Configuring Firestorm®

for Use with the

AvaTax System

1. Introduction

Avalara's AvaTax product offering is fully integrated into the Firestorm Network Marketing Management System. In order to use this sales tax calculation engine option, it is necessary to obtain the proper licensing directly from Avalara. If you are unsure how to do this, please contact our support department for help.

Setting up Firestorm® to use the AvaTax engine involves a series of configuration steps on the Firestorm® system as well as proper setup on the the AvaTax website that must be followed exactly in order to ensure proper taxation on all orders processed through the Firestorm® system.

1. Installation

Install the AvaTax Connector on the server

Note: If you have subscribed to the hosted edition of the Firestorm® system, this step will be performed by our support department on your behalf.

If you own an In-House license for Firestorm® then you will need to perform the following steps on the every server that will be processing orders. Typically, this will include your web server and your terminal services server. If you are using one server for both functions (not recommended), then you would only need to install the AvaTax package one time.

Step 1 – Download the AvaTax installation from Avalara

Your Avalara sales representative will give you the proper URL to use for downloading the AvaTax setup package. Currently this URL is:

 http://www.avalara.com/usercenter

Log onto the AvaTax website using the credentials supplied by your Avalara sales representative and download the installation package. There will be a menu option called "Product Download". Clicking this link will present you with a list of products and the appropriate download links. Click on the appropriate link for the Windows operating system, and save the file to your local hard drive.

Once the zip file has been downloaded, extract the contents and move the software installation package to each server you will be installing the AvaTax connector onto. The file you will need is called "AvaTax On-Demand.msi"

Step 2 – Run the installer wizard

Double-click on the .msi file to begin the installation.

When prompted by the installation wizard, accept the default options presented, with one exception: choose to allow access by all users.

Once the installation has completed successfully, close the wizard dialog box. The installation of the AvaTax connector is now complete.

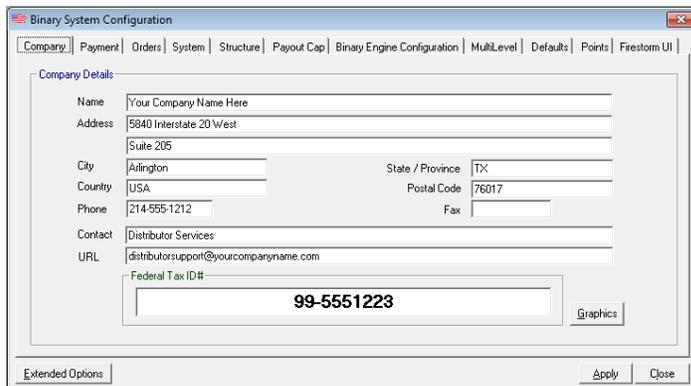Be sure and save the .msi file in a safe place in case you need to re-install it.

2. Firestorm® Configuration

Now that the AvaTax connector has been installed successfully on your server, it is necessary to configure the Firestorm® system to use it. Begin by logging into the administrative Firestorm® application.

Once logged in, select the following from the menu:

File->Configuration->General

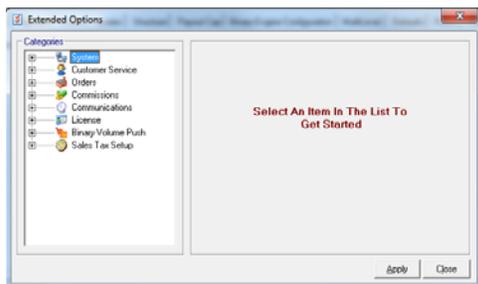You will see the following screen:

Figure 1 - General Configuration Screen

From this screen, you will need to click the "Extended Options" button to bring up the extended options configuration screen as illustrated below:

Figure 2 - Extended Options

Once this screen is open, you will need to click on the plus sign next to the "Sales Tax Setup" node in the tree view. Doing this will open the node and present your with two options, titled "Service" and "Configuration". Select the "Service" node by clicking on it. The system will present you with the following screen:
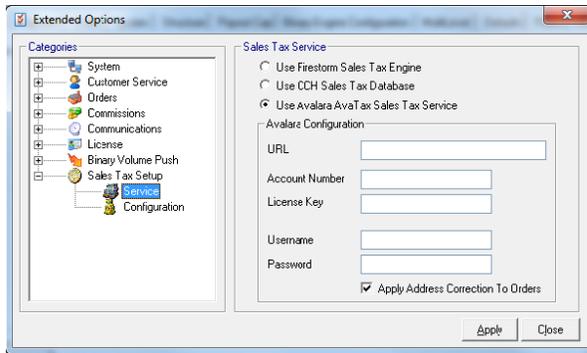

Figure 3 - Sales Tax Engine Service Selection

This is the primary location for setting up and selecting the AvaTax sales tax service. Once this form is opened, Select the "Use Avalara AvaTax Sales Tax Service" option from the list. Once this is completed, you will need to enter the specific credentials provided to you by your Avalara representative. The following items are required:

- **URL** – This is the actual production URL that will be used every time the system performs a sales tax lookup. This URL is a secure link, so it should always start with "https://". The actual url is provided to you by Avalara.
- **Account Number** – This is the account number provided to you by Avalara. This number is critical in that it is used to properly apply your transactions to your account. Double check it when you enter it to make sure you enter it correctly.
- **License Key** – This key functions like the password to your account. It will be provided by Avalara with the rest of your credentials.
- **Username** – Credentials supplied by Avalara. Use of this field is optional. Avalara will inform you if you need to use this field.
- **Password** – Credentials supplied by Avalara. Use of this field is optional. Avalara will inform you if you need to use this field.
- **Apply Address Correction To Orders** – As a side benefit to using the Avalara system, it is possible to use the address validation service to correct the destination address on the order being processed. If you select this box, Firestorm® will us the Avalara address validation service to normalize the destination address to USPS standard, including 9 digit zip codes, and will then write the corrected address to the order.

Once all required credentials have been entered, click the "Apply" button.

Once prompted that your changes have been saved, click on the "Configuration" node. You will be presented with the following screen:
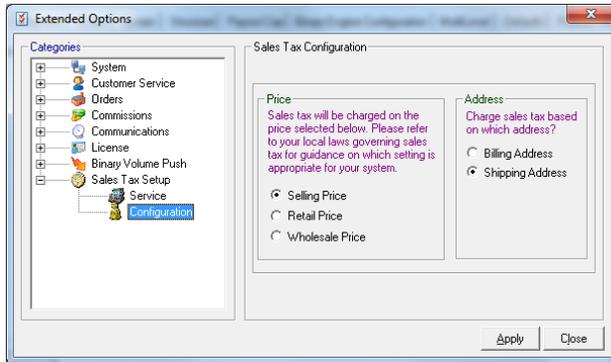
Figure 4 - Configuring price and address

Selecting Pricing To Charge Sales Tax On

In the Firestorm® system, you as a company owner have several options to choose from regarding which prices the system will use when calculating sales tax. One of the following options must be selected:

- **Selling Price** – The system will use the actual price paid for a product for the purpose of calculating sales taxes. The selling price could be either wholesale or retail, depending on the distributor who is making the purchase.
- **Retail Price** – The system will use the configured retail price from the catalog for the purpose of calculating sales tax, regardless of the price actually paid for the product.
- **Wholesale Price** – The system will use the configured wholesale price from the catalog for the purpose of calculating sales tax, regardless of the price actually paid for the product.

These settings are global in nature and will apply to all orders that are processed by the Firestorm® system.

Please be aware that there may be legal ramifications to how you charge sales tax to your distributors and customers. You should consult with a tax attorney who specializes in network marketing companies for proper advice on which option to choose.

Selecting An Address To Use For Calculating Sales Tax

When an order is processed on your Firestorm® system, you have the option of choosing which address will be used as the origin address for the purposes of calculating the sales tax. The following options are available:

- **Shipping Address** – Uses the actual shipping address that is on the order. For most companies this is *always* the option that you should choose.
- **Billing Address** – This option will use the billing address entered for the order. Do not use this option unless you have been specifically told to do so by someone qualified to do so.

3. Setting Up Tax and Item Codes for Each Product

When calculating sales taxes, the system has to have a way to determine what type of a product is being sold to the consumer. (i.e.: food vs. non-food) This is done through the use of taxability codes that will allow each product you sell to be coded for the purposes of proper taxation. These codes, combined with tax rules set up in AvaTax will tell the Avalara system the type of product being taxed. This will allow AvaTax to apply the correct taxation for that type of product. Remember that all products are not universally taxable so the proper coding of your products is vital to being able to charge the correct amount of sales tax.

Once you have defined all of your tax codes, item codes and tax rules in the Avalara system, you will need to code each of your products with the appropriate tax code and item code that you defined.

To begin setup of tax codes in your Firestorm® system, select the following from the menu:

Inventory->Products

The following screen will appear:

Figure 5 - Product Configuration Screen

Select the product from the list of products that you wish to enter sales tax codes for. When you click the product in the list, the system will display the information about that product in a mode ready for edits. We will be concerned with the "Sales and Use Tax Configuration" portion of the screen:

This portion of the screen will be used to enter the tax codes that you have defined on the Avalara system using the AvaTax website (You will also define tax rules for the codes you set up). ***If you have not yet done this, you need to consult your Avalara documentation and complete code setup before you continue here***.

The following items must be set for each product in your system:

- **Taxable** – If this product should be considered for taxation, then select this check box. If you never want this product to be taxed, then do not select it.
- **Type** – This is used to define whether or not this product is a "FOOD" or "NON-FOOD" product. ***Note that this designation is for use by the Firestorm® system only and does not affect Avalara taxation rules in any way.*** Avalara tax rules must be set up properly on the AvaTax website to make this same determination in the AvaTax system.
- **Group Code** – This field correlates to the "Tax Code" (Avalara's terminology) that you have set up on the Avalara system.
- **Item Code** – This field correlates directly to the "Item Code" set up on the Avalara system.

Once you are satisfied with your configuration for this product, click the "Apply" button to save your changes to the database.

