Handling Tax Rate Changes

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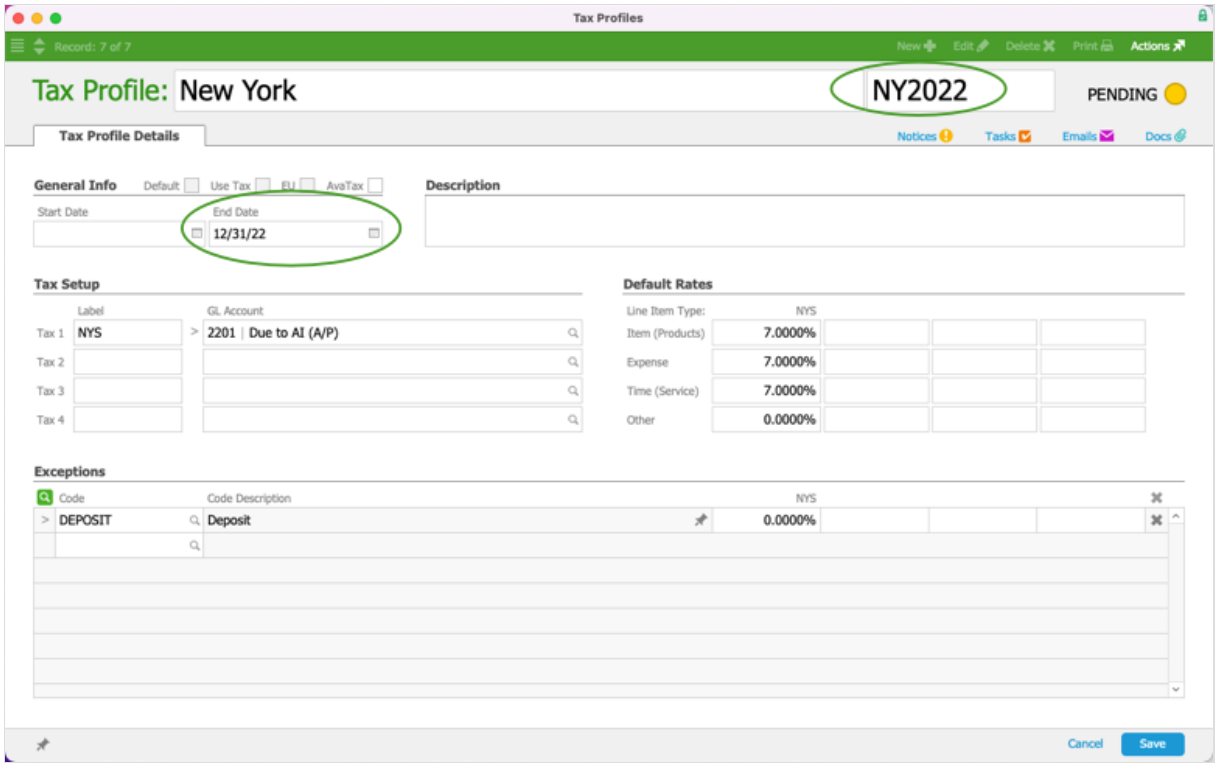
This guide explains how to create and deactivate tax rates. It is intended for advanced users.

Local, state, and federal tax rates may change and/or new ones may be implemented. To ensure that you're collecting proper tax amounts, you'll need to make these changes in aACE manually when a new tax rate takes effect. (Note: For tax automation, read about the aACE+ Avalara integration (https://aace6.knowledgeowl.com/help/understanding-aace-plus-avatax-integration).)

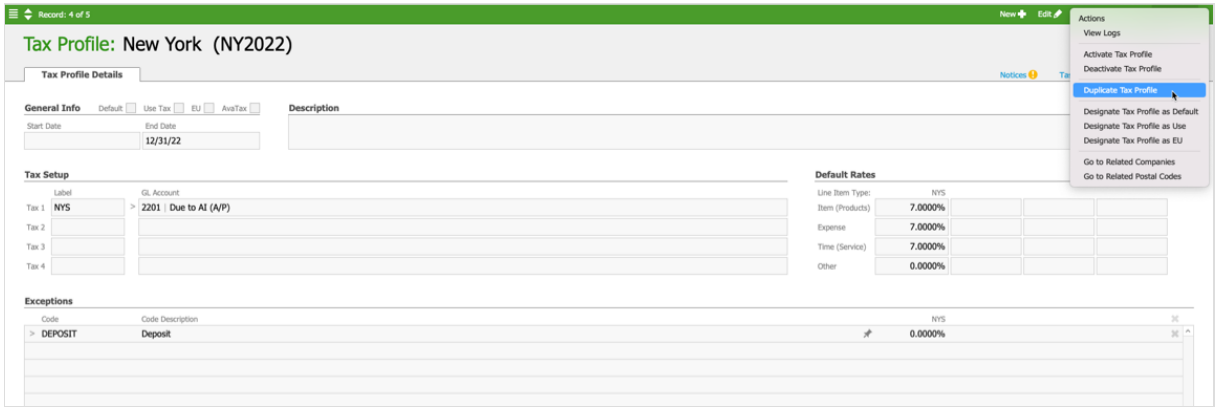
It's best to first deactivate the current tax profile, then create a new one. You can address part of this effort before the new tax rate takes effect, then complete the update after it takes effect.

Before a New Tax Rate Takes Effect

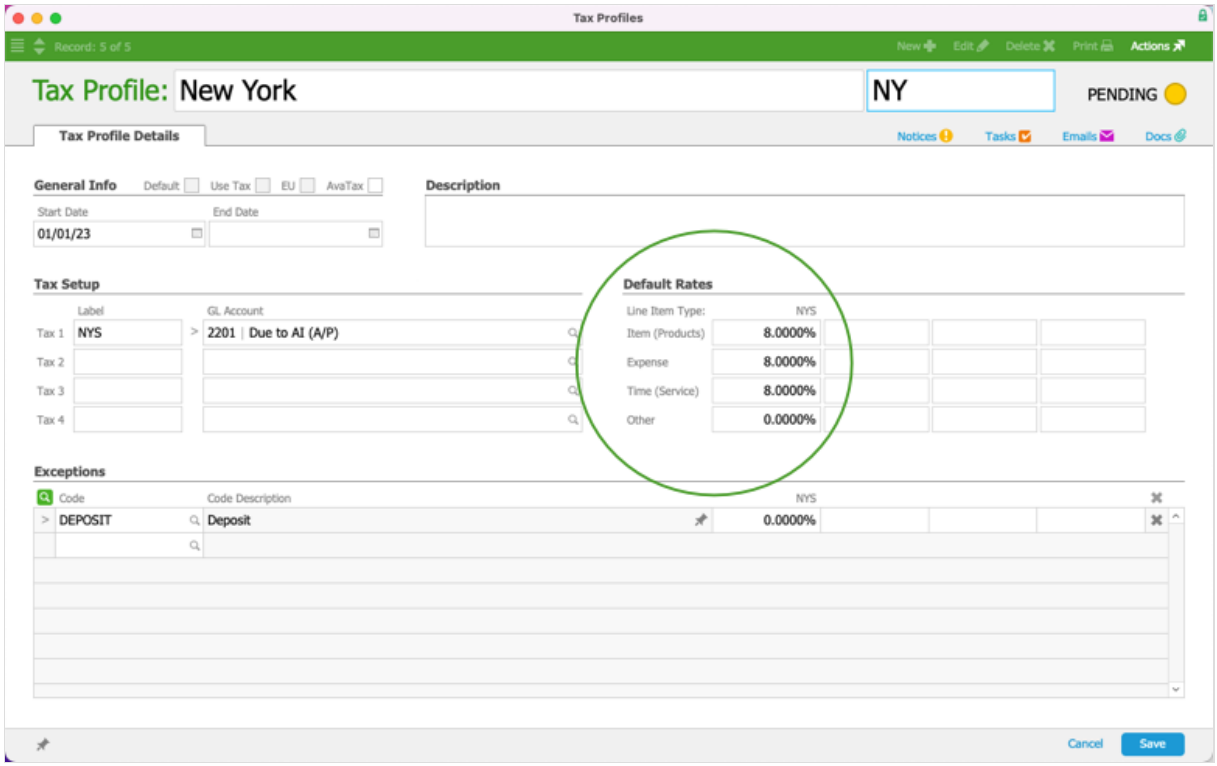
1. Navigate from **Main Menu** > **Accounting > Tax Profiles**, then select the relevant tax profile.
2. At the detail view, click **Edit**.
3. Change the **End Date** to the last day the current tax rate will be in effect.
   Example: If the new tax takes effect on January 1, 2023, you would change the End Date to December 31, 2022. This will trigger a notification on that date, letting you know the tax profile is expiring and will need to be updated. Setting this date will *not* automatically update the tax profile — it will simply remind you that this process (see next section) needs to be done manually.
4. Change the profile's abbreviation to make it clear this profile is out of date (e.g. "x-NY" or "NY2022"). This will allow you to reuse the same code (e.g. "NY") for the new tax profile.



5. Click **Save**.
6. Click **Actions** > **Duplicate Tax Profile** > **Duplicate**.



7. On the new tax profile, enter the basic settings:
   - Name — The name from the original profile
   - Abbreviation — The abbreviation from the original profile
   - Start Date — The day the tax rate goes into effect (e.g. January 1, 2018)
8. Enter the new tax rates in the **Default Rates** section.



9. Click **Save**.

After a New Tax Rate Takes Effect

When you receive the notification you set up with the process above, complete these additional steps:

1. Navigate from **Main Menu** > **Accounting** > **Tax Profiles**.
2. Select the old tax profile.
3. If you have *not* already done so, complete steps 3-5 above.
4. At the detail view, click **Actions** > **Deactivate Tax Profile**.

5. At the prompt, select **Deactivate**.
6. Make sure to update any related company records, assigning them to the new tax profile created in steps 6-9 above.