

AOSD Flash #271: Sales/Use Tax Accrual Reminder

If a supplier does not include sales tax on the invoice for taxable items, City departments must either request the supplier to resubmit an invoice with the correct tax amount or accrue sales/use tax liability in PeopleSoft. Below are instructions on how to ensure sales/use taxes are properly accrued in the system.

1. System Accrual (Navigation: Main Menu>Accounts Payable>Vouchers>Add/Update)
 - A. If the Purchase Order has been set up as taxable:
 - a) Leave the Tax Exempt box unchecked, and leave the Sales Tax field blank. Click Save

The screenshot shows the 'Voucher Attributes' tab in the PeopleSoft system. The 'Invoice Information' section includes fields for Business Unit (SFGOV), Invoice No (test1), Accounting Date (10/19/2017), and Invoice Date (10/19/2017). The 'Supplier' information is for STAPLES BUSINESS ADVANTAGE. The 'Invoice Total' section on the right shows a Line Total of 10.00, with Sales Tax and Use Tax fields currently blank. The 'Tax Exempt' checkbox is unchecked.

- b) A system alert will be displayed on the screen. Click Yes

The screenshot shows the same voucher screen as above, but with a 'Message' dialog box overlaid. The message reads: 'No Sales Tax has been input, Use Tax will be Accrued. (7030,727) Select Yes to Redefault the Tax Code for Use Tax or No to Retain Tax code from Purchase Order.' The 'Yes' button is circled in blue, indicating the user's selection.

- c) The system will automatically accrue the missing sales tax, and the amount is displayed in the Use Tax field.

The screenshot shows the voucher screen after the system has processed the accrual. The 'Invoice Total' section now shows a 'Use Tax' amount of 0.83, which has been automatically calculated and entered into the field. The 'Sales Tax' field remains blank.

- B. If the Purchase Order was set up as Tax Exempt, either process a change order to set the PO to Sales Tax Applicable, or perform the following:

a) Click on the Sale/Use Tax hyperlink on the Invoice Lines

The screenshot shows the 'Invoice Information' screen. At the top, there are tabs for 'Summary', 'Related Documents', 'Invoice Information', 'Payments', 'Voucher Attributes', and 'Error Summary'. The 'Invoice Information' tab is active, displaying fields for Business Unit (SFGOV), Invoice No (test1), Accounting Date (10/19/2017), Voucher ID (00091174), Voucher Style (Regular Voucher), Invoice Date (10/19/2017), Invoice Received (10/19/2017), Supplier ID (0000010525), ShortName (STAPLESSBUS-001), Location (MAIN), and Address (3). The 'Invoice Total' section shows a Line Total of 10.00, Use Tax of 0.83, and a Total of 10.00. The 'Invoice Lines' section shows Line 1 with a line amount of 10.00. The 'Purchase Order' section shows 'Sales/Use Tax' as a highlighted item.

b) Change Sales Use Tax Applicability from "Item is Exempt" to "Sales Tax Applicable" and click OK.

The screenshot shows the 'Invoice Line Tax Information' dialog box. The 'Sales/Use Tax Destination' is set to 13100. The 'Sales/Use Tax Applicability' dropdown is set to 'Sales Tax Applicable'. The 'Calculation Parameters' section includes checkboxes for 'Include Misc Charges', 'Include Discount', 'Include Freight', and 'Include VAT'. The 'Sales/Use Tax Calculations' section shows fields for 'Sales Tax Pct', 'Calculated Sales Tax Amount', 'Allocated Sales Tax Amount', and 'Use Tax Amount'. The 'OK', 'Cancel', and 'Refresh' buttons are visible at the bottom.

c) Repeat step A a) through A c).

2. Manual Accrual

Refer to Section 3.1.4 of the AP Processing FAQ at

http://famis.sfgov.org/controllerspolicies/AP_Processing_FAQ_7-28-17_v2.pdf.