Overview of Line Item Code Rates

Last Modified on 08/01/2023 11:46 am EDT

This guide provides an overview of and information about working with line item code rates. It is intended for general users.

When you set up a line item code (LIC), you can specify the rate at which the product or service will be sold. These rates are calculated from two components on the LIC record:

- Rate Type Drop-down list to specify the pricing structure (see below for details)
- Rate Value Number field to specify the amount used for the calculation

You can specify these components by navigating from Main Menu > Order Setup > Line Item Codes > LIC's detail view > Setup tab > Commissions and Rate Setup:

Code: TB-LIT1	orks of Shake	speare			ACTIVE 🔵						
Inventoried Item	Setup				_			Notices	Tasks 💟	Emails 🔀	Docs
Accounting Setup		/	Commissions and R	ate Setup Exd	from (Commissions	Unit Info				
Revenue Account >	Cost Account >	1	Rate Type	Rate Value	VDS	Price	Proc Case Qty	UOM	UPC	HTS	
4010 Textbook Sales	5001 Uncategorized Cost	(Markup %	25%	V	99.99					
Inventory Account >	Department >		Commission Type	Comm Value	VCS	Commission	Sale Case Qty	UOM	GTIN	ECCN	
1307 Textbook Inventory			Not Applicable		V						
Entorde customme. Exclude customer discount. 2 Enable tax automation. Tax code:			B) purchasing activity within the last number of days: 0 (Leave empty to consider all purchasing activity.) Record Access								
Enable autoring chinesente in Orders			Accessible to selected offices only.								
Drop ship by default.			AI; MWRO								
Special order by default. Do not create a sub-assembly job.			Oversight Notifications Send notice when an order or PO is opened.								
Time & Expenses			Send notice if sold with margin less than: 0								
Show in Code drop-down list for expense envelopes. Non-Billable Paid Time Off (PTO)			Barcode Scanning Barcode input: CODES0047								

Rate Types and Rate Values

There are four choices for Rate Type:

- Fixed Price Sets the Rate Value as-is.
 - Formula: Rate Value = Default Price Rate
 - Example: Selecting a Rate Type of Fixed Price and entering 100.00 for a Rate Value

will set a default price of \$100.00. The default price will not be altered unless you change it manually.

- **Fixed Markup** Sets the default price by marking up the Estimated Unit Cost by the Rate Value entered.
 - Formula: Unit Cost + Rate Value = Default Price Rate
 - Example: If the Estimated Unit Cost is \$25.00 and the Rate Value is 100.00, then the default price will be \$125.00. If costs change, the default price will always be the Estimated Unit Cost plus the markup amount set in Rate Value.
- Markup % Sets the default price by marking up the Estimated Unit Cost by the stated Rate Value percentage.
 - Formula: (Unit Cost * Rate Value) + Unit Cost = Default Price Rate
 - Example: If the Estimated Unit Cost is \$25.00 and the Rate Value is 10% (i.e. \$2.50), then the default price will be \$27.50. If costs change, the default price will automatically adjust to maintain the stated markup percentage.
- Margin % Sets the default price to a level which maintains the profit margin stated by the Rate Value percentage.
 - Formula: Unit Cost / (1 Rate Value %) = Default Price Rate
 - Example: If the Estimated Unit Cost is \$25.00 and Rate Value is 40%, the default price will be \$41.67. If costs change, the default price will automatically adjust to maintain the stated gross profit margin.