

Avalara

Welcome!

We will begin soon...



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3 years supporting tax technology

Previously Micro Finance Advisor in Nigeria

Finance Degree from CU Boulder

Avid travel & outdoor enthusiast

TODAY

Who is Avalara?

Sales Tax 101

Tax Automation

Questions



Making sales tax less taxing

Avalara helps businesses of all sizes achieve compliance with transactional tax requirements by delivering comprehensive, automated, cloud-based solutions that are fast, accurate, and easy to use.

- ✓ Largest Sales Tax Provider
- ✓ 20K+ Active Customers
- ✓ 250+ New Customers / Mo.
- ✓ 500+ Pre-built Integrations
- ✓ 10B+ Calculations / Yr.
- ✓ Millions of Managed Exemption Certificates
- ✓ Million+ Tax Returns Filed / Yr.
- ✓ 190+ Countries

You may have used us before



HONDA



500+ Pre-Built Integrations





Sales Tax 101

Sales Tax

What is it?

- Consumption tax imposed at the point of sale.
- 45 states and DC impose a sales tax
- 5 states don't have a sales tax - ODAMN
- Retailers are required to collect sales tax from end consumer and remit to the taxing jurisdictions.

How important is sales tax?

- ~30 states carrying budget deficits of \$50 billion +
- ~47% of tax revenue comes from sales tax
- ~\$25 billion goes uncollected each year (e-commerce+)



Sales Tax

Sales tax and you!

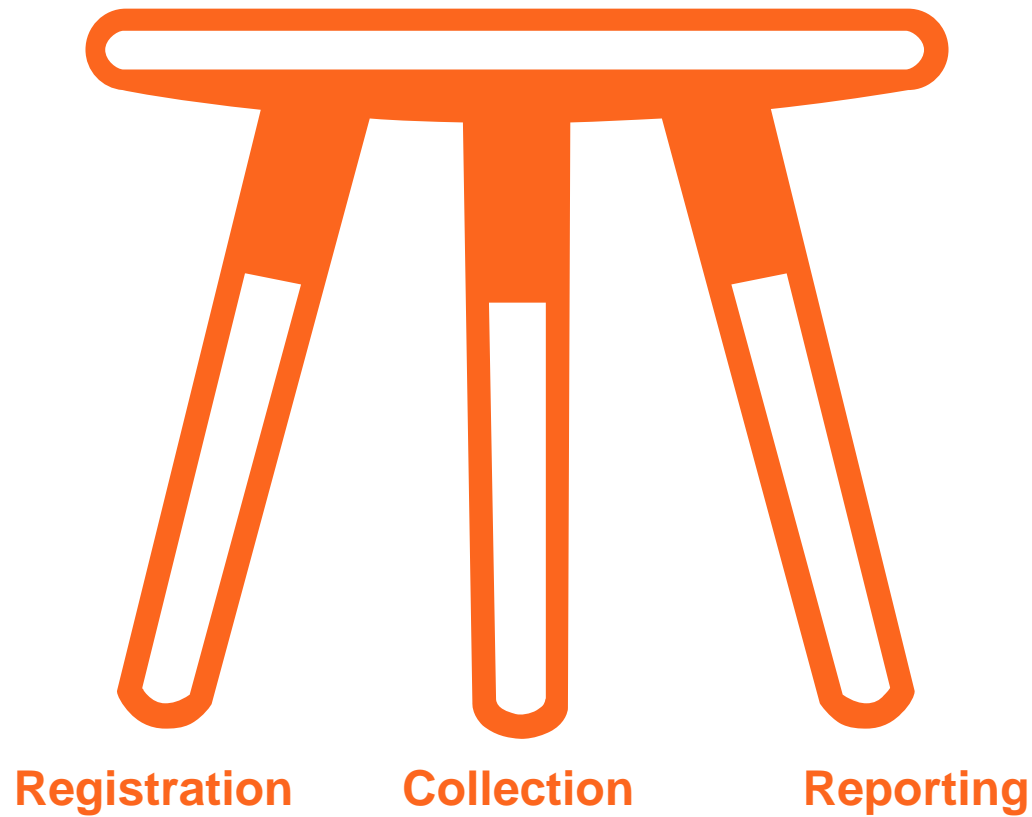
- “Unpaid agents of the state”
- Not in the business of sales tax but required to comply
- Audits on average occur every ~5 years and last ~37 days
- Don’t get caught holding the bag – someone needs to pay

Your goal?

