Canadian Tax Set-up

Jobelle C. - 2021-09-01 - Shipping and Taxes

Please refer to the Canada Revenue Agency's website for current HST / GST and Provicial 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.

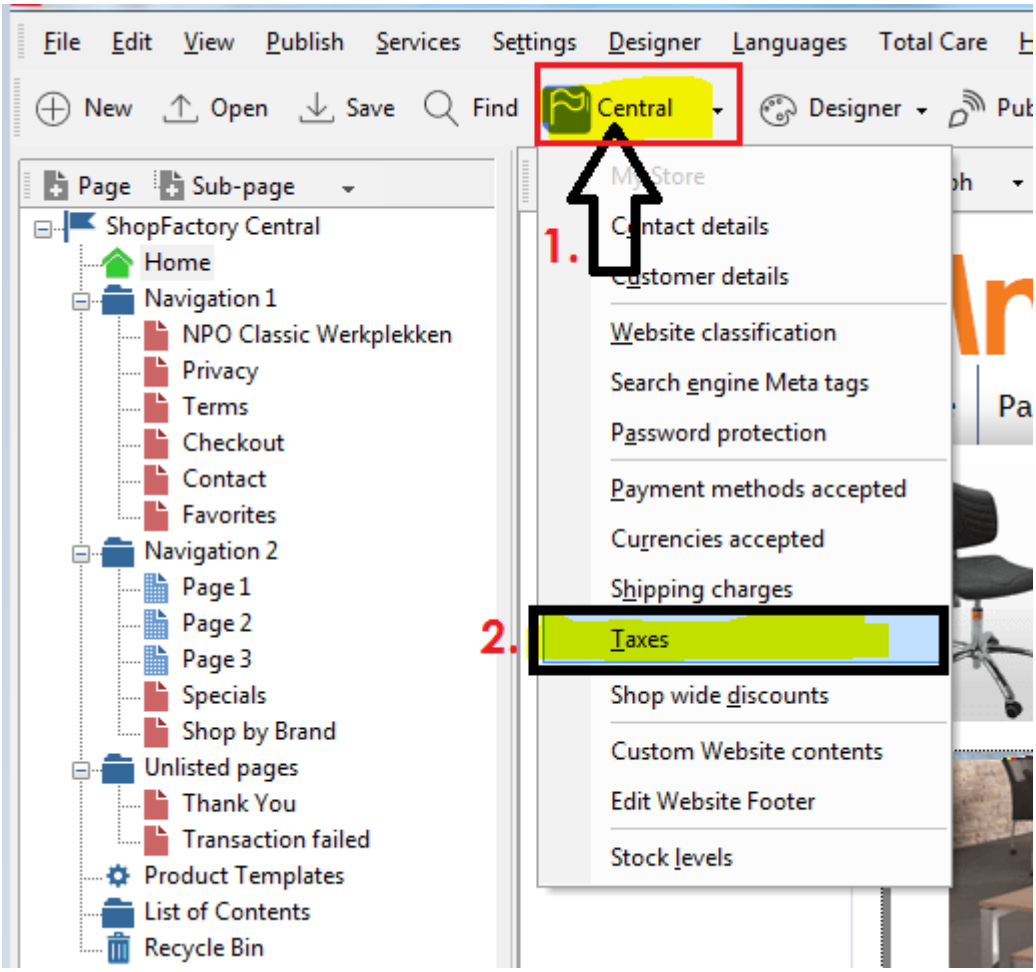
As each HOME PROVINCE you sell from may be set-up differently, this is a general example guideline for each province only. The only exceptions is if your home province is QUEBEC (Quebec QVC / QST details at the end of this FAQ article if this is your home province or you charge or are registered to charge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



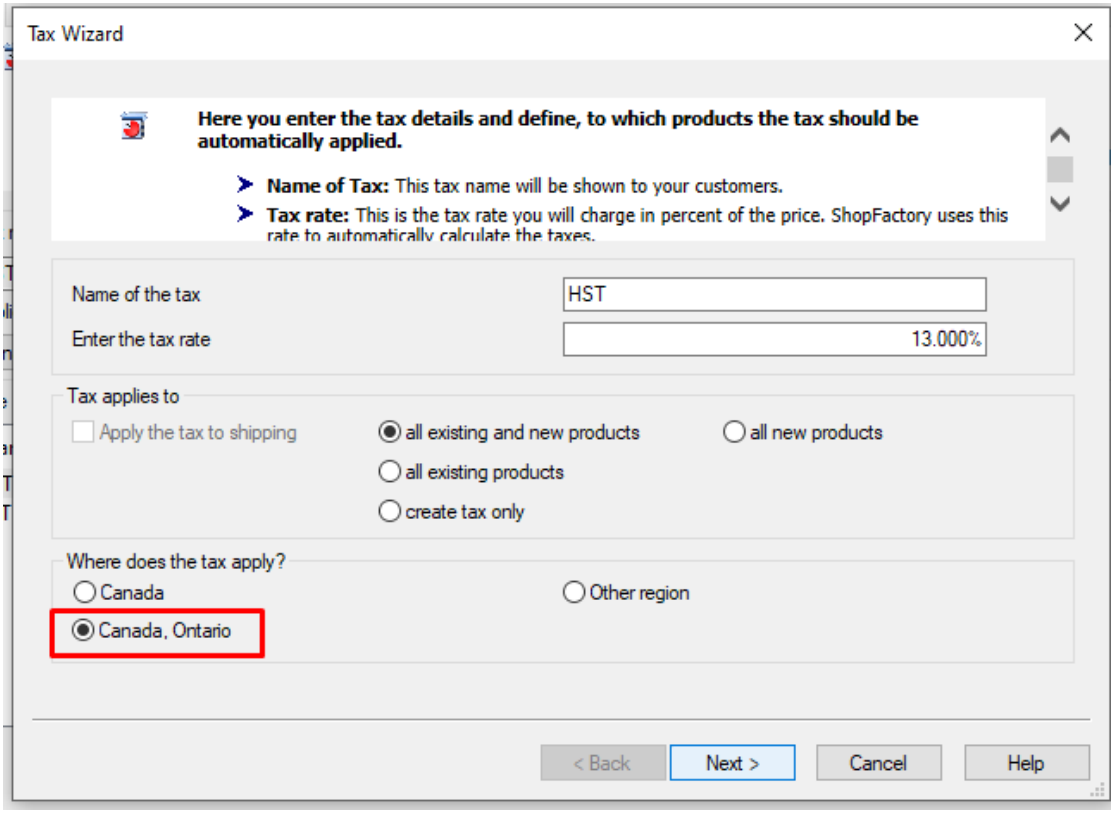
Step 2A:

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:

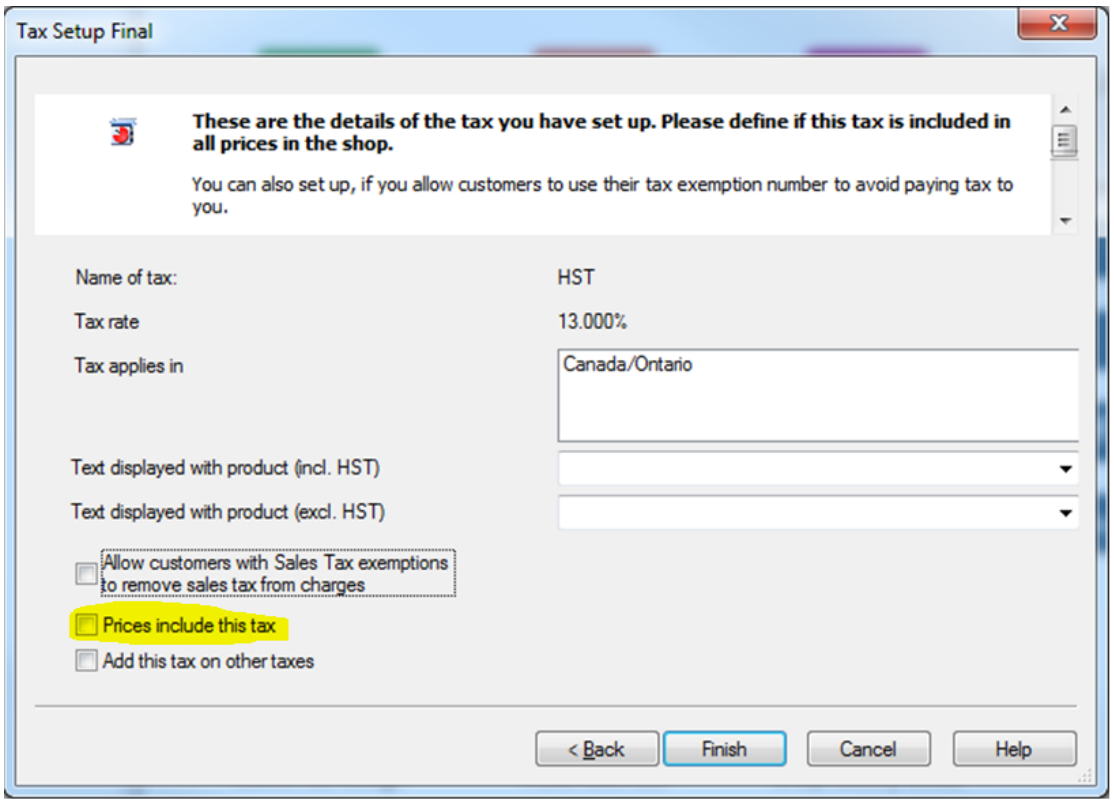
(NOTE: This first HST for ONTARIO will apply to “All existing and new products”. A secondary HST for tax on shipping charges will be set-up later.)



