be? Here are the top nine steps you can take with your exemption certificates to ensure your company is audit-ready.

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Are you concerned that your company isn't as ready for a sales tax audit as it could be? Would you like to ensure you're as prepared as possible?

Are you thoroughly documenting every sales tax exemption?

Exemption certificates are easy to overlook. Surveys show that nearly half of

A few preliminary steps will give you a better understanding of exemption certificate requirements in your state and make it easier to fine-tune your current process.

1. Know When to Collect a Certificate

Is your company collecting certificates from the right customers at the right times? Do your credit departments and salespeople know which forms to provide when customers claim they're exempt? Are certificates properly integrated with your website for online sales?

If not, grab a cup of coffee (plus a few to share) and head down the hall for some casual conversations about certificates with your internal team. Find out how they currently collect valid certificates and discuss what you can do to ease the process. (Not sure what to say? Stay tuned! We'll be sharing tips on when to collect certificates next.)

2. Ensure You're Collecting the Correct Certificates

Anyone can verbally claim they're exempt from paying sales tax. But if you don't have accurate and up-to-date documentation to support those claims, your company will be liable for unpaid taxes in the event of an audit.

This can get very expensive, very quickly.

To prevent unnecessary fees, make it easy for your customers to find and correctly complete the most up-to-date certificates for your state. The laws governing collection of exemption certificates vary by jurisdiction. Stay up-to-date on these changes and make sure you know when nexus impacts which certificates your company needs to collect.

(Quick Tip: If you're not sure where to begin, our free online certificate generator and library can help.)

3. Comb Through Your Existing Stockpile

Conduct Your Own Internal Audit

When was the last time you took a good, hard look at your existing collection of certificates? Even if you have a piece of paper, it may not be exactly what you'll need during an audit.

4. Catalogue Current Certificates

How many of your certificates are up-to-date and fully verified? If you're lucky, this will be the biggest pile or fattest folder. If not, you'll need to set aside more time for the next several steps.

5. Inventory the Incompletes

How many certificates are missing data? Often, all it takes is one small oversight—an overlooked field, a forgotten signature—to incur hefty fines in an audit.

Keep any incomplete records in a separate pile or folder for easy access as you organize. You'll need to follow up with these customers to complete their records.

6. Record Expiration Dates

How many certificates are expiring this month? Next month? Next quarter? How long a customer's certificate remains valid will depend on your jurisdiction. In many states, they need to be renewed every five years. In others, it's three. And there are some states where certain certificates never expire.

To avoid confusion in the event of an audit, you'll need to track all those dates and have a plan in place for following up with your customers. Staying ahead of deadlines and providing customers with ample time to submit new certificates will reduce your risk of missing certificates in the event of an audit.

(Quick Tip: Don't wait too long to update inaccurate, incomplete or expiring certificates.

7. Follow Up

How will you follow up with customers whose certificates are missing information? When will you reach out to a customer whose certificate is expiring soon?

Unless you want to devote weekly work hours to this, you'll need templates, alerts, automated emails and more. If your business works with a small number of tax exempt customers, some simple spreadsheets and business software may suffice. But if you work with dozens or hundreds of tax-exempt customers, you can save a lot of time and money with an all-in-one tool designed to handle these tasks.

8. Systematize Your Collections Process

As you catalogue, categorize and correct your current collection of exemption certificates, ensure they're all easily searchable and accessible. Since you don't know which certificates an auditor will request, you'll need a system that lets you quickly comb through all your records at once to extract the right ones.

9. Plan Ahead

As you work through each step, decide how you will update and maintain records in the future. The more you can automate, the easier it will become over time!

(Quick Tip: If you're not using automation software or services, make sure your team is regularly reading up on the latest changes to relevant tax laws.)

Sales tax compliance is a complex business, but it *is* possible to achieve without losing your mind. Take it one step at a time to avoid overwhelm and, most importantly, develop a system that will be easy to maintain in the long run.

Looking for more tips to simplify the exemption certificate collection process?

There are ways to complete all nine steps faster—and we cover them in our free

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