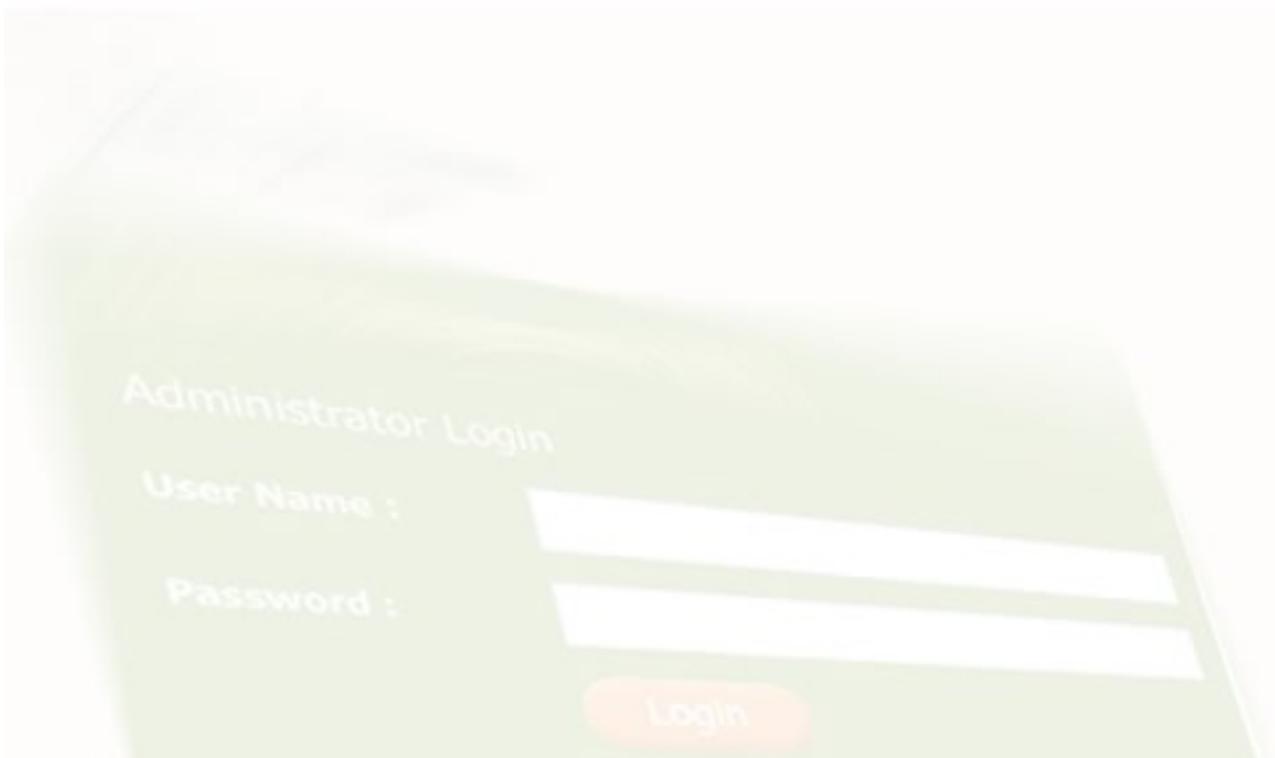# Managing Taxes

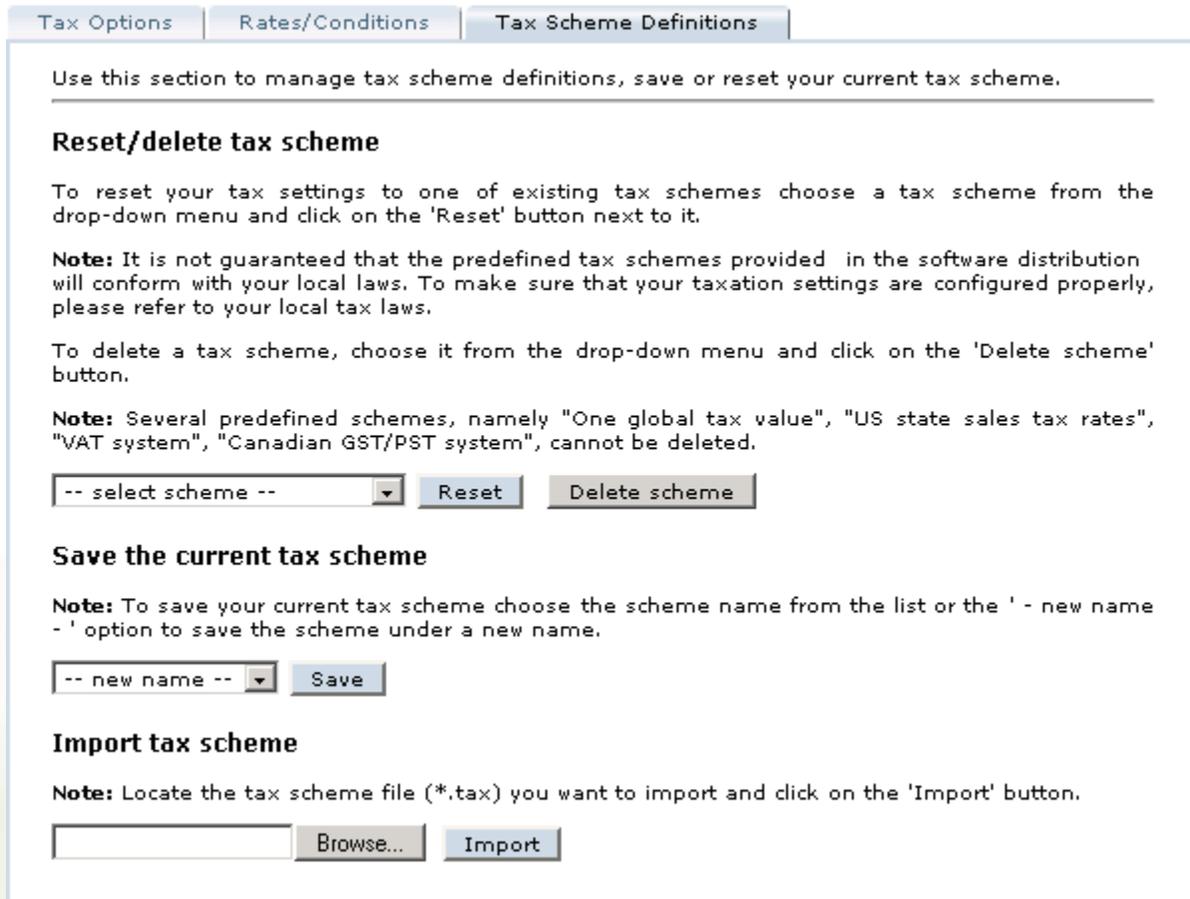**Hosted Ecommerce Service Module Help Document**

This feature is available on all stores by default under all hosting plans of hosted e-Commerce service as available at
ecommercehosted.com

Using Tax Scheme Definitions

A complete set of tax options, rules and conditions defined is called a **tax scheme**. While only one tax scheme can be in effect at each particular time, multiple tax schemes can be defined. The schemes can be saved to your store database, restored from the database to be applied to the store, deleted, exported to and imported from a file on your local computer. All tax scheme operations are performed from the '**Tax Scheme Definitions**' tab of the '**Taxes**' section located in the '**Settings**' menu (Figure 1).

Figure 1: Tax scheme definitions screen

Using Predefined Tax Schemes

Your Store by default contains a number of predefined tax schemes, namely 'One global tax value', 'US state sales tax rates', 'VAT system', 'VAT system (alternative)' and 'Canadian GST/PST system', which cannot be modified or deleted. These tax schemes can be used as a base for your store's own tax scheme or simply viewed as references/samples and you will need to consult your local Tax laws for setting/configuring the same in your store.

