

Best Practices for Tax Reporting in Navusoft

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Ensuring that your tax reporting is accurate and compliant in Navusoft requires proper system setup, clear invoice presentation, and a good understanding of how transaction rounding works. Proper system setup will ensure that every taxable and non-taxable dollar is accounted for on tax reports.

System Setup For Tax Reporting

For revenue to be counted as taxable vs non-taxable it is highly recommended to follow the steps outlined here at the Site level and the Service level.



It is extremely discouraged to:

- Set 0% tax
- Create a tax region with no taxes - it will not appear on tax reports.

Site Level Configurations

The screenshot displays the 'EDIT SITE' window in Navusoft, specifically the 'Basic Settings' tab. The window is divided into several sections. The top section contains site identification information, including the site number (60021), name (Highline East Tx), and address (600 N Shepherd Dr, Houston, TX 77007-1323). The middle section contains contact information, including phone numbers and email addresses. The bottom section contains tax-related settings, including the 'TAX EXEMPT?' checkbox, 'TAX EXEMPT REASON' field, 'SURCHARGE GROUP' dropdown, 'INVOICE BY EMAIL' dropdown, 'SITE BILLING CONTACT1' and 'SITE BILLING CONTACT2' dropdowns, and 'PAYEE NAME' field. The 'TAX REGION' dropdown is highlighted with a yellow box and a red arrow pointing to it, indicating its importance. The 'TAX REGION' is set to 'HOUSTON CITY-HARRIS COUNTY-'. The 'TAX EXEMPT?' checkbox is unchecked. The 'TAX EXEMPT REASON' field is empty. The 'SURCHARGE GROUP' is set to 'Fuel Surcharge - Commercial'. The 'INVOICE BY EMAIL' is set to 'Account Settings'. The 'SITE BILLING CONTACT1' and 'SITE BILLING CONTACT2' fields are empty. The 'PAYEE NAME' field is empty. The 'Save' button is located at the bottom right of the window.

Each of these 3 settings are important. Review each setting to understand how each one affects the tax calculations.

1. Set the Service Region at the Site level.

On the Basic Settings tab, setting the service region defines the geographical area that the site falls under. Make sure to have the service region properly defined.

The Service Region is the "enforcer" of which tax region is used to calculate taxes for services in this service region. For each Service Region, set **Require Tax Region** to Yes to ensure inclusion of taxes.

ADD SERVICE REGION

?

✕

SERVICE REGION ID

NAME

DIVISION

REQUIRE SURCHARGE GROUP

DEFAULT SURCHARGE GROUP

GL SEGMENT

DEFAULT BUNDLE ORDER SALES REP

PARENT SERVICE REGION

NEIGHBORHOOD

REQUIRE TAX REGION

ALLOW PORTAL SELF REGISTRATION

ACTIVE

SAVE

Pathway: *Setup > Service > Service Region*

Related Article: [Service Region Setup](#)

2. Set a Tax Region for each site.

On the Basic Settings tab, setting the tax region defines the exact taxes that apply to a transaction in the Service Region listed for the site. If no tax region is assigned at the site level, then the site will NOT appear on reports. Mandating a tax region across your operations ensures that every site is correctly linked to its appropriate tax jurisdiction. Make sure to have the Tax Region properly defined.

A Tax Region may have one to many taxes associated with it. It needs to be setup based on state, county, and municipal taxes along with any special purpose districts like school districts or transit authorities.

TAX REGIONSETUP

SETUP > ACCOUNTING > TAX REGION SETUP

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TAX REGION ID ↑	NAME	ACTIVE	MAP AREA
HARR_M-E46	HARRIS COUNTY-HOUSTON MTA-HARRIS CO EE	Yes	
HARR_M-E7	HARRIS CO-HOUSTON MTA-HARRIS CO ESD 7	Yes	
HARR_M-E9	HARRIS COUNTY-HOUSTON MTA-HARRIS CO EE	Yes	
HELOT_CITY	HELOTES CITY	Yes	
HOUS_CTE46	HOUSTON CITY-HARRIS COUNTY-HARRIS CO EE	Yes	
HOUS_CTE50	HOUSTON CITY-HARRIS COUNTY-HARRIS CO EE	Yes	
HOUS_CTMETA	HOUSTON CITY-HARRIS COUNTY-HOUSTON MT.	Yes	
HOUS_MC-E8	HOUSTON CITY-MONTGOMERY CO-MONTGOME	Yes	
HOUS_MC-MT	HOUSTON CITY-MONTGOMERY CO-HOUSTON M	Yes	
Tax Rate			

