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TECHNOLOGY

Avalara – AvaTax Connect

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AvaTax is a web-based sales tax compliance system that integrates directly with a business' accounting software to automate much of the processes involved with sales tax compliance and remittances. As a hosted solution, the system is constantly updated by Avalara to maintain accurate rates for more than 8,000 jurisdictions in the United States and Canada, providing all forms, electronic compliance and reporting tools. The online system uses secure servers and maintains strict data protection strategies. Pricing tiers for AvaTax are based on usage. For integration with QuickBooks and up to 719 transactions per year, system activation costs \$49.95, with monthly charges of \$9.95 and a \$0.65 fee per transaction. Higher tiers provide up to 24,000 transactions per year, with variable activation fees and no per-transaction costs. Pricing differs based on the accounting application with which the system is integrated. The system currently offers integration with Intuit's QuickBooks line, Microsoft Dynamics GP, Microsoft Dynamics NAV, Sage MAS 90 ERP, Sage MAS 200 ERP, Sage 500 ERP, Sage Accpac ERP and Scala/iScala. As well, with AvaTax SDK (Software Developers' Kit), Avalara's Web services API can be linked with any e-commerce or third-party accounting application.

Navigation & Data Entry — 4.5 Stars

After initial setup of the system, most AvaTax functions are automated, invisibly setting up and maintaining the tax rates in the business' sales or AR module and providing address and ZIP+4 based recognition of taxing jurisdiction. The address verification system checks addresses against Avalara's USPS database for verification, validation, and correction, then a lookup is performed in real-time for rate determination. AvaTax basically sets up a bridge between it and the accounting system, tying in all calculations and reporting functions without any change to the user's existing workflow. The system also includes reporting and administrative functions, which are accessible via a secure online interface, AvaTax Dashboard, that enables management to set up user rights, business information like nexus, product taxability and exceptions, returns preferences, and other functions including a quick tax rate lookup feature. The system also supports tax holidays, maximum and minimum taxes, and split taxes.

AvaTax reports provide drill-down access to source transactions with line item detail, and often integrates back to the accounting program when viewing reports on-screen. The system supports only one company per subscription, so users with more than one entity within their accounting application will need multiple subscriptions. The ease of implementation of the AvaTax system was among the most significant benefits to Tapco Circuit Supply, a national provider of materials and process solutions to the printed circuit industry. Roy Devadas, the company's IT manager, had only three weeks to implement a new solution after his company merged with another. "It was easy to get running and is pretty much foolproof once implemented," Devadas said.

Filing, Electronic Compliance & Payment — 4.5 Stars

AvaTax automatically draws sales and tax account data from within the business' accounting system and then prepares returns, schedules and worksheets for all necessary jurisdictions, leaving the user in charge of compliance primarily with review tasks. The program brings up the prepared compliance forms and reports on-screen, with all data automatically populated with sales and tax data. AvaTax also automatically calculates use tax based on jurisdiction.

Rate Updates — 5 Stars

Since the program is online, all rate updates for all 8,000+ taxing jurisdictions are updated by Avalara's staff, with no action required by the user. Obviously

a timesaver, this also helps ensure that rates are always correct, which helps to avoid penalties.

Help/Training — 4 Stars

Avalara offers phone and web-based support and partners with technology consultants

for implementation and training, although the system takes about five minutes to install and is fairly straightforward in use. AvaTax support is included with the subscription cost of the system.

Relative Value — 4 Stars

Online sales tax compliance tools make sense for companies doing business with customers in multiple taxing jurisdictions for which the business is required to collect and remit taxes. Having always-updated tax rates for these jurisdictions saves headaches, time and penalties, and not having to constantly keep up with new rate CDs is also a plus. Businesses participating in the multi-state Streamlined Sales Tax (SST) program can sign up with Avalara for benefits under the program, as it was certified in May by the SST Governing Board as one of only three Certified Service Providers (CSPs), and the only CSP focused on the SMB marketplace. With the addition of forms generation, and its recent selection, AvaTax Connect now offers a complete and automated sales tax compliance system that provides excellent support for most small and midsize businesses by integrating directly with their SMB accounting systems, resulting in an almost hands-off system.

2006 Overall Rating: 4.5 Stars

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