Resetting, Saving and Deleting Tax Schemes

To switch your store to one of the existing tax schemes, choose a tax scheme from the drop-down menu under the '**Reset/delete tax scheme**' title and click on the '**Reset**' button next to it. Doing so will replace the tax scheme settings in the '**Tax Options**' and '**Rates/Conditions**' tabs and redirect the browser to the '**Tax Options**' tab. You can adjust tax rates/conditions to meet the requirements of your local, national and international laws and save the customized scheme under a new name.

To save the tax scheme currently defined in the '**Tax Options**' and '**Rates/Conditions**' tabs of the '**Taxes**' section, under the '**Save the current tax scheme**' title choose the scheme name from the list of existing schemes or the ' -- new name -- ' option to save the scheme under a new name and click on the '**Save**' button. If you have chosen the ' -- new name -- ' option, you will be asked to provide a name for the scheme. Type the name in the text field provided and click on the '**OK**' button.

To delete a tax scheme, choose it from the drop-down menu under the '**Reset/delete tax scheme**' title and click on the '**Delete scheme**' button. This operation is irreversible.

Exporting/Importing Tax Schemes

If you have at least one custom tax scheme saved, '**Export tax scheme**' title appears in the '**Tax scheme definitions**' tab, providing you with the possibility to export existing schemes to your local computer as a single file (Figure 2).
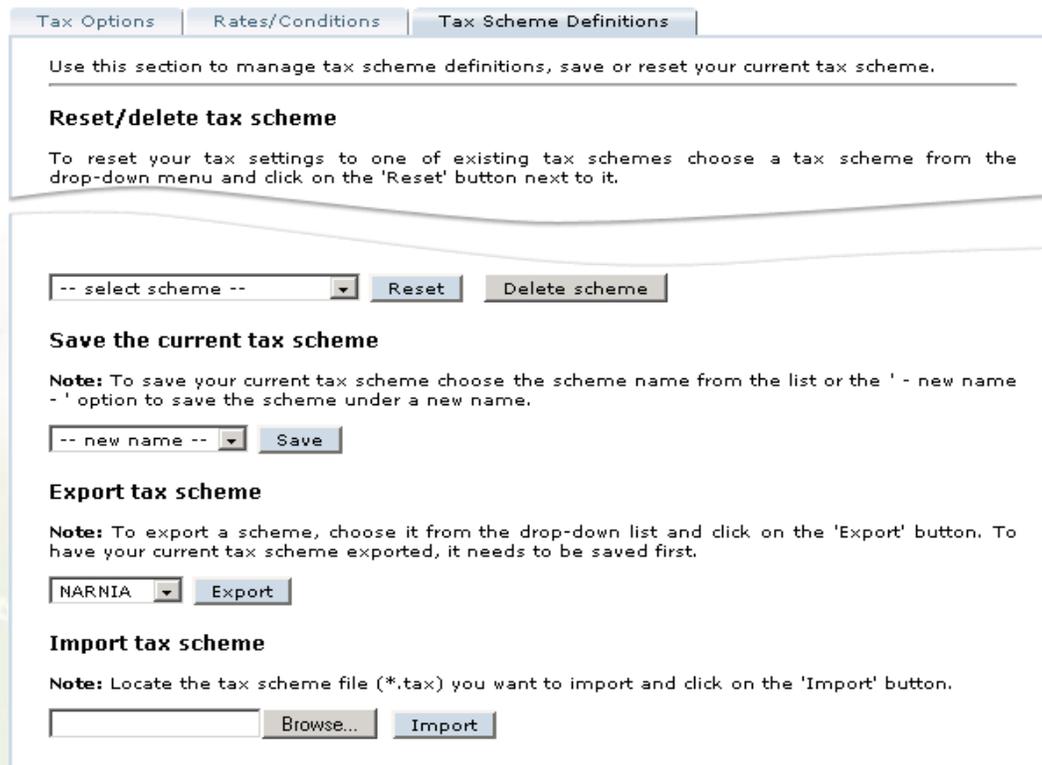

