



CoLinear Systems, Inc.

Avatax Connector

Avalara



v10



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Overview

Avalara's AvaTax utility is a 3rd party utility integrated with Response since build 5104. AvaTax dramatically improves accuracy because at initial calculation, AvaTax can do the following:

- ❖ Validates and corrects the address—including ZIP code +4
- ❖ Identifies product taxability
- ❖ Applies the most current, up-to-date tax rules and regulations
- ❖ Verifies tax holiday status
- ❖ Applies sourcing rules (where taxable)
- ❖ Automatically assigns correct jurisdiction

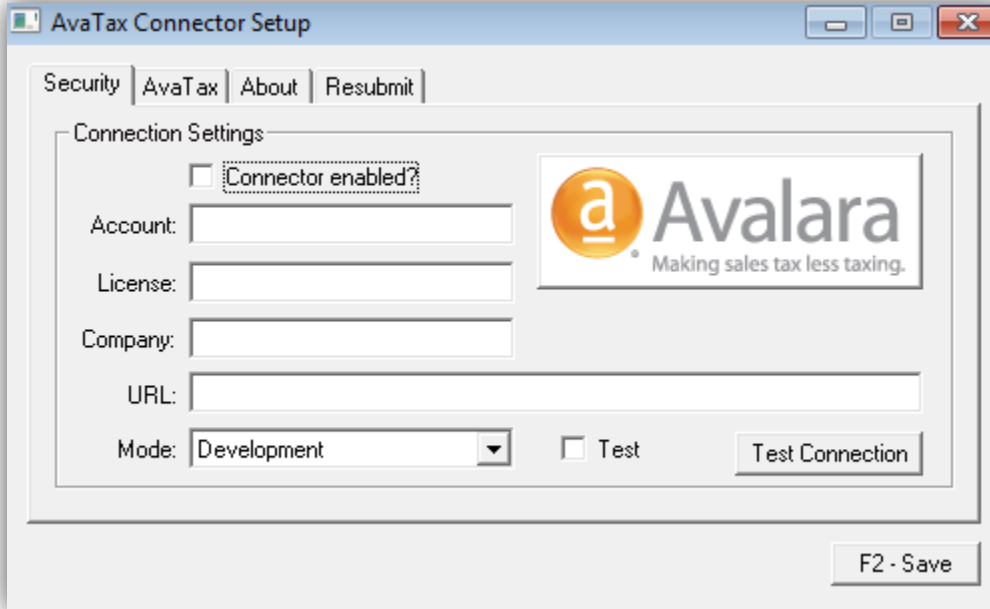
THEN the service provides sales tax calculation for the transaction—all in real-time with no delay or interruption to workflow—and applies it in your Response order.

For a complete explanation of what AvaTax is capable of visit the [Avalara Website](#).



Setup

Response Menu path: Add-Ons / AvaTax Connector



Security Tab

The security tab of the AvaTax connector is where you will input all your connection data to connect you're the AvaTax service. Follow the steps below to complete the setup of the Security tab and establish your connection.

1. Enter your account number in the Account field (This will come from Avalara)

Account:

2. Enter your license key in the License field (This will come from Avalara)

License:

3. Enter your company Code.

Company:

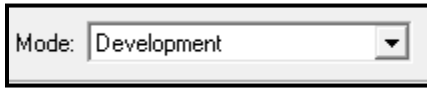
a. You will decide what you company code will be when setting up your AvaTax Account.

4. The URL field should automatically default to <http://avatax.colinear.com/Tax.php> . If it does not then copy and paste this URL into the URL field.

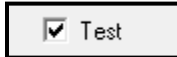
URL:



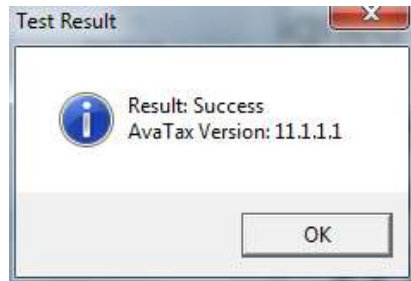
- 5. Next, the AvaTax connector can be put into one of two modes. Select the mode appropriate for your setup.



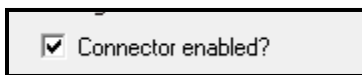
- a. Development – For testing purposes only
 - b. Production – Live use only.
- 6. The [] Test checkbox can be checked to show debug XML messages when the AvaTax connector is in use. You can use this in Production mode too, it’s a helpful troubleshooting tool.



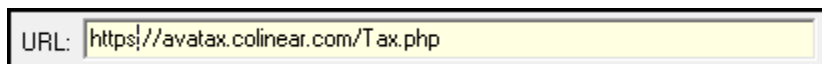
- 7. Once you have completed the above steps test your connection by clicking the “Test Connection” Button. Make sure that you have saved your setup by hitting **Ctrl+F2**. If you forgot to save your setup the connection will fail.



- 8. When you are ready, enable your connection by checking the [] Connector enabled? Checkbox, and save the changes again with **Ctrl+F2**.



Enabling your connector means that you will be required to use ssl authentication to make a valid connection to Avatax. Simply change your URL to read the following when you’re ready to go live:

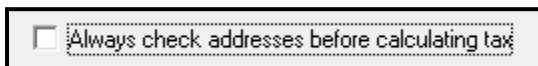


Hint: you’re changing http to https

AvaTax Tab

This tab allows you to set some default options that will take affect for all users that will affect how taxes are calculated within Response.

- ❖ [] Always check address before calculating tax will ensure that the shipto Address is valid before AvaTax tries to return a correct Tax amount.





- ❖ [] Update Master records with address validation changes will update shipto and billto records with correct address changes that were made based on the address check that takes place before tax calculations

Update master records with address validation changes

- ❖ [] Enable line-by-line tax calculations will calculate taxes per lineitem/shipto on the order. Choosing this would recalc each time a line was changed, added or deleted. (not recommended, this would be a resource hog)

Enable line-by-line tax calculations

- ❖ [] Enable COGS by using product category will..... ? (does nothing in build 5106)

Enable COGS by using product category:

- ❖ [] Only calculate tax for the following destination states. Use this checkbox when you don't want Response to send EVERY transaction to Avalara.

If you do check the box, you will enter states you want Response to send to Avalara for tax calculation. States not included will not have any tax calculation.

For multiple state entries separate each state with a Comma(.). (Use values from SYSSTATE.State_Abb field, those are seen in File menu > State/Taxes > State Tax Records

Only calculate tax for the following destination states:

Tech memo: States here have nothing to do with Nexus. You should enter here states you want Response to send to Avalara when a SHIPTO is in one of those states.

About Tab

This tab contains general information about the AvaTax plugin you are currently using, as well as contact information for AvaTax support.

Resubmit Tab

This tab allows you to take a set of OSHIPTRN transactions and upload them to the AvaTax site. This can be useful for new AvaTax users who want say all of last months transactions to be on AvaTax for tax reporting purposes.

CoLinear Support can assist in querying out the correct data to upload to AvaTax to create the complete list of confirmed Transaction invoices under your company.



AvaTax Site Setup

You should receive training from Avalara on how to use/browse your AvaTax account information. However, there are a few key items we will cover in this document.

Shipping Charges

By default Response will charge taxes on shipping charges for all states. To change this you will need to create separate tax rules for each state within your AvaTax account setup. To setup tax exemption rules, or other special needs per state follow the steps below to do so.

Remember all of this is done through your AvaTax account and **NOT** Response

Navigate to the organizations / Items Menu

- 1) Click the New button to create a new Item
- 2) Enter the following information below to setup the shipping charge "Control" item.
 - a. Item Code: SHIPPING
 - b. Description: Shipping Charge
 - c. Tax Code: Shipping
- 3) Click save

YOU SHOULD NOW HAVE AN ITEM CALLED SHIPPING

Now we will setup a tax rule for a certain state.

- 1) Click on the tax rules link to open the tax rules page
- 2) Click new to create a new tax rule
- 3) Select the Country, level, and region and then click next. For this example I am selecting..
 - a. Country: United States
 - b. Level: State
 - c. Region: Georgia
- 4) Enter the name of your tax rule
- 5) Select all the necessary criteria you need for your tax rule.
- 6) ****IMPORTANT**** For the Tax Code field click the browse button. One of the available options should be the new shipping item you created. Select the shipping item.
- 7) When you are done click finish

YOU SHOULD NOW HAVE A NEW TAX RULE WITH THE NAME YOU GAVE IT IN STEP 4.



How it Works

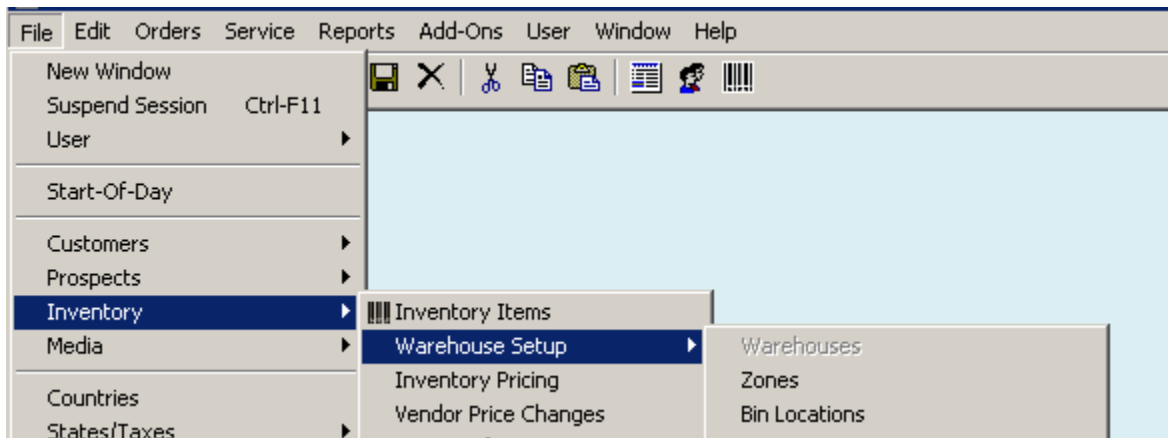
With the AvaTax Connector enabled Response will ignore all in house tax rates and calculation settings, and only use the AvaTax utility.

Avalara Tax is calculated based on where you are shipping the order from and where you are shipping the order to. The 'from' address is the address stored as your warehouse address.

LOCATE YOUR WAREHOUSE ADDRESSES HERE: FILE MENU > INVENTORY > WAREHOUSE SETUP > WAREHOUSES,

MAKE SURE YOU HAVE ENTERED IN A VALID ADDRESS FOR ALL YOUR WAREHOUSES.

If you do not have the multi-Warehouse (an optional add-on module), your warehouse setup > warehouses option will be gray



As of build 5106, you will need to update your single warehouse address information outside of Response. You can download the following SQL query and run this within SQL executer (file / supervisor options / file maintenance utilities / SQL Executer. You will have to edit the *.sql file the zip contains, contact support@colinear.com for help . Please refer to this page 7 in this avatax.pdf in your support request.

http://support.colinear.com/download/r10/whs_populate.zip

Listed below are the 3 times in Response when the tax for an order will be figured, and or committed.

- ❖ Order Entry
- ❖ Print
- ❖ Confirm

Order Entry

When placing an order in Response through Order entry the only place you will see the functionality for the AvaTax connector is on the Totals tab in the tax calculation field.



Order No: 101871 Customer ID: 307367 Batch No: PO Number: Order Date: 4/18/2011 Order Type: phone Status: T

Sales Rep: JPERVI Response Media Source: (NONE) Unassigned Media Price Code: 5 Division: Division 1

Customer Items Totals Demographics

Primary Payment Method
 Payment: PC Personal Check
 Credit Card: Expiration: / /
 CW2: ?
 Authorization: // ...
 Coupons:

Activity Log Lead Prefs Set Callback Print Letter

Default Shipping
 Method: UPSG UPS Ground
 Requested: 4/18/2011 Ship in Full
 Web Rate Shop UPS® Rates Our Rates

Totals
 Gross: \$100.00
 Misc: \$0.00
 Discount: 0% (\$0.00)
 Shipping: \$6.95
 Recalc Tax: 6.00% \$6.42
 Gift Cards: \$0.00
 Deposit: (\$0.00)
 Total: \$113.37
 Paymts: \$0.00 Disc: \$0.00
 Authorize! Bal Due: \$113.37
 Refunds: \$0.00

When you tab through the shipping charge field of OE AvaTax will automatically go out and retrieve the correct tax % and tax amount using the AvaTax service.

Each item of an order is sent to calculate tax based on your rules setup as separate line items.

So, for example, an order with:

- 1 of product ABC for \$5 each = \$5.00
- 1 of product DEF for \$7.59 each = \$7.59
- Shipping of \$6.99

Is sent to Avalara as:

- ABC - \$5.00
- DEF - \$7.59
- SHIPPING - \$6.99

Remember that taxes are calculated as separate lines, including the shipping charge. The shipping is sent as an item code itself, then based on your dashboard rules will calculate tax accordingly.

When the order is saved this is only considered a tax Quote for the order. This means that it has not been submitted to Avalara yet. This means if you try to find this transaction under your AvaTax account Transactions tab it will not be there yet. You may also see a tax rate saved in the order. The rate saved is only an approximation and can't accurately be used to re-figure the tax on the order. This is due to all the variables on items, shipping, destination, etc that Avalara uses and the reason you chose the service! Response cannot accurately save all that, so the rate you see is an estimate. (sysoent.tax_rate)



If you have the Test check box of your AvaTax setup checked you will see a popup window displaying the XML generated to and from AvaTax when the tax amount is calculated.

```

http://avatax.colinear.com/GetTax.php?url=https://development.avalara.net&account=
<AvaTaxXML><result>Success</result><doccode></doccode><docid>0</docid><tot.

```

Printing Picking Tickets

At the time of print AvaTax is used again to calculate the tax amount for the items that are shipping. This means if an order is not shipped in full the customer will only pay the tax on the items that shipped, and they will pay the rest of the taxes on the subsequent shipments.

When an order is printed Response will submit transaction detail to the AvaTax website. To view the data visit Transactions portion of your AvaTax account.

**** NOTE ** IT IS IMPORTANT TO MAKE SURE THAT START OF DAY HAS BEEN ALWAYS BEEN RUN. THE TRANSACTION DATE SENT TO AVALARA WILL BE THE SAME AS YOUR SYSTEM DATE!**

At this point the transaction doc code will be a randomly generated string. The cust/vendor code is the Response Customer ID, Doc date was the date the transaction was created, and the Doc status will at this point will be uncommitted.



Doc Code: Cust/Vendor Code: Batch Code: Doc Type: Date Type: Date Range: Doc Status: Country: State/Province:

Doc Code	Cust/Vendor Code	Batch Code	Doc Type	Doc Date	Cur	Total	Non-Taxable	Taxable	Tax	Location Code	Doc Status	Country	State/Province
04896793-2c8c-4ca7-8cac-236902d31c06	307367		Sales Invoice	4/18/2011	USD	106.95	0.00	106.95	6.42		Uncommitted	US	GA

Records Found:1 Records Per Page: 10

If an order is printed multiple times there will be multiple transaction records for that order! Use the filter bar along the top of the transaction records to sort and find specific transactions you might be looking for. Once an order has been printed the tax quote will now be considered an invoice.

