



ADOA – General Accounting Office

# QUICK REFERENCE GUIDE: MONTHLY PROCESS FOR USE TAX COLLECTION AND PAYMENT



# Monthly Process for Use Tax Collection and Payment

---

## Table of Contents

<b>Overview .....</b>	<b>3</b>
<b>Create a Use Tax Liability in AZ360 through APP .....</b>	<b>3</b>
Create Use Tax Liability in APP.....	3
<b>Transfer Use Tax Liability and Remit Use Tax Payment to ADOR: BSA 1616 .....</b>	<b>4</b>
Review BSA 1616.....	4
<b>Process Internal Exchange Transaction – Use Tax (IETUT) .....</b>	<b>5</b>
Create an IETUT Transaction.....	5
<b>Transfer Payment of Use Tax When Liability Was Not Created .....</b>	<b>7</b>
Review Documents (Invoices) Paid Where Use Tax Was Not Paid and a Liability Was Not Created .....	7
<b>Process Internal Exchange Transaction (IETAT).....</b>	<b>7</b>
Create an IETAT Transaction.....	7
<b>Correct Errors in the Use Tax Liability .....</b>	<b>9</b>
Review/Reconcile BSA 1616.....	9
<b>Reference .....</b>	<b>10</b>
Quick Reference Guides and Training (GAO Website).....	10
Interactive infoAdvantage Reports for Collection and Use Tax Payment .....	10

# Monthly Process for Use Tax Collection and Payment

---

## Overview

Per the Arizona Department of Revenue (ADOR), businesses (or individuals) making out-of-state purchases for their own use – not for resale – on which no tax is paid, are required to pay transaction use tax. For more information on this topic, see the Arizona Department of Revenue Use Tax – Publication 610 located via the Download information about the Use Tax (PDF) link<sup>1</sup>. There are several means within AZ360 to make this payment to ADOR.

Late fees owed to ADOR are paid in AZ360 by using an Internal Exchange Transaction (IETAT) transaction.

## Create a Use Tax Liability in AZ360 through APP

To pay use tax, first an agency must determine how much use tax is due. This is accomplished in several ways. One method is to create a liability when processing a payment in Arizona Procurement Portal (APP) if the vendor collects no sales tax and use tax is due. If an agency wishes to create a liability for use tax using APP, use the AZ State (Use) Tax in APP to create the liability. Capturing the liability in APP is an option, not a requirement. However, it is a useful tool.

## Create Use Tax Liability in APP

The objective of creating a use tax liability is to capture the correct amount of use tax due to ADOR to facilitate remittance.

1. In APP, the requisitioner should select AZ State (Use) Tax when processing the requisition.
2. After the invoice is approved for payment, the vendor will be paid for the invoice and a liability will be created in AZ360 for the use tax due.

### ***When reviewing use tax liability through APP, keep in mind:***

- Using the AZ State (Use) Tax option for sales tax results in a recorded liability in AZ360 under Balance Sheet Account (BSA) 1616 – Use Tax Liability, and the amount is not submitted to the vendor being paid or to the ADOR.
- The expenditure recorded in AZ360 will reflect the entire amount processed for payment including use tax.
- The liability can be verified by reviewing the purchase order (GAEIV1) transaction in AZ360 and looking under the Accounting tab.

---

<sup>1</sup> <https://azdor.gov/transaction-privilege-tax/reporting-guide>

## Transfer Use Tax Liability and Remit Use Tax Payment to ADOR: BSA 1616

To pay the user's monthly use tax obligation, the user will need to review the balance in **Use Tax Payable** account (BSA 1616) and the payments the user's agency made since the last submission period to determine the correct amount to remit to ADOR.

### Review BSA 1616

The objective of reviewing BSA 1616 and the user's payments is to ensure that the liability is liquidated and that the proper amount is submitted to the ADOR for the agency's use tax.

In order to do this, the user will utilize infoAdvantage. For information on how to access a report in infoAdvantage, see the "Finding Reports in infoAdvantage" section of the **AZ360 Manual: Interactive Reporting** available at <https://gao.az.gov/resources/training/gao-training-resources>.

