



South Carolina Enterprise Information System

SCEIS **AUTOMATED USE TAX PROCESS**

STATE INFORMATION
TECHNOLOGY



SC BUDGET AND CONTROL BOARD

Goals for today

- 🌀 Explain the automated use tax process
- 🌀 Review how use tax entries are recorded
- 🌀 Responsibilities – Business Area (BA)/ agency
- 🌀 Responsibilities – SCEIS
- 🌀 Discuss rollout plans. Implementation over next few months
- 🌀 Cleanup –source data and old balances
- 🌀 ... Say THANKS to the others on this project team and pilot BA

- 🌀 We plan to publish materials from today and updates to SCEIS website

[Home](#) >> [Finance](#) >> [Publications](#)

- Weekly AST updates will notify you when ready and updates are made
- Include: presentation
 - JE examples
 - Tax jurisdiction codes in use by BA as of 2/28/2015
 - Initial checklist form
- 🌀 SC Department of Revenue website

Basics of Recording U1 (use tax) Activity in SCEIS



- Purchase is made by agency which is subject to SC use tax
- If the total amount of purchase is not subject to tax, the PO should be divided into multiple lines to allow for assessing tax on the appropriate lines
- On the AP invoice (MIRO or FV60), assign the tax code(s) to line items as follows:
 - **U1** (use tax) if subject to use tax
 - **I0** (tax exempt) when non-taxable

AP invoices with U1 use tax

- ④ Select the CALCULATE TAX box
- ④ Validate the TAX JURISDICTION.
Change tax jurisdiction if necessary
- ④ System calculation of Use (U1) tax:
System automatically calculates the tax expense based upon the tax rate in effect as of the posting date for that tax jurisdiction

Posting results for U1 tax

- ④ System updates what you keyed as U1 to include the tax accrual.
 - EXPENSE (or asset) account amount keyed is adjusted by the calculated tax total
 - Use Tax PAYABLE line(s) are created per level of tax assessment for that jurisdiction
 - state, county, municipality
- ④ Use tax payable lines inherit the same account assignments from the related expense/asset
- ④ Example on next page

Example – AP invoice entry

Base amount = \$100

Park Vendor Invoice: Company Code SC01

Tree on Company Code Simulate Save as completed Editing options

Transactn Invoice Bal. 0.00

Basic data Payment Details Tax Notes

Vendor 7000110293 SGL Ind

Invoice date 03/01/2015 Reference BASE \$100

Posting Date 03/17/2015 Period 9

Document Type KR (Vendor invoice)

Amount 100.00 USD Calculate tax

U1 (A/P Self Assessment U...)

Text

Paymt terms 30 Days net

Baseline Date 03/01/2015

Company Code SC01 State of South Carolina Columbia, SC

Lot No.

Vendor Address

MCKESSON MEDICAL SURGICAL MI
SUPPLY INC
PO Box 630693
CINCINNATI OH 45263-0693
(800) 328-811..

1 Items (Screen Variant : Screen 100)

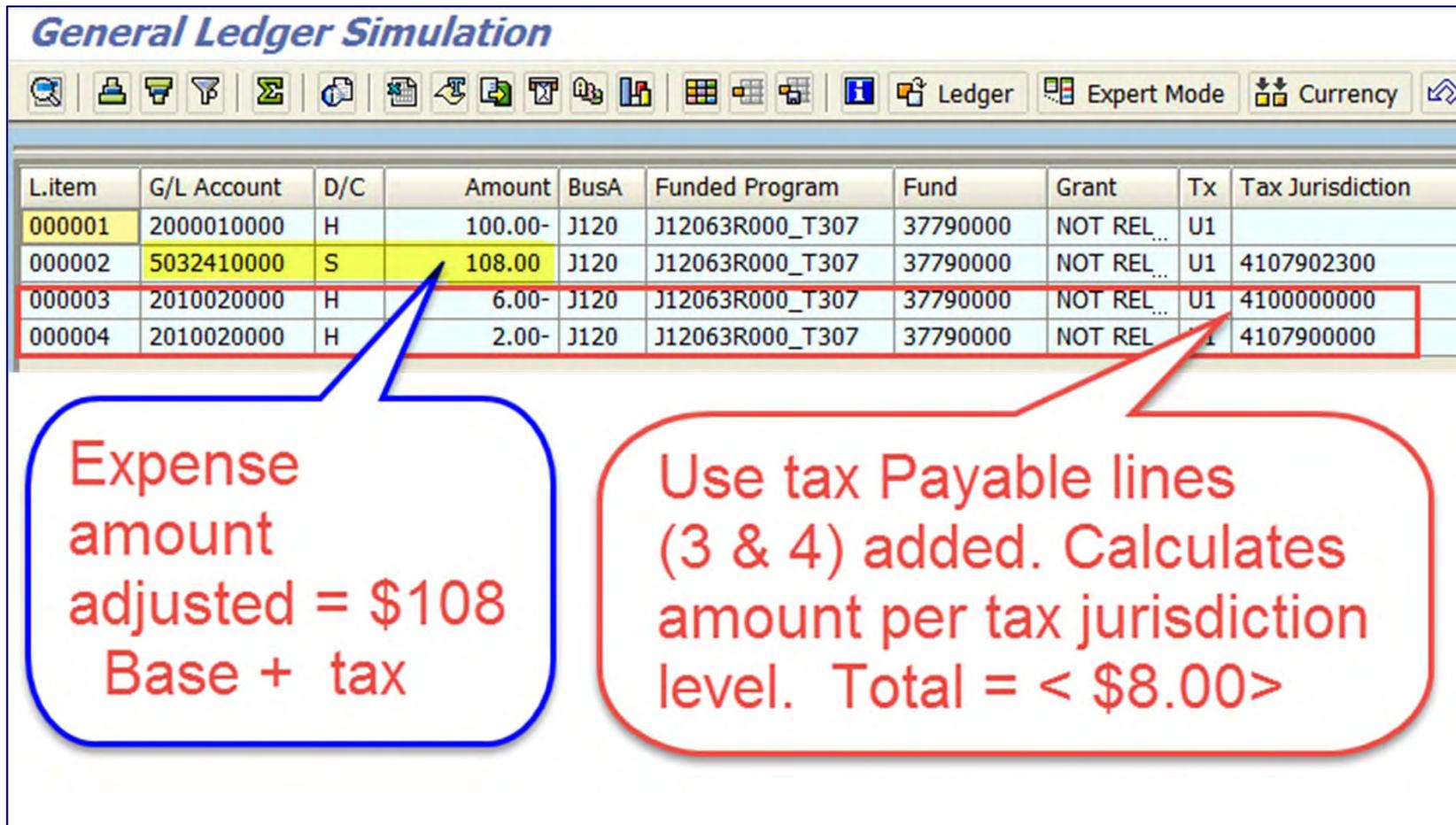
G/L acct	D/C	Amount in ...	Busi...	Cost center	Func. Area	Fund	Grant	WB...	T...	Tax jurisdctn code
5032410000	Debit	100.00	120	J12063R000	J120_T307	37790000	NOT R...		U1	4107902300

Example: AP invoice – Tax calculation & Posting

$$\text{Tax} = \text{base} * \text{rate (for jurisdiction @ posting date)}$$

$$\$ 100.00 * 8\% = \$8.00 \text{ tax}$$

General Ledger Simulation



L.item	G/L Account	D/C	Amount	BusA	Funded Program	Fund	Grant	Tx	Tax Jurisdiction
000001	2000010000	H	100.00-	J120	J12063R000_T307	37790000	NOT REL...	U1	
000002	5032410000	S	108.00	J120	J12063R000_T307	37790000	NOT REL...	U1	4107902300
000003	2010020000	H	6.00-	J120	J12063R000_T307	37790000	NOT REL...	U1	4100000000
000004	2010020000	H	2.00-	J120	J12063R000_T307	37790000	NOT REL...	U1	4107900000

Expense amount adjusted = \$108
Base + tax

Use tax Payable lines (3 & 4) added. Calculates amount per tax jurisdiction level. Total = < \$8.00 >

Tax Jurisdiction – overview

- SC use tax rates depend upon where the item becomes taxed
- In addition to SC statewide use tax, counties and municipalities may also assess additional “local” taxes which are part of the U1 tax calculation and tax return sent to SCDOR
- TAX JURISDICTION code identifies a location (physical address) for purposes of determining the rate and reporting tax by appropriate jurisdiction

Tax Jurisdiction – overview (cont'd)

- Jurisdiction codes are ten digit numbers
 - Digits **1-2** identify: **state**
 - Digits **3-5** identify: **county** (district)
 - Digits **6-10** identify: **municipality** or other breakdown

Example

4100000000	State of SC
4107900000	SC – Richland County (unincorporated)
4107902300	SC – Richland County- City of Columbia

Tax Jurisdiction – Sources for transaction entry

- ① There are three ways a jurisdiction code may be input for a transaction:
 - For PO related invoices, the jurisdiction code on the delivery address (ship-to) record from SRM is carried over to invoice
 - Cost center master data contains address information, including tax jurisdiction code. For a direct invoice (non-PO) or JE, the cost center entered will derive the jurisdiction on the entry
 - Manual entry: user may override a derived tax jurisdiction from PO or cost center by entering a code

Tax Jurisdiction – BA input

- ④ BA must assign the jurisdiction code to U1 line item which correctly identifies the location for which tax should be assessed by:
 - County (district)
 - Municipality / Unincorporated
 - Unincorporated means not within a municipality

- ④ *More information on tax jurisdiction data, cleanup, and review at end of this presentation*

Tax Jurisdiction – Entry

Example for AP invoice –FV60



Location: 2200 Harden Street, Columbia, SC 29203-7107
 City of Columbia, Richland County

Tax item	Item	L.item	Description	G/L Account	D/C	Σ	Amount	Tax code	Tax Jurisdiction
	1	000001	ACCT PAY&VO...	2000010000	H		100.00-	U1	
1	2	000002	MED/SCIENT/L	5032410000	S		108.00	U1	4107902300
	3	000003	USE TAX PAY...	2010020000	H		6.00-	U1	4100000000
	4	000004	USE TAX PAY...	2010020000	H		2.00-	U1	4107900000
							0.00		

Jurisdiction code # **4107902300** for RICHLAND (County) - COLUMBIA (municipality) was input on the expense line keyed with U1 tax code.

