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**ADVISORY**

# 2013 Review of Avalara — AvaTax

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Avalara — AvaTax

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[www.avalara.com](http://www.avalara.com)

From the July [2013 Review of Sales and Use Tax](#) systems.

**Best Firm Fit:** Businesses who must file sales tax, use tax, or VAT returns in multiple jurisdictions across the US, Canada, and over 70 other countries. Firms with clients who are subject to Streamline sales tax requirements (22 states) and want to use a tool for automation of sales tax calculation based on address verification and geospatial identification of tax jurisdictions.

## Strengths

- AvaTax Calc verifies address against a database of addresses, and has direct integrations for use as a sales and use tax engine for over 250 accounting, ERP, e-commerce, billing, mobile commerce (m-commerce) and point of sale applications.
- AvaTax Calc is one of the only applications which can determine the tax jurisdictions based on latitude and longitude coordinates for construction sites and other locations where a physical address is not available.
- AvaTax Certs allows customers to electronically request exemption certificates via e-mail, and allows recipients to sign digital exemption certificates with a mouse.

- **AvaTax Certs** has tools for exporting exemption certificates en masse for use in audits.
- **AvaTax Returns** supports preparation of returns for all U.S. tax jurisdictions, although returns cannot be prepared unless the transaction level sales tax was calculated using **AvaTax Calc**.

## **Potential Limitations**

- The application is designed primarily for use by companies as part of ongoing transaction processing, and does not include built-in self-prepared e-filing or payment options.

## **Overview**

**AvaTax** is a suite of applications which are integrated into a company's transaction processing systems and use online databases, rule sets and a geospatial database to calculate the sales tax associated each transaction. The **AvaTax Suite** includes the following applications:

- **AvaTax Calc** determines what taxes may apply to a transaction based on the item sold, the location where it was sold or shipped, and the company's nexus settings. The application is a web service which integrates with over 250 accounting, ERP, e-Commerce, and point of sale applications, and includes historical and future rate information for over 14,000 jurisdictions in the US and Canada (e.g. GST/HST). VAT calculation and compliance support are provided for 85 countries.
- **AvaTax Certs** tracks resale and tax exemption certificates for non-taxable transactions, and provides tools to manage the collection, storage, retrieval, and renewal of these certificates throughout an organization. These tools can be used when gathering either paper or electronic documents, and the application can request certificates by e-mail, and recipients can electronically sign the certificates by using their mouse.
- **AvaTax Returns** helps firms track, prepare, file, store, and retrieve sales tax returns. The application provides electronic filing and remittance of sales and use tax in some states, and allows users to prepare returns for paper filing where required.

In 2012, **Avalara** acquired **UPC Matrix Master**, an online database which tracks the applicability of sales and use tax for over 10,000,000 items sold at retail.

AvaTax Returns includes a tool which lists tax filing requirements by jurisdiction, legal entity, and allows users to prepare reports and returns based on the data in AvaTax detailed transaction database. Users can also track the filing status of pending returns. AvaTax Returns supports electronic filing for all US tax authorities and jurisdictions which support it.

Avalara's AvaTax is one of two products in this review which is a Certified Service Provider for Streamline Sales Tax. SST is an initiative approved in 22 states to calculate, withhold, and remit sales tax based on the delivery location and not the shipping location. For more information on Streamline sales tax, visit [www.streamlinedsalestax.org](http://www.streamlinedsalestax.org).

Readers who want to prepare returns based on data which was not calculated using the AvaTax Calc application should consider other options such as Avalara TrustFile, which is reviewed separately in this section.

Avalara has a number of programs and product offerings for accounting professionals and tax consultants, including the Avalara Accounting & Advisory Services Program, which is free to most practitioners. For more information on this program, visit [www.avalara.com/aasp](http://www.avalara.com/aasp).

## **Summary & Pricing**

Avalara's AvaTax is one of the leaders in SaaS sales & use tax compliance, and the Company's two offerings (AvaTax and TrustFile) provide a range of options which meet the needs of many different practitioners. Based on the number of US jurisdictions claimed to be covered by the Company (14,000), AvaTax appears to cover more US tax jurisdictions than the other tax engines in this review. When combined with the Company's integration into over 250 accounting, ERP, POS, billing, e-commerce and m-commerce applications, and its TrustFile offering, the company provides a complete set of solutions for US sales and use tax.

## **2013 Ratings:**

**Core Product Functions/Features: 5 Stars**

**Core Accounting Capabilities: 5 Stars**

**Integration/Import/Export: 5 Stars**

**Help/Support: 5 Stars**

**2013 Overall Rating: 5 Stars**

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