How to define tax structure on MRP?

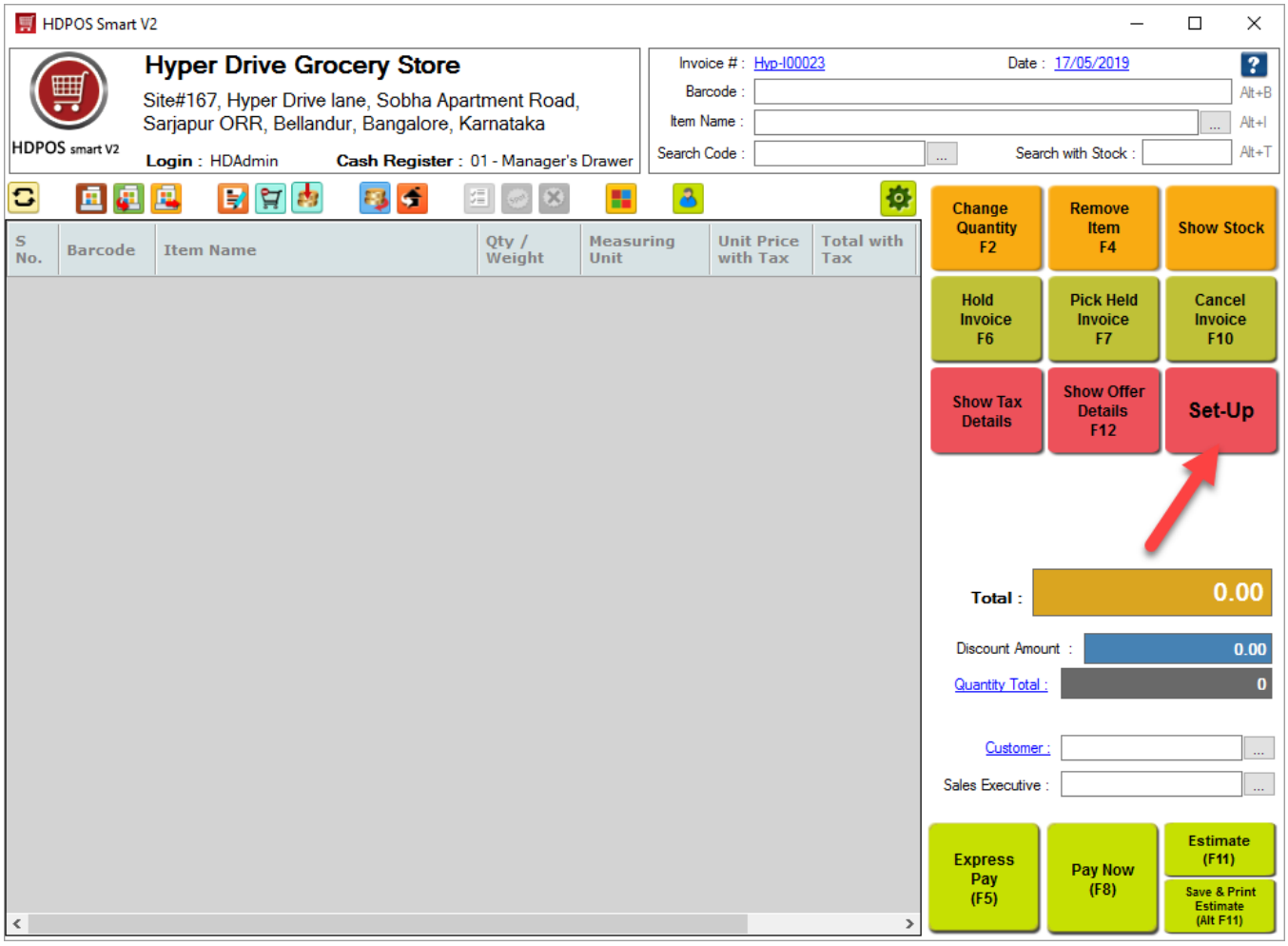
In certain business you may require to use multiple taxes that are applied on each item- like Service Tax, Excise Tax, CST and VAT.

To define tax structure on **MRP**, follow the steps below :

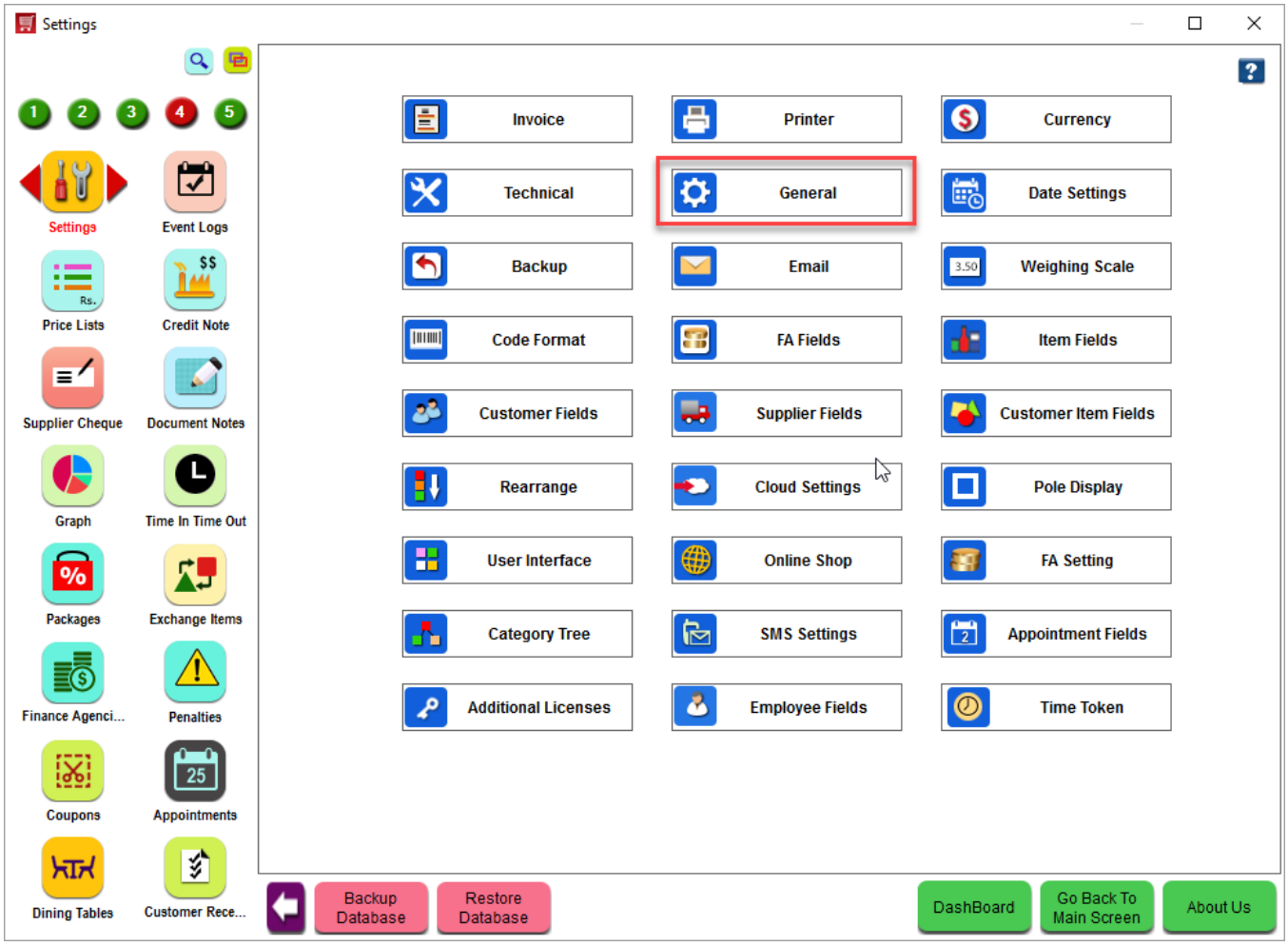
- **Step-1:** Enable Tax Structure Setting.
- **Step-2:** Define Simple Taxes.
- **Step-3:** Define Tax Structure and apply to items.

