

Setting Up AvaTax

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This guide explains the steps to configure your aACE system for integration with AvaTax services. It is intended for system administrators.

Before configuring your system for the [aACE+ AvaTax Integration](https://aace5.knowledgeowl.com/help/overview-of-aace-plus-avatax-integration) (<https://aace5.knowledgeowl.com/help/overview-of-aace-plus-avatax-integration>) to calculate tax values, you should be familiar with [aACE's tax profile functionality](https://aace5.knowledgeowl.com/help/overview-of-tax-profiles) (<https://aace5.knowledgeowl.com/help/overview-of-tax-profiles>). AvaTax integration can work with your tax profiles in various ways:

- A single tax profile can be set as the default for all orders to rely on AvaTax exclusively.
- Specific tax profiles can be set up for all states where you have nexus, drawing tax rates from AvaTax.
- Additional tax profiles can be set up for jurisdictions where you are *not* responsible for collecting sales tax. These tax profiles should be set to 0% to prevent unnecessary requests to AvaTax. This helps reduce the expense of your AvaTax subscription.

Note: AvaTax also provides functionality to [file your state taxes](https://aace5.knowledgeowl.com/help/filing-your-taxes-using-avatax) (<https://aace5.knowledgeowl.com/help/filing-your-taxes-using-avatax>), which may affect your decisions for configuring this integration.

Steps for AvaTax Integration

aACE+ Avalara AvaTax integration addresses your sales tax challenges with a cloud-based service that calculates sales and use tax, manages exemption certificates, files returns, and remits payments across North America and beyond.

For your aACE+ AvaTax integration, proceed with the following steps:

1. Create your AvaTax account
2. Configure aACE accounting preferences
3. Configure aACE office settings
4. Configure aACE line item code settings
5. Configure aACE tax profiles

Note: The purpose of this process is to help ensure you are *not* charged for unneeded tax data requests. Avalara charges for each request that is submitted. If a certain office, line item code, or tax profile should not be taxed, there is no need to request tax data for it. The time you invest in configuring your AvaTax integration can reduce your expenses.

1. Creating an AvaTax Account

Contact an Avalara representative to set up your AvaTax account at www.avalara.com (<http://www.avalara.com/>). Explain that you require an "aACE Connector". Your account rep will provide this and other details on how to create your account and obtain the needed credentials.

Note: After you receive your credentials (e.g. account number, license key, service URL, etc), keep the information secured. You will use it later in setting up your aACE+ AvaTax integration.

2. Configuring Accounting Preferences

To enter your AvaTax credentials and basic setup information, navigate from Main Menu > Accounting > Preferences > AvaTax.

The screenshot shows a web application window titled "Accounting Preferences". On the left is a sidebar with two main sections: "Accounting Preferences" and "Integrations". Under "Accounting Preferences" are links for "Chart of Accounts", "Billing & Payment Terms", "Adjustment Codes", "Currency Conversion", "Period Management", and "Data Entry". Under "Integrations", the "AvaTax" option is selected and highlighted in teal. The main content area on the right is titled "AvaTax Setup" and contains the following elements:

- At the top, there are two checkboxes: ☒ **Enable AvaTax** and ☐ **Test Mode**. To the right of the first checkbox is a "Test" button.
- Below these are three text input fields: "Account Number" (containing "123456789"), "License Key" (containing "XXXXXXXXXXXXXXXXXXXX"), and "URL" (containing "https://development.avalara.net/").
- Further down are three more checkboxes: ☒ **Enable logging.**, ☐ **Disable address validation.**, and ☐ **Disable tax calculation.**
- Below these is a checkbox ☒ **Use tax codes from order when invoicing.**
- At the bottom of the main area is a section titled "Filter Address Validation by Country" with a text area containing the following list:
 - United States
 - US
 - USA
 - Canada

At the bottom left of the window, there are two blue buttons: "Commit Updates" and "Re-Login".

- **Enable AvaTax** — Mark this flag to set other integration details.
- **Test Button** — After entering your credentials, you can click this button to verify your connection.
- **Test Mode** — If you are working with aACEsoft in a sandbox environment, you may need to activate Test Mode. Otherwise, leave this flag cleared. Test mode will *not* correctly access an AvaTax production account.
- **Account Number, License Key, and URL** — Enter the Account Number, License Key, and URL provided by your Avalara rep.
- **Enable logging** — Only mark this flag if you are troubleshooting issues with AvaTax. When activated, aACE will store a *complete* log of the raw request sent to AvaTax and

raw data sent in response.

