



E-COMMERCE PART 2

S|F SEGUIN FINANCIAL

INTRODUCTION

- Andrew Seguin – Founder of Seguin Financial
- First fully paperless and cloud-based bookkeeping and tax firm in SD&G
- Specializes in E-Commerce businesses



PART 2 OVERVIEW

- Why is E-Commerce bookkeeping so difficult?
- Sales tax
- Payment gateways
- Selling platforms
- Inventory control
- Multi-currency
- Navigating the apps
- Costs to consider

LEGAL DISCLAIMER

- Every business has its own unique characteristics and this webinar is a high level overview of e-commerce bookkeeping
- Please consult with your own tax accountant

WHY IS IT SO DIFFICULT?

- E-Commerce bookkeeping is one of the most difficult industries to manage due to many moving parts.
- You will need to have a strong understanding of technology to begin conquering the bookkeeping requirements
- It's easy to set up a store but difficult to set up a good one.
- Spend time at the beginning to get everything needed

SALES TAX

- Sales tax is complicated in Canada.
- GST/HST (some provinces have 13% and some have 15%)
- GST/PST (QST):
 - BC - 7% PST (over \$10,000 in sales)
 - SK - 6% PST (from \$0 in sales)
 - MB - 8% PST (over \$10,000 in sales)
 - QC - 9.975% QST (over \$30,000 in sales)
- GST only (some provinces only have 5% sales tax)
- US sales tax is just as complicated.

SALES TAX

- Once GST/HST registered, you will charge all customers their respective provincial GST/HST %.
- If a province has GST/**PST(QST)** instead, you will only charge them GST (5%) and **not** the provincial sales tax.
- Unless their province requires for you to register (SK - \$0 in sales)
- Reach out to each provincial body or speak with a Canadian tax accountant

PAYMENT GATEWAYS

- There are a **lot** of payment gateways. This is how you receive and process payments for your sales, refunds, etc.
- Some popular examples are:
 - Paypal, Stripe, Moneris, Elavon, Shopify, Square
- They all handle payouts and fees differently. Do your research to see what one is the best fit for you.
- You'll want to look for encryption, low fees, customer support, integrations and more.

E-COMMERCE PLATFORMS

- There are many E-Commerce selling platforms with their own unique characteristics and fees.
- Shopify
 - One of the most popular and well-known platforms. I would recommend to minimally have a Shopify store.
- Amazon
 - Amazon can be very profitable if 'played' right. High fulfillment costs
- Other platforms: Ebay, Etsy, WooCommerce, BestBuy, Newegg

INVENTORY CONTROL

- Depending on where you are selling, you will require to continuously provide them with an inventory count.
- This could be done manually or through an inventory integration that does this automatically.
- It is recommended to try and **not** control your inventory in your accounting app. Control it within your inventory app, manually or by a spreadsheet.

MULTI-CURRENCY

- Your business might want to sell outside of Canada, which will require you to have a USD chequing account.
- Once this is active, you will require multi-currency bookkeeping, which is a set of books using multiple sets of currencies. The popular combinations are CAD/USD.
- Your reporting will have a base currency, which will be in CAD and you will report all of your accounts in a CAD equivalency.

APPS TO NAVIGATE (YAY!)

- We **love** apps. It makes all of our lives easier! Here are a few:
 - DEAR/SOS Inventory/SPS Commerce - Inventory apps to control stock, SKUs, COGS, bar codes, lot #s, WIP, etc.
 - A2X - Will import Amazon and/or Shopify settlements into your accounting system for easy reconciliations
 - Shipstation - Shipping label integrations with popular many platforms
 - QuickBooks Online/Xero - Cloud-based accounting solutions that will integrate with all of the above apps
 - FathomHQ - Detailed reporting to get a deep understanding of your business' financial health, including projections, cash flow, and margin analysis

COSTS TO CONSIDER

- E-Commerce businesses will typically have strong margins but will incur additional subscription, fulfillment and payment provider costs.
- Consider the costs of:
 - Shopify and Amazon fees
 - Merchant provider fees
 - Accounting software fees
 - Shipping fees
 - Inventory app fees
 - And more

E-COMMERCE SUMMARY

- If you are planning to dive into the world of e-commerce, I would strongly suggest in reaching out to a firm who specializes in this industry.
- Have strong processes and integrations as soon as you can.
- Our most successful clients are e-commerce clients due to high margins, low overhead and ease of obtaining customers



QUESTIONS?

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