Define Tax codes for Sales and Purchases in SAP

How to maintain tax codes for Sales and Purchases

In previous SAP tutorials you have learned how to assign tax code for non taxable transactions, the next important configuration step is define tax codes for sales and purchases. Here we are going to create new tax codes of

- V5 – 5% Input VAT Tax
- A5 – 5% Output VAT Tax

You can maintain tax codes by using the following navigation methods.

- *Transaction code: – FTXP*
- *IMG path: – SPRO –>SAP IMG –> Financial Accounting (New) –> Financial Accounting Global Settings (New) –> Tax on Sales/Purchases –> Calculations –> Define Tax Codes for Sales and Purchases.*
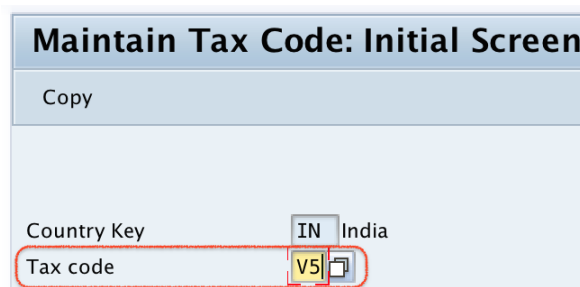
Step 1) Enter SAP tcode "FTXP" in command field and enter.
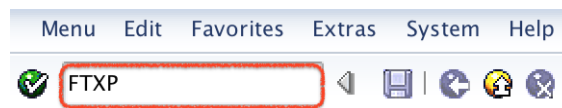
Step 2) Enter country key in the given field, as we are creating new tax codes for country India, show we have updated IN key.
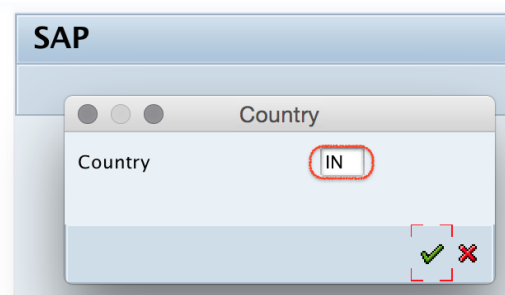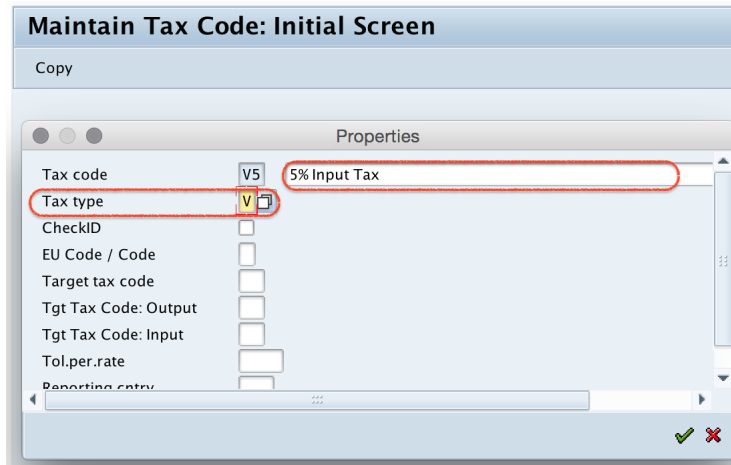

Step 3) Now you need to enter tax code key V5 which is you like to create.
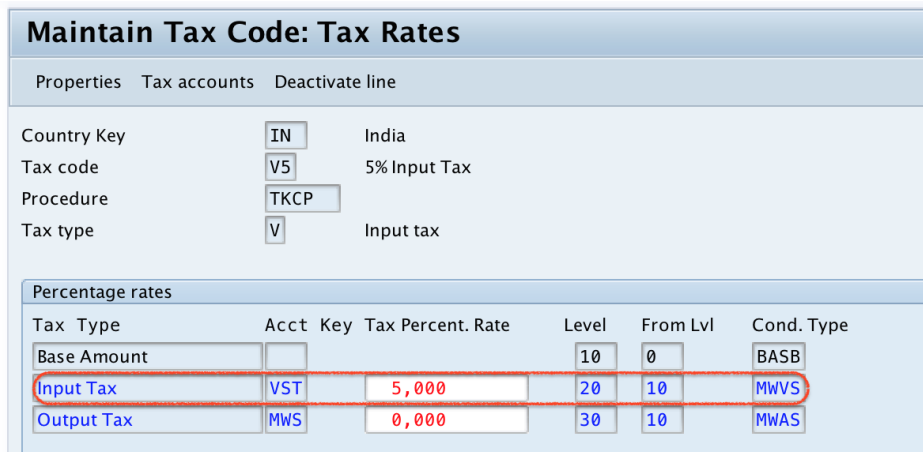

Step 4) On maintain tax code initial screen, update

- Tax code description as 5% Input Tax.
- Tax type as V (Input Tax).
- Press enter to continue to next configuration screen.

Step 5) On Maintain Tax codes: tax rates screen, update the tax percentage rate for input tax.

Note: – Here under percentage rate, only three tax types are displaying i.e. Base amount, Input tax and Output tax, other tax types are not displaying to update the tax percentage rates. This is because, we have defined tax procedure with condition types of Base amount, Input and output tax. You need to maintain condition types under tax procedure as per the organization requirements. Further you are allowed to update other tax rate like excise duty, etc in tax codes.

Click on save button and save the configured Tax code V5 in SAP.

In same procedure create A5 – 5% Output VAT Tax code.

Step 1) Go back to main initial screen, enter tax code A5 in the given field as shown below image.

Maintain Tax Code: Initial Screen

Copy

Country Key	IN	India
Tax code	A5	

Step 2) Update tax code description as 5% Output VAT Tax and tax type as "A" (Output tax).

Maintain Tax Code: Initial Screen

Copy

Properties

Tax code	A5	5% Output Tax
Tax type	A	
CheckID	☐	
EU Code / Code	☐	
Target tax code	☐	
Tgt Tax Code: Output	☐	
Tgt Tax Code: Input	☐	
Tol.per.rate	☐	
Reporting cntry	☐	

Step 3) Now enter tax percentage rate for output tax and press enter to continue.

Maintain Tax Code: Tax Rates

Properties   Tax accounts   Deactivate line

Country Key	IN	India
Tax code	A5	5% Output Tax
Procedure	TKCP	
Tax type	A	Output tax

Percentage rates

Tax Type	Acct Key	Tax Percent. Rate	Level	From Lvl	Cond. Type
Base Amount			10	0	BASB
Input Tax	VST	0,000	20	10	MWVS
Output Tax	MWS	5,000	30	10	MWAS

After maintaining all the required details, click on save button and save the configured tax code.

Successfully we have created tax code for sales and purchases in SAP.

SAP FICO Training

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SAP FICO - Introduction

⊩ SAP Financial Accounting

⊩ What is SAP FICO

⊩ What is client in SAP

⊩ Define foreign currency valuation methods

⊩ Define accounting principles and assign to ledger group

⊩ Define valuation areas and assign to accounting principles

SAP FICO - New G/L Accounting

⊩ How to activate new G/L accounting?

⊩ Define ledgers for general ledger accounting

⊩ Define currencies for leading currency

⊩ Define & Activate Non-Leading Ledgers

⊩ Define Zero-balance clearing account

⊩ Define interest calculation types

⊩ Define interest indicator

SAP FICO - Accounts Receivable

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⊩ Maintain number ranges for customer account groups

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⊩ Define tolerance group for Customers

⊩ Create sundry debtors accounts

⊩ Define Customer Master Record

SAP FICO - Accounts Payable

⊩ What is Accounts Payable in SAP?

⊩ Define vendor account groups

⊩ Maintain number range intervals for vendor accounts

⊩ Assign number ranges to vendor account groups

⊩ Create payment terms

⊩ Define accounts for cash discount taken

⊩ Define Vendor reconciliation account

⊩ Create vendor code

SAP FICO - Tax on Sales and Purchases

⊩ What is Sales tax and Purchase tax in SAP?

⊩ Define tax calculation procedures

⊩ Assign country to calculation procedure

⊩ Assign tax codes for non taxable transactions

⊩ Maintain tax codes for sales and purchases

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SAP FICO - Asset Accounting

⊩ What is Asset Accounting in SAP?

⊩ Define Chart of Depreciation

⊩ Assign chart of depreciation to company code

⊩ Specify Account Determination

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⊩ Maintain Asset Classes

⊩ Define tax accounts in SAP

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