible to change the sales tax direction manually?</i>	23
<i>Last hint:</i>	24

Basic principles for generating a sales tax code respectively a sales tax transaction.

A **Sales tax code** will **only** be generated if **2 records** are available **for a transaction**:

1. Sales tax group
2. Item sales tax group

Criteria for the **Sales tax group**: this is information about the customer / vendor. Standard information: **WHERE** is this customer / vendor located.

Criteria for the **Item Sales tax group**: this is the information about the item. Standard information: **HOW** is this item taxable (full, reduced)

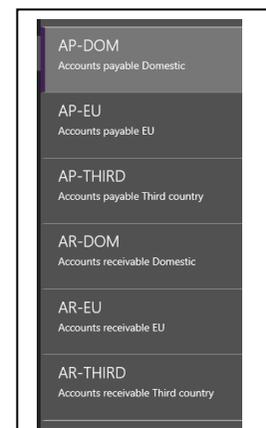
All following examples are shown with a regular sales tax percentage of 19 %, reduced sales tax percentage is 7 %

Chapter 1: Setup – what is required for Dynamics 365 in order to generate a Sales tax code?:

Sales tax group:

The following situations are normally relevant:

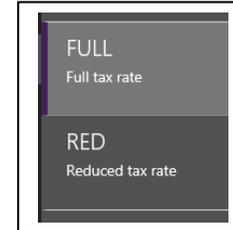
- a) the customer / vendor is located in your own country
- b) the customer / vendor is located in the European union
- c) the customer / vendor is located somewhere else



AP-DOM
Accounts payable Domestic
AP-EU
Accounts payable EU
AP-THIRD
Accounts payable Third country
AR-DOM
Accounts receivable Domestic
AR-EU
Accounts receivable EU
AR-THIRD
Accounts receivable Third country

Item sales tax group:

- a) the item is fully taxable
- b) the item is taxable with a reduced percentage
- c) the item is not taxable at all (so normally we don't need a sales tax transactions)



Example:

A) we sell a **notebook** to a **domestic customer**

The combination of Item sales tax group **FULL** and Sales tax group **AR-Dom** will generate a sales tax code.

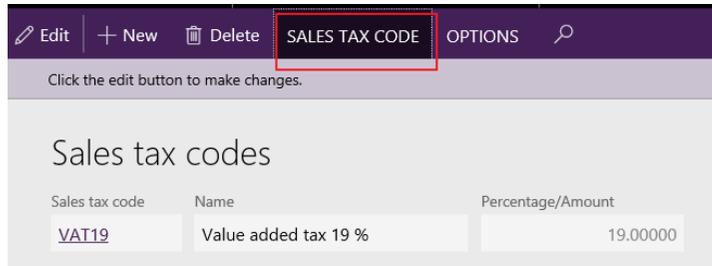
B) we buy **food** from a **domestic vendor**

The combination of Item sales tax group **RED** and Sales tax group **AP-Dom** will generate a sales tax code.

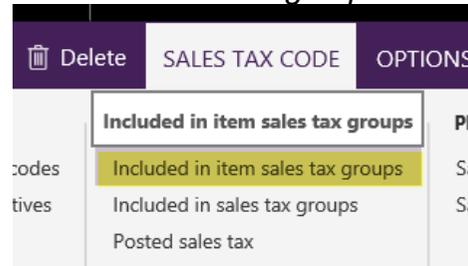
You lost the overview of the setup?

Then go to Tax – Indirect taxes – Sales tax – Sales tax codes.

