

USER MANUAL



Connect: Xero for Magento 2

Online Version

An online version of this user manual can be found [here](#).

Demo Store

A demo store is available to trial the settings of this extension:

- Frontend: connectxero.demo-m2.fooman.co.nz
- Backend: connectxero.demo-m2.fooman.co.nz/admin

User: demo

Password: demo123

Quick Links

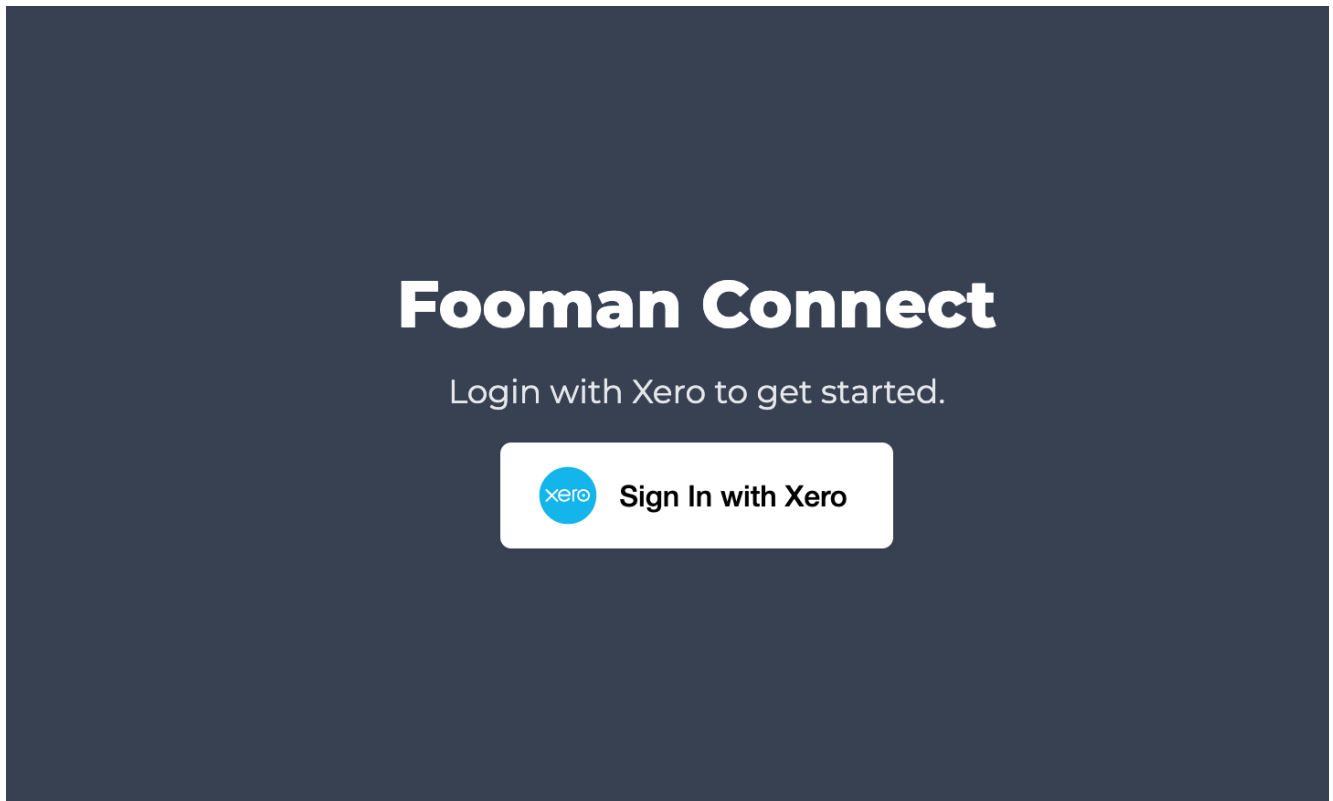
This User Manual is structured in the following sections:

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Using Fooman Connect: Xero	21

Install + Set Up (User Manual)

1. Head to connect.fooman.com to set up the connection to Xero. You will need a Xero login which authorises the connection and the Fooman Serial Number which you can find in [your account](#) on our site.

2. Click the Sign In with Xero button



and log into Xero as you normally would.

3. Allow us to use your name and email address to create a matching account on our end



Fooman Connect

wants access to:

User account information



Your basic profile information and email address

By allowing access, you agree to the transfer of your data between Xero and this application in accordance with Xero's [Terms of Use](#) and the application provider's terms of use and privacy policy. You can disconnect at any time by going to your [Account Settings](#).

Allow Access

Cancel

4. You will be redirected back and logged into connect.fooman.com.

5. Please review and accept the Terms & Conditions



DASHBOARD

CONNECTIONS

PLANS

API KEYS

LOGS

Dashboard

Hi Kristof, let's get you set up as quickly as possible.

Accept our [Terms and Conditions](#)



[Connect to your Xero organisation](#)



[Add a plan](#)



[Create API Credentials](#)



6. On the [Connections Page](#) click Connect to Xero



DASHBOARD

CONNECTIONS

PLANS

API KEYS

LOGS

Connected Xero Organisations



7. Once back on the Xero side select the organisation you want to use with our Magento integration service. You can find details on the permissions sought [here](#).



