Getting tax decisions right in a changing global economy

Avalara

Tax compliance done right

Disclaimer

While we hope you'll find this discussion helpful, this session is for informational purposes only and is not legal or tax advice.

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Safe harbor statement

Continuing Professional Education (CPE)

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> Respond to **3 of 4** poll questions
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Downloading Certificate

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> Those that qualify will also receive their certificate in a post-event email

CPE POLL QUESTION #1

> What does your company struggle with the most as it relates to changing tax compliance obligations?

Meet your presenters

Maria Tringali

Senior Solutions Consultant

Avalara

Maria has been with Avalara since 2014 and is focused on training, educating, and supporting customers, prospective customers, sales teams, and partners on tax compliance requirements for B2B sellers. She's passionate about improving the exempt customer experience and helping businesses improve upon and automate traditionally labor-intensive and risk-prone activities.

Luke Marlatt

Solutions Consultant –
Tax Research

Avalara

Luke Marlatt is an ATR Solution Consultant for the Sales Organization at Avalara. Luke joined Avalara with the acquisition of TTR in late 2020 and has worked in consulting, training and sales. Before TTR and Avalara, Luke worked at AT&T and spent nine years in the US Navy.

Luke lives in Oregon with his wife and three children where he would like to spend all of his time fishing but has to come to work and be a dad, so mostly does that.

Agenda

1. > Why is managing tax compliance so difficult? (Luke)

2. > Avalara's tax compliance automation suite (Maria)

3. > Global tax trends & compliance challenges impacting tax research (Maria)

4. > The benefits of a tax research solution (Luke)

5. > Q&A

Why is managing tax compliance so difficult?

Why is managing tax compliance obligations so difficult?

Shifting tax data volume and granularity

Tax data granularity changes **depending on the tax disclosures**, further complicating the tax reporting act across an entire business

Shifting jurisdictions

Tax rates constantly **change at the state and local level**, despites efforts like Global Anti-Base Erosion Rules (or GLoBE)

Shifting indirect tax rates

Nearly **every major economic region** is undergoing some level of indirect tax reform

66% **of corporate professional**

believe VAT mandates will significantly impact their tax compliance management processes in the next 24 months*

Why is managing tax compliance obligations so difficult?

Shifting collection paradigms

The adoption of **real-time tax assessment** and **collections mandates** are on the rise

E-invoicing, VAT in the digital age (VIDA) & Making Tax Digital (MTD) mandates and initiatives will compound this emerging problem

Shifting business models

The **definitions and terms are not universal** from state to state, there is no uniformity in classifying some digital services, and there are issues around the use intent

Shifting reporting standards

IFRS 15 and **ASC 606** significantly impact how and when revenue can be recognized

Achieving tax accuracy in a complex & changing global economy

50% + **57%**

of corporate tax leaders worldwide

of U.S.-based corporate tax leaders

Found data management "**challenging**" or "**very challenging**"

– According to IDC

However, recent technological changes can offer relief. Advances in **artificial intelligence** and **machine learning** related to tax data gathering, data validation, and tax information analysis can help.

CPE POLL QUESTION #2

> How would you categorize your company's data management and hygiene practices?