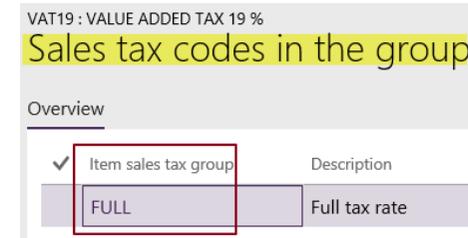
Select a sales tax code,
click SALES TAX CODE



select *Included in item sales tax groups*

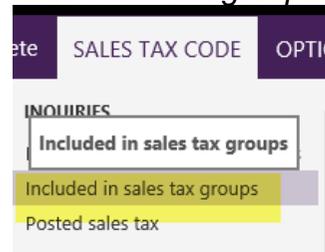


the relevant Item sales tax group is displayed

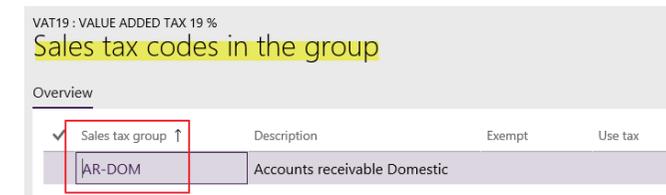


Repeat the same steps – now
click SALES TAX CODE

select *Included in Sales tax groups*



the related Sales tax group is displayed



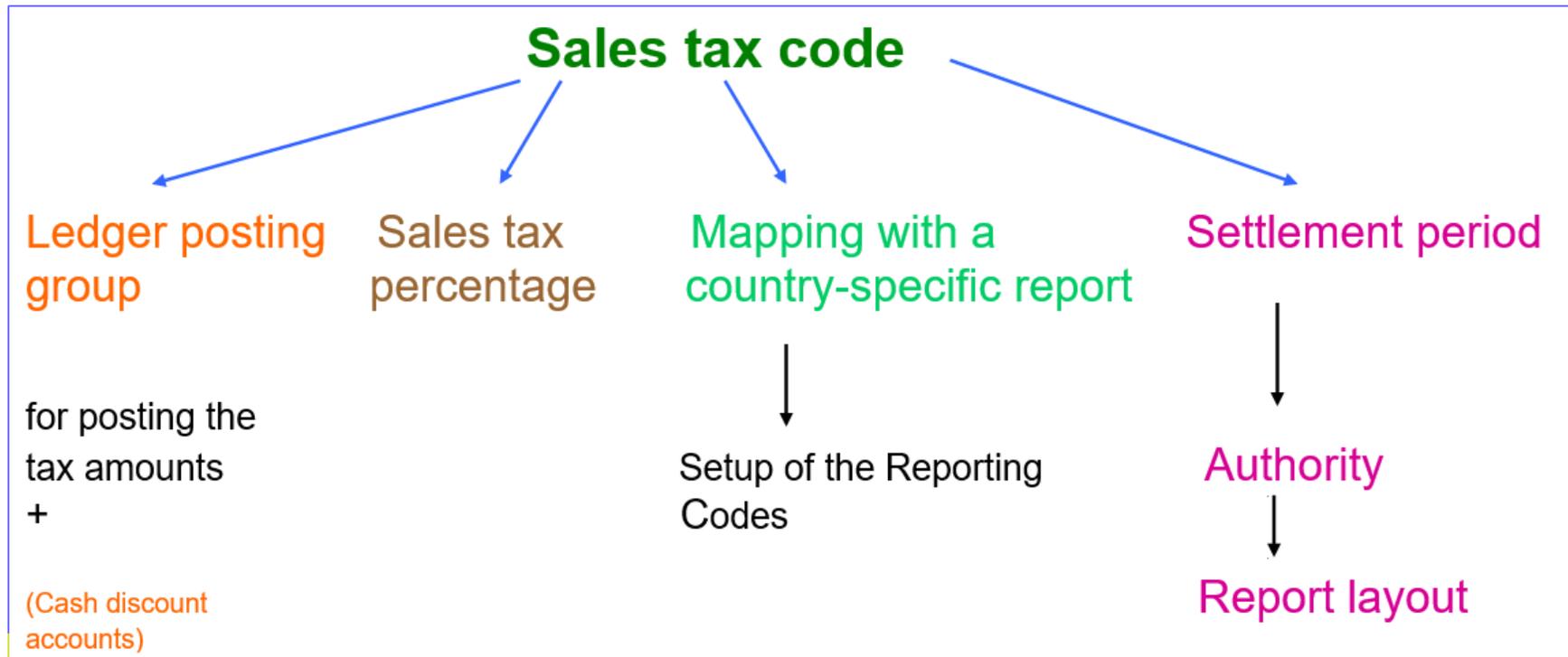
= > The setup shows that the combination of Item sales tax group FULL and Sales tax group AR-DOM will pull the Sales tax code **VAT19**

How many **Sales tax codes** do we need? And when do we need them?

