

SmartVendor

POINT OF SALE SOFTWARE



Smart Vendor Versions 5 & 6 (DOS)

For British Columbia & Ontario
Smart Vendor Retailers

HST Transition Instructions For May 1 & July 1, 2010

May 2, 2010

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IS THIS THE RIGHT GUIDE FOR ME

If you are using Smart Vendor DOS, and your installation of Smart Vendor is in the provinces of British Columbia or Ontario, then yes this is the right guide for you for the implementation of HST in these provinces.

This documentation is provided at no charge on our www.multipost.ca/support website in an effort to keep our retailers informed and to allow our retailers to proceed with updating their systems appropriately without needing to consult with the Multipost Support Centre.

Due to the number of Smart Vendor installations in these two provinces, it would be a challenge to speak with each and every Retailer to address their specific questions. Hence, we have endeavored here to provide all the critical pieces of information that we are aware of that will impact your use of your Smart Vendor Point of Sale Software in switching from GST/PST to HST, and help you prepare your systems.

While we have endeavored to provide solutions for the HST Transitional Rules, we are by no means the experts on the Canada Revenue Agency (CRA) policies. Recommendations herein are based on our interpretation and anticipating the Retailers needs within Smart Vendor. It is the Business' responsibility to research and verify the CRA requirements and ensure any actions taken on your part are appropriate and sufficient to collect taxes and submit them as required, and to satisfy any future tax audits.

Limitations Of Smart Vendor DOS Versions

If you have a number of different PST Tax rates that you need to charge, it is recommended that you consult with your Smart Vendor Sales Representative immediately to discuss upgrading to the Windows Version of Smart Vendor (SV7) which provides up to 9 alternate tax percentages for one primary tax, e.g. GST% only on certain product groups, and a different PST% on Admissions, PST% on alcohol servings, PST% on accommodation, PST on Meals \$4.00 and higher.

If you have already added all the Departments that Smart Vendor will allow, and you determine the need for tracking HST for the Transitional Rule phase or selling out of province, it is recommended you upgrade to the Windows Version of Smart Vendor which allows a 10 digit Department Code.

These instructions will be directing you to add another 5 departments for various tax tracking purposes – if you do not have 5 free department numbers, and you recognize that the scenarios that require them are applicable to you, you are advised to contact your Smart Vendor Sales Representative immediately to discuss upgrading to Smart Vendor 7 as quickly as possible.

SYSTEM CONFIGURATION CHANGES

These configuration changes are required to properly follow the procedures involved in the change to HST. Please follow the instructions below right away to ensure that your Smart Vendor is properly configured, then review the subsequent information sections to see if they pertain to any of your products or services.

From the Smart Vendor Main Menu:

1. Select **SYSTEM CONFIGURATION**
2. Login
3. Select **SYSTEM SETUP**
4. Select **PRIMARY TAX**
5. Arrow down to Allow Tax Cancellations
6. Press Y for Yes
7. Select **SAVE CHANGES**
8. Select **SECONDARY TAX**
9. Arrow down to Allow Tax Cancellations
10. Press Y for Yes
11. Select **SAVE CHANGES**
12. Exit back to the Main Menu

BEFORE MAY 1: PREPARE FOR CHARGING TRANSITIONAL HST TAX ON SALES ORDERS

To satisfy the HST Transitional Rules, a store that invoices a sale between May 1 and June 30 for delivery after July 1, 2010 must collect HST instead of GST/PST.

Alternately, if a product or service is not 90% delivered by July 1, then the portion undelivered is subject to HST.

Please refer to the Canada Revenue Agency (CRA) website for all official information. This example is only one of several variations.

<http://www.cra-arc.gc.ca/harmonization>

Is This Section For Me?

If any of the following basic scenarios relates to you in some way, then yes, this section applies to you. Please review the section entirely.

Otherwise, if this does not apply to you, you may skip this Chapter.

Important: This concept applies to any transactions that are initiated as of May 1, 2010 through June 30, 2010 and are paid in full before July 1 and are delivered on or after July 1. This is referred to as the HST Transitional Rule, where transactions straddle the July 1st official start date of HST.

Transactions that are initiated in this period, but where delivery and ownership are not transferred until on or after July 1, 2010 will require that the invoice collect HST rather than GST/PST.

Where the taxability of items is changing with the implementation of HST, the new rules must be applied to the sale that qualifies.

Basic Scenarios

A customer can come in and place an order for an item on or after May 1 through June 30, that will not be delivered until on or after July 1, 2010. There are numerous Smart Vendor Retailers that may fall into this category, please see if some product or service you offer your customers would apply:

- Any stores that process mail orders, phone orders, web orders
- Any stores that can special order product from the supplier on behalf of the customer
- Any stores that offer customization/special orders
- Jewelry stores that custom design jewelry
- Any stores that wholesale to other businesses where there is a delay between taking the order and delivering the product, e.g.
 - Smart Vendor Retail Chains where a Warehouse uses the Sales Register to sell product to its affiliated retail stores
 - Garden Centers selling to Landscapers
- Any stores that offer repairs
- Uniform suppliers
- Sporting apparel stores that offer custom lettering on jerseys
- Businesses that offer an annual membership
- Businesses that offer extended warranties
- Sporting facilities that offer Team leagues or tournaments

Important: The above examples are ones we are aware of, please consult the CRA if you have any question about some product or service you offer.

Basic Exception

If any examples listed above are invoiced and paid before May 1, 2010, the current GST/PST taxability would apply.

What Does This Mean To My Business?

The CRA requires that HST be charged and identified as HST on invoices for the above sample scenarios, where delivery on products or services are delayed until on or after July 1, 2010.

There are also special rules about remitting the 5% GST portion of the HST versus the PST portion of the HST after the sale is posted, which your bookkeeping team should begin investigating.

To simplify identification of these two HST components on the Transitional Rule applicable sale, the Support Centre is recommending that you create two special HST stock items that will be listed on the transaction and each priced appropriately. We are recommending that each of these special stock items be assigned a unique Department to report the revenue to, simplifying the tracking for tax remittance purposes.

Essentially, on an applicable transaction, you will waive the normal GST/PST calculations on the Sales Register, and you will select special HST Stock items (covered in the next segment) to track the GST versus the PST portion of the HST being charged.

Important: If the product or services are being purchased by a GST/HST Registrant, they will need the receipt/invoice to show HST and NOT GST in order to claim their full Input Tax Credits on the appropriate tax return.