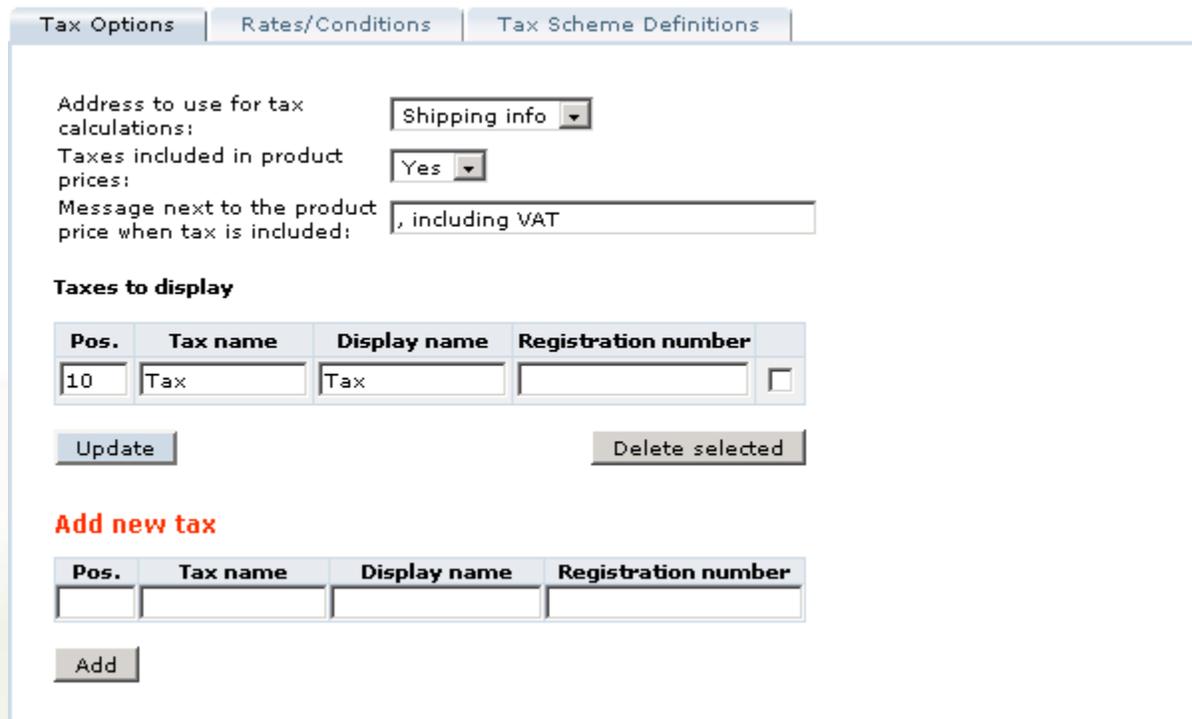Figure 2: Tax scheme export capability added

To export a scheme, choose it from the drop-down list and click on the '**Export**' button. Next you will be prompted to select the folder where the scheme will be exported to and specify the file-name. To have your current tax scheme exported, you need to save it first.

If you have a tax scheme definition file (a file with the '.tax' extension created by store software) and you would like to **import it** to your online store system, click on the '**Browse...**' button to locate the file on your local computer and then click on the '**Import**' button to import it. The new tax scheme definition will replace the tax scheme settings in the '**Tax Options**' and '**Rates/Conditions**' tabs.

Defining the Way the Taxes are Displayed in the Customer Zone

The '**Tax options**' tab in the '**Taxes**' section of the '**Settings**' menu (Figure 3) controls the way the taxes are presented in the Customer Zone.