In principle it can be said: each time we have to report a certain sales tax – then you should create an own sales tax code for each kind of sales tax which has to be printed on the sales tax report.

Even if the sale or purchase is tax free it is very common that companies are obliged to report the base amount of tax free sales/purchases.

Chapter 2: The Sales tax code is generated => what is controlled by the **Sales tax code**?



Ledger posting group: these are the ledger accounts where the tax amounts are posted.

it is useful to setup one Ledger posting group for each Sales tax code **with its own sales tax direction** (more details about sales tax direction in chapter 7).

This setup helps to avoid errors – especially when the ledger account fields are only filled for tax directions where a specific tax code is meant for.

That ensures that the user will receive an error message in case the tax direction is incorrect.

A	B	C	D	E	F	G
Ledger posting group	Description	Sales tax receivable	Use tax payable	Sales tax payable	Settlement account	Use tax expense
D19Pay	Domestic payable 19 %			222200	222180	
D19Rec	Domestic receivable 19 %	130800			222180	
D7Rec	Domestic receivable 7 %	130805			222180	
D7Pay	Domestic payable 7%			222207	222180	
EU_P19	EU purchases 19 %		222100		222180	130750
EU_P7	EU purchases 7%		130755		222180	222107
IMP	Import Tax	130810			222180	

Required setup in Chart of accounts: these ledger accounts need the field Posting set to ,Sales tax'

Posting validation

User validation Posting validation

USER

User ID

Validate user

POSTING TYPE

Posting type

Posting type validation

Sales tax percentage:

Go to Tax – Indirect taxes – Sales tax – Sales tax codes.

. Select a sales tax code, use button Value – enter the percentage in the field Value

SALES TAX CODE

Values CODE INQUIRIES

Values External codes Included in item sales tax groups

Limits Tax directives Included in sales tax groups

Posted sales tax

VAT19 : VALUE ADDED TAX 19 %

Sales tax code values

Filter

✓ Sales tax code ↑	From date	To date	Minimum limit	Maximum limit	Value	Non deductible %
VAT19			0.00	0.00	19.00000	0.00000

Tax authority:

The tax authority setup is especially needed to define the country specific report (if available).

You should also enter the address (which is used when you start the monthly report). In this example the German report layout is selected.

Note: it is not mandatory to select a vendor account for the authority. If this field is left empty the settlement account in the Ledger posting group will be used as offset account for the sales tax payment voucher.

Sales tax authorities

Authority Name Authority identification

TA Berlin tax authority

General

Vendor account Report layout

DE_TX_001 German report layout

Default

Norwegian report layout

English report layout

Swedish report layout

German report layout

Address

Edit Clear Map

Address

Settlement period:

We need a Settlement period to provide the information to Dynamics 365 how often and when sales tax has to be reported and paid. In this example monthly payment is setup.

Sales tax settlement periods

Settlement period	Description
Mon	Monthly settlement

General

Authority	Terms of payment	Period interval unit	Period interval duration
TA		Months	1

Use batch processing for
No

On tab Period intervals you just have to enter the first period – use button Add. For further periods you can use the button New period interval.

Period intervals

<input checked="" type="checkbox"/>	From date	To date	Bl
	11/1/2017	11/30/2017	
	12/1/2017	12/31/2017	
	1/1/2018	1/31/2018	
	2/1/2018	2/28/2018	
	3/1/2018	3/31/2018	
	4/1/2018	4/30/2018	

Mapping with country specific reports:

If a country specific report is available, you have to tell Dynamics 365 **where** the amounts have to be printed on the form respectively for which section of the transfer file the amount is related to.

