Microsoft Dynamics® GP

Taxes On Returns

Contents

Introduction

Taxes On Returns integrates with the Receivables Management and the Sales Order Processing modules. It allows you to choose how to calculate taxes when generating a return. You can now choose to calculate the taxes based on the tax details of the original invoice to which you are applying the return. You can apply returns either partially, fully, or for multiple invoices in the Receivables Management. In the Sales Order Processing module, you can return an invoice either partially or fully per line item or for multiple line items.

Check for current instructions

This information was current as of May 2010. The documentation may be updated as new information becomes available. Check the Microsoft Dynamics® GP online Web site (http://go.microsoft.com/fwlink/?LinkID=161199) for the most current documentation.

This introduction is divided into the following sections:

- *What's in this manual*
- *Symbols and conventions*
- *Resources available from the Help menu*
- *Send us your documentation comments*

What's in this manual

This manual is designed to give you an in-depth understanding of how to use Taxes On Returns, and how it integrates with the Microsoft Dynamics GP system.

To make best use of Taxes On Returns, you should be familiar with systemwide features described in the System User's Guide, the System Setup Guide, and the System Administrator's Guide.

Some features described in the documentation are optional and can be purchased through your Microsoft Dynamics GP partner.

To view information about the release of Microsoft Dynamics GP that you're using and which modules or features you are registered to use, choose Help >> About Microsoft Dynamics GP.

The manual is divided into the following chapters:

- Chapter 1, "Setup," describes how to activate the Taxes On Returns feature with the Receivables Management and the Sales Order Processing modules.

- Chapter 2, "Transactions," explains the procedure to generate returns based on the taxes of the invoice that the return is applied to.

Symbols and conventions

For definitions of unfamiliar terms, see the glossary in the manual or refer to the glossary in Help.

Symbol	Description
	The light bulb symbol indicates helpful tips, shortcuts and suggestions.
	The warning symbol indicates situations you should be especially aware of when completing tasks.

This manual uses the following conventions to refer to sections, navigation and other information.

Convention	Description
File >> Print or **File > Print**	The (>>) or (**>**) symbol indicates a sequence of actions, such as selecting items from a menu or toolbar, or pressing buttons in a window. This example directs you to go to the File menu and choose Print.
TAB or ENTER	All capital letters indicate a key or a key sequence.

Resources available from the Help menu

The Microsoft Dynamics GP Help menu gives you access to user assistance resources on your computer, as well as on the Web.

Contents

Opens the Help file for the active Microsoft Dynamics GP component, and displays the main "contents" topic. To browse a more detailed table of contents, click the Contents tab above the Help navigation pane. Items in the contents topic and tab are arranged by module. If the contents for the active component includes an "Additional Help files" topic, click the links to view separate Help files that describe additional components.

To find information in Help by using the index or full-text search, click the appropriate tab above the navigation pane, and type the keyword to find.

To save the link to a topic in the Help, select a topic and then select the Favorites tab. Click Add.

Index

Opens the Help file for the active Microsoft Dynamics GP component, with the Index tab active. To find information about a window that's not currently displayed, type the name of the window, and click Display.

About this window

Displays overview information about the current window. To view related topics and descriptions of the fields, buttons, and menus for the window, choose the appropriate link in the topic. You also can press F1 to display Help about the current window.

Lookup

Opens a lookup window, if a window that you are viewing has a lookup window. For example, if the Checkbook Maintenance window is open, you can choose this item to open the Checkbooks lookup window.

Show Required Fields

Highlights fields that are required to have entries. Required fields must contain information before you can save the record and close the window. To change the way required fields are highlighted, choose Tools >> Setup >> User Preferences >> Display, and specify a different color and type style.

Printable Manuals

Displays a list of manuals in Adobe Acrobat .pdf format, which you can print or view.

What's New

Provides information about enhancements that were added to Microsoft Dynamics GP since the last major release.

Microsoft Dynamics GP Online

Opens a Web page that provides links to a variety of Web-based user assistance resources. Access to some items requires registration for a paid support plan.

Current implementation and upgrade information The most recent revisions of upgrade and implementation documentation, plus documentation for service packs and payroll tax updates.

User documentation and resources The most recent user guides, how-to articles, and white papers for users.

Developer documentation and resources The most recent documentation and updated information for developers.

Product support information Information about the Microsoft Dynamics GP product support plans and options that are available, along with information about peer support and self-support resources.

Services information Information about Microsoft Dynamics GP support, training, and consulting services.

Microsoft Dynamics GP Community Access to newsgroups, where you can ask questions or share your expertise with other Microsoft Dynamics GP users.

CustomerSource home page A wide range of resources available to customers who are registered for a paid support plan. Includes access to Knowledge Base articles, software downloads, self-support, and much more.

