



Commercial Card

Solutions

An Exclusive Publication for Commerce Bank Commercial Cardholders

2nd Quarter 08

For Your Commerce Bank Purchasing Card Program

Understand Sales and Use Taxes

Most states* apply a sales tax on the sale of many goods and services that will be used in that state. Usually, the tax is collected by the seller and then turned over to the state. However, not all businesses are required to collect sales tax in all states. It depends on whether they have a nexus (a physical presence or some other link to a tax jurisdiction) in that particular state.

In cases where sales tax is due but the seller doesn't collect it, the purchaser is required to self-assess use tax and pay it to the state. The use tax may apply to your company when it makes a purchase from an out-of-state supplier that does not have a nexus in your state.

Managing Use Tax

Your Commerce Bank purchasing card program can help your company streamline many processes, but without a paper trail of requisition requests, purchase orders, shipping/receiving documents and invoices, some special attention to sales and use taxes may be necessary. A thorough knowledge of your Commerce Bank card program and a well-planned and documented process for managing and auditing use tax can satisfy tax requirements.

Most purchasing card programs use one of three basic approaches. To illustrate them, let's assume your company is in Missouri and that it makes purchases from 3,000 suppliers: 1,500 are in state and charge Missouri sales tax, 1,000 are out of state but charge Missouri sales tax and 500 are out of state and do not charge Missouri sales tax.

- **The exclusion policy approach** restricts the use of purchasing cards to in-state suppliers since

they charge sales tax, so there is no use tax liability. *Pro:* It's simple. *Con:* Most businesses will find this approach too restrictive and difficult to enforce. *Example:* Cardholders may only make purchases from the 1,500 suppliers in Missouri.

- **The basic use tax approach** calculates the use tax on all transactions with out-of-state suppliers, regardless of whether they charge sales tax or the transactions are exempt. *Pro:* Also relatively simple. *Con:* Generally results in the overpayment of use tax. *Example:* Use tax is calculated on transactions with all out-of-state suppliers. It is overpaid because it includes the suppliers who charge sales tax.

- **The refined use tax approach** excludes transactions with vendors who charge sales tax and transactions exempt from use tax. *Pro:* Accurate calculation of use tax. *Con:* Requires resources to identify purchases on which use tax is not due. *Example:* Use tax is calculated only on the out-of-state suppliers who do not charge sales tax.

Document Steps Thoroughly

No matter how you decide to manage use tax issues, you should be able to present state tax auditors with clearly documented tax procedures and evidence that they are followed.

* All but Alaska, Delaware, Montana, New Hampshire and Oregon.



Lockbox Services

Increase Efficiency, Reduce Overhead and Improve Customer Service Using Lockbox Services.



- Do customers mail payments directly to your office?
- Are checks held in the office because your staff doesn't have time to make a trip to the bank?
- Do you dig through files or boxes when payment research needs to be done?
- Would you like to reduce overhead expense?

If so, you should consider utilizing lockbox services.

When using a lockbox, customers are instructed to send payments to a special post office box instead of your business address. The bank picks up the mail directly from the post office and processes your payments in a secure environment. Payment information and images of both checks and supporting documentation can be obtained online shortly after the payment is processed. Additionally, we can capture customer and payment detail to automate the posting to accounts receivable via a secure transmission of the information. This type of technology provides quicker posting of payments and improved customer service due to easier access to information.

Utilizing a lockbox accelerates the payment and deposit portion of your cash conversion period in two ways. First, lockbox services reduce postal delays caused by having payments delivered to your business address. Mail delivered directly to your business requires additional sorting and can sit at the post office for many hours while waiting to be picked up by the carrier. These delays can cause your payments to miss important collection deadlines.

Second, using a lockbox shortens the amount of time necessary to process your customers' payments. Since the payment processing is done at the bank, your customers' payments are received and deposited all within the same day. Doing this work yourself can delay the deposit of the payments anywhere from one to two days depending on how long it takes you to process the payments, prepare the deposit and actually make the deposit at the bank.

In addition to the quicker deposit, many businesses find the greatest benefit comes from outsourcing the payment processing. Reducing overhead dedicated to payment processing saves money and provides more time for selling and supporting customers.

No business is too small or large for lockbox services. Lockbox is considered an outsourcing solution that can reduce head count and collect funds more quickly. Those two factors combined can create a significant impact to your company's bottom line.

What can lockbox services do for you?

- Provides faster collection of funds.
- Offers quicker access to receivables information and can automate posting.
- Eliminates paper by providing digital images via the internet or other electronic media.
- More efficient use of your office staff.

For more information about how lockbox services can benefit your business, talk with a Commerce Bank Payment Systems Specialist at **1-800-892-7100**, extension **22620**.