This is done by using **Reporting codes** (Tax – Setup – Sales tax – Sales tax reporting codes).

This is different in each country and related to the individual report layout. Here is an example.

Sales tax reporting codes

Report layout ↑ Reporting code ▾ Report text

Report layout	Reporting code	Report text
German report layout	81	Basis, taxable sales 19 %
German report layout	181	Tax, taxable sales 19 %

The reporting codes are setup on the Sales tax codes, tab Report setup

Sales tax code	Name	Percentage/Amount
VAT19	Value added tax 19 %	19.00000

General

Calculation

Report setup

SALE	PURCHASE
Taxable sales	Taxable purchases
81	
Tax-free sale	Tax-free purchase
Sales tax payable	Sales tax receivable
181	

Chapter 3: Where should the Sales tax group be entered?

a) on Customer accounts – tab Invoice and delivery

DE-011 : Northwind Traders

Warehouse

Invoice and delivery

INVOICE	DELIVERY	Delivery reason	Tax exempt number
Invoice account	UPS zone	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	Destination code	Prices include sales tax
Invoice address	Delivery terms	<input type="text"/>	No <input checked="" type="checkbox"/>
<input type="text"/>	CIF <input type="text"/>	Receipt calendar	Packing duty license number
Number sequence group	Mode of delivery	Standard <input type="text"/>	<input type="text"/>
<input type="text"/>	10 <input type="text"/>		
Invoice template		SALES TAX	PACKING MATERIAL FEE
PSAProInvoice.Report <input type="text"/>		Sales tax group	License number
		AR-DOM <input type="text"/>	<input type="text"/>

b) on Vendor accounts – tab Invoice and delivery

DE-001 : Opal Audio

Vendor profile

Purchasing demographics

Invoice and delivery

INVOICE	OFFSET ACCOUNT	Delivery terms	SALES TAX
Invoice account	Account type	CIF <input type="text"/>	Sales tax group
<input type="text"/>	Ledger	Mode of delivery	AP-DOM <input type="text"/>
Number sequence group	Offset account	10 <input type="text"/>	Prices include sales tax
<input type="text"/>		Destination code	No <input checked="" type="checkbox"/>
Vendor price tolerance group		<input type="text"/>	Tax exempt number
	DELIVERY		DE124363748 <input type="text"/>
	UPS zone		

c) on Ledger accounts – tab Legal entity overrides. Select the Legal entity and then the button Sales tax is enabled. This button opens the form where default values can be entered.

The screenshot shows the Dynamics 365 interface for 'Main accounts - chart of accounts: Shared'. The breadcrumb trail is 'Operations > General ledger > Chart of accounts > Accounts > Main accounts'. The 'Legal entity overrides' table is visible, with the 'Legal entity' column containing 'DEMF' (highlighted with a red box). The 'Sales tax' button is highlighted in yellow, and a yellow arrow points from it to the 'Sales tax' form on the right. The form includes the following fields:

- Sales tax group: [Dropdown]
- Item sales tax group: [Dropdown]
- Sales tax direction: [Dropdown]
- Exempt: No
- Validate sales tax: Optional [Dropdown]
- Sales tax code: [Dropdown]

Legal entity	Name	Suspended	Active from	Active to	Allocation
DEMF	Contoso Entertainment System ...	<input type="checkbox"/>			<input type="checkbox"/>

Chapter 4: Where should the *Item sales tax group* be entered?

- on Ledger accounts – same as illustrated one page before: – tab Legal entity overrides. Select the Legal entity and then the button Sales tax is enabled. This button opens the form where default values can be entered.
- on Released products (in Product information management – Products – Released products) – on tab Purchase – and on tab Sell

D0001 : MidRangeSpeaker

Purchase

PURCHASE ORDER

Unit
ea

Overdelivery
0.00

Underdelivery
0.00

Intercompany stopped
No

ADMINISTRATION

Buyer group

Item price tolerance group

Vendor
US-001

TAXATION

Item sales tax group
FULL

D0001 : MidRangeSpeaker

Sell

SALES ORDER

Unit
pcs

Overdelivery
0.00

Underdelivery
0.00

Intercompany stopped
No

ADMINISTRATION

Commission group

TAXATION

Item sales tax group
FULL

PRICE UPDATE

Sales price model
None

Base price
Purchase price

Contribution ratio
0.00

Charges percentage
0.00

Date of price

BASE SALES PRICE

Price
0.00

Price quantity
1.00

Now the setup is finished.