Your Sales Summary Departments will summarize the HST taxes collected based on the Transitional Rules.

CREATE SPECIAL DEPTS & STOCK ITEMS TO COLLECT TRANSITIONAL RULE TAX

If you have determined that you have sales scenarios that will require charging HST before July 1, 2010 please perform the recommendations in this section.

In addition, if you are selling out of province to an existing HST province, including BC/ON, where product or service will not be at least 90% delivered before July 1, you will need to collect HST for the province you are selling into (at their rate). Add all of the recommendations below if handle out of province transactions.

Hint: If you do not have a free Department # that you can assign, you will need to use your Miscellaneous Department and later instead of finding the total dollars generated on the end of day Sales & Cash Summary, you will need to report on the Stock Items Sold in Report Generator – Transaction History, and perform a range option for each special Stock # that is recommended in this guide.

Add New (Tax) Departments

Note: You will need to add 2 Department Codes between 1 and 50 – otherwise upgrading to Smart Vendor 7 is advised.

From the Smart Vendor Main Menu:

1. Select **SYSTEM CONFIGURATION**
2. Login
3. Select **INVENTORY SETUP**
4. Select **DEPARTMENT FILE**
5. Arrow down the list to determine 2 available Codes

Add New Department For HST 5% Transitional Rule

6. Select **F2 ADD**
7. Replace the Code with an available code (located in Step 5 above)
8. Type a Department Name of
 - HST 5% Transitional Rule
9. Select **PGDN**
10. Select **ADD RECORD**

Add New Department For HST Provincial Component

11. Select **F2 ADD**
12. Replace the Code with an available code (located in Step 5 above)
13. Type a Department Name of
 - **HST PROVINCIAL COMPONENT**

14. Select **PGDN**
15. Select **ADD RECORD**
16. Select **ESC** three times to return to the Main Menu

Add New (Tax) Stock Items For Charging Transitional Taxes

From the Smart Vendor Main Menu:

Add New Stock Item For HST 5% Transitional Rule

17. Select **FILE ENQUIRIES**
18. Select **INVENTORY ENQUIRY**
19. Select **INVENTORY FILE**
20. Login
21. Select **F2 ADD**
22. Change the Stock # assigned by Smart Vendor to **HST5**
23. Arrow down to Description and type **HST 5% TRANSITIONAL RULE**
24. Arrow down to Department
25. Select **F10 LOOKUP**
26. Select the Department Name for HST 5% Transitional Rule
27. You may leave the Supplier at Miscellaneous
28. Ensure that any tax options at the top right are set as **NO**
29. Ensure Auto Qty is set as YES
30. Ensure Pricing is set as **NO**
31. Leave all costs and selling values at \$0.00
32. Select **PGDN**
33. Select **ADD RECORD**

Add New Stock Item For HST 7% Or HST 8% Transitional Rule

34. Select Yes to Replicate Item
35. Change the Stock # assigned by Smart Vendor to
 - HST7 for selling into BC
 - HST8 for selling into ON, NB, NL
 - HST10 for selling into NS (their rate increases July 1)
36. Arrow down to Description and type
 - HST 7% (pst for BC)
 - HST 8% (PST for on, nb, nl)
 - HST 10% (PST for ns)
37. Arrow down to Department
38. Select **F10 LOOKUP**
39. Select the Department Name called HST PST COMPONENT
40. You may leave the Supplier at Miscellaneous

41. Ensure that any tax options at the top right are set as **NO**
42. Ensure Auto Qty is set as YES
43. Ensure Pricing is set as **NO**
44. Leave all costs and selling values at \$0.00
45. Select **PGDN**
46. Select **ADD RECORD**
47. Select No to Replicate Item

ASAP – PRACTICE TRANSITIONAL TAX INVOICING

We recommend that you use your Smart Vendor Training area and practice the Transitional Rules sales scenarios throughout the month of June to prepare your cashiers for the various scenarios discussed in the previous section. See the following [Chapter](#) for a summary of how to use the stock items created in the previous section.

Check Training Area Configuration (SV-6)

Here are a couple of important points to understand about updating the Training area data. Please complete the following instructions from the station that you plan to do the Training at.

Verify Smart Vendor Path (On Windows Operating System)

From the Windows Desktop:

1. Right Click on the Smart Vendor Icon
2. Select Properties
3. Select the Tab at the top called Program
4. Make a note of the “Cmd Line” – for example, it could show:
 - **C:\SMART\SMART.EXE**
 - **F:\SMART\SMART.EXE**
5. Select Cancel

Verify System Configuration

From the Smart Vendor Main Menu:

6. Select **SYSTEM CONFIGURATION**
7. Login
8. Select **EQUIPMENT SETUP**
9. Select **STATION SETUP**
10. At the bottom right, it should show “Current Station # ___” – make note of what this number is
11. Select **EXIT** to return to the Options list
12. Select **UTILITY SETUP**
13. Select **TRAINING AREA**
14. Ensure that Use Training Area is set as YES (tap Y for Yes to change if required)
15. Enter a Password For Training Area if required (so that only management can access this area)
16. Beside Allow Training On Stations, type in the Station # that you recorded in Step 10 above
17. Enter the Path For Training Files – for example:

- If the Cmd Line recorded above was “C:\Smart\Smart.exe”, enter the Path as **C:\SMART\TRAIN**
- If the Cmd Line recorded above was “F:\Smart\Smart.exe”, enter the Path as **F:\SMART\TRAIN**

18. Select **PGDN**
19. Select **SAVE CHANGES**
20. Exit Smart Vendor back to the Selections Menu

Using Training Area

From the Smart Vendor Selections Menu:

21. Exit all other stations out of Smart Vendor (while you generate the training area data)
22. Select **TRAINING AREA**
23. Enter the Training Password if prompted
24. Select **CREATE TRAINING AREA**
25. Press Enter to Continue when prompted
26. Select **TRAINING PROGRAM**

Important: Only a limited number of records are copied into the Training Area Data. The New Stock Items that you created above will not likely be included in this training data. You will need to repeat the instructions for “CREATE SPECIAL DEPTS & STOCK ITEMS TO COLLECT TRANSITIONAL RULE TAX” to have these codes available for practicing.

Training Area (SV5)

If you are running an older SV-DOS, that is version 5.xx, then you would not have the Training Area options built into System Configuration. You might have another icon available for ‘Training Mode’; or, you might not have a training mode available. If you do not have a Training Area, you could process the transaction as needed, and then Void the transaction when finished.

MAY 1 – JUNE 30: APPLYING TRANSITIONAL RULE INVOICING REQUIREMENTS

As per the previous section, if your business offers products or services that are ordered and paid for between May 1 and June 30, and less than 90% is delivered before July 1, then the transaction will be subject to HST instead of GST.

Please see the Canada Revenue Agency site for full details.

There are two distinct scenarios that follow in this section to help the Smart Vendor Retailer understand what will be required of the cashier at the Smart Vendor Sales Register.

CHARGING HST INSTEAD OF GST/PST

Follow this procedure if according to the CRA Transitional Rules, the transaction requires the customer be charged HST instead of current system configuration of GST/PST.

- List items being purchased normally
- Select Total
- Make note of the individual GST and PST amounts as well as the Total
- Select ESC to Exit back to the Sales Register details screen
- List Stock item for HST 5% Transitional Rule and change price to match the GST value recorded above
- List Stock item for HST 7/8/10 % Transitional Rule and change price to match the PST value recorded above
- Confirm that the Subtotal at the bottom is now showing the same value as the original Total recorded above
- Select Total
- Select GST to waive the normal GST calculation
- Select PST to waive the normal GST calculation
- There should be no dollar amounts beside GST or PST in the subtotal section
- Collect payment in full or charge to account

When the Bookkeeper reviews the Sales & Cash Summary at the end of the day/week/month, the total HST 5% and HST PROVINCIAL COMPONENT amounts collected will stand out on the DEPARTMENT tab. Transitional Rule taxes should be remitted in conjunction with normal taxes reflected on the SALES tab of the Sales Summary as dictated by the CRA Transitional Rules on the appropriate CRA filing report.

CHARGING PROPORTIONAL GST VERSUS HST FOR SERVICES/MEMBERSHIPS/PARTIAL DELIVERY

Follow this procedure if according to the CRA Transitional Rules, the transaction requires the customer be charged GST on the portion of the Service or Membership that is delivered prior to July 1 and HST for the balance of the membership for the balance of the term.

- List items being purchased normally
- List Stock item for GST 5% Transitional Rule
 - Independent of SV, calculate the amount of GST to be charged on pre-July 1 portion and price the special GST item
- List Stock item for HST 5% Transitional Rule
 - Independent of SV, calculate the amount of HST to be charged on post-July 1 portion and price the special HST item
- List Stock item for HST 7/8/10% Transitional Rule
 - Independent of SV, calculate the amount of HST PROVINCIAL COMPONENT to be charged on post-July 1 portion and price the special HST item
- Select Total
- Select GST to waive the normal GST calculation
- Select PST to waive the normal GST calculation
- There should be no dollar amounts beside GST or PST in the subtotal section
- Collect payment in full or charge to account

When the Bookkeeper reviews the Sales & Cash Summary at the end of the day/week/month, the total proportional GST as well as the HST 5% and HST 8% amounts collected will stand out on the DEPARTMENT tab. Taxes should be remitted as dictated by the CRA Transitional Rules in conjunction with normal taxes reflected on the third page of the Sales & Cash Summary on the appropriate CRA filing report.

CAN I BEGIN MY INVENTORY FILE PREPARATIONS NOW?

YES!

Getting Started Now In Smart Vendor DOS (SV5/SV6)

Smart Vendor for DOS allows a single alternate taxation rate calculation for the Secondary Tax (PST) option. The Primary Tax (GST) option in Smart Vendor DOS does not offer an Alternate Tax Rate.

If you sell any product that is subject to the GST tax portion only, you will in the end, need to disable the current GST option on July 1, and use the PST option reconfigured as HST.

For example, there are several different product groups (e.g. books and children's clothing, and other products) that will not charge the full HST percentage – they will only charge the GST portion.

*Critical: If you sell any of the above mentioned product types, and in addition, you sell admissions, alcohol, or meals under \$4.00, which also qualify as GST only, **BUT** at different percentages, you will need more than one Alternate Tax Rate.*

Please contact your Smart Vendor Sales Representative immediately to discuss upgrading your systems and software to the Windows version of Smart Vendor where there are more options available.

As of July 1, 2010, your Inventory File should show a selection for HST that is Y (for fully HST Taxable), N (for fully non taxable), or 2 (for the HST 5%) against each item for the item's taxability. You can begin reconfiguring your Inventory File taxability codes now.

Your Goal

The screenshot shows the 'INVENTORY FILE' screen in Smart Vendor DOS. The date is Nov-05-07 and the time is 11:24 am. The screen displays 'Inventory Details' for Stock # 1000. The status is R - REGULAR. The GST Taxable option is set to YES, and the PST option is set to 2. The Automatic Qty? option is YES, and the Pricing? option is YES. The Pricing section shows a Current Cost of \$10.00 and a Selling Price of \$20.00. The Percentages section shows a Margin of 50.00% and a Discount of 100.00%. The Quantity section shows a Qty. on Hand of 0.00. The Ordering section shows an On Order quantity of 0.00, a Point quantity of 0.00, and a Point number of 0.00. The description is 'BOOK WITH CD-ROM' and the reorder number is 123-456-7890. The sub-department is 16 - BOOKS and the supplier is 0151 - ACME DISTRIBUTIO.

Inventory Details	
Stock # :	1000
UPC :	
Brand ▶ :	-
Item ▶ :	
Features ▶ :	
Desc:	BOOK WITH CD-ROM
Reorder # :	123-456-7890
Sub-Dept ▶ :	-
Department ▶ :	16 - BOOKS
Supplier ▶ :	0151 - ACME DISTRIBUTIO
Status ▶ :	R - REGULAR
GST Taxable ? :	YES
Automatic Qty? :	YES
Pricing ? :	YES
PST :	2
Current Cost \$:	10.00
Selling Price \$:	20.00
Sale Price \$:	0.00
Sale Starts :	/ /
Margin % :	50.00
Discount % :	100.00
Ends :	/ /
Qty. on Hand # :	0.00
On Order# :	0.00
Quantity# :	0.00
Point # :	0.00

Transitional Phase

Until July 1, as you begin reconfiguring your Inventory Files for any special exceptions, your Inventory File PST will show either Y, or the Alternate Tax Code of 2, or none as the case may be.

You may begin your System Configuration setup now (“today”) in SV-DOS by enabling the alternate tax code. You can start to edit your stock to change the tax code selection from regular PST to the Alternate PST option where required. Both the primary and alternate code(s) will be charging the regular PST % July 1, 2010.

What will I need to do on June 30th?

At the close of business on June 30, 2010 you will have already accomplished the biggest task, but there will be few tasks left to perform, such as:

- Changing the GST Taxation Rate to 0 to disable this tax
- Changing the PST title to HST, and editing the Taxation Rate and Alternate Taxation Rate to the new rate(s)
- Any additional editing of Stock, Coupon and Charge items as required

Important: Head Office with polling Stores, or Stores with the Transactor module have additional servers to prepare in advance, so the sooner you start, the easier your overall transition will be! Additional discussions will follow in this guide.

What else should I know before I get started?

On July 1, you will need to disable the GST Tax setting, so that you do not continue to charge GST after July 1. Disabling the GST will remove the GST Headings on the Sales & Cash Summary and sales receipts or full sized invoices.

Important: This will prevent the owner/bookkeeper from seeing the complete financial totals for accounting and tax remittance purposes and is unavoidable unless you upgrade to the Windows Version of Smart Vendor in time.

For Management to obtain the proper printouts for periods prior to July 1, 2010 they will need to limit this reporting to after-hours. You would need to temporarily enable the GST (Primary Tax) setting under System Configuration to obtain the needed reports and then disable the GST setting right away once you have the required reports. If you do not disable the GST again, or if you attempt to do this during business hours, then you may accidentally (and incorrectly) be charging GST as well as HST on new purchases.

HEAD OFFICE & POLLING STORES

Overview

There are several possible ways that Head Office and its polling stores could be managing the master Stock list, the tax configuration in System Configuration, and the tax selections found on the Inventory File at store level within the chain.

The following subsections will help you identify what pattern you should be following.

If you are unclear as to how your chain is configured you should setup a test stock item with both taxes enabled and poll it to the stores; Then test editing the test stock item to disable both tax settings and determine if polling was able to pass this change to the store(s). Please note that in some chains not all stores are configured the same, so you should check if the changes to the test stock item were properly polled to each store.

Important: If the test to Tax changes do not poll to the store, the store will need to perform all the same functions at the store level. If after attempting all recommendations you require assistance, you will need to log a Software Support enquiry to the Multipost Support Centre. Please note that a valid credit card or support plan is required to cover the assistance.

The chapters after the Head Office section will provide the details of editing System Configuration, and performing Reports etc.

The sections within this chapter are presented to help provide an overview of the Head Office versus Store responsibilities for the change over.

WHERE HEAD OFFICE CONTROLS TAX CONFIGURATION, INVENTORY FILE & STOCK TAXABILITY

Head Office will be fully responsible for all configurations in the Smart Vendor Head Office if:

- All or some stores are located in the same province, and therefore share the same tax rules and percentages
 - Your retail chain might have some stores in the same province which Head Office has the ability to fully manage, and your chain may have some stores in other provinces, which might fall into the next major section
- Same province stores follow the tax configuration found in System Configuration – System Setup – Primary Tax and Secondary Tax at Head Office (with the exception of the GST Registration # which is maintained at store level)
- All or only same province stores in the Head Office – File Enquiries – Location Setup – Details screen are polling the Stock File and System Config. polling topics

Head Office Tasks Prior To May 1

- Add the recommended Departments and Stock Items from the chapters that follow
 - E.g. For the HST Transitional Rules between May 1 through June 30
 - E.g. For selling out of province
 - E.g. For handling returns made on or after July 1 where the items were purchased before July 1
- Train your stores on the HST transitional rules or tax rule changes that the Canada Revenue Agency has set out and how to use the special Stock Items created for these purposes

Head Office Tasks By May 30

For all or only same province stores, it is the responsibility of Head Office to:

- Enable Alternate PST feature in System Setup
- Use Reports to determine impacted items and edit the Inventory Files to change Inventory File PST taxability code where required to the Alternate PST code
- Edit Coupon File and Charge File to select Alternate PST tax code in advance of the July 1 switch over if the items in those files only need to have the Alternate PST enabled
 - e.g. a coupon for a Book, which will only be subject to the 5% GST after July 1, should have the alternate tax for HST selected (not the normal PST code) in order to be ready for July 1
 - e.g. an item created in the Charge File instead of the Inventory File because the retailer is not tracking quantities on the product, but where the product is

only subject to the 5% portion, should have the alternate tax for HST selected (not the normal GST) in order to be ready for July 1

Head Office Tasks June 30

- Change PST tax configuration to HST in System Setup
- Disable GST tax configuration
- Edit Stock Files for any final tax changes as needed
- Poll changes with stores before the store reopens on July 1 or July 2

Store Tasks June 30

- Change PST tax configuration to HST in System Setup before leaving the store in the event polling is not performed overnight to update the store system (power failure, communication problems, or store normally polls during the day)
- Disable GST tax completely to ensure GST is not charged on the first sale of July 1 in the event the polling is not successful before the store reopens (power failure, communication problems, store polls during the day normally)

WHERE HEAD OFFICE CONTROLS STOCK LIST & WHERE STORES CONTROL TAX CONFIGURATION & STOCK TAXABILITY

Important: Please determine if your Head Office falls into this category and ensure you advise your store personnel at the affected stores accordingly of their role.

This section would be applicable to your operation if one or more of the following points are true:

- Stores in the chain are located in different provinces, and therefore do not have the same tax rules and percentages
- Head Office adds stock items with both GST and PST enabled for all locations across the country, and it is up to the store to later override the selections as needed for their province
- Stores do not follow the tax configuration found at Head Office in System Configuration – System Setup – Primary Tax and Secondary Tax
- In Head Office – Location Setup – Details page, the System Config. polling group is disabled OR the store is using a special feature that Protects the System Config at store level
- The store is using a special feature that Protects the Tax Levels at store level
- Stores receive the initial stock item from Head Office and thereafter maintain the taxability at store level
 - E.g. Where a Head Office is in Ontario, and there are stores in BC, AB, SK, ON, NS, etc. and tax configuration and percentages vary from province to province
 - In this scenario, the Store will have the ability to Edit the Stock Details screen and the store personnel will override the tax configuration on the Stock Details screen as needed for their province if both taxes do not apply

Head Office Tasks Prior To May 1

- Add the recommended Departments and Stock Items from the chapters that follow
 - E.g. For the HST Transitional Rules between May 1 through June 30
 - E.g. For selling out of province
 - E.g. For handling returns made on or after July 1 where the items were purchased before July 1
- Train your stores on the HST transitional rules or tax rule changes that the Canada Revenue Agency has set out and how to use the special Stock Items created for these purposes

Head Office Tasks Prior To May 30

In this environment, typically the Head Office will be configured for GST and PST in order to have both taxes enabled for any province it is polling to.

It is the responsibility of Head Office to:

- Enable Alternate PST feature in System Setup for the same province stores that follow the Head Office configurations
- Use Reports to determine impacted items and edit the Inventory Files to change Inventory File PST taxability code where required to the Alternate PST code
- Edit Coupon File and Charge File to select Alternate PST tax code in advance of the July 1 switch over if the items in those files only need to have the Alternate PST enabled
 - e.g. a coupon for a Book, which will only be subject to the 5% GST after July 1, should have the alternate tax for HST selected (not the normal PST code) in order to be ready for July 1
 - e.g. an item created in the Charge File instead of the Inventory File because the retailer is not tracking quantities on the product, but where the product is only subject to the 5% portion, should have the alternate tax for HST selected (not the normal GST) in order to be ready for July 1

Store Tasks Prior To May 30

It is the responsibility of the store to:

- Edit Inventory File and apply the alternate PST Rate Code if items will only be subject to the GST portion of HST after June 30

Head Office Tasks June 30

- Change PST tax configuration to HST in System Setup
- Disable GST tax configuration
- Edit Stock Files for any final tax changes as needed
- Poll changes with stores before the store reopens on July 1 or July 2

Store Tasks June 30

- Change PST tax configuration to HST in System Setup before leaving the store in the event polling is not performed overnight to update the store system (power failure, communication problems, or store polls during the day normally)
- Disable GST tax completely to ensure GST is not charged on the first sale of July 1 in the event the polling is not successful before the store reopens (power failure, communication problems, store polls during the day normally)

SMART VENDOR TRANSACTOR SERVER & STATIONS

You will need to ensure that the Main Smart Vendor Server has had all the appropriate changes made in System Configuration and to the Inventory, Charge, and Coupon Files.

You will need to Poll the Transactor on June 30th, after making final changes in the Main Smart Vendor System if it is to be used on July 1 for transactions. Otherwise, before your next event, you will need to trigger a refresh of the entire Inventory File and System Configuration changes to poll to the Transactor station.

MAY 1-30: PREPARE STOCK FOR ALTERNATE HST %

Does This Section Apply To Me?

If you sell products that are currently PST exempt, and those products will only be subject to the 5% GST portion of the HST after July 1, 2010 then yes, this section applies to you.

Important: If you currently offer food service and offer meal combinations under \$4.00, you are likely already using the alternate PST rate for this purpose. This means that you cannot follow the instructions below to “enable alternate PST rate” until after close on June 30 – just in time for the actual change to HST.

Warning: It is strongly recommended that you upgrade to the Windows Version of Smart Vendor immediately to accommodate more than one alternate tax rate for your store.

Examples Of Products Only Subject To GST Portion Of HST

The following product categories (Departments) will be subject to only the GST percentage of 5% once the BC or Ontario store switches to HST.

Critical: If you have more than one of the 3 groupings below, you should contact your Smart Vendor Sales Representative immediately to discuss upgrading to the Windows Version of Smart Vendor.

Group 1: If you sell any of the following merchandise, you will need to enable the alternate taxation rate.

- Books, Book with CD-ROM (see CRA definitions)
- Newspapers (see CRA definitions)
- Children’s Shoes, Youth Size 6 and smaller
- Children’s Clothing, Youth Size 16 and smaller
- Diapers

Group 2: If you sell any of the following merchandise, you will need to research the HST requirements for one or more of the headings. Please also see the note (below) on “Using Kit File For Alcohol Or Admissions”.

- Alcohol
- Admissions

- Accommodation

Group 3: If you offer food service and offer meal combinations under \$4.00, then you are likely already using the PST Alternate Taxation Rate for this purpose. If this is the case, then these items cannot be changed until the close of business June 30.

- Meals Under \$4.00

- items must be packaged at Register to apply the tax rule, this group must use the Alternate Taxation Rate for its special rules

Using Kit File For Alcohol Or Admissions

If you are using the Kit File to sell Alcohol or Admissions, you must Edit these Kit Files at the end of day on June 30 to remove the GST and PST stock items you are using, and replace them with an HST stock item with the appropriate dollar value.

ENABLE ALTERNATE PST RATE

Enabling Alternate Tax Rate For PST

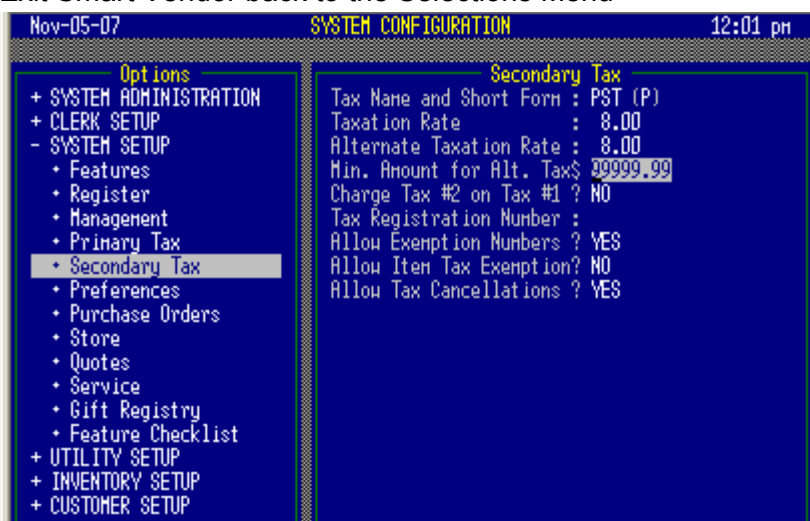
In this section we are recommending that stores who do not use the Alternate PST Tax Rate for the Meals Under \$4.00 rule start setting up the Alternate PST Tax Feature now. Following these recommendations, you will be able to start applying the Alternate PST Code now to any items that will only charge the GST portion of the HST after June 30. There is a special Exemption amount feature that will be utilized so that the Alternate Tax Rate does not start calculating PST on items that are not currently subject to PST, e.g. Children's clothing and footwear, and books.

