

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

facilitator laws in the U.S. and the expansion of e-invoicing globally in 2024, both of which will lead to the likelihood of increase sales tax audits.

Isaac M. O'Bannon • Jan. 23, 2024



A new report shows continued changes to economic nexus and marketplace facilitator laws in the U.S. and the expansion of e-invoicing globally in 2024, both of which will lead to the likelihood of increase sales tax audits.

The [Avalara Tax Changes Report](#) covers tax changes across the U.S. and internationally, as well as specific changes in key industries, including beverage alcohol, communications, energy, lodging, manufacturing, retail, and software. [Avalara](#) is a provider of cloud-based tax compliance automation for businesses of all sizes, today released its annual [t](#) for 2024.

Notable highlights from the Avalara Tax Changes 2024 report include:

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Despite momentum on simplification, businesses are likely to see more sales tax audits in 2024. The Inflation Reduction Act of 2022 provides roughly \$80 billion in additional IRS funding over the next 10 years, with more than \$45 billion earmarked for enforcement. Some effects of those funds could trickle down to states.

“Tax policy continues to evolve rapidly in the U.S. as the economy shifts and state governments look to adapt rules to keep pace with the changes technology is bringing to commerce,” said **Scott Peterson, VP of U.S. Tax Policy at Avalara**. “Because state budgets aren’t experiencing the same windfalls as they were in the immediate impacts of the pandemic, legislatures will encourage an increase in audits to make up for any lost revenue. Businesses and consumers should all prepare for an uptick in audits in 2024.”

### **E-invoicing is becoming the global standard**

E-invoicing is the process of creating and providing an electronic invoice in the form of structured data to digitally exchange invoice data between a supplier and a buyer. More than 60 countries worldwide have announced — or already require — e-invoicing. In 2024, countries like Romania, Malaysia, and Israel and more will begin enforcing their various e-invoicing mandates.

“E-invoicing is the clear direction for the future of compliance. It’s important to remember that countries that don’t have mandatory e-invoicing requirements now will have them in the future,” said **Alex Baulf, VP of E-Invoicing at Avalara**. “For businesses looking to get ahead of the curve, it’s essential to understand current and forthcoming business impacts of country-specific e-invoicing mandates, and to plan for technology adoption to comply with new invoicing regimes and benefit from new efficiencies inherent in this digital transformation.”

### **VAT in the digital age continues to evolve**

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

shop in-store or online across devices. While omnichannel has become the preferred shopping experience for consumers, it creates compliance challenges for retailers. As omnichannel commerce grows in 2024, retailers should brace for complexity when it comes to triggering more sales tax nexus thresholds and associated compliance requirements, including new tax rates and rules, tax returns, and exemption considerations.

### **1099-K rules remain in flux**

The IRS [postponed](#) a new \$600 Form 1099-K reporting threshold for third-party settlement organizations for calendar year 2023, citing potential confusion. However, the IRS still plans to lower the reporting threshold from the current \$20,000, using a phased-in approach, beginning with a threshold of \$5,000 for tax year 2024, to ultimately reach the \$600 limit.

Read the Avalara Tax Changes 2024 report [here](#).

Sales Tax • Small Business

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.