Tax calculation programs posted the additional lines for use tax payable as follows:
 \$ 6.00 State of SC
 2.00 County tax - Richland. On tax return, portion is reported as City of Columbia

EXAMPLES of TAX JURISDICTIONS in use by BA

Tax Jurisdiction Code	City/municipal/other detail	County	DOR code	detail type	Local Option ?	Tourism Develop. ?
4105100000		Horry	1026	county unincorporated	NOT LocOp	na
4105102400	Conway	Horry	2163	municipality	NOT LocOp	NO tourD
4105105200	Myrtle Beach	Horry	2615	municipality	NOT LocOp	TOURISM
4105113810	Aynor	Horry	2040	municipality	NOT LocOp	NO tourD
4105113860	Little River (Uninc)	Horry	1026	unincorporated place	NOT LocOp	NO tourD
4105113880	Loris	Horry	2534	municipality	NOT LocOp	NO tourD
4105900000		Laurens	1030	county unincorporated	Local Option	na
4105902100	Clinton	Laurens	2151	municipality	Local Option	NO tourD
4105904600	Laurens	Laurens	2498	municipality	Local Option	NO tourD
4105910000	Fountain Inn	Laurens	2316	municipality	Local Option	NO tourD
4105916310	Watts Mill (Uninc)	Laurens	1030	unincorporated place	Local Option	NO tourD
4107900000		Richland	1040	county unincorporated	Local Option	na
4107902300	Columbia	Richland	2160	municipality	Local Option	NO tourD
4107903200	Forest Acres	Richland	2298	municipality	Local Option	NO tourD
4107909200	Eastover	Richland	2235	municipality	Local Option	NO tourD
4107911520	Dentsville (Columbia)	Richland	2160	detail (within municipality)	Local Option	NO tourD
4107914230	Irmo	Richland	2434	municipality	Local Option	NO tourD
4107914950	Blythewood	Richland	2075	municipality	Local Option	NO tourD
4107915020	State Park (Columbia)	Richland	2160	detail (within municipality)	Local Option	NO tourD

Journal Entries (JE) with U1 use tax

- ④ JE (transaction code FV50) can record U1
- ④ Various scenarios and impacts include:
 - Increase U1 tax accrual
 - AP invoice posted & paid WITHOUT U1 tax, but item is taxable
 - *Example:* P-card bill to Bank of America paid as IO.
Record a JE to increase U1 for transactions subject to use tax
 - Decrease U1 tax accrual
 - Use tax posted in error on AP invoice
 - Change tax jurisdiction
 - Recalculate tax and adjust jurisdiction data
 - Change account assignment stream
 - Move expenses (debit/credit as U1)

Journal Entries with U1 use tax

- U1 calculations for JE are based upon the tax rate in effect at POSTING date for that jurisdiction
- Refer to this file for examples and instructions on how to enter JE with U1 scenarios:
 - JE – adjust U1 Use Tax Accrual Details_2015March*



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AUTOMATED USE TAX PROCESS - OVERVIEW

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Manual vs. Automated Process

- Financial records (SCEIS) should reflect use tax activity and tie to the tax returns and payments, whether automated or manual
- With manual process, agencies could prepare return and remit tax differently than how/when use tax accruals were recorded in SCEIS
 - The differences have left balances in the use tax payable GL account, caused confusion in closing of grants and created various other accounting issues.

Manual vs. Automated Process (cont'd)



- ① Automated process should eliminate most of those issues for future
- ① All automated returns will be filed monthly. If no tax is due for a period, SCEIS will file a \$0.00 return electronically as required by SCDOR
- ① No discounts for timely filing will apply

Automated vs. Manual – Grants

- In the past, BA was forced to reverse any grant related use tax accruals and record tax as expense when sending payment to SCDOR
- The automated process handles the grant-use tax payable transaction --- so BA will NO LONGER need to make the reversing JE to remove the tax accrual

Automated Use tax Process – Depends upon BA input

- Return based upon entries created from U1 tax code on taxable line items of AP invoices &/or JE
- Correct tax jurisdiction assigned to transaction
- No “off-book” adjustments are possible
...SO...

Filing (return) period and FI Posting period - example

FILING (Return) period	February 1-28, 2015	Calendar <u>year/ month</u> 201502
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.... will be based upon transactions posted with ...

FI Posting dates	February 1-28, 2015	Fiscal year: 2015 FY period: 8
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How/what data is pulled for return?

- ④ For a filing (return) period, automated use tax program pulls entries
 - posted to corresponding FI posting period
 - with U1 tax code
 - as of the run date

- ④ Adjustments of use tax entries for a return
 - must be recorded with U1
 - in posting period related to return by run date
 - with appropriate tax jurisdiction code

SCEIS – processing

Based upon the U1 tax entries, SCEIS will

- ① Summarize data by tax jurisdiction details
- ① Build a tax return in electronic format and send to SCDOR
- ① Record payable to SCDOR for tax return \$. The line items post to the use tax payable account based upon the totals per fund, grant, etc. of the related documents which generated the tax due

SCEIS – processing (continued)

- ④ No workflow/approval of the document
- ④ Payment terms are immediate so payment posting (cash impact) occurs same day
- ④ Payment to SCDOR by ACH credit
- ④ Transactions will by-pass the cash edit
...however...

BA is responsible for covering any cash deficit.

Return Processing Runs – Simulation and Actual

- ④ Automated use tax process features TWO run stages
 - SIMULATION (preliminary) for BA monitoring of data and error messages
 - ACTUAL sends official electronic return file and \$ to SCDOR
- ④ Both run stages provide reports to BA, some by **email** and others **on-line**

Actual Return Run Schedule

- Per SCDOR, returns are due on 20th of month after filing period
- Actual return processed centrally by SCEIS
- Actual runs will occur sometime after the 10th business day (close of FI period) and before the due date of month
 - A schedule of actual run dates will be published
- SCEIS will generate a simulation run for all BA the day before the actual run date

Simulation Run – Features and information

- 🌀 In the past, to review data and prepare the tax return, the agency had to run BW reports.
- 🌀 Now, automated process provides easier method for users to monitor U1 activity and view the system prepared tax return results
- 🌀 Notifies BA of errors that would prevent actual run
- 🌀 BA can also create additional simulation runs

Simulations- BA generated run

- Multiple simulations can be run by BA. On-line report data is overwritten by any later runs for that period.
- A new role has been established for BA to designate at least one user as MONITOR
- Monitors have access to run the simulation for their BA as desired
 - Transaction code: ZFI_USETAX_PROCESS

ZFI_USETAX_PROCESS

Simulation Run by Monitor

1 Business area (BA) access depends upon user's Use tax monitor role. If you have roles for multiple BAs, use the multiple selection option to modify.

Extract Use Tax and generate payable

Select Use Tax to process

Business Area J120

Prior Month

Specified Period

Enter Calendar Date (YYYYMM) 201410

Simulate

2 Choose an option: PRIOR MONTH or SPECIFIED PERIOD

Tips: Use *specified period* to view current period; enter calendar year and month.

You cannot run a simulation for period once the return has been submitted to SCDOR.

ZFI_USETAX_PROCESS (cont'd)

3 Click on the EXECUTE button to generate the simulation.

The report to be emailed will appear and be sent to monitors.

Extract Use Tax and generate payable

3

Select Use Tax to process

Business Area J120

Prior Month

Specified Period

Enter Calendar Date (YYYYMM) 201410

Simulate

4 To access the on-line reports, exit this transaction, then enter transaction code: ZFI_USETAX_DETAILS



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REPORTS

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EMAIL Report – sent to Monitor

- ④ Email report sent to monitors has 3 sections
 - Status message: Error or Success
 - BA must RESOLVE any errors as of actual run date
 - If no errors occur, this message appears instead:
“document will post successfully”
 - Screen shots on next slide
 - Accounting summary (by fund, grant, etc.) for AP invoice payable document to SCDOR
 - List of U1 documents (same data as on-line report)

ERROR / SUCCESS message

– email report

The EMAIL report sent to MONITOR after each simulation and actual run notifies BA of posting status as ERROR or SUCCESS. Message appears at the top of the report.

Examples below (other type error messages could occur):

Errors:
Budget validity for grant J0401J800003 in date 03/20/2015 is not valid

Document will post successfully

Simulation run -
projected "success"

Document 3005804377 FY 2015 posted successfully

ACTUAL run -
success with doc #

Monitor/BA must resolve ERROR in order for ACTUAL return to successfully process as scheduled and create the payable.

- If error occurs, the run "fails" and NO payment is sent.

Email report: Accounting lines for payable and List of documents



Additional data for the Payable accounting lines and List of Documents exists. Only samples of each section are shown below.

Document will post successfully

Doc Date	Post Date	DT	Doc Header Text	Header Ref Num	Payment Amount
20150323	20150323	KI	Use Tax	J120 201410	1,844.00

GL Account	BArea	Cost Center	WBS Element	Int Order	Fund	S/H	Functional Area	Grant Number	Amount
2010020000	J120	J120470500			37640001	S	J120_H204	NOT RELEVANT	111.70
2010020000	J120	J120470500			10010000	S	J120_H203	NOT RELEVANT	92.88
2010020000	J120	J12047LJ00			37640001	S	J120_H999	NOT RELEVANT	29.58
2010020000	J120	J120470500			37640001	S	J120_H206	NOT RELEVANT	108.18
2010020000	J120	J120470500			37640001	S	J120_H209	NOT RELEVANT	45.60
2010020000	J120	J12047LK00			37640001	S	J120_H109	NOT RELEVANT	39.33
2010020000	J120	J120470500			37640001	S	J120_H304	NOT RELEVANT	78.66

Tax Detail Sent

Doc Number	FY	Jurisdiction	Base Amount	Local Tax	State Tax	Total Tax
5701218229	2015	4100700000	1,205.90-	0.00	72.35	72.35
5701218338	2015	4100700000	655.90-	0.00	39.35	39.35
5701219825	2015	4100700000	248.00-	0.00	14.88	14.88

On-line Reports - ZFI_USETAX_DETAILS

- Additional on-line reports are viewed by most FI users through the transaction code:
ZFI_USETAX_DETAILS
- On-line reports provide:
 - List of U1 documents with vendor, jurisdiction, amounts
 - Identifies document as: **Not** sent / Sent
 - Allows drilldown to display document
 - Tax return summary
 - Payable document # shown for actual return

ZFI_USETAX_DETAILS

- To view on-line reports produced by Simulations and Actual runs, enter transaction code: **ZFI_USETAX_DETAILS**
- This transaction will open the selection screen *Summary Usetax Data by business area and period*

Summary Usetax Data – Selection Screen

Summary Usetax Data by business area and period

Selection Screen

Business Area

Use Tax Periods (YYYYMM) to

Display Reset

Display 813

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE
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- Where shown at step 1 above, enter your **BA** and **calendar year/month** of the use tax period (return filing period) which you wish to display. You may enter a range of period also.

