

Sales Tax Removal From an Invoice or Account

Example 1 - Customer 4965 buys a CP734 air wrench which the counter man charges tax on. The customer calls back and says the wrench is for resale and no tax should have been charged. On Point of Sales make an invoice returning the CP734 with sales tax being charged. This will create him a credit memo offsetting the original invoice. Then bill him with a CP734 with an N in the tax code for non-taxable. This example would work even if there were several more items on the original invoice the CP734 was billed on.

Example 2 - Customer 1080 has received a tax number but several invoices were billed to him without the tax number. Add up the taxable items on the invoices (remember to omit items like labor, oil etc. because they are non-taxable to anyone). For our example the taxable items added up to \$495.85. Go to Point of Sales and key in a return code of R with a line code of YYC and no part number. The quantity ordered and shipped will be 1 and the tax code will be G. The amount will be \$495.85. This will create him a credit memo for the wrongly taxed items plus the sales tax. Now make an invoice to him with a line code of YYC and no part number. Again the quantity ordered and shipped will be 1. There will be no return code and the tax code will be N this time. The amount will be \$495.85. This will bill him with \$495.85 with no tax charged on it. Be sure to write a brief explanation in the message field.

For example on the credit you could say- Credit for parts charged with tax when not tax should be charged. On the billing you could say- Charge back on items credited on invoice ????? (use the invoice number from your credit) with tax. These parts should have had no tax.

The above examples will correct your sales tax file to reflect the credit of taxable sales and the billing of non-taxable sales. Also the customer's account will show a net credit of the sales tax.

If you need additional information, email support@southpoint.net or call our office.