Sales Tax Setup

Aspire helps landscapers ensure that sales taxes are properly collected from their customers. This is facilitated by setting up Tax Jurisdictions and then associating each property with the appropriate Tax Jurisdiction based on its location. Services are set up to specify which types of items (material, labor, subcontractor or other) should be taxed in each state that a landscaper does business. The basic steps for setting up Sales Tax in Aspire are:
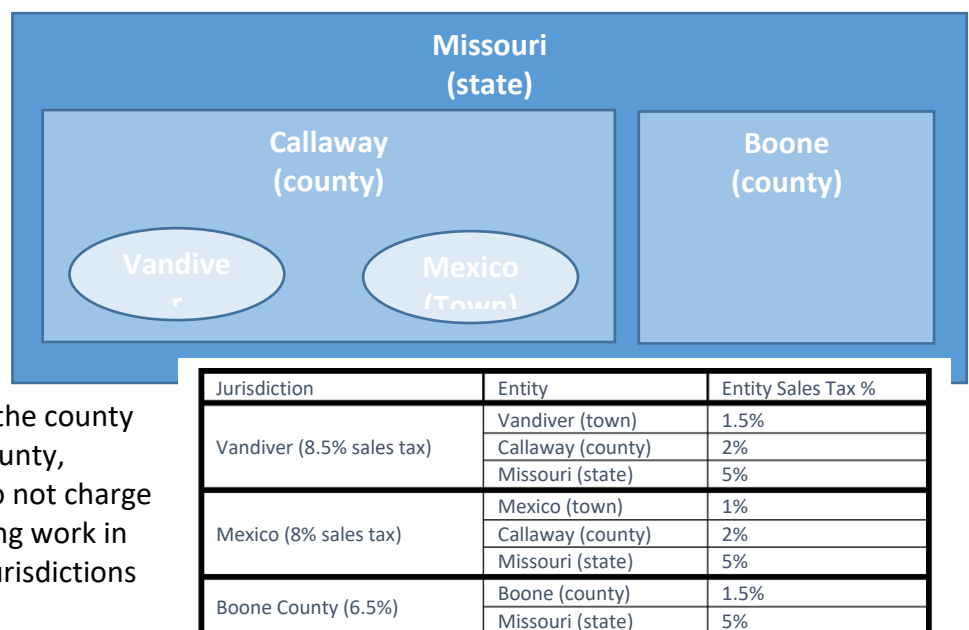
1. Set up tax jurisdictions with their associated entities
2. Add taxable items to services…
   a. …for primary state of operation
   b. …for other states in which you operate
3. Add tax jurisdictions to properties

Explanation of Tax Jurisdictions

All properties in your Aspire system must have a tax jurisdiction, regardless of whether you charge sales tax or not. The setup for landscape companies that are not required to collect income tax is very simple.

Tax Jurisdictions are defined areas with specific sales tax rules. Each tax jurisdiction is comprised of one or more Tax Entities – each of which requires a certain percentage of sales tax be collected for sale of goods or services. For example, a property in a certain city may have a certain percentage sales tax for the city, for the county and for the state. Each of these entities (the city, the county and the state) would be assigned to the Jurisdiction. The tax for the Jurisdiction is based on the sum of the sales tax for each of the entities in the Jurisdiction.

A specific example will illustrate further based on the diagram. Suppose that in the state of Missouri, Landscapers are required to charge sales tax. Individual municipalities in Callaway county charge sales tax in addition to taxes that are required by the county and the state. In Boone county, individual municipalities do not charge sales tax. Landscapers doing work in these areas might set up Jurisdictions as shown in the chart.

Jurisdiction	Entity	Entity Sales Tax %
Vandiver (8.5% sales tax)	Vandiver (town)	1.5%
	Callaway (county)	2%
	Missouri (state)	5%
Mexico (8% sales tax)	Mexico (town)	1%
	Callaway (county)	2%
	Missouri (state)	5%
Boone County (6.5%)	Boone (county)	1.5%
	Missouri (state)	5%