Fooman Connect wants access to:

Demo Company (NZ) ▼

Organisation data



Demo Company (NZ)

View and manage your organisation settings and business transactions

User account information



Kristof Ringleff

View your name, email, and user profile.

By allowing access, you agree to the transfer of your data between Xero and this application in accordance with Xero's [Terms of use](#) and the application provider's [terms of use](#) and [privacy policy](#).

You can disconnect at any time by going to [Connected apps](#) in your Xero settings.

Allow access

Cancel

8. Head to the [Plans page](#) to enter your serial number and press the Add button



DASHBOARD

CONNECTIONS

PLANS

API KEYS

LOGS

Plans

GauxglWXP14uGDpKmDu62vhld3mp7UwwOzXcVSJy2HgbtwkYLUWlUj/CueFAYAjVJR6aAkgMcmCj
zoRiiILT9fDqvlkkiwmudpbQYRo2Ym6h2y9k8J/vMXNHZKhu6U+/mMAD/KVb3Kf4eWXtFygUcTuk
3UWDFq2e7ep5P2oygaiegeDCq8ofElUt2gHbElwBeh9Beo0g/Gg3N53HxdgXW29mzaaCP+IX63tG
NrrlHicve+2/7qrW/Hif7lIrCR1ADvCRG43virRy25n4RvWl7ditCDfreaVhDvmwirF9mwkIiSf5No

Add

9. On the [Api Keys](#) page press Generate new Api Credentials



DASHBOARD

CONNECTIONS

PLANS

API KEYS

LOGS

API Keys

Generate new API Credentials

Xero Demo Companies are not counted towards your plan.

If you have multiple Connections and/or Plans you will be able to select which one to generate the credentials for.

Step 2 - Enter Api Credentials

1. In your Magento admin head to **Stores > Configuration > Fooman > Api Credentials**

Configuration Search 2 admin

Scope: Default Config ? Save Config

GENERAL

CATALOG

SECURITY

CUSTOMERS

SALES

FOOMAN

API Credentials

Fooman Connect

Fooman Connect

Get API Credentials

Api Key [store view]

Api Secret [store view]

Api Url [store view] https://api.connect.fooman.com

Troubleshooting

2. Copy and Paste both the Api Key and Api Secret

3. Press Save Config and the connected Xero organisation should display

Fooman Connect

✓ Connected to Fooman Demo Company (Global)

View/Update API Credentials

Api Key [store view]

Api Secret [store view]

Api Url [store view] https://api.connect.fooman.com

Optionally you can connect more Xero organisations if provided by your plan by repeating the API Key and Api Secret generation process and applying these settings per store view scope.

Step 3 - Configure Magento

1. Log into your Magento store backend. Go to **Stores > Configuration > Fooman Connect**
2. Set up the 'Xero - General' fields shown below, then click 'Save Config':

Enabled (v1.0+)

Select "Yes" to enable Fooman Connect.

3. Magento will now connect to Xero to retrieve your organisation's information like account codes and tax rates. Once your information has been retrieved from Xero, configure the remaining fields in the backend, and click save configuration.



Xero Version (v1.0+)

Select the Xero version you are using from the drop down list.

Use Xero Numbers (v1.0+)

When set to "Yes", orders/credit memos exported to Xero will use the Xero assigned number rather than the Magento assigned number.



Prefer Company as Contact (v1.0+)

When set to "Yes" and the billing address contains a company this will be used as the contact name in Xero instead of First Name + Last Name of the customer.

Transfer Currency (v1.0+)

Choose to export orders/credit memos in store base currency or order currency.

Tracking (v1.0+)

Use this optional setting if you already use tracking categories in Xero and want to track your online sales channel. Choose a tracking option to record online transactions exported to Xero.

Xero - Account Mapping



Sales Account (v1.0+)

Select the Xero account where you want to record sales (and any refunds). This setting

applies on a per store level.

Shipping Account (v1.0+)

Select the Xero account where you want to record shipping.

Refund Adjustment Account (v1.0+)

Select the Xero account where you want to record refund adjustments made on credit memos in Magento. Note this only covers the adjustment portion of the refund - the refunded item amount is credited against the Sales Account.

FPT Account (v7.0.3+)

Select the Xero account where you want to record fixed product taxes.

Surcharge Account (v1.1.0+)

This setting is only available if you are also using the Fooman Surcharge extension. Select the Xero account where you want to record surcharges.

Rounding Account (v1.0+)

Select the Xero account where you want to record rounding amounts.

Shipping is an Expense Account (v1.0+)

When set to "Yes", shipping costs paid by the customer will be classified as an expense in Xero, rather than as a sale.

