

# Understanding Target Plus taxpayer settings

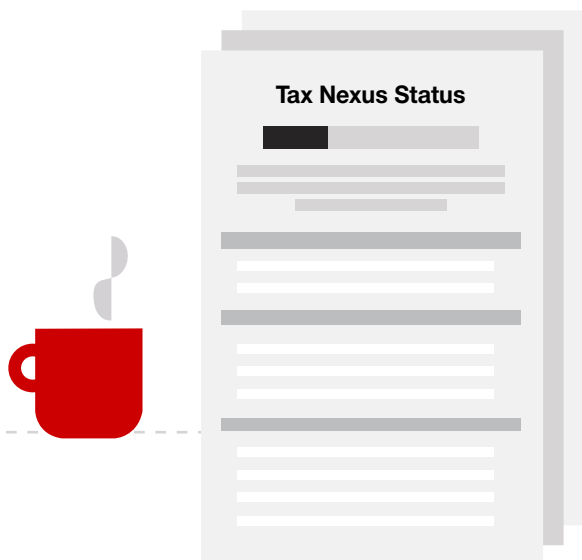


Let's get you up to speed with how taxes work at Target. Being thorough with your tax settings goes a long way in streamlining things so you can focus on what matters – selling to your guests. And while it's best to get in touch with your tax accountant for specific questions on your business, we're here to help you in any way we can.



## Getting the process started

Collecting and remitting taxes accurately for all orders is key, and we work with you to make sure the process is smooth. The collection depends on your tax nexus status in states, as well as the Marketplace Facilitator laws that Target adheres to. These details are documented in the taxpayer settings forms that Target will provide to you.



- ✔ Before you start listing items, remember to complete these forms so your tax settings are correct for your business.
- ✔ In case of changes in nexus status, remember to keep us in the loop so your settings are up to date.

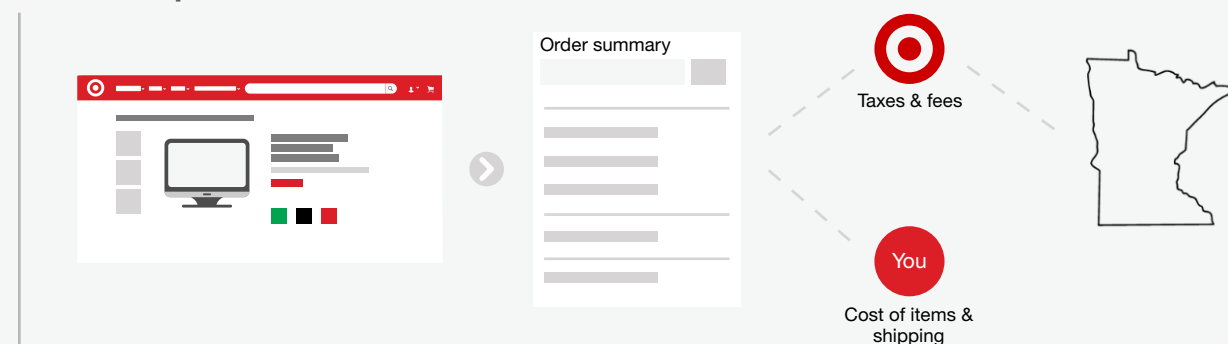
# Who is responsible for taxes?

Collecting taxes on orders depends on a number of factors, including the state the order is placed from, Marketplace Facilitator Laws in that state and item tax classification.

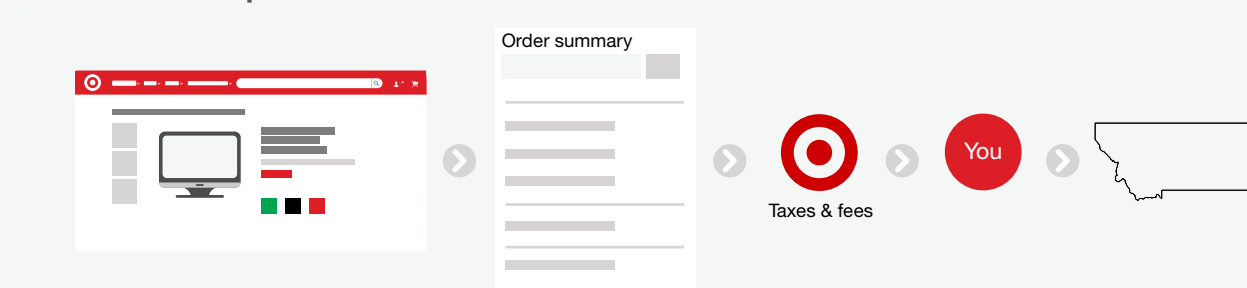
In **Marketplace Facilitator states**, Target calculates, collects, remits, and refunds state sales tax on your behalf.