Admin menu :: Taxes

| Tax Options | Rates/Conditions | Tax Scheme Definitions |

Address to use for tax calculations: Shipping info

Taxes included in product prices: Yes

Message next to the product price when tax is included: , including VAT

Taxes to display

Pos.	Tax name	Display name	Registration number	
10	Tax	Tax		☐

Update   Delete selected

Add new tax

Pos.	Tax name	Display name	Registration number

Add

Figure 3: Tax options screen

The following options can be configured here:

- '**Address to use for tax calculations**', which can be set to either 'Shipping info' or 'Billing info';
- '**Taxes included in product prices'**, which can be set to 'No' to display calculated taxes separately from the subtotal or to 'Yes'. If you choose to include taxes in product prices, you can specify a message to be displayed next to product prices.

To set the options, specify their new values and click on the '**Update**' button to save your new settings.
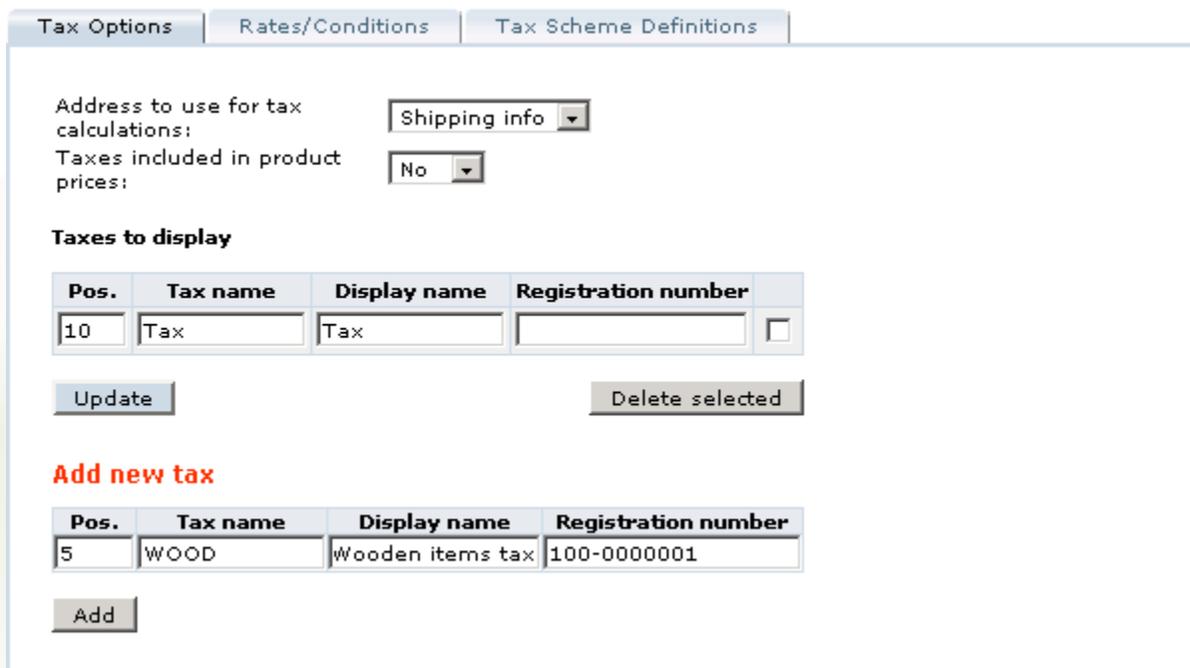
The '**Tax options**' page also contains a list of taxes to be displayed in the shopping cart and checkout pages. You can choose to display only the total tax amount (see Figure 3-7-X), or display individual taxes on separate lines.

To have a tax displayed, fill the '**Add new tax**' form (Figure 4) with the following data:

- **Pos.** (position) - an optional numeric value to denote a position of a tax in the list of taxes displayed. Position values are sorted in ascending order.
- **Tax name** - the name of the tax as it appears in the '**Rates/Conditions**' tab of the '**Taxes**' section. You can specify any taxes that have been defined in the '**Rates/Conditions**' tab. Tax name 'Tax' is predefined and is used to denote the total tax. Specifying a non-existent tax name here does not affect tax calculations, and since there is no rule to calculate such a tax, it would not be displayed in the shopping cart and checkout pages despite the fact that it has been added to the '**Taxes to display**' list.
- **Display name** (tax label) - the name of the tax as it will appear in the shopping cart and checkout pages at the Customer Zone.
- **Registration number** - your company's tax registration number, optional.