This step must be repeated for each product defined in your system.

Be aware that this configuration is being performed at the product level; this means that these codes will be used for this product regardless of which catalog the product is assigned to.

Once all products have been coded properly you are ready to begin testing your system.

4. Setting Up Codes for Shipping

In order to charge sales tax on shipping properly, it will be necessary to set up the proper codes for each state where sales tax is charged on shipping. Do this by selecting the following from the menu:
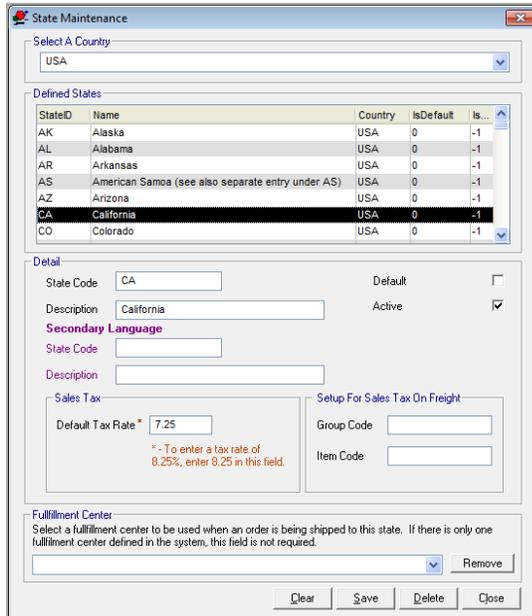
System→States

The system will bring up the states maintenance screen (see figure 6-1). Once this screen is up, you will need to select "USA" from the country list. Once you have done this, the system will display a list of all states that are currently defined in the system.

Click in the list on the state you wish to enter codes for. The system will pull that states record and present it ready for edit.

Go to the box on the screen titled "Setup for Sales Tax on Freight", and enter the Avalara "Tax Code" into the field labeled "Group Code". Enter the Avalara Item code into the field labeled "Item Code". Once you have accomplished this, click the "Save" button.

Repeat this step for each state that charges sales tax on freight.

Figure 6 - State Maintenance

5. Testing Your Configuration

Once you have successfully coded all of your products in Firestorm® and completed all of the preliminary configurations, you will need to run through several complete orders to ensure that sales tax is being calculated correctly. Remember that AvaTax must be set up properly, including specifying the locations where you have nexus, or want to voluntarily collect and remit sales tax.

It is possible for Firestorm® to be set up completely correctly and still get a zero tax amount returned from AvaTax. This can happen if you have not set up your tax and item codes properly, or have not set up your nexus configuration properly. Make sure you contact your Avalara support representative if you have any doubts about how you should configure AvaTax properly for your situation.

When you run a test order through your system, we would recommend starting with an order that has an origin address in a location where you know what the correct tax rate is. In this way you can determine whether or not your setup is correct for that locale. Avalara support personnel will work with you closely when you launch your service with them to make sure you configure AvaTax correctly.

6. Voiding an Order

When an order is voided on the Firestorm® system, the Avalara system will be contacted automatically to cancel the sales tax that was recorded in AvaTax for that order. The record will not be deleted, but will be cancelled. You

will still be able to view these transactions using the "Transactions" tab on the AvaTax website. They will show in a status of "Cancelled".

If there are any problems in communicating with the AvaTax system during the void process, Firestorm® will write very descriptive error messages to the order history for that order. These messages can be viewed in Firestorm® from the order entry screen under the history tab.

7. Error Logging

If Firestorm encounters any errors during any stage of its interactions with the AvaTax system, warning and error messages will be written to the standard Firestorm® log files. During your testing phase, you should review these log files to make sure that no problems are occurring. If your Firestorm® system is hosted, our support technicians can access these log files for you.

Some error messages will be written to the order history within the Firestorm® system. These messages can be viewed from the order entry screen under the history tab.

If Avatax returns a tax rate that you feel is incorrect, the first place to look is in these log files. If any issues are occurring, they will be logged here.

8. Document IDs on AvaTax

As transactions are posted to AvaTax, document IDs are created in the AvaTax system as follows:

PREFIX:ID

Where Prefix is one of the following values

OR – An actual order number from Firestorm®
SC – Shopping cart number from Firestorm®
GO – Temporary order number on Firestorm®
PO – Party batch temporary order on Firestorm®
RO – Temporary recurring order number on Firestorm®

When a document is committed on the AvaTax system, it will be saved with an "OR:XXXXXXX" document ID. The "XXXXXXX" portion of this number is the actual Order number on the Firestorm® system and can be used to pull up the order in Firestorm®.

9. Latency

Latency is simply a term used to describe the time it takes for a system to initiate a request till that request is completed.

It is important to remember that AvaTax and Firestorm® work together behind the scenes, communicating via the internet to do tax calculations. This is a complex dance and can be affected by the speed of your internet connection. If you notice a slight "pause" when the system is retrieving a sales tax calculation from AvaTax or when it is performing address validation, this behavior is normal and can happen from time to time depending on traffic conditions and the load on your internet connection.