# 7. Freight And Tax

### **Overview**

### **Freight Systems**

iNETstore 2003 supports these freight systems:

- No freight
- Flat rate freight charge (Flat rate)
- Freight charge based on number of items ordered (Total Items)
- Freight charge based on the total order value (Total Value)
- Freight charge based on the weight of an order (Weight)

## **Tax Systems**

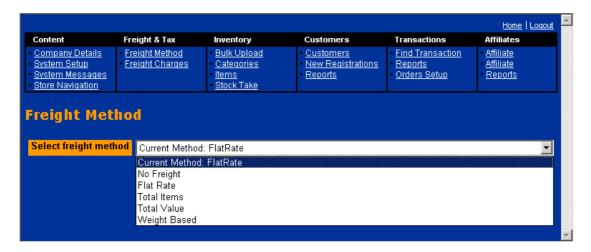
Two different tax systems are supported:

- GST/VAT-style system
- Override tax system
- Combination of the above systems

More information about tax systems is provided at the end of this chapter.

# **Freight Methods**

To set up a freight system, click on Freight & Tax | Freight System.



The resulting screen will provide five different freight options:

#### No Freight:

Select this option if you would like to offer your customers free delivery.

#### Flat Rate:

Select this option if you would like to charge a flat freight charge depending on destination.

#### Total Items:

Select this option if you would like to charge a freight rate that depends on the number of items that were ordered. For example, this would make sense if you operated a wine shop. You could charge a freight fee per dozen of wines that are delivered to the customer.

#### Total Value:

Select this option if you would like to charge a freight fee depending on the total value of the order.

#### Weight Based:

Select this option if your freight charges are based on the total weight of the order. Note: If you select this option, you must enter the weight of each item in the item entry screen.

# **Entering Freight Charges Through BBMS**

Before entering freight charges, you will need to select your desired freight method. Read the previous sub-chapter to find out how to do this.

## No Freight

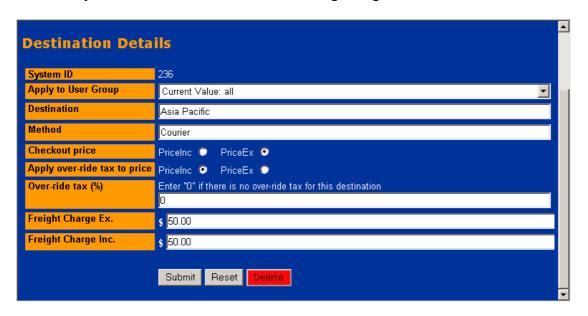
This freight option means that delivery is free. It is not necessary to enter freight charges. Note that tax will apply to all sales when No Freight is selected as the freight option.

#### **Flat Rate**

- 1. Switch to flat rate freight system by selecting Freight & Tax | Freight Method from the BBMS menu.
- 2. Freight & Tax | Freight Charges. You will see this screen:



3. You may click on the destination links to change freight records:



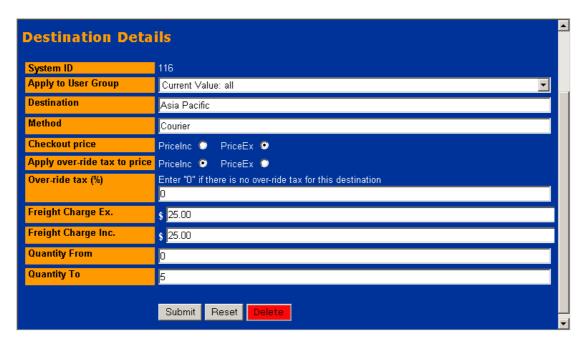
System ID	This is a unique id that was assigned to this record			
	by the system. You can't change this.			
Apply to User Group	Select the user group to whom you would like to			
	make this destination choice available. In most cases,			
	you would select all. An exception might be if you			
	have created different user groups for different			
	geographic regions. For example, you might have an			
	American (US\$), UK (UK£) and Australian (AU\$)			
	user group. In that case, the destination 'Sydney'			
	might only be available to members of the Australian			
	user group.			
Destination	Enter the name of the destination. E.g. 'Australia',			
	'New South Wales', 'Sydney', etc.			
Method	Enter the method by which goods are shipped, e.g.			
	'Post', 'Courier', etc.			
Checkout price	Select the price that applies to customers in the			
	selected geographic area. For example, if you are			
	located in Australia, you would need to charge inc.			
	tax (GST) prices to all customers located within			
	Australia but you might charge ex. tax prices to			
	overseas customers.			
Override tax (%)	Some states levy an additional tax on orders that are			
	shipped to customers within the state. Countries like			
	the United States and Canada use this system. For			
	example, you might need to charge your customers			
	an extra 10% tax if orders are shipped to New York,			
	8% to Nevada, etc. If this is the case, enter the			
	percentage amount of the tax that applies. Otherwise,			
	enter 0.			
Apply override tax to price	If an override tax applies to this destination, you may			
	select the price on which it is applied. If tax does not			
D : 1 · Cl	apply, your selection in this field is irrelevant.			
Freight Charge Ex.	Enter the ex. tax freight charge.			
Freight Charge Inc.	Enter the inc. tax freight charge. Note that this value			
	must be the same or higher as the ex. tax price. If			
	your country doesn't have a GST/VAT type of tax			
	system, enter the same values into inc. and ex. tax			
	fields.			

#### **Total Items**

- 1. Switch to total items based freight system by selecting Freight & Tax | Freight Method from the BBMS menu.
- 2. Freight & Tax | Freight Charges. You will see this screen:



3. You may click on a destination to edit details.



System ID	This is a unique id that was assigned to this record
	by the system. You can't change this.
Apply to User Group	Select the user group to whom you would like to make this destination choice available. In most cases, you would select all. An exception might be if you have greated different user groups for different
	have created different user groups for different geographic regions. For example, you might have an
	American (US\$), UK (UK£) and Australian (AU\$) user group. In that case, the destination 'Sydney'
	might only be available to members of the Australian user group.
Destination	Enter the name of the destination. E.g. 'Australia',
Destination	'New South Wales', 'Sydney', etc.
Method	Enter the method by which goods are shipped, e.g.
	'Post', 'Courier', etc.
Checkout price	Select the price that applies to customers in the
	selected geographic area. For example, if you are
	located in Australia, you would need to charge inc.
	tax (GST) prices to all customers located within
	Australia but you might charge ex. tax prices to
	overseas customers.
Override tax (%)	Some states levy an additional tax on orders that are shipped to customers within the state. Countries like the United States and Canada use this system. For example, you might need to charge your customers an extra 10% tax if orders are shipped to New York, 8% to Nevada, etc. If this is the case, enter the percentage amount of the tax that applies. Otherwise,
	enter 0.
Apply override tax to price	If an override tax applies to this destination, you may select the price on which it is applied. If tax does not apply, your selection in this field is irrelevant.
Freight Charge Ex.	Enter the ex. tax freight charge.
Freight Charge Inc.	Enter the inc. tax freight charge. Note that this value must be the same or higher as the ex. tax price. If your country doesn't have a GST/VAT type of tax system, enter the same values into inc. and ex. tax fields.
Quantity From	Enter the upper and lower limit of the range to which
Quantity To	this freight charge applies. For example if you enter 0 into the Quantity From field and 5 into the Quantity To field, this freight charge will apply to everybody who orders between 0 and 5 items.

### **Sample Freight Table**

This sample freight table has been included to illustrate how a freight system that is based on total items purchased can be set up. To set up the system, each record would need to be entered individually using the BBMS data entry mechanism.