How and where is the setup used?

- when creating a new **sales order** the **Sales tax group** will be taken from the **customer** account, the **Item sales tax group** is taken from the item number

- when creating a new **purchase order** the **Sales tax group** will be taken from the **vendor** account, the **Item sales tax group** is taken from the **item** number

- when creating a new **journal line** the **Sales tax group** will be taken from the **customer or vendor** account, the **Item sales tax group** is taken from **ledger account**.

- when creating a new **journal line** which consists of **ledger accounts only**:
 - the **Sales tax group** will be taken from the **Main account**.
If there is no setup on the Account it will be taken from the **Offset account**

 - the **Item sales tax group** will be taken from the **Account**.
If there is no setup on the Account it will be taken from the **Offset account**

What, if the ledger account used in the journal line has no *Item sales tax group* setup?

Then the *Item sales tax group* is defaulted in Journals from **GL parameters**, tab **Sales tax**, field **Item sales tax group**

The screenshot shows the Dynamics 365 interface for 'General ledger parameters'. The breadcrumb trail is 'Dynamics 365 > Finance and Operations > Tax > Setup > Parameters > General ledger parameters'. The 'Sales tax' tab is selected in the left-hand navigation pane. The main content area is titled 'Set up sales tax and sales tax group information' and contains a 'General' section with the following fields:

- Item sales tax group:** A dropdown menu with 'FULL' selected. This field is highlighted in yellow.
- Legal entity for intercompany tax posting:** A dropdown menu with 'Destination' selected.
- Calculation date type:** A dropdown menu with 'Invoice date' selected.
- Calculation method:** A dropdown menu with 'Total' selected.

Chapter 5: *special taxes – Use tax*

Probably this kind of tax is named differently in individual countries – therefore a short explanation:

In general - this is a purchase tax. If the Use tax has to be applied in a purchase posting it has the following effect:

1. the tax amount is posted as a tax payable amount
2. the tax amount is posted again as a tax receivable amount

= > so the result is: 0,00.

The basic purpose of this procedure is to have the amounts in the tax report.

These tax transactions provide the base amount (Amount origin), the tax receivable amount and the tax payable amount.

They have to show up on the tax report on individual lines.

This is normally applied if an EU company purchases goods from another EU company. But it can also occur in other tax situations in other countries.

Note: there are some countries using the same principle for domestic purchases and then name it 'reverse charge'.

Note: when the company is not authorized to refund tax receivable (by setting up a value in the Tax code setup of Value – field % of Tax exempt) then the result will not be 0,00 (this is typically a hospital or a public sector company).

How does Dynamics 365 know about Use tax?

On the [Sales tax group](#) – when adding a new Sales tax code - activate the field Use-tax:

Sales tax groups

Sales tax group	Description
AP-EU	Accounts payable EU

General

SALES TAX GROUP DESCRIPTION

Country/region or state

Country/purpose

CASH DISCOUNT

Reverse sales tax on cash discount

Yes

SALES TAX ROUNDING RULE

Rounding by

INVOICING

Print

Setup

+ Add Remove

<input checked="" type="checkbox"/>	Sales tax code	Exempt	Exempt code	Reverse ch...	<input checked="" type="checkbox"/> Use tax	Percentage/Amount	Name
<input checked="" type="checkbox"/>	EU0	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	0.00000	Intra-Comm. acquisition 0 %
	EU19	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	19.00000	Intra-Comm. acquisition 19 %
	EU7	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	7.00000	Intra-Comm. acquisition 7 %

If this field is marked on the Sales tax group, the tax amounts are posted to the ledger accounts of the **Ledger posting group** in the columns Use tax expense and Use tax payable

edger posting group	Description
EU_P19	EU purchases 19 %

General

Sales tax payable

Use tax expense

Sales tax receivable

Use tax payable

Chapter 6: *special taxes - posting of import turnover tax*

The import tax has to be paid if goods are purchased from a vendor located in a non-EU country. This vendor who delivers the goods does not charge sales tax on the invoice.