Step-1

- 1. Run **HDPOS smart**. From main invoice screen, click on **Set-Up**.



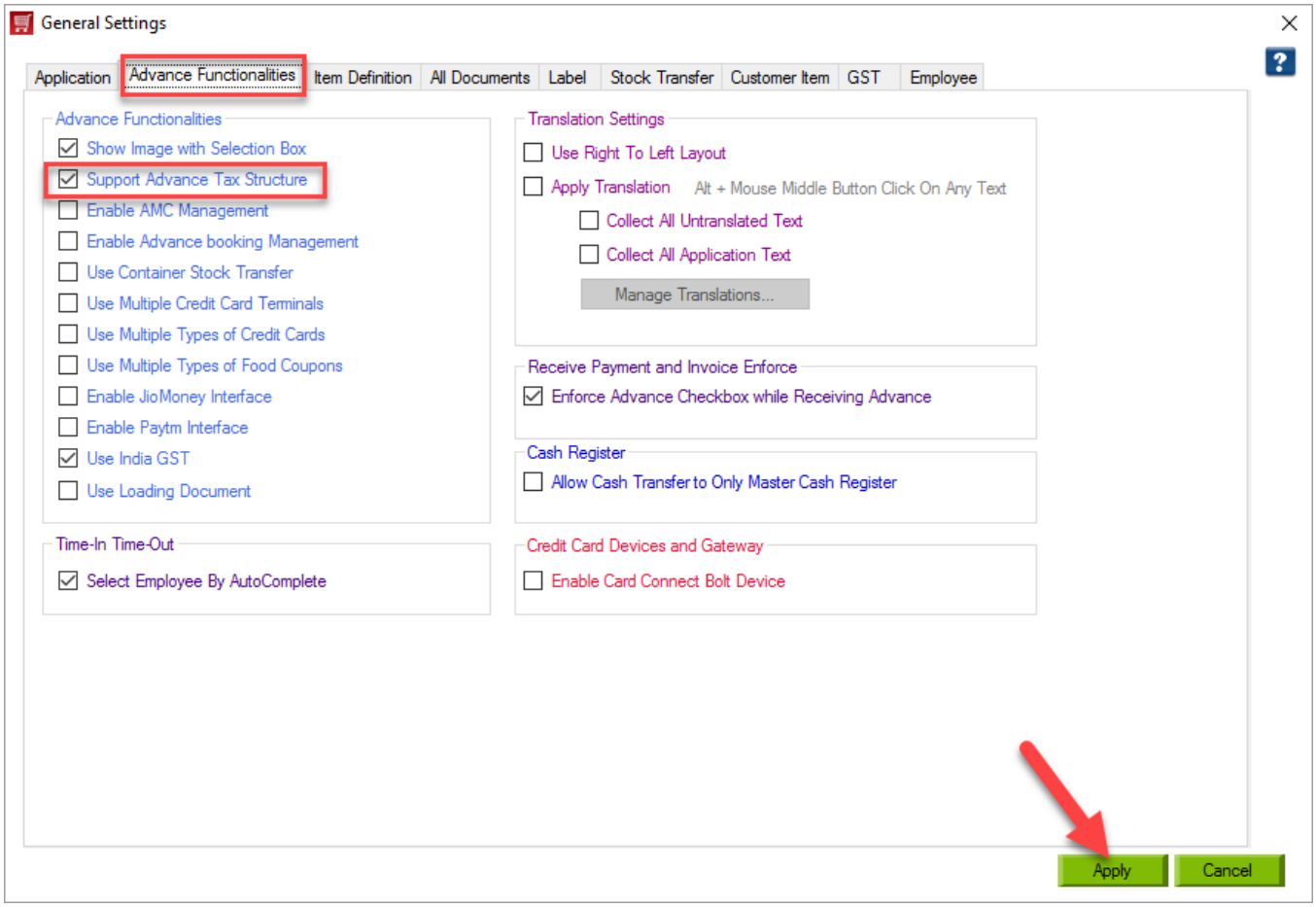
2. From 4th page, click on **Settings**. Click on **General**.



