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Sales Taxes

In California, food items are exempt from sales tax. Flowers and fiber are not. Sales tax is also due when you sell used equipment, even though that is not your regular business.

When you record a taxable sale, record the sales tax portion to Sales Tax Payable.

When you forward the sales tax to California you will take the amount from cash and from Sales Tax Payable. This way sales tax never shows as an expense. Since it is an extra amount the state makes you charge and collect for them, it is not an expense of yours.

Check with the California Department of Tax and Fee Administration for more information.