

RE: Saskatchewan Provincial Sales Tax Rate Reduced to 5%

Overview

Effective October 28th 2006, the PST Tax has been reduced from 7% to 5%. Depending on which Momentum product you have installed will depend on how you may wish to proceed.

See more information: <http://www.gov.sk.ca/finance/revenue/pst/bulletins/pstnotice.pdf>

1) Payables Management

1.1 MIS Financials:

The main issue with the PST reduction is invoices dated prior to Oct 28th that are being processed will require the PST rate to be 7%.

The PST tax rate implications in the MIS Financials product are relatively minimal to compare to those of the Materials Management Client.

The following will only affect how the Payable Transaction Entry window behaves in the system and will have no impact on the Invoice Matching window!

Changing the 'default' PST Tax Rate:

To change the PST rate simply open the Tax Defaults window and set the PST Rate to 5.00 %.

Version 7.5 Clients: Setup->Financial->MIS Setup-> Tax Defaults

Version 8.0 Clients: Tools->Setup->Financial->MIS Setup->Tax Defaults



Because changing this rate only impacts the Payables Transaction entry window, you may choose to delay updating the default tax rate until most of the 7% invoices have been processed (This will reduce the number of manual edits required in each line item.). You could also consider splitting 5% & 7% invoices into separate batches.

Changing the PST Tax Rate in the PM Transaction Entry

When the situation occurs that the default PST tax schedule has been changed to 5%, and the vendor's invoice is for 7% PST; you can simply override the PST Tax amount in the GST/PST window (in the distributions) to reflect the appropriate tax charge.

1.2 Materials Management:

The PST tax rate implications with the Materials Management product are more complicated, the Oct 28th date is more sensitive than simply processing the Invoices from the vendors.

Because the PST tax rates are used upon creating new Purchase Orders it is essential that the effective rates be changed immediately in order for the PO Total costs and Item landed costs be accurately updated.

Changing the 'default' PST Tax Rate:

To change the PST rate open the Tax Details Maintenance window then select each of the PST tax details you may have setup. Simply set the **Percentage** to 5.00 % and save the changes.

Step 1: In the tax Detail Maintenance window update all **Purchasing** type existing Tax Details for PST to 5%.

Version 7.5 Clients: Setup->Company->Tax Details

Version 8.0 Clients: Tools-> Setup->Company->Tax Details

Step 2: In the same tax Detail Maintenance window you'll have to create a new "PST P7" tax details at 7% for Invoice Matching purposes only.

Step 3: In the Tax Schedule Maintenance window you'll need to create a new Tax Schedule to be used in the Invoice Matching window.

Version 7.5 Clients: Setup->Company-> Tax Schedule

Version 8.0 Clients: Tools-> Setup->Company-> Tax Schedule

Create/Update Schedules:

- **PST 7%**-> includes PST P7 Tax details (7%)
- **BOTH (7% PST)** -> include PST P7 (7%) and the current GST tax details

Step 4: In the Tax Schedule Maintenance window you'll need to create a new Tax Schedule to be set in the **Vendor Maintenance window only**. This will allow the same vendor to use either the 5% or the 7% PST tax detail

Create/Update Schedules:

- **PST P Vendor**-> includes both the PST Tax details (5% & 7%)
- **VENDOR ALL TAX** -> include both PST (5% & 7%) and the current GST tax details

Step 5: Update the Vendors with these new tax schedules in the Vendor Maintenance window that have PST included. You may choose to update all vendors before hand or update them as required during the Invoice Match stage.

Changing the PST Tax information in the Invoice Matching entry window:

When the situation occurs that the default PST tax schedule has been changed to 5%, and the vendor's invoice is for 7% PST; you can override the Tax Schedules for each line item to reflect the appropriate PST tax charge.

Example: In the following example the \$100.00 invoice the PST has been calculated @ 5% but actually needs to be paid @ 7%.

Step 1: Verify Vendor's Tax Schedule. You can zoom on the **Vendor ID** to ensure that the Vendor maintenance record has been updated with the Vendor Specific Tax Schedules.

If you need to change the vendor tax schedule at this point, you can make the change in the vendor maintenance window, but you'll need to then delete the current Invoice Match transaction for the Vendor Changes to take effect.

Step 2: Verify the PST Tax settings from the menu bar ("Edit Tax Setup-> Edit Tax Details").