From the Smart Vendor Main Menu:

1. Select **SYSTEM CONFIGURATION**
2. Login
3. Select **SYSTEM SETUP**
4. Select **SECONDARY TAX**
5. Arrow down to the Alternate Taxation Rate
6. Input the Alternate Taxation Rate of 8%
7. Beside Min. Amount For Alt. Tax\$, input 99999.99

NOTE: If you are already using the Alternate Taxation Rate for food service / meal combinations under \$4.00, and you will have other stock that should not charge the PST portion of the HST, you will need to upgrade your system to the Windows Version of Smart Vendor immediately.

8. Select **PGDN**
9. Select **SAVE CHANGES**
10. Exit Smart Vendor back to the Selections Menu



Hint: You will be coming back to this area on the evening of June 30th to edit all the PST headings to HST and disabling GST.

PERFORM REPORTS AND INVENTORY FILE CHANGES FOR ITEMS THAT WILL NEED THE ALTERNATE TAX CODE

This chapter will guide you through printing a Report of all items in a specific Department to provide a list of the Stock Items that will need to be updated for the Alternate Tax Rate code and how to edit the Inventory File to set the Alternate Tax Rate Code.

Determine Which Department #s Will Be Impacted

From the Smart Vendor Main Menu:

1. Select **SYSTEM CONFIGURATION**
2. Login
3. Select **INVENTORY SETUP**
4. Select **DEPARTMENT FILE**
5. Make note of any and all Department Codes related to the following Departments if on your list:
 - **BOOKS**
 - **NEWSPAPERS**
 - **CHILDREN'S SHOES**
 - **CHILDREN'S CLOTHING**
 - **DIAPERS**
 - **ALCOHOL**
 - **ADMISSIONS**
 - **ACCOMMODATION**
 - **MEALS UNDER \$4.00**

Report On Items In Specific Departments

From the Smart Vendor Selections Menu:

1. Select Report Generator
2. Login
3. Select the Stock Inventory topic
4. Select Use Existing Report (if offered)
5. Select the Inventory Count Sheet report
6. Select Range Options
7. Select Erase Last Range until you are offered an Available Choices list
8. Select Department #
9. Select Is Equal To
10. Enter the appropriate Department # as recorded above (you will need to do a separate report for each Department)
11. Select No More Ranges
12. Select View On Screen
13. Select Ascending Order
14. Select Exit
15. Select Print Report
16. Select Details Only
17. ENTER through the Printer Options
18. Once the report finishes, repeat Steps 11-22 for any additional Departments that you need to update the Alternate Tax Rate for
19. Exit back to the Selections Menu

Edit Stock Item Through Inventory File

From the Smart Vendor Main Menu:

1. Select **FILE ENQUIRIES**
2. Select **INVENTORY ENQUIRY**
3. Select **INVENTORY FILE**
4. Login
5. Select the first Stock # from your report
6. Select Edit
7. Arrow down to the PST field at the top right
8. Type **2** to select the Alternate Tax Rate
9. Select **PGDN**
10. Select **SAVE CHANGES**
11. Select **ESC** to Exit back to the Stock Search
12. Repeat Steps 29-35 for each additional item on your Report
13. Exit back to the Main Menu when finished

JUNE 1: PREPARE FOR REFUNDS OF GST/PST & TRAIN STAFF

Stores should anticipate the return/exchange scenario before the official July 1, 2010 transition date in order to prepare your cashiers. We recommend adding special Departments and Stock Items now to prepare for refunding GST/PST after July 1 and that you and your staff practice these recommendations in advance of July 1.

Important: You will also use the special GST item after July 1st when shipping mail/phone/web orders out of province.

Return/Exchange Scenarios After July 1

This section will guide you through adding what will be required to perform those returns.

Scenario 1

If an item or service was purchased before July 1, and the customer is taking something else at a greater value, then you can perform the return and the sale on the same transaction and the customer will pay the difference in tax based on the new HST rules.

Important: If the taxability of the item changes under HST, we recommend Scenario 2 for processing a refund, and performing a new sale for items purchased after June 30. E.g. Adult shoes under \$30 versus children's shoes \$30 or more.

Recommendation Summary:

1. List the products or services to be returned
2. List the items being sold (which are worth more than the returned items)
3. Total the transaction with the net HST calculations and collect payment

Scenario 2

If an item or service was purchased before July 1, the customer is not taking anything else, and the customer paid GST and PST, then the client must be refunded their original taxes (GST/PST).

Recommendation Summary:

1. List the products or services to be returned
2. List the special GST stock #, manually calculate 5% and price the stock item
3. List the special PST stock #, manually calculate the old PST percentage and price the stock item
4. Total the transaction and refund payment according to store policy
5. You will waive the new HST calculated by selecting the HST option in the Total window

Scenario 3

If an item or service was purchased before July 1, the customer is taking something else of an equal value, and the customer paid GST and PST, then you may perform the exchange on the same transaction because the subtotal will be \$0.00.

Recommendation Summary:

1. List the products or services to be returned
2. List the products or services to be purchased
3. The subtotal is \$0.00 therefore there are no taxes due or to be refunded
4. Total the transaction

Scenario 4

An item or service was purchased before July 1, and the customer is taking something else at a lesser value.

Recommendation Summary:

We recommend that you perform the refund recommended in Scenario 2 above, and then make a new transaction for the items being purchased to manage the refunding of GST/PST appropriately

CREATE SPECIAL DEPTS & STOCK ITEMS TO MANAGE GST/PST RETURNS/EXCHANGES AFTER JULY 1, 2010

Add New (Tax) Departments

Critical: If you have no free Department numbers you can use, you are advised to contact your Smart Vendor Sales Representative to discuss upgrading your systems and software to Smart Vendor For Windows (SV7).