In **Non-marketplace Facilitator states** we collect tax based on your nexus and taxability settings, and transfer the tax to you for remission to the state.

## Marketplace Facilitator states



## Non-marketplace Facilitator states



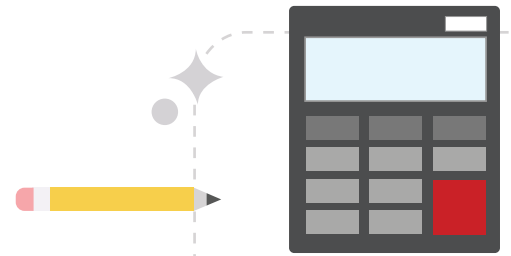
- ✓ Your Taxpayer Settings form lists out states that follow Marketplace Facilitator Laws and those that don't. You'll be filling out the form to let us know whether or not you have nexus in the Non-marketplace Facilitator states.
- ✓ For Non-marketplace Facilitator states where you have nexus, you'll be remitted tax amounts on a weekly basis via your Stripe payout. For more details on these amounts, you can refer to your weekly Financial Reconciliation Report.
- ✓ We constantly monitor changing tax laws to make sure we update our systems accordingly and keep you in the loop.

# Tax setting at the item level

Every item has a corresponding tax code and tax attribute unique to its category. This tax classification determines how an item is taxed and whether that item type is taxable. So for the tax to be collected accurately, the classification you provide us needs to be spot on. Say, for instance, you're selling steel-toed boots. During item setup, you'd want to review and send the tax classification that most closely matches the item you're listing to make sure tax is collected correctly from the guest. Incorrect tax classification could result in guests being taxed too much or too little and lead to some sticky accounting at the end of the year.

Here's a sample list of tax classifications for a clearer picture. You can check your onboarding documents for the entire list.

- ✔ You'll be required to enter a tax classification for every item during the setup process, so make sure to review the list and classify your items accurately.



Product ClassCode	PCC Name
07420	Athletic Uniforms
02010	Baby Blankets, Quilts, Sheets, Pillowcases
17200	Backpacks & Book Bags
34020	Bags Purses
02190	Bibs
14060	Bird Seed
28020	Charcoal
07440	Cleats
07050	Clothing Accessories
31090	Coolers

## Accessing your tax reports

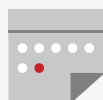
As a Partner, you have access to reports that help you track the tax amounts you're responsible for. This helps you stay organized and up-to-date with your taxes, and makes your month-end tax accounting a breeze.

### Your tax reporting works in 3 ways:



#### Real-time

Tax amounts are sent to you with your orders, both for Marketplace Facilitator states and non-Marketplace Facilitator states. These are purely informative.



#### Weekly

You can review your Financial Reconciliation Report on a weekly basis at the portal to find tax amounts that you're responsible for remitting.



#### Monthly

Every month, you will receive a Seller Activity Report that summarizes tax amounts by order and state.

# Tax-free holidays



Yes, we support tax-free holidays!

You can find more information about sales tax holidays, including qualifying items, by visiting your state or US territory's department of revenue (or equivalent) website.

- ✔ Sales tax holidays may be applied to sales sold, however tax may still be calculated on items if they do not qualify.

## What we need from you

Here's a quick checklist of what you need to do:



### Fill out all tax forms from Target

Once this is done, Target will have your settings complete and will work with you to adjust as needed in the future.



### Review and assign the most accurate tax classification for your item

Remember to pick from the choice list! And please note that Target is not reviewing or advising on the classification you've chosen.



### Monitor changes in laws that require specific items to be taxed

And ensure you've updated the tax classifications for any of your items that are impacted.



Notify us if your nexus changes in any state



Check out your state's Department of Revenues website for additional details



Reach out to a tax professional for guidance on item taxation requirements

## And here's what we're responsible for:

Monitoring Marketplace Facilitator laws and remitting tax to all states with a Marketplace Facilitator Law

Notifying you of changes in our Marketplace Facilitator settings

Collecting sales tax from guests based on the settings you've provided to us

And that's that! If you have further questions about taxes with Target Plus, open a case with our Support team for more assistance.

For assistance on Non-marketplace Facilitator laws, it's best to check out specific state and jurisdiction Department of Revenue sites.