In this example, there is one Missouri entity, but it is referenced in three different Jurisdictions: Vandiver, Mexico and Boone County. Similarly, there is one Callaway entity which is referenced in two different Jurisdictions: Vandiver and Mexico.
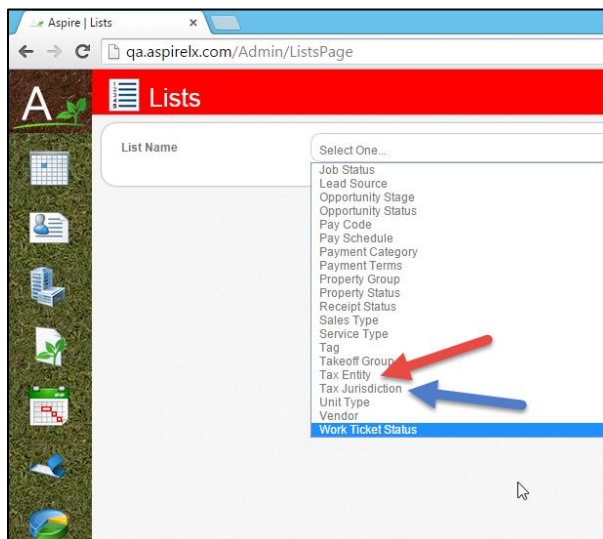
Jurisdictions in Aspire

In Aspire, every Tax Jurisdiction must have at least one Tax Entity. Landscape companies who are not required to collect sales tax from their customers, will likely have a single Tax Jurisdiction called something like "Exempt Jurisdiction" that contains a single Tax Entity that is called something like "Exempt Entity". In these cases, all properties would be assigned to the "Exempt Jurisdiction".

Aspire uses the Tax Jurisdictions and their assignment to Properties to automatically calculate tax on jobs performed for customers.
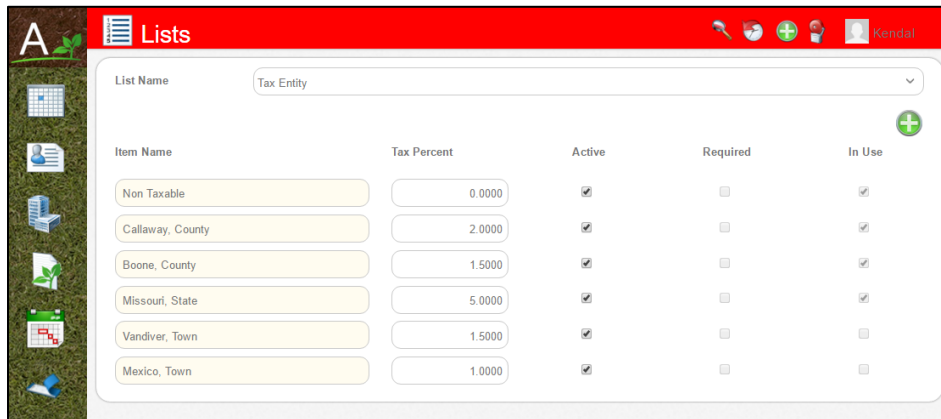
Setting up Entities and Jurisdictions in Aspire

The following steps can be used to set up tax Jurisdictions in Aspire.

1. Determine the tax entities within your market(s).
2. Based on the tax entities you have identified, determine the various jurisdictions and the list of identified tax entities that comprise those jurisdictions.
3. Set up tax entities.
    a. Go to Administration, Lists and Tax Entity. (Notice also the Tax Jurisdiction list that will be referenced later.)
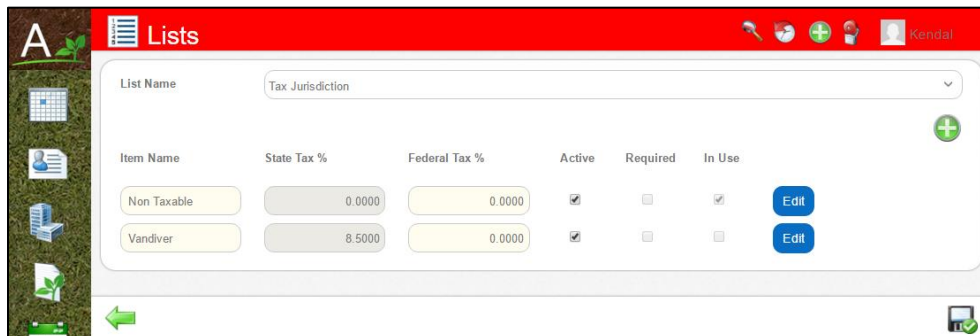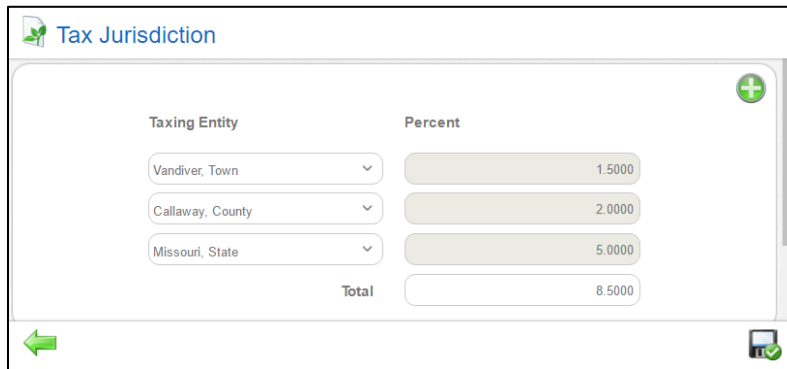

