

Define Tax codes for Sales and Purchases in SAP

How to maintain tax codes for Sales and Purchases

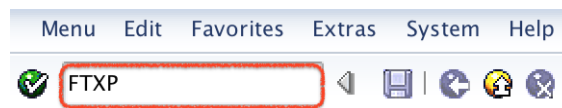
In previous SAP tutorials you have learned how to [assign tax code for non taxable transactions](#), the next important configuration step is define tax codes for sales and purchases. Here we are going to create new tax codes of

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

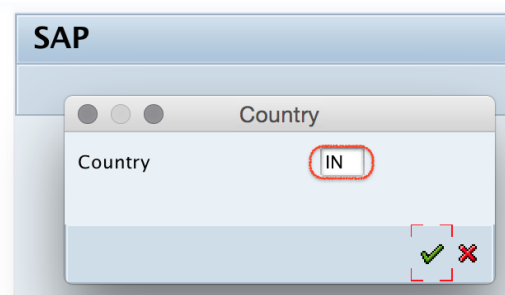
You can maintain tax codes by using the following navigation methods.

- - 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*.

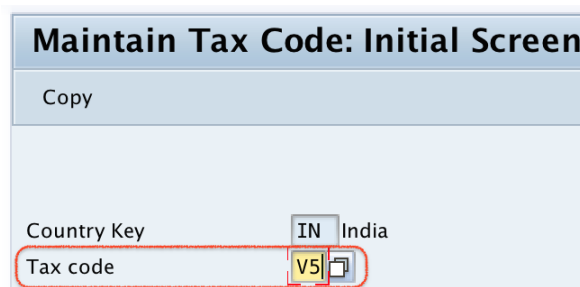
Step 1) Enter [SAP tcode](#) “FTXP” in command field and enter.



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.

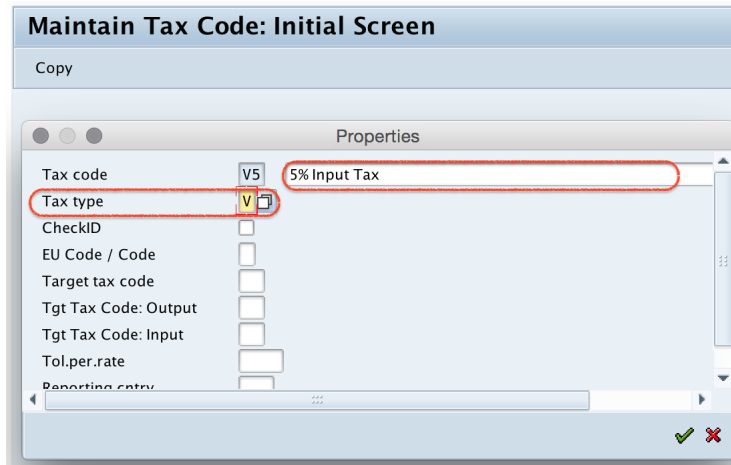


Step 3) Now you need to enter tax code key V5 which is you like to create.



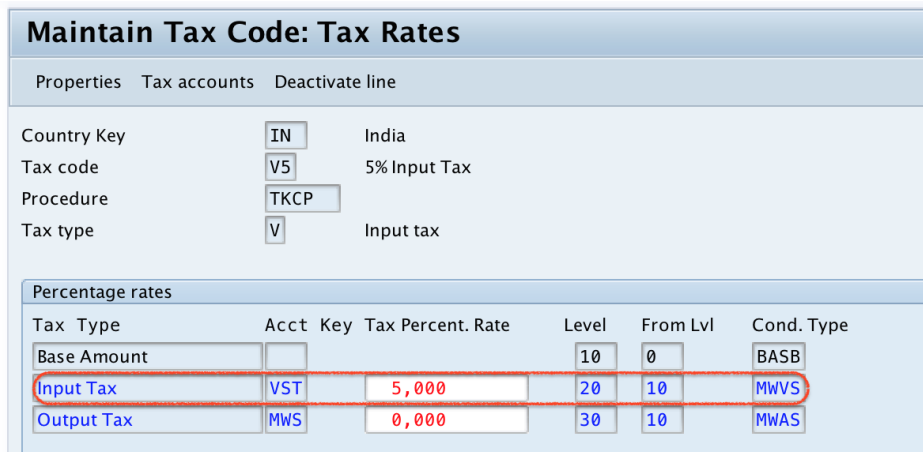
Step 4) On maintain tax code initial screen, update

- 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](#).

Tax code V5 was created

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 India

Tax code

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 5% Output Tax

Tax type

CheckID

EU Code / Code

Target tax code

Tgt Tax Code: Output

Tgt Tax Code: Input

Tol.per.rate

Reporting cnty

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 India

Tax code 5% Output Tax

Procedure

Tax type Output tax

Percentage rates						
Tax Type	Acct Key	Tax Percent. Rate	Level	From Lvl	Cond. Type	
Base Amount	<input type="text"/>		<input type="text" value="10"/>	<input type="text" value="0"/>	<input type="text" value="BASB"/>	
Input Tax	<input type="text" value="VST"/>	<input type="text" value="0,000"/>	<input type="text" value="20"/>	<input type="text" value="10"/>	<input type="text" value="MWVS"/>	
Output Tax	<input type="text" value="MWS"/>	<input type="text" value="5,000"/>	<input type="text" value="30"/>	<input type="text" value="10"/>	<input type="text" value="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

▸ [SAP FICO Tutorials](#)

SAP FICO - Introduction

▸ [SAP Financial Accounting](#)

▸ [What is SAP FICO](#)

▸ [What is client in SAP](#)

- What is chart of accounts

SAP FICO - Enterprise Structure

- Define Company in SAP
- Define Company Code in SAP
- Assign company code to company in SAP
- Define business area and consolidation business area in SAP
- Assign business area to consolidated business area in SAP
- Define credit control area in SAP
- Assign company code to credit control area in SAP
- Define functional area in SAP
- Maintain Financial Management Area in SAP
- Assign financial management area to company code in SAP
- How to create segments in SAP

SAP FICO - Global Parameters

- What is Chart of accounts and how to create COA in SAP?
- Assign company code to chart of accounts
- What is Fiscal year in SAP?
- How to maintain fiscal year variant
- Assign company code to fiscal year variant
- Define account group in SAP
- Define retained earnings account
- Define posting period variant (PPV)
- Assign variants to company code in SAP
- Open and closing posting period variants
- Define field status variant and field status groups in FICO
- Assign company code to field status variant
- Define Tolerance group for G/L accounts
- Define Tolerance group for employees
- Check company code global parameters

SAP FICO - Foreign Currency Transactions

- Check exchange rate types
- Define translation ratios for currency translation
- How to maintain exchange rates in SAP
- Define accounts for exchange rate differences

- ‡ 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

- ‡ Define account group for customers
- ‡ Maintain number ranges for customer account groups
- ‡ Assign number ranges to customer account groups
- ‡ Define risk categories
- ‡ 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

‡ Define tax accounts in SAP

SAP FICO - Bank Accounting

‡ What is Bank Accounting in SAP?

‡ Define bank key

‡ Define house bank in SAP

‡ Create check lots

‡ Automatic payment program

SAP FICO - Asset Accounting

‡ What is Asset Accounting in SAP?

‡ Define Chart of Depreciation

‡ Assign chart of depreciation to company code

‡ Specify Account Determination

‡ Number range intervals for Assets

‡ Maintain Asset Classes

‡ Define tax accounts in SAP

SAP Controlling Training

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SAP TCodes

‡ SAP TCodes

‡ SAP FI TCodes