



# *Taxing Enhancements*



eCommerce Industries, Inc.



October 2005 Item # H-TAXING

Contents

- Understanding the New Taxing Features ..... 3**
- Using Tiered Tax Districts ..... 3**
- What You Need to Set Up ..... 5**
- Setting Up the (LØ) Screen ..... 5**
- Setting Up Tiered Taxing ..... 5**
- Setting Up Nested Combined Tax Districts ..... 7**
- Setting Up Ensite Pro ..... 7**

## Understanding the New Taxing Features

The DDMS system has three new taxing features. These include the tiered sale price taxing district, nesting combined taxing districts, and taxing single items at different percentage rates based on categories. These new taxing features are a result of new taxing laws in the state of Tennessee. However, these work for anyone who needs combined tax districts.

These new features are available for both graphical and text-based users. Instructions for setting up these features are included for both.

Tiered taxing districts let you tax a different tax percent on an item based on sell price.

With these new features, you can set up a combined tax district with unlimited tax districts. Previously, you could only set up a combined tax district with not more than three tax districts. Nesting combined taxing districts lets you assign one combined tax district to another combined tax district.

In addition, you can now assign tax categories by item. For example, you can tax non-processed food items at a different rate than processed food items. This is only set up in graphical.

## Using Tiered Tax Districts

For clarity's sake, assume the following throughout this entire handout:

The local county's or municipality's 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. An example of this setup is shown in Figure 1.

In Figure 2, you can see an example of tax for an item for which the unit price is \$4000.

## Taxing Enhancements

**Figure 1:  
Setting Up  
Combined Tax  
Districts in the  
(AT) Screen**

```

11:07:58          (AT) TAX DISTRICTS TABLES REV. (05/28/XX)          07/29/02
=====
ACTION [I]      (A=Add, C=Change, D=Delete, I=Inquiry, B=Back To A) Loc [ 1]
=====
Nbr.  Description      Tax%  Amt  LU      Nbr.  Description      Tax%  Amt  LU
-----
RR ROAD RUNNER TES 10.000
TC TN LOC1 LOC2          C  LOC1 LOC 1 TAX      2.250 1600 Y
TN TN STATE TAX      7.000  LOC2 LOC 2 TAX      2.750 3200 T
END          STAT STATE TAX      5.000
GSG TEST2          5.000  a036 76262          8.000
PCT STAT  01          C  a037 76262          9.000
TAX STATE TAX      8.250  a038 76262          10.000
TC1 LOC2 LOC3          C
0404 040
1000 PENN TAX      6.000
1001 MA STATE TAX  5.000
1002 VA SALES TAX  4.500
1003 CA SALES TAX  7.750
1111 TEST          10.000
1112 NON-TAXABLE   0.000
2000 NON-TAXABLE   0.000
4444 KELLER        8.250
END OF FILE - ANY KEY TO CONTINUE ?
  
```

**Figure 2: Taxes  
on an Item that  
is \$4000**

$$\$1600 \times (7\% + 2.25\%) = \$148.00$$

$$\$1600 \times (7\% + 2.75\%) = \$156.00$$

$$\underline{\$800 \times (7\%) = \$56.00}$$

$$\text{Total Tax} = \$360.00 \text{ on a } \$4000 \text{ item}$$



## What You Need to Set Up

The new taxing features are available in both graphical and text-based. Please refer to the appropriate instructions.

Use the following instructions to set up your text-based system:

- 1 Set up the (LØ) Global Master Parameters screen. The Calculate Tax by Line field must be set to Y in order for these new taxing features to work. Go to the heading **Setting Up the (LØ) Screen**.
- 2 Set up the (AT) Tax Districts Tables screen. Go to the heading **Setting Up Tiered Taxing**.
- 3 Set up nested combined tax districts in the (AT) screen. Go to the heading **Setting Up Nested Combined Tax Districts**.

Use the following instructions to set up your graphical system:

- 1 Set up the (LØ) Global Master Parameters screen. The Calculate Tax by Line field must be set to Y in order for these new taxing features to work. Go to the heading **Setting Up the (LØ) Screen**.
- 2 These new features are also available in Ensite Pro. After you set the (LØ) parameter, go to the heading **Setting Up Ensite Pro**.

## Setting Up the (LØ) Screen

Use the following instructions:

- 1 Go to the (LØ) Screen and select the [C] Change action code.
- 2 Tab to the Calculate Tax By Line field. Type Y.
- 3 Press Enter to move the cursor back to the action code field.