    b. Select Tax Entity to display the Tax Entity list.

c. To add a tax entity…
   i. Click the Plus sign at the top right to create a new tax entity at the bottom of the displayed list
   ii. On the new blank line, enter the entity name at the 'Item Name'
   iii. Add the Tax Percent for that entity at 'Tax Percent'
   iv. Check the Active Box to make the Tax Entity available to add to Jurisdictions in Aspire
   v. Save by clicking the floppy disk on the bottom right

d. Follow the steps above to add all your identified tax entities. Note that if you are in a location that does not require you to charge sales tax, you still need to create at least one tax entity (i.e. "Non Taxable") with a tax percent of zero (0).

4. After creating the tax entities, add Tax Jurisdictions
   a. Select the Tax Jurisdiction list as shown in step 3a to display the Tax Jurisdiction list

   b. To add a Tax Jurisdiction…
      i. Click the Plus sign at the top right to create a new tax entity at the bottom of the displayed list
      ii. On the new blank line, enter the jurisdiction name for the 'Item Name'
      iii. Check the Active Box to make the Tax Jurisdiction available to add to Properties in Aspire
      iv. Click the blue "Edit" box to add entities. The sum of the percentages for all entities will fill in the "State Tax %". Clicking the blue box will display the following screen…

Tax Jurisdiction

| Taxing Entity	Percent
Vandiver, Town	1.5000
Callaway, County	2.0000
Missouri, State	5.0000
Total	8.5000

     v.   Click the Plus sign at the top right to add a new entity line

     vi.   In the taxing entity drop down, select the taxing entity to add to the jurisdiction and specify its tax percent. Add all the entities to the Jurisdiction in this manner.

     vii.   Save by clicking the floppy disk on the bottom right

   c.   Follow the steps under 4b to add all your identified tax jurisdictions. Note that if you are in a location that does not require you to charge sales tax, you still need to create at least one tax jurisdiction that (i.e. "Non Taxable") that has a single tax entity ("Non Taxable") with a tax percent of zero (0).
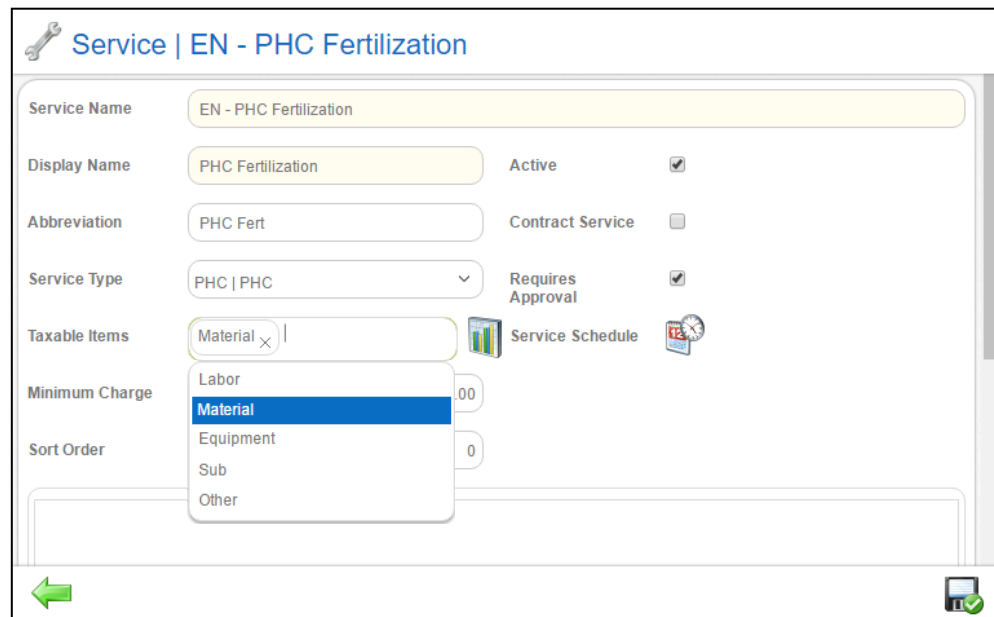
Specify Item Types Taxable for each Service

