

Property tax assessments – How to ensure what you owe is fair



Disclaimer

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Meet your presenters



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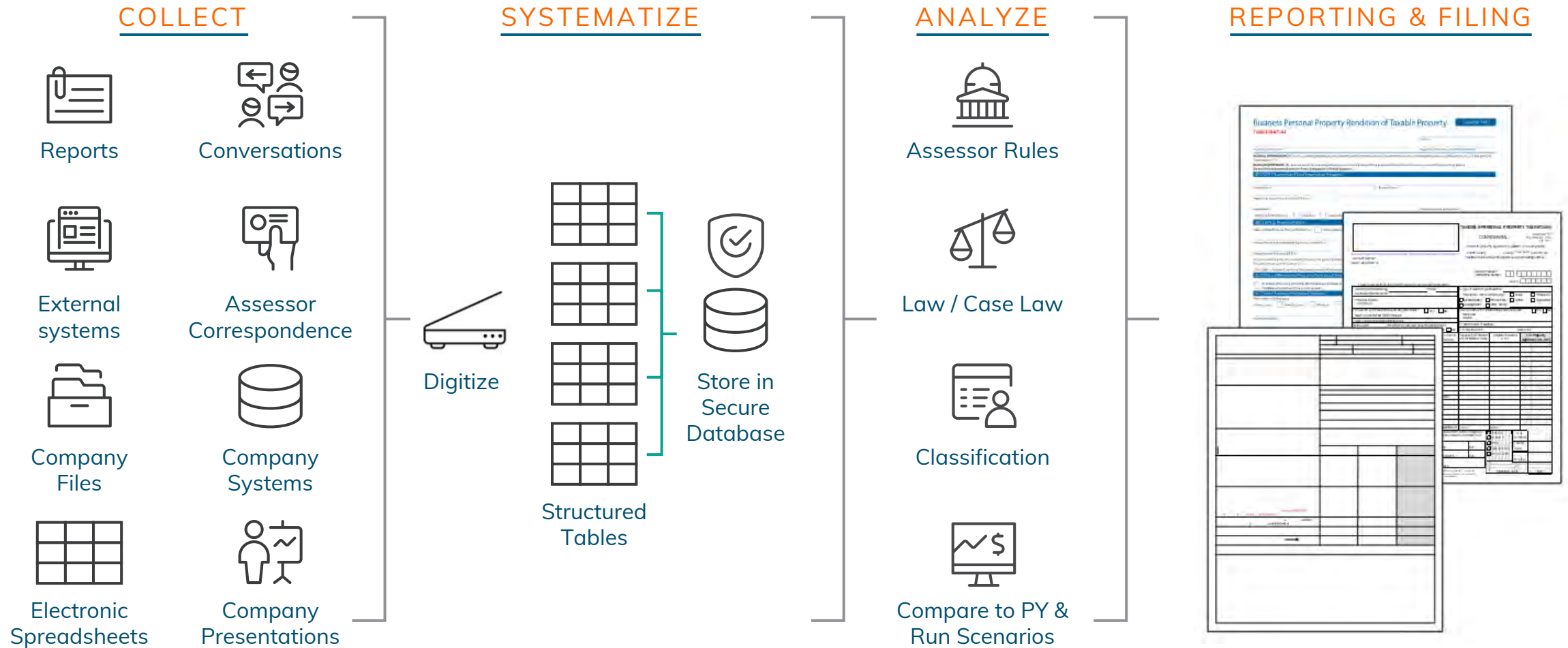
Agenda

- 1 > How to approach property tax filing
- 2 > What you might be missing
- 3 > Filing remains paper-based, but automation can help
- 4 > Trends to watch in the year ahead
- 5 > How to do property tax compliance better
- 6 > Q&A

Property tax filing

Collect, systematize, analyze, and report

A whole new way to look at property tax filing



Data collection

Sample data



PROPERTIES

- > Properties
 - > Real
 - > Personal
- > Assessor / Collector Accounts
- > Client / Legal Entities & Attributes
 - > SIC/NAICS
 - > FIN
 - > Etc.
- > Cost Centers
- > Other Industry Attributes



ASSETS

- > Fixed Assets
- > Asset Additions
- > Disposals
- > Transfers
- > Asset Movements
- > Inventory Balances
- > Leased Vehicles / Equipment
- > Asset Modifications



OTHER METRICS

- > Replacement Cost
- > Units for Allocation
 - > Miles
 - > Subscribers

Analyzing data



TAXABLE

Is the asset taxable in the state?



ABATEMENTS / EXEMPTIONS

Does the asset have current exemptions or abatements?



REPORTABLE

Regardless of taxability or exemptions, is there still a requirement to report the asset?



USEFUL LIFE

Is it a 3yr asset or a 50yr asset or somewhere in between?

Analyzing data

Continued



TREND TABLES

Are you double checking the assessor guidance?