- Make this a “frictionless” pass through activity.

How do we manage compliance?

Tax compliance is a three-legged stool



Where do I register?

— Where do I have **Nexus**?

- “A connection or series of connections linking two things...”

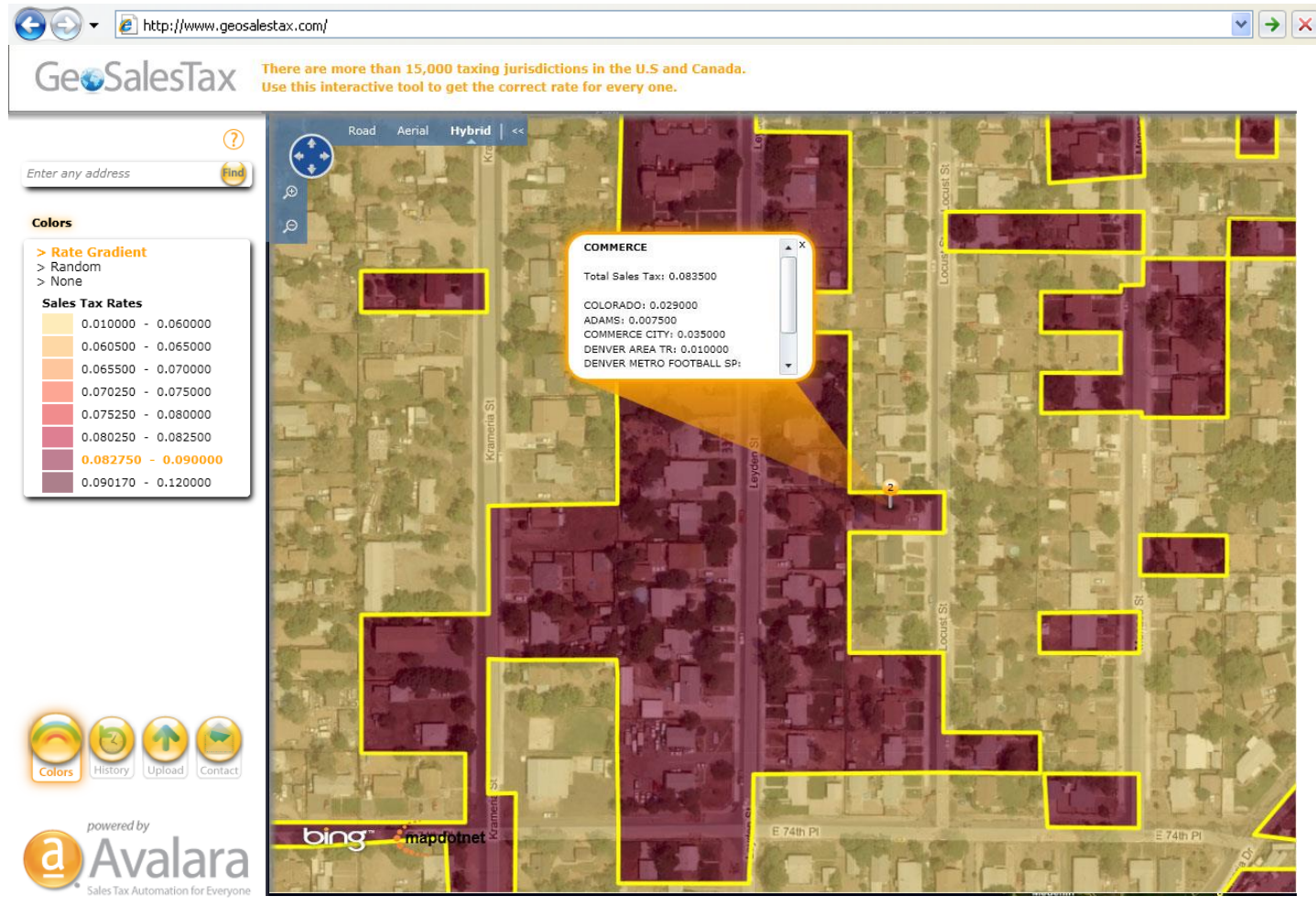
— Each state has their own list of activities that will trigger Nexus

- “Substantial physical presence” – Employees, inventory, equipment etc.
- Affiliate business relationships – Business partners, shared finance or IT services etc.
- Click through nexus – kick backs to out of state business for website referrals.
- Economic presence – South Dakota changing the game by passing in 2016...

— Tips / takeaways:

- Annual nexus review (laws & business changes)
- Register before you trigger nexus whenever possible.
- What if I don't register before triggering nexus?

What rate do I charge?



Rate Assignment NOT zip-code based

Are my products taxable?

- ✓ Jurisdiction do not agree on how to tax things!
- ✓ Millions of product and service tax exemptions – lots of changes!
- ✓ Services, digital goods, software, freight, clothing, food, etc...

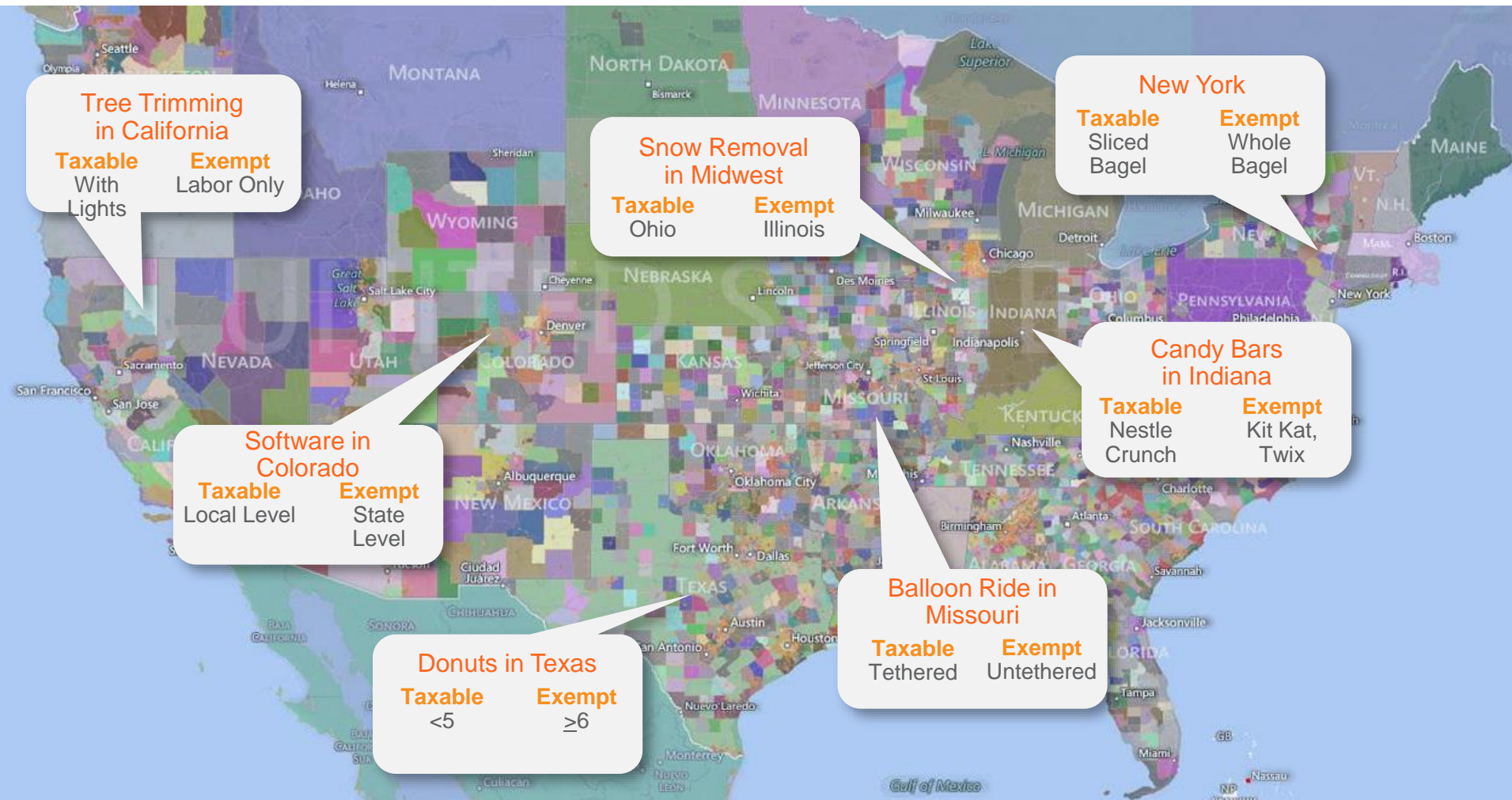
NEW YORK



Tall Boots \$120

Short Boots \$90

U.S. Taxability Laws



Do I ever not charge tax even though I have nexus?

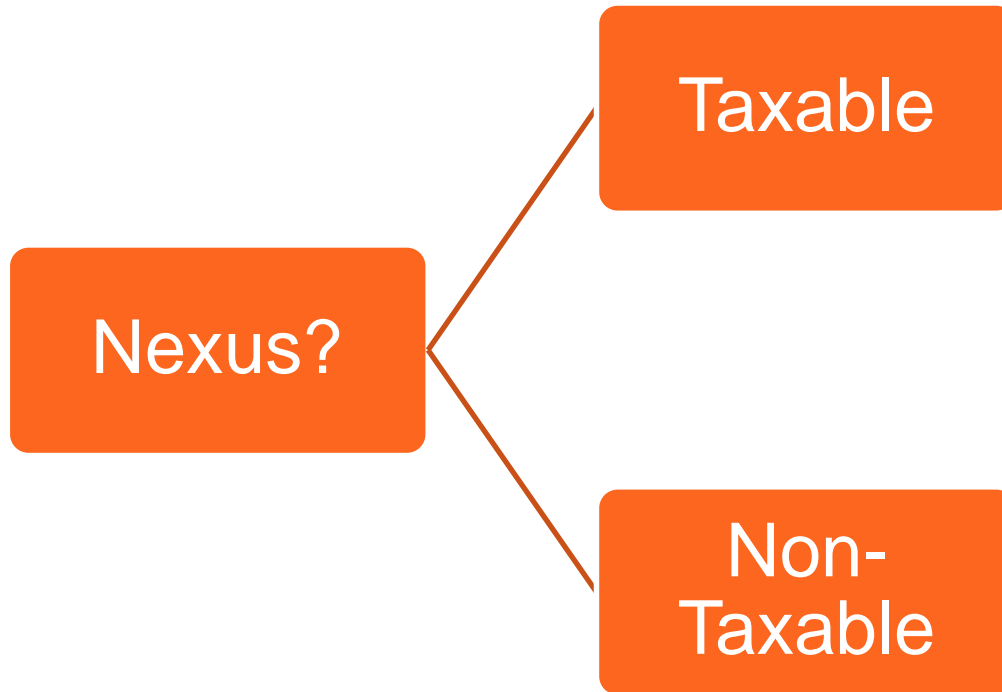
YES! - Three primary exemptions:

1. Product-based (generally does not require exemption certificate)
2. Entity-based (requires exemption certificate) – deduction specifically related to the exempt status of the purchaser.
3. Use-based (requires exemption certificate) – exemptions covering products and services which are used for a particular purpose:

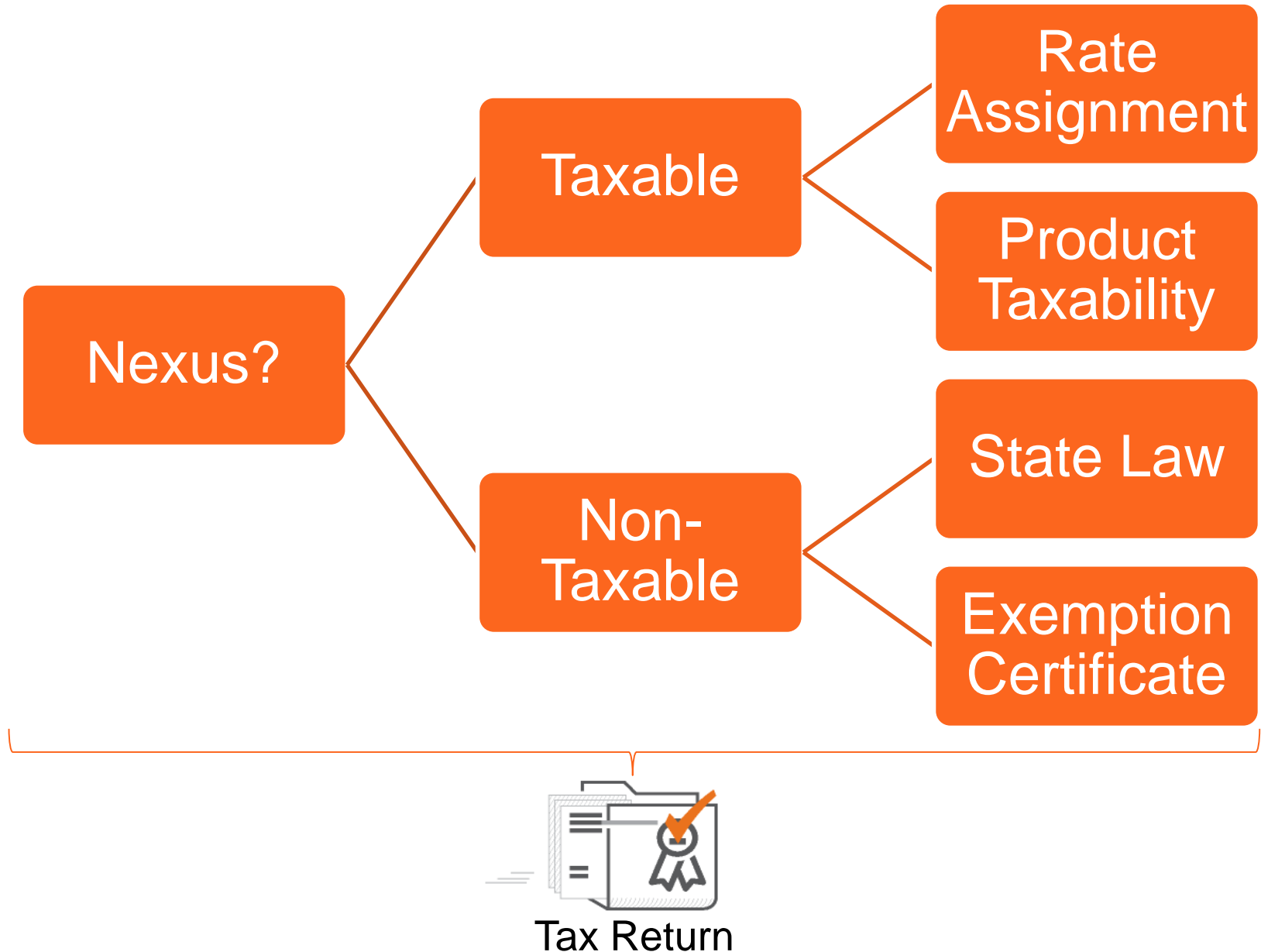
Tax Decision Tree

Nexus?

Tax Decision Tree



Tax Decision Tree





**Are you doing all of
this today?**

SALES TAX IS HARD!

52% of accounting and technical professionals agree: completing a marathon would be easier to accomplish than understanding sales tax compliance laws.



WHO ENJOYS DOING THIS?