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*”.

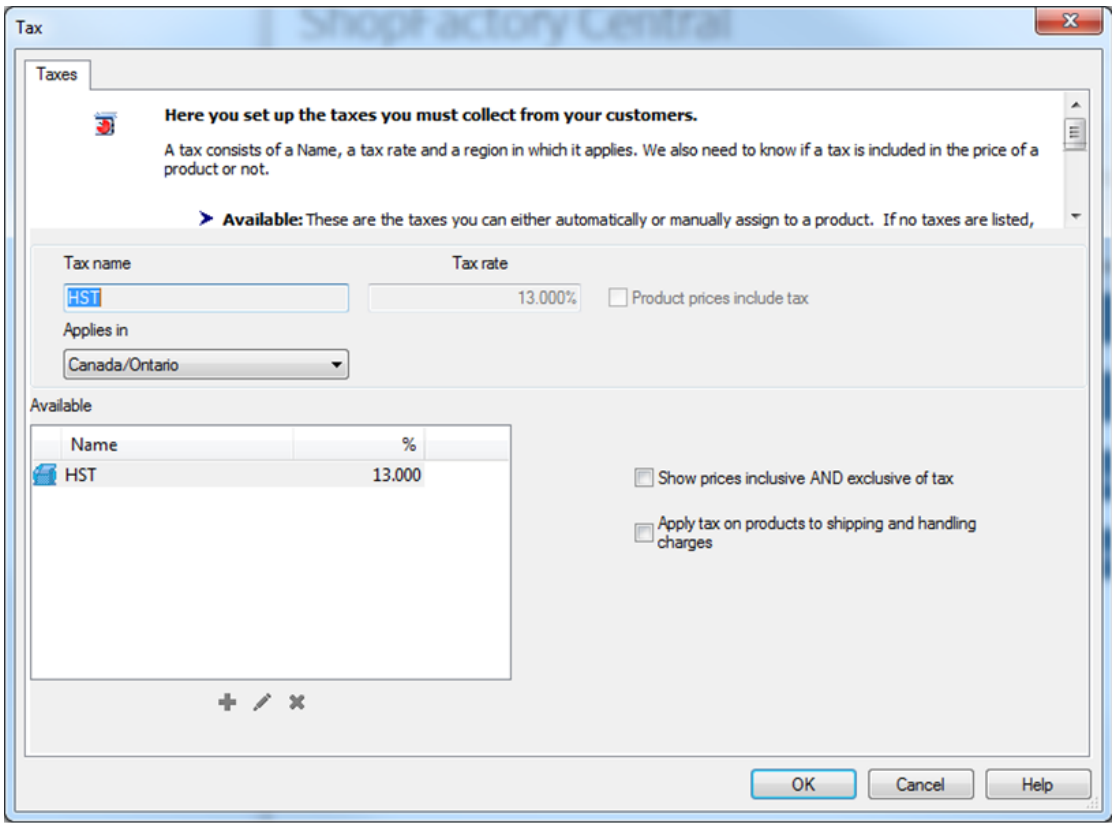
Also, uncheck “Allow customers with Sales Tax Exemptions to remove sales tax. (It is NOT recommended to use this feature in most cases. Check with your Government website or office to confirm tax exemption regulations, as some may apply in specific situations and allowing customers to remove tax may 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.):



Click "Finish".

Step 2B:

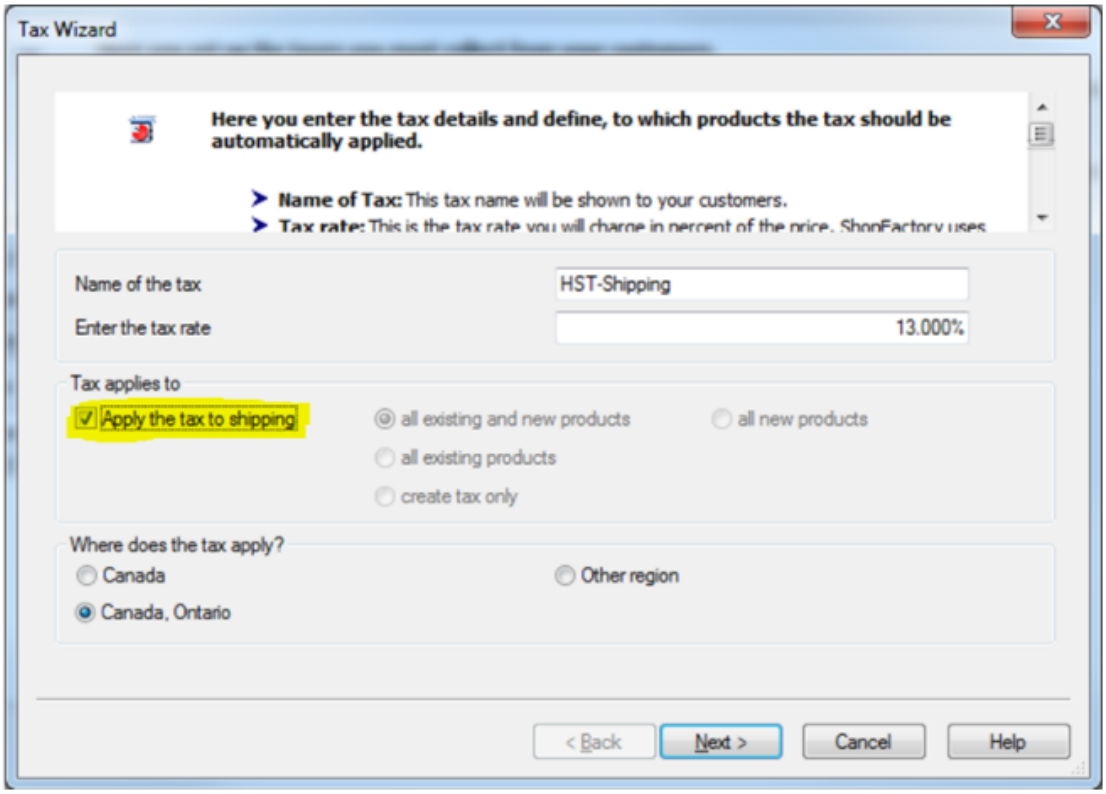
In the main tax window, you will now have your Main Provincial HST for Ontario set-up. Other provinces will have either a different HST or GST main tax; see steps below this for your province - as the main Sales Tax applies to each province individually in most cases:



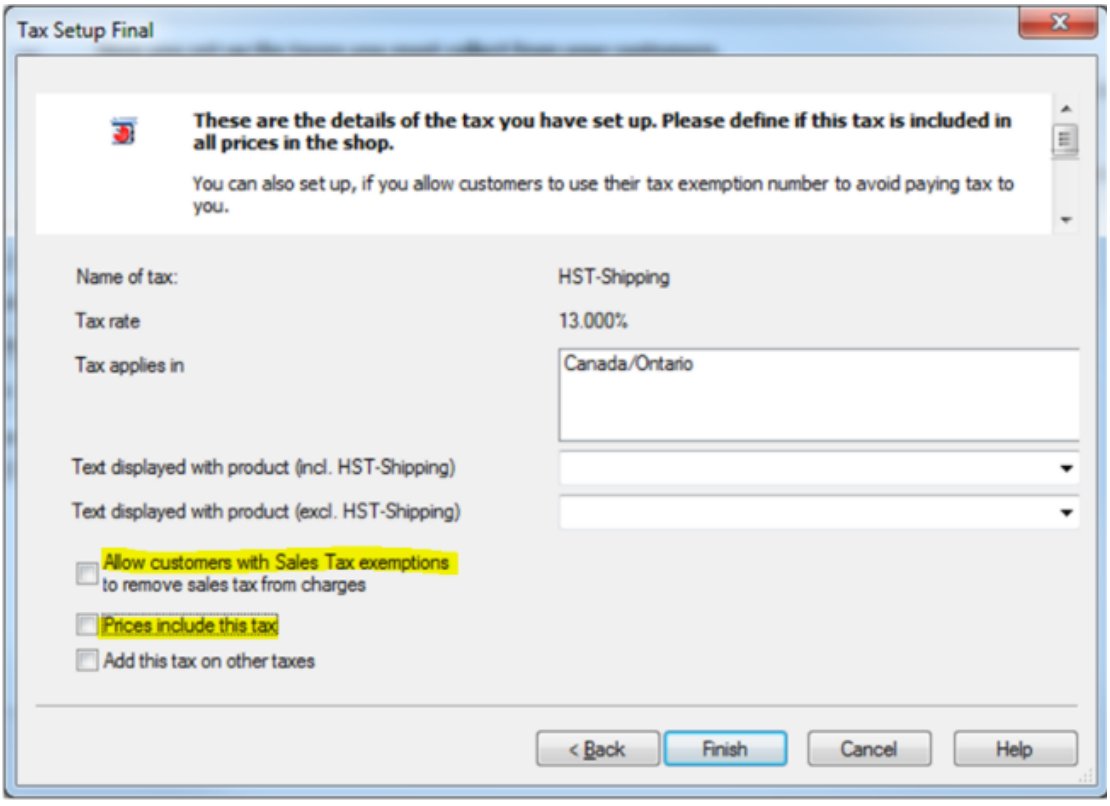
(SPECIAL NOTE: In this window - make sure you have “Show prices inclusive AND exclusive of tax” and “Apply

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.)