After you have filled the form fields, click on the '**Add**' button to have the tax added to the display list.

Admin menu :: Taxes

Tax Options	Rates/Conditions	Tax Scheme Definitions

Address to use for tax calculations: [Shipping info ▼]

Taxes included in product prices: [No ▼]

Taxes to display

Pos.	Tax name	Display name	Registration number	
10	Tax	Tax		☐

[Update]   [Delete selected]

Add new tax

Pos.	Tax name	Display name	Registration number
5	WOOD	Wooden items tax	100-0000001

[Add]

Figure 4: Adding a tax to be displayed

You can **modify the list of taxes to be displayed** by editing the corresponding fields and clicking on the '**Update**' button to save your changes.

To remove a tax from the list of taxes being displayed in the shopping cart:

- locate the tax in the list,
- place a checkmark in the field to the right from the tax details, and
- click on the '**Delete selected**' button.

Removing a tax from the display list does not remove it from the '**Rates/Conditions**' page and does not affect the tax calculations.

Defining Tax Rules and Conditions

Pre Installed Software features a sophisticated mechanism for defining tax rules and performing tax calculations. Taxes are calculated according to the rules specified in the '**Rates/Conditions**' tab of the '**Taxes**' section (Figure 5). They are calculated independently for each product in the shopping cart and for the shipping service, and then summed up into a **tax total**.

Here is how taxes are calculated. For example we have the following list of conditions:

- Tax=10 (no conditions)
- Tax=8.25 (for US & California)
- Tax=1 (for product class=shipping service)
- Tax=0 (for product class=Tax free)

1. For each product in the cart a suitable condition is found depending on product class. Then it is checked whether there are any suitable conditions depending on location.

2. Tax is calculated for predefined type 'shipping service'.

3. All the results are summed up to form a **tax total**.

The procedure described above is true if all the rules are defined. If some of the rules are not defined (for example, no rule for product class=shipping service or no rule for product class=Tax free) calculation will be done according to available rules. This means that if no specific rule is defined for shipping service, tax will be calculated for shipping as well as for all other product classes.

Taxes are defined by their names, conditions on which they apply, their values (%) and list positions. You can change tax values and positions by editing the corresponding fields in the list of tax rules and clicking on the '**Update**' button to save the modifications. To edit tax name and conditions, locate it in the list and click on the corresponding '**Edit**' link. This will open the '**Edit rate/condition**' page (Figure 5) where you can edit the tax conditions, name and value by changing the corresponding data fields and clicking on the '**Update**' button you save your changes.

Figure 5: Editing conditional rate definition

Depending on miscellaneous conditions, some taxes can have varying values. In such cases, tax rates have to be defined independently for each condition. When software calculates taxes applicable to a product, it starts with the top condition and proceeds through the whole list. The last matching condition is used to calculate the applicable rate. For correct calculation of taxes it is essential that tax definitions are placed in the proper order by adjusting their '**Pos.**' values: more general conditions must be placed before the specific ones to avoid undesirable replacements.

💡 Please Note: Example: The figure 6 shows the definitions for the tax named 'Tax', which is a predefined name for the tax total. The tax definition is comprised of three lines, the first being unconditional (the most general of all, meaning that it applies to all geographical locations, product classes, membership levels and payment methods) and equal to 10 percent. The next two lines redefine the value of the 'Tax' tax for specific product classes. Zero tax applies to all products that belong to the 'Tax free' product class, while 5 percent tax applies to shipping charges.

Admin menu :: Taxes

Tax Options | Rates/Conditions | Tax Scheme Definitions

Note: Taxes will not be added to the order if a value for 'Tax' is not defined.