Summary Usetax Data – Selection Screen (continued)

- Next, after your selection data has been entered click on the DISPLAY button (step 2) to access reports.

Summary Usetax Data by business area and period

Selection Screen

Business Area	J120		
Use Tax Periods (YYYYMM)	201410	to	

2 Display Reset

Display 813

Summary Usetax Data by BA and Period - Information

- Summary data for BA and period(s) appears

Summary Usetax Data by business area and period

Selection Screen

Business Area J120

Use Tax Periods (YYYYMM) 201410 to

Display Reset

Display 813

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE	Amount	Payable Document	FY	All Sent
201410	J120	999999999	J12014101	M	03/16/2015	1,844.00			X

(3) **IC number:** Control # of file when actual return run is successful and return is submitted to SCDOR. When # appears as "999999999," it is either a simulation or actual-with-error (fails to send).

Additional explanations for items 4-7 on next page.

Summary Usetax Data

– information (cont'd)

Additional explanations

Summary Usetax Data by business area and period

Selection Screen

Business Area J120

Use Tax Periods (YYYYMM) 201410 to

Display Reset

Display 813

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE	Amount	Payable Document	FY	All Sent
201410	J120	999999999	J12014101	M	03/16/2015	1,844.00			X

3 4 5 6 7

- (4) **Sent Date:** run date for simulation or actual
- (5) **Amount:** tax due amount total. If \$0, zero filing still sent to SCDOR.
- (6) **Payable document #, FY:** payable # when posted for actual run
- (7) **All Sent:** Indicator marked "X", if all documents are included in return.

Summary screen – detail reports

- In addition to the email report, the Summary screen provides access to two **on-line** reports for each simulation and actual run:
 - **Listing of Use Tax Details by Period and Business Area:** shows the document details with tax jurisdiction
 - **Details from the 813 Use Tax file:** shows tax return data and amounts
- To view the Listing of Use Tax Details report, select the period/BA line you want, then double-click to open

Listing of Usetax details by period and BA – documents with U1

Listing of Usetax details by period and business area

Details for Period 10 2014 for business area J120

Sent	Sent Date	Name 1	Vendor	Document No	Tax Jurisdi...	Σ Base Amount	Σ Local Tax Amo...	Σ State Tax Amt	Σ Total Tax Amt
S	03/23/2015	ULINE INC	7000207260	5701218229	4100700000	1,205.90-	0.00	72.35	72.35
S	03/23/2015	ULINE INC	7000207260	5701218338	4100700000	655.90-	0.00	39.35	39.35
S	03/23/2015	PET DAIRY	7000181652	5701219825	4100700000	248.00-	0.00	14.88	14.88
S	03/23/2015	PET DAIRY	7000181652	570122...					0.02
S	03/23/2015	GENERAL E...	7000120611	570122...					0.58
S	03/23/2015	CARE APPA...	7000022524	5701224446	4100700000	1,248.48-	0.00	74.88	74.88

Tax amounts are shown as debits (positive) when tax expense increased (\$ is owed).

Base amount will have opposite sign of tax amount.

Click on a document # to display it

#Listing of Usetax details by period and BA – documents with U1



View below has subtotals by tax jurisdiction.

Details for Period 10 2014 for business area J120								
Sent	Name 1	Vendor	Document No	Tax Jurisdiction	Σ Base Amount	Σ Local Tax...	Σ State Tax Amt	Σ Total Tax Amt
				4100700000	8,432.72-	0.00	505.93	505.93
S	COMPUCO ...	7000141350	3005804284	4101901800	1,000.00-	25.00	60.00	85.00
S	GENERAL E...	7000120611	5701232706	4101901800	132.00-	3.30	7.93	11.23
				4101901800	1,132.00-	28.30	67.93	96.23
				4104503700	200.00-	0.00	12.00	12.00
S			1000221616	4104703800	166,666.67	0.00	10,000.00-	10,000.00-
S			1000221625	4104703800	100.00-	0.00	6.00	6.00
S	LAYER 3 C...	7000043855	3005804285	4104703800	166,666.67-	0.00	10,000.00	10,000.00
S	REDWOOD ...	7000043272	3005804286	4104703800	1,282.10-	0.00	76.92	76.92
S	US INK AN...	7000082844	5701221465	4104703800	115.50-	0.00	6.93	6.93
				4104703800	1,497.60-	0.00	89.85	89.85
				4107902300	13,781.60-	275.64	826.85	1,102.49
				4108306100	200.00-	0.00	12.00	12.00
S	MCKESSON...	7000110293	3005804287	4109105600	200.00-	2.00	12.00	14.00
S	MCKESSON...	7000110293	3005804288	4109105600	3,000.00-	30.00	180.00	210.00
S	MCKESSON...	7000110293	3200068235	4109105600	3,000.00	30.00-	180.00-	210.00-
S	MCKESSON...	7000110293	5701225151	4109105600	160.86-	1.62	9.62	11.24
				4109105600	360.86-	3.62	21.62	25.24
					25,604.78-	307.56	1,536.18	1,843.74

Listing of Usetax details by period and BA – documents with U1

- ④ For demonstration purposes,
 - Invoice # 3005804285 posted in October as U1, but not taxable. JE # 1000221616 was recorded with October posting date to remove the U1 impact
 - JE # 1000221625 posts use tax for a P-card purchase where Bank of America bill paid as tax exempt
 - Invoice # 3005804288 was reversed in same FI period by 3200068235