Instead the import tax is claimed when the goods cross the boarder and are declared at the customs.

The import turnover tax will be invoiced either by the customs office – or in a typical scenario a truckage company was ordered to import the goods: then the truckage company issues an invoice including the tax amount (which is a tax receivable), which they paid for us in advance.

What is particular in this situation?

No base amount exists.

We post the tax amount directly.

Vendor invoice journal

List General Invoice Cash discount Fixed assets Remittance History 1099 Foreign trade

+ New Delete Settle transactions Financial dimensions Sales tax Functions Voucher View marked transactions

✓	Date	Voucher	Account type	Account	Account name	Invoice d...	Invoice	Description	Debit	Credit	Currency	Offset account t...	Offset account	Sales tax group	Item sales tax...
	5/7/2018	APIN000024	Vendor	DE-01001	Property Management		1805075			250.00	EUR	Ledger	130810-001-023		

This is the only situation when the **sales tax code** is **manually** entered in the Vendor invoice journal on tab General

List **General** Invoice Cash discount Fixed assets Remittance History 1099 Foreign trade

Voucher: APIN000024

Invoice: 1805075

Date: 5/7/2018

Transfer: No

ACCOUNT

Company: demf

Account type: Vendor

Account: DE-01001

Description: []

Debit: []

Credit: 250.00

Currency: EUR

OFFSET ACCOUNT

Offset company: demf

Offset account type: Ledger

Offset account: 130810-001-023

Offset transaction text: []

SALES TAX

Sales tax group: []

Item sales tax group: []

Sales tax code: IMP

Use sales direction from main account: No

Calculated sales tax amount: 250.00

CURRENCY

Exchange rate: 1.000000000000

In the invoice journal you see: invoice amount = tax amount

INVOICE	SALES TAX
Terms of payment: Net10	Calculated sales tax amount: 250.00
Due date: 5/17/2018	Actual sales tax amount: 250.00

The tax amount has to be posted on the ledger account for Sales tax receivable of the **Ledger posting group IMP**

This **Ledger posting group** is assigned to **Sales tax code IMP**

Ledger posting groups

Ledger posting group	Description
IMP	Import Tax

General

Sales tax payable	Sales tax receivable 130810	Use tax expense	Use tax payable	Settlement account 222180
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Chapter 7: *Sales tax direction*

The sales tax direction is automatically created for each tax transaction:

Posted sales tax

Overview General Amount History

✓ Voucher	Date ↓ ∇	Source	Sales tax code ∇	Sales tax direction	Transacti...	Amount origin	Calculated sales tax amount	A
FIV-30000003	5/8/2018	Free text inv...	EUS	Tax-free sale	EUR	22,000.00	0.00	
FIV-30000000	5/8/2018	Free text inv...	VAT19	Sales tax payable	EUR	1,500.00	285.00	
APIN000024	5/7/2018	Voucher	IMP	Sales tax receivable	EUR	0.00	250.00	
PIV-110000056	5/7/2018	Purchase or...	EU19	Use tax	EUR	480.16	91.23	
APIN000021	5/7/2018	Voucher	EU19	Use tax	EUR	500.00	95.00	

What is the impact of the sales tax direction?

a) it determines, which ledger accounts of the **Ledger posting group** are used for posting the tax amount