Stellar Service

Commercial Card Support Center Customer Satisfaction Survey

The results are in for Commerce Bank's Commercial Card Support Center customer satisfaction survey (July through December 2007), and they look great! Overall, we surpassed our goal of a 5.4 rating by achieving a 5.5 rating on a scale of 1-6.

Some highlights of the survey include:

Topic	Rating
Courteous and professional	5.6
Requests completed to customer's satisfaction	5.5
Polite when answering calls	5.6
Listened to and understood questions	5.5
Confirmation e-mail received confirming request completed	5.7



The Commercial Card Client Care Team is the reason behind these satisfied customers.

Here's what some of our customers had to say:

"The client care team is always very helpful. They keep me happy, which keeps our cardholders happy."

"When I call in I know I'll get an answer right away (rarely do I have to have a question researched and have a return call)."

"The best thing is being able to talk to a live person almost instantly when I call. No long waits on hold like other card programs."

"Commerce has an excellent staff of knowledgeable individuals who want to serve the customers. You do not find that in America too much anymore!"

The Commercial Card Client Care Team is the reason behind these satisfied customers. The Team consists of six Customer Service Representatives and a Customer Service Supervisor. Overall, the team has 64 years of experience with Commerce Bank, 30 of those years concentrated in the Commercial Card Department.

These outstanding ratings reflect Commerce Bank's ongoing commitment to providing superior service to you, our valued customers.

Small Changes, Big Results

Going Green Helps the Environment and Your Bottom Line

Green initiatives are all the rage these days, but it's not just trendy for your company to "go green," it is also a great way to make a difference in maintaining a healthy, sustainable environment. Here at Commerce Bank we have found that there are many small things that companies can do to reduce their environmental impact.

1. Reduce energy use. By shutting down PCs at the end of the day, Commerce found we could save as much as \$230,000 on energy expenses annually. This is great for the environment too, because the reduced energy consumption amounts to burning 2.1 million fewer pounds of coal and cutting CO₂ emissions by 5.5 million pounds per year.

2. Encourage alternative transportation. One of the easiest ways for a company to make positive environmental changes is to encourage its employees to think twice about how they get to work. Commerce Bank proactively encourages employees to consider alternative ways to commute. We even participated in

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call



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come by

Garth W. Noble

Getting to Know Commerce Bank



Garth Noble has worked in many capacities during his 10 years with Commerce Bank. His first stop was in the Information Technology department as a Business Systems Analyst, after which he moved on to RLPS Commercial Cards Systems Support. Garth's current position in Advanced Technology involves the support of all four Commerce online software products, where he helps Commerce Bank clients with training, troubleshooting and more.

We asked Garth to share his thoughts about Commerce Bank.

Q. What do you feel is the most important part of your job?

A. The most important aspects of my job are being able to listen to our clients, understanding their needs and recommending viable solutions that best fit their business' situations.

Q. What do you enjoy most about your job?

A. I enjoy the people I work with and the spontaneity the job provides. There is always something new and challenging, and there is never a dull moment on the tech team.


Small Changes, Big Results

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a regional workplace competition focused on reducing local air pollution. Employees competed for prizes based on the emissions-reducing activities they incorporated into their work day, such as carpooling, "eating in" for lunch, using public transit and telecommuting.

By carpooling just three days a week drivers can cut their individual emissions by thirty percent.* Look for commuter-matching services in your community.

3. Use green paper and supplies. At Commerce Bank we realized a savings of 218,750 pages of paper by automating just one manual procedure. Our employees think twice before printing things out and encourage

others to refrain from printing files they can save electronically. To show their support for Commerce Bank's "Green Initiative," many employees include this logo  please think before printing at the bottom of their e-mail message as a reminder to reduce environmental impact.

We Can All Do Our Part

We understand that these ideas may not be new to you, but it never hurts to be reminded of simple changes like these to lessen your impact on the environment. In addition, going green can amount to significant money savings and add to your bottom line.

* Source: www.marc.org

Green Web Sites

Want to learn more? Here are a few Web sites and blogs to check out:

- www.energystar.gov
- <http://greenoptions.com>
- www.usgbc.org
- www.coopamerica.org
- www.thedailygreen.com
- www.greenbiz.com
- www.dailyfuel.com
- www.economytip.com

Web sites provided for information only, no endorsement is implied.

Commercial Card Client Care Center

We offer personalized service through our in-house customer service department
7 a.m. to 6 p.m. Monday – Friday
1-800-892-7104 Fax: 1-816-760-7935
commercial.cards@commercebank.com

Write to us at:
**Commerce Bank
Commercial Cards
P.O. Box 411036
Kansas City, MO 64141-1036**

Please note our physical location:
825 Main Street, Kansas City, MO 64105

We're here to assist you with all your commercial card needs. For faster service, please have your account number ready when you call the Commercial Card Client Care Center.

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