Update the Sales Tax Settings on an Existing Purchase Order

Local, county and state sales and use tax rates can change. These new tax rates impact existing dispatched purchase orders and how SWIFT handles these tax rate changes.

- SWIFT uses “Sales Tax” for taxes paid to the supplier (excluded from the state’s Direct Pay Permit).
- “Use Tax” represents taxes paid directly to the Department of Revenue (included in the State’s Direct Pay Permit).
- SWIFT defaults the tax setting on the Category field based on the Department of Revenue’s recommendation and/or the setting most often used in state purchases. The tax setting of “Taxable” or “Not Taxable” is a default only. Review and update this field as needed for each purchase.

Tax increases and decreases impact purchase orders that are in a “Dispatched” status. For tax changes, review each Schedule line on the dispatched purchase order. Update the Tax Code on Schedule Lines that are impacted by the tax increase or decrease.

The Minnesota Department of Revenue will provide the details of the tax change. Look at the dates, type of purchase, and other requirements from the Minnesota Department of Revenue’s announcement.

Use this reference guide to help review and update the Tax Code on dispatch purchase orders impacted by a tax change. This guide uses this example, which is a sample only.

**St. Paul, 1.0 Percent Sales And Use Tax**

Starting October 1, 2020, the City of St. Paul will have 1.0 percent sales and use tax. The Minnesota Department of Revenue will administer this tax. Revenues will fund the rebuilding and repair of essential transportation corridors and related ancillary roads within the city, including but not limited to Minnesota Street, Wabasha Street, and other essential corridors identified in Ordinance No. XX-XX. This 1.0 percent sales tax applies to retail sales made into St. Paul. The use tax applies to taxable items used in the City if the local sales tax was not paid. For more information, see Fact Sheet XXX, Local Sales and Use Taxes.

Steps to complete

- Step 1: Access the list of purchase orders impacted by the tax change in SWIFT.
- Step 2: Create a Change Order and update the PO Date on the header of a purchase order impacted by the tax change.
- Step 3: Review each Schedule line and create a Change Order on the Schedule Details page for each line that is impacted by the tax change.
- Step 4: Review and update the Tax Code on each line impacted by the tax change.
Steps to update the Sales Tax settings on an existing purchase order

Step 1: Access the list of purchase orders impacted by the tax change in SWIFT.

1. If there are many purchase orders impacted by the tax change, there may be a Location Code report on Minnesota Management and Budget’s (MMB) website.

   a. If there is a Location Code report, you can find it on the Location Request form on the SWIFT Forms page in the Accounting section.
      https://mn.gov/mmb/accounting/swift/forms/

   b. If there is a report, look for the Current Code to find the Current Tax Rate on the Location Request form which MMB updates as needed.

2. If there isn’t a report, look in SWIFT to find purchase orders by Location Code impacted by a tax change.

   a. Navigate to the Purchase Order page.

   b. On the Purchase Order page, select the Keyword Search tab. Open up the Search Criteria section and select the Advanced Search link.
c. SWIFT opens up the keyword search options. Select the **PO Status** of “Dispatched.”

d. Enter the **Location Code** impacted by the tax change and select **Search**.

e. SWIFT displays the list of dispatched purchase orders with the **Location Code**. Review each purchase order by reviewing the **Sales/Use Tax** page. Look in the **Amount Summary** section. Ones that have “Freight/Tax/Misc.” may need to be updated.
f. Select the Freight/Tax/Misc. link on the purchase order. SWIFT will open the PO Total Amounts page, where you can see if there is Sales/Use Tax.

Step 2: Create a Change Order and update the PO Date on the header of a purchase order impacted by the tax change.

1. After you determine a purchase order to update, select the Change Order icon at the header.

2. Update the PO Date to align the purchase order with the date of the tax change.

3. Save the purchase order.

Step 3: Review each Schedule line and create a Change Order on the Schedule Details page for each line that is impacted by the tax change.

IMPORTANT! Review each Schedule line individually to determine if the Tax Code needs to be updated. Follow this process for each Schedule line.

1. On the Maintain Purchase Order page, go to lines section. On the Details tab of a line, select the Schedule icon.
2. SWIFT displays the *Schedules* page. Since the purchase order has already been dispatched, make a change order on the individual line. Press the *Schedule Details* icon. It is located on the left side of the *Schedules* line.

3. SWIFT displays the *Details for Schedule* page. Select the *Change Order* icon.

4. SWIFT displays the *Schedules* page for that line. Select the *Sales/Use Tax* icon.

5. SWIFT displays the *Sales/Use Tax Information for Schedule* page. Settings on it will vary. They are based on the *Category Code* you added on the line and the *Ship To* field on the *Schedule* line.
   - *Category Code* determines taxability.
   - The *Ship To* field determines the rate, sales tax, and any local, county or transit taxes.

**Step 4: Review and update the Tax Code on each line impacted by the tax change.**

1. Verify the *Tax Code*. The *Tax Code* is the total amount of tax charged on a transaction. *Tax Codes* default from the *Ship To* address. Note the *Tax Code* and the *Rate*. 

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2. Update the Tax Code as needed on the Sales/Use Tax Information for Schedule page for that Schedule line.
   a. Clear out the Tax Code field and enter any other Tax Code, such as “0000.” Then, select OK.
   b. Return to the Sales/Use Tax Information for Schedule page. Update the Tax Code field with the original Tax Code. Select OK.
   c. SWIFT will update the purchase order with the new Tax Rate and other taxes as appropriate. Return to the Sales/Use Tax Information for Schedule page to see the update.

3. After reviewing and updating all of the Schedules lines impacted by the tax change, continue processing this purchase order. Save it, budget check it and dispatch it.

You have successfully reviewed and updated the Schedule Lines and Tax Code on a purchase order impacted by a tax change.