

Customers and Items

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Customers

The taxability of customers, like Order Time, is based on its Sales Tax code. Non, for non-taxable and Tax for taxable. In addition, AvaTax requires that the state of the customer's shipping address is set up as a reporting jurisdiction. If this step is not done, the tax rate returned from AvaTax will be 0% even if the customer is marked as Tax in Order Time.

When a customer is non-taxable, the 'Customer Usage Type' used in AvaTax will be "G" (Resale).

Items

The taxability of items, like Order Time, is based on its Sales Tax code. Non, for non-taxable and Tax for taxable.



In the United States, it is recommended that all tangible and shipping items use TAX as its sales tax code while services and fees use NON as its sales tax code.

You may have certain items that have unique taxability characteristics. In which case you enter the AvaTax Product Code in the item editor. Use the [Page Layout Editor](#) to add the field.

The AvaTax Product Code can be left blank. In this case the following rules apply:

- When item is taxable (i.e. sales tax code of Tax), then the code P000000 (Taxable Tangible Personal Property) is used.
- When the item is non-taxable then the code ON030000 is used (general non-taxable service or fee).
- For taxable shipping the code FR030000 is used and for non-taxable shipping the code ON030000 is used.



In most states, shipping is taxable, so we recommend setting the sales tax code to Tax. If shipping is non-taxable in a particular state, the AvaTax integration will adjust the shipping sales tax code appropriately.

AvaTax Product Codes