After you have created the appropriate Sales Tax Entities, then you specify for each service, what types of items (materials, labor, subcontract, other) are taxable in each state in which you operate. You can specify taxable service types as you initially set up your services, or you can go through your service catalog later to specify taxable service types. In either case, specifying taxable service types is done on the Service screen. This setup is done at the Service level, because some states have different sales tax requirements depending on service.

Here are steps to follow if you have already set up your services:

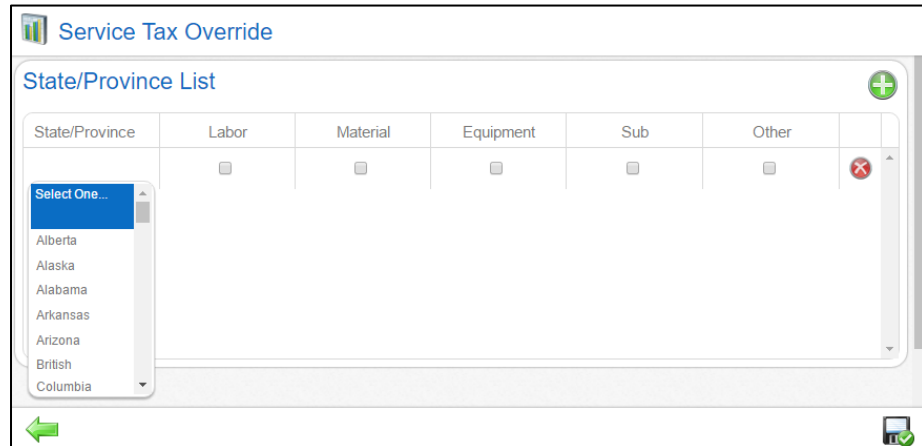1. Go to Administration

2. Go to Manage Services
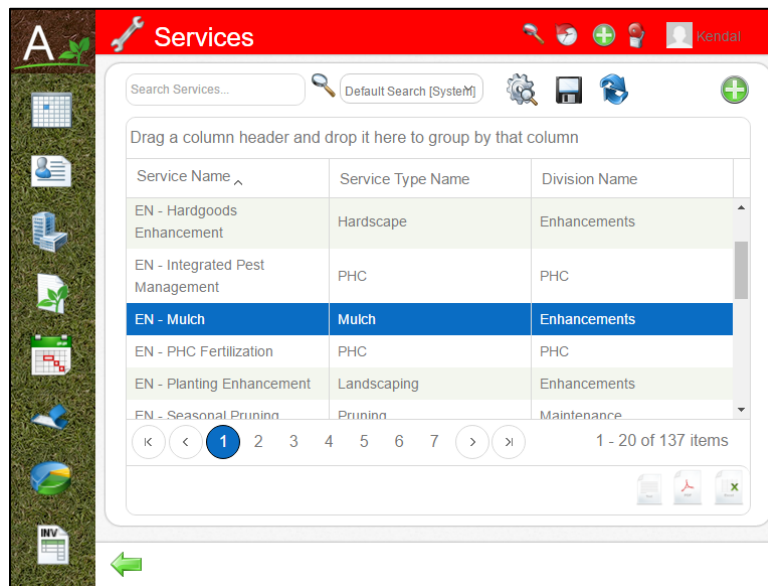
3. For each taxable service, perform the following steps…
   a. Select a service from the *Services* list to display the *Service* screen

   b. To specify what type of items are taxable IN YOUR PRIMARY STATE OF OPERATION FOR THE PARTICULAR SERVICE BEING UPDATED, right click on taxable items field to drop down the selection list of item types and select one from the list. Repeat for each type that is taxable in your primary state of operation.

