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REVIEWS

2020 Review of Sales and Use Tax Systems

Today, sales and use tax automation is a necessity for any retailer of any size. It doesn't matter if you're selling from a single location in Chicago, or have locations across the U.S., you need something that will properly collect and ...

Mary Girsch-Bock • Nov. 23, 2020



If you've been in business for any length of time, you know that it's an understatement to say that sales tax rules vary from state to state. Which is why it's

vital that you have a method in place to track and collect the appropriate amount of sales tax from your customers. Of course, if you only sell from a single brick and mortar location, you only need to worry about sales tax for the state in which your business operates, but if you sell anything online, you need a way to manage sales tax collection in any location from which your customer may be buying.

This means that anywhere that you have sales tax nexus, you'll need to calculate and collect sales tax from your customers. Currently, 45 states and the District of Columbia collect sales tax with more than 35 states also collecting local taxes as well. While you can certainly try and do this manually, you'll save countless hours if you use software to calculate the appropriate sales tax amounts for your customers in multiple states. To further complicate the life of a retailer, there are more than 10,000 tax jurisdictions, many of which offer some sort of tax holiday at various times of the year, so those tax-free periods have to be adhered to as well.

That's why sales and use tax software can be a lifesaver, or at least a business saver. These applications are designed to calculate the correct amount of sales tax that needs to be collected from your customers for every transaction, no matter where the transaction is taxable. Sales and Use Tax software also assists with tax reporting and remittance.

Today, sales and use tax automation is a necessity for any retailer of any size. It doesn't matter if you're selling from a single location in Chicago, or have locations across the U.S., you need something that will properly collect and remit sales tax for your business.

In this issue of *CPA Practice Advisor*, we reviewed 7 products, with all products offering a variety of features and functionality. To make it a bit easier, we divided the products into two categories: Basic and Automated.

- [Avalara Returns for Small Business](#)
- [Avalara AvaTax](#)
- [CCH SureTax Calc](#)
- [CFS Tax Software TaxTools](#)
- [eFileSalesTax.com](#)
- [Taxify by Sovos](#)
- [TaxJar](#)
- [Vertex Cloud Indirect Tax](#)

The features reviewed included:

- Is the sales tax database automatically updated by the vendor?
- Does the product integrate with accounting applications?
- Does the product handle sales tax filing for multiple businesses?
- What kind of reporting options are available?
- Does the product offer electronic filing or remittance options?
- Does the product offer automated address verification?
- Is sales tax exemption certificate management offered?

Whether you're a retailer looking for a more efficient way to manage sales and use tax or an accountant who needs to streamline the sales tax process for your clients, the sales and use tax reviews in this issue can help you get started.

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