

Job Aid for Sales Tax on Purchase Orders

Intended For:

PO Department Buyers / PO Department PO Processors

Purpose:

This Job Aid provides users with instructions on how to handle tax exempt purchase orders.

FI\$Cal is configured to calculate sales tax on the PO automatically based on tax code for the ship-to location of the order. If the entire PO or specific lines on a PO are non-taxable, the tax exempt flag needs to be selected to prevent sales tax from being applied.

1. If the entire PO is non-taxable (e.g. labor/services), the Buyer/PO Processor will need to set the PO Header to non-taxable. Navigate to the Maintain Purchase Order page as shown below. Navigation: Purchasing > Purchase Order > Add/Update POs. After entering the vendor, buyer, etc. click on the "Header Details" link.

The screenshot displays the Oracle 'Maintain Purchase Order' interface. The page title is 'Purchase Order'. Key fields include Business Unit (41700), PO ID (NEXT), and PO Status (Approved). The 'Header' section contains fields for PO Date (07/15/2013), Vendor (ACMEAUTO-001), Vendor ID (000000020), and Buyer (CROTH). The 'Amount Summary' section shows Merchandise (0.00), Freight/Tax/Misc. (0.00), and Total Amount (0.00 USD). The 'Header Details' link is circled in red. Below the header section, there is a table for 'Lines' with columns for Line, Item, Description, PO Qty, UOM, Category, Price, Merchandise Amount, and Status. The first line is Line 1, Item Auto Painting, PO Qty 240000, UOM MD, Category 821515, Price 90, Merchandise Amount 0.00, and Status Approved.

Line	Item	Description	PO Qty	UOM	Category	Price	Merchandise Amount	Status
1	Auto Painting		240000	MD	821515	90	0.00	Approved

On the PO Header Details page, check the “Tax Exempt” box and enter the tax exempt ID or enter a description to denote why the PO is tax exempt as shown below.

The screenshot shows the Oracle 'Maintain Purchase Order' page for 'PO Header Details'. The 'PO Details' section includes fields for Vendor (ACMEAUTO-001), PO Date (07/15/2013), *PO Type (GEN), *Billing Location (CA001), and Origin. The 'Tax Exempt' checkbox is checked, and the ID field contains 'Paint Job Labor'. The 'Currency' section shows USD as the base currency. The 'Process Control Option' section includes 'Acknowledgements required for' (Not required) and 'Dispatch' (checked, Method: Print). Buttons for OK, Cancel, and Refresh are at the bottom.

- If some PO lines are taxable (e.g., goods) and some are non-taxable (e.g., installation labor) in an order, the user will need to set the non-taxable lines to “Tax Exempt.”

Navigation: Purchasing > Purchase Order > Add/Update POs. After entering the vendor, buyer, etc. click on the “Schedule” link. Line 2 - Installation Labor is non-taxable in the example below.

The screenshot shows the Oracle 'Purchase Order' page for 'Lines'. It displays two lines: Line 1 (Motor, 1.0000 EA, 1,500.00) and Line 2 (Installation Labor, 3.0000 MH, 80.0000). Line 2 is marked as non-taxable. A red arrow points to the 'Schedule' link in the 'Action' column for Line 2. The 'Amount Summary' shows a total amount of 1,740.00 USD. Buttons for Save, Return to Search, Previous in List, Next in List, Notify, Refresh, Add, and Update/Display are at the bottom.

Line	Item	Description	PO Qty	UOM	Category	Price	Merchandise Amount	Status	Action
1		Motor, 1/2 HP, Chain	1.0000	EA	401516	1,500.00000	1,500.00	Approved	
2		Installation Labor	3.0000	MH	811017	80.00000	240.00	Approved	Schedule

Select the "Sched Sales/Use Tax" Icon

Oracle Purchasing - Maintain Purchase Order Schedules

Unit: 41700 Vendor: LOWES1-001 PO Status: Approved
PO ID: 0000000229 PO Date: 07/15/2013

Line 1: Motor, 1/2 HP, Chain PO Qty: 1,000 EA Merchandise Amt: 1,500.00 USD

Sched	*Due Date	*Ship To	Ship to GLN	*PO Qty	Price	Merchandise Amount	Status
1	07/15/2013	CA001		1,000	1,500.00000	1,500.00	Active

Line 2: Installation Labor PO Qty: 3,000 MHR Merchandise Amt: 240.00 USD

Sched	*Due Date	*Ship To	Ship to GLN	*PO Qty	Price	Merchandise Amount	Status
1	07/15/2013	CA001		3,000	80.00000	240.00	Active

Buttons: Save, Notify, Refresh, Sched Sales/Use Tax, Add, Update/Display

On the Tax Applicability field, select "Item is Exempt"

Oracle Purchasing - Sales/Use Tax Information for Schedule 1

Unit: 41700 Vendor: LOWES1-001
PO ID: 0000000229 Item: Installation Labor
Line: 2 Status: Active
Schedule: 1

Tax Destination: CA001

Tax Applicability: **Item is Exempt**

Calculation Parameters:
 Include VAT
 Include Freight
 Include Misc Charges

Merchandise Amount: 240.00

Total Tax: 240.00 Rate: 0.0000 Sales Tax Amount: Total Tax:

Buttons: OK, Cancel, Refresh, Calculate SUT