From the Smart Vendor Main Menu:

1. Select **SYSTEM CONFIGURATION**
2. Login
3. Select **INVENTORY SETUP**
4. Select **DEPARTMENT FILE**
5. Arrow down the list to determine 2 available Codes

Note: there is a maximum of 50 Departments, so you will need to locate 2 available Codes between 1 and 50

Add New Department For GST

6. Select **F2 ADD**
7. Replace the Code with an available code (located in Step 5 above)
8. Type a Department Name of GST
9. Select **PGDN**
10. Select **ADD RECORD**

Add New Department For PST

11. Select **F2 ADD**
12. Replace the Code with an available code (located in Step 5 above)
13. Type a Department Name of PST
14. Select **PGDN**
15. Select **ADD RECORD**

Add New (Tax) Stock Items For Refunding GST/PST After July 1

From the Smart Vendor Main Menu:

16. Select **FILE ENQUIRIES**
17. Select **INVENTORY ENQUIRY**
18. Select **INVENTORY FILE**
19. Login

Add New Stock Item For GST

20. Select **F2 ADD**
21. Change the Stock # assigned by Smart Vendor to **GST**
22. Arrow down to Description and type **GST**
23. Arrow down to Department
24. Select **F10 LOOKUP**
25. Select the Department Name for GST
26. You may leave the Supplier at Miscellaneous
27. Ensure that any tax options at the top right are set as **NO**
28. Ensure Auto Qty is set as YES
29. Ensure Pricing is set as **NO**
30. Leave all costs and selling values at \$0.00
31. Select **PGDN**
32. Select **ADD RECORD**

Add New Stock Item For PST

33. Select **F2 ADD**
34. Change the Stock # assigned by Smart Vendor to **PST**
35. Arrow down to Description and type **PST**
36. Arrow down to Department
37. Select **F10 LOOKUP**
38. Select the Department Name for PST
39. You may leave the Supplier at Miscellaneous
40. Ensure that any tax options at the top right are set as **NO**
41. Ensure Auto Qty is set as YES
42. Ensure Pricing is set as **NO**
43. Leave all costs and selling values at \$0.00
44. Select **PGDN**
45. Select **ADD RECORD**

JUNE 1: PREPARE FOR SELLING OUT OF PROVINCE

If you ship mail orders, phone orders, and/or web orders out of province, then after July 1, you will need to invoice the consumer HST at the rate for their province (not yours), or only charge GST if shipping to a province that is still collecting GST/PST (the consumer is supposed to self-assess the PST).

While Smart Vendor does offer Alternate Tax Rates for stock items, it does not offer alternate tax rate calculations based on where the customer lives (where the goods are being shipped to).

You will need alternate Stock Items & Departments to collect the HST at different provincial rates.

You will want to add one more Department, and possibly a few more stock items to manage this process.

Ultimately, for an Ontario store to ship an order to a consumer in B.C., the Ontario store will need to collect 12% HST (the B.C. rate), not 13% (the Ontario rate).

Much like the refund scenario, you will waive the normal tax calculations, select a special HST BC 12% stock item, calculate the required dollar amount and price the special HST BC stock item.

It might be a good idea to have one stock item for each different HST collecting province and show the rate in the description, this way your staff will remember what amount to calculate for the various HST provinces.

Add New (Tax) Departments

From the Smart Vendor Main Menu:

1. Select Files
2. Select Stock File
3. Login
4. Select F12 Filter
5. Arrow down to Department
6. Select F10 Lookup

Add New Department For HST OUT OF PROVINCE

7. Select F2 Add
8. Replace the Department # with hst
9. Type a Department Name of hst out of province
10. Select PGDN
11. Select Yes to Save Changes
12. Select ESC to exit the Department list
13. Select ESC to exit the Filter window

Add New (Tax) Stock Items For Charging HST At Different Percent After July 1

Hint: We recommend encoding the HST % in the Stock #, and on the Description line indicate the Province abbreviations that the HST % is applicable to.

From the Inventory File – Stock Search:

Add New Stock Item for “HST 12% BC”

If you might ship out of province to B.C. then you will need this stock item:

14. Select F2 Add
15. Change the Stock # assigned by Smart Vendor to HST12
16. Arrow down to Description and type HST 12% BC
17. Arrow down to Department
18. Select F10 Lookup
19. Select the Department Name for **HST OUT OF PROVINCE**
20. You may leave the Supplier at Miscellaneous
21. Leave all costs and selling values at \$0.00
22. Ensure that any tax options at the bottom right are UNTAGGED or set at none
23. Ensure Auto Quantity is tagged
24. Ensure Auto Pricing is untagged
25. Select PGDN
26. Select Yes to Add New Item

Add New Stock Item for “HST 13% ON / NB / NF”

If you might ship out of province to Ontario, New Brunswick, or Newfoundland, you will need this stock item:

27. Select F2 Replicate
28. Change the Stock # assigned by Smart Vendor to **HST13**
29. Arrow down to Description and type **HST 13% ON / NB / NF**
30. Arrow down to Department
31. Select F10 Lookup
32. Select the Department Name for **HST OUT OF PROVINCE**
33. You may leave the Supplier at Miscellaneous
34. Leave all costs and selling values at \$0.00
35. Ensure that any tax options at the bottom right are UNTAGGED or set at none
36. Ensure Auto Quantity is tagged
37. Ensure Auto Pricing is untagged
38. Select PGDN
39. Select Yes to Add New Item

Add New Stock Item for "HST 15% NS"

If you might ship out of province to Nova Scotia then you will need this stock item:

40. Select F2 Replicate
41. Change the Stock # assigned by Smart Vendor to **HST15**
42. Arrow down to Description and type **HST 15% NS**
43. Arrow down to Department
44. Select F10 Lookup
45. Select the Department Name for **HST OUT OF PROVINCE**
46. You may leave the Supplier at Miscellaneous
47. Leave all costs and selling values at \$0.00
48. Ensure that any tax options at the bottom right are UNTAGGED or set at none
49. Ensure Auto Quantity is tagged
50. Ensure Auto Pricing is untagged
51. Select PGDN
52. Select Yes to Add New Item

Using Alternate HST % Stock Items For Out Of Province Sales

Again, we recommend practicing the recommendations for out of province sales so that cashiers are prepared well in advance of July 1. This should help alleviate concerns and uncertainty amongst the cashiers.

Making An Out Of Province Sale July 1, 2010

1. Select the Customer in the Sales Register
2. List the products to be shipped and any additional services
3. Type the Stock # that relates to GST or HST for the correct province and press Enter, e.g.:
 - HST12
 - HST13
 - HST15
 - If some items are only subject to the 5% GST portion, e.g. children's shoes, books, etc., then you may also need to select the HST5 Stock #
 - Independent of Smart Vendor you will calculate the proper amount of HST to be charged and price the appropriate stock numbers listed above
4. Total the transaction
5. Waive the normal HST calculations
6. Process payment

Using GST Stock Item For Out Of Province Sales

We recommend practicing the recommendations for out of province sales so that cashiers are prepared well in advance of July 1. This should help alleviate concerns and uncertainty amongst the cashiers.

