



Canadian Tax Set-up

Jobelle C. - 2021-09-01 - Envío, Taxas (VAT)

Please refer to the Canada Revenue Agency's website for current HST / GST and Provincial Sales Tax rates, as these rates change regularly: <http://www.cra-arc.gc.ca/gsthst/>

This FAQ is specifically for setting up Canadian Sales Tax for both Federal and Provincial Tax calculations on sale of products or services through your ShopFactory Website.

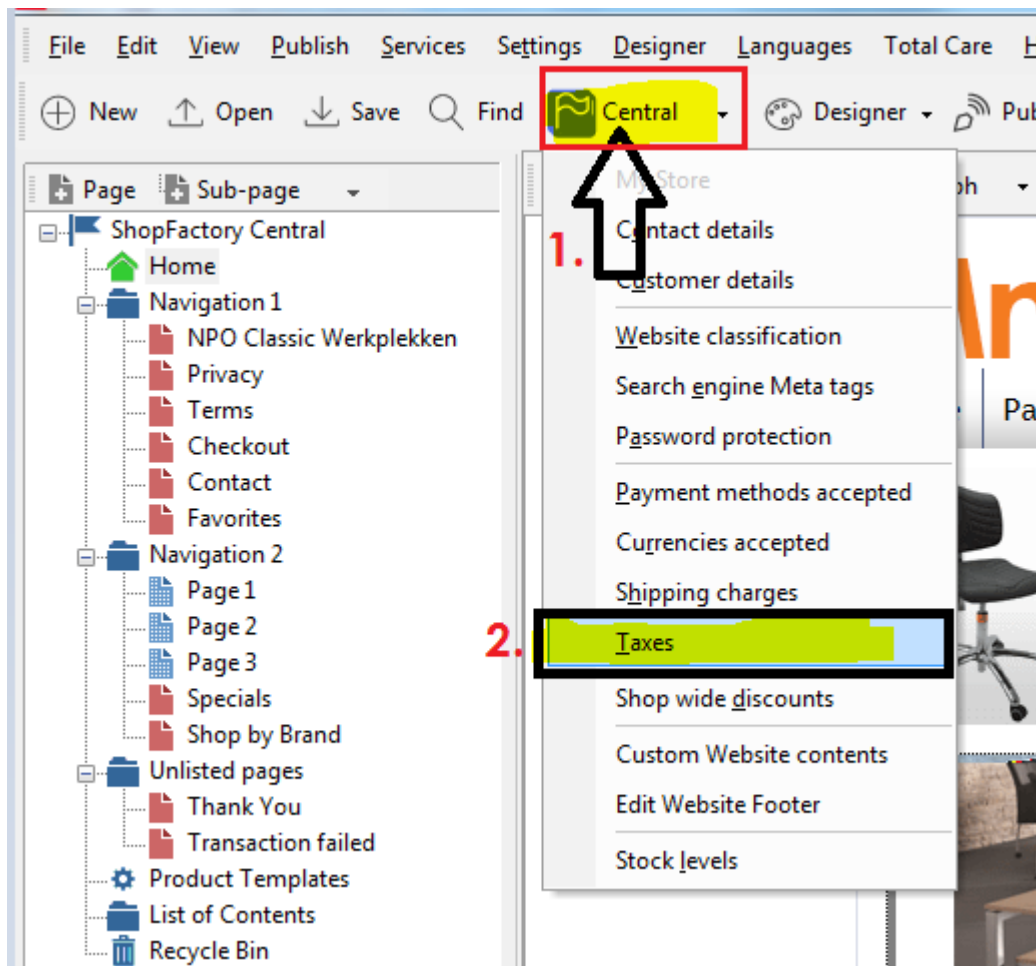
As each HOME PROVINCE you sell from may be set-up differently, this is a general example guideline for each province only. The only exceptions is if your home province is QUEBEC (Quebec QVC / QST details at the end of this FAQ article if this is your home province or you charge or are registered to charge Quebec sales tax).

If you have registered for PROVINCIAL SALES TAX in your Home Province or from other provinces if outside your home province, you will also need to set-up PST-Provincial Sales Tax entries individually for each province as well. Please submit a separate support ticket for this as it is not fully outline in this FAQ for each sales tax situation).

(ShopFactory can assist in setting up your Sales Tax as an added service for a Set-up Fee if this article is not sufficient for your specific Province or tax set-up situation.)

Step 1:

From the "CENTRAL" button inside ShopFactory choose: **Taxes**



Step 2A:

You will need to set-up several tax codes and choose the provinces they apply to for each.

(SPECIAL NOTE: ShopFactory already adds GST and PST as sample taxes - it is recommended to REMOVE those samples then continue as shown below).

FOR YOUR MAIN PROVINCE - Enter the main GST or HST tax which applies to your home province. In this example, ONTARIO is used as the home Province, and the main sales tax applied is HST:

(NOTE: This first HST for ONTARIO will apply to "All existing and new products". A secondary HST for tax on shipping charges will be set-up later.)

Here you enter the tax details and define, to which products the tax should be automatically applied.

- **Name of Tax:** This tax name will be shown to your customers.
- **Tax rate:** This is the tax rate you will charge in percent of the price. ShopFactory uses this rate to automatically calculate the taxes.

Name of the tax: HST

Enter the tax rate: 13.000%

Tax applies to

Apply the tax to shipping

all existing and new products all new products

all existing products

create tax only

Where does the tax apply?

Canada Other region

Canada, Ontario

< Back Next > Cancel Help

Once you have the HST set-up and choose “Canada, Ontario” on where the tax applies, click **Next >**

In the next window, uncheck “Prices include this tax”.

Also, uncheck “Allow customers with Sales Tax Exemptions to remove sales tax. (It is NOT recommended to use this feature in most cases. Check with your Government website or office to confirm tax exemption regulations, as some may apply in specific situations and allowing customers to remove tax may complicate your tax obligation with the person ordering. You are responsible for collecting and maintaining your Sales Tax correctly. RECOMMENDED: Exempt customers can contact you to order manually and provide their Exemption details and proof of exemption before allowing exemptions on your orders.):

Tax Setup Final

These are the details of the tax you have set up. Please define if this tax is included in all prices in the shop.

You can also set up, if you allow customers to use their tax exemption number to avoid paying tax to you.

Name of tax: HST
 Tax rate: 13.000%
 Tax applies in: Canada/Ontario

Text displayed with product (incl. HST):
 Text displayed with product (excl. HST):

Allow customers with Sales Tax exemptions to remove sales tax from charges
 Prices include this tax
 Add this tax on other taxes

< Back Finish Cancel Help

Click "Finish".

Step 2B:

In the main tax window, you will now have your Main Provincial HST for Ontario set-up. Other provinces will have either a different HST or GST main tax; see steps below this for your province - as the main Sales Tax applies to each province individually in most cases:

Tax

Here you set up the taxes you must collect from your customers.

A tax consists of a Name, a tax rate and a region in which it applies. We also need to know if a tax is included in the price of a product or not.

Available: These are the taxes you can either automatically or manually assign to a product. If no taxes are listed,

Tax name: HST Tax rate: 13.000% Product prices include tax
 Applies in: Canada/Ontario

Name	%
HST	13.000

Show prices inclusive AND exclusive of tax
 Apply tax on products to shipping and handling charges

+ / ✕

OK Cancel Help

(SPECIAL NOTE: In this window - make sure you have "Show prices inclusive AND exclusive of tax" and "Apply tax on products to shipping and handling charges" UNCHECKED. For Canadian tax to be set-up correctly, do not use these features, but set-up tax for each province as shown in the next steps. Because Canadian Tax rates change regularly - it's better to set-up individual rates to handle changes down the road quickly.)

To add HST to SHIPPING for Ontario - click the + button below the main tax box and check off the "Apply the tax to shipping" = NAME: HST-Shipping, 13% - leave "Canada, Ontario" checked off as well:

The screenshot shows a 'Tax Wizard' dialog box with the following fields and options:

- Name of the tax:** HST-Shipping
- Enter the tax rate:** 13.000%
- Tax applies to:**
 - Apply the tax to shipping
 - all existing and new products
 - all existing products
 - create tax only
 - all new products
- Where does the tax apply?:**
 - Canada
 - Canada, Ontario
 - Other region

Navigation buttons at the bottom: < Back, Next > (highlighted), Cancel, Help.

Click Next. Again, uncheck the "Allow customers with Sales tax..." and "Prices include this tax" boxes:

Tax Setup Final

These are the details of the tax you have set up. Please define if this tax is included in all prices in the shop.

You can also set up, if you allow customers to use their tax exemption number to avoid paying tax to you.

Name of tax: HST-Shipping
 Tax rate: 13.000%
 Tax applies in: Canada/Ontario

Text displayed with product (incl. HST-Shipping):
 Text displayed with product (excl. HST-Shipping):

Allow customers with Sales Tax exemptions to remove sales tax from charges
 Prices include this tax
 Add this tax on other taxes

< Back Finish Cancel Help

Click Finish. You will now have HST for PRODUCTS and HST for SHIPPING tax rates set-up:

Tax

Here you set up the taxes you must collect from your customers.

A tax consists of a Name, a tax rate and a region in which it applies. We also need to know if a tax is included in the price of a product or not.

► **Available:** These are the taxes you can either automatically or manually assign to a product. If no taxes are listed,

Tax name: HST-Shipping Tax rate: 13.000% Product prices include tax
 Applies in: Canada/Ontario

Available

Name	%
HST	13.000
HST-Shipping	13.000

Show prices inclusive AND exclusive of tax
 Apply tax on products to shipping and handling charges

+ / ✕

OK Cancel Help

Step 3A - HST for New Brunswick, Newfoundland/Labrador, and Nova Scotia:

Click the + Button to add a new tax, enter in the Name of the tax as: HST-Maritimes (Or, use your own HST identifier if you prefer, such as HST-2)

Check off "All Existing and new Products" and "OTHER REGION"

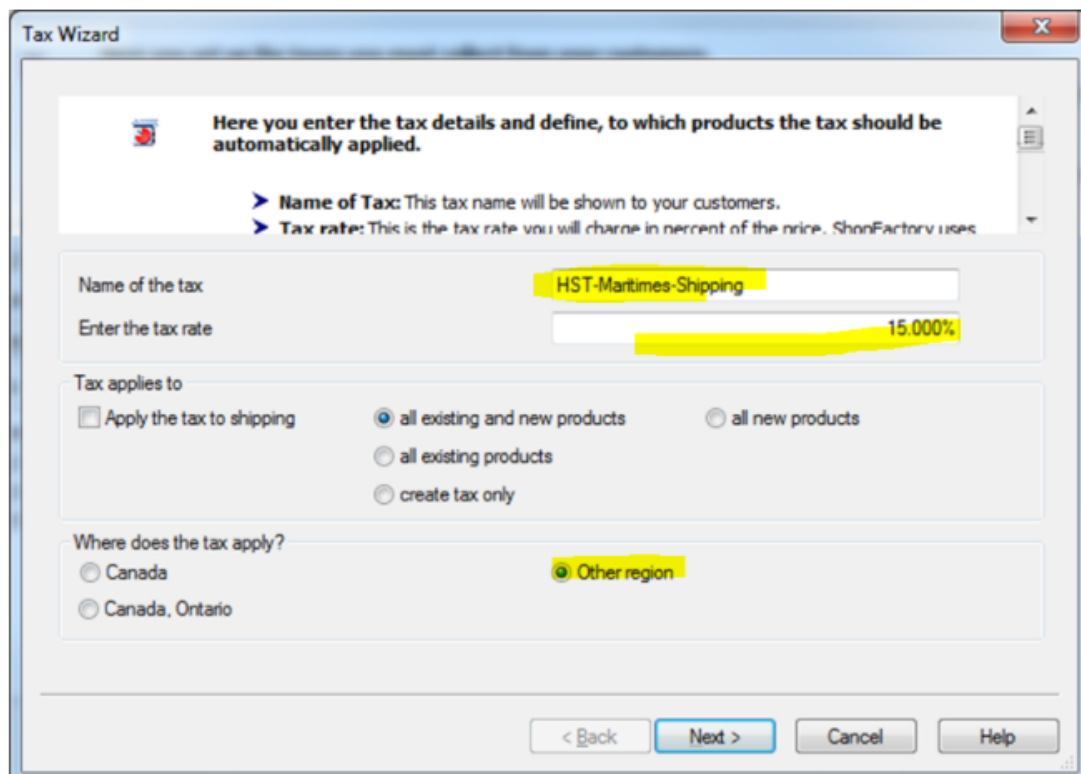
Click Next and in the next window - select one by one and add the provinces the 15% HST applies to

Click Next and again uncheck "Allow Customers with Sales tax..." and "Prices include this tax"

And click Finish.

Step 3A - HST on Shipping for New Brunswick, Newfoundland/Labrador, and Nova Scotia:

Again click the + sign to add a new tax. Enter in an Identifier, "HST-Maritimes-Shipping" used in this example. Check off "All existing and new products" and "Other region":



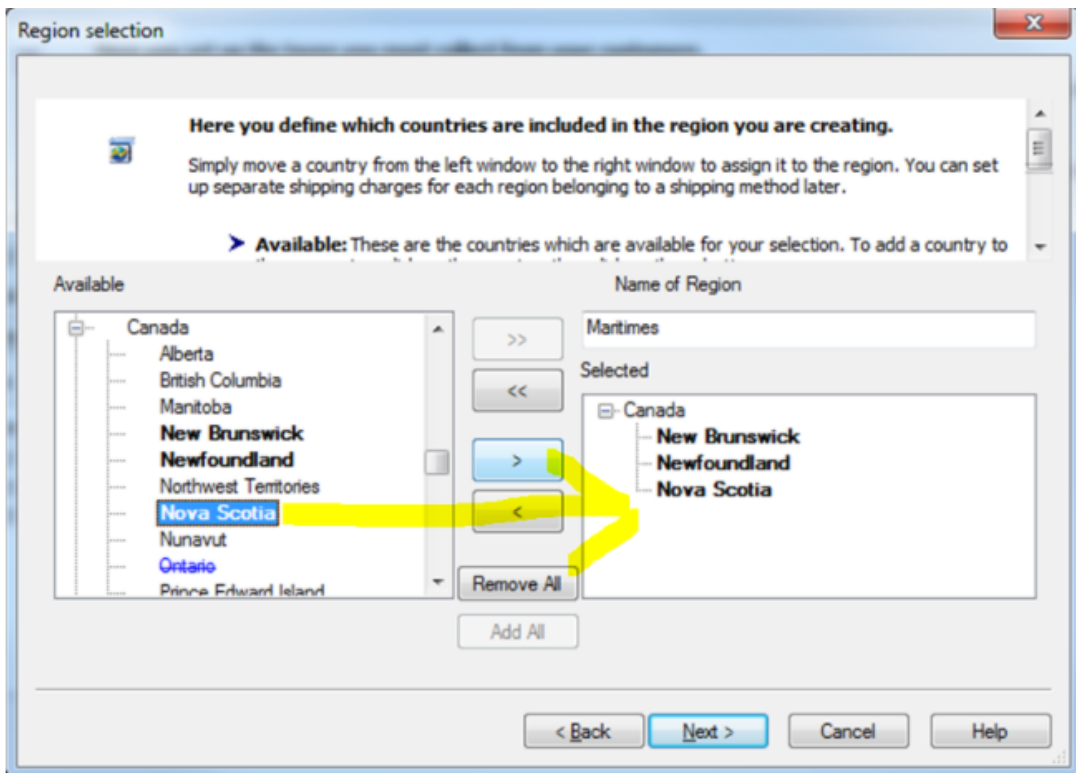
The screenshot shows a 'Tax Wizard' dialog box with the following fields and options:

- Name of the tax:** HST-Maritimes-Shipping
- Enter the tax rate:** 15.000%
- Tax applies to:**
 - Apply the tax to shipping
 - all existing and new products
 - all new products
 - all existing products
 - create tax only
- Where does the tax apply?:**
 - Canada
 - Other region
 - Canada, Ontario

Buttons at the bottom: < Back, Next >, Cancel, Help.

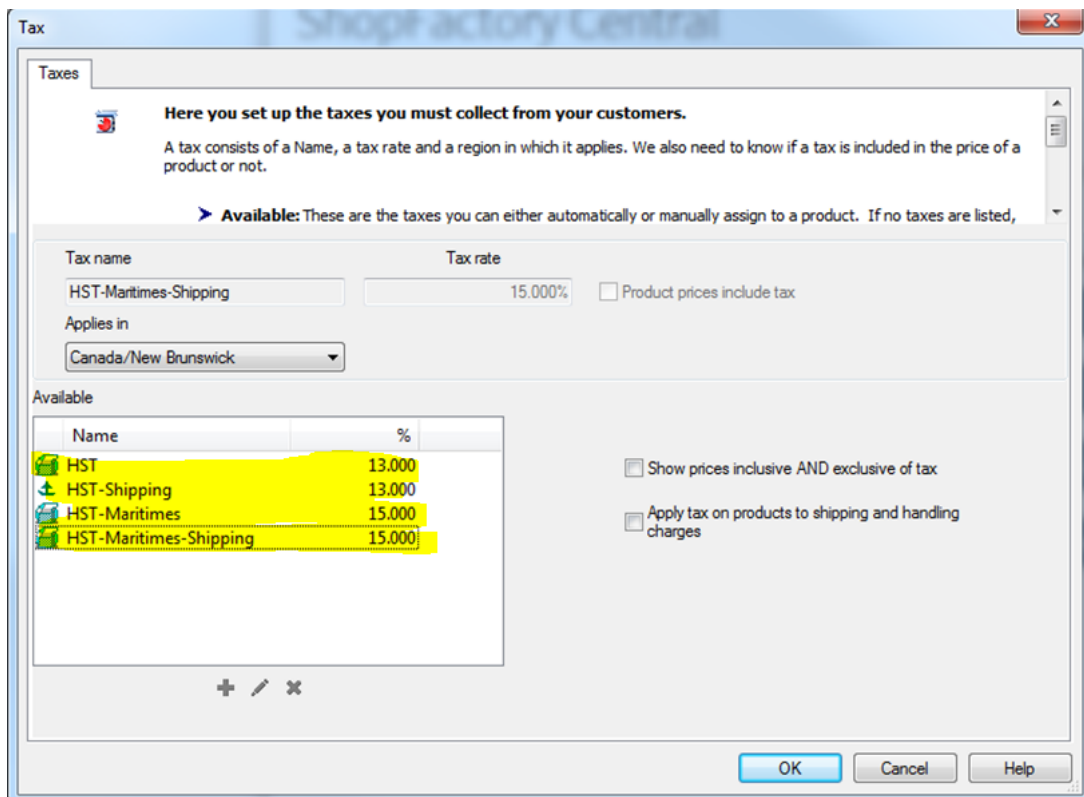
Click Next.

Name the region "Maritimes" and choose / add each province to the Selected regions:



Click Next and again uncheck "Allow Customers with Sales tax..." and "Prices include this tax"

Your Tax window should now look like this:



NOTE - Going forward, for each province we have provided final screen shots to shorten this article. The same principle applies for each as in above 2A/2B and 3A/3B.

