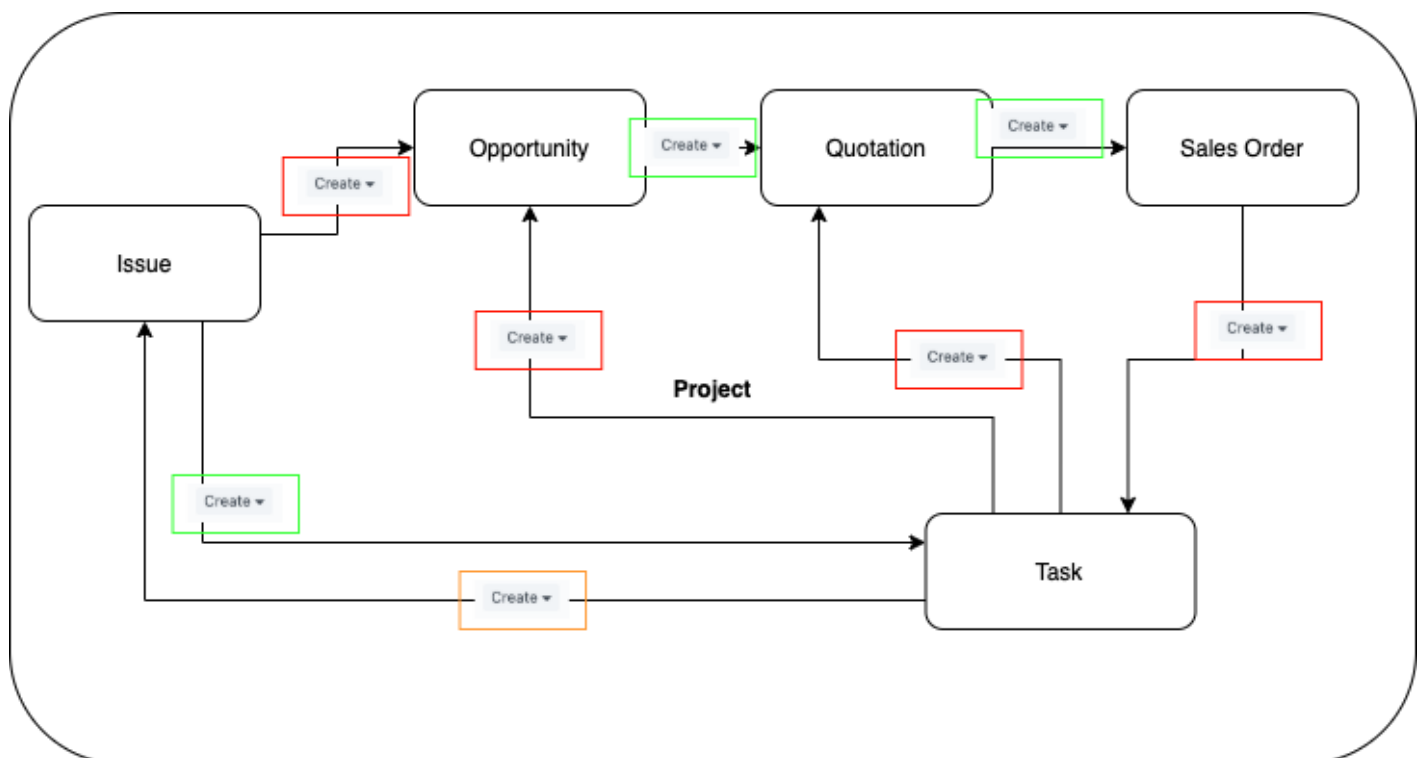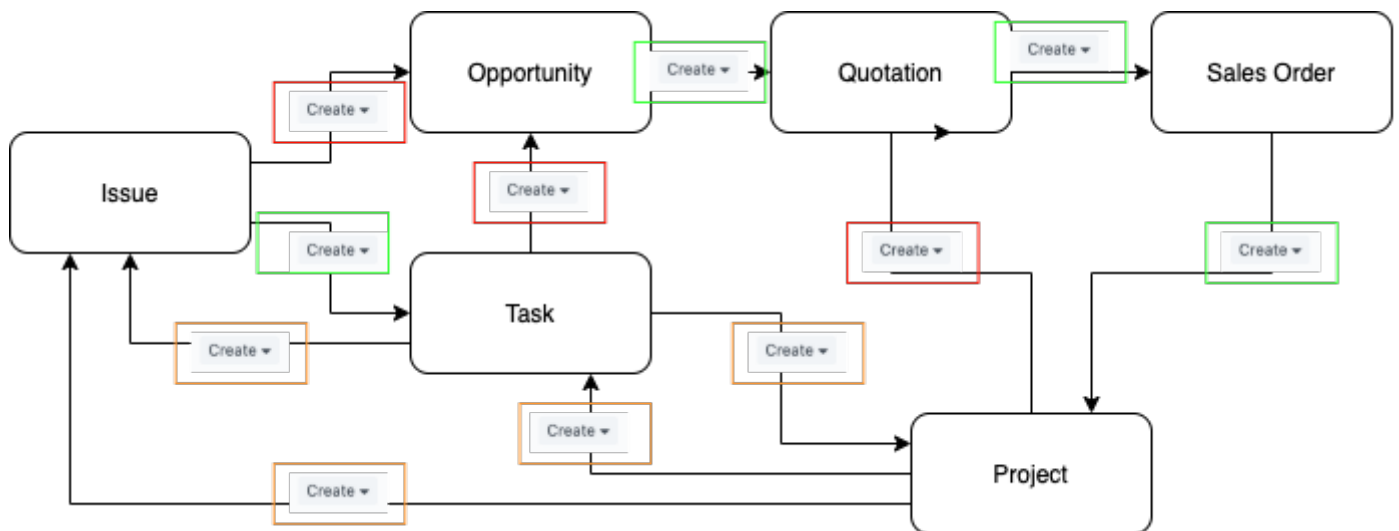# Entwürfe für Discuss.erpnext.com

- Workflow for Sales and Projects and Support
- Item wise Tax and Income account when invoicing

Workflow for Sales and Projects and Support

Item wise Tax and Income account when invoicing

Introduction

In this manual we will look at how we correctling define our taxes and income account on invoices. Tax and income account are not defined on transaction level but rather on item level. This also accounts for the income account. Meaning the two are connected.

We will be looking at examples for the swiss region.

> This works very similar in other reagions and can be transfered

Assumptions

In Switzerland there are 3 different taxes that are used

Example No	Tax in %	Description
1. **Normalsatz**	7.7	Used most commonly. Is applied on services, cars, alcohol & tabacco, toys, jewlery
2. **Sondersatz**	3.7	exlusivly for hotelnights. Breakfast included.
3. **reduzierter Satz**	2.5	Books & magazines, food, non-alcoholic bevereges, medicine

Reference: https://www.ch.ch/de/steuern-und-finanzen/steuerarten/mehrwertsteuer/

In Germany we have two different tax rates

Example No	Tax in %	Description
1. Standardsteuersatz	19	Used for most consumables like toys, jewlery, electronics etc.
2. ermäßigter Steuersatz	7	Food in restaurants or take away. Fodo and non-alcoholic drinks in super markets.

An example for tax: An employee is staying at a hotel to work on site on a customer project in switzerland. He is staying at a hotel and will stay in to eat. We let the clerk know, that we would like just one invoice wich we give to our accounting department. The invoice will have the following items

Item-Code	Item Name	Item-Tax	Expense Account Group	VAT-Code
ITEM-0045	Night in Hotel	3.7 %	5800 Personalaufwand	
ITEM-0033	Dinner at Hotel Restaurant	7.7 %	5800 Personalaufwand	

We send our sales representive to Germany to try and close a deal with a German custmer.

Item-Code	Item Name	Item-Tax	Expense Account Group	VAT-Code
ITEM-0045	Night in Hotel	19 % (in Germany)	6600 Werbeaufwand	
ITEM-0033	Lunch with Customer	7 % (in Germany)	6600 Werbeaufwand	

As seen in the two tables we have two different items and four diffent tax rates. Also there are two different expense account groups.

In ERPNext we can control the item-tax based on tax rules set up in our system. Missing in ERPNext are "expense account rules" which control which expense account is used depending on the region where an item is purchased or consumed (delivered).

Solution: As we can set up Item-Tax-Templates (on Item or Item-Group Master) combined with Tax Rules we could set up the expense accounts inside the Item-Tax-Tamplate and fetch the value into the transaction on item-level.

Also the item-tax-template can hold the VAT-Codes as these align.