Xero - Tax Settings



Tax Calculation (v1.0+)

Choose your preferred option for calculating tax:

- **Magento Re-calculated** = attempt to bridge the gap by creating rounding entries if Xero and Magento do not agree on the calculation (the default and best option for most users)
- **Magento Merged** = Individual Line Items are merged into one line for each tax rate
- **Xero Re-calculated** = let Xero recalculate completely based on the line total, could change qty to 1 if unit amounts with more than 3 digits can't be aligned
- **Tax as separate line item** = Individual line items in Xero no longer show a tax rate, instead a separate line item with the tax amounts for each tax percentage is added

Why do I need to choose this? Unfortunately Magento and Xero do not always agree on how to calculate taxes. Differences in the 2 systems exist in tax, rounding, bugs, etc, which can

occasionally cause Xero to reject any data which does not match its expectations.

Default Tax Rate for None Taxed Items (v1.0+)

Select the tax rate to use when the item has no other tax rule applied and the tax amount is zero.

Differentiate EU 0% tax rates (v7.1.2+)

If you require a different zero percent tax rate for countries inside the EU set this to Yes. The list of countries considered in the EU is configured in [General > Country Options > European Union Countries](#))

Default Tax Rate for None Taxed Items (inside EU) (v7.1.2+)

Select the tax rate to use when the item has no other tax rule applied and the tax amount is zero and the billing address country is inside the EU.

Tax Rate for None Taxed Items (Expenses) (v1.0+)

This setting is for expense items only. Select the tax rate to use when the expense item has no other tax rule applied and the tax amount is zero.

Backup Shipping Tax Rate (v1.0+)

This rate will only be used if Magento did not store a shipping tax rate and the tax amount is not zero OR the shipping account is an expense account.

Choose your shipping tax rate.

If you select "Use Item's Tax Rate", the shipping tax rate will be the same as the tax rate of items included in the order. If your orders contain multiple products with different tax categories, we don't recommend using this option.

Surcharge Tax Rate (v6.1.0+)

Choose the Xero tax rate that is applicable to surcharges.

Surcharge Tax Rate (Zero) (v6.1.0+)

Choose the Xero tax rate that is applicable to non taxed surcharges.

Xero - Inventory Settings

Use Xero Items (v8.9.3+)

This setting determines if invoices created in Xero are mapped to Xero's items. The options

are:

- Use item codes and automatically create in Xero. (the default)The Magento SKU of the ordered item is used as item code for the Xero invoice (needs to be less than 30 characters due to Xero maximum length). The item will get created in Xero automatically during the export of the order.
- Use item codes but don't automatically create in Xero.The Magento SKU of the ordered item is used as item code for the Xero invoice (needs to be less than 30 characters due to Xero maximum length). The item will not get created in Xero automatically during the export of the order. If the item does not exist the export will fail.
- Don't use item codes.The invoice in Xero gets created without the use of item codes. The Sku will appear alongside the item name in the description field. Please note that this option will mean the Sales By Item report in Xero will not show these sales. Additionally tracked item functionality in Xero will not update stock quantities.

Use Item Code With Shipping (v8.5.0+)

This setting affects what item code is sent to Xero for the line item describing shipping. When using Yes - Shipping method the shipping method's code will be used. This could for example be flatrate_flatrate or matrixrates_matrixrates_1299 allowing you to track the use of all your different shipping methods in Xero. When using No Item Code this field remains empty. When using "Yes - as entered below" the value from the setting Fixed Shipping Item Code will be sent across.



Create Tracked Items in Xero (v8.4.0+)

When Fooman Connect encounters a SKU that is not yet in Xero the integration will create this item in Xero. With this setting set to Yes the new item will get created as a tracked item.

Please note that Xero will check available stock quantities before an approved invoice can be created for a tracked item. To increase the available quantity you would first need to create a bill in Xero that purchases the item, see [Xero's documentation for inventory](#).

Inventory Asset Account Code (v8.4.0+)

Used for tracked inventory items. Select the inventory asset account to be used for new items created by Fooman Connect.

Cost of Goods Sold Account (v8.4.0+)

Used for tracked inventory items. Select the account to be used in Xero for Cost of Goods Sold.



Fixed Shipping Item Code (v8.5.0+)

Used when Use Item Code with Shipping is set to "Yes - as entered below"



Export Mode (v1.0+)

The integration can either work by exporting Magento orders to Xero invoices (useful if Magento does not create the invoices straight away and with delayed payments) or by exporting Magento invoices to Xero invoices.

Export Orders with Status (v1.0+)

Choose which status/statuses will trigger export to Xero. Different status options are available depending on which export mode you chose (Magento Order to Xero Invoice or Magento Invoice to Xero Invoice).

The first time a new order/invoice reaches this status, it will be exported to Xero. Multiple statuses can be selected, as each one will only be exported once.

Choose the status/statuses that best match the workflow of your payment methods and corresponds to money hitting your Xero accounts. Choosing to export orders with 'complete' status will be sufficient for most store's needs. However, please note that your payment method may use a different workflow to standard Magento so you should consider this.

[Compare your payment method workflow to standard Magento 2 workflows.](#)

All credit memos are automatically exported when created.

Export Orders with Zero Amounts (v1.0+)

When set to "Yes", zero amount orders (free products) will also be exported to Xero.