Making An Out Of Province Sale July 1, 2010

1. Select the Customer in the Sales Register
2. List the products to be shipped and any additional services
3. Type the Stock # GST
 - Independent of Smart Vendor you will calculate the proper amount of GST to be charged on the GST Stock
4. Total the transaction
5. Waive the normal HST calculations
6. Process payment

JUNE 30: END OF DAY CHANGES

Change PST Name To HST & Edit Percentages

Make These Changes At All Smart Vendor Locations In The Polling Chain/Store

From the Smart Vendor Main Menu:

1. Select SYSTEM CONFIGURATION
2. Login
3. Select System Setup
4. Select Secondary Tax
5. Change the Tax Name And Short Form to HST(H)
6. Change the Taxation Rate:
 - 12% for British Columbia
 - 13% for Ontario
 - 15% for Nova Scotia
7. Change the Alternate Taxation Rate to 5
8. Change the Min. Amount For Alt. Tax to 0 (unless you require this for food services – meals under \$4.00 - in which case you would leave this as 4.00)
9. Ensure that Allow Exemption Numbers is set as YES
10. Select PGDN
11. Select Save Changes

DISABLE THE GST TAX RATE

Procedure For Stores And Head Office

Your store will follow these instructions if you are located in British Columbia or Ontario and run a:

- Store without polling links to another location
- Store + Transactor Server
- Store + Store Polling

We are recommending that even Stores whose stock list is controlled by a Head Office also perform the sequence provided below. This will ensure that your store does not charge GST on items on the next business day (July 1 or 2) should the changes not poll into your system from Head Office in time.

From the Smart Vendor Main Menu:

1. Select SYSTEM CONFIGURATION
2. Login
3. Select System Setup
4. Select Primary Tax
5. Set the Taxation Rate as 0.00
6. Select PGDN
7. Select Save Changes

EDIT CHARGE FILES AND COUPON FILES TO ENSURE PROPER TAX SETTINGS

From the Smart Vendor Main Menu:

1. Select **FILE ENQUIRIES**
2. Select CHARGE FILE
3. Login
4. Select ENTER to bring up a list of the Charges
5. Highlight the first Charge in the list and press ENTER
6. Ensure that the HST at the top right is showing the appropriate code
 - N for No Tax
 - Y for Full HST Tax
 - 2 for the 5% GST portion only
7. If correct, proceed to Step # 13 below
8. If not correct, Select Edit
9. Arrow down to the HST field at the top right
10. Type the appropriate Tax code
 - N for No Tax
 - Y for Full HST Tax
 - 2 for the 5% GST portion only
11. Select **PGDN**
12. Select **SAVE CHANGES**
13. Select **PGDN** to scroll to the next item in your Charge File
14. Repeat Steps 6-13 for each additional item in your Charge File (you will receive a prompt "Bottom Of File" when you are at the end of the file)
15. Exit back to the File Enquiries menu
16. Select COUPON FILE
17. Login
18. Select ENTER to bring up a list of the Coupons
19. Highlight the first Coupon in the list and press ENTER
20. Ensure that the HST at the top right is showing the appropriate code
 - N for No Tax
 - Y for Full HST Tax
 - 2 for the 5% GST portion only
21. If correct, proceed to Step # 27 below
22. If not correct, select Edit
23. Arrow down to the HST field at the top right
24. Type the appropriate Tax code
 - N for No Tax
 - Y for Full HST Tax

- 2 for the 5% GST portion only
25. Select **PGDN**
 26. Select **SAVE CHANGES**
 27. Select **PGDN** to scroll to the next item in your Coupon File
 28. Repeat Steps 20-27 for each additional item in your Coupon File (you will receive a prompt "Bottom Of File" when you are at the end of the file)
 29. Exit back to the Main Menu

JUNE 30: POLLING PROCEDURES

At least one key personnel at each store location should be granted access to edit System Configuration to reconfigure the Primary Tax and Secondary Tax appropriately on July 1 if needed, and may need to fall back on the HST Out Of Province sales recommendation if something is amiss at store level on the next business day, e.g. list the items, list the special HST12% / HST 13% / HST 15% stock item, waive the normal tax calculations in the Total window until the polling situation or system configuration has been resolved.

JULY 1 – GOING FORWARD

Remit All PST By July Filing Deadline

Be sure to check the Canada Revenue Agency site to find out critical dates for final PST remittances!

Viewing Sales & Cash Summary

You will need to disable the GST Tax setting, so that you do not continue to charge GST after July 1.

Disabling the GST will remove the GST Headings on the Sales & Cash Summary and sales receipts or full sized invoices.

This would prevent the owner/bookkeeper from seeing the complete financial totals for accounting and tax remittance purposes. When posting a General Journal entry from the Sales & Cash Summary, the missing original GST feature will result in an “out of balance” error for any periods where GST was collected and is now hidden.

For Management to obtain the proper printouts or exported files for periods prior to July 1, 2010 they will need to limit this reporting to after-hours. You would need to temporarily enable the GST (Primary Tax) setting under System Configuration to obtain the needed reports and then disable the GST setting right away once you have the required reports. If you do not disable the GST again, or attempt to do this during business hours, then you would accidentally (and incorrectly) be charging GST on new purchases.

PICKING UP LAYAWAYS / SPECIAL ORDERS / QUOTES / WORK ORDERS

Does This Section Apply To Me?

If your store has created Alternate Tax Rate codes for books, children's shoes, children's footwear, etc, this section applies to your store.

Correcting Old Tax Calculations

Any of these "in progress" transactions will have stored the taxability of the item when originally listed on the transaction.

This means that any "in progress" transactions created before you update the Inventory File have the old taxability settings saved, and if you simply "pickup all", you will be charging GST and PST, instead of HST.

Our recommendation to ensure that the correct taxability is applied when a customer picks up a Layaway / Special Order / Quote / Work Order after June 30, 2010 which was created prior to July 1, is to:

- Recall and cancel the "in progress" transaction
- Refund any deposits to a credit note or cash
- List the items from the refund receipt to make a normal sale, ensuring that the correct sales person is selected (for Commission purposes)
- Total the transaction
- Make sure the first payment uses the refund method issued from canceling the "in progress" transaction (where there had been deposits on file)

This approach will ensure that the Alternate Tax Rate is applied to the items if your store is affected by this. This will help you avoid any errors in tax reporting which may be observed during a tax audit.