Customer Feedback Options

Provides information about how you can join the Customer Experience Improvement Program to improve the quality, reliability, and performance of Microsoft® software and services.

Send us your documentation comments

We welcome comments regarding the usefulness of the Microsoft Dynamics GP documentation. If you have specific suggestions or find any errors in this manual, send your comments by e-mail to the following address: bizdoc@microsoft.com.

To send comments about specific topics from within Help, click the Documentation Feedback link, which is located at the bottom of each Help topic.

Note: By offering any suggestions to Microsoft, you give Microsoft full permission to use them freely.

Chapter 1: Setup

Taxes On Returns allows you to calculate taxes for a return based on the tax details of the posted sales invoice/s that you are applying the return to. Use this information to understand how you can use Taxes On Returns while generating returns for your company.

This information is divided into the following sections:

- *Understanding taxes on returns*
- *Activating Taxes On Returns*
- *Deleting the tax detail IDs*

Understanding taxes on returns

In some countries/regions, it is necessary that the taxes calculated on return documents match the taxes on the posted invoice that the return is applied to. Normally, in Microsoft Dynamics GP, taxes are applied to a return based on the tax schedule associated with the return. This may be different from the taxes used on the original invoice. In this case, you must manually edit every return to ensure that the correct taxes are applied.

Taxes On Returns allows you to choose what taxes will be applied to a sales return before posting it. Choosing to base taxes on the original invoice automatically recalculates the taxes based on the invoices that a return is applied to.

You can use Taxes On Returns in Receivables Management and Sales Order Processing when you apply a return to an invoice before posting the return. While selecting the invoices to which to apply the return, a message appears asking you to choose how taxes will be applied to the return. Refer to *Calculating taxes on returns in Receivables Management* on page 7 and *Calculating taxes in Sales Order Processing* on page 11 for more information.

You cannot use Taxes On Returns functionality for returns that are created directly, or saved in the Sales Transaction Entry window.

Activating Taxes On Returns

Use the Taxes On Returns Setup window to activate the Taxes On Returns feature to base taxes on the original invoice. You can enable this feature for the Sales Order Processing and the Receivables Management modules.

To activate Taxes On Returns:

1. Open the Taxes On Returns Setup window.
    (Microsoft Dynamics GP menu >> Tools >> Setup >> Sales >> Taxes On Returns
    Setup)
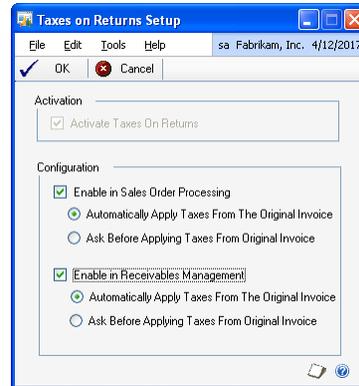
2. Mark the Activate Taxes On Returns option to activate the feature. This option
    will be marked and unavailable if you select to enable the product for the Sales
    Order Processing or the Receivables Management modules.

3. Mark the Enable in Sales Order Processing option to activate Taxes On Returns
    for the Sales Order Processing module. This option becomes available only if
    you mark the Activate Taxes On Returns option.

    You can either choose to base taxes on the original invoice automatically, or
    display a message when selecting invoices to which to apply the return.

4. Mark the Enable in Receivables Management option to activate the Taxes On
    Returns feature for the Receivables Management module. This option becomes
    available only if you mark the Activate Taxes On Returns option.

    You can either choose to base taxes on the original invoice automatically, or
    display a message when selecting invoices to which to apply the return.

5. Choose OK to save the information you have set up.

6. Choose Cancel to cancel the process and close the window.

Deleting the tax detail IDs

Once you activate Taxes On Returns, you cannot delete a tax detail ID that is used in
any posted invoices. If you delete a tax detail ID before activating this feature, you
cannot use the Taxes On Returns feature to apply a return to an invoice that uses the
deleted tax detail.

Chapter 2:   Transactions

Use this information to understand how the Taxes On Returns feature works in Receivables Management and in Sales Order Processing. You must have enabled the Taxes On Returns feature for these modules in the Taxes On Returns Setup window. Refer to *Activating Taxes On Returns* on page 5 for more information.

This information is divided into the following sections:

- *Calculating taxes on returns in Receivables Management*
- *Calculating taxes when a return is fully applied to a single invoice*
- *Calculating taxes when a return is fully applied to multiple invoices*
- *Calculating taxes when a return is partially applied*
- *Calculating taxes on returns for saved returns*
- *Calculating taxes in Sales Order Processing*
- *Viewing taxes on posted returns*

Calculating taxes on returns in Receivables Management

You can choose to calculate taxes based on the original invoice/s to returns that are created in the Receivables Transaction Entry window (Transactions >> Sales >> Transaction Entry). When you create a return in Receivables Management and apply invoices to the return before posting the return, you can calculate taxes based on the tax details of the invoices that you apply. The Sales, Tax, and the Total fields in the Receivables Transaction Entry window are recalculated based on the tax information from the applied invoice/s. If you are using this feature for a return, you cannot edit the amount fields once you have selected invoices for which to apply the return. You can also not modify the values in the Tax Entry window. To do this, you must first unapply all the invoices that you have applied the return to.

