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For businesses that file their sales and use tax returns in-house, the most common complaints are:

- Filing local returns
- Tracking due dates and filing schedules
- Managing different payment methods
- Adjusting to changing filing methods
- Notice management

Filing Local Returns

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Not all returns are due on the same day of the month. When dealing with multiple states and local jurisdictions, the number of due dates and filing schedules that must be managed can be daunting. These tasks are time consuming and prevent employees from engaging in more value-added efforts to build the business.

In an effort to increase income and cash flow, a number of jurisdictions are adding prepayment requirements for larger tax amounts. Prepayment requires payments to be made to jurisdictions on a different filing schedule, sometimes more than once a month. Due dates are also dynamic when adjusting for state furlough days, state and federal holidays and weekends. If jurisdictions cross time zones, payment deadlines vary depending on time zone.

Different Payment Methods

Each state determines what payment options are available to businesses. Most states now allow returns to be paid electronically, either through electronic check or the Automated Clearing House (ACH) process. Some states may have infrastructure and software limitations. For example, some states or municipalities do not have the capability to receive ACH payments.

Timing of automated withdrawals also creates a concern. Many businesses run a risk that the state will withdraw funds in error on the wrong schedule or that their banks will not be able to deliver the check or electronic transfer at the right time. Not all banks have the ability to initiate ACH-credit payments where a business pushes the funds to states, limiting their payment options.

Different Filing Methods

Not all sales tax returns processes are created equal. Filing methods can vary as much as payment methods. Methods allowed by states and individual municipalities can vary within the same state. Some states now require sales tax returns to be filed

electronically; others still require hard-copy submission and a few states offer online

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Once your sales tax return has been filed and your liability remitted, compliance isn't over. Although your returns are filed and paid on-time, jurisdictions may make an error and send a notice. Their systems may not have read a postmark date properly, or a payment could have been applied to an incorrect account, all causing notices to be sent.

The Value of Outsourcing

Outsourcing your state and local tax work to a third party provider allows you to focus on your business and removes the worry and concern about meeting all of your SALT deadlines. For example, Avalara (sponsor of this series) takes care of filing state and local returns, meeting deadlines, arranging payments, understanding filing requirements for all taxing jurisdictions, and managing tax notices.

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Automation • Sales Tax

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