Id	Destination	Method	Charge	Charge	Quantity	Quantity	Taxable
			Ex	Inc	From	To	Destination?
1	Sydney	Post	5.00	5.50	0	10	yes
2	Sydney	Post	10.00	11.00	11	50	yes
3	Sydney	Post	15.00	16.50	51	999999	yes
4	Sydney	Courier	15.00	16.50	0	10	yes
5	Sydney	Courier	20.00	22.00	11	50	yes
6	Sydney	Courier	30.00	33.00	51	999999	yes
7	Australia	Post	15.00	16.50	0	10	yes
8	Australia	Post	20.00	22.00	11	50	yes
9	Australia	Post	30.00	33.00	51	999999	yes
10	International	Post	25.00	25.00	0	10	no
11	International	Post	35.00	35.00	11	50	no
12	International	Post	50.00	50.00	51	999999	no

#### Comments:

Rows 1 to 3	These are the charges for delivery to Sydney (local area) by post. Freight charges have been split up into three ranges: Orders up to 10 items, orders up to 50 items and orders for over 50 items. In record 3, the 'Quantity To' value should be set to a very high value, e.g. '999999' to avoid system errors where the number of items ordered exceeds the number of items in the freight table.
Rows 4 to 6	These are the same records as in rows 1 to 3. However, freight charges have been increased because the delivery method is 'Courier' instead of 'Post'.
Rows 7 to 9	The same records again but this time to a different delivery area.

Rows 10 to 12 Note that these records have been flagged as non-taxable. Obviously, customers who request international delivery are outside of Australia, so GST does not apply to them.

#### **Total Value**

- 1. Switch to total value based freight system by selecting Freight & Tax | Freight Method from the BBMS menu.
- 2. Freight & Tax | Freight Charges. You will see this screen:



3. Click on a destination to edit:



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System ID	This is a unique id that was assigned to this record by the system. You can't change this.
Apply to User Group	Select the user group to whom you would like to make this destination choice available. In most cases, you would select all. An exception might be if you have created different user groups for different geographic regions. For example, you might have an American (US\$), UK (UK£) and Australian (AU\$) user group. In that case, the destination 'Sydney' might only be available to members of the Australian user group.
Destination	Enter the name of the destination. E.g. 'Australia', 'New South Wales', 'Sydney', etc.
Method	Enter the method by which goods are shipped, e.g. 'Post', 'Courier', etc.
Checkout price	Select the price that applies to customers in the selected geographic area. For example, if you are located in Australia, you would need to charge inc. tax (GST) prices to all customers located within Australia but you might charge ex. tax prices to overseas customers.
Override tax (%)	Some states levy an additional tax on orders that are shipped to customers within the state. Countries like the United States and Canada use this system. For example, you might need to charge your customers an extra 10% tax if orders are shipped to New York, 8% to Nevada, etc. If this is the case, enter the percentage amount of the tax that applies. Otherwise, enter 0.
Apply override tax to price	If an override tax applies to this destination, you may select the price on which it is applied. If tax does not apply, your selection in this field is irrelevant.
Freight Charge Ex.	Enter the ex. tax freight charge.
Freight Charge Inc.	Enter the inc. tax freight charge. Note that this value must be the same or higher as the ex. tax price. If your country doesn't have a GST/VAT type of tax system, enter the same values into inc. and ex. tax fields.
Order Value From	Enter the upper and lower limit of the order
Order Value To	valuerange to which this freight charge applies. For example, if you enter 0 into the Order Value From field and 100 into the Order Value To field, this freight charge will apply to orders of between \$0 and up to \$100.

#### **Sample Freight Table**

This sample freight table has been included to illustrate how a freight system that is based on the total order value can be set up. To set up the system, each record will need to be entered individually using the BBMS data entry mechanism.