Status in Xero (v1.0+)

The initial status of the invoice when exported to Xero:

- Draft: Invoices need approval in Xero before payments can be reconciled against them (this can be done in bulk). Invoices will appear in Xero under "Draft", and may be deleted if you choose.
- Submitted for Approval: Useful if an approval process in Xero exists
- Approved: Payments can be reconciled with no approval/further action required. Invoices will appear in Xero under "Awaiting Payment", and can only be voided (not deleted).



Create Payment (v5.1.0+)

This setting is only available when "Status in Xero" is set to "Authorised".

When set to "Yes", a Xero payment into your chosen bank and/or Paypal account (you must select these below) will be automatically created for the full amount of the invoice.

This feature is great to use when the whole Magento invoice amount (e.g. sale worth \$49) hits your bank account (e.g. \$49 deposited). All that's left for you to do is to reconcile the bank statement line in Xero.

We don't recommend using this feature if the Magento invoice amount is different to the sum that actually hits your bank account. In these cases, we recommend reconciling the invoices directly to the bank statement line for the deposit and Xero will automatically create the payment for you. Examples:

- From a \$49 sale, only \$48.50 is deposited into your bank account after payment processing fees are deducted, or
- The amount paid combined multiple Magento orders - e.g. \$196 is deposited covering 4x \$49 Magento orders received that day

Bank Account for Payments (v5.1.0+) if using Create Payment feature

If you've set "Create Payment" to yes, choose the bank account the money is deposited into for the invoice payments (includes bank deposits and credit card transactions).

Bank Account for Paypal v5.1.0+) if using Create Payment feature

If you've set "Create Payment" to yes, choose the Paypal account the money is deposited into for the invoice payments (only use for Paypal transactions).

Start Date (v1.0+)

If you wish to backdate automatic exporting of orders, enter a date in this field. Dates should be entered in UTC (GMT) format. If no date is entered, automatic exporting will commence from the time of the process being set up and will not be backdated.

Show Xero Payments on View Page (v1.0+)

When set to "Yes", a new box called "Fooman Connect" will be created in each individual order view page in Magento. This will show:

- If the order/credit memo has been exported to Xero
- If and on which date payment has been received (when the payment has been reconciled in Xero)

Fooman Connect

Exported to Xero	Yes	
Xero Invoice Number	100000003	
Payments	\$20.00	December 9, 2015
	\$10.36	January 20, 2016

[View in Xero](#)



Start Date (v1.0+)

If you wish to backdate automatic exporting of orders, enter a date in this field. Dates should be entered in UTC (GMT) format. If no date is entered, automatic exporting will commence from the time of the process being set up and will not be backdated.

Credit Note Prefix (v1.0+)

Enter your chosen prefix to differentiate credit memo numbers from order numbers. While these numbers are the same in Magento, Xero requires these numbers to be unique.

Status in Xero (v1.0+)

The initial status of the credit memo when exported to Xero:

- **Draft:** Credit memos need approval in Xero before refunds can be reconciled against them (this can be done in bulk). Credit memos will appear in Xero under "Draft" and may be deleted if you choose.
- **Authorised:** Payments can be reconciled with no approval/further action required. Credit memos will appear in Xero under "Awaiting Payment", and can only be voided (not deleted).

Create Cash Refund (v5.1+)

This setting is only available when "Status in Xero" is set to "Authorised".

When set to "Yes", a Xero payment from your chosen bank and/or Paypal account (you must select these below) will be automatically created for the full amount of the credit memo.

This feature is great to use when the whole Magento credit memo amount (e.g. sale worth \$49) is taken from your bank account. All that's left for you to do is to reconcile the bank statement line in Xero.

We don't recommend using this feature if the Magento credit memo amount is different to the sum that actually hits your bank account. In these cases, we recommend reconciling the credit notes directly to the bank statement line for the deposit and Xero will automatically create the payment for you. Examples:

- From a \$49 sale, only \$48.50 is refunded from your bank account after payment processing fees are deducted, or
- The amount refunded is combined with multiple Magento orders - e.g. \$196 is paid covering 4x \$49 Magento refunds that day

Bank Account for Cash Refund (v5.1+)

This setting is only available when "Status in Xero" is set to "Authorised" and "Create Cash Refund" is set to Yes.

If you've set "Create Cash Refund" to yes, choose the bank account the money is deposited into for the invoice payments (includes bank deposits and credit card transactions).

Bank Account for Paypal Refunds (v5.1+)

This setting is only available when "Status in Xero" is set to "Authorised" and "Create Cash Refund" is set to Yes.

If you've set "Create Cash Refund" to yes, choose the Paypal account the money is deposited into for the invoice payments (only use for Paypal transactions).

Step 4 - Map tax rates

Mapping tax rates allows Magento to remember the correct tax rate in Xero when exporting transactions.

1. Go to **Stores > Tax Zones and Rates**

2. Go into each individual Tax Rate and under “Xero Rate” choose the appropriate Xero tax rate from the dropdown menu under Fooman Connect. Even if the correct tax rate is already shown, you still need to click Save for this to take effect.

3. It is important to map tax rates with the same effective tax rate – ie. A tax Xero rate of 15% should be matched to a Magento tax rate of 15%. Choose a tax rate on income unless you have a specific reason otherwise.

4. Repeat this for every tax rate in your store.

Tax Rate Information

Tax Identifier *	VAT
Zip/Post is Range	☐
Zip/Post Code	* '*' - matches any; 'xyz*' - matches any that begins on 'xyz' and are not longer than 10.
State	*
Country *	United Kingdom
Rate Percent *	20

Fooman Connect

Xero Rate *	20% (VAT on Income) [20%]
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Step 5 - Confirm set up via manual export

To confirm that transactions are being exported to Xero according to your intended settings set up in step 3 and step 4, we strongly recommend manually exporting a handful of representative orders and/or credit memos from Magento to Xero before setting up the automatic export process.

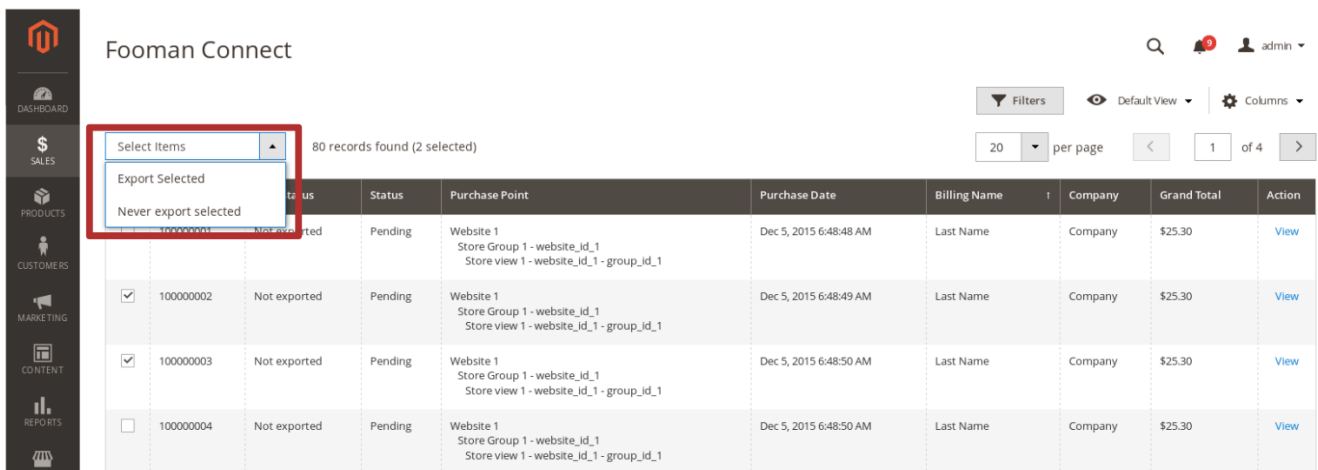
The manual export function can also be used in other circumstances:

- To manually export orders / credit memos from before the automatic export process was activated (see “Start Date for Orders/Credit Memos” feature in step 6, on setting up the automatic export).
- To manually exclude orders/credit memos from the automatic export process. Tick the checkboxes next to the orders / credit memos that you want to manually exclude, click “Never Export Selected” on the Action dropdown menu, then Submit.

Instructions

1. Go to the **Sales > Xero – Orders** tab (or to the **Sales > Xero – Credit Memos** tab if you also chose to manually export credit notes)
2. Tick the checkboxes next to all orders/credit memos that you want to manually export, and click “Export Selected” on the dropdown menu.

Manual exports are processed straight away without delay, however keep in mind that attempting to process large volumes at once may cause you to go over the Xero API limit. We recommend processing one page of orders/credit memos at a time to avoid any issues.



The screenshot shows the Foومان Connect interface. On the left is a sidebar with navigation icons for Dashboard, Sales, Products, Customers, Marketing, Content, Reports, and Settings. The main area displays a table of orders. A dropdown menu is open for the 'Action' column, showing options: 'Select Items', 'Export Selected', and 'Never export selected'. The table has columns: Status, Purchase Point, Purchase Date, Billing Name, Company, Grand Total, and Action. The first row is highlighted. Below the table, there are pagination controls showing '20 per page' and '1 of 4'.

