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Avalara
CRUSH



Five steps to managing sales tax compliance

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Agenda

- 1 Introductions and kickoff
- 2 Five steps to simplify sales and use tax compliance
- 3 Help customers be more successful with their core products
- 4 Q&A

Meet your speakers



Marika Brenes
Manager, Customer Success



Christine Martin
Senior Solution Consultant



Susan Maravetz
Manager, Customer Success



How to simplify sales tax compliance



Sales tax compliance life cycle

As an Avalara customer, you understand the importance of sales tax compliance – but being able to understand it from a success framework is key



Step 1: Know your tax obligation

Sales and use tax obligation starts with nexus

WHAT'S IMPORTANT

Sales tax compliance starts with **nexus**: knowing where you need to collect and remit sales tax based on your business activities within a state or tax jurisdiction.

WHAT CAN AFFECT NEXUS:

- Physical location
- Warehouse inventory
- Remote employees
- Affiliate relationships
- Ecommerce and marketplace sales
- Tax-exempt customers and sales

WHAT PROBLEMS CAN OCCUR

As your business changes, your tax obligations will likely change too. And if you aren't accounting for those changes, you could **run into trouble with tax authorities or auditors.**

Small shifts in your business – an influx of new customers, more marketplace sales, using drop shippers, subscription sales, selling direct to consumers – could be the **tipping point to nexus in more states.**

WHICH SOLUTIONS ADDRESS THIS STEP

Avalara AvaTax:

Tracks sales activity and sends alerts when you're approaching economic nexus thresholds, based on transactions run through AvaTax. Note that taxability is not considered in the alert.

Avalara Sales Tax Risk Assessment

Standard: In-depth economic and physical nexus obligation evaluations and a personalized consultation.

Avalara Sales Tax Risk Assessment

Premium: In-depth economic and physical nexus tax liability calculations over **five years plus taxability guidance.**

Step 2: Register to collect, report, and remit sales tax

And obtain appropriate licenses

WHAT'S IMPORTANT

Understanding where and how you need to **register** and **which business licenses, forms, and registrations** you need to complete before you can begin to collect and remit sales tax is tedious, but key.

It's actually illegal to collect sales tax until your business is properly registered; so it's important to complete this step to avoid fines or risk having to cease operations.

WHAT PROBLEMS CAN OCCUR

You'll find out quickly that the processes, forms, and registration requirements **differ from state to state** (and sometimes jurisdictions within a state), so there's no simple way to manually register.

WHICH SOLUTIONS ADDRESS THIS STEP

- **Avalara Sales Tax Registration:** Enter your information once, tell us where you want to register by state, then let us handle the details.
- **Avalara Business Licenses:** Reduces the complexity of managing license requirements and helps determine which business licenses your business requires.
- **Streamlined Sales Tax (SST):** Get registered at no cost in SST member states where your business qualifies as a volunteer seller. Once registered, the states can cover the cost of sales tax calculations, returns preparation, and filing when you partner with Avalara.
- **Voluntary disclosure agreement (VDA):** If you discover that you have nexus in states but you haven't registered to pay tax, you should consider backfiling unpaid taxes or participating in a VDA.

Step 3: Track and manage sales to exempt customers

Knowing your tax obligation when you're an exempt seller is confusing

WHAT'S IMPORTANT

If you're not collecting tax from a customer, you'll need a **valid certificate** in an audit to show why.

Ensure you're **audit-ready** by maintaining up-to-date exemption certificates from your customers so you can tie them to each tax-exempt transaction.

WHAT PROBLEMS CAN OCCUR

Without an automated system in place, managing exemption certificates can hold up your sales and create a bad customer experience.

It can also be costly during an audit when you don't have valid exemption certificates to show for your exempt transactions.

WHICH SOLUTIONS ADDRESS THIS STEP

- **Avalara Exemption Certificate Management (ECM):** Manage exemption documents, automate certificate validation, and customize dashboards that can be shared with auditors.
- **Avalara ECM Managed Services:** Our team of compliance experts help you collect and validate certificates – both for a one-time project, or ongoing support.