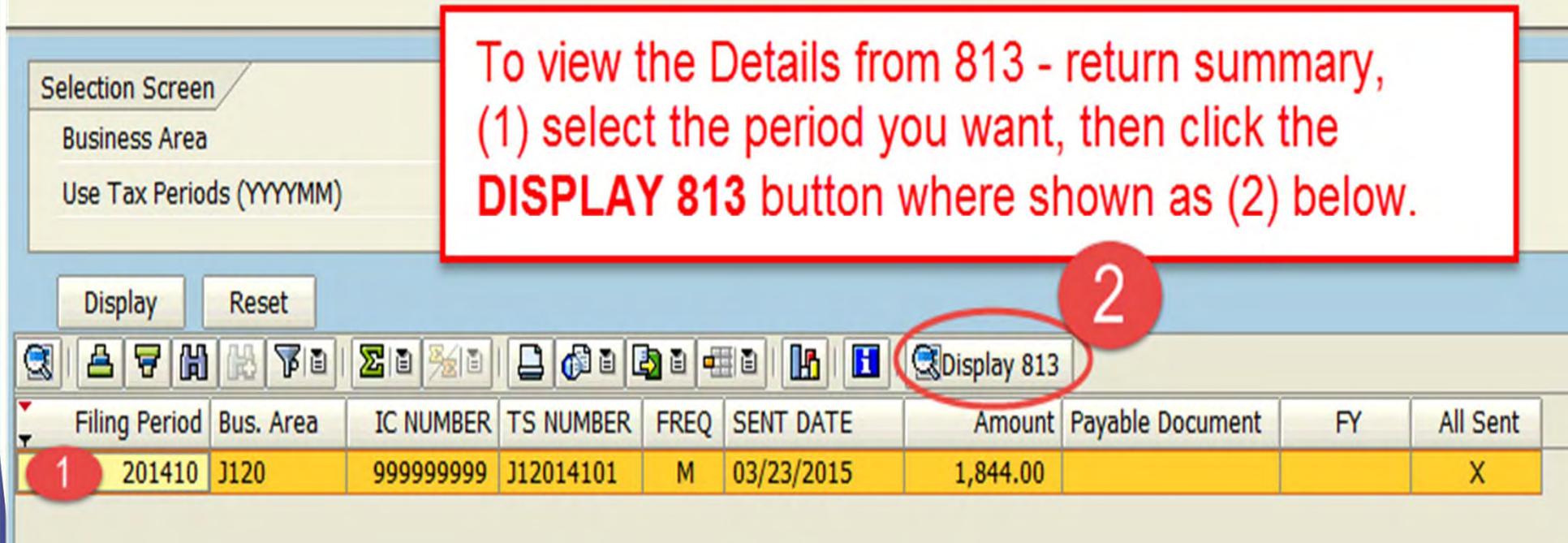
- ④ For this example, in this period no documents were excluded (NOT sent)

Details from the 813Use tax file – *Tax Return Summary*

- To access the Details from 813 report, begin at Summary Usetax Data screen and follow instructions below.

Summary Usetax Data by business area and period

To view the Details from 813 - return summary, (1) select the period you want, then click the **DISPLAY 813** button where shown as (2) below.



The screenshot shows a web application interface with a 'Selection Screen' containing 'Business Area' and 'Use Tax Periods (YYYYMM)'. Below are 'Display' and 'Reset' buttons. A toolbar contains various icons, with 'Display 813' circled in red. A table below lists tax data with columns: Filing Period, Bus. Area, IC NUMBER, TS NUMBER, FREQ, SENT DATE, Amount, Payable Document, FY, and All Sent. The first row is highlighted in yellow and has a red circle with the number '1' next to the 'Filing Period' value '201410'. Another red circle with the number '2' is next to the 'Display 813' button.

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE	Amount	Payable Document	FY	All Sent
201410	J120	999999999	J12014101	M	03/23/2015	1,844.00			X

Details from the 813 Use tax file

- Electronic tax return is referred to as “813 file. This report includes some SCDOR codes and terminology for tracking reasons
 - Additional explanations on following slides
- This report shows base and tax amounts totals per tax type and jurisdiction along with the county, municipality, and school district code required by SCDOR for reporting local taxes

Details from the 813 Use tax file



Details from the 813 Usetax file

Filing Period	Bus....	IC Number	District	813 Ref No	Tax Ind	Base Amo...	Σ Tax Amount	Tax Rate
201410	J120	999999999			STA	25,605.00	1,536.00	0.00
201410	J120	999999999	Charleston	1010	TRA	1,132.00	6.00	0.50
201410	J120	999999999	Charleston	2130	LOC	1,132.00	11.00	1.00
201410	J120	999999999	Charleston	905101	SCH	1,132.00	11.00	1.00
201410	J120	999999999	Richland	1040	TRA	13,782.00	138.00	1.00
201410	J120	999999999	Richland	2160	LOC	13,782.00	138.00	1.00
201410	J120	999999999	York	1046	CAP	361.00	4.00	1.00
							1,844.00	

Rounding to Whole Dollars

- ELECTRONIC tax return submitted in WHOLE dollars.
- SCEIS rounds (up or down) the difference between the actual use tax payable amounts accrued on the “sent” documents as needed.
- The rounding difference is posted on the SCDOR payable document for payment to the fund # 28370000 – so that the use tax payable lines for the “sent” documents are zeroed out.
- Overall difference adjusted to statewide tax such that difference is less than \$1.00.

