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
Materials

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
Select the CALCULATE TAX box

Validate the TAX JURISDICTION. Change tax jurisdiction if necessary

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
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

Use tax payable lines inherit the same account assignments from the related expense/asset

Example on next page
Example – AP invoice entry
Base amount = $100
Example: AP invoice –
Tax calculation & Posting

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

\$ 100.00 * 8\% = \$8.00 tax

Expense amount adjusted = $108 Base + tax

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

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

<table>
<thead>
<tr>
<th>Tax item</th>
<th>Item</th>
<th>L.Item</th>
<th>Description</th>
<th>G/L Account</th>
<th>D/C</th>
<th>Amount</th>
<th>Tax code</th>
<th>Tax Jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>000001</td>
<td></td>
<td>ACCT PAY&amp;V0 Per...</td>
<td>2000010000</td>
<td>H</td>
<td>100.00</td>
<td>U1</td>
<td>4107902300</td>
</tr>
<tr>
<td>2</td>
<td>000002</td>
<td></td>
<td>MED/SCIENT/L...</td>
<td>5032410000</td>
<td>S</td>
<td>108.00</td>
<td>U1</td>
<td>4107902300</td>
</tr>
<tr>
<td>3</td>
<td>000003</td>
<td></td>
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<td>2010020000</td>
<td>H</td>
<td>6.00</td>
<td>U1</td>
<td>4100000000</td>
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<tr>
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<td>USE TAX PAY...</td>
<td>2010020000</td>
<td>H</td>
<td>2.00</td>
<td>U1</td>
<td>4107900000</td>
</tr>
</tbody>
</table>

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
<table>
<thead>
<tr>
<th>Tax Jurisdiction Code</th>
<th>City/municipal/other detail</th>
<th>County</th>
<th>DOR Code</th>
<th>detail type</th>
<th>Local Option</th>
<th>Tourism Develop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4105100000</td>
<td></td>
<td>Horry</td>
<td>1026</td>
<td>county</td>
<td>NOT LocOp</td>
<td>na</td>
</tr>
<tr>
<td>4105102400</td>
<td>Conway</td>
<td>Horry</td>
<td>2163</td>
<td>municipality</td>
<td>NOT LocOp</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105105200</td>
<td>Myrtle Beach</td>
<td>Horry</td>
<td>2615</td>
<td>municipality</td>
<td>NOT LocOp</td>
<td>TOURISM</td>
</tr>
<tr>
<td>4105113810</td>
<td>Aynor</td>
<td>Horry</td>
<td>2040</td>
<td>municipality</td>
<td>NOT LocOp</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105113860</td>
<td>Little River (Uninc)</td>
<td>Horry</td>
<td>1026</td>
<td>unincorporated place</td>
<td>NOT LocOp</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105113880</td>
<td>Loris</td>
<td>Horry</td>
<td>2534</td>
<td>municipality</td>
<td>NOT LocOp</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105900000</td>
<td></td>
<td>Laurens</td>
<td>1030</td>
<td>county</td>
<td>Local Option</td>
<td>na</td>
</tr>
<tr>
<td>4105902100</td>
<td>Clinton</td>
<td>Laurens</td>
<td>2151</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105904600</td>
<td>Laurens</td>
<td>Laurens</td>
<td>2498</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105910000</td>
<td>Fountain Inn</td>
<td>Laurens</td>
<td>2316</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4105916310</td>
<td>Watts Mill (Uninc)</td>
<td>Laurens</td>
<td>1030</td>
<td>unincorporated place</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107900000</td>
<td></td>
<td>Richland</td>
<td>1040</td>
<td>county</td>
<td>Local Option</td>
<td>na</td>
</tr>
<tr>
<td>4107902300</td>
<td>Columbia</td>
<td>Richland</td>
<td>2160</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107903200</td>
<td>Forest Acres</td>
<td>Richland</td>
<td>2298</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107909200</td>
<td>Eastover</td>
<td>Richland</td>
<td>2235</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107911520</td>
<td>Dentsville (Columbia)</td>
<td>Richland</td>
<td>2160</td>
<td>detail (within municipality)</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107914230</td>
<td>Irmo</td>
<td>Richland</td>
<td>2434</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107914950</td>
<td>Blythewood</td>
<td>Richland</td>
<td>2075</td>
<td>municipality</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
<tr>
<td>4107915020</td>
<td>State Park (Columbia)</td>
<td>Richland</td>
<td>2160</td>
<td>detail (within municipality)</td>
<td>Local Option</td>
<td>NO tourD</td>
</tr>
</tbody>
</table>
Journal Entries (JE) with U1 use tax

JE (transaction code FV50) can record U1

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 I0. 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
AUTOMATED USE TAX PROCESS
- OVERVIEW
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)

- Automated process should eliminate most of those issues for future
- 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
- 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

<table>
<thead>
<tr>
<th>FILING (Return) period</th>
<th>February 1-28, 2015</th>
<th>Calendar year/month 201502</th>
</tr>
</thead>
</table>

.... will be based upon transactions posted with ...