- **Disable address validation** — Mark this flag to turn *off* automatic address validation when creating or updating applicable records (i.e. companies, orders, invoices, etc).
Note: With automatic address validation enabled, you can still manually validate an address.
- **Disable tax calculation** — Mark this flag to turn *off* automatic tax calculations when saving orders and invoices.
- **Use tax codes from order when invoicing** — Mark this flag to pull the AvaTax code from the related order item instead of the line item code (LIC). This keeps the tax codes consistent between the order and the invoice, even if the LIC settings change between when an order is placed and when it is fulfilled.
- **Filter Address Validation by Country** — A return-delimited list of all countries that should be included in the address validation feature. If a country is not on this list, it will *not* be included in automatic or manual address validation.

Note: If you encounter difficulties with connecting to AvaTax, contact your Avalara rep.

3. Configuring Offices

You can set up multiple business entities to access your AvaTax account. aACE 'office' records correspond to AvaTax 'company' records. Note: This does *not* use your AvaTax Company ID. Instead, your Company Code can be found by logging in to your AvaTax portal and navigating to Company Settings.

After you have your AvaTax Company Code, navigate in aACE from Main Menu > Internal > Offices, locate the desired office record, then enter the AvaTax Company Code in the AvaTax Co Code field:

Record: 1 of 3

Offices

New + Edit Delete X Print Actions

Office: aACME, Inc. (AI)

ACTIVE

Office Details Notices Emails Docs

General Info

Tax ID: 5555555

AvaTax Co Code:

Company

Company > aACME Education Solutions, Inc.

Office Info

Address Title (Company Name): aACME Education Solutions, Inc.

Address: 1238 Broadway

City: New York State / Prov: NY Postal Code: 11221

Country: United States Postal Format: American

Payment Address Use Office Info X

Payment Title (Company Name): aACME Education Solutions, Inc.

Address: 1238 Broadway

City: New York State / Prov: NY Postal Code: 11221

Country: United States Postal Format: American

Contact Info

Phone: (555) 418-9777 Alt Phone:

Fax: (555) 418-9778 Phone / Fax Format: (###) ###-####

Email: info@aacme.com

Web Address: www.aacme.com

Email Format (using "John Q Public"): ?

Departments	Team Members	Inventory Bins	Reporting
Department Name	Abbr	Type	Start Time End Time Traffic Manager Default Job Status
aACME, Inc.	AI	OFFICE	9:00 AM 5:00 PM Scot Hanson
Accounts Payable	AI-A/P	A/P	9:00 AM 5:00 PM Denise James
Accounts Receivable	AI-A/R	A/R	9:00 AM 5:00 PM Alvin Kuhn

Note: To reduce expenses, if one of your business entities does *not* collect taxes, do not enter an AvaTax Company Code for it.

4. Configuring Line Item Codes

You must enable AvaTax for each LIC that should have sales tax automatically calculated.

Navigate from Main Menu > Order Setup > Line Item Codes. In the Preferences section for each applicable LIC, mark the flag to Enable AvaTax:

Record: 1 of 1

Line Item Codes

New + Edit Delete X Print Actions

Line Item Code: Tech-001a Electronic Whiteboard

ACTIVE

Item Notices Emails Docs

General Info

Type: Technology Est Unit Cost: 4,000.00 Rate Type: Mark Up % Rate Value: 25.00% VDS: ☒

Price: 5,000.00 MSRP: Comm Type: Not Applicable Comm Value: 5.00 VCS:

Pictures

Photo 1:

Photo 2:

Order Item Notes

Accounting Setup

Revenue Account > 4001 Uncategorized Sales Cost Account > 5001 Cost of Sales

Department > aACME, Inc. (AI)

Item Info

Enable Shipping ☐ Special Order ☐

L: 52 W: 3 H: 30 Weight (Net | Gross): 125 Barcode Input: CODE50031

Ship Cost: 25.00 UOM: EACH Case Qty (Sale | Pur): 5 1 SKU: 13584695

Options Custom Prices Vendors Offices

Line Item Code	Description	Quantity	Alternate	Upgrade	Notes
1 > Tech-001	Electronic Whiteboard, freestanding	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Preferences

☐ Show in entry list. Causes the code to appear in order, estimate, quote, and invoice value lists.

☐ Enforce rate card billing. Prevents users from changing the price at entry.

☒ Enable AvaTax. Sends order and invoice items to AvaTax. Optional code:

☐ Send financial oversight a notification if sold with a margin less than: 0


☐ Exclude customer discount. Prevents the customer discount from being applied to this code at entry.

