

WSU Tax Guide (PNet4)

Understanding How Tax Works in General

- The University is not exempt, and all applicable items should have tax charged to them.
 - It's not necessarily just what you get, but how you will use it that will factor into whether or not an item needs to be taxed.
 - Before deciding if something is tax exempt, do your research and ensure that your situation is applicable. If you are uncertain, please contact Accounts Payable with questions (acctspay.pcard@wsu.edu).
- Tax is based on the Ultimate Destination of the goods/services.
 - It only matters where the goods/service are ultimately going to be used at. Where you purchased the item does not factor into the process.
 - Example: an item bought in Miami, FL and sent via mail to me in Pullman, WA, and then I ship it to a user in Spokane, WA who then uses it there– should have Spokane listed as the place of Delivery Location (actual entry would be “3210 – Spokane-Spokane County”) in PNet4.
 - Services – choose the location based on where the service will be performed at.
 - If the ultimate destination of the goods or service is outside the state of Washington, then we will not be collecting WA State tax on that purchase. Use Tax Location code “NOWA”.
- SubObjects
 - It is best to know what code you are looking for before reconciling the transaction instead of using the drop down menus to look for an applicable entry.
 - Subobject lookup tool: <http://purchasing.wsu.edu/object-subobjectcoding.html>
 - Try to avoid using any generic codes whenever possible (i.e. 03-PZ = “OTHER PURCHASED SERVICES”) as they do not capture any relevant info about the purchase. The purpose of the code is to describe what you have purchased, and generalized codes do not capture that.
 - SubObject is a key field as tax is calculated and applied in PNet4 based on the value chosen here.
- Comp/Use Tax
 - This is the difference between the tax you did pay and what you should have paid or the tax you should have paid if you didn't pay any at all.
 - It is calculated and applied automatically based on the values you input into PNet4.
 - Comp/Use tax is applied to transactions where sales tax was not collected by the vendor, or where the vendor collected less than what WA would charge for that location.
 - Only positive comp tax is added to a transaction, unless the transaction is a credit. Tax is not subtracted if the vendor charged more than what would be required at a particular location.
 - It is added to your transaction after it's expensed from PNet4, but before it posts in AIS-BALANCES.
 - Process begins with the SubObject in PNet4, and will only apply the comp tax equation to transactions that have a taxable SubObject chosen.
 - This can result in variances between PNet4 amounts and BALANCES amounts.
- Disabled Fields in PNet4
 - All other fields in PNet4 that are currently disabled to Reconcilers are not to be used in denoting tax on any transactions. Please use the 3 boxes as outlined in the next section.

- For any issues or questions, please reach out to the Purchasing Card ADMIN team, Accounts Payable or use the “Transaction Notes” in PNet4 to explain your special circumstances.
- Mixed Transactions (Tax & Not Taxed on same purchase)
 - If you have a transaction where a Taxed item and a Non-taxed item are both present, you can use Splits in PNet4 to separately denote the SubObjects for tax purposes.
 - Help on splits can be found in Processing Transactions guide (under paragraph entitled “Splits” on pg. 6) found here: http://purchasing.wsu.edu/docs/D1G_Trans.pdf or here: http://purchasing.wsu.edu/pnet4_guides.html

PNet4 – How to Denote Tax on a Transaction

How to use tax in PNet4:

1. Begin by entering the desired Chart of Accounts, Budget-Project number, and Object code (in that order) – otherwise the SubObject field will not work as each field is tied to the one above it in the Accounting Codes section.

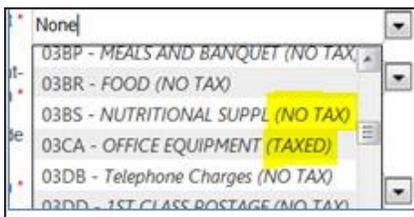
The screenshot shows the 'Accounting Codes' section of the PNet4 interface. It contains several dropdown menus and text input fields. The 'Chart of Accounts' is set to '0000-3057'. 'Budget-Project' is 'None', 'Object' is 'None', 'Subobject' is 'None', 'Department-Fund-Program' is 'None', 'Delivery Location' is 'None', and 'Exception' is 'None'. The 'Cost Code' field is empty.

2. Choose the most applicable SubObject
 - a. Locate the code by typing in the Object number and then SubObject code as 1 string into the Subobject field (i.e. “03AA”). As you type in the value, you will see the drop-down list keep changing to match what you are entering, like a search box would do.
 - i. See below for an example (typing 0...3...P... gives me all SubObject codes that begin with “03P...”).