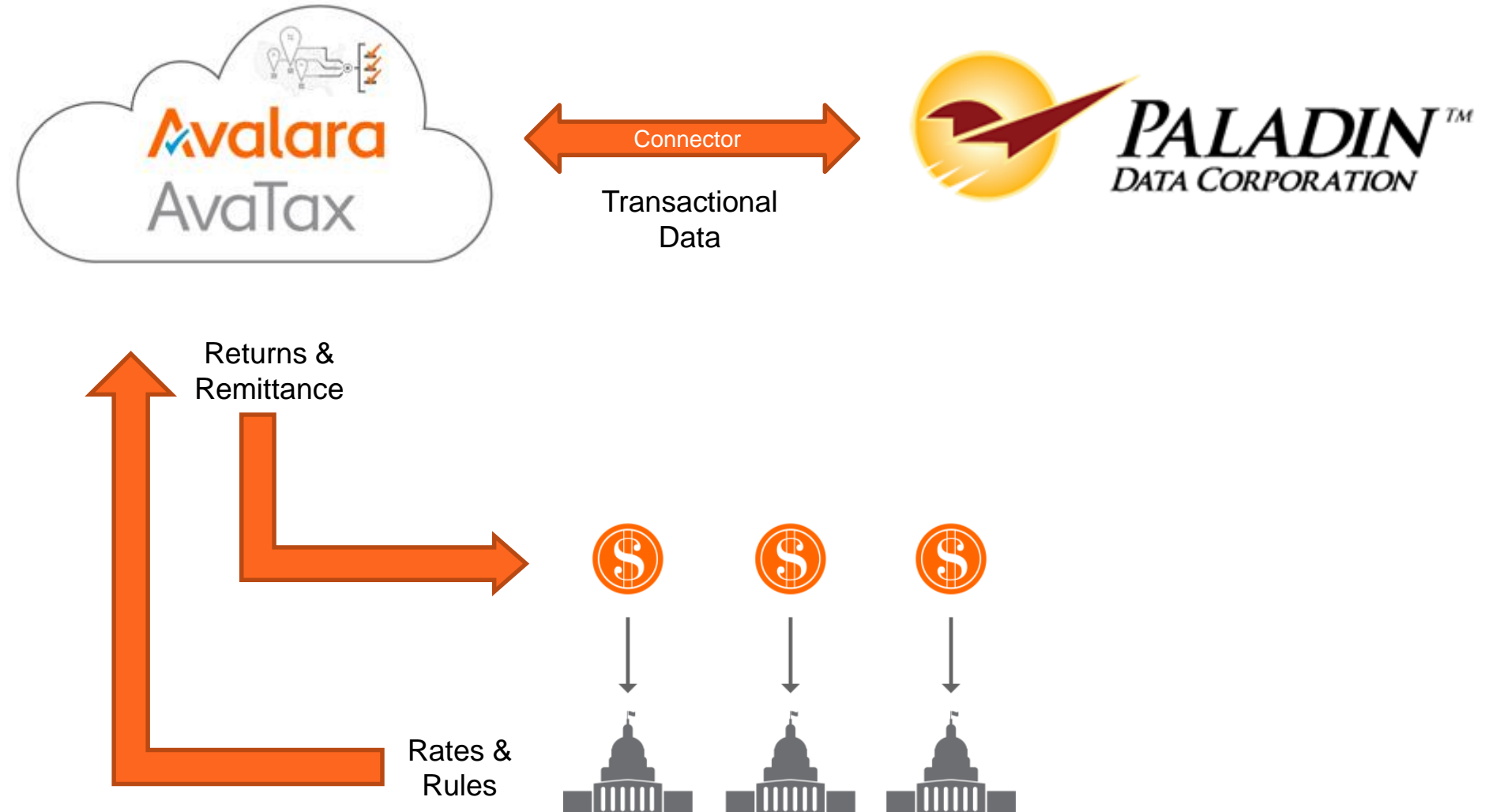


44% of accounting professionals surveyed who've been involved in a contested audit – think the process is **more stressful than a divorce.**



How does Avalara automation work?

A Tax Engine in the Cloud



AvaTax Calculation Engine

- ✓ Address Validation
- ✓ Lat/Long Conversion
- ✓ Reference Your Nexus Profile
- ✓ Rate Assignment
 - Sourcing rules, tax holidays, thresholds
- ✓ Product Taxability Laws
 - Thousands of Avalara managed tax codes
- ✓ Exemption Certificates



Real Time Tax Decision

Q & A?

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Thank
You!

Don't wait till its to late!



When in doubt – seek help!