Order Confirmation

Once an order is confirmed as shipped a shipment record (OSHIPTRN) will be created. At this point the tax that was generated and invoiced during the printing process will be brought down into the tax amount field in the OSHIPTRN record.

*IT IS THE OSHIPTRN RECORD THAT WE USE TO CREATE THE CREDIT CARD TRANSACTION RECORDS.

Once you confirm the order as shipped, Response will send this information to Avalara letting them know that the transaction has now been committed. You will now be able to see this change reflected on the transactions page of the site.

Doc Code: Cust/Vendor Code: Batch Code: Doc Type: Date Type: Date Range: Doc Status: Country: State/Province:

Doc Code	Cust/Vendor Code	Batch Code	Doc Type	Doc Date	Cur	Total	Non-Taxable	Taxable	Tax	Location Code	Doc Status	Country	State/Province
01971-101525	307367		Sales Invoice	4/18/2011	USD	106.95	0.00	106.95	6.42		Committed	US	GA

Records Found:1 Records Per Page: 10

The doc code will now be the order # followed by the transaction ID of the OSHIPTRN record. The OSHIPTRN transaction ID can be found by clicking the shipments button located under the Orders section of customer service lookup.

**NOTE ** WHEN A TRANSACTION IS CONVERTED FROM A INVOICE TO A COMMITTED INVOICE THE DOC DATE IS THE DATE THIS CHANGE TOOK PLACE. THAT MEANS THAT THIS WASN'T NECESSARILY THE SAME DAY THE TAX WAS CALCULATED. TAKE THIS INTO CONSIDERATION FOR THINGS LIKE TAX FREE HOLIDAYS.

Counter Sales

When an order is placed in counter sales the process is the same as listed above. However, the major difference is that the change from an invoice transaction to a committed transaction takes place immediately. This is due to the fact that a counter sales order is a confirmed order as soon as it is placed. The origin address information also comes from the store location. This information can be edited in the lower left hand screen for counter sales setup.



Avatax Error Log

When an error occurs trying to calculate tax for an order response will write to a file called avatax.log within your r4w\data folder. Response will ONLY write a log for transactions that fail. This cuts down on the amount of clutter in this file.

If you are finding the tax being calculated incorrectly, or not at all check here first. By reading through the XML generated in this file you will generally be able to decipher the cause of the error. When you are submitting an inquiry to support@colinear.com regarding Avalara, include this file if necessary.

It is a good idea to change the name of this file and archive it as it can get very large over time.

Troubleshooting:

It's may be helpful to know, if your Avatax service is unreachable at the time Response requests a calculation an error should be written in the Avatax Error.log. A problem may occur, if Response can't reach Avalara at Order print time. If that happens, Response will use the tax rate saved in the order header . We talked about that on page 8. Doing this creates a potentially inaccurate tax amounts in the working records created by print, and those records with the inaccurate tax amount will be used by confirm to create shipment records and CRTRANS records for credit card processing. This means you may settle for a slightly different amount. If it's more it could cause a decline. Even when settlement happens successfully it will leave a balance due on the order (negative or positive)

Such situations should be RARE. You may be able to trace the difference back to a problem recorded in your Avatax.log at order print time. Your Order audit trail will give you a close approximation of print time.



TECH: Document Modification History

- ❖ 04/18/2011: Document created
- ❖ 04/19/2011: review/GE; remove override formatting
- ❖ 04/20/2011: page 6 Added section about AvaTax site Setup and shipping charges
- ❖ 04/25/2011: page 6 edited shipping charges section.
- ❖ 04/25/2011: page 4, change to url when connector 'enabled'
- ❖ 04/26/2011: page 7, add sql to update whs.address_* info for single whs. Counter sales location.
- ❖ 9/21/2011: page 4, info on adding states
- ❖ 9/27/2011: page 8 info on tax rate saved in the order header. Page 11; troubleshooting tips