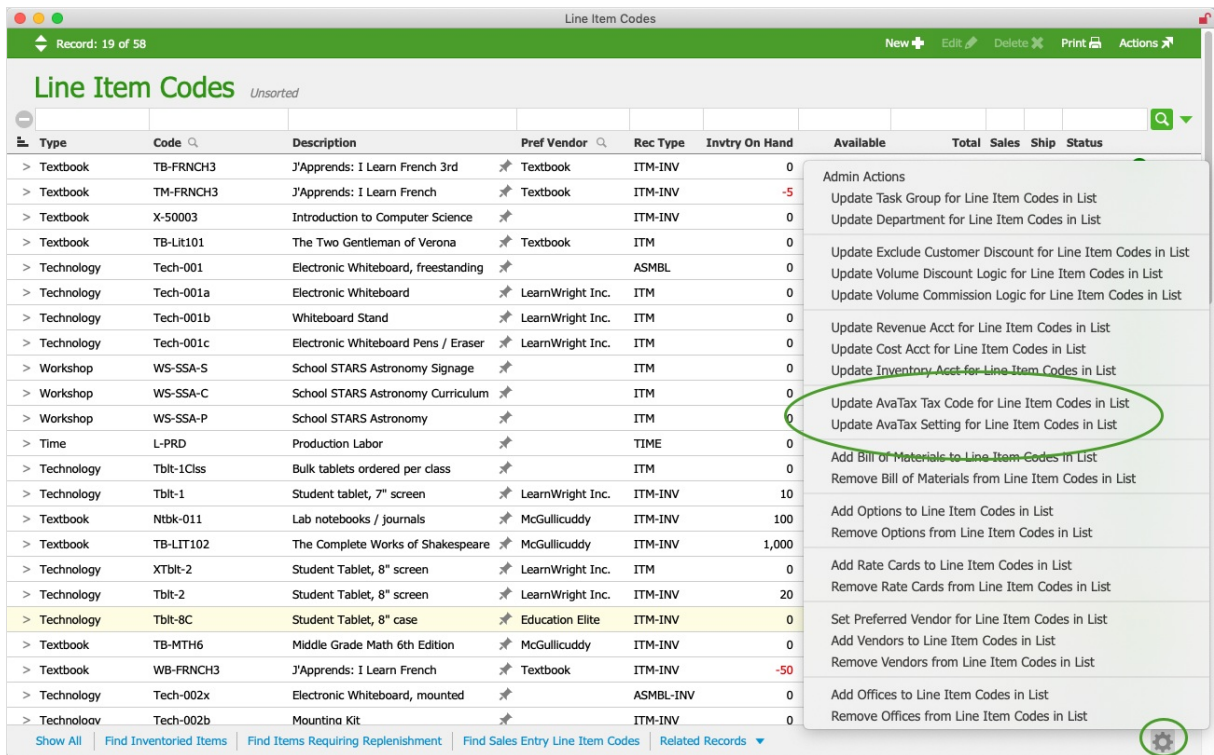
☐ Auto-update cost rate based on purchasing activity within this last number of days: 0

☐ Send notice when ordered. Sends "Line Item Code Ordered" notice when an order or PO is opened.

You can also set a tax code that AvaTax will use to calculate tax rates for basic users. (For details, contact your Avalara rep.)

System administrators can update these settings for a batch of LICs:

1. At the Line Item Codes module, use the [Quick Search](https://aace5.knowledgeowl.com/help/using-the-quick-search-bar) (<https://aace5.knowledgeowl.com/help/using-the-quick-search-bar>) bar to locate all the LICs you need to update.
2. In the footer, click the **Admin Actions** icon ().



Line Item Codes

Record: 19 of 58

New + Edit Delete Print Actions

Line Item Codes Unsorted

Type	Code	Description	Pref Vendor	Rec Type	Invtry On Hand	Available	Total	Sales	Ship	Status
> Textbook	TB-FRNCH3	J'Apprends: I Learn French 3rd	Textbook	ITM-INV	0					
> Textbook	TM-FRNCH3	J'Apprends: I Learn French	Textbook	ITM-INV	-5					
> Textbook	X-50003	Introduction to Computer Science		ITM-INV	0					
> Textbook	TB-Lit101	The Two Gentleman of Verona	Textbook	ITM	0					
> Technology	Tech-001	Electronic Whiteboard, freestanding		ASMBL	0					
> Technology	Tech-001a	Electronic Whiteboard	LearnWright Inc.	ITM	0					
> Technology	Tech-001b	Whiteboard Stand	LearnWright Inc.	ITM	0					
> Technology	Tech-001c	Electronic Whiteboard Pens / Eraser	LearnWright Inc.	ITM	0					
> Workshop	WS-SSA-S	School STARS Astronomy Signage		ITM	0					
> Workshop	WS-SSA-C	School STARS Astronomy Curriculum		ITM	0					
> Workshop	WS-SSA-P	School STARS Astronomy		ITM	0					
> Time	L-PRD	Production Labor		TIME	0					
> Technology	Tblt-1Clss	Bulk tablets ordered per class		ITM	0					
> Technology	Tblt-1	Student tablet, 7" screen	LearnWright Inc.	ITM-INV	10					
> Textbook	Ntbk-011	Lab notebooks / journals	McGullicuddy	ITM-INV	100					
> Textbook	TB-LIT102	The Complete Works of Shakespeare	McGullicuddy	ITM-INV	1,000					
> Technology	XTblt-2	Student Tablet, 8" screen	LearnWright Inc.	ITM	0					
> Technology	Tblt-2	Student Tablet, 8" screen	LearnWright Inc.	ITM-INV	20					
> Technology	Tblt-8C	Student Tablet, 8" case	Education Elite	ITM-INV	0					
> Textbook	TB-MTH6	Middle Grade Math 6th Edition	McGullicuddy	ITM-INV	0					
> Textbook	WB-FRNCH3	J'Apprends: I Learn French	Textbook	ITM-INV	-50					
> Technology	Tech-002x	Electronic Whiteboard, mounted		ASMBL-INV	0					
> Technology	Tech-002b	Mounting Kit		ITM-INV	0					