Id	Destination	Method	Charge	Charge	Order	Order	Taxable
			Ex	Inc	Value	Value To	Destination?
					From		
1	Sydney	Post	5.00	5.50	0	50.00	yes
2	Sydney	Post	10.00	11.00	50.01	200.00	yes
3	Sydney	Post	15.00	16.50	200.01	999999.00	yes
4	Sydney	Courier	15.00	16.50	0	50.00	yes
5	Sydney	Courier	20.00	22.00	50.01	200.00	yes
6	Sydney	Courier	30.00	33.00	200.01	999999.00	yes
7	Australia	Post	15.00	16.50	0	50.00	yes
8	Australia	Post	20.00	22.00	50.01	200.00	yes
9	Australia	Post	30.00	33.00	200.01	999999.00	yes
10	International	Post	25.00	25.00	0	50.00	no
11	International	Post	35.00	35.00	50.01	200.00	no
12	International	Post	50.00	50.00	200.01	999999.00	no

#### Comments:

Rows 1 to 3	These are the charges for delivery to Sydney (local area) by post. Freight charges have been split up into three ranges: Orders up to a value of \$50, orders up to \$200 and orders over \$200. In record
	2, the 'Order Value To' value should be set to a very high amount, e.g. '999999.00' to avoid system errors where the total value of an order is higher than the highest value in the freight table.

Rows 4 to 6 These are the same records as in rows 1 to 3. However, freight charges have been increased because the delivery method is 'Courier' instead of 'Post'.

Rows 7 to 9 The same records again but this time to a different delivery area.

Rows 10 to 12 Note that these records have been flagged as non-taxable. Obviously, customers who request international delivery are outside of Australia, so GST does not apply to them.

### **Weight Based**

If you wish to set up a weight based freight system, you need to make sure that the weight of every item is entered into your inventory database. If there are items for which the weight is not specified, the system will not work.

In addition, a standard unit should be used to specify the weight. It doesn't matter which unit you use (e.g. grams, kg, lib, etc.), however it is important that you use the same unit throughout the store.

To set up a weight based freight system follow these steps:

- 1. Switch to total value based freight system by selecting Freight & Tax | Freight Method from the BBMS menu.
- 2. Freight & Tax | Freight Charges. You will see this screen:



3. Click on a destination to edit:



System ID	This is a unique id that was assigned to this record by the system. You can't change this.
Apply to User Group	Select the user group to whom you would like to make this destination choice available. In most cases, you would select all. An exception might be if you have created different user groups for different geographic regions. For example, you might have an American (US\$), UK (UK£) and Australian (AU\$) user group. In that case, the destination 'Sydney' might only be available to members of the Australian user group.
Destination	Enter the name of the destination. E.g. 'Australia', 'New South Wales', 'Sydney', etc.
Method	Enter the method by which goods are shipped, e.g. 'Post', 'Courier', etc.
Checkout price	Select the price that applies to customers in the selected geographic area. For example, if you are located in Australia, you would need to charge inc. tax (GST) prices to all customers located within Australia but you might charge ex. tax prices to overseas customers.
Override tax (%)	Some states levy an additional tax on orders that are shipped to customers within the state. Countries like the United States and Canada use this system. For example, you might need to charge your customers an extra 10% tax if orders are shipped to New York, 8% to Nevada, etc. If this is the case, enter the percentage amount of the tax that applies. Otherwise, enter 0.
Apply override tax to price	If an override tax applies to this destination, you may select the price on which it is applied. If tax does not apply, your selection in this field is irrelevant.
Freight Charge Ex.	Enter the ex. tax freight charge.
Freight Charge Inc.	Enter the inc. tax freight charge. Note that this value must be the same or higher as the ex. tax price. If your country doesn't have a GST/VAT type of tax system, enter the same values into inc. and ex. tax fields.
Weight From	Enter the upper and lower limit of the weight range
Weight To	to which this freight charge applies. For example, if you enter 0 into the Weight From field and 100 into the Weight To field, this freight charge will apply to orders that weight between 0 and up to 100 weight units. A weight unit might be 1 gram, 1 kg, etc.

#### Sample Freight Table

This sample freight table has been included to illustrate how a freight system that is based on the total weight of an order can be set up. To set up the system, each record will need to be entered individually using the BBMS data entry mechanism.