This screenshot shows the 'Accounting Codes' form with the 'Object' field set to '03 - Consumable Goods and Services' and the 'Subobject' field set to '03p'. A dropdown menu is open, displaying a list of SubObject codes that match the search criteria. The codes listed are: '03PE - LABORATORY ANALYS (NO TAX)', '03PF - VETERINARIAN SERV (NO TAX)', '03PG - Physician AND Medic (NO TAX)', '03PR - NEWSPAPER AND PAM (NO TAX)', '03PS - CUSTOM GROUNDS SE (NO TAX)', '03PX - PARTICIPANT SUPPO (NO TAX)', and '03PZ - OTHER PURCHASED S (NO TAX)'. The 'Subobject' field is highlighted in yellow.

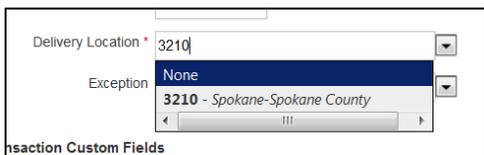
- b. Choose the best value based on the tax designation needed, and the wording in accordance with the item itself and how it will be used.

- i. If it will/should be taxed (if the transactions should have comp tax added, or if the item is a normally taxed item), ensure the SubObject has “(TAXED)” at the end; if no tax, or if shouldn’t have comp tax, then it should have “(NO TAX)” at the end.



3. Choose the Ultimate destination of the goods

- a. The list is sorted by the city’s tax code, so you must enter the tax code number first in PNet4 in the “Delivery Location” field.



- i. We have made a guide of city names in alphabetic order located at:

<http://purchasing.wsu.edu/Delivery%20Code%20List.pdf> or here:

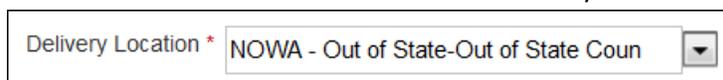
http://purchasing.wsu.edu/pnet4_guides.html

1. You can use the search feature in Adobe (CNTRL+F) on this PDF to quickly locate the desired value via text.

b. Out of State Locations

- i. Code in PNet4 as “NOWA – Out of State...”

1. This value can be found at bottom of Delivery Location drop-down list in PNet4.



4. Tax Already Paid

- a. This field is mandatory, only meaning a value of some kind must be entered into it. This does not mean that paying tax is mandatory.
- b. Repeat the receipt – put any tax already paid in the “Tax Amount” box in PNet4. Simply repeat what amount is found on your transaction documentation.
 - i. If the transaction is for a credit, tax must be entered as a negative as well. We do not pay tax on transactions where we are getting money back.
- c. If no tax was paid, the box should have a zero entered into it.



5. **Comp/Use tax** – WSU’s financial system looks at PNet4 items 2-4 above. If a “SubObject” that is designated to have tax is chosen, then tax is calculated for this transaction based on the rate of the location specified in the “Delivery Location” field. Then the resultant amount is subtracted from the amount in the “Tax Amount” field, and positive value is now the comp tax that will be assessed to this transaction before it is expensed to AIS-BALANCES.

6. Transaction Notes

- a. A very useful tool to let AP know about any issues that require explaining.
- b. Examples of times it could be used – denote what NOWA city/state you are in, issue with merchant and tax on transaction documentation, etc...

7. Splits

- a. Help on splits can be found in Processing Transactions guide (under paragraph entitled “Splits” on pg. 6) found here: http://purchasing.wsu.edu/docs/D1G_Trans.pdf or here: http://purchasing.wsu.edu/pnet4_guides.html
- b. Do not use the “Taxable” box on the top of each line.
- c. To begin, ensure you have clicked on the triangle on the left side of each line you have added in order to expand the transaction.
- d. Tax must be calculated by hand for each line and manually entered.
 - i. Ensure the SubObject reflects the correct Tax status of the line it is on.
 - ii. If there is no tax for any line, a zero must be entered.
 - iii. Each line is breaking up the Grand Total of the transaction, and the system is not error checking the math of what you then enter into the “Tax Amount” field.
 - 1. This means you must be careful about what you enter as tax amount paid. Double check and verify your numbers!
 - 2. You must still enter tax into the “Tax Amount” field, even though the grand total is split amongst the transactions.
 - iv. There is a very easy way to calculate your tax.
 - 1. First add the lines to the transaction, and divide up the grand total transaction amount between each line.
 - 2. Each line will automatically then be assigned a percentage by PNet4.
 - 3. Manually calculate the tax by multiplying the total tax (found above the added lines) by the percentage for the line you are on (under “%” symbol), and then enter the resultant value in the “Tax Amount” field in the line. Do this for each line you added.

Example:

Original Currency USD
 Original Amount \$14.83
Tax \$1.07
 Settlement Currency USD
 Total \$14.83

						<u>Line Totals</u>
						100% \$ 14.83
Item	Item Description	# of Units	Unit Price	Taxable	%	Total
▼ 1	<input type="text"/>	1.00	2.97	<input type="checkbox"/>	20.00	2.97 Delete

Accounting Codes

Chart of Accounts

Budget-Project *

Object *

Subobject *

Department-

Transaction Custom Fields

Reviewed

Description *

Shipping Amount

Tax Amount * .21

END