

SUPPORT DOCUMENT

Updating Tax Rates



Changing Tax Rates

Palladium Accounting simplifies the process of adding new Tax Rates to comply with changes in legislation.

For example; with effect from 1 April 2018, the VAT rate in South Africa was increased from 14% to 15%.

The first step in compliance, would be to change your default Tax rates in Palladium to 15%. This is not as simple as changing all your current 14% tax types to 15%, as this could have consequences on outstanding transactions that must still be processed at 14% after April 1st. The better way is to create new tax types, and this article is designed to guide you through the process of creating these new tax types and updating them in the relevant areas of your system.

With Palladium we have written a function that will create a mass convert function that will update the relevant areas automatically (Available to supported clients). Our unsupported clients would be required to process this function manually using the steps below.

What Tax Types Do I Need to Create?

You will need to create a new 15% tax types for every 14% tax type that you currently have. For most businesses that would mean creating the following four new tax types for 15%, although you may have separate or additional types to cater for both Tax Inclusive and/or Tax Exclusive processing.

1. Vat Input
2. Vat Output
3. Bad Debts
4. Capital Purchases
5. Other as required by the Revenue Services

Note – The new tax rate would not affect the Zero Rated or Tax Exempt tax types. All clients, whether supported or not, are required to perform this function.

Adding 15% Tax Types

Creating New Tax Types

1. On the Sales Tax / VAT menu, select the Tax Codes tab and the following menu will be displayed:

Tax	Status	Rate	Included in Price	Refundable
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2. Enter the tax code such as "11", "12", etc. This code will appear on all documents you create inside Palladium.
3. Enter a description such as "VAT on Sales", etc. This will help your users to determine what the code is used for.
4. Use the "Allowed In" drop down to select the journals where the code is allowed to be used in. It is recommended you have separate codes for sales and purchases. Your exempt and non-taxable codes can be allowed in all journals.
5. The final option is the *Defaults*. If selected, this code will be the default for all new customers or Suppliers (or both) when they are created (but can be changed during creation). Here you can also specify whether the code is a default for the Receipt and Payment Journal.

Adding Tax Rates to your Tax Types

1. Click the new button to enter the taxes to be charged into this code. Once you select New you will see the following screen:

Tax

Adding 15% Tax Types

2. The tax drop down is populated with the Tax Authorities you created earlier. In this example it is SARS for Vat. But there could be a situation where there are multiple Tax Authorities benefitting from one Tax Rate, such as State and Federal Taxes.
3. Use the status drop down you to select whether the authority is taxable, non-taxable, or exempt.
4. Enter the tax rate. If you use amounts on invoices that include sales taxes, you need to check the included in price check box. If your prices are exclusive of tax, then leave this clear.
5. The last check box (refundable) signifies whether this is a Refundable or non-Refundable tax, with the latter being expensed rather than recovered.

Manually Updating Your Palladium with the New Tax Types – Non-Supported Clients

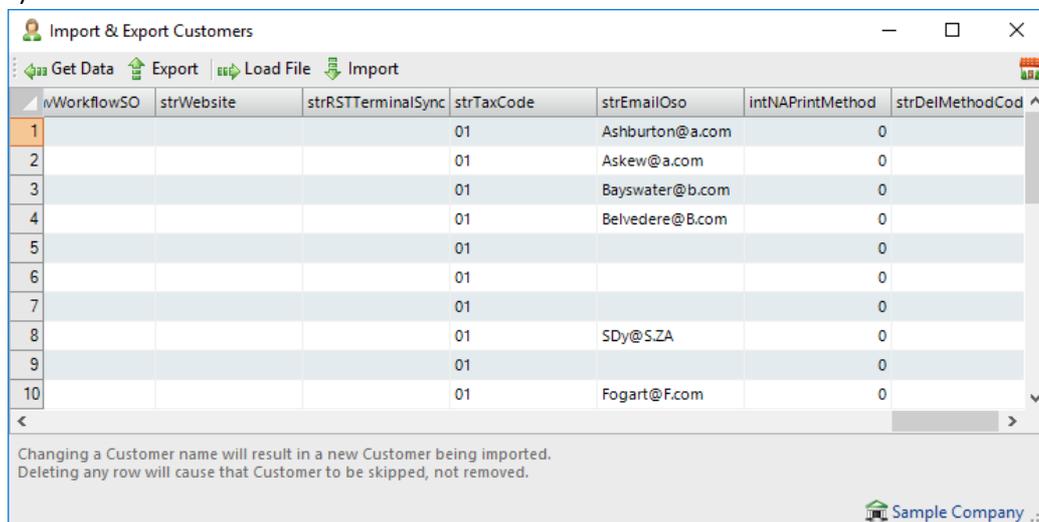
Once your new codes are set up, you will need to populate the relevant codes to your Customers, Suppliers and Inventory items.

