

Tax Impact Guidelines for Suppliers

- ✓ Add all the applicable taxes at the Invoice Line-Item level (preferable). However, both line and header level tax input is supported by Ariba and vertex.
- ✓ Add all the applicable tax types in an Invoice line/header level by selecting the below tax types only.

Costco Specific Tax Types

Paper Invoice (Buyer Side)	Online Invoice (Supplier Side)	Ariba Standard Values
SalesTax	Sales	Standard
GSTTax	GST	Standard
HSTTax	HST	Standard
QSTTax	QST	Standard
PSTTax	PST	Standard
PSTCUT	0% pstcut / CONSUMER USE	Custom

Buyer Portal Tax Types

Choose Value for Tax Type

Tax Type ▾ Search

Tax Type ↑	Name	
GSTTax	Goods and Services Tax	Select
HSTTax	Harmonized Sales tax	Select
PSTCUT	PST Consumer Use	Select
PSTTax	Provincial Sales Tax	Select
QSTTax	Quebec Sales Tax	Select
SalesTax	Sales tax	Select

Supplier Portal Tax Types

Taxes

0% pstcut / CONSUMER USE

Standard Tax Selections

Sales

VAT

GST

HST

PST

QST

Example: Procurement in Quebec from a Vendor Registered for GST and QST
Tax type buckets and rates should be GSTTax- 5% and QSTTax- 9.98%

Tax Impact Guidelines for Suppliers

Shipping and Handling Charges

- ✓ Add Charges (Shipping and Handling) either at the Header level or at each Line-Item level. Adding charges at line level is preferred from IPTA standard practice.

Supplier Onboarding

- ✓ Provide appropriate/correct Supplier Registration Number(s) to Costco at the time of vendor onboarding in order to get the correct tax estimations from Vertex.

Import Transactions

- ✓ For Costco Import Transactions, wherein the Vendor is not registered in the Ship-To Country, the tax should be 0%. This behavior is consistent across US and CA (some exception apply to US vendor delivering to CA), wherein the procurement is happening from a foreign vendor
- ✓ Suppliers shall always charge the tax of 0% or 0 amount as per the standard taxation in the import scenarios. If a supplier charges more than the expected 0 amount, then the resultant invoice may be subject to rejection by the Costco Invoice Handling Team and Suppliers will be asked to re-bill Costco with 0 tax.

Tax Impact Guidelines for Suppliers - PST

- ✓ For the suppliers who provide goods/service to Costco in a Canadian PST province (British Columbia, Manitoba, Saskatoon) the invoices are required to be submitted using a custom configured tax category “PSTCUT” which has 0% rate.
- ✓ Suppliers need to configure PSTCUT tax type in Supplier Online Portal – onetime activity.
 - ✓ *Number of supplier impacted is ~17.*
- ✓ All Possible Scenarios captured in table

Applicable PST Scenarios	Applicable Tax Types
Vendor registered for GST and PST	GST – 5%, PST – 7% PSTCUT – 0%
Vendor registered for GST but not PST	GST – 5%, PST – 0% PSTCUT – 0%
Vendor not registered for GST and PST	GST – 0%, PST – 0% PSTCUT – 0%

Tax Impact Guidelines for Suppliers - PST

- ✓ Steps to configure “pstcut” tax type. This would be one time activity for the suppliers.
- ✓ Step 1: While creating an invoice, goto taxes section and drop down on the list of tax category.
- ✓ Step 2: Select the option of Configure Tax Menu

Line Items 1 Line Items, 1 Included, 0 Previously Fully Invoiced

Insert Line Item Options

Tax Category: Shipping Documents Special Handling Discount [Add to Included Lines](#)

No.	Include	Type	Part #	Description	Customer Part #	Quantity	Unit	Unit Price	Subtotal
1	<input checked="" type="checkbox"/>	MATERIAL	Not Available	GST/HST		1	EA	\$100.00 USD	\$100.00 USD

Tax

Category.* **Standard Tax Selections**

Location:

Description:

Regime:

Sales
 VAT
 GST
 HST
 PST
 QST
 Usage
 Withholding Tax
 Other Tax
 Configure Tax Menu

Taxable Amount: [Remove](#)

Tax Rate Type:

Rate(%):

Tax Amount:

Exempt Detail:

[Line Item Actions v](#)

Tax Impact Guidelines for Suppliers - PST

- ✓ Step 3: Create a new Tax Category
- ✓ Step 4: Select Tax Category as “Other”
- ✓ Step 5: Configure “pstcut” (lowercase) tax category with 0%. This is a one-time activity to be performed by the supplier in their respective AN.

Configure Tax

* Tax Category	* Rate	Tax Description
		No items

Create

OK Cancel

Configure Tax

* Tax Category	* Rate	Tax Description
<input checked="" type="radio"/> Sales Tax		
<input type="radio"/> Other		
<input type="radio"/> Sales Tax		
<input type="radio"/> VAT		
<input type="radio"/> GST		
<input type="radio"/> Use Tax		
<input type="radio"/> PST		
<input type="radio"/> QST		
<input type="radio"/> HST		
<input type="radio"/> Withholding Tax		

Create

OK Cancel

Configure Tax

* Tax Category	* Rate	Tax Description
<input checked="" type="radio"/> Other	0 %	CONSUMER USE

Delete Create

OK Cancel

Tax Impact Guidelines for Suppliers - PST

✓ Steps to add “pstcut” tax category to invoice.

❑ Step 1: Select the line and add taxes.

Line Items 1 Line Items, 1 Included, 0 Previously Fully Invoiced

Insert Line Item Options

Tax Category: Shipping Documents Special Handling Discount Add to Included Lines

<input type="checkbox"/>	No.	Include	Type	Part #	Description	Customer Part #	Quantity	Unit	Unit Price	Subtotal
<input checked="" type="checkbox"/>	1	<input checked="" type="checkbox"/>	MATERIAL	Not Available	GST/HST		98	EA	\$100.00 USD	\$9,800.00 USD

Tax

Category:* Remove

Location:

Description:

Regime:

Taxable Amount:

Tax Rate Type:

Rate(%):

Tax Amount:

Exempt Detail:

- Edit
- Add
- Tax**
- Shipping Documents
- Special Handling
- Discount
- Allowance
- Charge
- Comments
- Attachment

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Tax Impact Guidelines for Suppliers - PST

- ✓ Step 2: Select “pstcut” tax category, which will default the tax rate to 0%.

Dollar to Canadian Dollar 1.2044

Line Items 1 Line Items, 1 Included, 0 Previously Fully Invoiced

Insert Line Item Options

Tax Category: Shipping Documents Special Handling Discount

<input type="checkbox"/>	No.	Include	Type	Part #	Description	Customer Part #	Quantity	Unit	Unit Price	Subtotal
<input type="checkbox"/>	1	<input checked="" type="checkbox"/>	MATERIAL	Not Available	GST/HST		98	EA	\$100.00 USD	\$9,800.00 USD

Tax

Category: Taxable Amount: [Remove](#)

Location:

Description: Tax Rate Type:

Regime: Rate(%): Tax Amount:

Exempt Detail:

Category: Taxable Amount: [Remove](#)

Location:

Description: Tax Rate Type:

Regime: Rate(%): Tax Amount: