# 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

# 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.

# Tax Impact Guidelines for Suppliers - PST

✓ Steps to add "pstcut" tax category to invoice.

❑ Step 1: Select the line and add taxes.

# Tax Impact Guidelines for Suppliers - PST

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