There are 2 areas that we need to setup in the form of the Default Tax type for your various Customers and Suppliers, then we need to setup the Tax Exceptions for Customers, Suppliers and Inventory Items.

Changing Customer and Vendor Tax Codes

To update the tax codes for Customers and Vendors follow this simple procedure:

1. Export your existing Masterfile data to excel by going to the Control Panel, selecting Customers (and Vendors) and then Get Data.



	vWorkflowSO	strWebsite	strRSTTerminalSync	strTaxCode	strEmailOso	intNAPrintMethod	strDelMethodCod
1				01	Ashburton@a.com	0	
2				01	Askew@a.com	0	
3				01	Bayswater@b.com	0	
4				01	Belvedere@B.com	0	
5				01		0	
6				01		0	
7				01		0	
8				01	SDy@S.ZA	0	
9				01		0	
10				01	Fogart@F.com	0	

Changing a Customer name will result in a new Customer being imported.
Deleting any row will cause that Customer to be skipped, not removed.

Sample Company

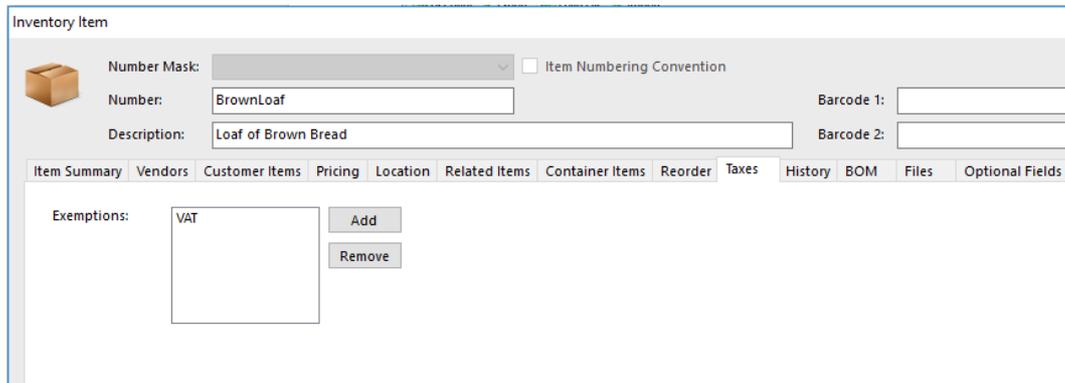
2. Select the Export function to Export the file to Excel.
3. Open the file and update the strTaxCode field with the new tax code. To update the Withholding Tax field you would need to update the tax code on the bitWithholdTaxCode.
4. Once you are finished updating save the file.
5. In Palladium click on Load File and add the file you have just updated.
6. Click Import to add the updated Masterfile data into Palladium.
7. Repeat this process for your Vendor Masterfile.

Please note that these tax types are merely DEFAULT Tax Types and that you are still able to adjust the tax type on a document for 'back-processing'.

Adding 15% Tax Types

Updating your Tax Exceptions

To update the Tax Exceptions you would be required to go into each Customer, Vendor and Inventory Masterfile, and Update each code manually, as seem below in the case of Inventory Items. In South Africa, Tax Exemptions would not apply for Customers and Suppliers (provided the correct default Tax type has been selected) but would apply to certain Vat Exempt items.



Inventory Item

Number Mask: Item Numbering Convention

Number: Barcode 1:

Description: Barcode 2:

Item Summary Vendors Customer Items Pricing Location Related Items Container Items Reorder Taxes History BOM Files Optional Fields

Exemptions:

Updating Open Sales and Purchase Quotes and Orders

You would need to update the open Sales and Purchase Documents manually through the document adjustment function.