

QUICK REFERENCE GUIDE

Add Freight and Miscellaneous Charges to a Purchase Order

October 31, 2015

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This guide provides an overview of the Freight and Miscellaneous Charges recorded in SWIFT. It lays out the process steps to add these charges on a new or existing purchase order.

Overview of Freight and Miscellaneous Charges

These costs reflect non-merchandise charges related to getting items to the state for receiving. They include freight, taxes and fees other than Sales and Use Tax. Examples of these fees include Ground Water Tax or Hazardous Material Fee.

Freight is the most common miscellaneous charge recorded in SWIFT. Freight is the goods transported to state agencies and their method of transportation. Freight terms used on purchasing documents determine two things:

- When ownership of the goods passes to the state as the buyer
- Who pays the freight charges

Freight terms in SWIFT start with FOB or “Free on Board”. FOB determines when the title for the merchandise passes from the Vendor to the State/Agency.

FOB Destination is **ALWAYS** used in SWIFT. It means the following:

- The Vendor retains the title and control of the goods until they are delivered.
- The Vendor selects the carrier and is responsible for the risk of transportation.
- The Vendor is responsible for filing claims for loss or damage.

Freight Terms Code	Description
FOB_PADD: FOB Destination, Prepd & Add	FOB Destination, Freight Prepaid and Added: <ul style="list-style-type: none"> • The Vendor pays the freight charges. • Freight charges are included in the cost of the merchandise. • No additional freight charges may be added to the invoice.
FOB_PALLOW: FOB Destination, Prepd & Allow	FOB Destination, Freight Prepaid and Allowed: <ul style="list-style-type: none"> • The Vendor pays the freight and adds freight charges as a separate line item on the invoice. <p><i>This Freight Term Code is the most common one used.</i></p>

For more information about shipping terms, review the Authority for Local Purchase (ALP) manual from the Minnesota Department of Administration. www.mmd.admin.state.mn.us/alp.htm

Process Steps to Add Freight Terms on a Purchase Order

Freight and miscellaneous charges are entered at the *Header Misc. Charges* page. Find this page on the **Go To** drop down menu. It is at the bottom, right side of the purchase order page.

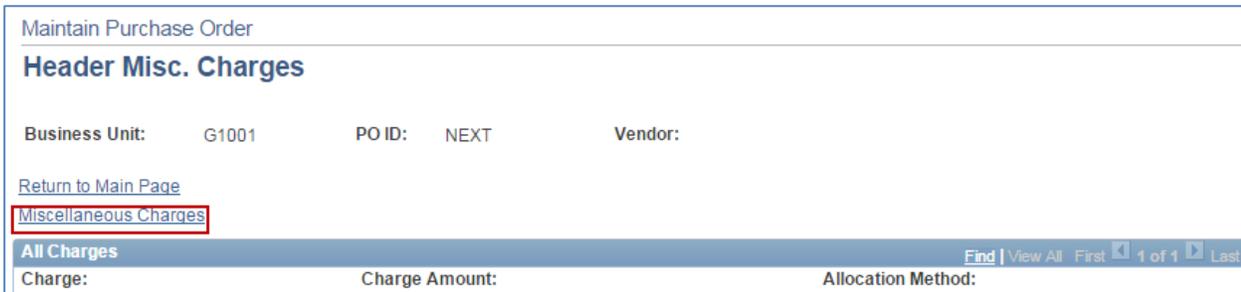


Step 1: Create or Update a Purchase Order.

1. **Navigation:** Purchasing, Purchase Orders, Add/Update POs
2. Select the correct tab:
 - **Add a New Value** to create a new purchase order.
 - Enter the information to create a purchase order with the applicable line(s).
 - Or, **Find an Existing Value** to update the *Miscellaneous Charges* an existing purchase order.

Step 2: Enter Freight or Miscellaneous Charges

1. Click on the **Go To** drop-down menu. Select **13-Header Misc. Charges**.
 - Click on the **Miscellaneous Charges** link.



1. On the **Header – Miscellaneous Charges** page, click on the *Miscellaneous Charge* icon.
 - Select a *Miscellaneous Charge*. Typically, you will select “FREIGHT”.