Once the infoAdvantage is accessed:

1. Run the report **FIN-AZ-GL-N188 – Trial Balance by Department, Fund Class, Fund Group, Fund, and Sub-Fund** by BSA 1616. This report displays a summary of balances and changes to the general ledger. Make sure to enter the optional prompt for BSA 1616 to narrow the user's selection and shorten the amount of report run time. This report will provide the balance at the beginning and at the end of the month of the user's BSA 1616 by fund and sub-fund.
2. Run the report **FIN-AZ-GL-N649 – Balance Sheet Account (BSA) Inquiry** by BSA 1616. This report displays the monthly activity details by transaction, which is reported on **FIN-AZ-GL-N188**. This report is available only for a single month of activity and is not accumulative.
3. Review the transactions that make up the liability balance in BSA 1616. Determine if the tax liability is accurate. If it is, make a payment to the ADOR through the Internal Exchange Transaction – Use Tax (IETUT) process. If incorrect, make the necessary correction.

### **When reviewing use tax liability and remit use tax payment to ADOR, keep in mind:**

- If all the user's payments were made and no additional liabilities were incurred, then the user's BSA 1616 will have a zero balance.
- GAXIV1 transactions creating a liability will appear on the **FIN-AZ-GL-N649** as negative amounts and transfers to ADOR will appear as positive amounts.
- The liabilities can occur in one month and the liquidation can occur in the following month.



## Process Internal Exchange Transaction – Use Tax (IETUT)

An IETUT transaction is used to transfer out the use tax liability (in BSA 1616) created through APP transactions to ADOR.

### Create an IETUT Transaction

Log in to the AZ360 **Home Page**. Create an IETUT transaction.

1. Click the **Expand** caret next to the **Global Search** field.
2. Select the **Page Code** option.
3. In the **Global Search** field, enter *IETUT*.
4. In the drop-down menu that generates, select **IETUT Internal Exchange Transaction - Use Tax**. The IETUT Financial Transaction page will generate.
5. Click the **Create** button.
6. In the **Transaction Dept** field, enter the user's department 3-digit code.
7. Click **Auto Number** checkbox to generate a unique ID or enter the user's own unique ID number.
8. Click **Continue**. A new transaction generates.

Complete the **Header** tab.

1. At a minimum, enter the appropriate information in the following fields:
  - a. **Record Date**
  - b. Select **Provider/Seller** from the **Initiator** drop down.
  - c. Enter the confirmation number received from ADOR/AZTaxes in the **Transaction Description** field.

*The confirmation number is provided after successfully filing and submitting Transaction Privilege Tax (TPT) and use tax return on [www.aztaxes.gov](http://www.aztaxes.gov).*



Complete the **Exchange Details** tab.

1. Insert new line. In the **Tab Level Actions** section, click the “+” icon to add a line.
  - a. Enter the amount in the **Line Amount** field.
  - b. On the **General Information** section, enter the following information:
    - i. In the **Event Type** field, select **INZ7** from the pick list.

**Note: INZ7 (Liability to Revenue Transfer) is the only available event type for this transaction.**

- c. In the **Accounting Template** field, enter *USETAX*.

Complete the **2nd Party Accounting** tab.

1. Insert new line. In the **Tab Level Actions** section, click the “+” icon to add a line.
2. At a minimum, enter the following information:
  - a. **Line Amount** – Enter the amount.
  - b. **Department**
  - c. **Function** – If used.
  - d. **Fund** – If not inferred from function.
  - e. **Appr Unit** – If not inferred from function.
  - f. **Unit** – If not inferred from function.
  - g. Select **1616** from the **BSA** pick list.
  - h. **Task** – If not inferred from function. Located in the **COA** section.

Validate the IETUT transaction.

1. Confirm that the transaction validated successfully in the upper left-hand corner. If it did not, please see the user’s accounting supervisor.

Submit the IETUT transaction.

**Note: The transaction routes through workflow and will be pending for the Department Approver.**

**When creating an IETUT transaction, keep in mind:**

- Attach the appropriate documentation to the IETUT to support the transaction.
- If the user filed use tax on the AZTaxes.gov electronically, there is no need to complete a paper tax return form. Do not attach a paper tax return form.

## Transfer Payment of Use Tax When Liability Was Not Created

When an invoice was processed in APP and the use tax liability was overlooked and not recorded at the time of processing or a payment was made with a GAX in AZ360 (including P-card payments where sales tax is not collected), the liability was not processed. When this occurs, remit the payment to the ADOR by an IETAT transaction.

## Review Documents (Invoices) Paid Where Use Tax Was Not Paid and a Liability Was Not Created

The objective of reviewing paid invoices, including P-card transactions, without sales tax paid or use tax liability created is to evaluate if use tax is due and ensure ADOR is paid.

### *When reviewing invoices, keep in mind:*

- Create a list of the liability due (e.g., suggested fields may be invoice #, amount of the invoice, and the amount of use tax due, and the funding elements needed to properly record the liability e.g., function, fund, unit, appr unit, BFY, etc.) and total the amount of use tax due.

## Process Internal Exchange Transaction (IETAT)

An IETAT transaction is a two-part transaction that is used for inter- or intra-agency payments. This process serves as a replacement for agencies that have accepted payment via the Automated Transfer process in the past.

### Create an IETAT Transaction

Make the payment by using the IETAT process.

Log in to the AZ360 **Home Page**. Create the IETAT transaction.

2. Click the **Expand** caret next to the **Global Search** field.
3. Select the **Page Code** option.
4. In the **Global Search** field, enter *IETAT*.
5. In the drop-down menu that generates, select **IETAT Internal Exchange Transaction - Automated Transfer**. The IETAT Financial Transaction page will generate.
6. Click **Create**.
7. In the **Transaction Dept** field, enter the user's department 3-digit code.
8. Click the **Auto Number** checkbox to generate a unique ID or enter the user's own unique ID number.
9. Click **Continue**. A new transaction generates.

Complete the **Header** tab.



1. At a minimum, enter the appropriate information in the following fields:
  - a. **Record Date**
  - b. Select **Provider/Seller** from the **Initiator** drop down.
  - c. Enter the confirmation number received from ADOR/AZTaxes in the **Transaction Description** field.

*The confirmation number is provided to the user after the user successfully files and submits TPT and use tax return on [www.aztaxes.gov](http://www.aztaxes.gov).*

Complete the **Exchange Details** tab.

1. Insert new line. In the **Tab Level Actions** section, click the “+” icon to add a line.
  - a. Enter the amount in the **Line Amount** field.
  - b. On the **General Information** section, enter the following information:
    - i. In the **Event Type** field, select **INZ3** from the pick list.

*INZ3 (Expenditure to Revenue Transfer) is the only available event type for this transaction.*

- c. In the **Accounting Template** field, select **USETAX** from the pick list.

Complete the **2nd Party Accounting** tab.

1. Insert new line. In the **Tab Level Actions** section, click the “+” icon to add a line.
2. At a minimum, enter the following information:
  - a. **Line Amount** – Enter the amount.
  - b. **Department**
  - c. **Function** – If used.
  - d. **Fund** – If not inferred from function.
  - e. **Appr Unit** – If not inferred from function.
  - f. **Unit** – If not inferred from function.
  - g. Select **1616** from the **BSA** pick list.
  - h. **Task** – If not inferred from function. Located in the **COA** section.





Validate the IETAT transaction.

1. Confirm that the transaction validated successfully in the upper left-hand corner. If it did not, please see the user's accounting supervisor.

Submit the IETAT transaction.

**Note: The transaction will route through workflow and will be pending for the Department Approver. The transaction then routes to ADOR for review and approval.**

**When creating an IETUT transaction, keep in mind:**

- Attach to the IETUT the appropriate documentation to support the transaction.
- If the user filed use tax on the AZTaxes.gov electronically, there is no need to complete a paper tax return form. Do not attach a paper tax return form.

## Correct Errors in the Use Tax Liability

Occasionally, a liability is created for an incorrect amount. Usually this means the expense is also incorrect. Paying the IETUT will liquidate the liability and remit the funds directly to the ADOR. For any remaining amount in BSA 1616 that should not have been withheld, use an Internal Exchange Transaction - Balance Sheet (IETBS) transaction to make this correction.

### Review/Reconcile BSA 1616

The objective of reviewing/reconciling BSA 1616 is to ensure the liability has the correct balance.

1. After running the reports above, making the necessary payments through the transfer processes, and if corrections are necessary, adjust the liability by processing an IETBS.
2. Create an IETBS using an event type of INZO (Liability to Expense Transfer) to correct the liability and expense.

**When reviewing/reconciling BSA 1616, keep in mind:**

- The IETBS process is the same as other IET transfers.



## Reference

### Additional Training Materials

For general training on transfers in General Accounting, see the **General Accounting** training manual, the **Process an Internal Exchange Transaction - Automated Transfer (IETAT)** QRG, and the **Process Internal Transfers** QRG. They are available at <https://gao.az.gov/resources/training/gao-training-resources>.

### Interactive infoAdvantage Reports for Collection and Use Tax Payment

The following reports are available statewide in infoAdvantage for collecting and paying use tax.

Report ID	Name
<b>FIN-AZ-GL-N188</b>	Trial Balance by Department, Fund Class, Fund Group, Fund, and Sub-Fund
<b>FIN-AZ-GL-N649</b>	Balance Sheet Account (BSA) Inquiry