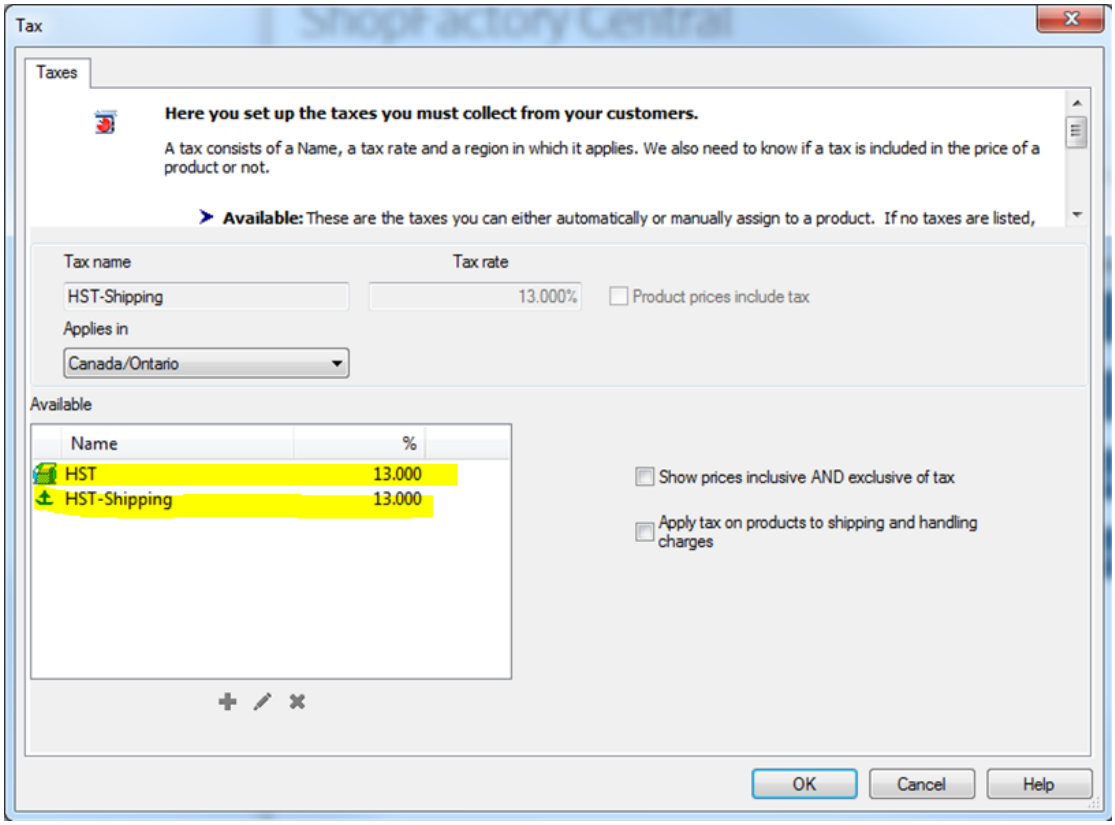
To add HST to SHIPPING for Ontario - click the + button below the main tax box and check off the "Apply the tax to shipping" = NAME: HST-Shipping, 13% - leave "Canada, Ontario" checked off as well:



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



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



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, us your own HST identifier if you prefer, such as HST-2)

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

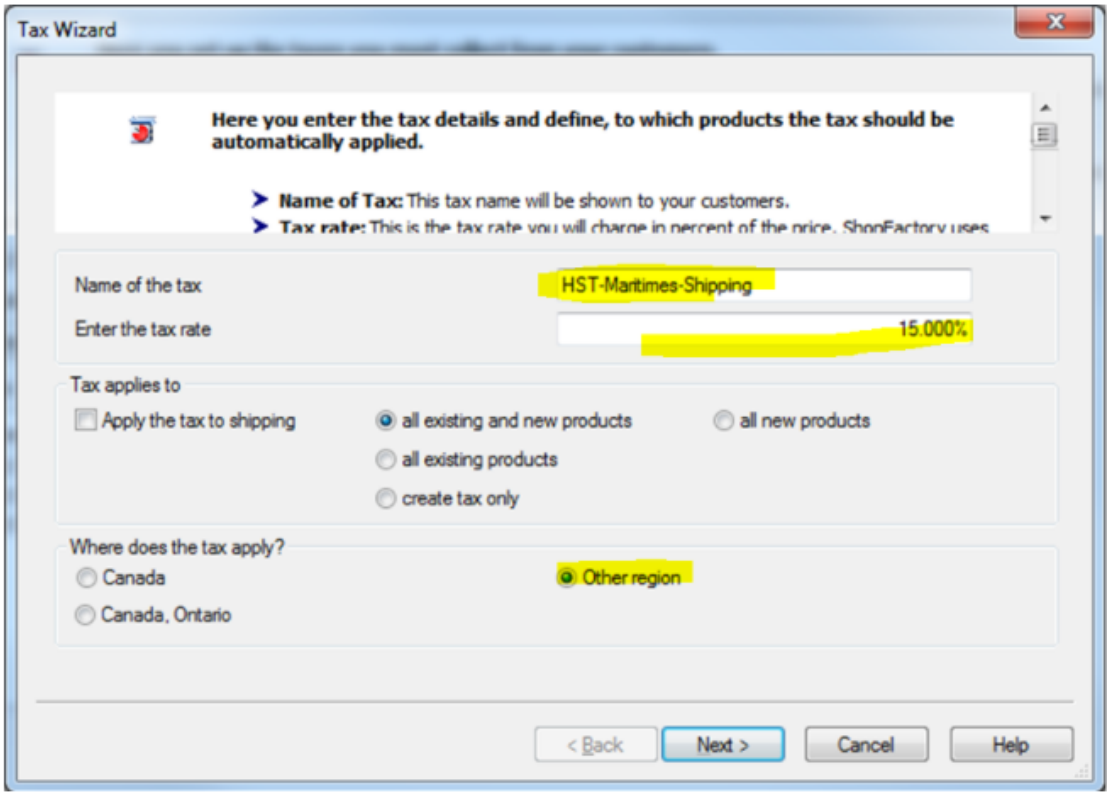
Click Next and in the next window - select one by one and add the provinces the 15% HST applies to

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

And click Finish.

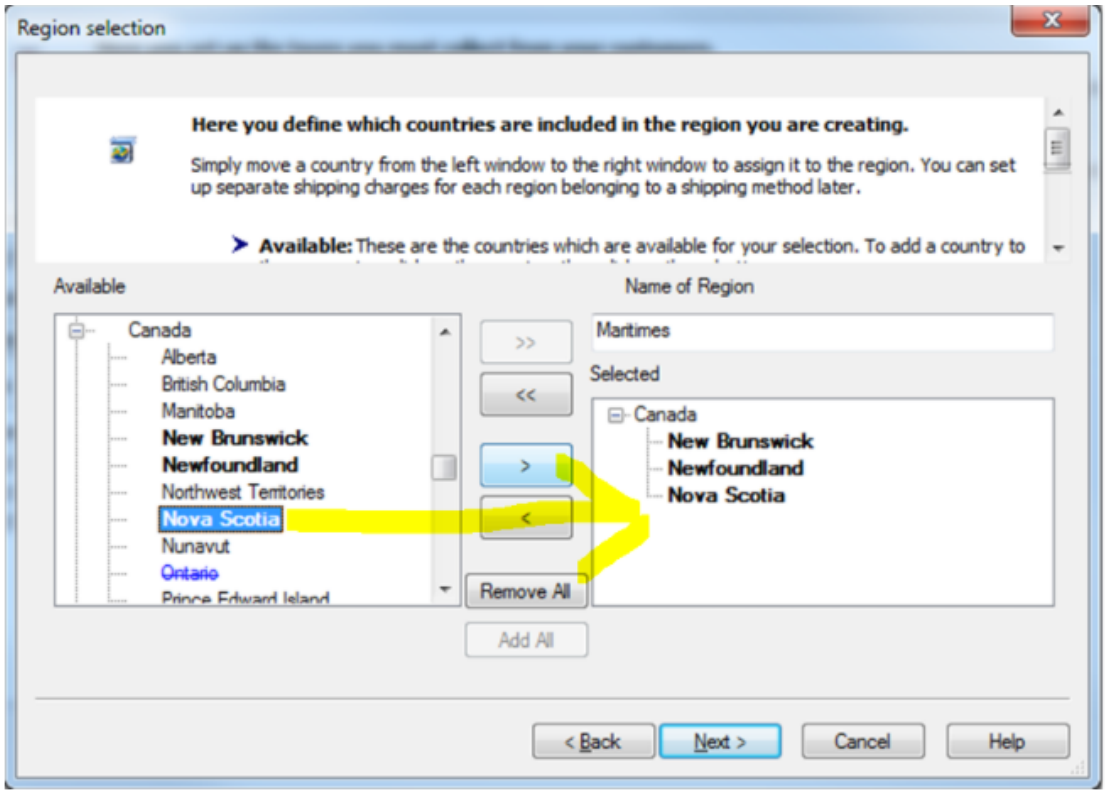
Step 3A - HST on Shipping for New Brunswick, Newfoundland/Labrador, and Nova Scotia:

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”:



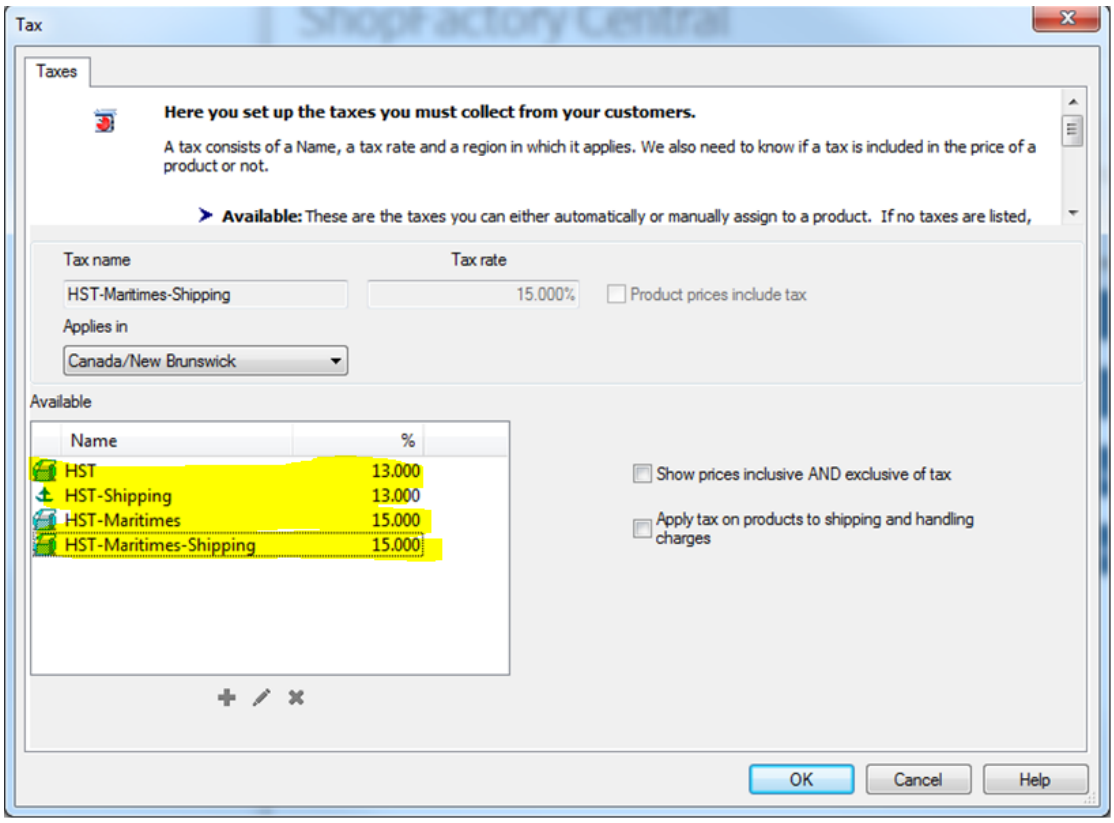
Click Next.

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"

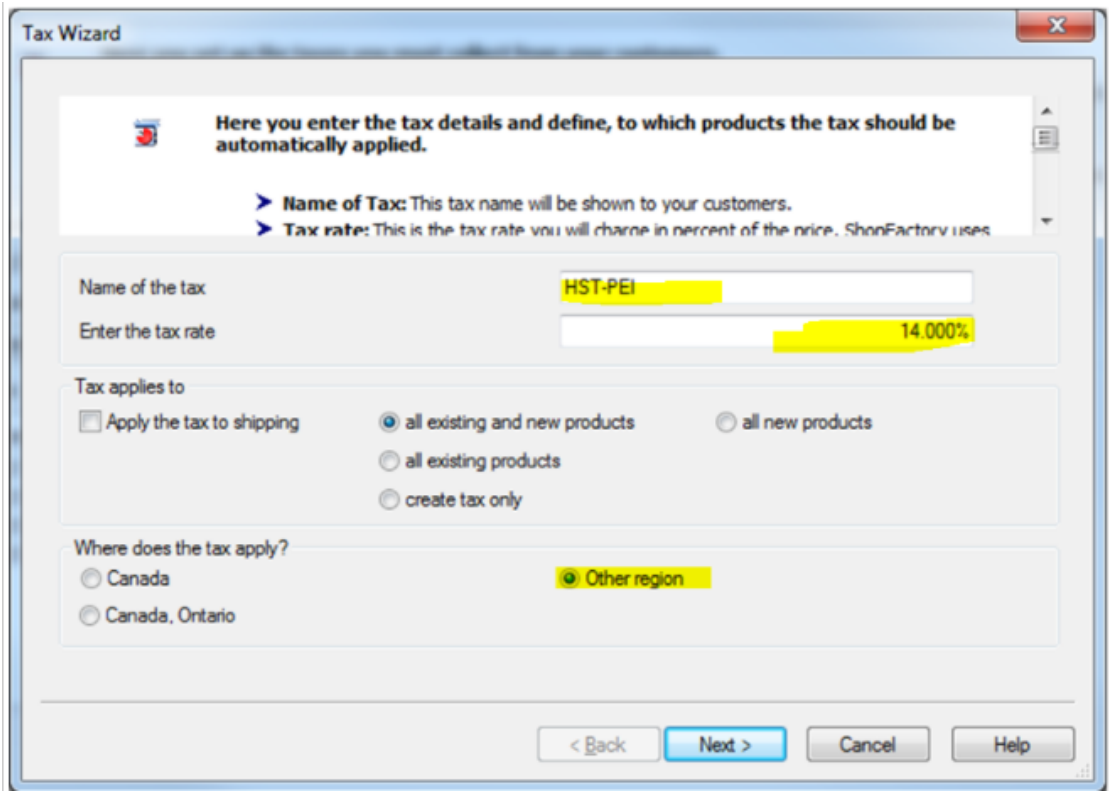
Your Tax window should now look like this:

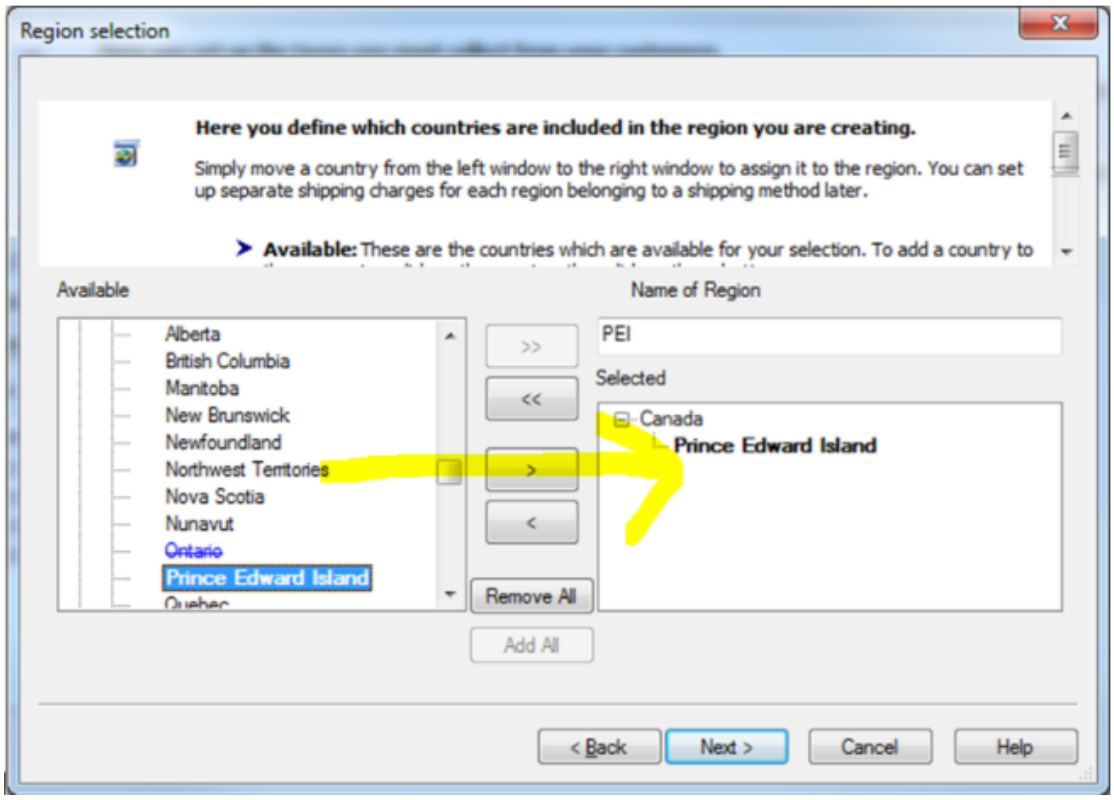


NOTE - Going forward, for each province we have provided final screen shots to shorten this article. The same principle applies for each as in above 2A/2B and 3A/3B.