Step 4A - HST for Prince Edward Island (P.E.I)

Click the + to add HST for PEI:

The screenshot shows the 'Tax Wizard' dialog box. At the top, it says 'Here you enter the tax details and define, to which products the tax should be automatically applied.' Below this, there are two instructions: 'Name of Tax: This tax name will be shown to your customers.' and 'Tax rate: This is the tax rate you will charge in percent of the price. ShopFactory uses'. The 'Name of the tax' field contains 'HST-PEI' and the 'Enter the tax rate' field contains '14.000%'. Under 'Tax applies to', there are four radio button options: 'Apply the tax to shipping' (unchecked), 'all existing and new products' (selected), 'all new products' (unchecked), and 'create tax only' (unchecked). Under 'Where does the tax apply?', there are three radio button options: 'Canada' (unchecked), 'Other region' (selected), and 'Canada, Ontario' (unchecked). At the bottom, there are four buttons: '< Back', 'Next >', 'Cancel', and 'Help'.

The screenshot shows the 'Region selection' dialog box. At the top, it says 'Here you define which countries are included in the region you are creating.' Below this, it says 'Simply move a country from the left window to the right window to assign it to the region. You can set up separate shipping charges for each region belonging to a shipping method later.' There is an instruction: 'Available: These are the countries which are available for your selection. To add a country to'. The dialog is split into two panes. The left pane, titled 'Available', contains a list of Canadian provinces and territories: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island (highlighted with a blue selection bar), and Quebec. The right pane, titled 'Name of Region', contains a text field with 'PEI' and a list of selected regions: 'Canada' (with a checkbox) and 'Prince Edward Island'. A yellow arrow points from the 'Prince Edward Island' entry in the 'Available' list to the 'Prince Edward Island' entry in the 'Selected' list. At the bottom, there are four buttons: '< Back', 'Next >', 'Cancel', and 'Help'.

Step 4B - HST on Shipping for Prince Edward Island (P.E.I)

Click the + to add HST-Shipping for PEI:

Tax Wizard

Here you enter the tax details and define, to which products the tax should be automatically applied.

> **Name of Tax:** This tax name will be shown to your customers.
 > **Tax rate:** This is the tax rate you will charge in percent of the price. ShopFactory uses

Name of the tax:

Enter the tax rate:

Tax applies to

Apply the tax to shipping
 all existing and new products
 all new products
 all existing products
 create tax only

Where does the tax apply?

Canada
 Other region
 Canada, Ontario

< Back Next > Cancel Help

The Tax window should now look like this:

Tax

Here you set up the taxes you must collect from your customers.

A tax consists of a Name, a tax rate and a region in which it applies. We also need to know if a tax is included in the price of a product or not.

> **Available:** These are the taxes you can either automatically or manually assign to a product. If no taxes are listed,

Tax name: Tax rate: Product prices include tax

Applies in:

Available

Name	%
HST	13.000
HST-Shipping	13.000
HST-Maritimes	15.000
HST-Maritimes-Shipping	15.000
HST-PEI	14.000
HST-PEI-Shipping	14.000

Show prices inclusive AND exclusive of tax
 Apply tax on products to shipping and handling charges

+ / x

OK Cancel Help

Step 5A - GST - For provinces (outside Ontario in this example) you only need to charge GST on: Alberta, Manitoba, Saskatchewan, British Columbia, NWT (Northwest Territories, Nanuvut, Yukon and Quebec*

Click the + Button to add a new Tax = GST (for products);

Tax Wizard

Here you enter the tax details and define, to which products the tax should be automatically applied.

> **Name of Tax:** This tax name will be shown to your customers.
 > **Tax rate:** This is the tax rate you will charge in percent of the price. ShoFactory uses

Name of the tax: 5.000%

Enter the tax rate:

Tax applies to

Apply the tax to shipping all existing and new products all new products
 all existing products
 create tax only

Where does the tax apply?

Canada Other region
 Canada, Ontario

< Back Next > Cancel Help

Step 5B - GST on Shipping - For provinces (outside Ontario in this example) you only need to charge GST on: Alberta, Manitoba, Saskatchewan, British Columbia, NWT (Northwest Territories, Nunavut, Yukon and Quebec*

Click the + Button to add a new tax and check-off "Apply the tax to shipping":

Tax Wizard

Here you enter the tax details and define, to which products the tax should be automatically applied.

> **Name of Tax:** This tax name will be shown to your customers.
 > **Tax rate:** This is the tax rate you will charge in percent of the price. ShoFactory uses

Name of the tax: 5.000%

Enter the tax rate:

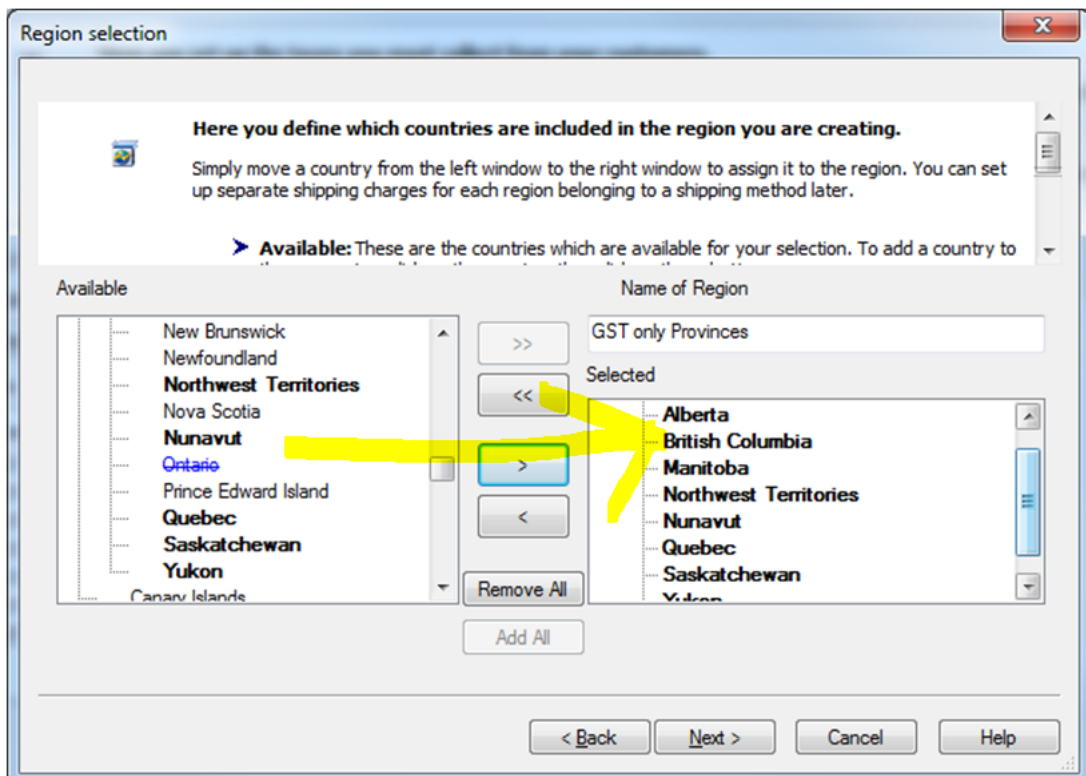
Tax applies to

Apply the tax to shipping all existing and new products all new products
 all existing products
 create tax only

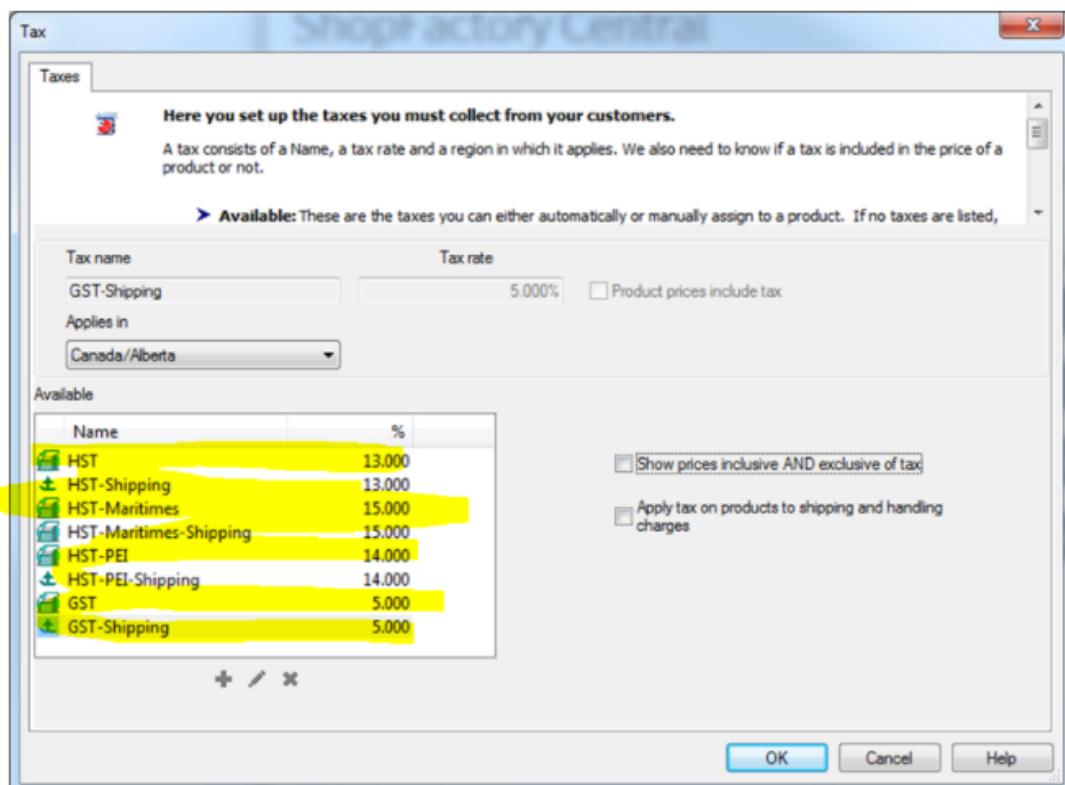
Where does the tax apply?