## Setting Up Tiered Taxing

Before making changes to the (AT) screen, DDMS recommends that you print a hard copy of your current tax districts.

In the (AT) screen, set up the following tax districts:

- State tax district
- Lower level cap (\$1600 and below, shown in Figure 3)
- Upper level cap (\$1600 to \$3200, shown in Figure 3)
- Nested combined tax.

## Taxing Enhancements

There is a new option in the (AT) screen. You specify that you are setting up a tiered tax district by entering the new [T] option in the LU field. (The LU field defines the tax type, combined or capped, for example.) The [T] option lets the system know that the previous tax district in the combined list is the lower range of the tax cap. See the example in Figure 3.

Use the following instructions to set up the (AT) screen:

- 1 In the (AT) screen, select the [A] Add action code.
- 2 In the Nbr field, assign a unique code for this tax district. For example, you might enter LOC1.
- 3 In the Description field, enter a description to identify this tax district, for example, LOC 1 TAX.
- 4 In the Tax % field, enter a tax percentage for the taxable district. Using the example in Figure 1, you might type 2.25.
- 5 In the Amt field, enter the dollar limit (cap) that can be taxed for the tax district, if any. For example, to limit the amount that can be taxed to \$1600, enter 1600 in this field.
- 6 In the LU field, you specify whether to figure the tax on individual units or on the extended dollar amount. Using our previous example, you would enter a Y in this field to base the tax in order entry on individual units. To set up tiered tax districts for any additional tax brackets, you would enter a T in this field.
- 7 Individual districts are assigned to a combined tax district. The district is assigned to the customer.

**Figure 3:  
Setting Up  
Tiered Taxing**

```

11:05:03      (AT) TAX DISTRICTS TABLES REV. (05/28/XX)      07/29/02
=====
ACTION [I]      (A=Add, C=Change, D=Delete, I=Inquiry, B=Back To A) Loc [ 1]
=====
Nbr.  Description      Tax%  Amt  LU      Nbr.  Description      Tax%  Amt  LU
-----
RR ROAD RUNNER TES 10.000
TC TN LOC1 TC1      C      LOC1 LOC 1 TAX      2.250 1600 Y
TN TN STATE TAX      7.000      LOC2 LOC 2 TAX      2.750 3200 T
END      LOC3 LOC 3 TAX      3.000 4800 T
GSG TEST2      5.000      STAT STATE TAX      5.000
PCT STAT 01      C      a036 76262      8.000
TAX STATE TAX      8.250      a037 76262      9.000
TC1 LOC2 LOC3      C      a038 76262      10.000
0404 040
1000 PENN TAX      6.000
1001 MA STATE TAX      5.000
1002 VA SALES TAX      4.500
1003 CA SALES TAX      7.750
1111 TEST      10.000
1112 NON-TAXABLE      0.000
2000 NON-TAXABLE      0.000
4444 KELLER      8.250
END OF FILE - ANY KEY TO CONTINUE ?

```



## 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. See Figure 4.

**Note:** Before making changes to the (AT) screen, DDMS recommends that you print a hard copy of your current tax districts.

## Setting Up Ensite Pro

Set up the following tax districts:

- State tax district
- Lower level cap (\$1600 and below, shown in Figure 5)
- Upper level cap (\$1600 to \$3200, shown in Figure 5)
- Nested combined tax.

**Figure 4:  
Setting Up  
Nesting  
Combined Tax  
Districts**

```

11:05:03      (AT) TAX DISTRICTS TABLES REV. (05/28/XX)      07/29/02
=====
ACTION [I]      (A=Add, C=Change, D=Delete, I=Inquiry, B=Back To A) Loc [ 1]
=====
Nbr.  Description      Tax%  Amt  LU      Nbr.  Description      Tax%  Amt  LU
-----  -----
RR ROAD RUNNER TES 10.000      4524 040
TC TN LOC1 TC1      C      LOC1 LOC 1 TAX      2.250 1600 Y
TN TN STATE TAX      7.000      LOC2 LOC 2 TAX      2.750 3200 T
END      LOC3 LOC 3 TAX      3.000 4800 T
GSG TEST2      5.000      STAT STATE TAX      5.000
PCT STAT 01      C      a036 76262      8.000
TAX STATE TAX      8.250      a037 76262      9.000
TC1 LOC2 LOC3      C      a038 76262      10.000
0404 040
1000 PENN TAX      6.000
1001 MA STATE TAX      5.000
1002 VA SALES TAX      4.500
1003 CA SALES TAX      7.750
1111 TEST      10.000
1112 NON-TAXABLE      0.000
2000 NON-TAXABLE      0.000
4444 KELLER      8.250
END OF FILE - ANY KEY TO CONTINUE ?
    
```

## Setting Up Parameters

First, you must set up your parameters.