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

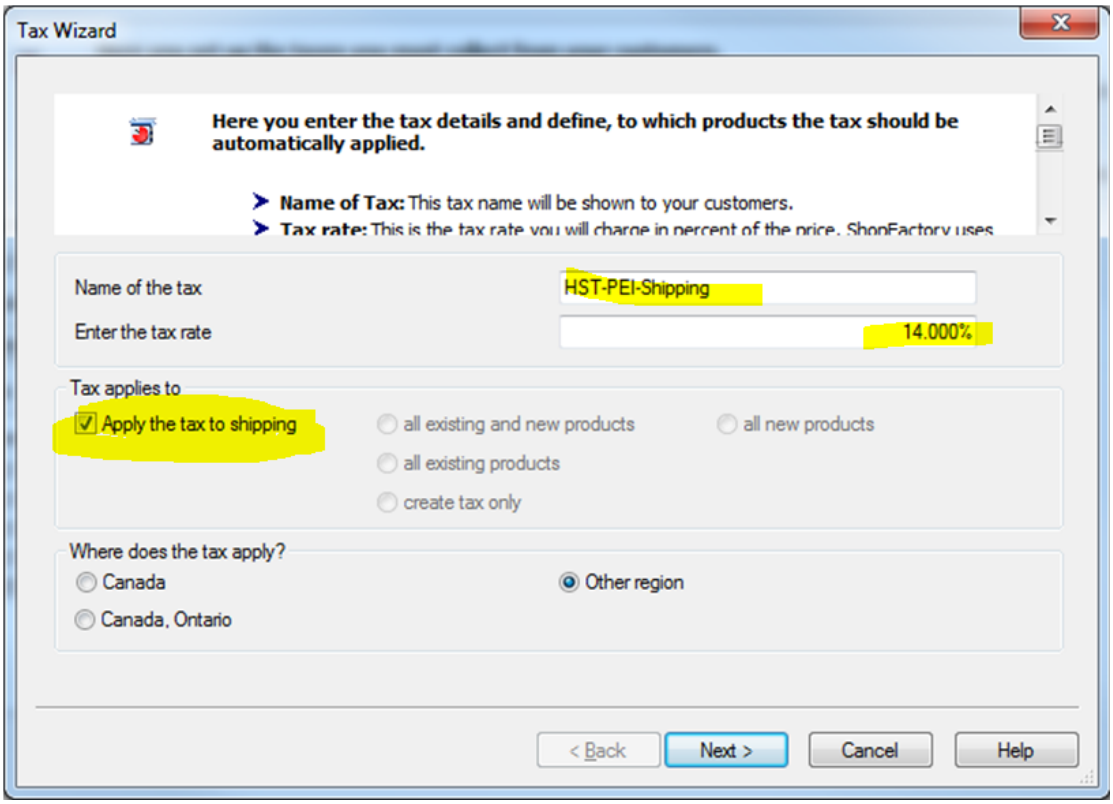
Click the + to add HST for PEI:



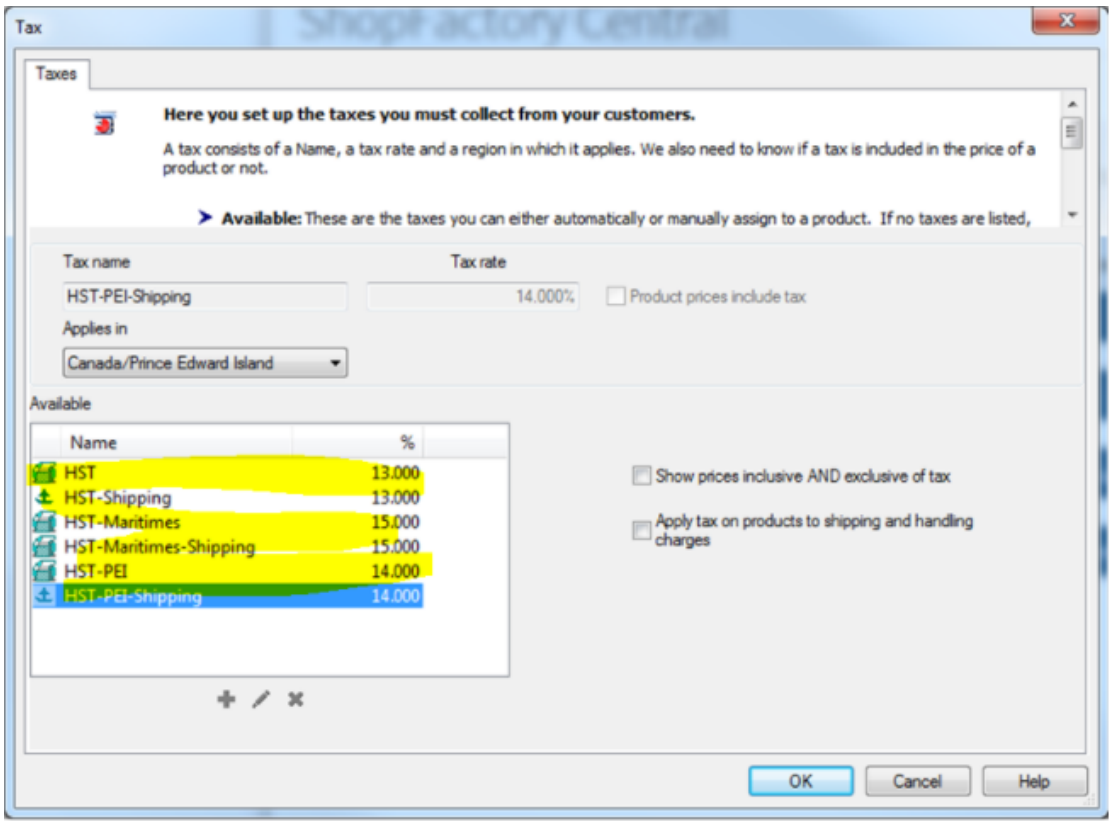


Step 4B - HST on Shipping for Prince Edward Island (P.E.I)

Click the + to add HST-Shipping for PEI:

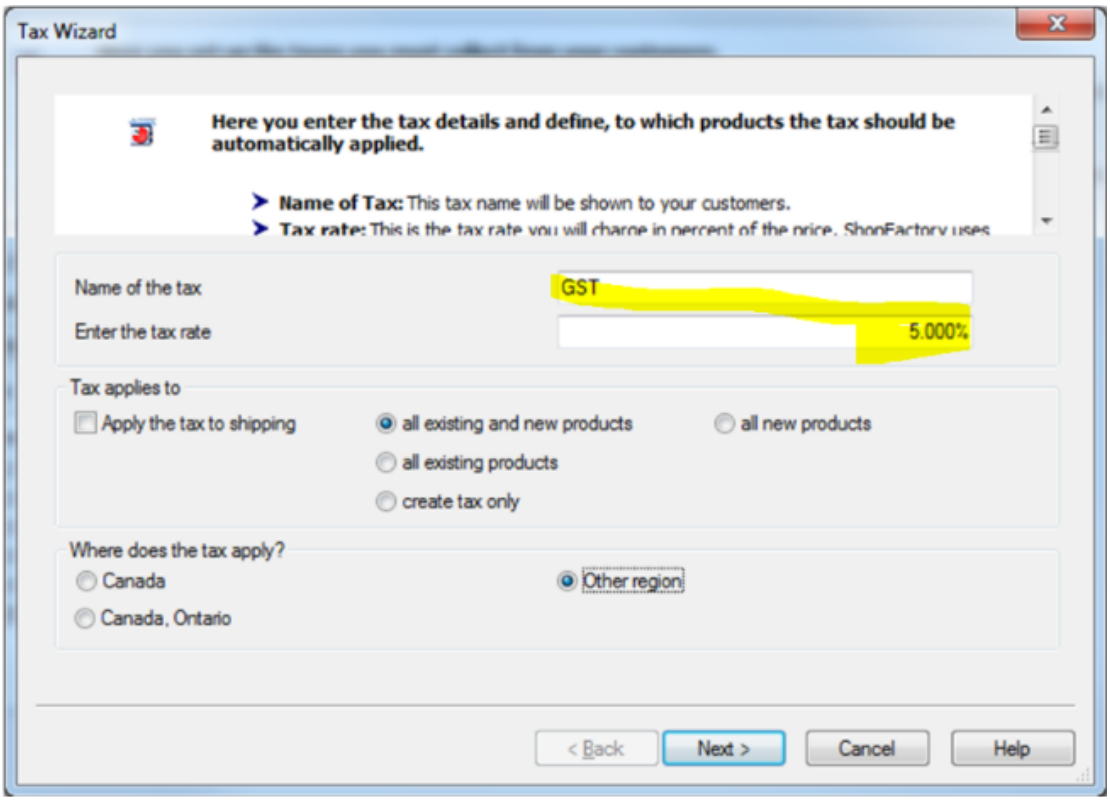


The Tax window should now look like this:



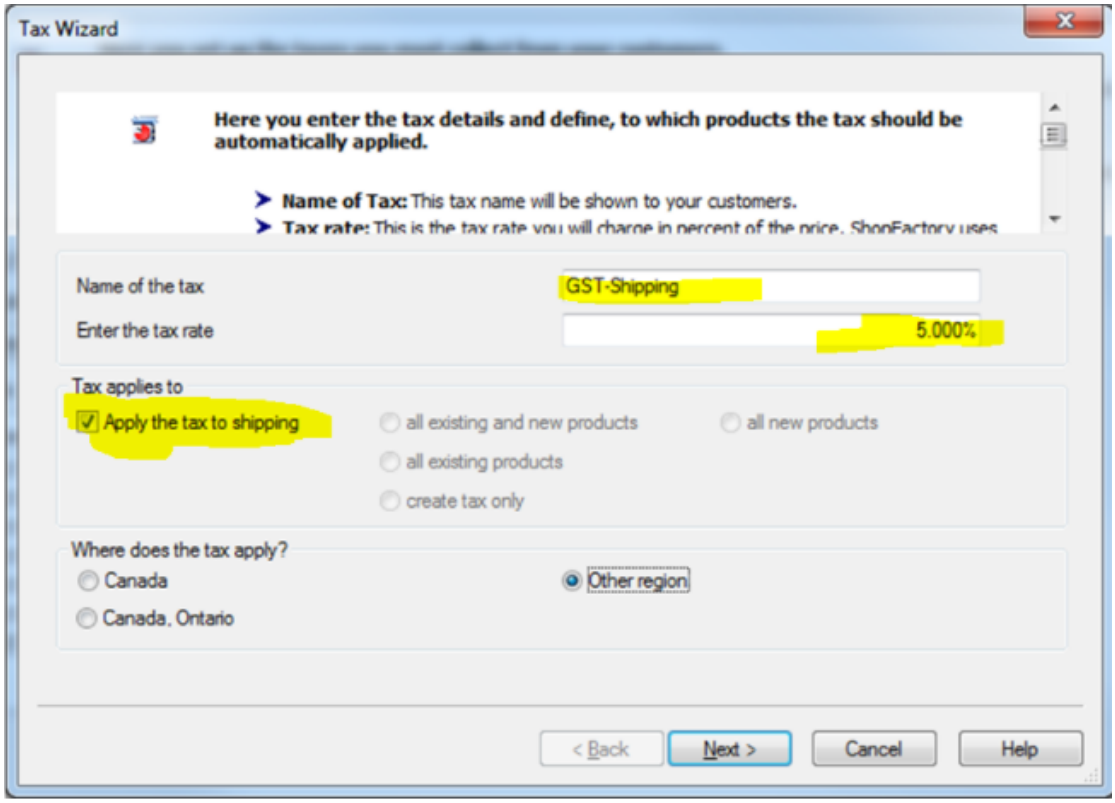
Step 5A - GST - For provinces (outside Ontario in this example) you only need to charge GST on: Alberta, Manitoba, Saskatchewan, British Columbia, NWT (Northwest Territories, Nanuvut, Yukon and Quebec*

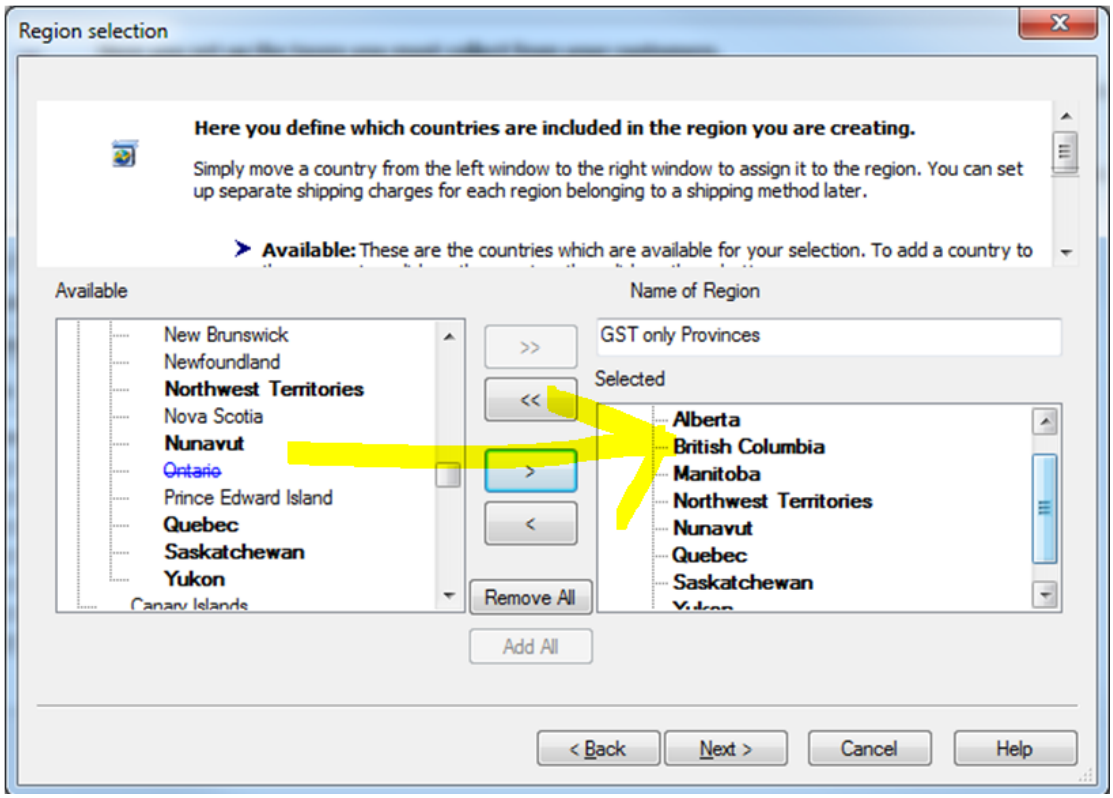
Click the + Button to add a new Tax = GST (for products);



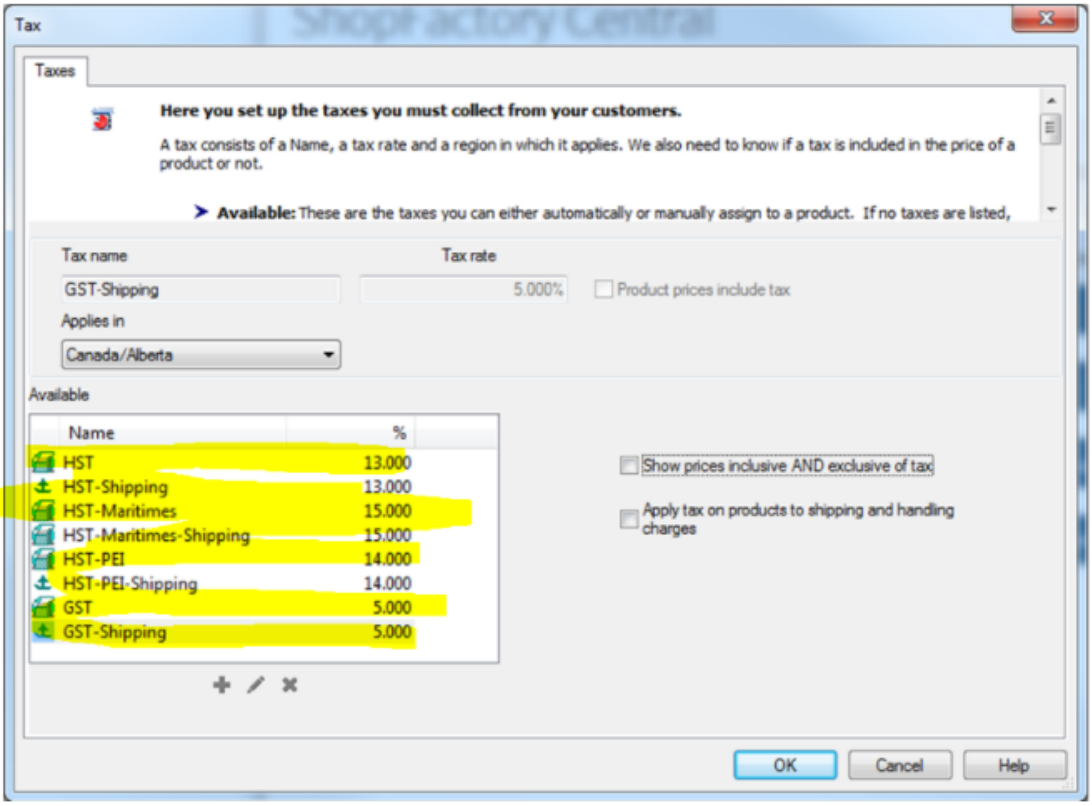
Step 5B - GST on Shipping - For provinces (outside Ontario in this example) you only need to charge GST on: Alberta, Manitoba, Saskatchewan, British Columbia, NWT (Northwest Territories, Nanuvut, Yukon and Quebec*

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





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



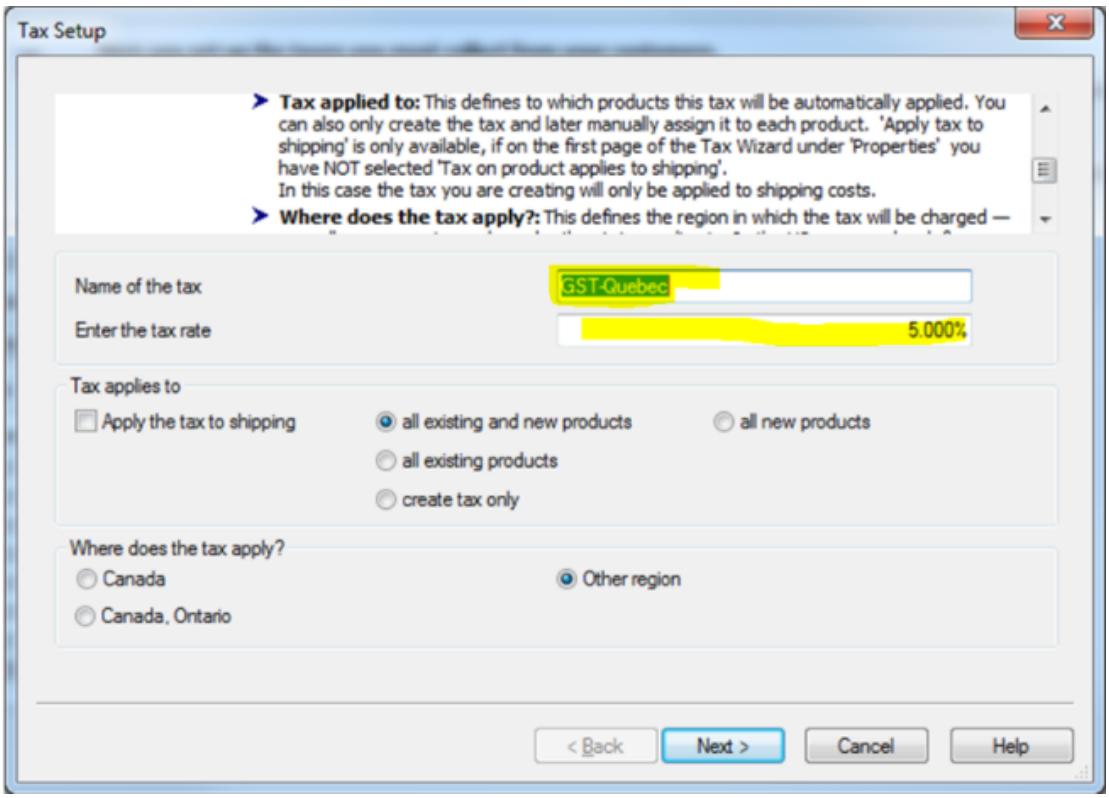
Then click OK and you're done!

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

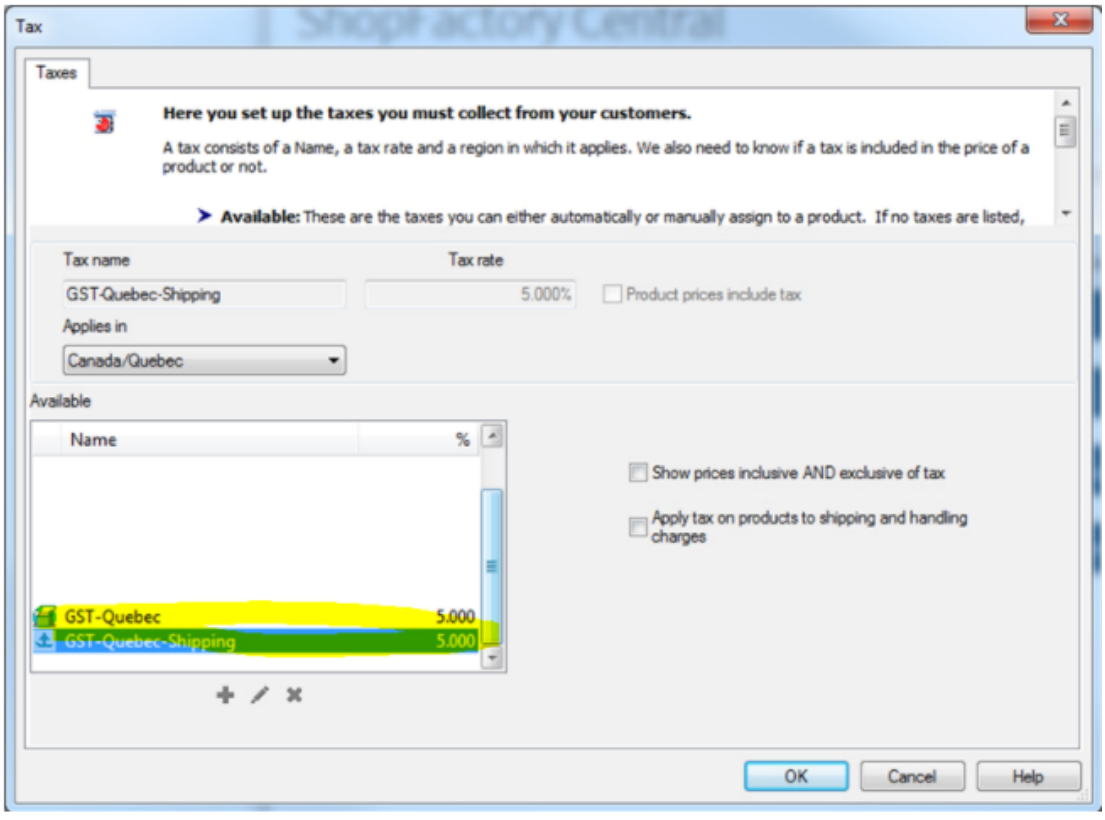
Quebec is the only province in Canada which "Piggy Backs" or charges Tax-ON-Tax. The GST is first charged on the sub-total of your customer's order - then QVC / QST is added on top of the Sub-Total + GST values. **ShopFactory is set-up to handle this sales tax situation correctly!**

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").

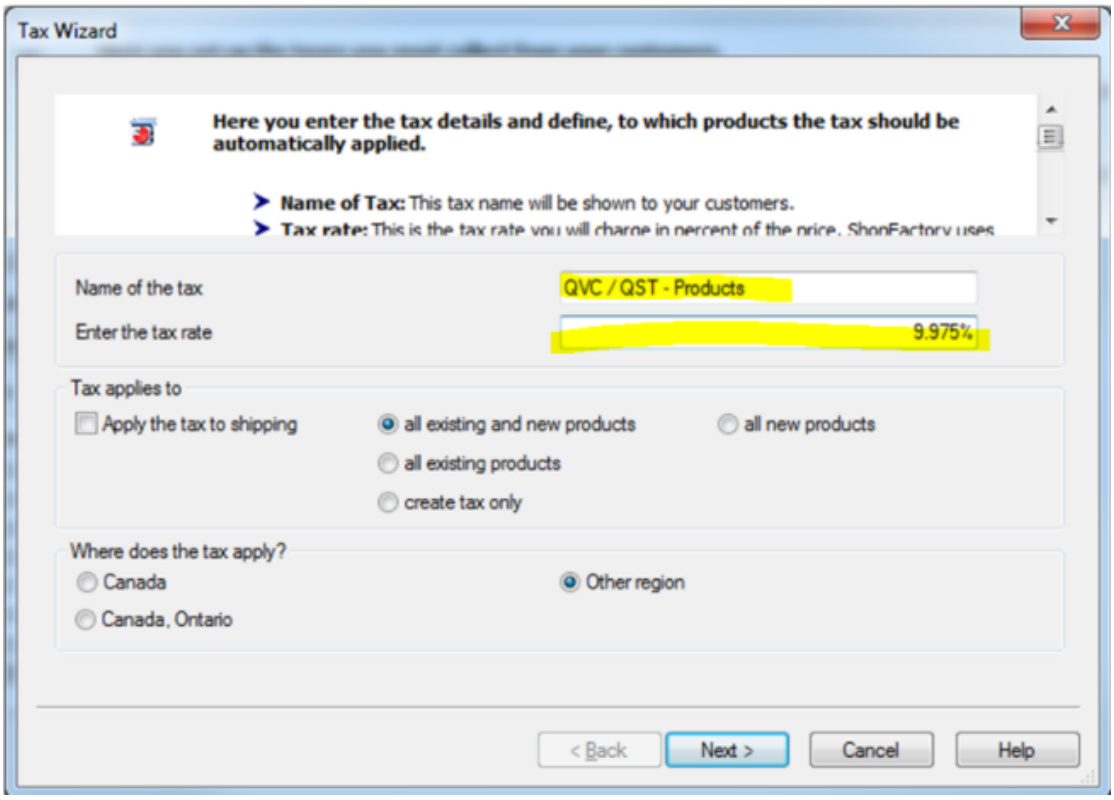


Again add your GST on shipping and you should end up with a window like this:

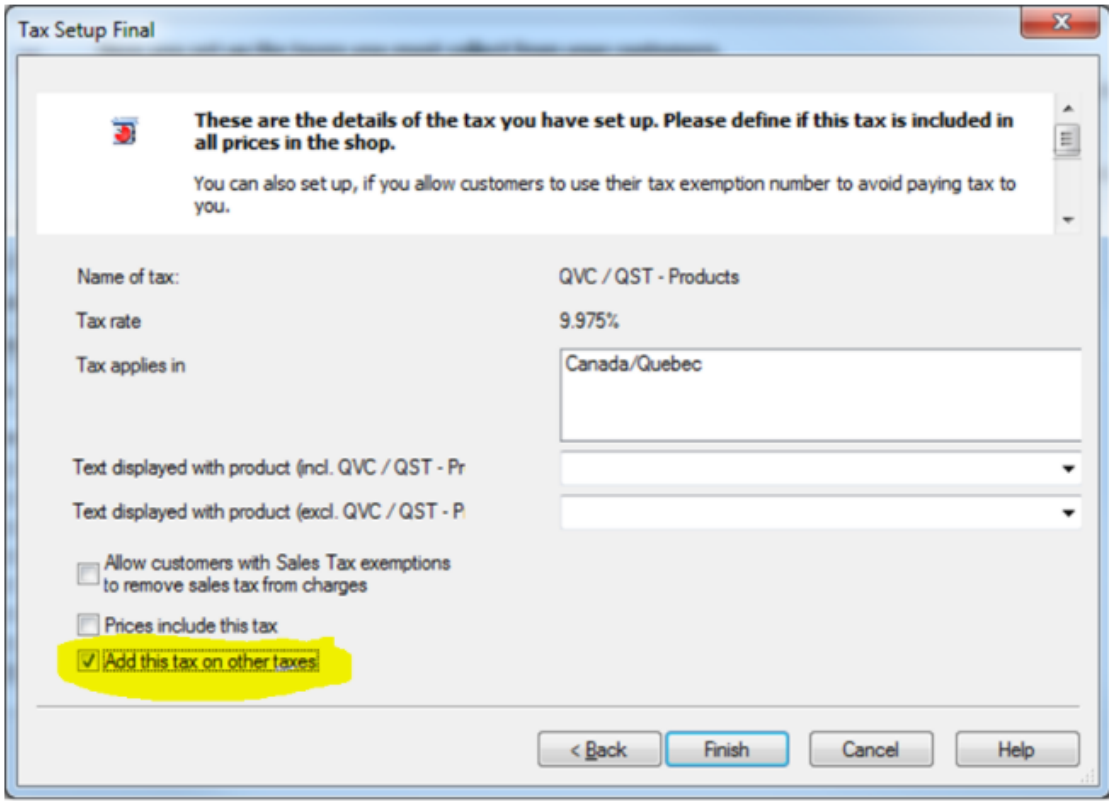


ADDING QUEBEC Tax-ON-TAX / QVC / QST:

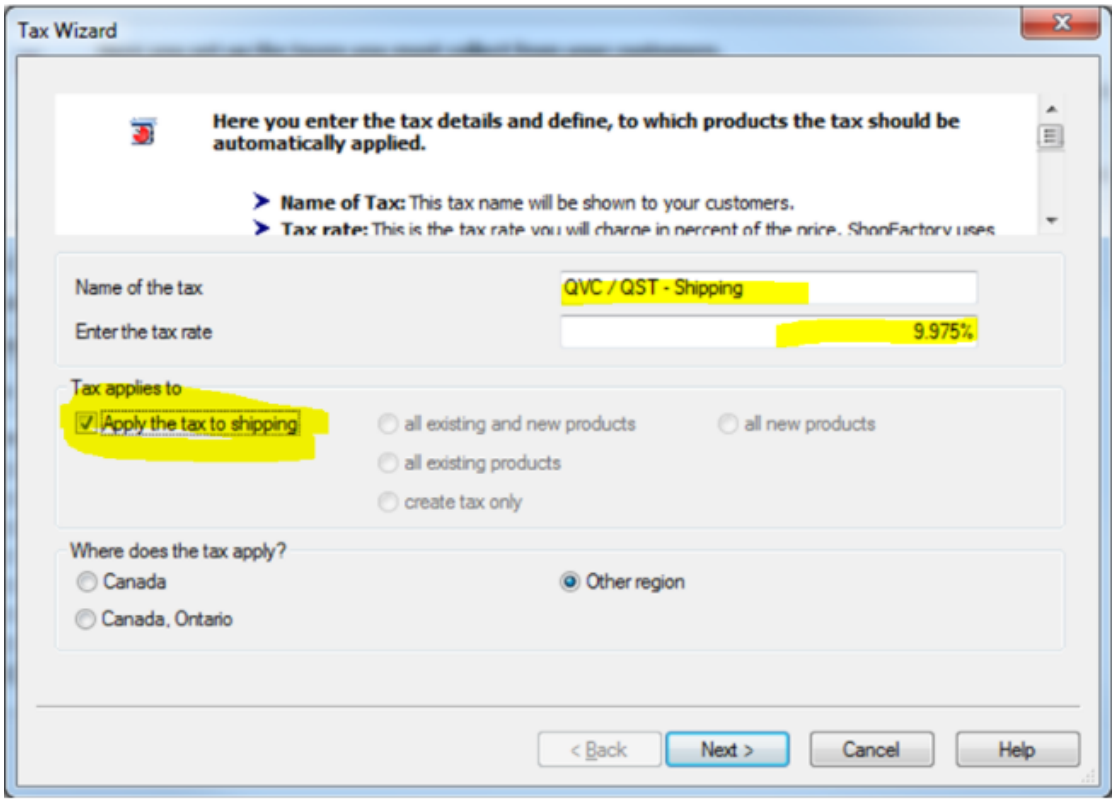
Click the + button to add a new tax, label it QVC / QST (Or, other preference title):

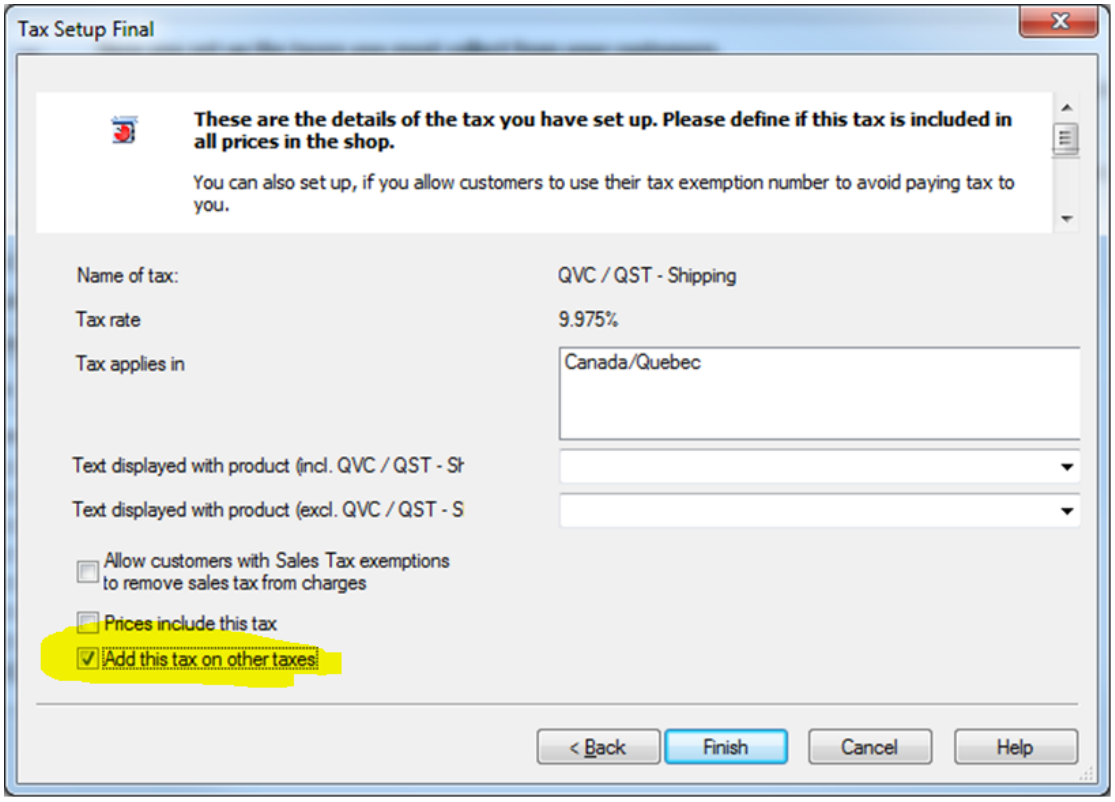


IMPORTANT STEP - Check-off “ADD THIS TAX ON OTHER TAXES”:

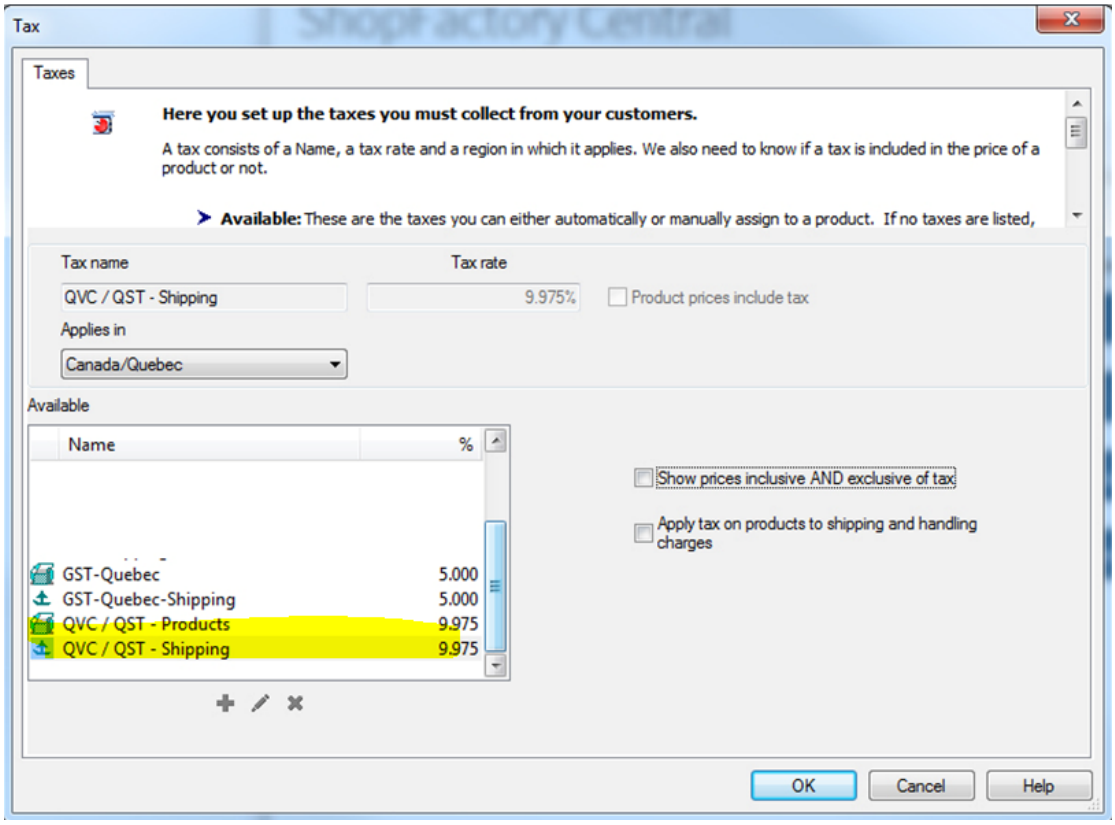


Now repeat this for the SHIPPING as well:





You should now have a window which looks like this:


Tax
Taxes
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
QVC / QST - Shipping
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