Ledger posting group	Description	Sales tax receivable	Use tax payable	Sales tax payable	Settlement account	Use tax expense
VAT	VAT ledger posting group	130800	222100	222200	222180	130750
D19Pay	Domestic payable 19 %			222200	222180	
D19Rec	Domestic receivable 19 %	130800			222180	
D7Rec	Domestic receivable 7 %	130805			222180	
D7Pay	Domestic payable 7%			222207	222180	
EU_P19	EU purchases 19 %		222100		222180	130750
EU_P7	EU purchases 7%		130755		222180	222107
IMP	Import Tax	130810			222180	

Sales tax direction *Sales tax receivable* will take the ledger account of the column Sales tax receivable

Sales tax direction *Sales tax payable* will take the ledger account of the column Sales tax payable

Sales tax direction *Use-tax* will take the ledger accounts of the columns Use-tax expense and Use-tax payable.

b) it determines, which Reporting codes are summed up and printed on the sales tax report.

Tax transactions with Sales tax direction **Sales tax payable** will be summed up for all **Reporting codes** setup on the Sales tax code in field group **Sales**.

Tax transactions with Sales tax direction **Sales tax receivable** will be summed up for all **Reporting codes** setup on the Sales tax code in field group **Purchase**.

Tax transactions with Sales tax direction **Use tax** will be summed up for all **Reporting codes** setup on the Sales tax code in field group **Import**

Sales tax codes

Sales tax code	Name	Percentage/Amount
VAT19	Value added tax 19 %	19.00000

General

Calculation

Report setup

SALE	PURCHASE	IMPORT	Use tax
Taxable sales 81	Taxable purchases	Taxable import	
Tax-free sale	Tax-free purchase	Offset taxable import	Offset use tax
Sales tax payable 181	Sales tax receivable		COUNTRY/REGION TYPE Country/region type Domestic

Sales tax codes

Sales tax code	Name	Percentage/Amount
EU19	Intra-Comm. acquisition 19 %	19.00000

General

Calculation

Report setup

SALE	PURCHASE	IMPORT	Use tax
Taxable sales	Taxable purchases	Taxable import 89	189
Tax-free sale	Tax-free purchase	Offset taxable import	Offset use tax 61
Sales tax payable	Sales tax receivable		COUNTRY/REGION TYPE Country/region type Domestic

The country-specific setup of the Reporting codes is too individual. Thus it is not explained within this document.

How is the sales tax direction created?

Note: the sales tax direction is NOT generated by the tax code

- A) If there is customer account used in a voucher => it is sales tax payable
- B) If there is vendor account used in a voucher => it is sales tax receivable (or use-tax)
- C) If there are only ledger accounts used in a voucher (normally entered in a General journal) => ?????**

In a **General journal** you enter an account and an offset account. The rule for creation of the sales tax direction is:

Dynamics 365 3.0 takes the setup of the account - the offset account is ignored

Steps how to setup a Sales tax direction on Main accounts :

In General ledger – Chart of accounts – Accounts – Main accounts: select the relevant account. In Tab Legal entity overrides add the company for which this value should be valid.

Then click Sales tax. On the right side of the screen you can now select the according value in field Sales tax direction

The screenshot shows the 'Main accounts - chart of accounts: Shared' setup page in Dynamics 365. The 'Legal entity overrides' section is active, showing a table with one entry for 'Contoso Entertainment System ...' with legal entity 'DEMF'. The 'Sales tax' tab is selected, and the 'Sales tax direction' dropdown is highlighted in yellow, showing 'Sales' as the selected value. A yellow arrow points from the 'Sales tax' tab to the 'Sales tax direction' dropdown. The 'Validate sales tax' dropdown is set to 'Optional'.

Legal entity	Name	Suspended	Active from	Active to	Allocation	Exchange
DEMF	Contoso Entertainment System ...	<input type="checkbox"/>			<input type="checkbox"/>	

Sales tax

Sales tax group:

Item sales tax group:

Sales tax direction: **Sales**

Exempt: No

Validate sales tax: Optional

Sales tax code:

It is useful to setup the Sales tax direction on all ledger accounts which are used in a certain way.
F.e. if the ledger account is named „Office supply costs“ then it is recommended to set it to ‚Purchase‘.
If the ledger account is named „Revenue“ then it is recommended to set it to ‚Sale‘.
If the use of the ledger account is not unique, then leave the field empty.