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TAX	LEVEL	TYPE	RATE	START DATE	
HARRIS COUNTY	Tax	Percentage %	0	01/01/2021	
HARRIS CO ESD 46	Tax	Percentage %	1	01/01/2021	
HOUSTON CITY	Tax	Percentage %	1	01/01/2021	
TEXAS STATE	Tax	Percentage %	6.2519	01/01/2021	

Pathway: *Setup > Accounting > Tax Region*

Related Article: [Tax Region Setup](#)

3. Set a Site as Tax Exempt.

On the billing tab, setting the Tax Exempt flag to Yes is required for tax exempt customers.

Service Level

Not all sales are taxable.

If a **Charge Code** or **Service Code** is configured as "**Non taxable**", any associated charges will not be taxed, and therefore will not appear on tax report. Make sure to properly define charge codes and service codes:

The image shows two side-by-side screenshots of software configuration windows. The left window is titled 'UPDATE CHARGE CODE' and the right window is titled 'UPDATE SERVICE CODE'. Both windows have tabs for 'Charge Code' and 'Service Code' and a 'Surcharges' tab. The left window shows fields for 'CHARGE CODE' (FL03XP), 'NAME' (Front Load 03YD Extra Pickup), 'DOT DESCRIPTION' (Issue: Account: Site: Steps to Reproduce:), 'LINE OF BUSINESS' (Commercial), 'EQUIPMENT TYPE' (3 Yard FL), 'MATERIAL TYPE', 'RATE UOM' (each), and 'TAXABLE' (Yes). The right window shows fields for 'SERVICE CODE' (FL02R), 'NAME' (2 Yard Recycle Service), 'LINE OF BUSINESS' (Commercial), 'EQUIPMENT TYPE' (2 Yard FL), 'MATERIAL TYPE', 'UOM' (month), and various enablement options like 'ENABLE ROUTING' (Yes), 'REQUIRE FREQUENCY' (Yes), 'ENABLE DRIVER UPDATE' (No), 'ENABLE ACCOUNT SIGNATURE' (No), 'ENABLE DRIVER SIGNATURE' (No), and 'ENABLE RECURRING MINIMUM' (No). Both windows have a 'TRANSLATE' button and a 'GL ACCOUNT' field.

Pathways

- Setup > Accounting > Charge Code
- Setup > Services > Service Code

Related Articles

- [Charge Code Setup](#)
- [Service Code Setup](#)

Invoice Presentation

The recommendation for how taxes are presented to a customer on their invoices is straightforward and helps to reduce confusion by improving transparency.

- Best practice for invoices is to **display taxes at the line item level** detailing each tax charged.
- It is strongly discouraged to provide just the summary and subtotal of taxes charged.

Transaction Rounding

Tax calculations in the system are rounded at the **individual transaction/line item level**, rather than calculated on a summarized total. Understanding this distinction helps clarify common questions regarding minor "rounding differences."

Consider an invoice with three separate charges of \$10.02 subject to a 6.25% tax rate:

Correct Calculation (line item level):

- line item1: $\$10.02 \times .0625 = \0.62625 which rounds to: \$0.63
- line item2: $\$10.02 \times .0625 = \0.62625 which rounds to: \$0.63
- line item2: $\$10.02 \times .0625 = \0.62625 which rounds to: \$0.63
- Total Tax Collected = $\$0.63 + \$0.63 + \$0.63 = \1.89

Incorrect Calculation (Summarized / Subtotaled):

- Subtotal Sales: $\$10.02 \times 3 = \30.06
- Subtotal Tax: $\$30.06 \times .0625 = \1.87875 which rounds to: \$1.88

Calculating tax on the subtotal creates a false 1-cent discrepancy. Showing tax per line item ensures the customer invoice matches the system accounting down to every penny.

Tax Summary and Details Report

To give you complete visibility into your tax liability and revenue, there are reports in Navusoft that include data for Non-Taxable Revenue. The overall revenue reconciliation on tax reports follow this simple equation:

Non-Taxable Revenue + Taxable Revenue = Total Sales for Tax Reporting

If a customer or site is marked as "tax-exempt" or if a particular service was not subject to sales tax, the revenue falls into the Non-Taxable Revenue bucket.

Bottom Line

By ensuring every site has an assigned Service Region and Tax Region and proper Tax Exempt flags are used, both non-taxable and taxable sales will correctly aggregate into your total sales reporting.
