

<p align="center"><b>How To Figure Sales Tax When You Order Specialty Foods from the Longaberger Kitchen™</b></p>	<p align="center"><b><u>Longaberger Express</u></b></p>	<p align="center"><b><u>Web Express</u></b></p>	<p align="center"><b><u>Manual Orders</u></b></p>
<p><b>First</b>, answer the following question to determine the tax rate and if you will need to tax food purchases.</p> <p><i>What state is the “ship-to” address?</i></p> <p><b>Then</b>, go to myLongaberger.com under Reports &amp; Tools – Tax Lookup. Simply key in the zip code for the ship-to address and click on “Submit Zip”. This will provide a breakdown of applicable taxes.</p> <p><b>Then</b>, click on the Key Sales Tax Information link to determine the taxability of:</p> <ul style="list-style-type: none"> <li>• Shipping &amp; Handling on non-food items</li> <li>• Hostess Dollars</li> <li>• Food</li> <li>• Shipping &amp; Handling on food items</li> </ul> <p>If food is offered in a set with a non-food product, use the non-food tax rate to calculate the sales tax.</p> <p><i>Please note: Sales tax guidelines are subject to change. Always refer to the Key Sales Tax Information link to determine if any changes have been made.</i></p> <p><a href="#"><u>Click here for Tax Lookup</u></a></p>	<ol style="list-style-type: none"> <li>1. Be sure you have received your database update before entering your first food order.</li> <li>2. Once you start entering your order, sales tax will calculate properly for all orders shipped to states where food is taxable at the regular rate.</li> <li>3. For orders shipped to states where food is not taxed, or is taxed at a special food rate, sales tax will not be calculated properly by Longaberger Express. You can use your order form as a worksheet to calculate the correct tax amount.</li> <li>4. Once the order is received in the Home Office, the sales tax will be corrected and the new amount will be reflected on your order confirmation and debited from your bank account.</li> <li>5. Please refer to the note below for instructions and information on calculating food tax on shipping &amp; handling.</li> </ol>	<ol style="list-style-type: none"> <li>1. Food products will be entered the same as any other product.</li> <li>2. When the order is saved and calculated, the sales tax on food items will be calculated properly based on the “ship to” address of the order.</li> <li>3. Please refer to the note below for instructions and information on calculating food tax on shipping &amp; handling.</li> </ol>	<ol style="list-style-type: none"> <li>1. Complete as usual entering food products in the appropriate column.</li> <li>2. When the order is entered at the Home Office, the sales tax on food items will be calculated properly based on the “ship-to” address of the order.</li> <li>3. Please refer to the note below for instructions and information on calculating food tax on shipping &amp; handling.</li> </ol>

**Note:** While tax on food items has been charged properly according to various state regulations, the tax charged on the shipping and handling amount of those food items should be charged at the food rate (zero or reduced rate) as well. The Longaberger Express, Web Express, and PeopleSoft systems are not designed to allocate shipping and handling on each individual line. Therefore, for orders shipped to states where food is not taxed, or is taxed at a special food rate, the sales tax on S&H will not be calculated properly.

As a temporary solution, Home Consultants should use the new hard-copy order form (revised 7/04) as a worksheet to calculate the correct S&H tax amount for their customers. The new order forms have a separate column for product and food (these can be printed from myLongaberger under Reports & Tools then Print & Go Forms.) The Longaberger Tax Department will make weekly adjustments to the Consultant’s Activity Statements as needed. The Home Consultant should refund the customer upon receipt of the adjustment if the customer was mistakenly overcharged.

A system modification is being reviewed.