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### **Strengths:**

- Directly integrates with a business' accounting and sales systems
- Rates and rules for over 14,000 jurisdictions are continuously maintained by Avalara, no updates required
- Broad reporting and oversight capabilities.
- Optional exemption certificate management service (AvaTax Certs) is available
- AvaTax Returns provides automated compliance processing
- Complies with Streamlined Sales Tax and other state treaties

### **Potential Limitations:**

- No built-in DIY e-filing or payment options
- Primarily for client-side use

Avalara the AvaTax Calc system reviewed here is designed to integrate directly into a business' accounting system, online sales management or ERP. This allows for automatic, real-time determination of sales tax rates as an order or estimate is being entered or processed either by a business user or through e-commerce sales. The other core product offerings from Avalara include AvaTax Certs, for exemption certificate management, AvaTax Returns, for outsourced compliance reporting, and TrustFile, a non-integrated sales and use tax system for entities with less complex compliance needs.

## Basic System Functions

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After implementation, the system is essentially a web-based tax lookup utility that works with the business accounting system to automatically determine and calculate tax rates and amounts across all potential jurisdictions based on a physical address. Since taxability of specific items can vary greatly across states and local jurisdictions, this process helps keep the business in compliance when selling items which are subject to taxes in different locations.

Most user interaction with the program is related to reporting. Upon completion of a transaction, each sale is broken down by invoice line, giving users the ability to drill down to each lower level jurisdiction. The system supports multiple simultaneous state, county, city, district and special jurisdictions. Users also have web-based access to a forms library, basic exemption certificate management (advanced options are available in the separate module), and liability reports.

The program can be used for any number of businesses being managed on the same accounting system, and supports entities with multiple locations. Because the core tax rate engine is web-based, reporting and other data can be accessed remotely, even if the business' accounting system is locally-installed.

## Compliance Capabilities

The AvaTax Calc database is one of the most comprehensive systems on the market, with up-to-date, historical and pending future rates for more than 14,000 jurisdictions in the U.S. and Canada, as well as VAT compliance for 39 countries.

These rates, and all of the special taxability rules and sales tax holidays, are

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has a filing requirement. AvaTax Returns can also be used independently of the AvaTax Calc system. As noted previously, all rates, rules and taxability issues in AvaTax are kept updated in real-time by the vendor.

### **Integration/Import/Export**

Integration with a business' sales and accounting system is at the core of the AvaTax Calc system, allowing taxability and appropriate rates to be applied instantly as users enter transactions. The rates populate immediately and the system is transparent to most users. Drill-down and override is available to users with higher access rights. Integrations are available for more than 80 financial systems, including QuickBooks, Peachtree, Intacct and NetSuite.

Liability reports are automatically generated, and users can produce detail and summary sales tax reports by company or jurisdiction. Data and reports can also be saved to Excel, Word and PDF formats. Alerts can be programmed to remind tax managers of deadlines, and an approvals process can be initiated that requires sign-off by supervisory staff.

### **Help/Support**

Since the program is mostly automated after the initial setup, very few help features are necessary. However, the online management console offers user manuals and best practices, as well as program documentation and integration support. Additional resources are available via the Avalara University support center, which

provides classroom-style live and recorded training. All live and web-based technical

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of appropriate rates and rules, and also helps ensure greater compliance. Even more beneficial, these rate lookups are performed instantly via the web-based calculation engine, putting real-time, accurate sales tax information directly into transactions as a line item that includes drill-down access to sub-jurisdictions. Exemption certificate management and return filing options are also available. Pricing for AvaTax Calc is based on the accounting system being used by the business, and the volume of transactions. For QuickBooks companies with up to 700 transactions per year, the cost is \$350. For higher volumes, such as up to 7,000 transactions annually, the cost is about \$0.35 per transaction/lookup (about \$2,400).

Sales Tax • Taxes

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