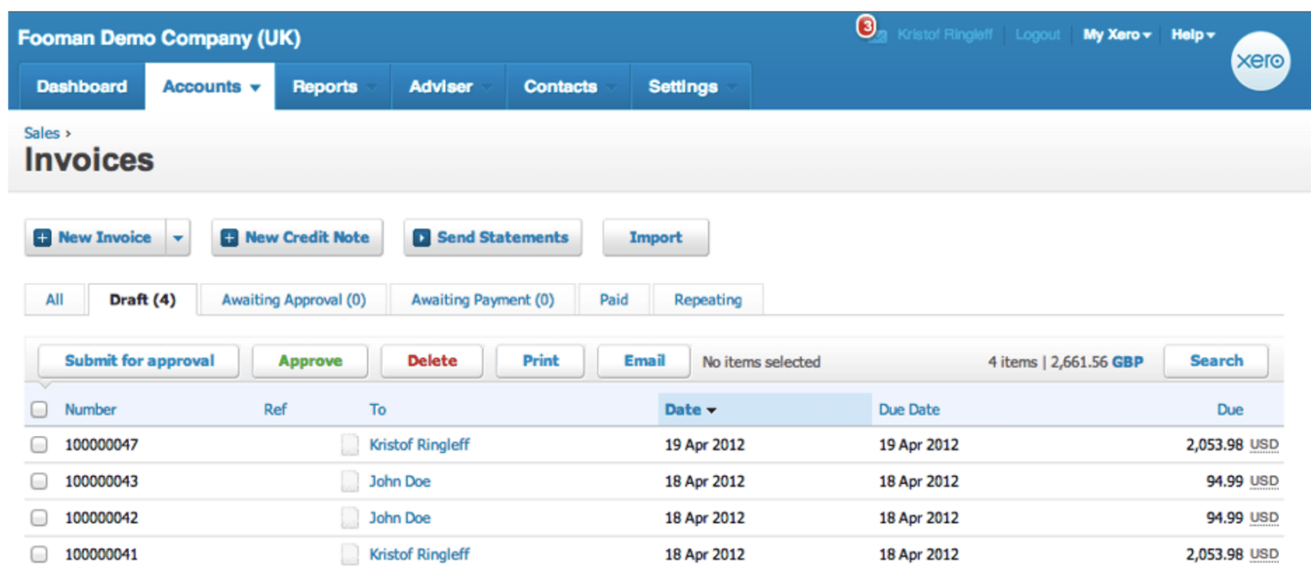
Status	Purchase Point	Purchase Date	Billing Name	Company	Grand Total	Action
Pending	Website 1 Store Group 1 - website_id_1 Store view 1 - website_id_1 - group_id_1	Dec 5, 2015 6:48:48 AM	Last Name	Company	\$25.30	View
Not exported	Website 1 Store Group 1 - website_id_1 Store view 1 - website_id_1 - group_id_1	Dec 5, 2015 6:48:49 AM	Last Name	Company	\$25.30	View
Not exported	Website 1 Store Group 1 - website_id_1 Store view 1 - website_id_1 - group_id_1	Dec 5, 2015 6:48:50 AM	Last Name	Company	\$25.30	View
Not exported	Website 1 Store Group 1 - website_id_1 Store view 1 - website_id_1 - group_id_1	Dec 5, 2015 6:48:50 AM	Last Name	Company	\$25.30	View

Please note:

- Xero's API limit is 60 requests per minute
- If you receive an error message because the Xero API limit has been exceeded, please wait a moment and then try to manually export the previously failed exports again.

3. Go to the [Xero website](#) and review the exported orders/credit memos under Draft Invoices.

All orders/credit memos appear as individual line items with the product name. The tax rate and account codes are also automatically filled in for you. All that's left for you to do is approve and reconcile the invoice/credit memo.



Fooman Demo Company (UK) Kristof Ringleff Logout My Xero Help xero

Dashboard Accounts Reports Adviser Contacts Settings

Sales > **Invoices**

+ New Invoice + New Credit Note Send Statements Import

All **Draft (4)** Awaiting Approval (0) Awaiting Payment (0) Paid Repeating

Submit for approval Approve Delete Print Email No items selected 4 items | 2,661.56 GBP Search

☐	Number	Ref	To	Date	Due Date	Due
☐	100000047		Kristof Ringleff	19 Apr 2012	19 Apr 2012	2,053.98 USD
☐	100000043		John Doe	18 Apr 2012	18 Apr 2012	94.99 USD
☐	100000042		John Doe	18 Apr 2012	18 Apr 2012	94.99 USD
☐	100000041		Kristof Ringleff	18 Apr 2012	18 Apr 2012	2,053.98 USD

Customer Records

During the export process, invoices/credit memos will be matched to existing customer records, and customer records will be automatically created for new customers with their address, phone number and email address.

Item Details

During the export process, the Xero field "Items" will be automatically populated with the Magento SKU. This allows you to run reports in Xero on sales by item.

You can view the overall item categories in Xero – go to **Accounts > Inventory**.

Xero allows a maximum of 30 characters in the "Item" field. If the Magento SKU is longer than 30 characters, when exported to Xero it will be added to the invoice/credit memo description, but will not appear in the "Item" field.

4. Check that everything has been exported as expected, according to the settings chosen in step 3 and step 4. If you need to update any settings, do this now and then repeat this step to confirm the set up.

Step 6 - Set up automatic exports

In Magento, configure Fooman Connect to automatically send your new Magento order data to Xero every ten minutes.

1. Go to **Stores > Configuration > Fooman Connect**
2. Configure the following settings and click Save Configuration.

Enable Automatic Exports (v1.0+)

Xero - Automatic

Enable Automatic Exports	No	[STORE VIEW]
Please ensure you have configured a cronjob for Magento - read more .		

Select "Yes" to enable Fooman Connect: Xero.

Even though the automatic export is scheduled to be run every 10 minutes, it cannot run faster than the system cron job. It is important to verify that a Magento cronjob was correctly configured during the initial set up of your Magento store, as this is essential to the automatic export function of Fooman Connect. If in doubt, please check with your web host or system administrator to confirm this.