Id	Destination	Method	Charge	Charge	Weight	Weight	Taxable
			Ex	Inc	From	To	Destination?
1	Sydney	Post	5.00	5.50	0	100	yes
2	Sydney	Post	10.00	11.00	101	500	yes
3	Sydney	Post	15.00	16.50	501	999999	yes
4	Sydney	Courier	15.00	16.50	0	100	yes
5	Sydney	Courier	20.00	22.00	101	500	yes
6	Sydney	Courier	30.00	33.00	501	999999	yes
7	Australia	Post	15.00	16.50	0	100	yes
8	Australia	Post	20.00	22.00	101	500	yes
9	Australia	Post	30.00	33.00	501	999999	yes
10	International	Post	25.00	25.00	0	100	no
11	International	Post	35.00	35.00	101	500	no
12	International	Post	50.00	50.00	501	999999	no

#### Comments:

Rows 1 to 3 These are the charges for delivery to Sydney (local area) by post. Freight charges have been split up into three ranges: Orders where the total weight is up to 100 grams, orders where the weight is up to 500 grams and orders where the weight is over 500 grams. In record 3, the 'Weight To' value should be set to a very high value, e.g. '999999' to avoid system errors where the total weight of an order exceeds the highest value specified in the freight table.

Rows 4 to 6 These are the same records as in rows 1 to 3. However, freight charges have been increased because the delivery method is 'Courier' instead of 'Post'.

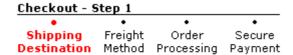
Rows 7 to 9 The same records again but this time to a different delivery area.

Rows 10 to 12 Note that these records have been flagged as non-taxable. Obviously, customers who request international delivery are outside of Australia, so GST does not apply to them.

# Freight Calculation In Your Store

This is what the freight system of your store will look like after you have entered the above values:

1. The customer selects the shipping destination.



Please select the region where goods will be delivered:



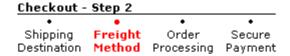
2. The customer selects the freight method.



Deliveries to Asia Pacific are available via the following shipping methods:



3. The total order cost is shown. The customer can change the freight method or continue to the checkout.



Deliveries to Asia Pacific are available via the following shipping methods:



#### **Total Payable Confirmation:**

Total Goods: \$20.00

Freight Charge: \$20.00 Asia Pacific via Post

Total Payable: \$40.00

Note: Orders to Asia Pacific are GST free.

Your order has been recalculated for GST free status.

Continue to checkout

4. Customer details are entered.



**Customer Registration** 

Customer Deta			
Name	•	Phone	
Company		Fax	
Delivery Detai	ls		
Address		City	
		State	
Post Code/Zip		Country	
Billing Details	(click check box if sam	e as delivery deta	ils: 🔳)
Address		City	
		State	
Post Code/Zip		Country	
			Next

6. Depending on the payment method, the customer is now redirected to a secure payment gateway where he can enter credit card details and the order is finalised.

## **Tax Systems**

### **Available Systems**

#### **GST/VAT-Style System**

To use this system, you must specify a different inc. tax and ex. tax price for each item on which tax is applicable. The tax amount will then be calculated by subtracting the total price ex. tax from the total price inc. tax of an order.

If you use this system, you can only apply a single tax rate per item. For example, Item A might be taxed at 10%, while Item B might be tax exempt (0%).

When you set up your freight system, you can specify whether GST/VAT applies, depending on the geographic region in which the customer resides. E.g. if you are located in Australia, tax may only apply to Australian customers but not to orders that are shipped overseas.

#### **Override Tax System**

The override tax system can be used to apply an additional tax percentage to orders that are shipped to certain destinations. For example, you might need to charge your customers in New York an additional 10% in tax, while customers in Idaho might need to pay an additional 12%.

To set up an override tax system, simply specify an override tax rate for the relevant geographic regions when you set up your freight system.

## **Tax Exempt Status**

Tax exemption for customers in certain geographic regions can be set up by setting the 'taxable' flag to 'no' for the relevant region(s).

Tax exemption for particular customer groups can be set up by creating a new user group. For example, if government customers were not subject to taxation, you could set up a new group called 'government'. This group may use a price field that is different from that used by other groups. You could even create an entirely new checkout process for that particular group.

## **Tax Diagram**

The diagram below illustrates how the tax system works:

