

Business One in Action - Why does a manual journal entry where the box 'Automatic VAT' is not ticked have a tax code & base amount?



Applies to:

SAP Business One, [Accounting](#), [General Finance](#)

Summary:

This article provides explanation why some G/L Accounts have default values in the tax code and base amount columns.

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Why does a manual journal entry where the box 'Automatic VAT' is not ticked have a tax code & base amount shown in the matrix?

The computation of 'Base Amounts' in a manual journal entry (JE) does not solely depend on the 'Automatic VAT' setting. If the account is defined as a 'Tax Account' in the 'Tax Code' Setup function, the system automatically calculates & applies the 'Tax Code' & 'Base Amounts' in the JE row.

For example, this manual JE does not have the box 'Automatic VAT' ticked, yet the top row of the matrix identifies a tax code, tax amount & base amount. Noticeable is that the row is not shown in the usual black, but in a grey colour:

The screenshot shows the 'Journal Entry' window with the following details:

- Series: Primary, Number: 359, Posting Date: 25.08.08, Due Date: 25.08.08, Doc. Date: 25.08.08
- Origin: (empty), Origin No.: (empty), Trans. No.: (empty), Template Type: (empty), Template: (empty), Indicator: (empty), Project: (empty)
- Fixed Exchange Rate: Reverse: Adj. Trans. (Period 13): EU Report: Automatic VAT:
- G/L Acct/BP Code: 420000, G/L Acct/BP Name: Miscellaneous Revenue
- Debit (FC): GBP 60.00, Credit (FC): (empty), Debit (SC): GBP 60.00, Credit (SC): (empty)
- Posting Date: 25.08.08, Due Date: 25.08.08, Doc. Date: 25.08.08, Project: (empty), VAT Code: (empty), Distr. Rule: (empty), Remarks: (empty)
- Matrix:

#	G/L Acct/B...	G/L Acct/BP Name	Debit	Credit	VAT Code	Tax Amount	Base Amount
1	207010	VAT Payable/Receivable to/from HMC&E			XX	GBP 100.00	GBP 500.00
2	655040	Miscellaneous Expenses	GBP 40.00				
3	420000	Miscellaneous Revenue	GBP 60.00				
			GBP 100.00	GBP 100.00			

In this example, the general ledger (G/L) account 207010 is the control account for VAT codes XX & XXX:

The screenshot shows the 'Tax Codes - Setup' window with the following table:

Code	Description	Output Tax	Rate	Control Account
18	X0 Exempt Output	<input type="checkbox"/>		207000
19	XX Double X Tax Rate	<input type="checkbox"/>	20	207010
20	XXX Triple X Tax Rate	<input type="checkbox"/>	40	207010
21		<input type="checkbox"/>		

These VAT or tax codes are linked to this account & the system will automatically populate the field 'VAT Code' with the VAT code that comes first in the OVTG table where the G/L account has been defined as control account.

Note that Journal Entries that do not have the box 'Automatic VAT' ticked will be excluded from the Tax Reconciliation report.

Related Contents

- [SAP Business One in Action Catalog Page](#)
- For more information, visit the [Business One homepage](#).

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