c. To specify what type of items are taxable in states other than your primary state of operation, perform the following steps:

    i. Click the icon next to the Taxable Items field to display the *Service Tax Override* screen.
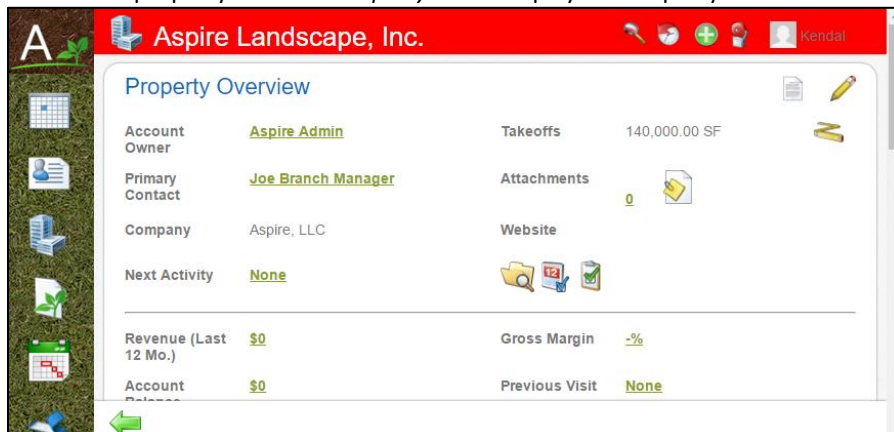
    ii. For each state in which you do business other than your primary state (which you have already addressed in step 3b), click the plus (+) symbol in the upper right to add a line, and then check the box for each service type that is taxable in that state for the particular service being updated.

    iii. Save the Service Tax Override by clicking the floppy disk on the bottom right of the Service Tax Override screen.

d. Save the Service by clicking the floppy disk on the bottom right of the Service screen.
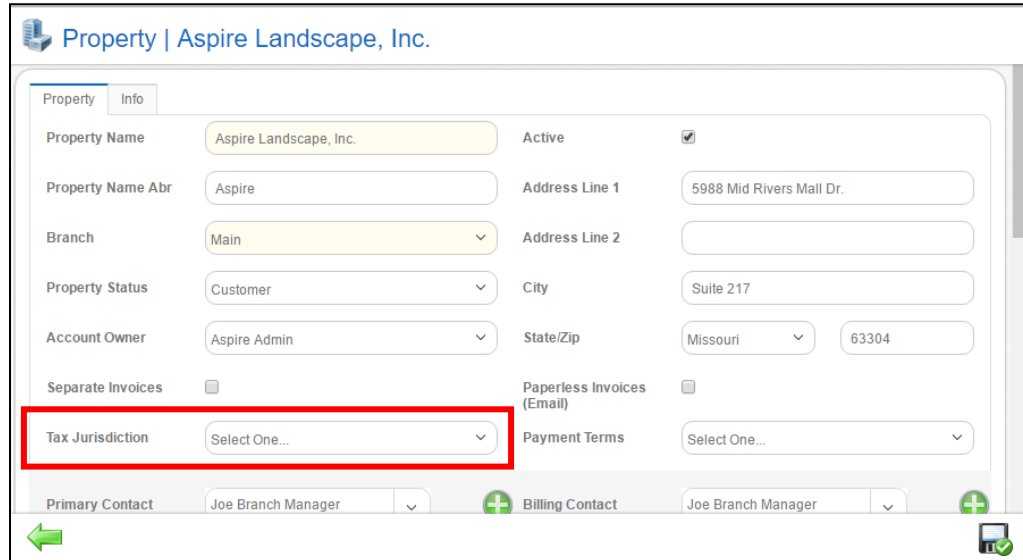
Add Tax Jurisdiction to All Properties

A Tax Jurisdiction must be added to ALL properties even if you are not required to charge sales tax. For landscape companies that are not required to charge sales tax, you will have created a "Non Taxable" Tax Jurisdiction in the steps above that you will associate with your properties. Here are the steps for adding Tax Jurisdictions to properties…

1. Go to the *Property* list
2. For each property, perform the following steps:
   a. Choose a property from the *Property* list to display the Property screen

b. Click the Pencil at the top right ✏ to display the *Property* screen. Notice the Tax Jurisdiction field.

c. Click 'Select One' at 'Tax Jurisdiction
d. Choose the correct Tax Jurisdiction for this property from the drop-down list
e. Save by clicking the floppy disk on the bottom right of the *Property* screen

Summary

After following the procedure above, you will have completed the major steps to set up sales tax for your company as summarized here:

1. Set up tax jurisdictions with their associated entities
2. Add taxable items to services...
   a. ...for primary state of operation
   b. ...for other states in which you operate
3. Add tax jurisdictions to properties