

Tax Areas - Setup Requirements

The use of Tax Areas in System Five provides the ability to create, manage and report on many different Tax Rates.

There is a very important requirement that may not be obvious at first glance. If you need to use Tax Areas, then each of the 8 possible Taxes that you collect must have a rate for each of the Tax Areas you require.

This can be demonstrated as follows:

In Canada, there are three forms of Tax. Provincial Sales Tax (PST), Goods and Services Tax (GST) and Harmonized Sales Tax (HST). Depending on the Province to which the goods or services are sold, different taxes must be charged and remitted to the appropriate Tax Authority. In order accomplish this collection and reporting, System Five needs to know how much tax to charge in each of the Tax Areas.

Tax 1 is typically configured as PST

Tax 2 is typically configured as GST

Tax 3 is typically configured as HST

There are a total of 10 Provinces and 2 Territories in Canada:

AB - Alberta

BC - British Columbia

MB - Manitoba

NB - New Brunswick

NL - Newfoundland/Labrador

NS - Nova Scotia

NU - Nunavut

ON - Ontario

PE - Prince Edward Island

QC - Quebec

SK - Saskatchewan

YT - Yukon

The Taxes applicable in each of these areas is different either by type of tax or by the rate that is charged.

Here is an example using three of the Canadian Provinces: Tax 1 (PST) is not charged in Alberta, therefore the Tax 1 - Tax Area [AB] would have a Rate of 0.00% Tax 1 (PST) is charged in British

Columbia, therefore the Tax 1 - Tax Area [BC] would have a Rate of 7.00% Tax 1 (PST) is not charged in New Brunswick, therefore the Tax 1 - Tax Area [NB] would have a Rate of 0.00%

Tax 2 (GST) is charged in Alberta, therefore the Tax 2 - Tax Area [AB] would have a Rate of 6.00% Tax 2 (GST) is charged in British Columbia, therefore the Tax 2 - Tax Area [BC] would have a Rate of 6.00% Tax 2 (GST) is not charged in New Brunswick, therefore the Tax 2 - Tax Area [NB] would have a Rate of 0.00%

Tax 3 (HST) is not charged in Alberta, therefore the Tax 3 - Tax Area [AB] would have a Rate of 0.00% Tax 3 (HST) is not charged in British Columbia, therefore the Tax 3 - Tax Area [BC] would have a Rate of 0.00% Tax 3 (HST) is charged in New Brunswick, therefore the Tax 3 - Tax Area [NB] would have a Rate of 14.00%

Below are three pictures of the complete Tax Area setup for all 12 Tax Areas:

Tax 1 - PST

Tax 1	Tax 2	Tax 3	Tax 4	Tax 5	Tax 6	Eco Tax 7	Eco Tax 8					
Area	Effective	Name	Rate	Ledger 1	Ledger 2	Type	Tax on Tax	Min	Max	Included	Not Compatible	
	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
AB	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
BC	1/1/2008	P.S.T.	7.000	2060	1070	P	N	0.00	0.00	N	N	
MB	1/1/2008	P.S.T.	7.000	2060	1070	P	N	0.00	0.00	N	N	
NB	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
NL	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
NU	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
ON	1/1/2008	P.S.T.	8.000	2060	1070	P	N	0.00	0.00	N	N	
PE	7/1/2008	P.S.T.	10.000	2060	1070	P	NY	0.00	0.00	N	N	
QC	1/1/2008	P.S.T.	8.000	2060	1070	P	N	0.00	0.00	N	N	
SK	1/1/2008	P.S.T.	5.000	2060	1070	P	N	0.00	0.00	N	N	
YT	1/1/2008	P.S.T.	0.000	2060	1070	P	N	0.00	0.00	N	N	
Blank if you are not using tax zones												

Tax 2 - GST

Tax 1	Tax 2	Tax 3	Tax 4	Tax 5	Tax 6	Eco Tax 7	Eco Tax 8					
Area	Effective	Name	Rate	Ledger 1	Ledger 2	Type	Tax on Tax	Min	Max	Included	Not Compatible	
	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
AB	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
BC	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
MB	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
NB	1/1/2008	G.S.T.	0.000	2080	1080	P	N	0.00	0.00	N	N	
NL	1/1/2008	G.S.T.	0.000	2080	1080	P	N	0.00	0.00	N	N	
NS	1/1/2008	G.S.T.	0.000	2080	1080	P	N	0.00	0.00	N	N	
ON	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
PE	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
QC	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
SK	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
YT	1/1/2008	G.S.T.	5.000	2080	1080	P	N	0.00	0.00	N	N	
Blank if you are not using tax zones												

Tax 3 - HST

Tax 1	Tax 2	Tax 3	Tax 4	Tax 5	Tax 6	Eco Tax 7	Eco Tax 8					
Area	Effective	Name	Rate	Ledger 1	Ledger 2	Type	Tax on Tax	Min	Max	Included	Not Compatible	
	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
AB	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
BC	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
MB	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
NB	1/1/2008	H.S.T.	13.000	2070		P	N	0.00	0.00	N	N	
NL	1/1/2008	H.S.T.	13.000	2070		P	N	0.00	0.00	N	N	
NS	1/1/2008	H.S.T.	13.000	2070		P	N	0.00	0.00	N	N	
ON	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
PE	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
QC	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
SK	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	
YT	1/1/2008	H.S.T.	0.000	2070		P	N	0.00	0.00	N	N	

Blank if you are not using tax zones

In order for both the Tax Calculations and the Tax Reports to function correctly, all of these entries are required.

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