+/- Condition ▷ Add rate/condition	Tax	%	Pos.	Actions
	Tax	10	10	▷ Edit ▷ Delete
product class=shipping service	Tax	5	20	▷ Edit ▷ Delete
product class=Tax free	Tax	0	30	▷ Edit ▷ Delete
Update				▷ Tax calculator

Figure 6: Rates/Conditions page with original tax definitions

The 'shipping service' product class is predefined, with shipping charges automatically falling into it, which makes it possible to define taxes on shipping charges separately. Other product classes can be defined using the '**Add rate/condition**' page, there is no limit on their amount. A product can be assigned a product class from the list of defined product classes using the '**Product info**' page

Adding tax rates

To add a new tax rate definition:

- click on the '**Add rate/condition**' link at the top of the list of tax definitions. The '**Add rate/condition**' page will appear (Figure 7)

Admin menu :: Taxes

Add rate/condition

Condition (optional)

Countries		-- select --
States		-- select --
Cities		-- select --
Payment method		-- select --
Product class, either new or existing	wooden goods	-- select --
User membership level		-- select --
Zip codes/ranges **(e.g. 43200-43300,55555)**		-- select --

Tax value (optional; if not specified, a new folder will be created)

Tax name, either existing or new. A special name 'Tax' means total tax:

Tax value (%). You can use an '=' sign to define an expression. **Example:** "=Tax1+(1+Tax1/100.0) * Tax2" - this will calculate Tax2 after the Tax1 was applied.

| Tax | -- select -- | 50 |

| Save | Save & Add another | ▷ Go back |

Figure 7: Adding a new tax condition/rate definition

- specify the relevant conditions by selecting the appropriate options from drop-down lists on the right or typing the explicit values in the corresponding text fields (Figure 7 demonstrates an addition of a product class named 'wooden goods');

- specify the tax name, either existing or new;

- specify the tax value either as a percentage of product price (without the percentage '%' sign) or as a formula comprised of existing tax names, preceded by the equality sign '=';

- click on the Save' **button (you can click on the** 'Save & Add another' **button instead to add more tax rate definitions).**

Admin menu :: Taxes

+/− **Condition** ▷ Add rate/condition	Tax	%	Pos.	Actions
	Tax	10	10	▷ Edit ▷ Delete
product class=Tax free	Tax	0	20	▷ Edit ▷ Delete
product class=shipping service	Tax	5	30	▷ Edit ▷ Delete
product class=wooden goods	Tax	50	40	▷ Edit ▷ Delete

Update   ▷ Tax calculator

Figure 8:New tax rate/condition definition added

Admin menu :: Taxes

+/− **Condition** ▷ Add rate/condition	Tax	%	Pos.	Actions
	Tax	=STD+WOOD	10	▷ Edit ▷ Delete
	STD	10	20	▷ Edit ▷ Delete
product class=Tax free	Tax	0	30	▷ Edit ▷ Delete
product class=shipping service	Tax	5	40	▷ Edit ▷ Delete
product class=wooden goods	WOOD	40	50	▷ Edit ▷ Delete

Update   ▷ Tax calculator

Figure 9:Alternative definition of tax condition/rate

Creating complex tax schemes

In cases of complex tax rules and conditions it is preferable to have all tax rules organized into a tree-like structure with most general conditions appearing at the first (root) level of the tree and more specific conditions defined within them. Multiple geographical areas using the same tax calculation formulas with different tax rates is one typical example.

The possibilities of defining complex tax schemes is endless and it all depends on how to structure your data in the system in the Taxes section of the admin. This document has given you brief insight and this can be expanded by you on your own or if you need paid professional help please feel free to email sales@scorpioinformatics as all professional support on configuration, custom design integration is provided by Scorpio Informatics Pvt Ltd.

Also available under Paid Professional Help at any stage is the service of modifying tax rules to comply with any changes in local laws that may come up any time after the store is live. We always are available for professional support at any time to ensure that you are able to operate your store without the worry of trying to find a helping hand. However, since these services require highly skilled staff this is only available under Paid support Plans. For details email sales@scorpioinformatics.com