ACTION REQUIRED FOR FIRMS APPLYING CANADIAN TAXES (PST, GST, QST, HST) TO SUNCOR INVOICES

When handling Canadian taxes, the integration between Suncor's AP system and CounselLink relies on tax data fields in CounselLink. **Law firms that apply Canadian taxes to Suncor invoices must create tax items in their CounselLink Law Firm Office Profile with the following data fields filled in: *Tax Type*, *Tax Rate*, *Charge Type*, *Taxing Country*, and *Taxing State/Province*.**

In order to create tax items, tax options on the Law Firm Office Profile need to be set:
https://www.counsellink.net/help/lawfirm/Content/TOPICS1/profiles/profiles-lawfirm-tax-opt-office.htm?Highlight=Tax%20

Creating Tax Items

For example, if a law firm will charge Ontario HST on invoices to Suncor, a new tax item should be created in the Law Firm Office Profile as follows:

> *Tax Type* = HST – Harmonized Sales Tax
> *Tax Rate* = 13%
> *Taxing Country* = Canada
> *Taxing State/Province* = Ontario
> *Applies to Charge Type* =* Fee & Expense

If a law firm will charge GST alone on invoices to Suncor, a new tax item should be created in the Law Firm Office Profile as follows:

> *Tax Type* = GST – Goods and Services Tax
> *Tax Rate* = 5%
> *Taxing Country* = Canada
> *Taxing State/Province* = **N/A**
> *Applies to Charge Type* =* Fee & Expense

*A separate tax item must be created for each of Fee and Expense. Therefore, each of the examples above will require creation of two tax items, one for Fees and one for Expenses. See screenshot below.

The LexisNexis tax module currently does not allow a law firm to apply two different types of taxes to a line item in an invoice. This creates a problem for any Canadian firm that needs to charge GST+PST or GST+QST on an invoice to Suncor. To solve this issue, we need law firms to create tax items on their CounselLink profile that combine GST/PST or GST/QST, as applicable.

For example, if a law firm will charge BC PST + GST, a new tax item should be created in the Law Firm Office Profile as follows:

> *Tax Type* = GSTPST – GST & PST Combined
> *Tax Rate* = 12%
> *Taxing Country* = Canada
> *Taxing State/Province* = British Columbia

Applies to Charge Type* = Fee/Expense

If the law firm will charge Quebec QST + GST, a new tax item should be created in the Law Firm Office Profile as follows:

Tax Type = GSTQST - GST & QST Combined
Tax Rate = 14.975%
Taxing Country = Canada
Taxing State/Province = Quebec
Applies to Charge Type* = Fee/Expense

*Note that a separate tax item must be created for each of Fee and Expense. Therefore, each of the examples above will require creation of two tax items, one for Fees and one for Expenses. See screenshot below.

	Tax Item	Tax Type	Apply To	Law Firm Office Tax ID	Taxing Country	Taxing State/Province	Default	Withhold Tax
☐	GSTPST - 12%	GSTPST	Fees	99-123456	CANADA	British Columbia	☐	No
☐	GSTPST - 12%	GSTPST	Expenses	99-123456	CANADA	British Columbia	☐	No
☐	GST - 5%	GST	Fees	99-123456	CANADA	N/A	☐	No
☐	GST - 5%	GST	Expenses	99-123456	CANADA	N/A	☐	No
☐	HST - 13%	HST	Fees	99-123456	CANADA	Ontario	☐	No
☐	HST - 13%	HST	Expenses	99-123456	CANADA	Ontario	☐	No
☐	GSTQST - 14.975%	GSTQST	Fees	99-123456	CANADA	Quebec	☐	No
☐	GSTQST - 14.975%	GSTQST	Expenses	99-123456	CANADA	Quebec	☐	No

Manual Invoice Creation

If creating an invoice manually in CounselLink, set *Invoice Type* to VAT. The tax items created using the process above will be available in the drop-down menu when entering the details for a fee or expense. Simply select the correct tax item to apply it.

LEDES

If submitting a LEDES 98BI file, a law firm must ensure that: (i) [LINE_ITEM_TAX_TYPE] provided in column 50 matches the *Tax Type* created in CounselLink; and (ii) [LINE_ITEM_TAX_RATE] provided in column 48 matches the *Tax Rate* in CounselLink. This will allow CounselLink to pull the corresponding tax item created from the Law Firm Office Profile (and pull in the other entered data fields such as *Taxing Country* and *Taxing State/Province*).

Note that taxes can still be applied using a 98B file, but they will be applied manually. After submitting a 98B file, select the option to "save for later" and manually edit the invoice in CounselLink. You will be able to select from the Tax Items that you have saved on your Law Firm Office Profile.

Paper Processing

If submitting a pdf invoice through paper processing, CounselLink will apply the correct tax type (either GST, HST, GSTPST, or GSTQST). CounselLink will use the law firm address stored in the law firm profile to populate the *Taxing Country* and *Taxing State/Province*. Please ensure your law firm profile has an up-to-date address.

Duplication Error Gap

If a law firm attempts to create two Tax Items that have the same *Tax Type* and the same *Tax Rate* (even if the *Taxing State/Province* is different) they will receive a duplication error. This is a gap for firms that will: (i) potentially do work for Suncor on BC and Manitoba related issues (because GSTPST = 12% in both cases); or (ii) potentially do work for Suncor on New Brunswick, Newfoundland and Labrador, Nova Scotia, and/or PEI issues (because HST = 15% in all cases). LexisNexis has advised that this gap will be closed in the future when firms will be able to create multiple tax items in the above scenarios without a duplication error.

Mitigation: A law firm that could potentially issue an invoice that has BC GSTPST and a different invoice that has Manitoba GSTPST should create a Tax Item for the most heavily used province in their Law Firm Office Profile. If they need to issue an invoice for the other province, manually create new Tax Items for that second province <u>at the invoice level</u> and apply it to each line manually.

Paper Processing Gap

If submitting an invoice via paper processing, CounselLink will only apply the *Taxing Country* and *Taxing State/Province* from the law firm profile address.

Mitigation: If the law firm is applying a provincial tax that is different from the province listed in its address, then the invoice must be submitted manually in CounselLink or through a LEDES file.

CounselLink Future State

LexisNexis has advised that they are working on new functionality that will allow law firms to apply two different types of taxes to a line item. However, Suncor has developed its integration based on the current state of the CounselLink tax module and will go-live with CounselLink before the new functionality is introduced. LexisNexis has indicated that the new functionality will not impact the process described above. When invoicing to Suncor, Law firms should not use the new functionality unless instructed to do so. Invoice failures may result if a law firm attempts to use the new functionality before Suncor has a chance to rework its own integration.