

Use Tax/Tax on Cost

Current workflow for tracking on jobs started and completed within the same month

This type of tax is accrued on the cost of materials and equipment used on a job, not on the invoice to the final customer. There should never be a case when a tenant would both accrue tax on cost AND charge tax on retail. Because this tax is based on use, it must be remitted within the month that the expense was incurred. Additionally, many customers have multiple tax zones with varying rates and entities to remit those taxes to. While ServiceTitan does not have a formal process for handling this type of tax yet, we will likely be encountering this scenario more as we see more customers doing larger jobs. With that in mind, we want to provide a recommended best practice to follow so it does not catch you off guard.

1. Make sure you have all necessary tax zones set up. Pro tip: add the % to the tax name.
ie: Tax Zone: Eureka - (10%)
2. Add a Tax Zone named Exempt at 0% (you will need this for nonprofits to show that cost on the tax report with no tax accrued)
3. Add a custom field such as "Tax Status" for the job that shows on the call screen. Make it required and a dropdown. Include 2 options such as "Tax on Retail" and "Tax on Cost" that way the tenant can identify the tax scenario for each job as it is set up.
4. Add a job tag that identifies the job as "Use Tax" or "Tax on Cost" (optional) but will show on the main job screen so whoever is billing is more likely to see it without going into the job details. If their job types align, you could have them add this tag to the job type to be automatically assigned.
5. When billing these jobs, they need to make sure that they do not charge tax on the invoice to the final customer. This will be up to the user to make sure to do.
6. Add a custom report using Jobs > Jobs.

Recommended field selections:

- a. Job #
- b. Job Type
- c. Business Unit
- d. Invoice #
- e. Customer Name
- f. Location Address
- g. Tax Zone
- h. Material Costs
- i. Equipment Costs
- j. PO Costs
- k. Materials + Equipment + PO Costs
- l. Tax Status (your custom field)
- m. Total (invoice)
- n. Tax (invoice)
- o. Completion Date

I would align the fields in this order to begin with. Add Group by Tax Zone. Add sums for each of the \$ amount columns. Run by completion date range for the month to obtain the cost amounts by tax zone to calculate and remit tax on. They will need to calculate the actual tax amounts in order to make journal entries, or to set up their invoices to tax expense account(s) in their accounting software.

It will be critical that they do not backdate any invoices into a previous month once this report has been run for the month. Recommend that they utilize the Minimum Post Date flag on the Business Units that these jobs are

completed under to restrict back dating. It is also critical that they consistently run the report using a set date range parameter with no overlap. Suggestion would be to run for the full month.

The Tax (invoice) field is on the report for review purposes. This column should always be zero, indicating that they did not accidentally charge tax in addition to accruing tax. Ideally, this report should be reviewed before exporting invoices to accounting.

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Current workflow for tracking on jobs taking longer than a month

Since we do not have a posting date for the individual materials and equipment used on the job, you will need to use a project with a job for each month during the project to accrue use tax on jobs that take more than 1 month to complete since the report date is based on completion date.

Follow the same steps as above, but expenses for each month are to be posted against the corresponding job. Schedule/complete these jobs in a manner that the technicians have one at a time to reduce the chance of posting to the wrong job/wrong time frame in error.

If billing monthly, the tenant can either bill each job using the materials and equipment posted, or use a project invoice. The important thing is to complete the job as of the end of the month in order to get the proper reporting cycle.

Use the report outlined and run for the month to include jobs completed within that month.

Sample report:

Job #	Job Type	Business Unit	Customer Name	Location Address	Tax Zone	Material Costs	Equipment Cos	PO Costs	Materials + Equip	Tax Status	Invoice #	Total	Tax	Completion Date
150376	No Heat	Residential Serv	Hess, Wayne	1675 Reaper Road, Wav	COFFEY COUNTY - (	\$0.00	\$0.00	\$0.00	\$0.00	Tax on Cost	150376	\$143.00	\$0.00	12/16/2020
Tax Zone: COTTONWOOD FALLS - (8.5%)						\$73.84	\$0.00	\$0.00	\$0.00			\$386.00	\$8.88	
150366	No Heat	Residential Serv	White, Harry	720 Elm St, Cottonwood	COTTONWOOD FAI	\$13.53	\$0.00	\$0.00	\$13.53	Tax on Cost	150366	\$261.96	\$10.46	12/15/2020
150319	No Heat	Residential Serv	Leigh Ann Crofoot	101 Oak Street, Cotton	COTTONWOOD FAI	\$232.85	\$1154.00	\$0.00	\$1386.85	Tax on Cost	150319	\$3500.00	\$0.00	12/16/2020
150394	No Heat	Residential Serv	Sippel, Terry	1540 Kansas 177, Cottor	COTTONWOOD FAI	\$0.00	\$0.00	\$0.00	\$0.00	Tax on Cost	150394	\$0.00	\$0.00	12/16/2020
150404	Misc Service	Residential Serv	Burnley Memorial Li	421 Oak St, Cottonwood	COTTONWOOD FAI	\$0.00	\$0.00	\$0.00	\$0.00	Tax on Cost	150404	\$128.50	\$0.00	12/16/2020
150335	Check & Service	Discount Club	Koch, Linda	319 Sycamore Street, C	COTTONWOOD FAI	\$2.53	\$0.00	\$0.00	\$2.53	Tax on Cost	150335	\$0.00	\$0.00	12/16/2020
150421	No Heat	Residential Serv	Bell, Tom	405 Spring Street, Cotto	COTTONWOOD FAI	\$212.00	\$0.00	\$0.00	\$212.00	Tax on Cost	150421	\$550.11	\$33.81	12/17/2020
Tax Zone: COUNCIL GROVE - (9.2%)						\$460.91	\$1154.00	\$0.00	\$0.00			\$4440.57	\$44.27	
150226	Major Job	New Construction	LORE & HAGEMANN	Lot # 34 North Side, Cou	COUNCIL GROVE - (	\$305.82	\$0.00	\$0.00	\$305.82	Tax on Cost	150226	\$0.00	\$0.00	12/11/2020
150146	Part Install	Residential Serv	Justin Loomis	1456 Z Avenue, Council	COUNCIL GROVE - (	\$0.18	\$0.00	\$308.01	\$308.19	Tax on Cost	150146	\$760.51	\$12.51	12/15/2020
150387	No Heat	Residential Serv	Scott Smith	110 Kahola Road, Counc	COUNCIL GROVE - (	\$2.61	\$0.00	\$0.00	\$2.61	Tax on Cost	150387	\$188.58	\$0.83	12/15/2020
Tax Zone: EMPORIA - (8.5%)						\$308.61	\$0.00	\$308.01	\$0.00			\$949.09	\$13.34	
149376	Major Job	Commercial Instal	Red Line Trucking	WASH BUILDING, EMPO	EMPORIA - (8.5%)	\$79.93	\$0.00	\$3322.13	\$3402.06	Tax on Cost	149376	\$6316.00	\$0.00	12/10/2020
149650	Major Job	Commercial Instal	Hill Family Propertie	1509 W 12th Ave, Empo	EMPORIA - (8.5%)	\$0.00	\$0.00	\$0.00	\$0.00	Tax on Cost	149650	\$228.00	\$0.00	12/10/2020
148648	Major Job	Residential Install	Lore**, J. C.	1274 Thompson Street.	EMPORIA - (8.5%)	\$149.06	\$0.00	\$2077.00	\$2226.06	Tax on Cost	148648	\$4755.00	\$0.00	12/10/2020