3. In **General Settings** screen, click on the **Advance Functionalities** tab.

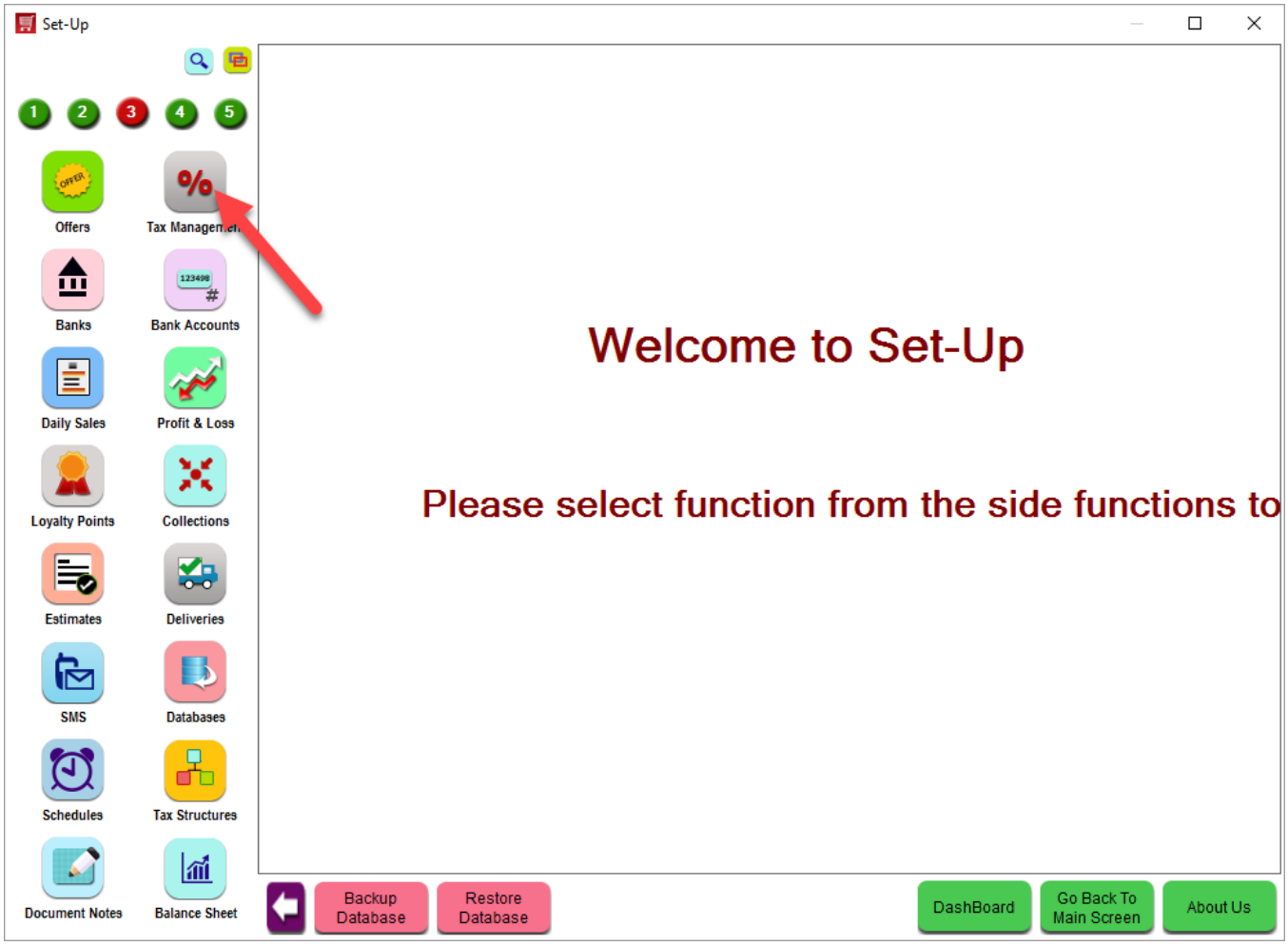
4. From **Advance Functionalities** section, check the **Support Advance Tax Structure** checkbox.

5. Click on **Apply**.



Step-2

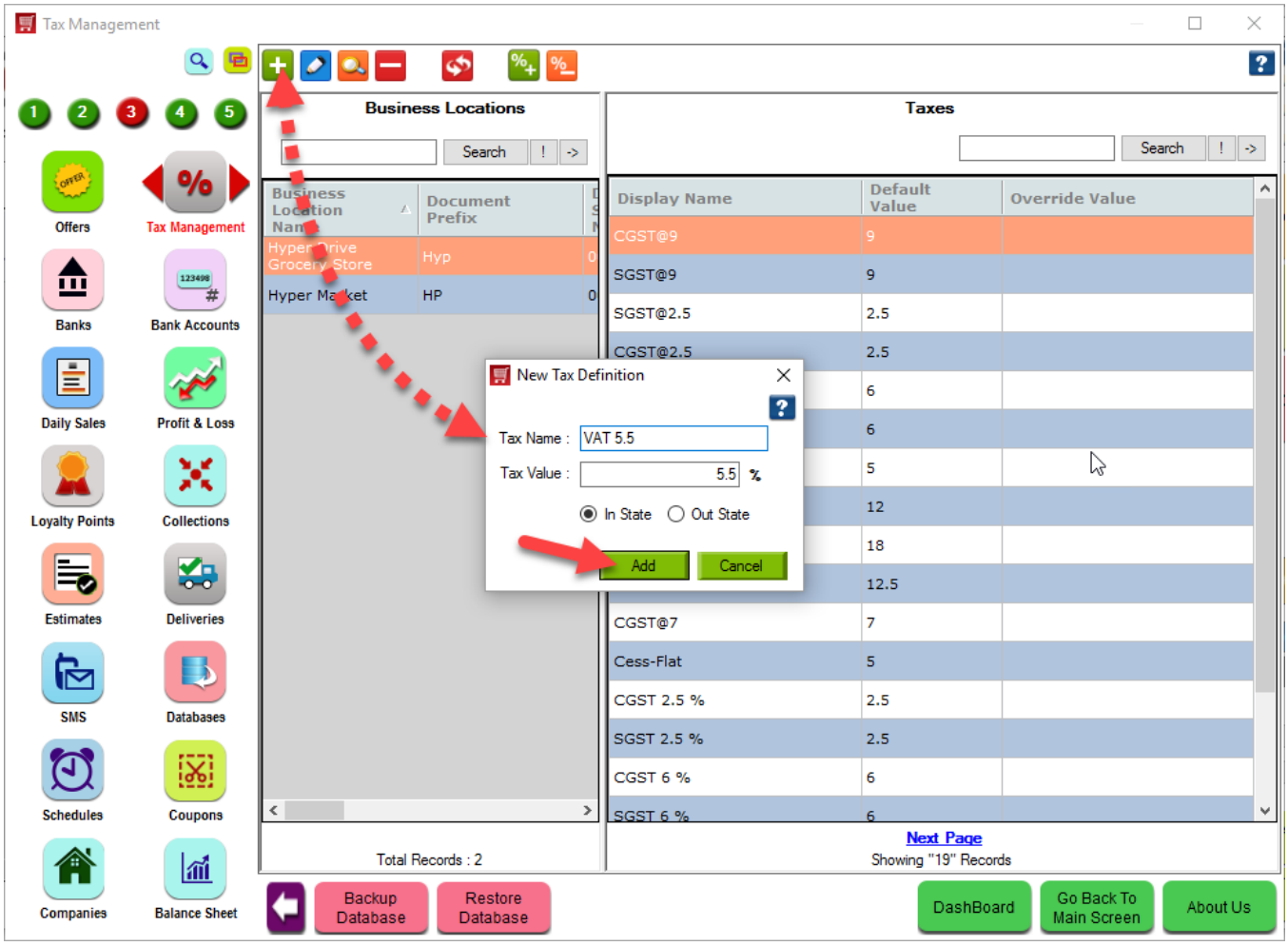
6. Go to 3rd page. Click on **Tax Management**.



7. From **Tax Management** screen, click on **Add Tax** to add all taxes that will be applied to item.

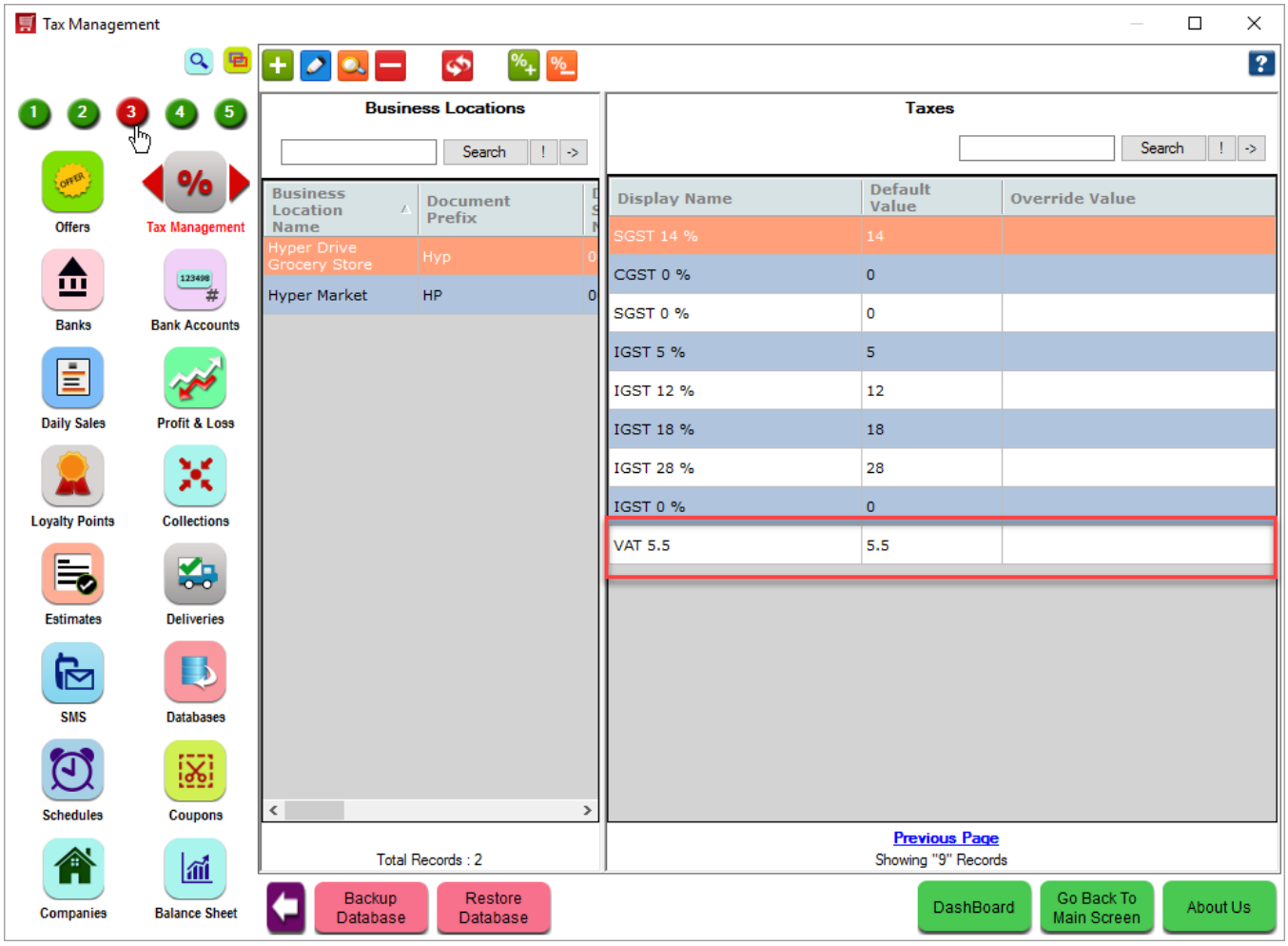
a. In the **New Tax Definition** that opens up, enter name and value for Tax as shown below.

b. Click on **Add**.



c. In the same way add all the taxes that you want to apply.

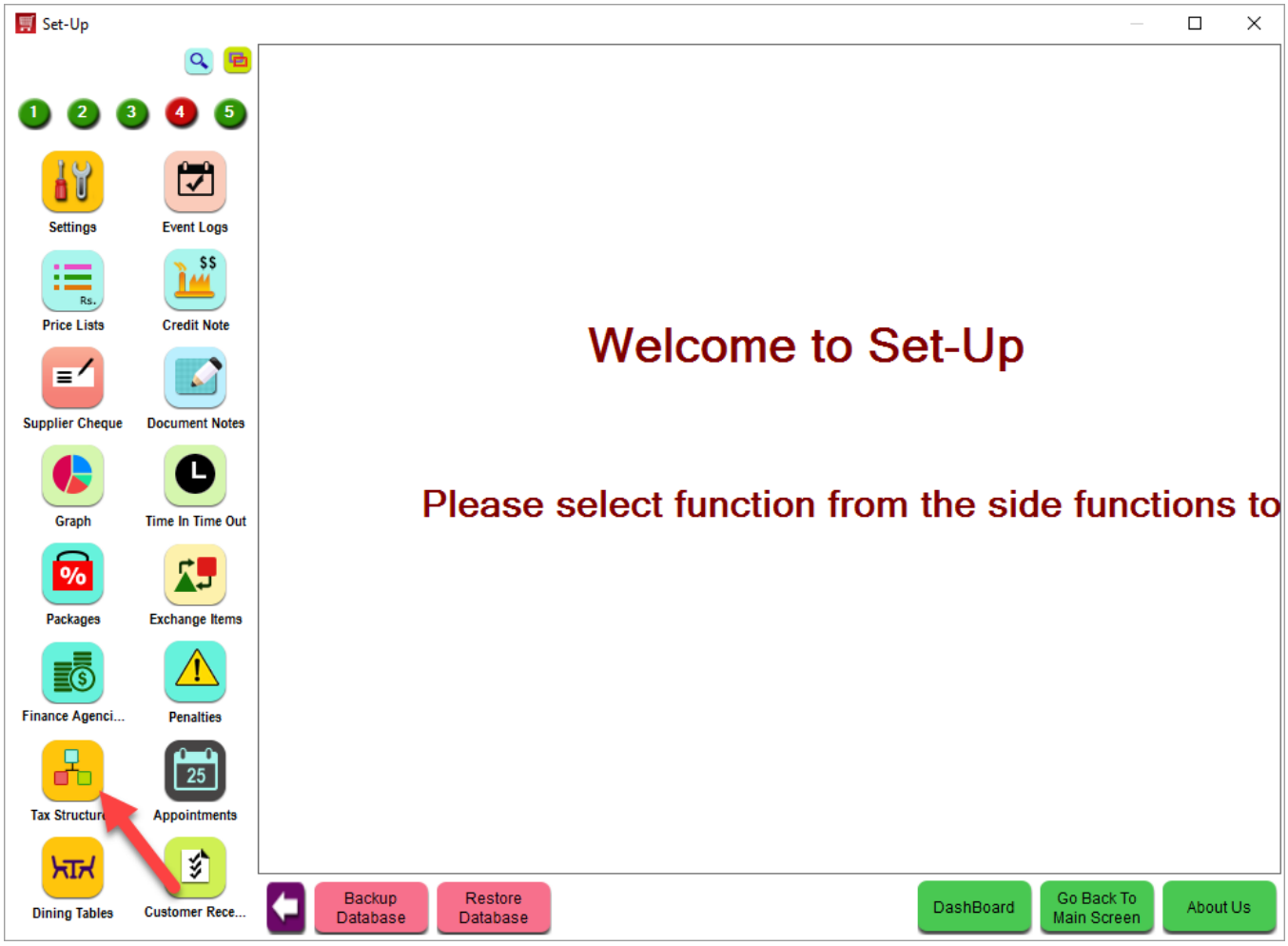
d. You can see the added taxes as below.



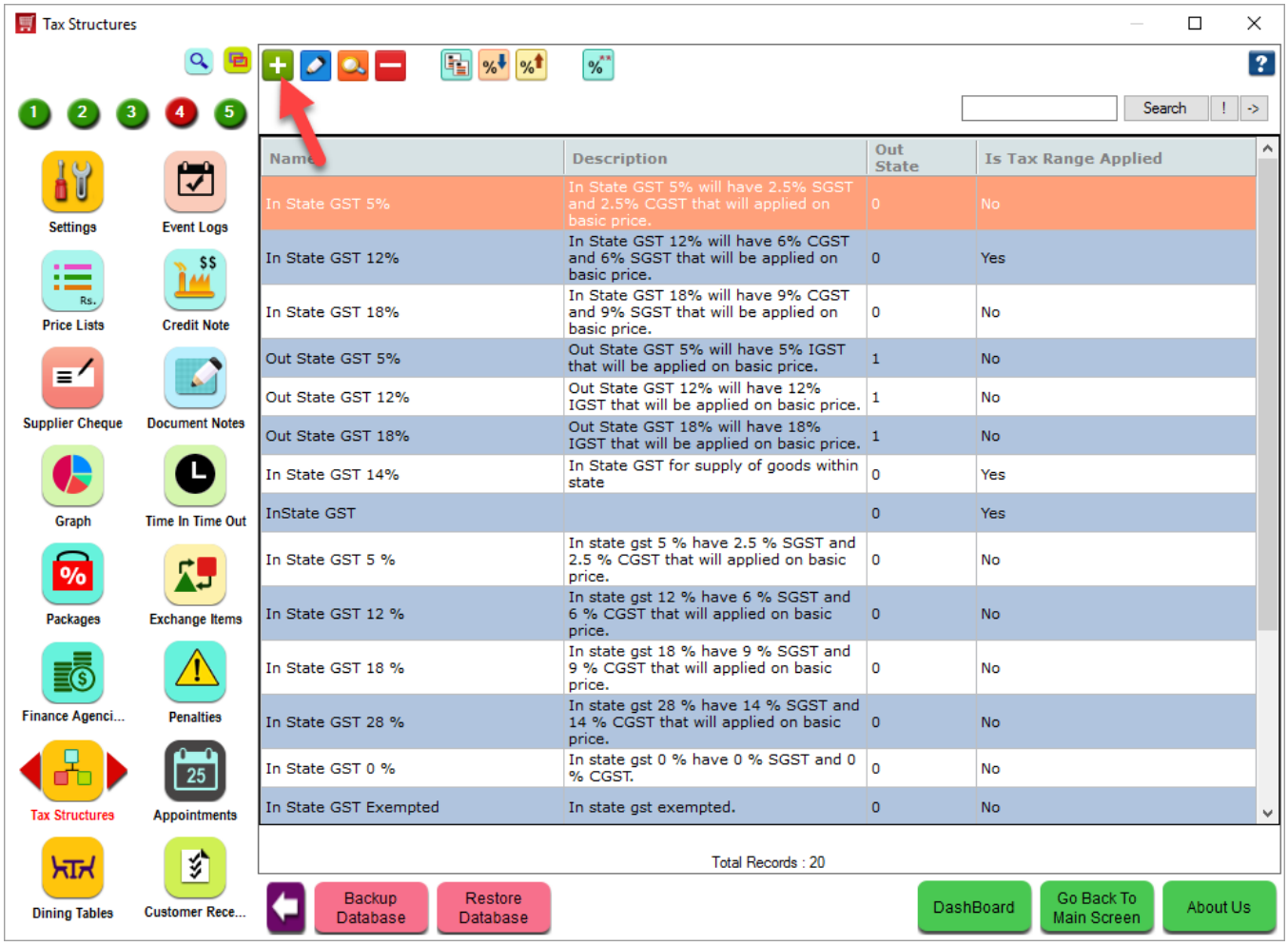
Step-3

8. With **Tax Structure** you can define a combination of simple taxes that are applied on item. These simple taxes can be applied on basic price amount or combined amount of basic price and other simple taxes.

