



The Sales Tax Rate is increasing statewide on April 1<sup>st</sup>. There is a statewide increase of 1% effective April 1<sup>st</sup>. This additional 1% will expire on July 1<sup>st</sup>, 2011 or July 1<sup>st</sup>, 2012, depending on the results from the statewide election on May 19<sup>th</sup>. In certain cases the district tax is increasing, e.g. Marin County district tax is going up 0.25%. This information is posted on the Board of Equalization website but you can view the special notice here: <http://boe.ca.gov/news/pdf/l212b.pdf> and the pending rates here: <http://www.boe.ca.gov/sutax/pam71.htm>. Please review as your city might have a different rate than the county rate, e.g. San Rafael.

An example of some local tax changes are as follows. This is NOT the complete list but a sampling:

- Alameda County: 8.75% → 9.75%
- Marin County: 7.75% → 9.00%
- City of San Rafael: 8.25% → 9.50%
- San Francisco: 8.5% → 9.50%
- San Mateo County: 8.25% → 9.25%
- Sonoma County: 7.75% → 9.00%

You will need to update the Sales Tax rates in QuickBooks to reflect the increases for all tax jurisdictions in POS. This is a simple change in QuickBooks and will need to be done either at the close of business on 3/31 or before your first sale on 4/1. California does not require payment to each sales tax entity so you only need to have a single sales tax rate in QuickBooks for each sales tax jurisdiction. Meaning that if you are in San Rafael then you only need to track and pay the 8.25% (and then 9.5% on April 1<sup>st</sup>) to the Board of Equalization. Some states require you to pay each jurisdiction, e.g. 7.25% to the state, 0.5% to Marin County, and 0.5% to the City of San Rafael.

The steps to make this change are basically the same in all recent versions of QuickBooks.

The quick steps and screen shots are noted below for both QuickBooks POS and QuickBooks Financials.

#### **QuickBooks Point of Sale**

1. Edit \ Preferences \ Company \ Sales Tax
2. Click on Edit Tax Code for each sales tax code
3. Click Next on the Edit Tax Code screen
4. Select Single-rate tax or Multi-rate Tax (most if not all of you have single rates)
5. Change the rate (for multi-rate change each component)
6. Click Finish
7. Do this for each tax code
8. Enter a Sales Receipt to verify the new rates - change the Tax Location (I Want to / Sales Tax Location) to each location and validate that the rate is correct
9. Voila. See screen shots below.

**Set up Sales Tax**  
 Set up how you want QuickBooks POS to calculate and track sales tax.  
 Use **tax locations** for different sales tax based on **where** merchandise is being sold.  
 Use **tax codes** for different sales tax based on **what type** of merchandise is being sold.

Collect Sales Tax

Location	Required	Edit Tax Location
<b>Marin County</b>	<input checked="" type="checkbox"/>	<input type="button" value="Edit Tax Location"/>
Tax collect 7.75% paid to Board of Equalization		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
Non collect No Tax		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
<input type="button" value="Add Tax Code"/>		
<b>San Francisco</b>	<input type="checkbox"/>	<input type="button" value="Edit Tax Location"/>
Tax collect 8.5% paid to Board of Equalization		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
Non collect No Tax		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
<input type="button" value="Add Tax Code"/>		
<b>San Rafael</b>	<input type="checkbox"/>	<input type="button" value="Edit Tax Location"/>
Tax collect 8.25% paid to Board of Equalization		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
Non collect No Tax		<input type="button" value="Edit Tax Code"/> <input type="button" value="Remove"/>
<input type="button" value="Add Tax Code"/>		
<b>Multi-rate</b>	<input type="checkbox"/>	<input type="button" value="Edit Tax Location"/>
<input type="button" value="Add Tax Code"/>		

Default Tax  
 Default tax location for this store  
 Marin County

Default tax code when creating a new department  
 Tax

**Edit Tax Code**

**Enter Tax Code information**  
 Use Tax Codes to calculate the sales tax for different types of merchandise or services.

Tax Code Name  
 Enter a code and name for this tax code. This name will be used on all documents and reports.

Tax Code:  (max. 3 characters)

Tax Code Name:

Tax Code Mark  
 You can optionally assign a 1-character "mark" to identify items sold with this tax code.

Printed "Mark":  (max. 1 character)

Example printed receipt with mark:

DESCRIPTION	QTY	PRICE	EXT PRICE
Sweatshirt	1	\$21.00	\$21.00T

**Edit Tax Options**

**Enter Tax Option information**  
 Set up how sales tax is calculated for items with this tax code in this tax location.

Tax Options

**Single-rate tax**  
 Collect the same tax rate for all items at all price ranges

**Price-dependent single-rate tax**  
 Collect the tax rate only if the unit price is above a certain amount

**Multi-rate tax**  
 Collect multiple taxes at different rates, each of which may be applied to a selected unit price range  
[Examples of multiple-rate taxes](#)

**Edit Tax Calculation**

**Enter Tax Rate information**  
 Set up how sales tax is calculated for items with this tax code in this tax location.

Enter your sales tax rate as a percentage (e.g. "5.2%")  %

Enter the name of the government agency to which you pay sales tax:

QuickBooks Tax Info

Assigned to QuickBooks Tax Item/Group:

Assigned to QuickBooks Tax Code:

## QuickBooks Financials

1. Navigate your favorite way to the Items List
2. Scroll down to your list of tax codes. The item type is Sales Tax Item.
3. Double click each tax code and change the rate. If you are tracking by Sales Tax Groups then you will need to change each associated sales tax item that is in the comprise. I other words, change each Sales Tax Item accordingly
4. When all are changed, enter an invoice and select each tax code to validate that the new rates have been assigned correctly. For Sales Tax Groups you will see the new total on the Sales Tax Group line
5. Click on Edit Tax Code for each sales tax code. See screen shots below.

♦East Bayshore	City Sales Tax	Sales Tax Item	0.3%
♦Out of State	Out-of-state sale, exempt from sales tax	Sales Tax Item	0.0%
♦San Domingo	CA sales tax, San Domingo County	Sales Tax Item	7.5%
♦San Tomas	CA sales tax, San Tomas County	Sales Tax Item	7.75%
♦CA Tax (CA Only)	CA State Tax	Sales Tax Item	7.25%
♦District Tax (District Only)	District Tax	Sales Tax Item	2.0%
♦CA Sales Tax	CA Sales Tax Group	Sales Tax Group	9.25%
♦E. Bayshore/County	Sales Tax	Sales Tax Group	8.05%

Type: Sales Tax Item (Use to calculate a single sales tax at a specific rate that you pay to a single tax agency.)

Sales Tax Name: San Domingo

Description: CA sales tax, San Domingo County

Tax Rate (%): 7.5% (Tax Agency: State Board of Equalization)

Item is inactive: