

How Avalara and SAP make taxes less taxing for enterprises

What you need to know about Avalara's global, cloud-based compliance platform

GUIDE

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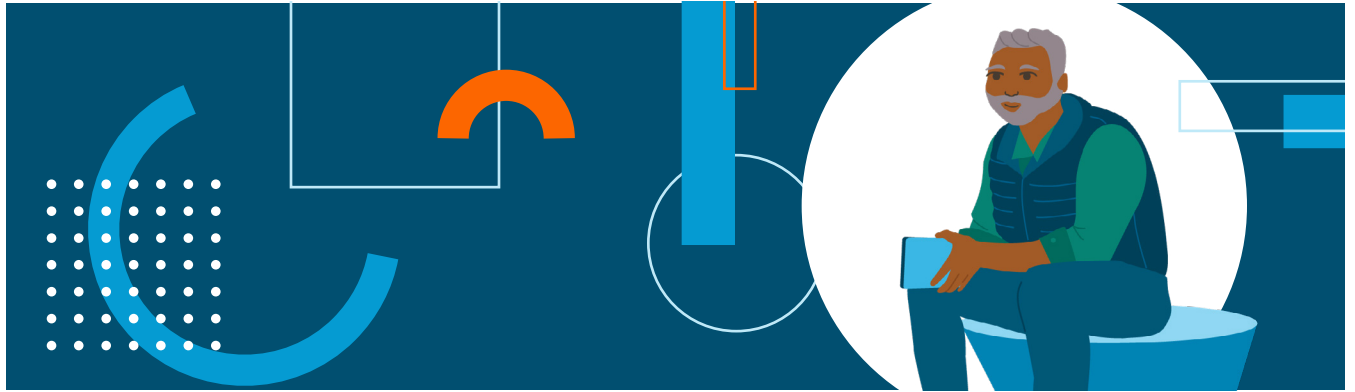


Why Avalara for SAP is the answer for enterprise tax compliance

Navigating the intricacies of tax compliance poses significant challenges for enterprises. From disparate data sources to overburdened compliance teams and transaction delays caused by manual processes – the landscape is rife with complexities that prevent operational efficiency.

To overcome these hurdles, a solution is needed that is not only efficient but also customizable, flexible, and secure. Enter Avalara – a pioneer in cloud-based, scalable global tax compliance solutions for SAP customers of all sizes.

Avalara helps thousands of enterprises, including more than a third of the Fortune 1000, get tax right with an integrated suite of cloud-native solutions. Avalara connects the pieces of the global tax puzzle through unified cloud-first modular solutions and managed services that leverage tax experts to help you scale.



About Avalara for SAP

Avalara and SAP together help customers future-proof their tech stack and maintain agility. At Avalara, we specialize in providing enterprises with the tools they need to streamline their tax compliance processes. Our cloud-based solutions are not only scalable to global enterprises but they are also customizable to adapt to the unique requirements of enterprises.

Avalara provides a clean core focused, cloud-based, scalable, global tax compliance solution built on SAP Business Technology Platform (BTP). Whether you're leveraging SAP S/4HANA or SAP ERP Central Component (SAP ECC), Avalara's award-winning integrations pull customer master data and tax data directly into your SAP ERP to support omnichannel and international sales.

Avalara's commitment to align its strategies to help the entire SAP ecosystem was acknowledged with an SAP Pinnacle Award. By embracing SAP BTP as the main integration method customers can maintain the agility of their SAP systems.

The benefits of Avalara's clean core focused BTP integration are extensive:

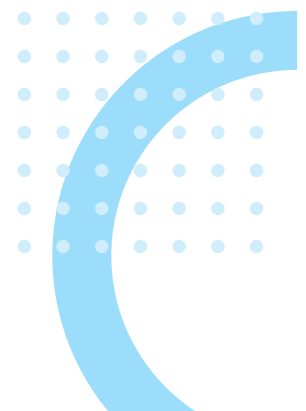
Streamline data across geographies and business units: Connect the disparate data sources found in legacy or custom enterprise resource planning (ERP) systems that can make it difficult to streamline data across geographies and business units.

Increase operational efficiency and accuracy: Manual processes are time-consuming and prone to human error, and even some automated systems don't keep up with tax changes in real time. Automate end-to-end compliance with real-time updates to reduce the inefficiencies that may be costing sales or resulting in incorrect tax calculations.

Decrease time and cost associated with managing compliance: Connect all pieces of the global tax puzzle through unified, cloud-first modular solutions and managed services from VAT and GST to returns and managing licenses and exemption certificates across the full life cycle.

Reduce data storage and processing in SAP: Avalara's clean core cloud-first approach leveraging SAP BTP reduces the amount of customized code required to handle compliance and takes the storage and processing power requirements of tax calculations out of SAP, instead executing them within Avalara's cloud-based solution.

Establish a single source of truth for global compliance data: Integrate all business systems to apply consistent rates for reconciliation, eliminate recalculation and duplicate transactions, and enable automation of returns filing and remittance.





Avalara products and services for enterprises

We can help you reduce the time and cost associated with managing tax compliance, including registering for business licenses, calculating taxes, filing VAT/GST returns, and managing licenses and certificates across the full life cycle.

Avalara AvaTax and Avalara AvaTax for Accounts Payable

AvaTax is a cloud-based next generation tax calculation solution designed to address the compliance challenges faced by industry-leading enterprises. By automating the tax calculation process for both sales and purchases, AvaTax boosts operational efficiency by significantly enhancing tax accuracy, minimizing human error, saving time and resources to perform strategic and high value activities, cutting costs, and ensuring your business remains audit proof.

With AvaTax you benefit from:

- Continuously updated tax information, ensuring your business stays current with evolving tax rates and regulations. Avalara supports over 900,000 tax rules and 82,000 tax rates across 30,000 jurisdictions for businesses' sales and purchasing activities.
- Scalable solutions for expanding businesses able to support multi-company organizations, ensuring smooth transitions during mergers or acquisitions.
- Geospatial technology for more accurate tax computation.

- Creation, modification, and application of business- and taxability-specific rules which are executed before the tax calculation occurs.
- International compliance with HS code support for over 180 countries, real-time calculation of custom duties and import taxes, VAT reporting in 61 countries, and VAT registration in 77 countries.
- Powerful reporting capabilities to keep your team organized and audit ready.

Through seamless integration with accounts payable systems or batch uploading of purchase transactions, AvaTax for Accounts Payable provides a smooth and efficient workflow across multiple purchasing systems within a businesses' organization. With AvaTax for Accounts Payable, businesses can automate use tax compliance for vendor purchases with:

- Robust automation capabilities that help your business ensure accuracy by capturing both overpayments and underpayments of tax from vendor purchases.
- Configuration and management of threshold and variance rules on purchases, tailored to vendor designations, product taxability, and cost center allocations.
- Multiple points of use designation for use tax allocation, ensuring precise tax application.
- Enhancements to tolerance and threshold rules that provide increased flexibility in applying use tax determinations according to specific needs.
- Automatic inclusion of use tax on returns, reducing the manual effort required and minimizing the risk of errors.

As an all-in-one, end-to-end compliance platform, AvaTax offers enterprises a singular solution for managing both sales and purchases by consolidating their tax compliance efforts into one efficient system. This holistic approach not only simplifies the compliance process but also provides greater visibility and control over tax obligations, helping businesses stay compliant with ease.

Avalara E-Invoicing and Live Reporting

Avalara E-Invoicing and Live Reporting helps enterprises automate finance processes and comply with global e-invoicing requirements. This cloud-based service provides businesses with the ability to exchange e-invoices through tax authorities' platforms in multiple countries, the Peppol network, the DBNA network in the U.S., and different local country networks, and it reports required data to tax authorities in real time.

You don't need to overhaul your systems. You don't need to manually upload invoices for each country. You don't even need to stay on top of ever-changing requirements and emerging legislation. E-Invoicing and Live Reporting makes compliance easier – and far more efficient.

With E-Invoicing and Live Reporting your team benefits from:

- A stand-alone solution: Although it works seamlessly with AvaTax and our other products, you can use E-Invoicing and Live Reporting no matter what tax engine you use with SAP.
- Broad global coverage: Functionality for outgoing (AR) and incoming (AP) documents with support for Peppol (AU, JP, NZ, NO, DE) and non-Peppol (IT, PL, ES) countries, with coverage for HU, PT, and more coming during fiscal year 2024.
- Enriched e-invoice data: Meet specific tax authority requirements with Avalara's Universal Business Language (UBL) extension to capture any field when running generate and transfer XML. It has the ability to embed PDF or other attachments to meet tax authority requirements.
- Centralized live reporting: A single hub to monitor document statuses, with live acknowledgment for acceptance or rejection by tax authorities and configurable data validation to reduce rejection of invoices. If an invoice is rejected by the authority the credit memo is suppressed to allow for correction.
- Higher efficiency and lower risk: Managing e-invoicing manually means putting time and resources toward a complex process, while increasing the risk of human error. E-Invoicing and Live



Reporting frees up those resources and reduces compliance risk – we’re constantly monitoring requirements and making updates, so your people don’t need to.

Avalara Cross-Border

Lower costs and increase revenue while maintaining control of your customers’ cross-border experience. The end-to-end international tax and compliance platform includes industry-leading tools that plug and play with almost any existing business system.

Avalara Exemption Certificate Management

This next-generation solution sets a new industry standard, helping you reduce risk, drive efficiency, and improve customer satisfaction.

With Avalara Exemption Certificate Management (ECM) Premium, you can:

- Track certificate expiration and proactively request new ones, reduce potential errors through automated workflows and validation, and respond to audits quickly and with confidence.
- Reduce the time required to collect, review, and manage certificates; minimize the effort to track tax laws and expiry dates; reduce administration time to review and validate certificates; and eliminate IT and security costs to maintain in-house systems and reduce the need for in-house expertise.
- Decrease customer time to upload valid certificates, help customers select and complete the right forms, and allow customers to manage their own certificates securely.

ECM Premium supports complicated exemption management and high-volume storage of certificates. Configurable options combined with automated workflows simplify and dramatically improve collection, validation, and maintenance processes for your business’s exemption certificates. Stand-alone options provide easy integrations to existing third-party tax engines and business applications for unified workflows.

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One of the reasons we chose Avalara over its competition was that it allowed us to develop much more innovative and useful automations that can be integrated into our normal workflow.

–Posky Idnani, EMEA
Tax Manager, Acer

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With ECM Premium automated validation and renewal, you benefit from:

- Avalara Certificate Express, which reviews certificates entered through the customer portal with a simple collection process.
- Optical character recognition (OCR) and machine learning, which scans, reads, and digitizes certificates to capture field data and intelligently recognize incorrect forms and information or missing signatures.

Additionally, when you take advantage of Avalara ECM Managed Services, we take care of all the heavy lifting associated with ongoing maintenance of exemption certificate management, including inbound customer support and education.

Avalara for Excise

Avalara AvaTax for Energy automates the identification and calculation of indirect taxes on fuel transactions. It's a unique, out-of-the-box solution for fuel suppliers, distributors, and traders that provides comprehensive support across excise taxes, environmental taxes, VAT, and sales and use taxes.

Use Avalara for Excise to:

- Reduce the risk of compliance errors: As a cloud-based solution, Avalara provides regularly updated rates, rules, and forms required for ongoing compliance, improving accuracy and reducing risk.
- Simplify energy tax management: Avalara solutions integrate with other business systems to give you a single source of tax data. Scenario-based architecture allows you to create custom rules without needing help from IT or developers.
- Support business growth and agility: Run tax scenario simulations to see how new products, carriers, or markets affect your overall tax liability before you expand to maintain compliance while you grow. Avalara's solutions are modular, so



We needed a software solution that was easy to use, easy to plug in, and had the back-end side of tax compliance Zillow Group needed... (With Avalara) the implementation was really smooth. Within a couple of hours, we had our development sandbox up and we were evaluating transactions.

—Jason Heckel,
Senior Director of Tax,
Zillow Group



you can build the solution you need now based on the products you currently sell and add to it as your business needs evolve.

Avalara for Communications

Avalara AvaTax for Communications makes it easier to identify and calculate communications taxes, fees, and surcharges that may be responsible for communications tax liability as your business expands product scope. AvaTax for Communications handles the most complex communications tax calculations, like tax on tax, tiered taxation, self-taxing rates, and tax inclusive – even when they're bundled. Extensive historical rate and application history are included, and clear output is provided to improve accurate invoicing.

Avalara Returns for Communications manages communications tax returns preparation, filing, and remittance to save your team time while reducing audit risk. Minimize out-of-cycle activities like notice management and resolution, back-filing, and monitoring of tax and form changes. This solution integrates directly with AvaTax for Communications for a streamlined one compliance solution or as a stand-alone product.

With Avalara for Communications you enable your team to:

- Streamline with one compliance solution: Reduce overhead while minimizing risk and frustration by using a single platform for all your tax compliance needs, including address validation, calculation, returns filing, and exemption management – built on exceptional expertise, reliable support, and hardened technology.
- Efficiently manage tax risk: Avalara's communications tax team closely follows changing rules, rates, and legislation in all U.S. tax jurisdictions. Our fully integrated SaaS solution then regularly updates both tax rules and returns forms, so your team spends less time handling the details.
- Reduce friction in customer experience: Avalara's native SaaS solution provides 24/7 availability and elastic scalability for large batch transactions or high-volume calculations at the point of purchase.



- Stay nimble in a dynamic tax ecosystem: Our dedicated communications tax specialists have extensive knowledge on both the latest industry trends and changing tax rules and legislation.

Avalara Property Tax

Avalara Property Tax is a secure hub for real property and business property tax information and tax-related activities. It automates data entry for critical assessment notices and tax bill document management, deadline management, asset categorization, and depreciation schedules.

Use Avalara Property Tax to:

- Automate data entry: Avalara scans your tax bills and extracts key data that is checked by machines and humans for greater accuracy. Data is then appended to accounts to help ensure that your team has all the required information to file your returns.
- Combine tax documents in a single hub: Bills, assessments, returns, documents, appeals, and other forms are centralized across 20,000+ jurisdictions.
- Minimize tax penalty costs: Avalara Property Tax Documents' due date calendar auto-populates with default data and customer specific dates to help you avoid missing deadlines and take advantage of any discounts. Avalara Property Tax Advisory Services can also provide appeals support.

Avalara Property Tax has helped Comcast reduce the manual effort associated with processing and filing thousands of property tax returns that were due every two weeks of the first six months of the year.

Avalara Tax Research

Quickly access the tax research your team needs to stay ahead of potential audits with Avalara Tax Research. Direct access to tax researchers and self-service access to updated transaction tax rules, rates, and regulations help with tax decisions in both the U.S. and internationally.

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We were doing all allocations manually, and then printing and mailing the returns for each jurisdiction. ... We needed a consistent, centralized process that was accessible for everyone on the team.

—Allyssa DeCenzo,
Property Tax Manager,
Comcast



With Avalara Tax Research, you can:

- Save time and frustration with explanations that are easy to search for, understand, and reference.
- Reduce the cost of manual research.
- Eliminate manual tracking of taxability history.
- Get answers to questions about complex scenarios, like drop shipping, through intuitive decision trees.
- Increase confidence via unlimited Q&A with tax researchers.

Avalara 1099 & W-9

Avalara 1099 & W-9 makes it easier to collect, manage, and e-file your IRS forms, saving your team time to refocus on value-added activities.

With Avalara 1099 & W-9 you can:

- Streamline vendor information: Avalara stores vendor information while performing real-time TIN matching with the IRS.
- Reduce risk with vendor information management: Avalara 1099 & W-9 stores IRS Forms W-9, 1099, and more in a central and secure location where they are accessible for an IRS audit, flagging errors before e-filing your documents.
- Improve efficiency: A paperless process from start to finish, Avalara 1099 & W-9 automatically e-delivers 1099 copies to recipients and e-files with both the IRS and individual U.S. states that require extra filing.

Avalara Returns

Offload the high cost and hassle of returns preparation, filing, and remittance so your team can focus on more important parts of your business. With Avalara Managed Returns Premium, dedicated tax specialists provide simplicity through timely transactional tax filing and remittance. File returns, remit payments, and manage notices using a single payment solution. Whether the jurisdiction requires e-filing or hard-copy returns by mail, Avalara does all the work so



that your team can focus on more important projects while you maintain control through liability review and approval.

With Avalara Returns, you can:

- Save time by removing the manual tasks that expend your resources.
- Reduce costs and focus on more important parts of your business.
- Improve accuracy and reduce audit risk.

Avalara processed more than 4.5 million domestic returns (U.S. and Canada) and more than 660,000 international returns (Brazil and EMEA) in 2022.

Avalara License Management

Cloud-based business license management software that lets you centralize hundreds to thousands of business licenses, permits, and tax registrations through a single application.

With Avalara License Management, you can:

- Drop the spreadsheets and other manual systems.
- Help users to pick up tasks where others left off.
- Scale for growth to manage thousands of licenses.
- Save time and let the app research licensing requirements for you.
- Assign select portfolio access and ownership to multiple users.

Increase collaboration across departments, which is critical for businesses with high-volume lease and license management. In addition to Avalara License Management, you can engage with Avalara License Managed Services for the ongoing maintenance of your business licenses and to empower you to maintain compliance. It can free your staff to focus more on activities that drive profitability. It also provides you with 24/7 access to a portal that lets you track the work we do for you on your behalf.

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Because we run lean here, we didn't want our IT people to take on any part of this system. In the end, we only had to provide our data and Avalara did the rest.

—Heather Parker,
Compliance Officer,
LAZ Parking



Avalara is here to help

Future-proof your tech stack with Avalara. Our clean core focused, cloud-first integration built on SAP BTP delivers secure and scalable solutions to prepare you for the future while managing your tax compliance pains today.

Disparate data sources found in legacy or custom enterprise resource planning (ERP) systems can make it difficult to streamline data across geographies and business units. Compliance teams are often stretched thin as they support large numbers of tax types and use cases.

Manual processes are time-consuming and prone to human error, and even some automated systems don't keep up with tax changes in real-time. Latency may mean transactions take too long during peak periods, costing sales or resulting in incorrect tax calculations and address validations.

To work more efficiently, you need a customizable, flexible, secure enterprise tax solution.

Reduce the time and cost associated with managing tax compliance, from registering for business licenses to calculating taxes, filing value-added tax (VAT) and goods-and-services tax (GST) returns, and managing licenses and exemption certificates across the full life cycle.

Avalara connects all pieces of the global tax puzzle through unified, cloud-first modular solutions and managed services that leverage tax experts to help you scale.

To learn more about how cloud-based solutions from Avalara can help you meet your global tax compliance challenges, reach out to a sales representative.

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