aACE Software

Overview of Line Item Code Rates

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> 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:
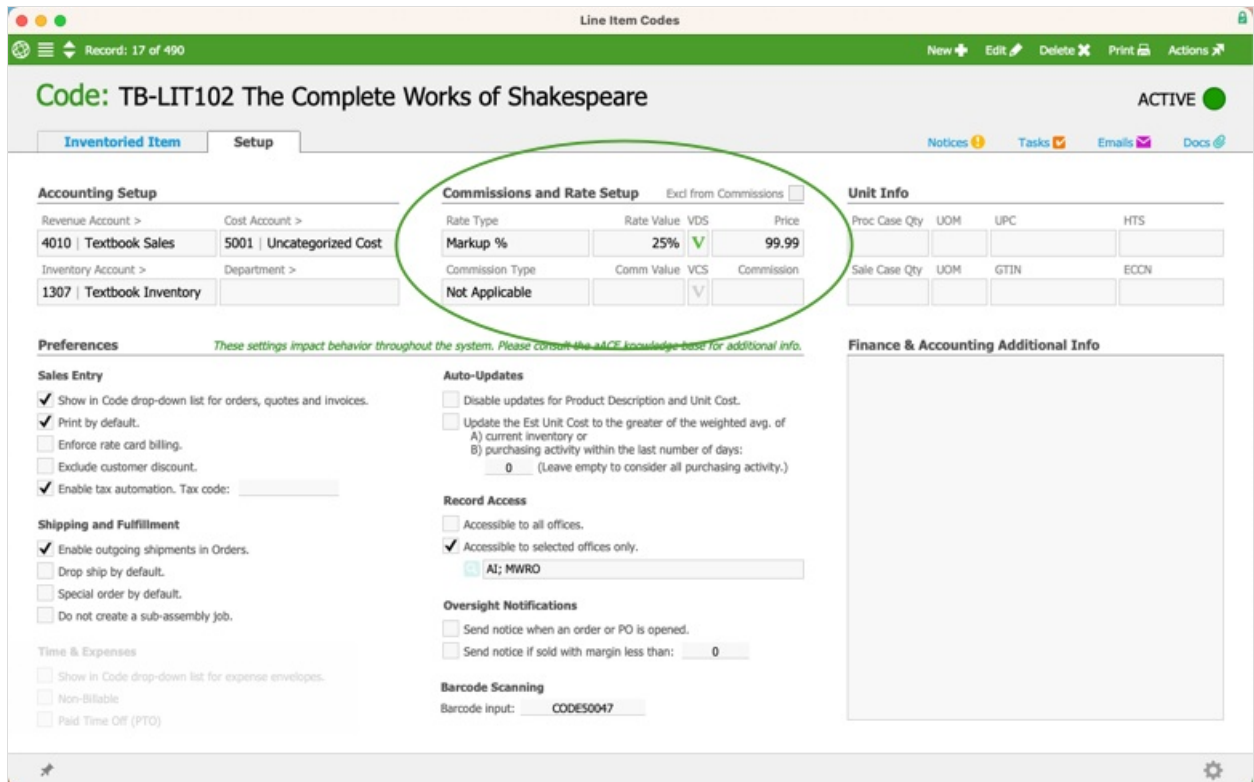
Rate Types and Rate Values

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.