SALES TAX BOOT CAMP FOR ZOEY MERCHANTS

Your Guide to Understanding & Automating Sales Tax

with LIZZY GREENBURG

FROM TaxJar®
GOALS

• Cover sales tax basics
• Resources for help in the future & automation
• Questions! (Use the chat section to ask questions)
QUICK INTRO:

• **Passion**: using technology to solve problems for small business!

• **CA and TX Sales Tax** payer since 2004

• **Not a CPA or tax professional**
  • Talked to thousands of online sellers, pros, auditors, accountants & states

• **Here to help** you make informed decisions about sales tax
“I want sales tax to go away!”

– Average TaxJar Customer
SALES TAX BASICS
CHAOS PREVAILS

• No federal laws or governing body (yet)

• 45 states (and DC) = 46 sets of laws
  • Nexus
  • Taxability
  • Rates
  • Due dates
  • Pass-through tax
WHAT’S TAXABLE?

• Tangible items are taxable
  • Common exceptions are clothing and food

• Services are mostly not taxable
  • Are the tides changing?

• Shipping, gift wrapping can be taxable
Starting is the hardest part.

Sales Tax CAN Be Automated!
WHAT THE HECK IS NEXUS?
NEXUS IS WHEN/WHY YOU CARE

A presence / connection in a state that’s significant enough for you to be required to comply with their sales tax law
WHEN SHOULD I COLLECT SALES TAX?
GOLDEN RULE OF COLLECTION

Collect sales tax when the item sold is *shipped to a state* where you have nexus
MEET JOE SELLER

• Based in Akron, OH

• Only has nexus in OH

• Complying in 1 state
NEXUS SALE

Akron, OH

Collect sales tax

Lakewood, OH
REMOTE SALE

Akron, OH

Collect sales tax

Waltham, MA
HOW MUCH SALES TAX SHOULD I COLLECT?
ORIGIN VS. DESTINATION SOURCING

• Origin-based state
  • Tax rate = seller’s location
  • One rate for entire state

• Destination-based state
  • Tax rate = where item is shipped
  • Variable rate
COLLECTION LOGIC: SOURCING

- State where item is shipped determines tax rate

- Tax rate usually = sum of applicable rates
  - State
  - Local
  - Other (i.e., education, transportation)
SALES TAX ON ZOEY

• Manage tax rates by country, state, and zip code
• Apply rates to specific product and customer classes
• Import our rates real-time during your checkout
SALES TAX ON ZOEY

Tax Settings
Zoe provides a variety of options for defining taxes. Manage global settings for how your store calculates and presents sales tax here.

Tax Rules
A Tax Rule allows you to specify which Tax Rates can be applied to specific Product and Customer Classes.

Zones & Rates
Tax Rates can be specified for specific Zones (or locations). Zones can be specified by Country, State or Zip/Postal code.

Product Tax Classes
Product Classes allow you to charge different tax rates for different products. Create the Tax Classes here, associate the class to a Tax Rule, then assign your products to the tax class in the Manage Products section of the Control Panel.

Customer Tax Classes
Customer Classes allow you to specify different tax rates for different customers. Create the Tax Classes here, associate the class to a Tax Rule, then assign your customer group to the tax class in the Customers section of the Control Panel.

Do you have several Tax Rates for dozens of different zones? Import and Export a spreadsheet of zones and rates for faster, easier management of your rates.
CONFIGURE TAXJAR WITHIN ZOEY

Connect & Configure

Enabled for Checkout
- [ ] No

- [ ] TaxJar Account

Manage Account or Disconnect TaxJar

Getting Started

Nexus Addresses
Before enabling SmartCalc, set up your nexus addresses so TaxJar knows where to collect sales tax.

Product Tax Classes
If some of your products are tax-exempt, assign a TaxJar category tax code for new or existing product tax classes.

Extension User Guide
Read our comprehensive Magento guide on how to configure your store properly for sales tax calculations and reporting.

Help & Support
Need help setting up SmartCalc? Get in touch with our Magento sales tax experts.

View Sales Tax Reports
- [ ] Import your Magento transactions into TaxJar for automated sales tax reporting and filing.
ENABLE BACK-UP RATES IN ZOEY

<table>
<thead>
<tr>
<th>Tax Identifier</th>
<th>Country</th>
<th>State/Region</th>
<th>Zip/Post Code</th>
<th>Rate</th>
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<tbody>
<tr>
<td>US-AR-72063</td>
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<td>AR</td>
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<tr>
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<td>US-AR-72170</td>
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<td>US-AR-72240</td>
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<td>AR</td>
<td>72240</td>
<td>8.5</td>
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</table>
FIND TAXJAR ON THE APP STORE
ZOEY + TAXJAR

• Add TaxJar from the Zoey App Store

• Follow the guide at http://support.zoey.com/docs/taxjar

• Sync your orders with TaxJar for automated sales tax reporting and filing.

• We’ll automatically import the correct tax rates for accurate sales tax calculations.
LAST STEP FILING
FILING WITH THE STATE(S)

• Your frequency is tied to how much you collect
  • The more taxes collected, the more often you file

• Frequencies
  • Monthly
  • Quarterly
  • Semi-Annual
  • Annual
  • Fiscal Annual
<table>
<thead>
<tr>
<th>County in Which Taxable Transaction Occurred</th>
<th>Amount of 1% Combined State and Local Tax</th>
<th>County in Which Taxable Transaction Occurred</th>
<th>Amount of 1% Combined State and Local Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>1.00</td>
<td>Placer</td>
<td>0.00</td>
</tr>
<tr>
<td>Alpine</td>
<td>0.00</td>
<td>Plumas</td>
<td>0.00</td>
</tr>
<tr>
<td>Amador</td>
<td>0.00</td>
<td>Riverside</td>
<td>3.00</td>
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<tr>
<td>Butte</td>
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<td>Sacramento</td>
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<tr>
<td>Calaveras</td>
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<td>San Benito</td>
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<td>Colusa</td>
<td>0.00</td>
<td>San Bernardino</td>
<td>1.00</td>
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<td>Contra Costa</td>
<td>2.00</td>
<td>San Diego</td>
<td>3.00</td>
</tr>
<tr>
<td>Del Norte</td>
<td>0.00</td>
<td>San Francisco</td>
<td>0.00</td>
</tr>
<tr>
<td>El Dorado</td>
<td>1.00</td>
<td>San Joaquin</td>
<td>1.00</td>
</tr>
</tbody>
</table>
This report reflects sales tax that you actually collected. It is likely only as accurate as the tax collection settings in your shopping carts.

**Gross Sales $568.17 (not including sales tax collected)**

View Transactions · View Gross Sales from All States

<table>
<thead>
<tr>
<th></th>
<th>Rate Collected</th>
<th>Sales Tax Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales</td>
<td>$568.17</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td>$168.19</td>
<td></td>
</tr>
<tr>
<td>Sales subject to state tax</td>
<td>$399.98</td>
<td>6.50%</td>
</tr>
<tr>
<td>Local tax adjustments</td>
<td>-</td>
<td></td>
</tr>
<tr>
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<td>$399.98</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

**Schedule B (County Tax Breakdown)**

<table>
<thead>
<tr>
<th>County in which taxable transaction occurred.</th>
<th>Code</th>
<th>Gross Sales</th>
<th>Sales Subject to local tax</th>
<th>Amount of 1% combined state and local tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAN FRANCISCO</td>
<td>38</td>
<td>$37.79</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>SAN MATEO</td>
<td>41</td>
<td>$530.38</td>
<td>$399.98</td>
<td>$4.00</td>
</tr>
</tbody>
</table>

$4.00
HOW DO I EVEN GET STARTED?
Connect to your Zoey store

Find us at www.zoey.com/apps/taxjar
See your sales tax collected by state

Dashboard

States in which you are collecting sales tax and filing manually

<table>
<thead>
<tr>
<th>Next Filing Due:</th>
<th>Actual Sales Tax Collected</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 21, 2016</td>
<td>$1,933.38</td>
<td>Colorado</td>
</tr>
<tr>
<td>Monthly</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<tbody>
<tr>
<td>January 16, 2017</td>
<td>$33.00</td>
<td>Maine</td>
</tr>
<tr>
<td>Quarterly</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2016 Summary (YTD)
- Gross Sales: $79,892.24
- Taxed Sales: $52,130.72
- Sales Tax Collected: $4,534.06

Linked Accounts
- Provider: Zoey
- Transaction Range: 01/01/2015 - 06/17/2016
Are you collecting the right amount?
**View sales tax collected by jurisdiction**

This report reflects sales tax that you actually collected. It is likely only as accurate as the tax collection settings in your shopping carts.

**Gross Sales $568.17** *(not including sales tax collected)*

*View Transactions* • *View Gross Sales from All States*

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AutoFile: Let TaxJar file your return

AutoFile is Available Everywhere!

TaxJar will AutoFile your sales tax returns for you in any US state.

Next Filing Due: July 20, 2017

Actual Sales Tax Collected: $479.49

Texas

Enroll in AutoFile

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More than 9,000 happy customers, including...
## PRICING

<table>
<thead>
<tr>
<th>Plan</th>
<th>Price (mo)</th>
<th>Transactions / month</th>
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</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$19</td>
<td>Up to 1,000</td>
</tr>
<tr>
<td>Plus</td>
<td>$49</td>
<td>Up to 5,000</td>
</tr>
<tr>
<td>Premier</td>
<td>$99</td>
<td>Up to 10,000</td>
</tr>
<tr>
<td>Enterprise I</td>
<td>$199</td>
<td>Up to 50,000</td>
</tr>
<tr>
<td>Enterprise II</td>
<td>$499</td>
<td>Up to 200,000</td>
</tr>
<tr>
<td>Enterprise III</td>
<td>$999</td>
<td>Up to 500,000</td>
</tr>
</tbody>
</table>

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