Canada Other region
 Canada, Ontario

< Back Next > Cancel Help



Click Finish, you should now have a main tax window similar to this:



Then click OK and you're done!

SPECIAL SET-UP FOR QUEBEC MERCHANTS ONLY (Or, if you're outside Quebec but registered to charge QVC / QST / Quebec Provincial Sales Tax.

Quebec is the only province in Canada which “Piggy Backs” or charges Tax-ON-Tax. The GST is first charged on the sub-total of your customer’s order - then QVC / QST is added on top of the Sub-Total + GST values. **ShopFactory is set-up to handle this sales tax situation correctly!**

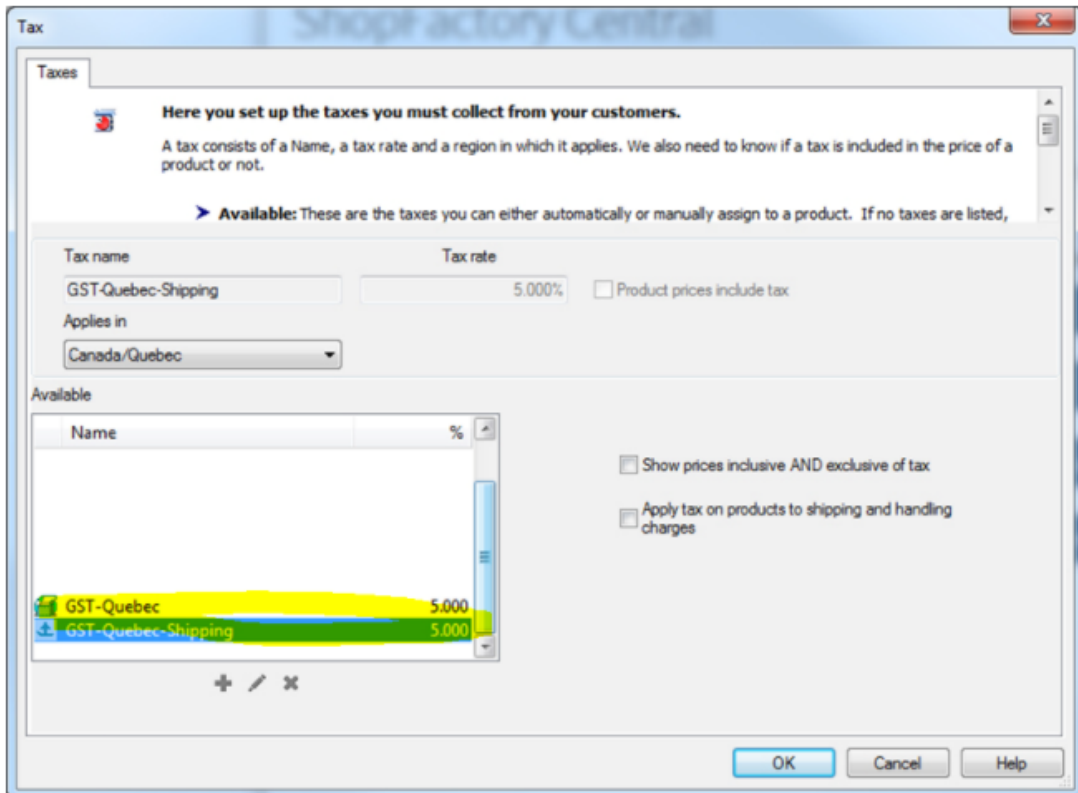
In this case, you will need to set-up a Separate GST tax for Quebec as outlined:

(Under “Where does the tax apply” - If Quebec is your home province already, you would not choose “Other region” - you should already see “Canada, Quebec”).

The screenshot shows a 'Tax Setup' dialog box with the following fields and options:

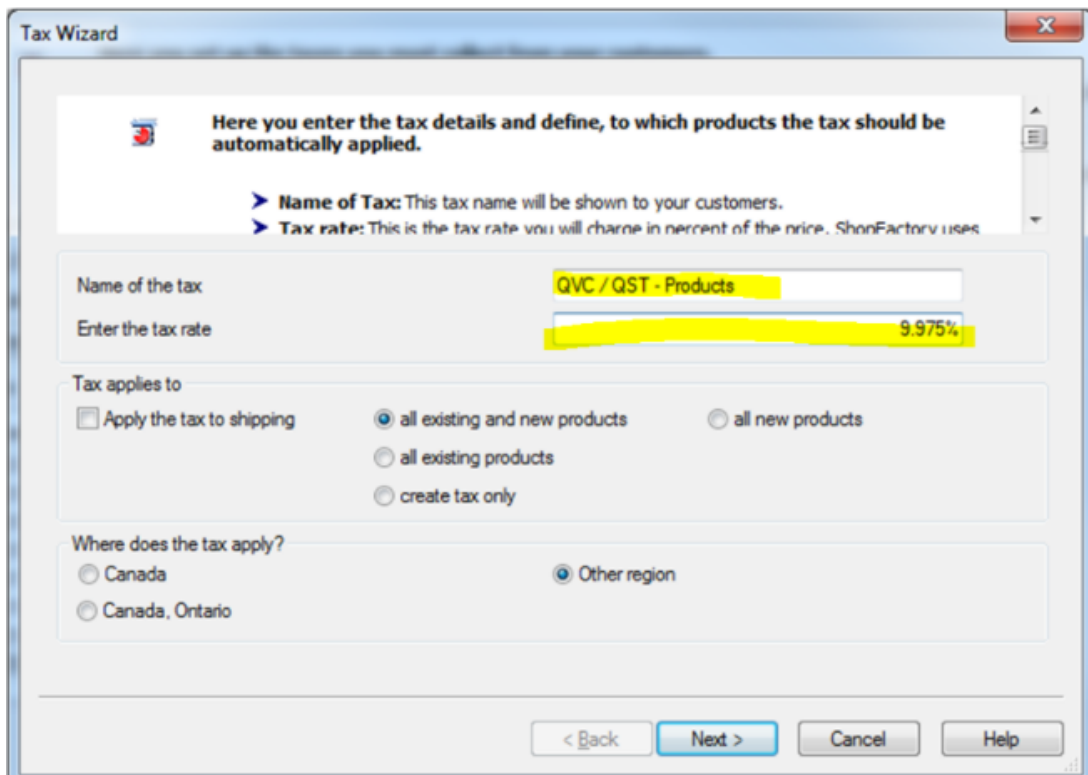
- Instructions:**
 - Tax applied to:** This defines to which products this tax will be automatically applied. You can also only create the tax and later manually assign it to each product. 'Apply tax to shipping' is only available, if on the first page of the Tax Wizard under 'Properties' you have NOT selected 'Tax on product applies to shipping'. In this case the tax you are creating will only be applied to shipping costs.
 - Where does the tax apply?:** This defines the region in which the tax will be charged —
- Name of the tax:** GST-Quebec
- Enter the tax rate:** 5.000%
- Tax applies to:**
 - Apply the tax to shipping
 - all existing and new products
 - all new products
 - all existing products
 - create tax only
- Where does the tax apply?:**
 - Canada
 - Other region
 - Canada, Ontario
- Buttons:** < Back, Next >, Cancel, Help

Again add your GST on shipping and you should end up with a window like this:



ADDING QUEBEC Tax-ON-TAX / QVC / QST:

Click the + button to add a new tax, label it QVC / QST (Or, other preference title):



IMPORTANT STEP - Check-off "ADD THIS TAX ON OTHER TAXES":

Tax Setup Final

These are the details of the tax you have set up. Please define if this tax is included in all prices in the shop.

You can also set up, if you allow customers to use their tax exemption number to avoid paying tax to you.

Name of tax: QVC / QST - Products

Tax rate: 9.975%

Tax applies in: Canada/Quebec

Text displayed with product (incl. QVC / QST - Pr):

Text displayed with product (excl. QVC / QST - P):

Allow customers with Sales Tax exemptions to remove sales tax from charges

Prices include this tax

Add this tax on other taxes

< Back Finish Cancel Help

Now repeat this for the SHIPPING as well:

Tax Wizard

Here you enter the tax details and define, to which products the tax should be automatically applied.

> **Name of Tax:** This tax name will be shown to your customers.

> **Tax rate:** This is the tax rate you will charge in percent of the price. ShopFactory uses

Name of the tax: QVC / QST - Shipping

Enter the tax rate: 9.975%

Tax applies to:

Apply the tax to shipping

all existing and new products

all existing products

create tax only

Where does the tax apply?

Canada

Canada, Ontario

Other region

< Back Next > Cancel Help

Tax Setup Final

These are the details of the tax you have set up. Please define if this tax is included in all prices in the shop.

You can also set up, if you allow customers to use their tax exemption number to avoid paying tax to you.

Name of tax: QVC / QST - Shipping

Tax rate: 9.975%

Tax applies in: Canada/Quebec

Text displayed with product (incl. QVC / QST - S):

Text displayed with product (excl. QVC / QST - S):

Allow customers with Sales Tax exemptions to remove sales tax from charges

Prices include this tax

Add this tax on other taxes

< Back Finish Cancel Help

You should now have a window which looks like this:

Tax

Here you set up the taxes you must collect from your customers.

A tax consists of a Name, a tax rate and a region in which it applies. We also need to know if a tax is included in the price of a product or not.

Available: These are the taxes you can either automatically or manually assign to a product. If no taxes are listed,

Tax name: QVC / QST - Shipping Tax rate: 9.975% Product prices include tax

Applies in: Canada/Quebec

Available

Name	%
GST-Quebec	5.000
GST-Quebec-Shipping	5.000
QVC / QST - Products	9.975
QVC / QST - Shipping	9.975

Show prices inclusive AND exclusive of tax

Apply tax on products to shipping and handling charges

OK Cancel Help