

Refunding Taxes on eCommerce Orders

Last Modified on 01/05/2026 12:37 pm EST

This guide explains handling both partial and full tax refunds on an eCommerce order. It is intended for advanced users.

In refunds, the taxes from eCommerce transactions are calculated inconsistently based on the eCommerce system (e.g. rounding logic). Because of this, aACE sets a tax override field with the total amount that your eCommerce system calculated for taxes for imported orders. Because the tax calculation itself is not stored in aACE, any adjustment on the invoice will force aACE to reverse the total amount recorded in the tax override field.

Table of Contents

- [Configure a Line Item Code for eCommerce Taxes](#)
- [Partial Refunds of Taxes on eCommerce Orders](#)
- [Full Refunds of Taxes on eCommerce Orders](#)

Configure a Line Item Code for eCommerce Taxes

To correctly account for refunded sales tax, you must use a line item code (LIC) to represent the tax. This LIC must have the following specifications:

- **LIC Type** — OTHER
- **Code/Description** — Title should be easily recognizable for eCommerce tax issues
- **Revenue Account** — Must match the GL account of the tax profile used for web orders
- **Preferences** — Enable AvaTax preference should be disabled


On the relevant tax profile, add this LIC as a 0.00% exemption on the corresponding [tax profile](#) (<https://aace6.knowledgeowl.com/help/overview-of-tax-profiles>). This ensures aACE does not try to calculate additional taxes on taxes. This calculation error is unlikely because LICs with the Type as OTHER are usually taxed at 0.00%. However, we recommend ensuring this LIC is a 0.00% exemption on the tax profile as a precaution.

If your web orders associate with jurisdictional tax profiles based on location, you must create an LIC for each jurisdiction. For example, if orders shipping to New York use the New York tax profile, and New York taxes associate with a New York GL account, then you must

create a specific New York Tax LIC.

[?Top](#)

Partial Refunds of Taxes on eCommerce Orders

1. After you update the web order and issue any refund in your eCommerce solution, note the adjusted sales tax that will be levied on the updated aAXE order.
2. In aACE, locate the web order invoice.
3. At the detail view, select **Actions > Create Adjustment > Continue**.
4. In the adjustment record, remove unaffected line items by selecting the line item **Delete** icon ().
5. Update relevant invoice line items to reverse the items that were returned.
This step is the same for orders generated within aACE. Consult your company policies and procedures on how to account for the data.
6. Add the tax LIC as a new line item.
7. In the tax LIC Unit Price field, enter the adjusted sales tax amount for the refunded order from your eCommerce solution.
Because the aACE adjustment will fully reverse the tax amount, this value must be the new partial tax amount.
8. Select **Save**.


aACE will re-open the original invoice. To close out that invoice, you must create a negative receipt for the refund that is structured the same as other eCommerce receipts. Ensure the Pmt Method field is your eCommerce solution, and the Bank Account field is your undeposited eCommerce account.

A disbursement can also be used to resolve the re-opened original invoice. However, that would interfere with reconciling your eCommerce deposits later.

[?Top](#)

Full Refunds of Taxes on eCommerce Orders

The total tax amount on an eCommerce order may need to be refunded, such as if the customer is tax exempt but the order was input with taxes.

1. In aACE, locate the web order invoice.
2. At the detail view, select **Actions > Create Adjustment > Continue**.
3. In the adjustment record, remove all line items by selecting the line item **Delete** icon ().
4. Add the tax LIC as a new line item.

5. In the tax LIC Unit Price field, enter the full sales tax amount for the refunded order from your eCommerce solution.
6. Select **Save**.

aACE will re-open the original invoice. To close out that invoice, you must create a negative receipt for the refund that is structured the same as other eCommerce receipts. Ensure the Pmt Method field is your eCommerce solution, and the Bank Account field is your undeposited eCommerce account.

A disbursement can also be used to resolve the re-opened original invoice. However, that would interfere with reconciling your eCommerce deposits later.