- i) Select the appropriate tax schedules for **freight & other charges** (5% or 7%)
- ii) Select the correct PST tax detail for the invoice either 5% or 7% PST.

These tax settings will remain the same for next entry until the window is closed. When the Invoice Matching window is re-opened the default will be set from the Matman Setup.

Step 3: For applicable PST line items, change the Tax Schedule to the appropriate one created in step 3 which should now calculate @ 7%.

Step 4: Please ensure that the PST Self-Assess Amount has been recalculated accordingly as the PST Self Assessment amount has been added to the subtotal of the Invoice Match entry window.



Smart list Verifications on Invoice Match Posting :

Using this template, simply load into your Smart list and verify "prior to posting" a batch of Invoice Matches if any suspicious tax scenarios exist.

If you have Tax details that have the first 3 letter other than PST or GST then this will require to be edited. If you are not familiar on how to do this please contact Momentum Technical Support.

Tools-Utilities->Matman Utils-Smart List Builder:

```
SELECT distinct 'GST Reclaim Missing' as Type, MMS10501.MMSMatchNum, convert(char(10),MMS10500.MMSInvDate,111) as [Invoice Date],
MMS10501.MMSLineNum, MMS10501.ITEMNMBR,ITMTSHID as LineItem, VendorTax1.TAXSCHID as Vendor,
MMSRecRate,MMS10501.MMSTaxAmt, MMS10501.MMSAllTotFr ,MMS10501.MMSAllTotShip, MMSSegID4,MMSSegID1,MMSSegID2,
MMSSegID5 FROM MMS10501
join MMS10500 on MMS10500.MMSMatchNum = MMS10501.MMSMatchNum
JOIN PM00200 on MMS10500.VENDORID = PM00200.VENDORID
join TX00101 on TX00101.TAXSCHID = MMS10501.ITMTSHID
join TX00102 on TX00102.TAXSCHID = TX00101.TAXSCHID and substring(TX00102.TAXDTLID,1,3) = 'GST'
join TX00101 as VendorTax1 on VendorTax1.TAXSCHID = PM00200.TAXSCHID
join TX00102 as VendorTax2 on VendorTax2.TAXSCHID = VendorTax1.TAXSCHID and substring(VendorTax2.TAXDTLID,1,3) = 'GST'
where MMS10501.MMS_GST_Amt = 0 and MMS10501.MMSTaxAmt > 0

union

SELECT distinct 'PST Self Assess' as Type, MMS10501.MMSMatchNum, convert(char(10),MMS10500.MMSInvDate,111) as [Invoice Date],
MMS10501.MMSLineNum, MMS10501.ITEMNMBR,ITMTSHID as LineItem, VendorTax1.TAXSCHID as Vendor, MMSRecRate,
MMS10501.MMSTaxAmt, MMS10501.MMSAllTotFr ,MMS10501.MMSAllTotShip, MMSSegID4,MMSSegID1,MMSSegID2, MMSSegID5
FROM MMS10501
join MMS10500 on MMS10500.MMSMatchNum = MMS10501.MMSMatchNum
JOIN PM00200 on MMS10500.VENDORID = PM00200.VENDORID
join TX00101 on TX00101.TAXSCHID = MMS10501.ITMTSHID
join TX00102 on TX00102.TAXSCHID = TX00101.TAXSCHID and substring(TX00102.TAXDTLID,1,3) = 'PST'
join TX00101 as VendorTax1 on VendorTax1.TAXSCHID = PM00200.TAXSCHID AND (substring(PM00200.TAXSCHID,1,3) = 'GST' OR
PM00200.TAXSCHID = "")
where MMS10501.MMS_PST_Amt = 0 and MMS10501.MMSTaxAmt > 0
```

2) Receivables Management

Because there is no reclaim rate implications, you may choose to either create new 5% PST tax details or you can change the default once all of the applicable 7% invoices and charges have been processed.

Changing the 'default' PST Tax Rate:

To change the PST rate open the Tax Details Maintenance window then select each of the PST tax details that are setup for receivables. Simply set the **Percentage** to 5.00 % and save the changes.

Version 7.5 Clients: Setup->Company->Tax Details

Version 8.0 Clients: Tools-> Setup->Company->Tax Details



Because changing this rate only impacts the Invoice Entry and the Receivables Transaction Entry windows, if at all possible enter sales transactions for 5% & 7% into two separate batches, and set the tax to the appropriate rate for each batch.