9. From the 4th page, click on **Tax Structure**.



10. From **Tax Structures** screen that got opened, click on **Add Tax Structur**e tool strip button.

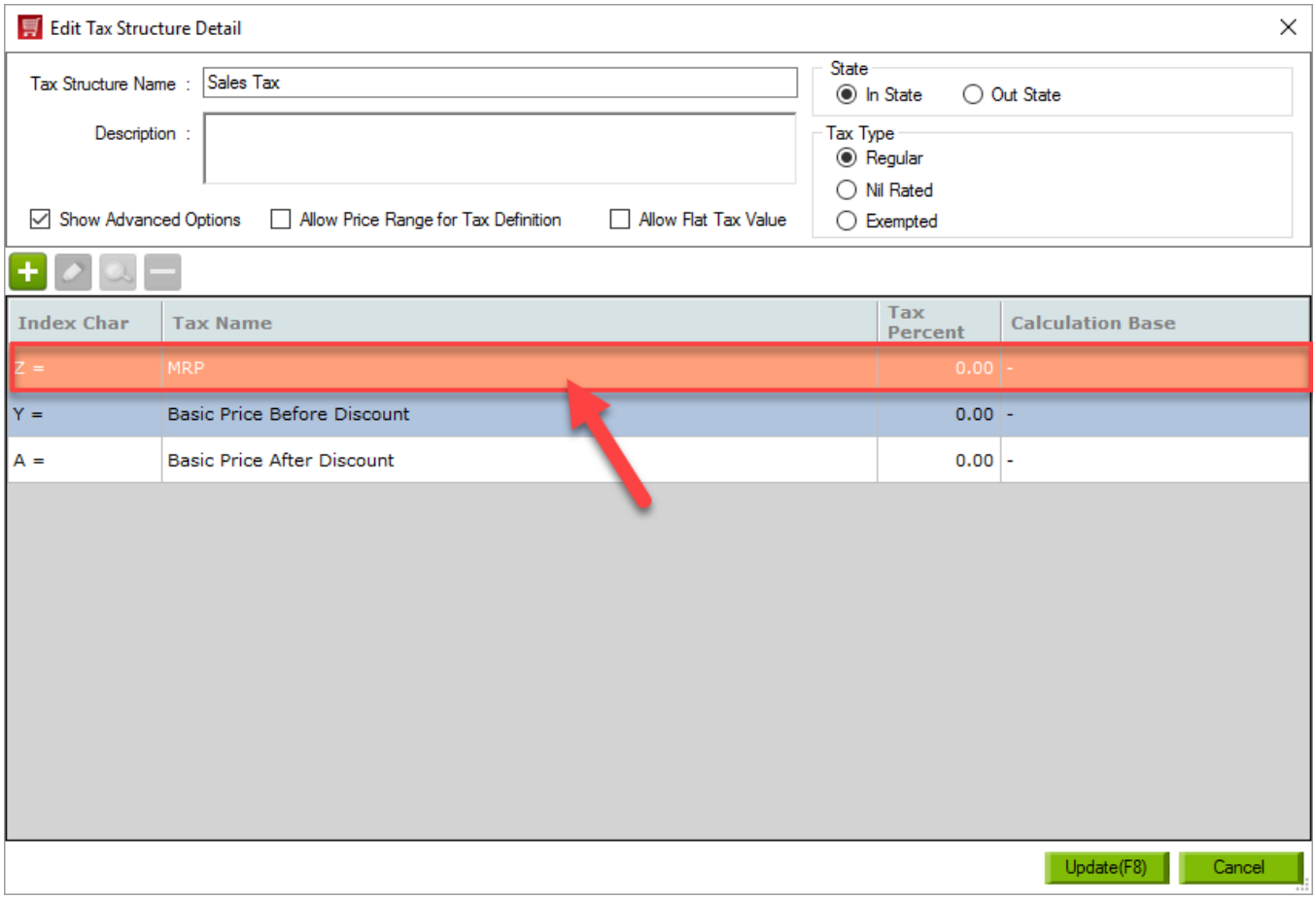


11. You will see **Add Tax Structure Detail** screen as shown below :

a. Enter a name for **Tax Structure**. You can also enter description.

b. Here you have three options to define a tax structure that can be used for your sales and purchases.

- **Index Char - Z** which is the **MRP** of an item on which all taxes can be applied.
- **Index Char- Y** which is the **Basic Price of an item before discount** on which all taxes can be applied.
- **Index Char - A** which is the **Basic Price of an item after discount** on which all taxes can be applied.



Create Tax Structure using MRP -

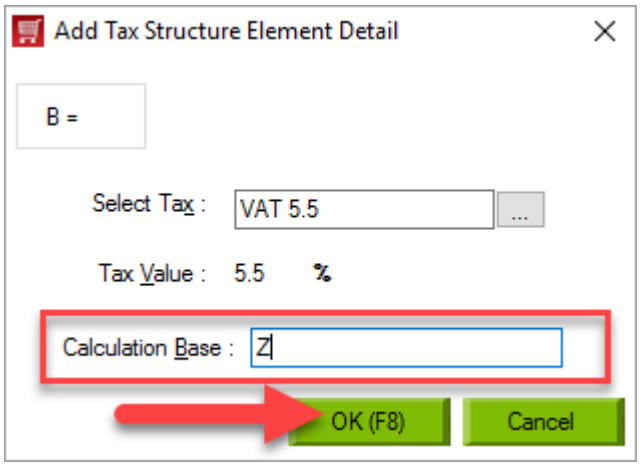
12. Click on **Add Tax Structure Element** button. You will see the **Tax Structure Element Detail** screen.

a. Select the tax that you want to apply from **Select Tax** field.

