

On August 1, 2009, the sales tax rate in Massachusetts will increase to 6.25%. All invoices starting 8/1 need to use the new sales tax rate – so Hamilton Bookkeeping advises that you make the change in QuickBooks on 8/1... and follow these instructions carefully to avoid mishaps.

**It is important that you follow these instructions carefully... do not simply change the rate for your sales tax in QuickBooks!** If you change an existing rate, it will impact reports and transactions that occurred **prior** to the rate change.

Here are your instructions:

Step One: Deactivate old MA Sales Tax 5% rate

- Go to the Lists menu and click Item List.
- In the Item List, double-click the sales tax item you need to change.
- In the Edit Item window, change the name to "MA Sales Tax – old rate"
- Click "Item is Inactive" box

Step Two: Create new MA Sales Tax 6.25% rate

- Go to the Lists menu and click Item List
- In the menu at the bottom choose Item / New
- Type: Choose "Sales Tax Item"
- Name for your new sales tax item "MA Sales Tax 6.25%"
- Description: "MA Sales Tax 6.25%"
- Tax Rate: 6.25%
- Vendor: Commonwealth of Massachusetts (or from the drop-down menu, choose the name that you usually use for your sales tax payments)

Step Three: Change Sales Tax for each customer

- Go to Customer Center
- Edit each customer: in the Additional Info tab
- Change Tax Item: using the drop-down menu choose the new 6.25% tax, being careful not to change the non-taxable customers

Please remember to do this project on or as close to 8/1 as you can. All invoices prior to 8/1 should be taxed at 5% and all invoices after 8/1 should be taxed at 6.25%

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