

Avalara



Matt Hammond is Avalara's SMB Sales Manager, specializing the small business marketing. Matt joined Avalara in 2014. His background gives him a unique understanding of the needs of the small business owner. Matt lives in Raleigh, NC and enjoys spending his free time on the golf course.



Matthew Hammond
National Sales Manager
(919-627-9784)
matthew.hammond@avalara.com
© Copyright Avalara, 2018

Sales and Use Tax For Quickbooks Users



Agenda

Sales tax can be tough to master.

Even the pros need to catch up on new developments.

- Sales tax management, even the experts know it's tough.
- Recognize emerging policy issues, key rules, and trends that can make it difficult to calculate and manage sales tax.
- Nexus: What is nexus and why does it perplex us? What you need to know about sales tax as it relates to relationships with the States.
- Address ongoing areas of concern: Upcoming legislation and how it affects your business



69%

of accounting and finance professionals agree understanding sales and use tax is one of the most confusing parts of the job



1. Are you the person at your company responsible for managing sales tax?

A) Yes

B) No

Why is sales tax management so hard?



Content Changes

- Transactions
- Government Filings
- Records
- Rate / Jurisdictional Changes



Business Processes

- Multiple Systems
- Filings & Deadlines
- Payments and Receipts
- Collections



Real-Time Requirements

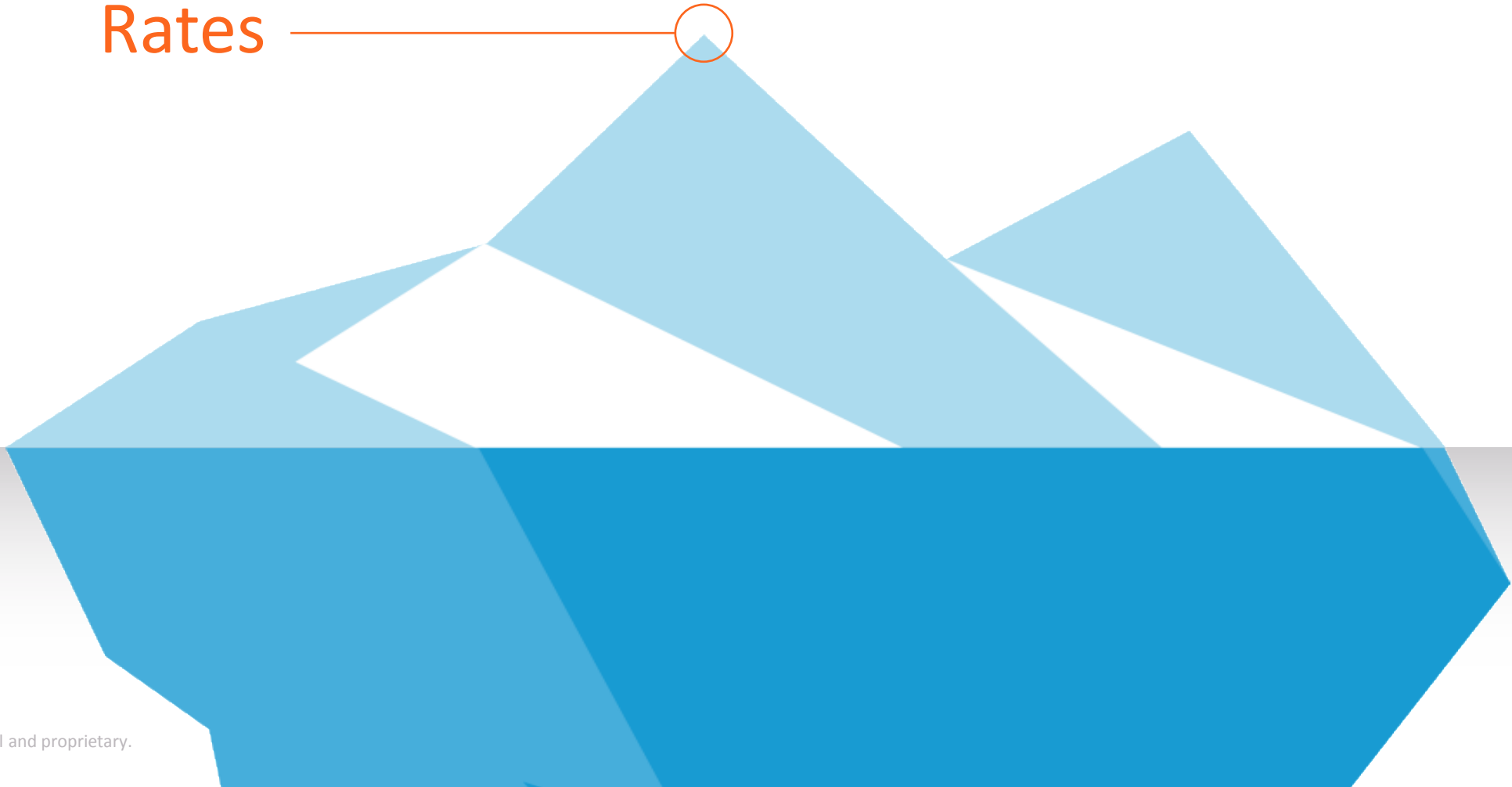
- Immediate Determination
- 24/7/365 accuracy required

Have you ever asked yourself these questions?

1. Following tax laws and rates is so hard, how do I know I'm charging the correct rates and filing returns on time? Essentially, how can I be sure that I'm compliant?
2. Where do I have obligation to collect and remit sales tax? I haven't even been to Georgia, how could I have Nexus there?
3. What're the upcoming legislative battles that could affect my sales tax compliance?
4. If I got audited, would I be ready?
5. Can't this be any easier?

How can I be sure that I'm compliant?

Rates



Tax calculations

Nexus 1

Product
taxability 2

Jurisdiction
assignment 3

4
Exemption
certificates

5
State and local tax
prep and filing

6
Audit readiness

What Does This Mean for the Marketplace Seller?

Amazon FBA States

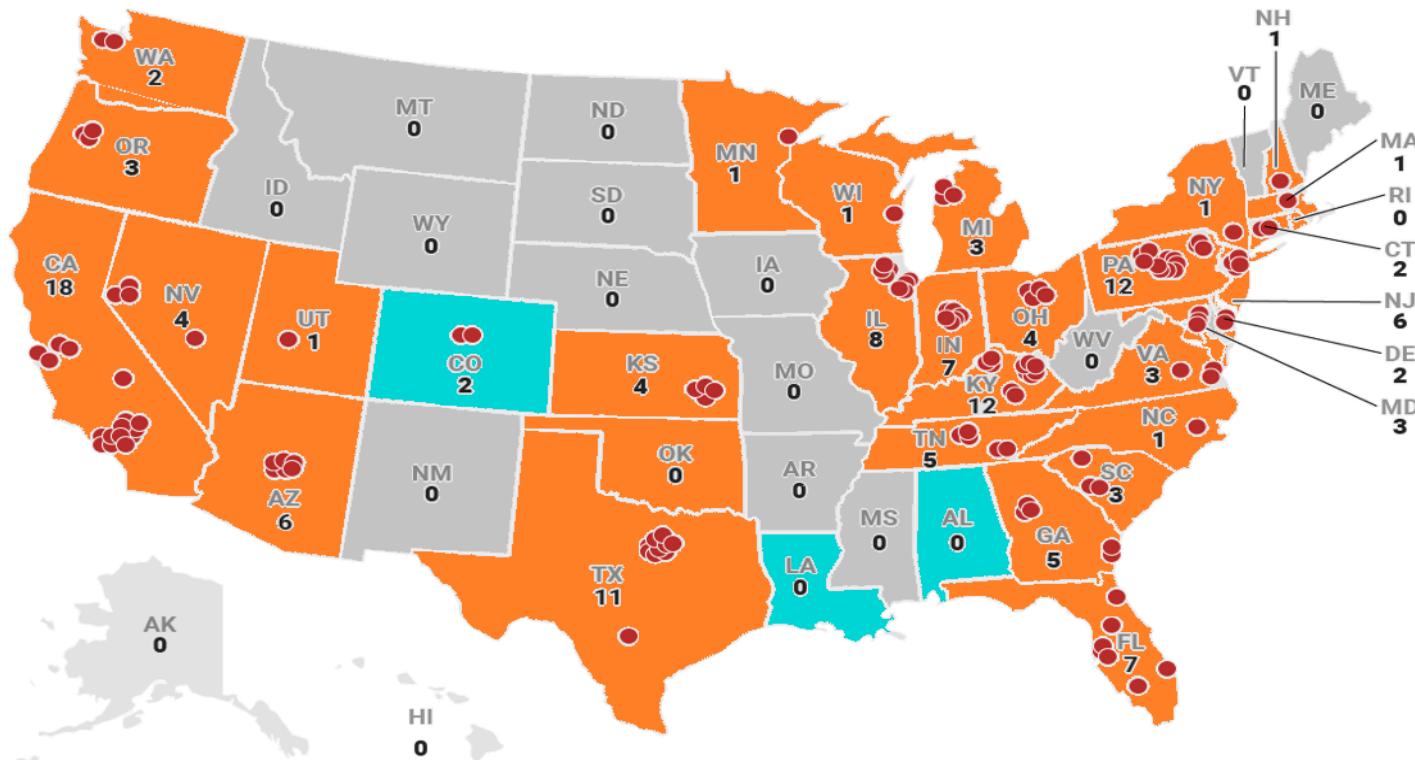
States with no sales tax + Amazon warehouse: DE, NH, OR