AVALARA VENDOR EXEMPTION MANAGEMENT (PRO AND PREMIUM)

This software helps create and send exemption certificates to your vendors via Avalara CertExpress.

Step 4: Calculate the correct sales tax

Avalara AvaTax calculates tax in real time, but it's important for customers to choose the right tax codes that will apply the right rate

WHAT'S IMPORTANT

Identify your taxability to apply the right rate: It's imperative that you know the taxability of the goods or services that you buy, sell, and use. Not all products are taxed the same way across jurisdictions.

Many jurisdictions: There are more than 13,000 sales and use tax jurisdictions in the U.S., and each one has different rates and taxability rules.

WHAT PROBLEMS CAN OCCUR

With so many different tax and taxability rates to keep track of, it can be easy to get it wrong.

If your buyers are in another state, their tax rates are likely different from yours.
Ecommerce sales charge the tax rate based on where the items are shipped to, not where they're shipped from.

WHICH SOLUTIONS ADDRESS THIS STEP

- **Avalara AvaTax:** Improve accuracy and apply transaction-level calculations at the time of sale and based on customer geolocation.
- **Avalara MatrixMaster:** Tracks product taxability with the world's largest database of UPC codes.
- **Avalara Tax Research:** Find, track, and manage the product and service taxability information you need for your business with access to one of the most complete libraries of tax research for nearly every industry in every state.

SALES TAX HOLIDAY

Everyone likes saving a few dollars at checkout, but sales tax events where normally taxable products are exempt from sales tax can make taxes more complicated for businesses. Approximately 17 states have one or more sales tax holidays each year, and new ones are enacted all the time.

Step 5: File returns and remit sales tax

Reporting and remittance are both important to this step

WHAT'S IMPORTANT

Each tax authority has their own regulations and forms around sales tax remittance, including **due dates, format** (paper or electronic filing, which is becoming increasingly popular), and **frequency**.

WHAT PROBLEMS CAN OCCUR

You may have **multiple deadlines** to track, with different filing requirements for each jurisdiction.

Having to keep track of all the recurring tasks related to sales tax returns can be a resource drain without automation.

Failure to remit taxes on time can result in fines, and failure to remit altogether can result in liens to your business.

WHICH SOLUTIONS ADDRESS THIS STEP

- **Avalara Returns:** Automate sales tax returns preparation, filing, and remittance with a solution tailored to your business needs. You can even choose to outsource your end-to-end returns process to Avalara, including complex tasks like notice management and local returns.
- **Streamlined Sales Tax (SST):** Covers the cost of using a tax compliance solution like Avalara in 24 participating states.

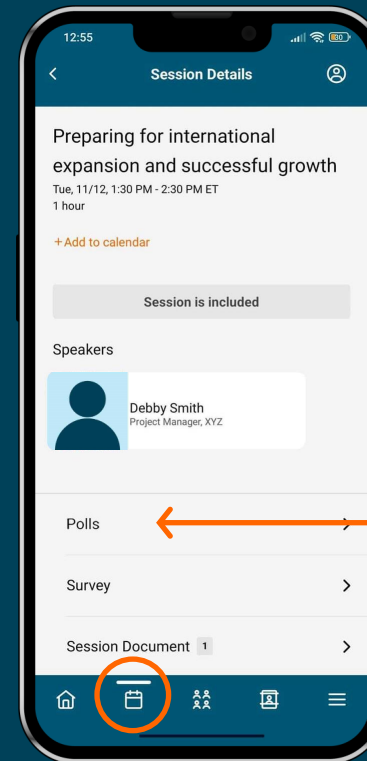
STATES WITH HOME RULES

In most states, you should remit taxes to a state agency that then distributes the tax dollars to local agencies. But in some states, like Alabama, Colorado, and Louisiana, you'll have to register and file with those local agencies too.

POLL

Which of the five steps in the sales tax compliance life cycle do you focus on the most?

- Know your tax obligation
- Register to collect, report, and remit sales tax
- Track and manage sales to exempt customers
- Calculate the correct sales tax
- File returns and remit sales tax




Participate in polls by following these steps:

- 1.** Navigate to Schedule
- 2.** Click on the Session Name
- 3.** Select **Polls**


How Avalara helps you stay sales tax compliant




Main benefits from using Avalara








Time and efficiency



Reduce fines, penalty, and time spent on audits



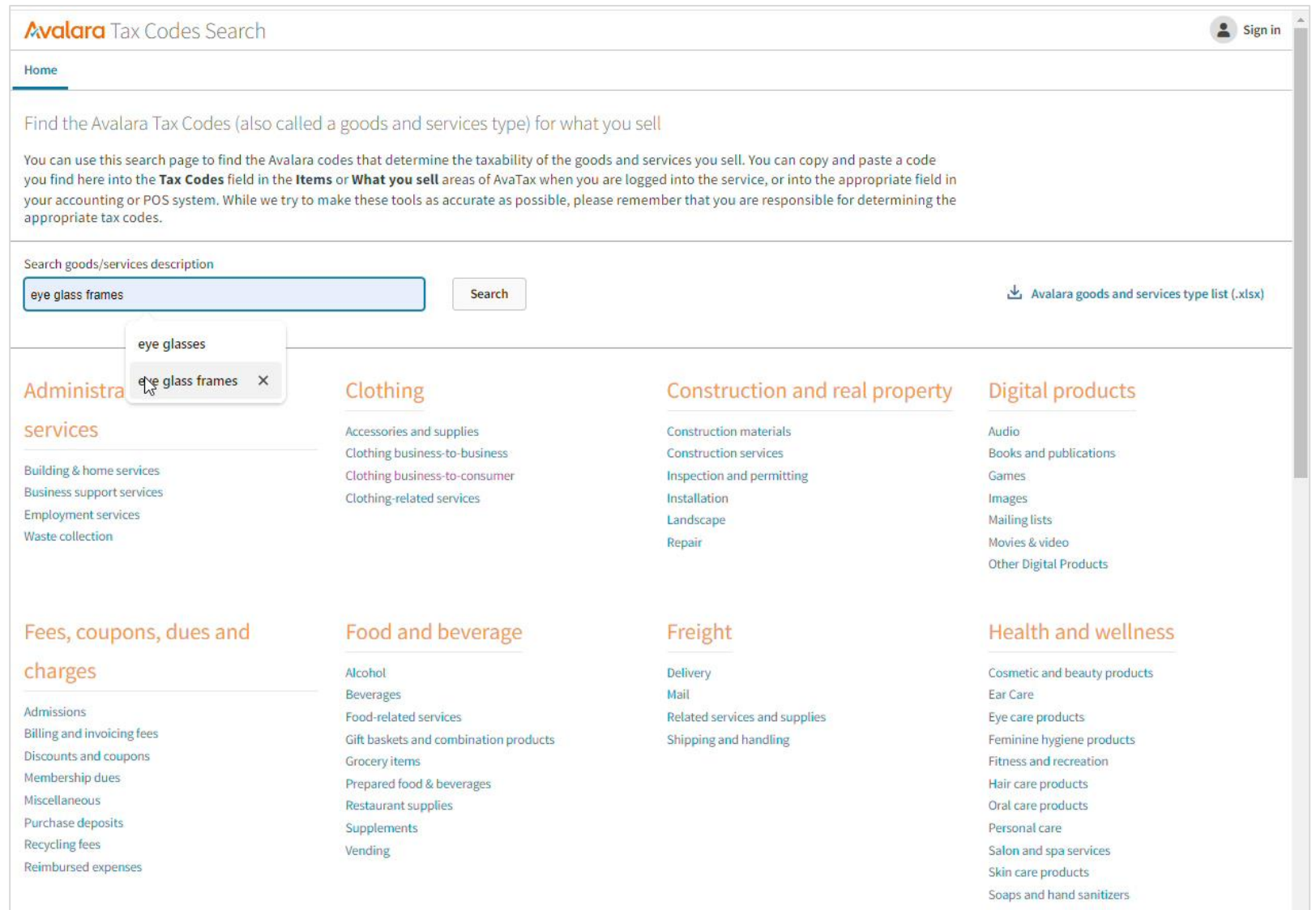
Cost savings from dedicated employees or third-party accounting firms

<p>KEY TO SUCCESS FOR AVATAX:</p> <p>Accurate configuration of settings</p>	<p>KEY TO SUCCESS FOR RETURNS:</p> <p>Reconciliation between the Avalara Portal and company's general ledger</p>	<p>KEY TO SUCCESS FOR ECM:</p> <p>Primary users trained to manage expiring certificates, request new certificates, and validate incoming certificates</p>
<p>HOT SPOTS TO WATCH OUT FOR:</p> <div><div><p>Disconnected integration, which delivers a \$0 tax result</p></div><div><p>Default to TPP Avalara Tax Code can generate inaccurate tax results</p></div><div><p>Review integration configurations to prevent duplicate committed transactions</p></div></div>	<p>HOT SPOTS TO WATCH OUT FOR:</p> <div><div><p>Matching tax type on AvaTax collection to the correct reporting form</p></div><div><p>Understand local jurisdictional reporting</p></div><div><p>Add new forms or make edits to existing liability prior to Avalara filing the returns</p></div></div>	<p>HOT SPOTS TO WATCH OUT FOR:</p> <div><div><p>Multiple connectors and/or workflow problems resulting in two unique customer IDs for same customer</p></div><div><p>Complete transition from CertCapture to ECM platform</p></div><div><p>Temporary PDFs loaded to facilitate Go Live but never updated</p></div></div>



Key features to customer success

Tax code wizard



AVALARA SUCCESS METHODOLOGY – PORTAL MANAGEMENT

Download matrix

taxcode.avatax.avalara.com/taxability


Avalara Inc - My Ap... Bookmarks Pin It Suggested Sites Web Slice Gallery mobile for nonprofi... Imported From IE Installations Scoop.it! Welcome to the Ja... Press This All Bookmarks


Avalara Tax Codes Search SM Account

Home Taxability Matrix

Avalara Taxability Matrix

Understand how your transactions are taxed across jurisdictions using a taxability matrix. The matrix displays each individual tax code in a table so you can easily see the jurisdiction and the different tax rates based on the jurisdiction's rules.


 The taxability matrix is updated on the first day of each month. [Learn more](#)



Build a taxability matrix

Build a custom taxability matrix by searching for specific tax codes, countries, and regions.

Build



Download a full taxability matrix

Select country

United States

Download (.xlsx)

Avalara.com

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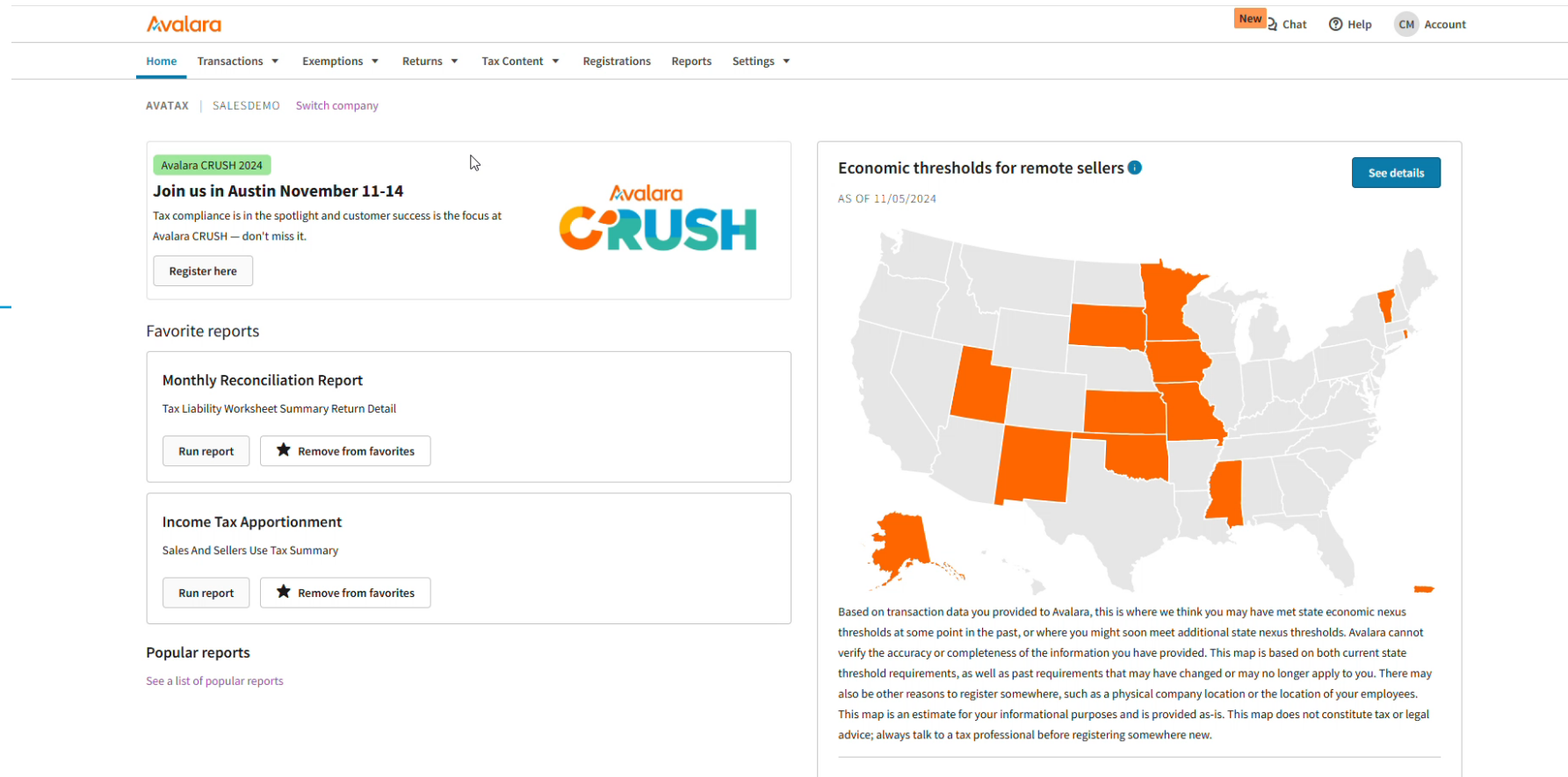
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AVALARA SUCCESS
METHODOLOGY –
PORTAL MANAGEMENT

Exemption Certificate Management resources

Avalara tax answers			
Region			
Alabama			
Question	Answer	Explanation	Citations
Is there a required renewal period for resale certificates in Alabama?	Yes	Alabama requires resale certificates to be renewed each year. Sellers must collect new copies of their customers' resale certificates each year. The seller is required to keep the following information on file: the buyer's name, address, and sales tax account number.	Email from Vince P. Arnold, Revenue Manager, Ala. Dept. of Revenue to Avalara (Mar. 6, 2018)
Does the state require an instate sales tax registration number on the resale certificate in Alabama?	No	Alabama does not require an instate sales tax account number.	Ala. Admin. Code r. 810-6-1-.144.03

Regions that need attention



AVALARA SUCCESS METHODOLOGY – PORTAL MANAGEMENT

Change returns frequency and add returns form

Avalara

New

Chat

Help

Account

Home

Transactions

Exemptions

Returns

Tax Content

Registrations

Reports

Settings

RETURNS

SALESDEMO

Switch compa

View and add returns

+ Add a tax return

Approve returns

Filed returns and confirmations

View and add returns

Tax notices

Funding Power of Attorney

Search by form, authority, or jurisdiction

Region

Frequency

Filing method

Apply

Reset

All

Active

Pending

Expired

40 returns

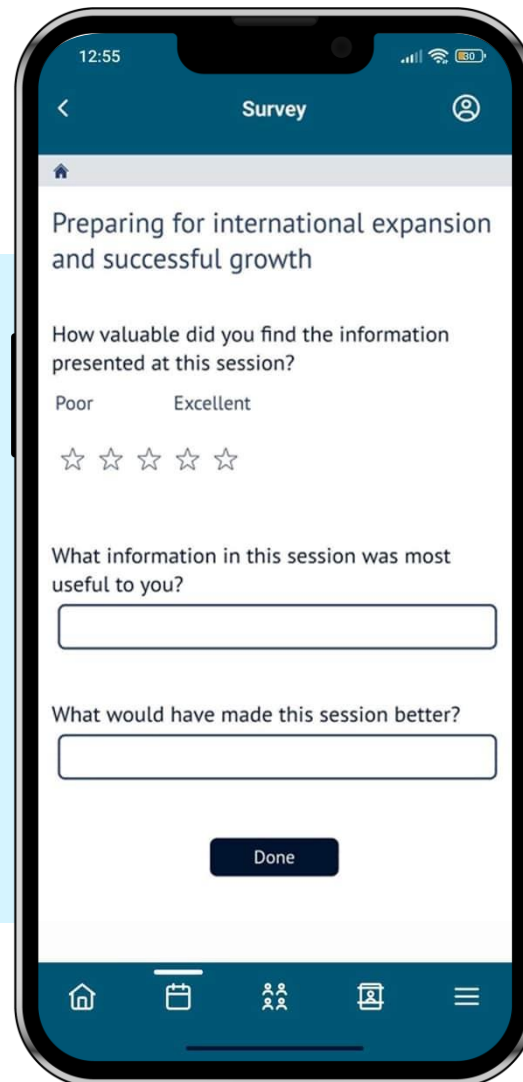
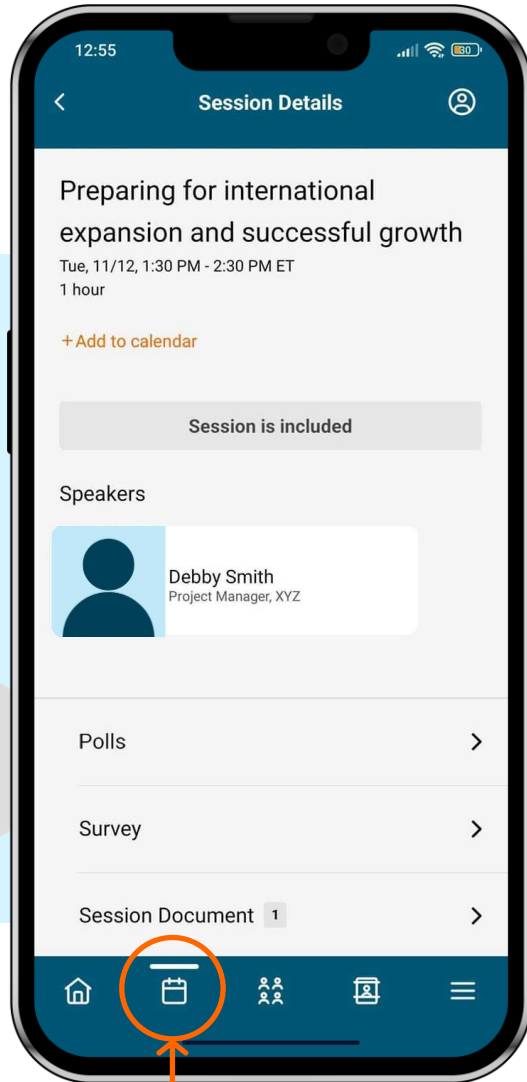
Form	Registration ID	Region	Frequency & method	Effective	Expiration	Status	
AL 2100 Sales Tax Return	SLS-R123456789	Alabama	Monthly Electronic	03/01/2023		Active	Return settings
AL 2620 Sellers Use Tax Return	SLU-R123456788	Alabama	Monthly Electronic	03/01/2023		Active	Return settings
AR ET1 Arkansas Excise Tax Return	12345678-SLS	Arkansas	Monthly Electronic	03/01/2023		Active	Return settings
AZ TPT2 Transaction Privilege, Use and Severance Tax Return - (TPT-2)	12345678	Arizona	Quarterly Electronic	01/01/2023		Active	Return settings