Refer to *Calculating taxes when a return is fully applied to a single invoice* on page 7, *Calculating taxes when a return is fully applied to multiple invoices* on page 8, and *Calculating taxes when a return is partially applied* on page 9 for more information on how taxes are calculated based on the original invoice in Receivables Management.

Calculating taxes when a return is fully applied to a single invoice

You can fully apply a return to a single invoice. If you have chosen to use the Taxes On Returns feature, taxes are calculated based on the tax information of the selected invoice.

Example:

Post an invoice with the following details:

	Invoice1
Sales	4000.00
Tax1 - 5%	200.00
Tax2 - 6%	240.00
Total amount on the invoice	4000.00 + 200.00 + 240.00 = 4440.00

Create a return and choose Apply to apply it to the posted invoice using Taxes On Returns. You must enter the total invoice amount including taxes in the Sales field in order to fully apply the return to an invoice.

The tax schedule for the return contains Tax1 = 5% and Tax3 = 11%.

Return1	Values before applying	Values after applying to Invoice1
Sales	4440.00	4000.00
Tax1	222.00	200.00
Tax3 (per return tax schedule)	488.00	
Tax2 (per original invoice tax schedule)		240.00
Total	5150.00	4440.00

The return is now fully applied. The 16% tax that was previously assigned to the return is deleted and the tax information from the invoice is assigned to the return.

Calculating taxes when a return is fully applied to multiple invoices

You can fully apply a return to multiple invoices. If you have chosen to use the Taxes On Returns feature. Taxes are calculated based on the tax information of the selected invoices.

Example:

Post two invoices with the following details:

	Invoice1	Invoice2
Sales	4000.00	4000.00
Tax1 - 5%	200.00	
Tax2 - 10%		400.00
Total	4200.00	4400.00

Create a return and choose Apply to apply the return against the posted invoices. Apply the return completely between the two posted invoices using Taxes On Returns. The tax schedule for the return contains Tax1 = 5% and Tax3 = 11%.

Return1	Values before applying	Values after applying to Invoice1 & Invoice2
Sales	8600.00	8000.00
Tax1	430.00	200.00
Tax2		400.00
Tax3	946.00	
Total	9976.00	8600.00

Calculating taxes when a return is partially applied

You can partially apply a return to one or more invoices. If you have chosen to use the Taxes On Returns feature, taxes for the applied amount are calculated based on the tax information of the selected invoice/s. The taxes for the unapplied amount are calculated based on the tax schedule selected for the return.

Example:

Post an invoice with the following details:

	Invoice1
Sales	4000.00
Tax1 - 5%	200.00
Tax2 - 6%	240.00
Total	4440.00

Create a return and choose Apply. Apply the return partially to the posted invoice using Taxes On Returns. The tax schedule for the return contains Tax1 = 5% and Tax3 = 11%. Apply an amount 2440 to the invoice.

| Return1	Values before applying	Values after applying to Invoice1
Sales	4440.00	4198.20
Tax1	222.00	209.91
Tax2 (per original invoice tax schedule)		131.89
Tax3 (per return tax schedule)	488.40	220.00
Total	5150.40	4760.00

Calculating taxes on returns for saved returns

You can use the Taxes On Returns functionality for returns that you saved in Receivables Management before installing this feature. You cannot use this functionality for returns saved in Sales Order Processing.

If you post a saved return without modifying it, or select additional invoices to apply, taxes are calculated based on the taxes applicable when you saved the return.

### To calculate taxes on returns for saved returns:

1. Open the Receivables Transaction Entry window.
    (Transactions >> Sales >> Transaction Entry)
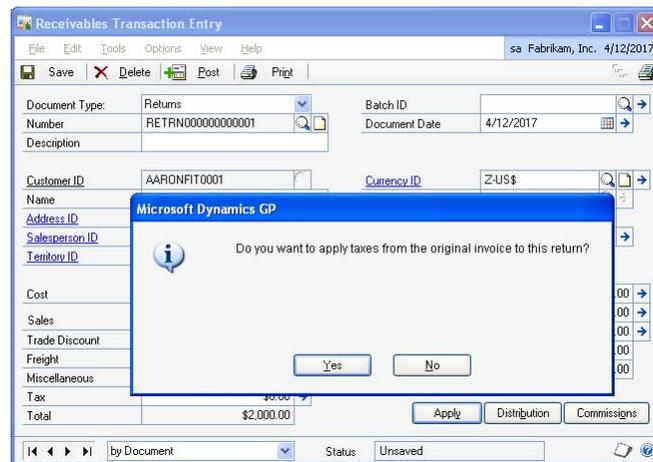
2. Select the return ID to apply taxes on returns.