To set up the (LØ) parameter:

- 1 From the Ensite Pro Master Menu, double-click



- 2 Double-click



- 3 Go to the (LØ) Screen and select the [C] Change action code.
- 4 Tab to the Calculate Tax By Line field. Type Y.
- 5 Press Enter to move the cursor back to the action code field.

## Setting Up Tax Districts

To set up tax districts in Ensite Pro:

- 1 From the Master Menu, click Databases, then click Tax Districts.
- 2 The Tax District dialog box opens. Click Add. See Figure 5.

**Figure 5:**  
Setting Up Tax  
Districts in  
eNsite Pro

District	Description	Percent	Cap	Unit Cap/Combined
45	ERGERT	56.000	9999	T
TN	TN STATE TAX	7.000		Y
1100	45 TN 6788			C
6788	566 8767 3246			C
9999	TEST32	7.000	90.00	Y
LOC1	LOC 1 TAX	2.250	1600	Y
LOC2	LOC 2 TAX	2.750	3200	Y
LOC3	LOC 3 TAX	3.000	4890	Y
LOC5	LOC 5 TAX	2.250	1200	Y
TEST	FCHF FFFF			C

- 3 The Tax District Detail dialog box opens. You can set up either a combined district, or an individual tax district.

To set up a tax district composed of more than one district:

- Step 1:** Click the Combined Tax District box. See Figure 6.
- Step 2:** Use the District box to enter a unique code to identify the new tax district. The box is limited to four alphanumeric characters.
- Step 3:** Use the Enter Districts To Combine dialog 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.

To add an individual tax district:

- Step 1:** Use the District box to enter a unique code to identify the new tax district. The box is limited to four alphanumeric characters. See Figure 7.
- Step 2:** Use the Description box to enter a description to identify the district. The box is limited to 15 alphanumeric characters.

**Figure 6:**  
Setting Up A  
Combined Tax  
District

The screenshot shows the 'Tax District Detail' dialog box. At the top, the title bar reads 'Tax District Detail'. Below the title bar, there is a checkbox labeled 'Combined Tax District?' which is checked. To the right of this checkbox is a text box labeled 'District' which is currently empty. Below this, there is a section titled 'Enter districts to combine:' containing three input boxes labeled '1:', '2:', and '3:', all of which are empty. At the bottom of the dialog box, there are three buttons: 'OK', 'Cancel', and 'Apply'.

**Figure 7:**  
Setting Up An  
Individual Tax  
District

The screenshot shows the 'Tax District Detail' dialog box. At the top, the title bar reads 'Tax District Detail'. Below the title bar, there is a checkbox labeled 'Combined Tax District?' which is unchecked. To the right of this checkbox is a text box labeled 'District' which contains the text 'LOC1'. Below this, there is a section with a text box labeled 'Description' and a text box labeled 'Cap'. Below these, there are two checkboxes: 'Line Item Cap on Unit Price' and 'Multi-Tier Line Item Cap on Unit Price', both of which are unchecked. At the bottom of the dialog box, there are three buttons: 'OK', 'Cancel', and 'Apply'.

## Taxing Enhancements

- Step 3:** Use the Cap box to enter the dollar limit (cap) that can be taxed for the tax district, if any.
- Step 4:** Use the Percent box to enter the district's tax percentage.
- Step 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 Click Apply.

## 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 might want to tax non-processed food items at a different rate than processed food items.

To set up categories for items:

- 1 In the Item database, select the item for which to set the category.
- 2 In the Item Settings tab, enter a user-defined code in the Tax Code box.
- 3 Click the Save button to save your changes.



**Figure 8:**  
Setting Up Item  
Tax Districts in  
eNsite Pro

From Tax District	Item Tax Code	Replacement Tax District
LOC1	A	TN

Add Edit Delete Exit

## Setting Up Item Tax Districts

To set up item tax districts:

- 1 From the Master Menu, click Databases, then click Item Tax Districts.
- 2 The Item Tax District dialog box opens. Click Add.
- 3 The Item Tax District Detail dialog box opens. (See Figure 8.) In the From Tax District box, you can enter the tax district or click  to select the tax district.
- 4 In the Item Tax Code box, enter the tax code that you specified in the Tax Code box in the Item Settings Tab.
- 5 In the Replacement Tax District box, enter the replacement tax district or click  to select a tax district. The item tax district entered in this box will be 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.

