



NORTHLAKE[™]
PARTNERS

HOW DOES CHANGING SALES TAX AFFECT TRANSACTIONS?

16932 Wood-Red Rd. NE #208, Woodinville, WA 98072

www.TheNLP.com

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CHANGING TAX DETAILS IN NORTHSOPE

Tax Classes allow you to auto-apply sales tax to sales transactions. A Tax Class consists of one or more Tax Details. Tax Details identify the tax rate and the GL Account to credit. For example, your area may charge a total tax of 8.5%, where 6.5% goes to the state and 2.0% goes to a city. Each of these represent a single Tax Detail and by assigning both to a Tax Class, the sales tax will auto calculate and post to the correct accrual account(s).

Tax Class	Seattle		
Tax Detail	Washington State	6.5%	GL: 23050 – State Taxes Payable
Tax Detail	City of Seattle	2.0%	GL: 23075 – City Taxes Payable
Total for Tax Class		8.5%	

Once the ‘Sales Tax’ feature is enabled for a transaction, users can assign/edit the Tax Class. The applicable transactions include Employee Sales, Customer Sales, Fisherman Sales, and Tender Resales.

There are two ways to change a Tax Class: 1) by adding or removing Tax Details or 2) by editing any Tax Details currently assigned to the Tax Class, such as the rate. Read below to discover how changing the Tax Details of a Tax Class will affect transactions.

IMPACT ON ‘NEW’ TRANSACTIONS

If a Tax Class is changed, using either method, and the Tax Class is currently assigned to a transaction with a Status of ‘New’, that transaction’s applied taxes will be updated to reflect the new rates the next time the transaction is saved.

Note that tax amounts cannot be manually edited on a transaction and Tax Details that exist on a transaction cannot be deleted.

However, the Tax Class can be removed while the transaction is ‘New’ by either selecting a different Tax Class from the Tax Class header field or by selecting the blank option, thus removing all taxes from the transaction.

IMPACT ON ‘APPROVED’ TRANSACTIONS

If you have to change a Tax Class and do not want the changes to impact the transaction currently assigned to the Tax Class, the transaction(s) must be saved with a status of Approved or greater. If a Tax Class exists on an Approved transaction and the Tax Class is changed, the changes will NOT be applied to the transaction. However, if the transaction is moved back to a status of New, the Tax Class changes will be applied to the transaction the next time it is saved.

Note that tax amounts cannot be manually edited on a transaction and Tax Details that exist on a transaction cannot be deleted.

In addition, once a transaction is saved as Approved, the Tax Class header field becomes disabled. Because of this, a Tax Class cannot be removed from an Approved transaction.

IMPACT ON 'READY TO POST' OR 'POSTED' TRANSACTIONS

If a Tax Class is changed and the Tax Class is currently assigned to a transaction with a status of 'Ready to Post' or 'Posted', the changes will NOT be applied to the transaction.

Since the status and Tax Class header fields are both disabled when the status is 'Ready to Post' or greater, there is no way for the changes to be applied to these transactions.