3. Choose Apply to open the Apply Sales Documents window.

    • If you have not applied any invoices to the saved return, select the invoices to apply. Based on your setup, taxes are calculated automatically based on the original invoice, or a message is displayed asking you to choose how to base your taxes. Refer to *Activating Taxes On Returns* on page 5 for more information.

    • If you have applied any invoices to the saved return, you must unapply all the invoices in the Apply Sales Documents window and close the window. Choose the Apply button again to select the invoice/s to apply the return. Based on your setup, taxes are calculated automatically based on the original invoice, or a message is displayed asking you to choose how to base your taxes. Refer to *Activating Taxes On Returns* on page 5 for more information.

Calculating taxes in Sales Order Processing

You can calculate taxes based on the tax information of a posted invoice for returns created using the Create Returns window (Transactions >> Sales >> Sales Transaction Entry >> Additional >> Create Return).
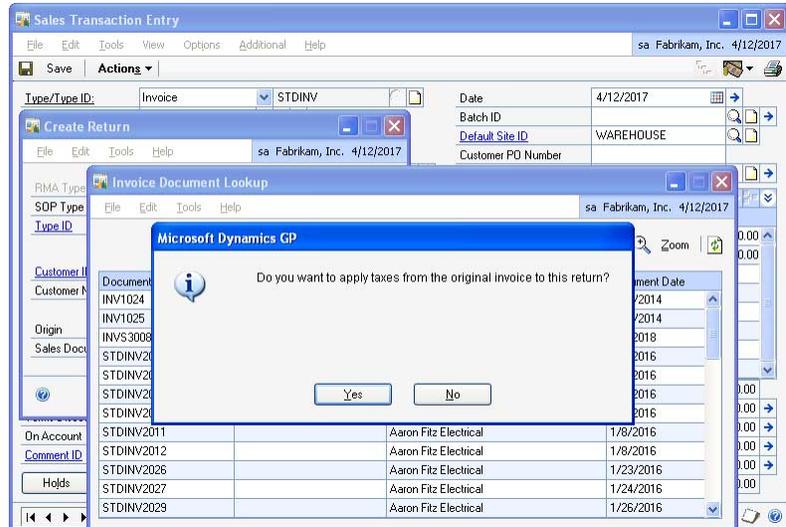
To use this window, you must have installed and registered Returns Management. Refer to Microsoft Dynamics GP Field Service – Returns Management documentation for information on setting up and using Returns Management.

You cannot use the Taxes On Returns functionality for returns created directly in the Sales Transaction Entry window.

When you use Returns Management, you can create a return for specific line items or for all the items of a posted invoice. If you choose to use the Taxes On Returns feature, taxes for each item are calculated based on the item's tax information in the posted invoice. The posted invoice may also have some taxes that are based on the document total and not on the line items, for example, taxes on freight and miscellaneous charges. When you are using Taxes On Returns, such taxes are calculated on the return only if you select all the invoice items in the return.

It is recommended that you do not modify the return once it is available in the Sales Transaction Entry window. If you do, the taxes may be recalculated and may no longer correspond to those on the original invoice.

Viewing taxes on posted returns

You can view the taxes calculated on posted returns in the Receivables Transaction Inquiry - Customer window (Inquiry >> Sales >> Transaction by Customer/ Document). Select the return document for which to view the taxes and click the Document Number link to open the Receivables/Sales Transaction Inquiry zoom window. Refer to the Receivables Management or the Sales Order Processing documentation for more information.

Index

A
applying returns
    fully to a single invoice 7
    fully to multiple invoices 8
    partially to invoices 9

C
calculating taxes on returns
    for saved returns 10
    in Receivables Management 7
    in Sales Order Processing 11
changes since last release, information
    about 3
Create Return window, displaying 11
current upgrade information, accessing on
    the Web 3

D
documentation, symbols and conventions
    2

E
enabling taxes on returns
    in Receivables Management 6
    in Sales Order Processing 6

H
help, displaying 2
Help menu, described 2

I
icons, used in manual 2

L
lookup window, displaying 3

N
navigation, symbols used for 2
new features, information about 3

R
Receivables Transaction Entry window,
    displaying 10
required fields, described 3
resources, documentation 2

S
Sales Transaction Entry window,
    displaying 11
symbols, used in manual 2

T
tax detail IDs, deleting 6
taxes on posted returns, viewing 11
Taxes On Returns
    activating 5
    overview 5
    understanding 5
Taxes On Returns Setup window,
    displaying 6

U
upgrade information, accessing on the
    Web 3

V
viewing taxes on posted returns,
    explained 11

W
what's new, accessing 3