

# Initial Tax Setup and Tax Based on Shipping State

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This article explains how to configure taxes in the POS and WebStore, and how to calculate taxes based on the customer's shipping state when required.

## Initial Tax Setup

1. Set up **Customer Tax**, **Sales Tax**, and **Item Tax** options in the POS, including item-level tax settings.
2. Confirm that your store configuration is set to assign tax schedules **per item**.
3. Sync these changes to your web store. Then go to **Web Store Manager > Fulfillment & Taxes > General Setup**.
  - Select a country.
  - Click **Configure States**.
  - Choose a state and configure its tax settings.
4. Test your tax configuration to ensure it is calculating correctly.

## Tax Based on Shipping state (for US-based stores)

Some stores are required to calculate tax based on the customer's **shipping state** instead of the billing address.

1. In **Web Store Manager > Fulfillment & Taxes** review the tax configuration and set it to **Custom: By Item** if needed.

## Order Fulfillment & Taxes : Canada

**Configuration for Canada**

Country Name:	<input type="text" value="Canada"/>
Country Code:	<input type="text" value="CA"/>
Tax Configuration:	<input type="text" value="Custom: By Item"/>
	<input checked="" type="checkbox"/> Require Zip Codes
	<input checked="" type="checkbox"/> Require State/County
	<input type="button" value="Save"/> <input type="button" value="Cancel"/>

**State/County Configuration** [configure states...](#)

13 states exist in this country: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Ontario, Quebec, Saskatchewan, Yukon Territory.

2. Configure the **local item tax** and map it to the appropriate **sales tax**.  
Example: **PA Item Tax** should be mapped to **PA Sales Tax**.
3. Click **Configure State** and verify that:
  - Nexus states are not marked as exempt.

- **Custom: By Item** is selected.

4. In **Websell Sync**, hardcode the following values and run a sync.

- `config_taxbasis = 1`
- `config_taxfield = 5`
- `config_taxsystem = 1`

Taxes will now be calculated based on the customer's shipping state rather than the billing address.