

In Kentico, tax classes allow you to configure taxes that [customers](#) pay when they purchase goods in your on-line store. You can specify different tax classes with different rates for each country or state, and then apply the taxes to particular [products](#), [product options](#), and [shipping options](#).

To assign tax classes to items in your store:

Products	Specify which tax class applies when editing products in the Products application on the General tab. Learn more in Products .
Product options	Specify taxes for product options in the Product options application when editing a product option on the Options tab. Learn more in Creating and modifying product options .
Shipping options	Specify taxes when editing shipping options in the Store configuration application on the Shipping -> Shipping options tab. Learn more in Configuring shipping options .

It is also possible to connect Kentico to external tax calculation services (for example Avalara). To achieve that, you can [customize](#) the Kentico E-commerce Solution or you can check the [Kentico Marketplace](#) for third party integration features.

To configure tax classes, you need to:

1. [Configure basic tax settings](#)
2. [Create a new tax class](#)
3. [Assign a percentage value to the tax class](#)
4. [Assign the tax class to your products](#)

Configuring tax settings

The [e-commerce settings](#) allow you to configure several options related to taxes:

1. Open the **Store configuration** application (if you want to configure the settings for the current site) or the **Multistore configuration** application (if you want to configure the settings [globally](#)).



If you are not sure what to choose, see [Choosing site or global e-commerce configuration](#). If you are not sure about specifics of configuring in these applications, see [Configuring e-commerce settings for a specific site or globally](#).

2. Navigate to the **Taxes** category.
3. Configure the available settings:

Setting	Description
Default country	Specifies the default country (typically, select your country or the country where you sell the most). The system applies all taxes based on their values as set for the default country, unless the customer specifies a different country (or state) during the checkout process.
Apply taxes based on	Specifies whether the system applies taxes based on the <i>Billing address</i> or the <i>Shipping address</i> . Note: For orders without shipping information, taxes are applied based on the billing address regardless of this setting.

Prices include tax	<p>Determines how the system handles taxes for the prices of products, product options and variants, shipping costs, etc.</p> <ul style="list-style-type: none"> If disabled, store managers enter prices without tax. The system calculates and adds the tax to the price total during the checkout process. If enabled, store managers enter prices with tax already included. The system does not change prices when calculating taxes, only shows the tax portion of the price. <p>In both cases, prices appear in product catalogs on the live site based on the entered price value (with or without taxes). Tax values can be displayed using the appropriate e-commerce transformation methods.</p> <p>Notes:</p> <ul style="list-style-type: none"> Changing the setting value does not automatically recalculate existing product prices and orders. If your instance runs multiple stores (e-commerce sites), the global value of this setting must be the same as the site value for all sites that offer both site and global products. Other scenarios are not supported, for example having a single store display prices with tax for site-specific products and without tax for global products.
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4. Click **Save**.

The system applies taxes based on the configured settings.

Creating and modifying new tax classes

To create or modify a new tax class:

1. Open the **Store configuration** application to create or edit tax classes on the current [site](#), open the **Multistore configuration** application to create or edit [global](#) tax classes.



If you are not sure what to choose, see [Choosing site or global e-commerce configuration](#). If you are not sure about specifics of configuring in these applications, see [Configuring e-commerce settings for a specific site or globally](#).

2. Switch to the **Tax classes** tab.
3. To create a new tax class, click **New tax class**. To edit an existing tax class, click **Edit** (✎) next to the respective tax class item.
4. Enter the following properties:

Display name	The name of the tax class that is also displayed to customers on the live site.
Code name	<p>The unique identifier of the tax class object used by developers in the code.</p> <p>Unless there is a reason to set a particular value, you can leave the default (<i>automatic</i>) option, and the system generates an appropriate code name automatically.</p>
Zero tax if tax ID is supplied	If selected, the tax class will be charged as 0 % to customer organizations which enter their tax ID during the checkout process .

5. Click **Save**.

The system saves the tax classes. You can now assign the tax class to any product or shipping option.

Assigning values to tax classes

You can assign values to either [countries](#) or states. The tax is then applied [based on the billing or shipping address](#).



If the tax is specified for both a country and a state, the system applies only the tax specified for the state.

To assign a value to a tax class:

1. Open the **Store configuration** application (if you want to add a value to a site tax class) or open the **Multistore configuration** application (to add a value to a global tax class).

✓ If you are not sure what to choose, see [Choosing site or global e-commerce configuration](#). If you are not sure about specifics of configuring in these applications, see [Configuring e-commerce settings for a specific site or globally](#).

2. Switch to the **Tax classes** tab.
3. **Edit** (✎) an existing tax class.
4. Switch to the **Countries** tab to enter a value to a country, or switch to the **States** tab to enter a value to a state.
5. Type the value to the **Amount** column next to the respective country or state item.
6. Click **Save**.

The system saves the taxes. The entered value of the tax class is now calculated for products or shipping options to which the tax class is assigned.

Assigning tax classes to products

✓ If you have not yet created or imported your store's products, see [Assigning taxes to products automatically](#). The page provides information about automatic assigning of tax classes to new products.

To assign a tax class to already existing products:

1. Open the **Products** application.
2. Select a product in the tree.
3. On the **General** tab, select the appropriate **Tax class** for the product.
4. Click **Save**.

The system now calculates tax for the given product according to the assigned tax class.

i You can find an overview of the products that have individual tax classes assigned in the **Store configuration** application. Edit the tax class on the **Tax classes** tab, and view its **Products** tab.

This overview is only available for site tax classes in the **Store configuration** application. In the **Multistore configuration** application, the **Products** tab is hidden when editing tax classes.