Show All Find Inventoried Items Find Items Requiring Replenishment Find Sales Entry Line Item Codes Related Records

Admin Actions

- Update Task Group for Line Item Codes in List
- Update Department for Line Item Codes in List
- Update Exclude Customer Discount for Line Item Codes in List
- Update Volume Discount Logic for Line Item Codes in List
- Update Volume Commission Logic for Line Item Codes in List
- Update Revenue Acct for Line Item Codes in List
- Update Cost Acct for Line Item Codes in List
- Update Inventory Acct for Line Item Codes in List
- Update AvaTax Tax Code for Line Item Codes in List
- Update AvaTax Setting for Line Item Codes in List
- Add Bill of Materials to Line Item Codes in List
- Remove Bill of Materials from Line Item Codes in List
- Add Options to Line Item Codes in List
- Remove Options from Line Item Codes in List
- Add Rate Cards to Line Item Codes in List
- Remove Rate Cards from Line Item Codes in List
- Set Preferred Vendor for Line Item Codes in List
- Add Vendors to Line Item Codes in List
- Remove Vendors from Line Item Codes in List
- Add Offices to Line Item Codes in List
- Remove Offices from Line Item Codes in List

3. Click the link for the desired update:

- Update AvaTax Tax Code for Line Item Codes in List — This leverages the [import process to update LICs](http://aace5.knowledgeowl.com/help/importing-updates-to-your-line-item-codes) (<http://aace5.knowledgeowl.com/help/importing-updates-to-your-line-item-codes>). You can prepare an Excel spreadsheet with specific tax codes you receive from your Avalara rep, then import that data to modify the current records.
- Update AvaTax Setting for Line Item Codes in List — This changes the Enable AvaTax preference for *all* LICs currently listed. Click Y-True to mark this flag or click Y-False to clear this flag.

Note: To reduce your expenses, if certain LICs do *not* require sales tax, do not enable the AvaTax preference for them.

5. Configuring Tax Profiles

aACE tax profiles can be set up in different ways depending on your business needs.

Navigate from Main Menu > Accounting > Tax Profiles, then locate the desired tax profile.

Tax Profile: AvaTax **AVA** **ACTIVE**

Tax Profile Details

General Info Default ☐ Use Tax ☐ EU ☐ AvaTax ☒ **Description**

Start Date: 01/01/21 End Date: 12/31/21

Tax Setup

Label	GL Account
Tax 1	Tax > 2309 AvaTax
Tax 2	
Tax 3	
Tax 4	

Default Rates

Line Item Type:	Tax	Rate
Item (Products)	0.0000%	
Expense	0.0000%	
Time (Service)	0.0000%	
Other	0.0000%	

Exceptions

Line Item Code	Code Description	Tax

Cancel Save

Any record linked to a tax profile that has the AvaTax flag marked will be processed through AvaTax. Make sure the tax profile is linked to an appropriate GL Account to receive the tax values that come back from AvaTax.

The simplest implementation is often to have a single, default tax profile with AvaTax enabled, but additional tax profiles can be useful if:

- You want the tax values calculated by AvaTax to be tracked in the general ledger (GL) using various criteria. For example, you may want a different GL Account for taxes for each state you do business in. This would require [setting up a tax profile](https://aace5.knowledgeowl.com/help/setting-up-tax-profiles) (<https://aace5.knowledgeowl.com/help/setting-up-tax-profiles>) for each of these states.
- You want the AvaTax tax calculation to be *disabled* for a certain group of companies, such as jurisdictions for which your AvaTax account is not set up to calculate.