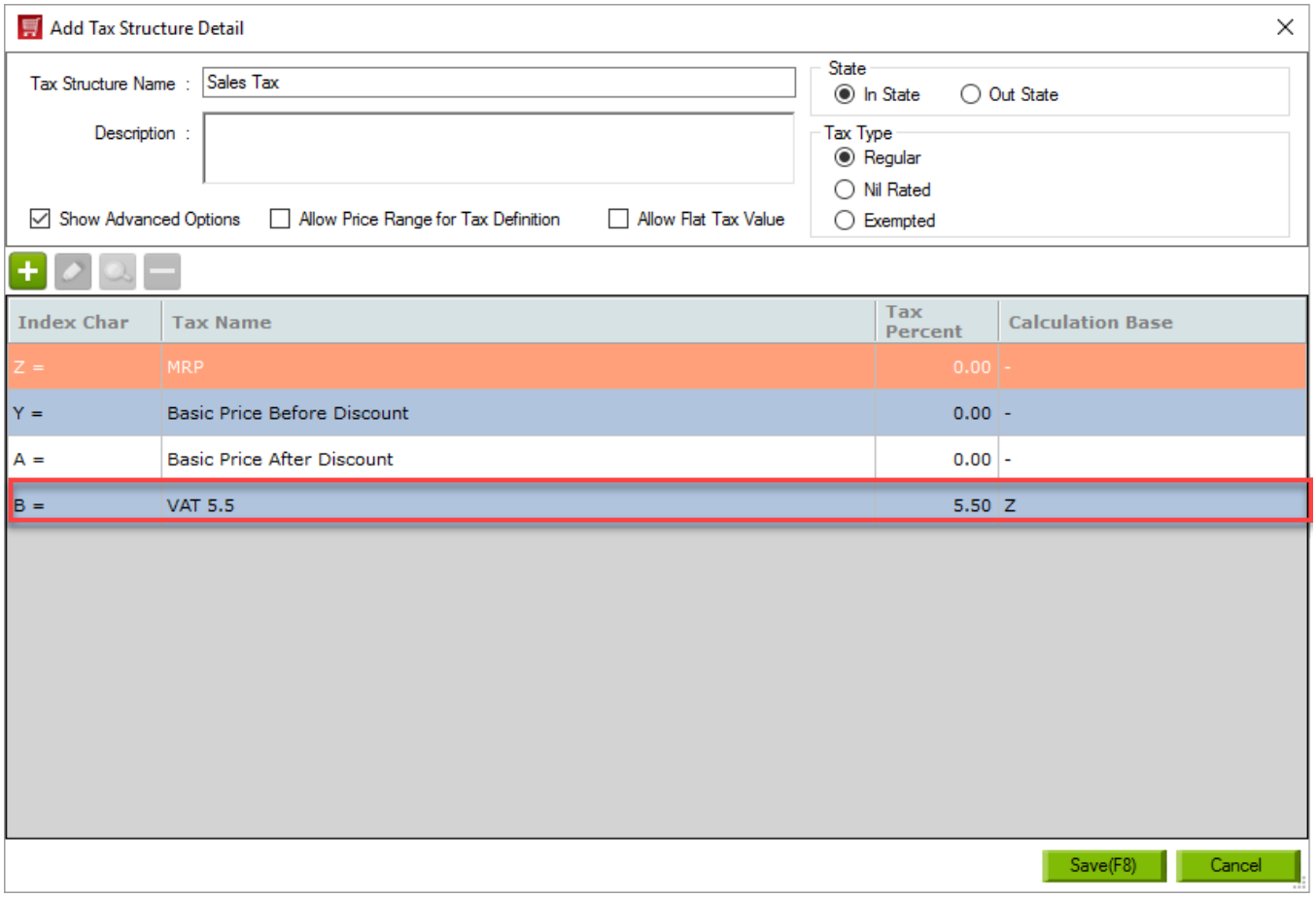
b. The selected tax's percentage value will be displayed in **Tax Value** field.

c. Enter the **Index Char Z** on which the tax should be applied in **Calculation Base** field. In this case **VAT 5.5%** gets applied on MRP, which is shown as **Index Char-Z**.

d. So the tax gets calculated as **Z** x **VAT 5.5%= Z** x **5.5/100** which is copied to **B**. Click on **OK**.



13. Now you can see the tax that got added into Tax Structure as shown below.



14. Click on **Add Tax Structure Element** and select another tax that should be applied.

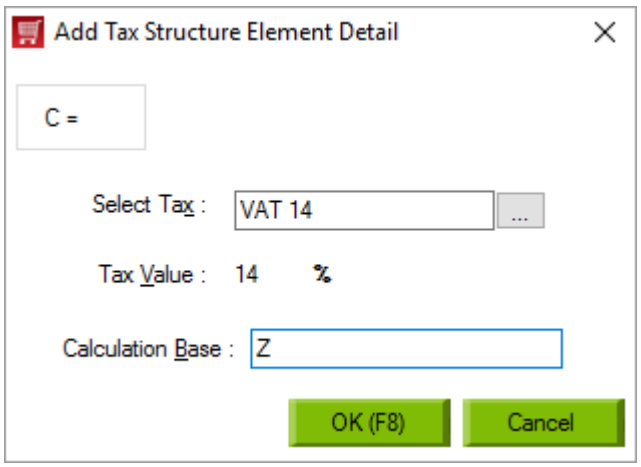
a. Select the **Tax** that you want to apply.

b. In the **Calculation Base**, you can enter **Z** or **B** or **Z+B**.

i. If you enter **Z**, the selected tax will be applied on **MRP** of an item.

ii. If you enter **B**, the selected tax will be applied on **B = MRP + VAT 5.5% amount on Z**.

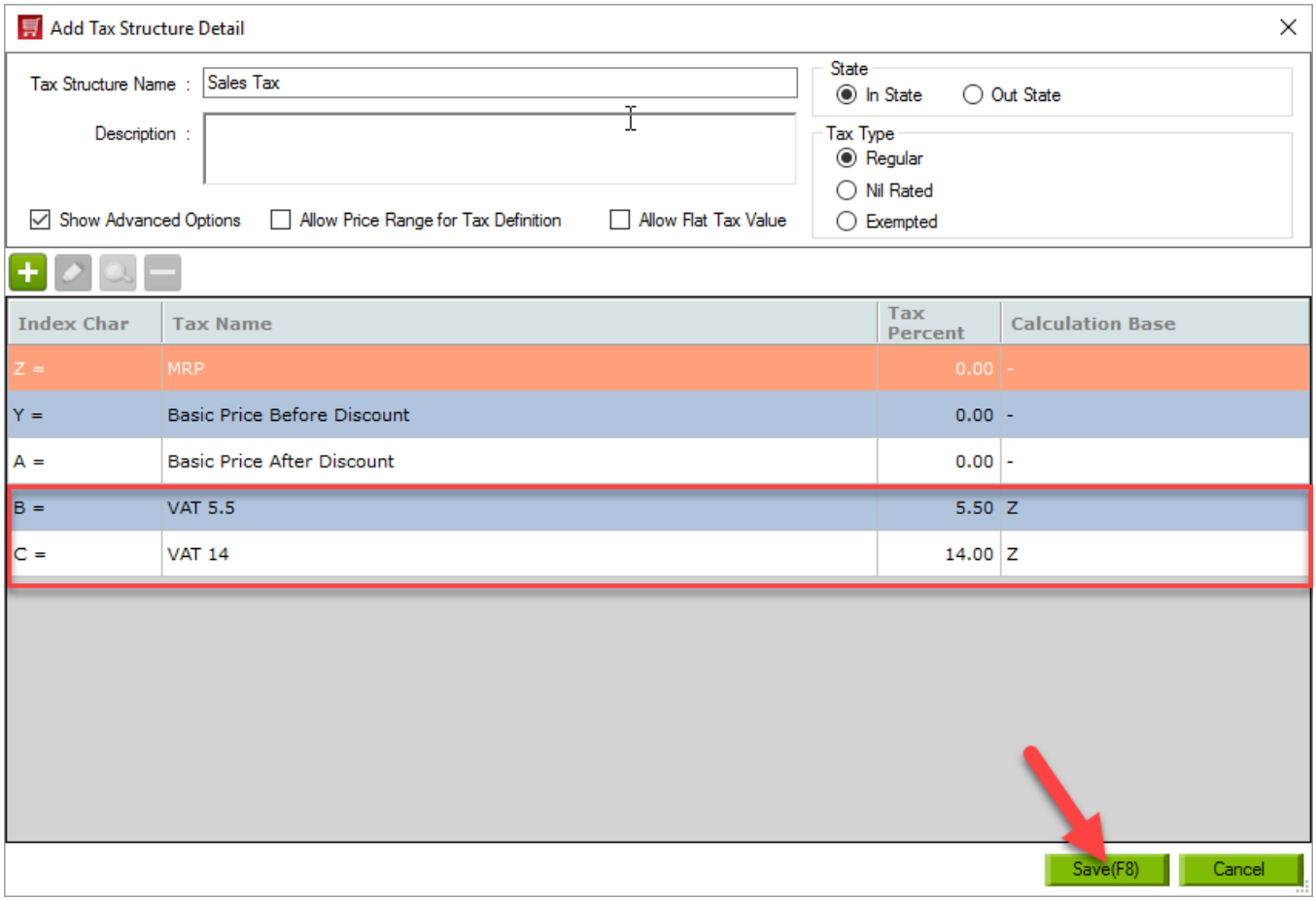
iii. If you enter **Z+B**, the selected tax will be applied on **Z (MRP) + B (MRP + VAT 5.5% amount on Z**).



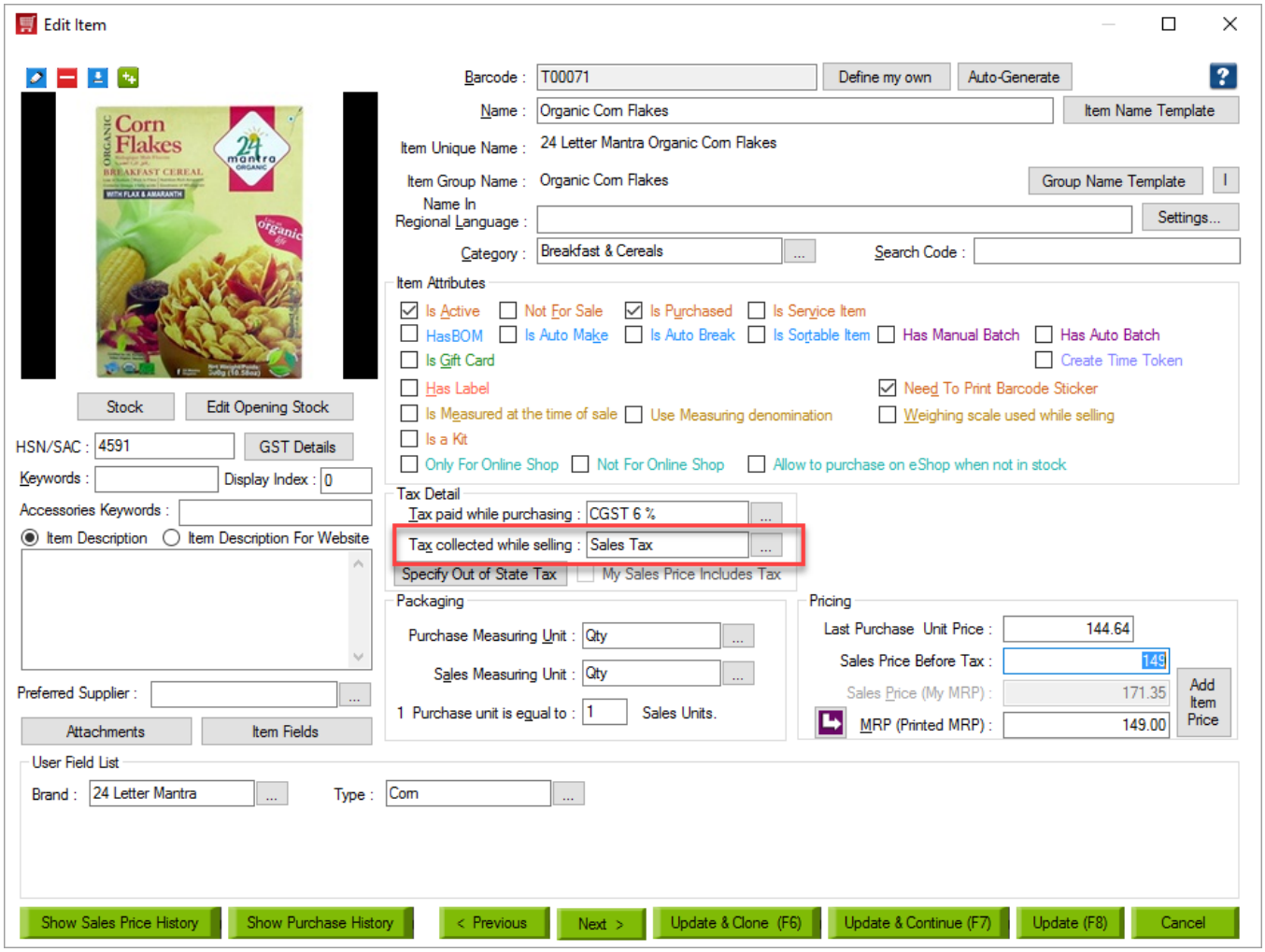
c. Here I have entered **Z** in **Calculation Base** field which means, the selected tax [**VAT 14%**] gets applied on the **MRP** which is denoted by **Index Char Z**.

15. You can repeat the above step (step-14) to create tax structure elements if you want add more taxes. After entering all tax elements, click on **save**.

16. You can see from the following screen that I have added 2 taxes that are getting applied on **MRP** of the item.



17. From 1st page, click on **Items**. Click on **Add Item** or **Edit Item**. In the **Tax Details** Section, select the tax structure that you have created for Sales Tax.



Note: When you select this tax structure for sales tax, you can either enter **MRP** or **sales price before tax**.