Field	Description
FREIGHT Freight Charge	This field is the most commonly selected. It is the charge for goods transported to state agencies.
GRND WATER Ground Water Tax	Use this field for fees and surcharges related to agricultural pesticides. <ul style="list-style-type: none"> • There is no ground water tax in Minnesota. • Ground water tax is often seen on invoices from agricultural pesticides sales. • Minnesota Department of Administration recommends removing ground water tax from invoices. Replace it with Minnesota Gross Sales Fee and ACRRA Surcharge on your invoices.

Field	Description
HAZARD Hazardous Material Fee	This field can be used for hazardous waste fees. Minnesota Pollution Control Agency and several metropolitan counties charge a fee or require a license to use their hazardous waste facilities.
MISC Miscellaneous Charge	State agencies may use it for their tracking and reporting purposes.
SOLIDWASTE Solid Waste Tax	This field is used for waste management services. The Solid Waste Management (SWM) Tax applies to services for both mixed municipal solid waste and non-mixed municipal solid waste.
STEEL Steel Surcharge Fee	This field is rarely used. It may be used to reflect purchases related to steel processing firms that recover and refine steel.
TIVEXCISE Transit Improvement Vehicle Excise Tax	This field is used to reflect fees on the purchase and acquisition of motor vehicles.

Step 3: Allocate the Miscellaneous Charges.

2. Choose an *Allocation Method* and add the *Amount*. The *Amount* is related to the *Allocation Method* you select. SWIFT uses this field to allocate the amount to selected lines on the purchase order.

Field	Description
Matl Value	Allocates by value (e.g., material value).
Quantity	Allocates by quantity (e.g., how many items).
Volume	Allocates by volume (e.g., amount of space that the object occupies in a shipping container).
Weight	Allocates by weight (e.g., how much the item weighs).

3. Validate that the *Merch Vendor* checkbox is selected. The *RTV Credit* checkbox is not selected. SWIFT does not use the RTV functionality.
 - If adding a multiple Miscellaneous Charges, click the + button to add a new line(s). Repeat the steps outlined above for all of these new lines.
 - Click **OK**.

- The updated **Header – Miscellaneous Charges** page appears.

4. Allocate each of the charge(s).

- Click the **Sel checkbox** on each line for which the charge(s) will be allocated.
- Click the **Allocate** button and validate that the charge is populated in the *Amount* field.
 - Repeat these steps for each miscellaneous charge added.
 - When adding multiple miscellaneous charges, use the **Allocate All Charges** button instead of allocating each charge separately.

All Charges											
Charge:		Charge Amount:		Allocation Method:							
FREIGHT		30.00 USD		Quantity							
Current Charge											
Sel	Line	Item ID	Description	Amount	PO Qty	Merch Amt	Currency	Packing Weight	Weight UOM	Packing Volume	Volume UOM
<input checked="" type="checkbox"/>	1		LAW BOOKS	30.00	10.0000	4,950.000	USD				

Select All
 Clear All

- After you allocate these costs, SWIFT updates the *Amount* and *Charge Amount* fields to reflect these costs.
- Click the **Save** button.
- Click the **Return to Main Page** link.

Process Steps to Add Freight Terms on an Existing Purchase Order

1. Access the Schedule page.

- On the **Line Details** tab, click the **Schedule** icon

Line	Item	Description	PO Qty	*UOM	Category	Price	Merchandise Amount	Status	
1						0	0.000	Open	<input type="button" value="Schedule"/>

- On the **Schedule** page, click the **Freight** tab to review and update the freight terms as needed.
 - *Freight Terms* default to “FOB_PALLOW”. If you update it to “FOB_PADD”, click **Save**.
 - Click the **Return to Main Page** link.

Schedules
 Unit: G1001 Vendor: MCGRAW HIL-001 PO Status: Open
 PO ID: 3000003352 PO Date: 10/22/2015

[Return to Main Page](#)

Lines											
Line:	Item:	Description:	PO Qty:	UOM:	Merchandise Amt:						
1		LAW BOOKS	10.0000	EA	4,950.00 USD						

Schedules
 Details Statuses Shipment Matching Receiving **Freight** RTV

Sched	*Due Date	*Ship To	Freight Terms	Arbitration	Charge Method	Freight Charge Override
1	10/22/2015	G104THFL00	FOB_PALLOW		Order Value	<input type="checkbox"/>