States with sales tax + Amazon Sort Center: **NC**

AZ	CA	CO	CT
FL	GA	IL	IN
KS	KY	MA	MD
MI	MN	NC*	NY
NJ	NV	OH	PA
SC	TN	TX	UT
VA,	WA*	WI	OR, NH, DE

What Does This Mean for the Amazon FBA Merchant/Seller?

AMAZON FULFILLMENT CENTERS IN THE US



- Could have nexus requirements in 23-26 states.
- Depending on length of time, extreme potential for past tax exposure.
 - $<>$ \$5000 threshold for tax exposure.
- Amount (\$) of tax exposure will determine available options for compliance.

The product taxability challenge

- Product definitions vary by jurisdiction
- Complex product-based tax exemptions and special rates
- Taxability may vary based on how the product is used



Tree trimming in California

Taxable
With lights

Exempt
Labor only



Snow removal in Midwest

Taxable
Ohio

Exempt
Illinois



Takeout in Colorado

Taxable
Straws,
cup lids

Exempt
Cups



Bagels in New York

Taxable
Sliced

Exempt
Whole



Donuts in Texas

Taxable
< 5

Exempt
> 6



Candy bars in Indiana

Taxable
Nestle Crunch

Exempt
KitKat, Twix

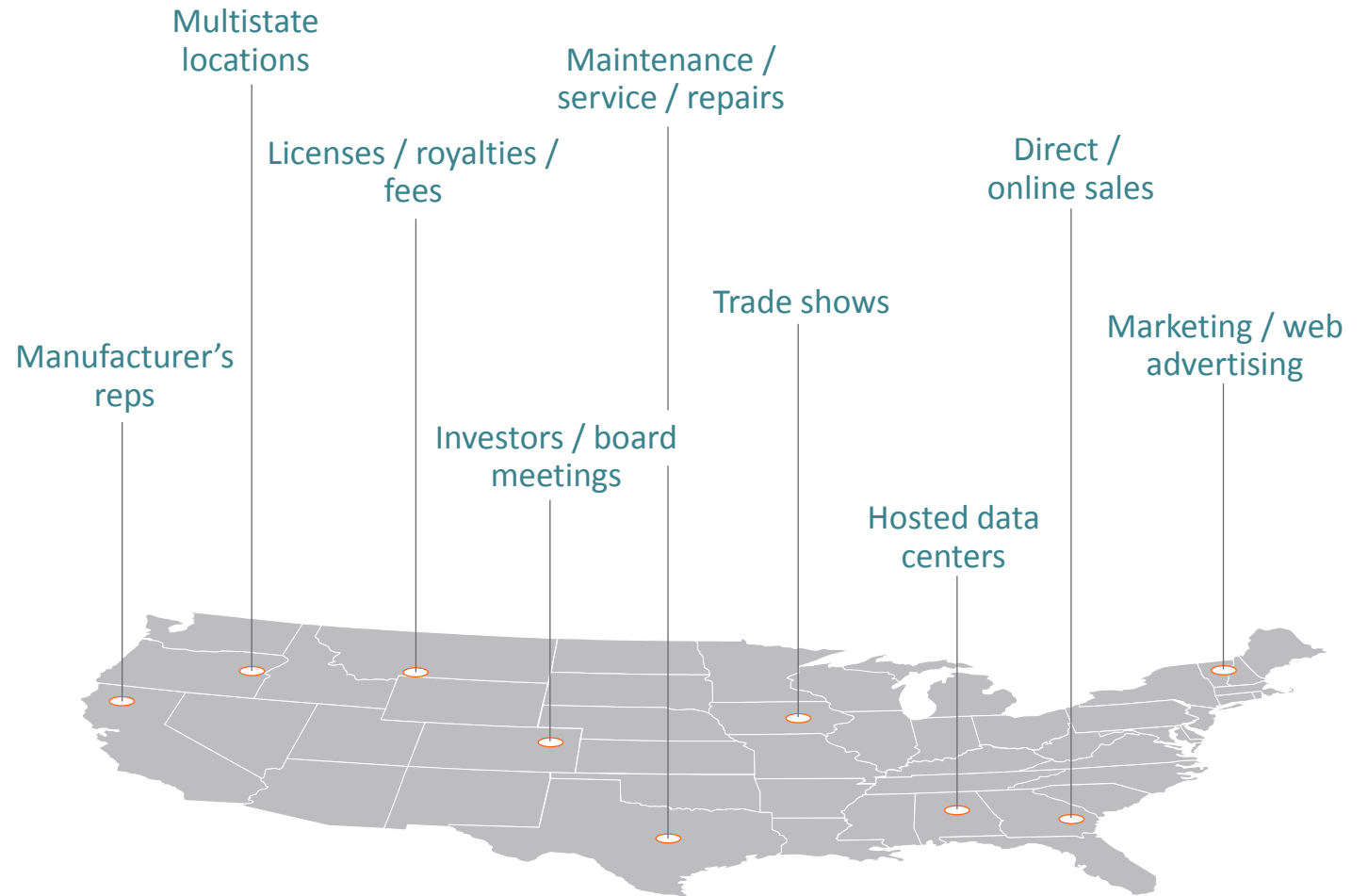
1,800 DIFFERENT RULES



I haven't even been to Georgia, how
could I have Nexus there?

The growing Nexus challenge

- Owned / leased real property
- Field sales / service staff
- Inventory location
- Affiliates
- Economic nexus
- Commissions to resellers
- Drop Shipments



The jurisdiction assignment challenge

- 16,000+ U.S. jurisdictions

150M+ mailing addresses

11,000+ jurisdictional rules

35,000+ sales / use / rental tax rates

~30M product / service exemptions

750,000 buyer / seller exemptions



2. How many states do you currently collect sales/use tax in?



A) Less than Five

B) Five or More

What're the upcoming legislative battles that could affect my sales tax compliance?



Online sales hurt
state revenue

States are losing

\$24 B

from uncollected tax on
ecommerce sales

Kill Quill?

Wayfair vs North Dakota could change tax compliance for online sellers like the internet changed retail, and pretty much everything else...

If overturned:

Remote sellers would be required to register, collect, and remit sales tax in many more states.

The cost of compliance and online selling would skyrocket

We would enter a new era for retail taxation

If not overturned:

Online sellers will go on without having to collect and remit in states they sell to.

States will continue to lose tax revenue.

States will keep fighting, other states have legislation in the works that could follow this case.

If I got audited, would I be ready?



75%

of accounting professionals admit
a sales and use tax audit would
likely uncover errors

The audit readiness challenge

- Access transaction and tax detail data when needed
- Provide proof of valid exemption certificates for all tax-exempt sales
- Comply with each jurisdiction's records retention rules





3. How do you currently manage sales tax compliance?

- A) Internal software
- B) Manual
- C) CPA
- D) None of the above

Can't this be any easier?

Over 20,000 customers use Avalara to get tax compliance right



Accurate

End-to-end tax compliance solution: calculation, tax document management, and returns



Efficient

Born and managed in the cloud: real-time updates to sales tax rules and rates



Integrated

600+ integrations into ERP, POS, ecommerce, billing, and CRM systems

Reasons for using Avalara

“

“Avalara has helped streamline the sales tax and reporting process within our organization.”

MICHAEL PASCALE

CFO, ENTERPRISE VENDING GROUP

“

“Our biggest selling point for Avalara was the ability to determine sales tax using very specific geographical data, specifically latitude and longitude.”

MIKE BOWEN

DIRECTOR, BUSINESS PROCESS &
ARCHITECTURE, CALPORTLAND

“

“You could not pay an individual worker enough to get it done in the amount of time and with the accuracy that AvaTax offers.”

ANDREA DEVROY

IT DIRECTOR, CHURCH HILL CLASSICS



4. Would automating sales and use tax make sense for your company?

- A) Yes
- B) No

Avalara

Tax compliance done right