Liability worksheet detail report

Period	State	Frequency	Form	Month Sales Tax Liability	Sales Credits Applied	Return Month Sales Tax Liability	Sales Prior Accrual	Sales Period Liability	Month Sellers Use Tax Liability	Return Month Sellers Use Tax Liability	Sellers Use Prior Accrual	Sellers Use Period Liability	Prior Payments	Prepayments	Current Period Vendor Discount	Amount Due To Avalara
202410	AL(US)	Monthly	USAL2100	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$50.00)	\$0.00	\$0.00	\$0.00
202410	AL(US)	Monthly	USAL2620	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$68.80	\$68.80	\$0.00	\$68.80	\$0.00	\$0.00	\$0.00	\$68.80
202410	AR(US)	Monthly	USARET1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$179.75	\$179.75	\$0.00	\$179.75	\$0.00	\$0.00	\$0.00	\$179.75
202410	AZ(US)	Quarterly	USAZTPT2	\$806.44	\$0.00	\$806.44	\$0.00	\$806.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	CA(US)	Quarterly	USCACDTFA401A2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,495.54	\$2,495.54	\$0.00	\$2,495.54	\$0.00	\$0.00	\$0.00	\$0.00
202410	CA(US)	Inverse-quarterly	USCAPREPAYMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,495.54	\$2,495.54	\$0.00	\$2,495.54	\$0.00	\$0.00	\$0.00	\$2,495.54
202410	CO(US)	Quarterly	USCOCENTENNIAL	\$2.50	\$0.00	\$2.50	\$0.00	\$2.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	CO(US)	Quarterly	USCODENVERQ	\$54.00	\$0.00	\$54.00	\$0.00	\$54.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	CO(US)	Monthly	USCODR0100	\$233.86	\$0.00	\$233.86	\$0.00	\$233.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6.38)	\$233.86
202410	CT(US)	Monthly	USCTOS114	\$256.52	\$0.00	\$256.52	\$0.00	\$256.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$256.52
202410	FL(US)	Monthly	USFLDR15	\$1,671.90	\$0.00	\$1,671.90	\$0.00	\$1,671.90	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,100.00)	\$1,100.00	(\$30.00)	\$1,671.90
202410	GA(US)	Monthly	USGAST3SALES	\$242.95	\$0.00	\$242.95	\$0.00	\$242.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$7.29)	\$242.95
202410	HI(US)	Monthly	USHIG45	\$322.32	\$0.00	\$322.32	\$0.00	\$322.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$322.32
202410	HI(US)	Annually	USHIG49	\$322.32	\$0.00	\$322.32	\$2,900.88	\$3,223.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	ID(US)	Quarterly	USID850	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41.40	\$41.40	\$0.00	\$41.40	\$0.00	\$0.00	\$0.00	\$0.00
202410	IL(US)	Monthly	USILST1	\$542.80	\$0.00	\$542.80	\$0.00	\$542.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.00)	\$542.80
202410	IN(US)	Monthly	USINST103	\$233.10	\$0.00	\$233.10	\$0.00	\$233.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.70)	\$233.10
202410	NV(US)	Monthly	USNVTXR01	\$210.16	\$0.00	\$210.16	\$0.00	\$210.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.53)	\$210.16
202410	NY(US)	Quarterly	USNYST810	\$2,501.31	\$0.00	\$2,501.31	\$2,501.31	\$5,002.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	OH(US)	Monthly	USOHUST1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,539.07	\$1,539.07	\$0.00	\$1,539.07	\$0.00	\$0.00	(\$11.54)	\$1,539.07
202410	SC(US)	Annually	USSCST3	\$254.00	\$0.00	\$254.00	\$1,937.18	\$2,191.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
202410	WY(US)	Quarterly	USWYF41	\$38.85	\$0.00	\$38.85	\$0.00	\$38.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total				\$16,938.49	(\$56.65)	\$16,881.84	\$7,363.59	\$24,245.43	\$15,147.13	\$14,980.97	\$16,315.24	\$1,334.27	(\$1,750.00)	\$1,100.00	(\$124.48)	\$23,233.66



Q&A



Thanks for attending

Remember to fill out the survey to earn CPE credits for eligible sessions.

Participate in surveys by following these steps:

1. Navigate to Schedule
2. Click on Session Name
3. Select **Survey**



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