That's it! You're all set up. Fooman Connect will run automatically according to your chosen settings. Simply log into Xero and all your Magento data is there - orders, items, credit memos and customer data. You can also perform a manual export at any time, via the process detailed in step 5.

Import Payment Status (v8.3.0+)

Enabling this setting to poll every hour will check Xero for invoices Fooman Connect has previously exported to see if these have been changed to fully paid. If yes an invoice in Magento will get created for these orders.

Xero - Automatic

Enable Automatic Exports [store view]	Yes	
Please ensure you have configured a cronjob for Magento - read more .		
Import Payment Status [store view]	Poll every hour	
This setting enables the import of payment status information from Xero globally, but each individual payment method which should get processed needs to be enabled as well.		

Please note this needs to be enabled for supported payment methods (we currently support Magento's offline payment methods like check and bank transfer). When selecting Bank

Account for Xero Payments to Don't Create Payment the setting Create Magento Invoice will appear and would need to be set to Yes.

Bank Account for Xero Payments
[store view]

Don't create Payment



Adjust Xero Invoice Due Date
[store view]

Payment within 7 days



Create Magento Invoice
[store view]

Yes



Create Magento Invoice on full payment in Xero

Using Fooman Connect: Xero

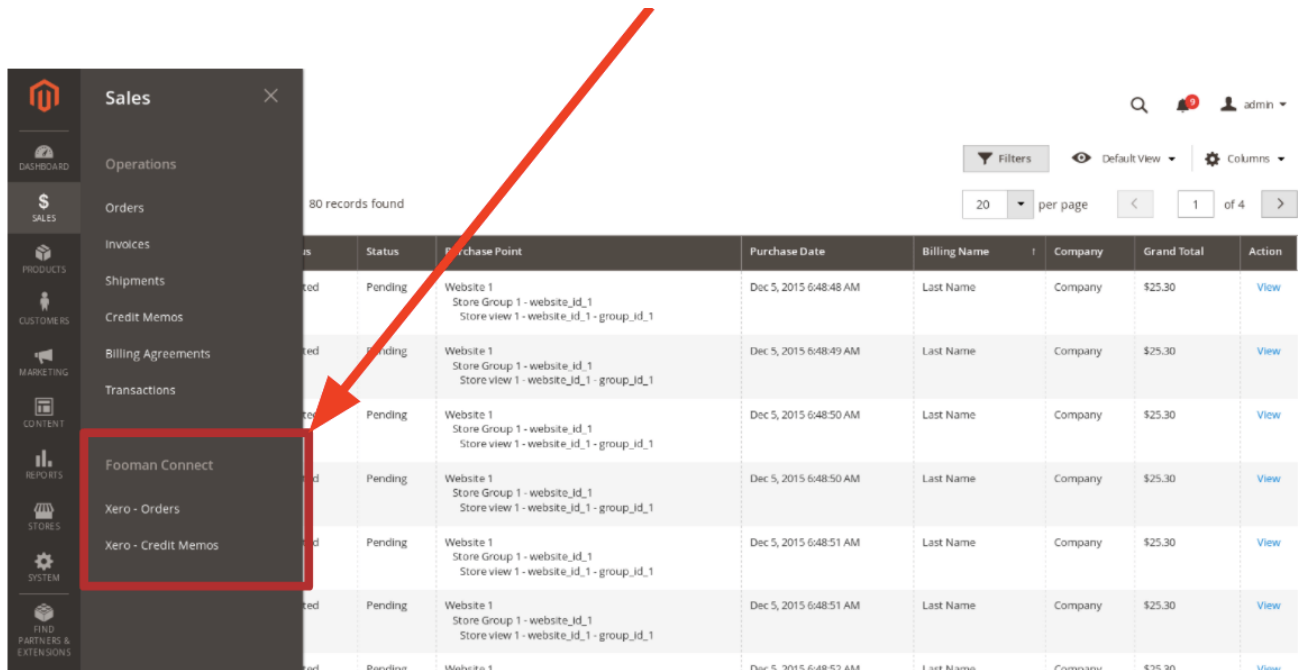
Once set up, Fooman Connect will run automatically according to your chosen settings. Simply log into Xero and all your Magento data is there - orders, items, credit memos and customer data.

You can also perform a manual export at any time, via the process detailed in step 5.

Using the Fooman Connect Dashboard

Once you have set up Fooman Connect, you can control actions via the Fooman Connect dashboard.

To go **Sales > Fooman Connect**. Choose to view either Orders or Credit Memos.



From here you can:

- **Export Selected**
Manually export orders / credit memos from before the automatic export process was activated (it is also possible to use the “Start Date for Orders/Credit Memos” feature in step 6 (link below), which will achieve the same purpose).
- **Never Export Selected**
To manually exclude orders/credit memos from the automatic export process (tick the checkboxes next to the orders / credit memos that you want to manually exclude, click “Never Export Selected” on the Action dropdown menu).
- **Link Selected**
Search Xero for the invoice number and link the Magento invoice to it. Useful for cases where a previous Magento backup was restored that lost the export status of an already exported Magento order.
- **Reset Error on Selected**
Reset the status from "Attempted but failed" to "Not Exported". This will add previously failed exports back to the queue for the automatic export. Useful after fixing the issue that prevented the previous export attempts to fail.
- **Delete/Void Selected in Xero**
This will attempt to delete the linked invoice in Xero. If Xero prevents the deletion of the invoice (for example if it has already been approved) the invoice will instead get voided in Xero. Please note that Xero does not allow the same invoice number to be used in the future if an invoice number has been voided.