813 Usetax file

– explanations and terms

- 🌀 **District** : For local taxes, this is the county (district) name
- 🌀 **813 Ref No:** SCDOR assigns codes for each county, municipality, and school district
 - Local taxes are reported on the tax return file with the applicable code for the type of tax
 - Codes are defined on the Schedule of Local Taxes (ST-389) form, except for school district/educational capital improvement tax which are preceded by “90” when filed electronically

813 Usetax file

– explanations and terms

- **Tax Rate:** Rate applicable for local taxes is shown. Statewide tax for SC is not noted
- **TAX IND** (indicator): Tax type indicator codes used for electronic file return, as described below:
 - STA** Statewide use tax
 - CAP** Capital Project tax
 - LOC** Local Option tax
 - SCH** School District or Education Capital Improvement
 - TRA** Transportation
 - TOU** Tourism Development

Actual run(Oct) and Simulation(Nov) - Updated Summary

Selection Screen

Business Area J120

Use Tax Periods (YYYYMM) 201410 to 201411

Display Reset

Display 813

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE	Amount	Payable Document	FY	All Sent
201411	J120	999999999	J12014111	M	11/30/2014	1,037.00			
201410	J120	6	J12014101	M	11/17/2014	1,844.00	<u>3005804377</u>	2015	X

The ACTUAL return file for the period 201410 has processed successfully so IC now shows # 6.

Since tax was due SCDOR, payable doc # is noted



South Carolina Enterprise Information System

BA RESPONSIBILITIES

STATE INFORMATION
TECHNOLOGY



SC BUDGET AND CONTROL BOARD

Actual RUN fail – error occurs

- If errors occur during ACTUAL run, the on-line report will not show a processed IC #, but have “999999999” instead, as when simulation runs. The email report shows error message.
- BA needs to monitor results to ensure that return is filed. BA is responsible for any late fees that result.
- SCEIS will publish a run schedule. Additional actual runs may be included for a few days (TBD). Otherwise, BA must contact SCEIS to run.

Summary Usetax Data – updates after Actual successful run

- Example – the actual return for October has been sent. Also a simulation for Nov. has been run

Selection Screen

Business Area J120

Use Tax Periods (YYYYMM) 201410 to 201411

Display Reset

Display 813

Filing Period	Bus. Area	IC NUMBER	TS NUMBER	FREQ	SENT DATE	Amount	Payable Document	FY	All Sent
201411	J120	999999999	J12014111	M	11/30/2014	1,037.00			
201410	J120	6	J12014101	M	11/17/2014	1,844.00	<u>3005804377</u>	2015	X

The ACTUAL return file for the period 201410 has processed successfully so IC now shows # 6.

Since tax was due SCDOR, payable doc # is noted. Click to display.

Not SENT

- Activity is summarized by detail jurisdictions as entered on the U1 line
- SCDOR does not allow reporting of negative tax. To prevent this, SCEIS will EXCLUDE a document which creates an overall negative balance for a jurisdiction from the return.
 - The entire document will be excluded even if other jurisdictions were not negative.
- Excluded documents are shown as **NOT SENT** in the “Listing of Use tax details by period and BA” report

NOT sent document - filing period November 2014

In this period, there is a NOT sent document.

Details for Period 11 2014 for business area J120

Sent	Vend	Document No	Tax Jurisdiction	Σ Base Amount	Σ Local Tax ...	Σ State Tax Amt	Σ Total Tax ...
N	7000141350	<u>3200068237</u>	4101901800	1,000.00	25.00-	60.00-	85.00-
N				1,000.00	25.00-	60.00-	85.00-
S	7000120611	<u>3005804289</u>	4101901800	200.00-	5.00	12.00	17.00
S	7000043272	<u>3005804291</u>	4104703800	1,000.00-	0.00	60.00	60.00
S	7000092240	<u>3005804292</u>	4107900000	4,000.00-	80.00	240.00	320.00
S	7000030638	<u>3005804293</u>	4107902300	4,000.00-	80.00	240.00	320.00
S	7000092240	<u>3005804292</u>	4107914950	4,000.00-	80.00	240.00	320.00
S				13,200.00-	245.00	792.00	1,037.00
				12,200.00-	220.00	722.00	952.00

The total to be SENT (paid) will be \$1,037.00

Not sent - example (continued)

Details for Period 11 2014 for business area J120

Sent	Vendor	Document No	Tax Jurisdiction	Σ	Base Amount	Σ	Local Tax ...	Σ	State Tax Amt	Σ	Total Tax ...
N	7000141350	<u>3200068237</u>	4101901800		1,000.00		25.00-		60.00-		85.00-
S	7000120611	<u>3005804289</u>	4101901800		200.00-		5.00		12.00		17.00
			4101901800		800.00		20.00-		48.00-		68.00-

Document # is EXCLUDED (not sent) because it would make the jurisdiction # 4101901800 net total negative.