<table>
<thead>
<tr>
<th>FI Posting dates</th>
<th>February 1-28, 2015</th>
<th>Fiscal year: 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY period: 8</td>
</tr>
</tbody>
</table>
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

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
Based upon the U1 tax entries, SCEIS will

- Summarize data by tax jurisdiction details
- Build a tax return in electronic format and send to SCDOR
- 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)

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

...however...

*BA is responsible for covering any cash deficit.*
Return Processing Runs – Simulation and Actual

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

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.
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.

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.
3 Click on the EXECUTE button to generate the simulation.

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

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

- Simulation run - projected "success"

- Document will post successfully

- ACTUAL run - success with doc #

  Document 3005804377 FY 2015 posted successfully

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.

<table>
<thead>
<tr>
<th>GL Account</th>
<th>BR area</th>
<th>Cost Center</th>
<th>WBS Element</th>
<th>Int Order</th>
<th>Fund</th>
<th>S/H</th>
<th>Functional Area</th>
<th>Grant Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010000000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H204</td>
<td>NOT RELEVANT</td>
<td>111.70</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>10010000</td>
<td>S</td>
<td>J120_H203</td>
<td>NOT RELEVANT</td>
<td>92.00</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H999</td>
<td>NOT RELEVANT</td>
<td>29.58</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H206</td>
<td>NOT RELEVANT</td>
<td>100.10</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H209</td>
<td>NOT RELEVANT</td>
<td>45.60</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H109</td>
<td>NOT RELEVANT</td>
<td>39.35</td>
<td></td>
</tr>
<tr>
<td>2010020000</td>
<td>J120</td>
<td>J120470500</td>
<td></td>
<td>37640001</td>
<td>S</td>
<td>J120_H304</td>
<td>NOT RELEVANT</td>
<td>78.66</td>
<td></td>
</tr>
</tbody>
</table>

Tax Detail Sent

<table>
<thead>
<tr>
<th>Doc Number</th>
<th>FY</th>
<th>Jurisdiction</th>
<th>Base Amount</th>
<th>Local Tax</th>
<th>State Tax</th>
<th>Total Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>5701218229</td>
<td>2015</td>
<td>41007000000</td>
<td>1,205.90-</td>
<td>0.00</td>
<td>72.35</td>
<td>72.35</td>
</tr>
<tr>
<td>5701218338</td>
<td>2015</td>
<td>41007000000</td>
<td>655.90-</td>
<td>0.00</td>
<td>39.35</td>
<td>39.35</td>
</tr>
<tr>
<td>5701219825</td>
<td>2015</td>
<td>41007000000</td>
<td>248.00-</td>
<td>0.00</td>
<td>14.88</td>
<td>14.88</td>
</tr>
</tbody>
</table>
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
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*
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.
Next, after your selection data has been entered click on the DISPLAY button (step 2) to access reports.
Summary Usertax Data by BA and Period - Information

Summary data for BA and period(s) appears

(3) IC number: Control # of file when actual return run is successful and return is submitted to SCDOR. When # appears as "9999999999," 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

(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.
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

<table>
<thead>
<tr>
<th>Sent</th>
<th>Sent Date</th>
<th>Name 1</th>
<th>Vendor</th>
<th>Document No</th>
<th>Tax Jurisdiction</th>
<th>Base Amount</th>
<th>Local Tax Amo</th>
<th>State Tax Amo</th>
<th>Total Tax Amo</th>
</tr>
</thead>
<tbody>
<tr>
<td>S</td>
<td>03/23/2015</td>
<td>ULINE INC</td>
<td>7000207260</td>
<td>5701218229</td>
<td>4100700006</td>
<td>1,205.90-</td>
<td>0.00</td>
<td>72.35</td>
<td>72.35</td>
</tr>
<tr>
<td>S</td>
<td>03/23/2015</td>
<td>ULINE INC</td>
<td>7000207260</td>
<td>5701218338</td>
<td>4100700006</td>
<td>655.90-</td>
<td>0.00</td>
<td>39.35</td>
<td>39.35</td>
</tr>
<tr>
<td>S</td>
<td>03/23/2015</td>
<td>PET DAIRY</td>
<td>7000181652</td>
<td>5701219825</td>
<td>4100700006</td>
<td>248.00-</td>
<td>0.00</td>
<td>14.88</td>
<td>14.88</td>
</tr>
<tr>
<td>S</td>
<td>03/23/2015</td>
<td>PET DAIRY</td>
<td>7000181652</td>
<td>5701222222</td>
<td>4100700006</td>
<td>148.00-</td>
<td>0.00</td>
<td>7.48</td>
<td>7.48</td>
</tr>
<tr>
<td>S</td>
<td>03/23/2015</td>
<td>GENERAL E</td>
<td>7000120611</td>
<td>5701222222</td>
<td>4100700006</td>
<td>58.00-</td>
<td>0.00</td>
<td>2.90</td>
<td>2.90</td>
</tr>
</tbody>
</table>

- **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 Use Tax details by period and BA – documents with U1

View below has subtotals by tax jurisdiction.

## Details for Period 10 2014 for business area J120

<table>
<thead>
<tr>
<th>Sent</th>
<th>Name 1</th>
<th>Vendor</th>
<th>Document No</th>
<th>Tax Jurisdiction</th>
<th>Base Amount</th>
<th>Local Tax Amt</th>
<th>State Tax Amt</th>
<th>Total Tax Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>S</td>
<td>COMPUCO...</td>
<td>7000141350</td>
<td>3005804284</td>
<td>4100700000</td>
<td>8,432.72</td>
<td>0.00</td>
<td>505.93</td>
<td>505.93</td>
</tr>
<tr>
<td>S</td>
<td>GENERAL E..</td>
<td>7000120611</td>
<td>5701232706</td>
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<td>1,000.00</td>
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**Subtotals:**
- Base Amount: 25,604.78
- Local Tax Amt: 307.56
- State Tax Amt: 1,536.18
- Total Tax Amt: 1,843.74
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

For this example, in this period no documents were excluded (NOT sent)
Details from the 813 Use tax file – *Tax Return Summary*

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

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.
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

#### 813 Details for Period 10 2014 for business area J120

<table>
<thead>
<tr>
<th>Filing Period</th>
<th>Bus....</th>
<th>IC Number</th>
<th>District</th>
<th>813 Ref No</th>
<th>Tax Ind</th>
<th>Base Amo...</th>
<th>Σ</th>
<th>Tax Amount</th>
<th>Tax Rate</th>
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<td>9999999999</td>
<td>Richland</td>
<td>2160</td>
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<td>361.00</td>
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</tr>
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</table>

**Total:** 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

<table>
<thead>
<tr>
<th>Filing Period</th>
<th>Bus. Area</th>
<th>IC NUMBER</th>
<th>TS NUMBER</th>
<th>FREQ</th>
<th>SENT DATE</th>
<th>Amount</th>
<th>Payable Document</th>
<th>FY</th>
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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.
BA RESPONSIBILITIES
Actual RUN fail – error occurs

- If errors occur during ACTUAL run, the on-line report will not shown 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.
Example – the actual return for October has been sent. Also a simulation for Nov. has been run.

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.
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

<table>
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<tr>
<th>Sent</th>
<th>Vendor</th>
<th>Document No</th>
<th>Tax Jurisdiction</th>
<th>Σ Base Amount</th>
<th>Σ Local Tax</th>
<th>Σ State Tax</th>
<th>Tax Amt</th>
<th>Σ Total Tax</th>
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</table>
Document # is EXCLUDED (not sent) because it would make the jurisdiction # 4101901800 net total negative.
“NOT sent”
- Requires manual cleanup/action

- 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

- BA needs to research cause

- 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

"NOT sent" - Requires manual cleanup/action
MAXIMUM TAX
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
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
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

- Cost centers are also linked to tax jurisdictions
- 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.
- 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

Animal need to “clean-up” any old use tax payable balances which do NOT represent current activity amounts due to SCDOR

Determine if $ is OWED to SCDOR or not
  – If not, identify what action is needed to resolve

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.