Unpaid Out-of-State Sales Tax Procedure in Escape
(Use Tax/U-Batch)

This is the current process for accumulating and reporting your unpaid out-of-state sales tax.

On payments to out-of-state vendors it is recommended that you use the requisition process rather than making direct payments. Vendor Payments calculate unpaid sales tax automatically. Direct Payments must be placed on Hold and reopened to enter the tax.

Entering Unpaid Sales Tax (with vendor requisition):

In the **Finance**/**AP**/*Payments* activity click on "**New**"

- Enter the Payment (using the requisition reference number) as usual.
- Tax Rate Collected: enter 0.00
- The "Unpaid Sales Amount" will auto fill.
- Change the Account Expense Amount to include the unpaid sales tax. (Prorate for multiple funds.) The system journals the Use Tax to the fund and Object 9540.
- Process as usual

OR

In the **Finance**/**AP**/*Enter Direct Payments* activity:
- Enter the Vendor and other information, as usual
- Put the payment *On Hold: Yes* (It is not necessary to place on hold if entering a single payment)
- Click "Go"
- Reopen the payment(s) on hold
- Enter the current California Sales Tax rate
- Enter 0.00 for the Tax Rate Collected.
- Unpaid Sales Tax Amount will auto fill
- Add the amount of the tax to the Account expense line(s), distributing for multiple funds.
- Change payment to "On Hold: No"
- Delete Status Comment
- Process as usual

To Pay Unpaid Sales Tax to Board of Equalization:

Run ReqPay20 **Use Tax Report.** This report prints the vendor payment information making it a simple matter to verify that you have included all the out of state payments for the period*.

Prepare an AP batch to State Board of Equalization Vendor using the report as backup.

Submit the Batch to TCDE as usual.

*In the event that you have missed the unpaid sales tax when making some payments to out of state vendors you will need to prepare an Adjusting Journal Entry to debit the individual accounts charged for the items and credit the 9540 account (the account string would look like this: "fund-resource-year-space-space-object-space-space- space"(Ex.: 01-0000-0- - 9540 - - -) . Use the F4 lookup after entering the Fund, Resource and Year to choose the account string with dashes and spaces. **Do not fill with zeros**.)

You will add these amounts to your Board of Equalization check and that will clear the 9540 Object account balances when processed.

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