Setting up Paypal transactions

For directions on how to set up a Paypal account as a bank account in Xero, refer to [Xero's instructions](#).

Once set up, Paypal transactions can be reconciled against orders from your store:

The screenshot displays the Xero transaction reconciliation interface. It shows two transaction entries side-by-side. The first entry is a credit of 79.00 dated 12 Feb 2013, with a 'More' link and a 'Create rule' button. The second entry is a debit of 3.53 dated 12 Feb 2013, with a 'More' link and a 'Create rule' button. To the right of these entries is a 'Match' button and a 'Find & Match' search bar. Below the search bar, there are fields for 'Name' (PayPal), 'Acct' (326 - PayPal Transaction Fe), 'Desc' (PayPal Fee), and 'Creative Web Agency' (No GST). An 'Add details' button is also present.

Date	Type	Amount
12 Feb 2013	credit	79.00
12 Feb 2013	debit	3.53

One line will match the order grand total, and the second line is the Paypal fee. Reconcile these both manually in Xero (as you would with a standard bank or credit card transaction reconciliation).

Processing Credit Notes

There are two options for processing credit notes:

Scenario 1: The credit note can be applied to a Xero invoice, via the Allocate Balance screen that will appear once the Credit Note is approved:

Allocate balance on Credit Note CN-AVEGER01

Invoice	Date	Invoiced	Amount Due	Amount to Credit
 100000022	12 Dec 2011	304.99	304.99	

Cash refund

Date	Paid From	Reference	Amount	USD

Outstanding Credit Balance	304.99
Total Amount to Credit	0.00
Remaining Credit	304.99

Scenario 2: The credit note can be turned into a [cash refund in Xero](#). We usually recommend this as the preferred method if most payments to your store are made by credit card.

Potential tax calculation issues and recommended settings

Magento 2 and Xero calculate tax amounts in different ways. In certain circumstances, this can cause Xero to reject exported transactions which don't comply with its own tax calculations.

The best way to minimise this is to set up Magento and Xero to calculate tax amounts in the most similar way possible. We recommend using the following Magento 2 tax settings under **Stores > Configuration > Tax > Calculation Settings**, as these settings most closely match Xero's own tax settings:

- Tax Calculation Method Based On: Select "Row Total"
- Catalog Prices: Select "Excluding Tax"
- Shipping Prices: Select "Excluding Tax"
- Apply Customer Tax: Select "After Discount"
- Apply Discount On Prices: Select "Excluding Tax"

Please check with your accountant to confirm that these settings meet your business requirements.

Calculation Settings

Tax Calculation Method Based On	Row Total	[WEBSITE]
Tax Calculation Based On	Billing Address	[WEBSITE]
Catalog Prices	Excluding Tax	[WEBSITE]
This sets whether catalog prices entered from Magento Admin include tax.		
Shipping Prices	Excluding Tax	[WEBSITE]
This sets whether shipping amounts entered from Magento Admin or obtained from gateways include tax.		
Apply Customer Tax	After Discount	[WEBSITE]
Apply Discount On Prices	Excluding Tax	[WEBSITE]
Apply discount on price including tax is calculated based on store tax if "Apply Tax after Discount" is selected.		
Apply Tax On	Custom price if available	[WEBSITE]
Enable Cross Border Trade	No	[WEBSITE]
When catalog price includes tax, enable this setting to fix the price no matter what the customer's tax rate.		

Even using the settings above, it can still occur that Magento and Xero tax amounts do not match exactly. Fooman Connect: Xero provides a workaround by rounding the Magento tax amount in Xero to match the amount Xero expects to receive. Any adjustments that need to be made will appear in Xero's rounding account.

Understanding Magento 2 order statuses

Note: Magento credit memos are always exported to Xero as Credit Notes.

Scenario 1: Order is placed and cancelled

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Cancel	Canceled	

Cancellation could happen automatically when for example a payment is taken via a third party website and the payment does not go through. Only in scenario 1 would an order be considered 'cancelled' in Magento.

Scenario 2: Order is refunded before it is shipped

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Ship, Credit Memo
Credit memo (all items)	Closed	

Scenario 3: Order is shipped, then returned completely by customer for a refund

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Credit Memo
Ship	Complete	Credit Memo
Credit memo (all items)	Closed	

Scenario 4: Order is shipped, then returned partially by customer for a refund

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Ship, Credit Memo
Ship	Complete	Credit Memo
Credit Memo (some items)	Complete	Credit Memo

Reporting Any Issues/Bugs

We are proud of our quality extension code - it's been widely tested and we stand by it 100%. If something does happen and you think you might be experiencing an issue or bug, please contact us via support@fooman.co.nz and we will help you out.