CALCULATIONS

Could the asset be sold at this value?
How does it compare to prior years' assessments?



BUDGETING

Prior year amounts are a start, but are you using adjustments to develop your estimate?



ACCRUALS

Do your company require monthly updates to your accrual?

What you might be
missing

What property tax teams tend to miss

Think like an assessor



Assessors expect companies to follow the property tax form's instructions.



Assessors typically provide taxpayer guidance on specific areas, i.e., taxability, form sections, asset classification, asset cost trends, and asset depreciation lives.







Assessors don't provide as much guidance on how to measure obsolescence—and their return forms typically do not ask for obsolescence.



Quantifying obsolescence can require information about the operation of the assets.

Trends to watch in the year ahead

Obsolescence can come in many forms

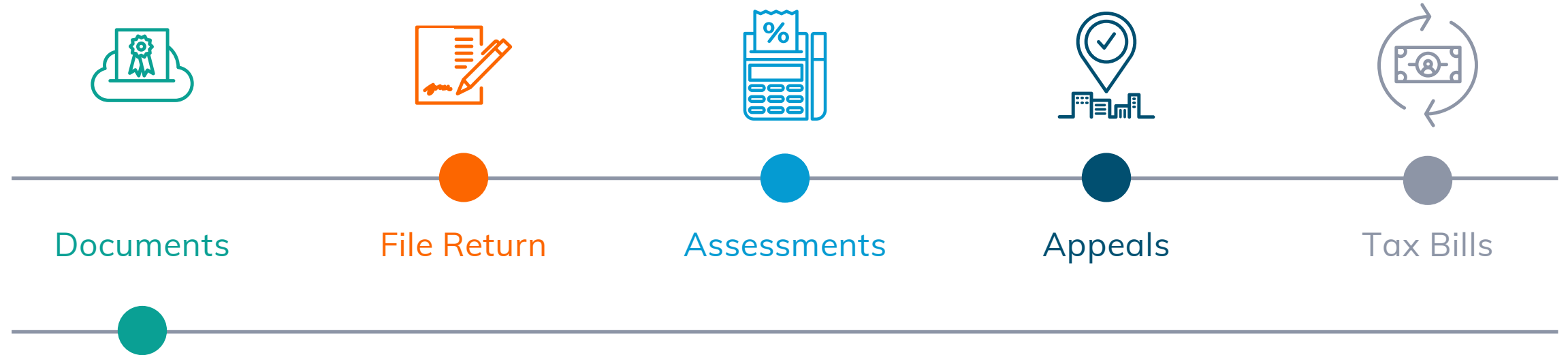
 TECHNOLOGICAL	When competitors offer superior technology to your product or service
 EXCESS CAPITAL	When the actual investment in your assets is more than what it would cost to construct today
 EXCESS OPERATING COST	When the operating costs, including capital maintenance, is more than what it would cost to produce a similar product or service
 ECONOMIC OR EXTERNAL	<ul style="list-style-type: none">> Inflation> Interest Rates> Deterioration in Economic Conditions> Changes in regulation

- Avalara's Property Tax for Enterprise allows users to apply these obsolescence adjustments at the asset level.
- This ensures you can take advantage of obsolescence impacts and not be subject to over-taxation.

Adding automation

The property tax compliance workflow

Companies solving client challenges across the compliance journey



This workflow represents the opportunity for companies to simplify the property tax compliance journey. This can range from automation that scans and appends key data to create an audit trail, consolidates due date tracking, organizes documents, increases accuracy, while streamlining return prep and filing.

Bringing automation to a paper-based process

Manual data entry
(resources and
efficiencies)

Return preparation in
third-party system



Limited analytic tools in
third-party system

Matching approved
tax bills and check
payments for collectors

Cost and Time Savings

- › Reduce FTE hours, remove data entry needs and errors/inconsistencies
- › Reduce compliance cost burden

Competitive Edge

- › Accuracy
- › Asset review (classification, depreciation, taxability guidance)
- › Assessment review and protest strategy

Other Benefits

- › Reduce penalties/property tax liability
- › Improve payment discount opportunities
- › Reduce overpayment on exempt assets
- › Increases amount of time customers can spend on more valuable activities

Holistic approach to
property tax compliance

Avalara Property Tax

A whole new way to look at
property tax management



Avalara Property Tax

Core Benefits

- 1 Manage both real and personal property tax activities in one secure hub
- 2 Automate tax bill data extraction and validation at scale to minimize human error and data entry
- 3 Manage property tax liability through improved returns, assessments, and appeals visibility
- 4 Create audit trail with document storage and ability to append to tax bill payments



Questions



NRF[®] 2023

RETAIL'S BIG SHOW

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January 15, 2023
New York, NY



Acumatica 2023
SUMMIT

.....

January 29, 2023
Las Vegas, NV

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CRUSH

REGIONAL: DENVER

.....

March 21, 2023

Denver, CO

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Tax compliance done right