“NOT sent”

- Requires manual cleanup/action

- ① A document which is NOT SENT with return
 - leave a DEBIT balance in the use tax payable account
 - are NOT “carried-over” to another return period by automated process
- ① BA needs to research cause
- ① BA may need to AMEND a prior return
 - Prepare paper return and submit to SCDOR
 - Send any additional payment or claim for refund as required



South Carolina Enterprise Information System

MAXIMUM TAX

STATE INFORMATION
TECHNOLOGY



SC BUDGET AND CONTROL BOARD

Maximum tax – processing

- U1 tax code does not adjust for maximum tax rate
- If a purchase from an out-of-state vendor (who does not collect the SC tax) is subject to maximum tax (5%, capped at \$300), the agency should **NOT** process it with the U1 tax code
- To remit the maximum tax to SCDOR, agency will need to prepare the manual tax form ST-236, Casual or Use Excise Tax Return, and send to SCDOR with your check payment.
 - Additional instructions for asset entry will be published



South Carolina Enterprise Information System

ROLLOUT PLANNING & DATA CLEANUP

STATE INFORMATION
TECHNOLOGY



SC BUDGET AND CONTROL BOARD

Rollout Issues- SCDOR identification



- **SCDOR** and **SCEIS** plan to establish a new SID (state identifier) account for most BA*. An account file number for USE TAX only will need to be associated with the BA's new SID account
 - If the BA has an existing file account number this should be discussed with SCEIS.
 - BA needs to determine if any other (retail, accommodations, etc.) type taxes were also filed under their existing account.

Rollout Issues



- SCDOR identification (cont'd)

- SCEIS will coordinate with BA & SCDOR to determine:
 - if the existing account number can be reassigned to the new SID.
 - OR.. if a new file account is required. SCDOR will require completion of a form to set up a new account.
 - Once accounts and SID are established, SCEIS will register BA for EDI filing
- 🌀 BA continues to prepare and file separate returns and submit payment for other taxes - retail, accommodations, etc.

Initial Auto. Use tax setup form

- Initial Set-up form – complete 1 per agency and email to: Laura McLendon
 - Designate coordinator for project.
 - Identify your current return SID and file account # and
 - Review your business processes for possible impacts
 - Indicate “readiness” to roll-out. If you have a preferred month to begin electronic filing, please state
- SCEIS will review and contact BA to coordinate implementation date with BA

Where are you located?

- SCEIS recommends BA maintain a master list of their physical locations with complete addresses as described below
- Also, determine if location is within a municipality as well to ensure the correct tax jurisdiction is identified
 - Refer to list of Tax Jurisdictions in use by BA (web). If location is not identified, please submit help desk ticket with address information to FI team for research/update.
- Validate address with USPS (postal zip lookup) as tax jurisdiction database cross-references to zip

Locations - Information

Information

- House #
- Street name
- City
- District (county)
- State
- Zip +4
- Municipality information / unincorporated

Delivery and Plant addresses – Source for Tax Jurisdiction

- Shopping cart and PO delivery addresses (or plant address, if not from delivery) contain tax jurisdiction data which flows to AP invoice.
 - In some cases, the delivery addresses and plant data do not reflect the tax jurisdiction that matches the physical address, usually because the address data was incomplete.
 - Existing delivery addresses currently allows changes which generates a new address record
- MM team will be addressing the accuracy of data with agencies

Delivery and Plant addresses – MM updates



- Importance of Accurate Delivery and Plant Address for tax calculations and reporting
 - 9 digit zip code and district (county) data on Delivery Address pulls jurisdiction code from Vertex Tax software
 - If no Delivery address, system pulls data from Plant Address
- Send Help Desk Ticket to add all PO Delivery locations
 - SCEIS creates a Deliver Address record connected to the SRM organizational unit that is maintained in the SRM Administration table to be searchable by the user and can used as a default address by the user
 - Deliver Addresses created or changed by an agency are not maintained on a searchable table (are not able to use again) and cannot be used as a default address

Delivery and Plant addresses – MM updates

- Clean-up Project
 - Spreadsheets from Delivery Address file and Plant Address file will be sent to Procurement Directors for validation, correction, and data completion (Are locations inclusive and correct and include county and 9 digit zip code?)
- SCEIS FI and MM Teams are analyzing Delivery Address and Plant Address processes for improvements to increase efficiency

Cost Centers – source of tax jurisdiction

- ④ Cost centers are also linked to tax jurisdictions
- ④ For FV60 (non-PO AP invoice) and FV50 (JE) transactions which calculate tax, tax jurisdiction defaults from cost center master data record
 - BA may OVERRIDE (change) the tax jurisdiction value that come from the cost center if necessary during entry.
- ④ It is recommended that BA review their cost center data (transaction code KS13 / KS03) for accuracy.
 - Submit help desk ticket to FI team for changes

OLD Use tax payable balances

- ④ Agency need to “clean-up” any old use tax payable balances which do NOT represent current activity amounts due to SCDOR
- ④ Determine if \$ is OWED to SCDOR or not
 - If not, identify what action is needed to resolve
- ④ Review use tax payable balances PER GRANT
 - Run ZGLA for each grant to see how balance relate to overall trial balance for the grant
 - Determine how to correct

OLD Use tax payable balances

- continued

- Once “automated” use tax process begins,
 - it picks up ANY transactions with U1 line item posted during the applicable period
 - JE which NEED to be included for current return must have U1 tax code
- **ANOTHER** JE method exists to adjust tax accruals without U1 activity.
 - This may be needed to clean-up of old balances
 - Also may be needed to clear-up “NOT sent” documents.