Note: The field Sales tax direction on the ledger account will only be considered if a journal line consists of ledger accounts only !

What, if the ledger account has no information about sales tax direction?

If the field Sales tax direction of the account is empty the rule is:

- * Debit posting = sales tax receivable
- * Credit posting = sales tax payable

Is it possible to change the sales tax direction manually?

Yes, you can do that.

In exceptional cases it can be needed that a vendor transaction has to be posted with sales tax payable.
or a customer transaction has to be posted with sales tax receivable.

In a general journal and in invoice journal it is possible to activate the field Sales tax direction on tab General:

Vendor invoice journal

List General Invoice Cash discount Fixed assets Remittance History 1099 Foreign trade

+ New Delete Settle transactions Financial dimensions Sales tax Functions Voucher View marked transactions

✓	Date	Voucher	Account type	Account	Account name	Invoice d...	Invoice	Description	Debit	Credit	Currency	Offset account t...	Offset account	Sales tax group	Item sales tax...
✓	5/15/2018	APIN000025	Vendor	DE-001	Opal Audio		TaxPayVendor	Vendor Invoice with tax payable	2,380.00		EUR	Ledger	401300-001-022--	AR-DOM	FULL

00141: APINVOICE

Vendor invoice journal

List **General** Invoice Cash discount Fixed assets Remittance History 1099 Foreign trade

Voucher: APIN000025

Invoice: TaxPayVendor

Date: 5/15/2018

Transfer: No

ACCOUNT

Company: DEMF

Account type: Vendor

Account: DE-001

Description: Invoice with tax payable

Debit: 2,380.00

Credit:

Currency: EUR

OFFSET ACCOUNT

Offset company: DEMF

Offset account type: Ledger

Offset account: 401300-001-022--

Offset transaction text:

SALES TAX

Sales tax group: AR-DOM

Item sales tax group: FULL

Sales tax code:

Use sales direction from main account
Yes

Calculated sales tax amount: 380.00

CURRENCY

Exchange rate: 1.000000000000

Now the tax transaction of this vendor transaction is created based on the setup of ledger account 401300:

Sales tax transactions

Overview	General	Amount	Adjustment			
✓	Sales tax code ↑	Quantity	Amount origin	Percent	Actual sales tax...	Sales tax direction
	VAT19	0.00	2,000.00	19.00000	380.00	Sales tax payable

The activation of the field Sales tax direction in a journal means:
ignore the customer/vendor account – just apply the Sales direction setup of the ledger account

Last hint:

Some explanations why the **Ledger posting groups** should be setup only with the relevant ledger accounts – and the other fields should be left empty.

With this trick you can avoid errors in creation of sales tax direction.

Example: If sales tax code VAT19 is used

Sales tax codes

Sales tax code	Name	Percentage/Amount
VAT19	Value added tax 19 %	19.00000

General

REFERENCES

Settlement period

Ledger posting group

D19Pay

in the related Ledger posting group setup nothing is selected in field Sales tax receivable.
Because Tax code VAT19 meant for tax payable only.

Ledger posting groups

Ledger posting group	Description
D19Pay	Domestic payable 19 %

General

Sales tax payable	Sales tax receivable	Use tax expense	Use tax payable	Settlement account
222200				222180

If accidentally a transaction is created with the wrong sales tax direction ,Sales tax receivable' you can not post because

Sales tax transactions

Overview	General	Amount	Adjustment				
✓	Sales tax code ↑	Quantity	Amount origin	Percent	Actual sales tax...	Sales tax direction	
	VAT19	0.00	100.00	19.00000	19.00	Sales tax receivable	

.... you get an error message:

✘ Posting results for journal batch number 00140 The ledger posting group D19Pay does not have an account for sales tax direction Sales tax receivable specified.

Then the user can check the actual transaction before posting ... avoiding a lot of reconciliation work afterwards.