Avalara's tax automation compliance suite

COMPLIANCE CLOUD
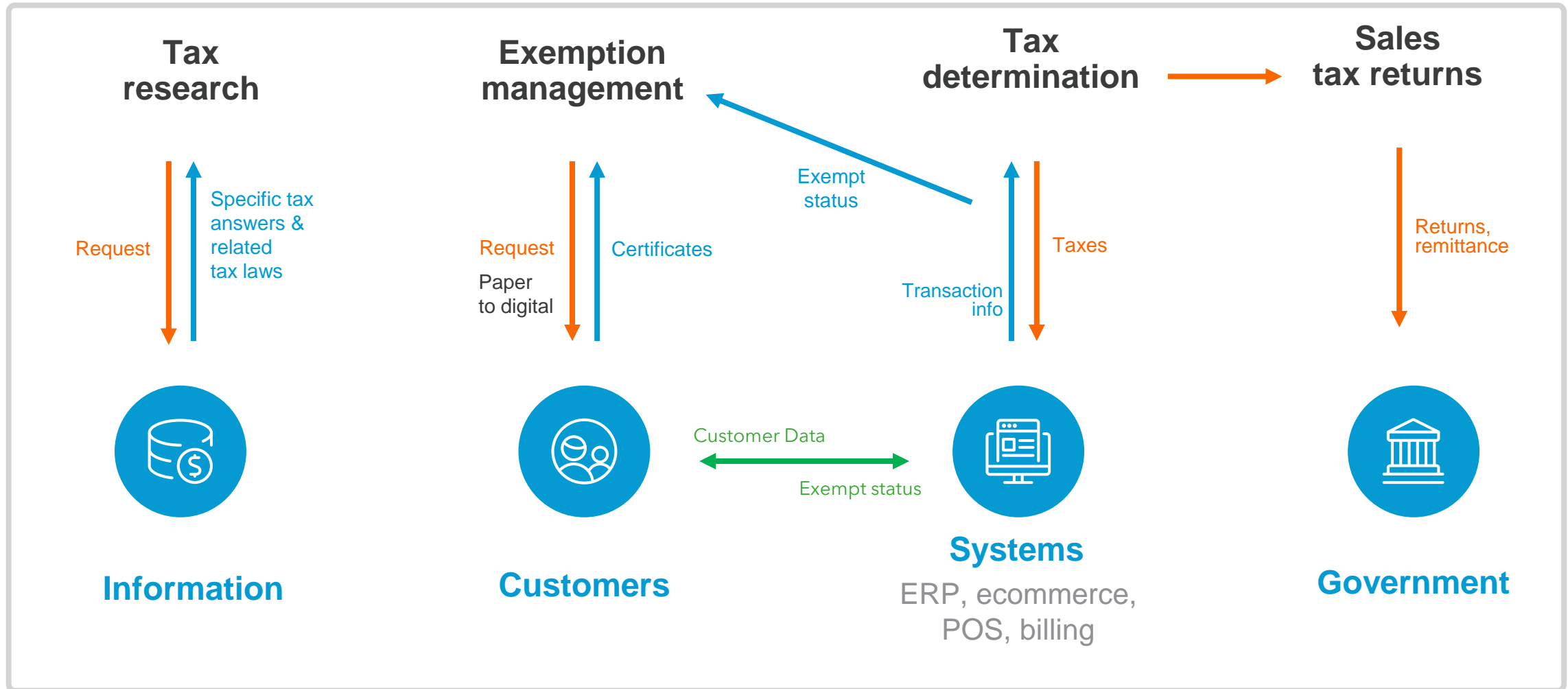
Licenses

Tax Research

Exemption Certificates

Calculation

Returns & Reporting

Global

16

Tax Compliance Automation Suite

Tax
research

Exemption
management

Tax
determination

Sales
tax returns

Request

Specific tax
answers &
related
tax laws

Request

Paper
to digital

Certificates

Exempt
status

Transaction
info

Taxes

Returns,
remittance

Customer Data

Exempt status

Information

Customers

Systems

ERP, ecommerce,
POS, billing

Government

CPE POLL QUESTION #3

> How much do you agree or disagree with the following statement: Managing changing regulations and the labyrinth of websites and information portals to find correct tax answers is one of the most difficult tasks for tax managers today.

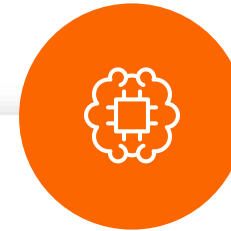# Global tax trends & compliance challenges impacting tax research

Global tax trends to know

Real-time tax reporting is gaining momentum

Tax authorities are stepping up to meet the data management challenge

AI and machine learning are creating new opportunities

Global tax trends to know

Digital business models are growing

The spread of e-invoicing in the European Union and beyond

Talent management becomes a CFO priority

Key compliance challenges facing tax managers

Tax managers have a demanding role, dealing with product taxability, various tax types like sales, use, and excise taxes, and identifying exempt sales

Key challenges include:

> Different tax types

> Product taxability & exempt sales

> Navigating state websites

> Nuanced differences across jurisdictions

> Determining regulatory intent

> Risk of errors

> Lack of exception management

> Over-reliance on manual processes

Finding data from disparate sources

Finding data from disparate sources stands as the most time-consuming and frustrating aspects of tax management

Tax managers must collect data from tax authority websites, global court rulings, financial associations, treasury regulatory bodies, tax journals, tax services, press releases, and data services

From there, they must **determine the accuracy and validity of the research information** and then judge the information's relevancy to the particular tax issue at hand

Changing regulations, and the **labyrinth of websites and information portals** tax managers must navigate to find necessary information

The benefits of a tax research solution

Why today's companies need a tax research solution

Hours per week are wasted searching various tax portals and information sites to find tax answers

The **kaleidoscopic nature of tax regulations** from jurisdiction to jurisdiction and from quarter to quarter **adds more complications**

The rise of eCommerce platforms and tools have made markets bigger, but this comes with new challenges in states with unfamiliar taxability rules and constantly changing regulations

The **South Dakota vs. Wayfair** decision upended economic nexus rules, making the already confusing landscape of **sales tax increasingly complex daily**

The benefits of a tax research solution

Improved accuracy

Reduced research time

Access to tax researchers who will answer specific tax questions

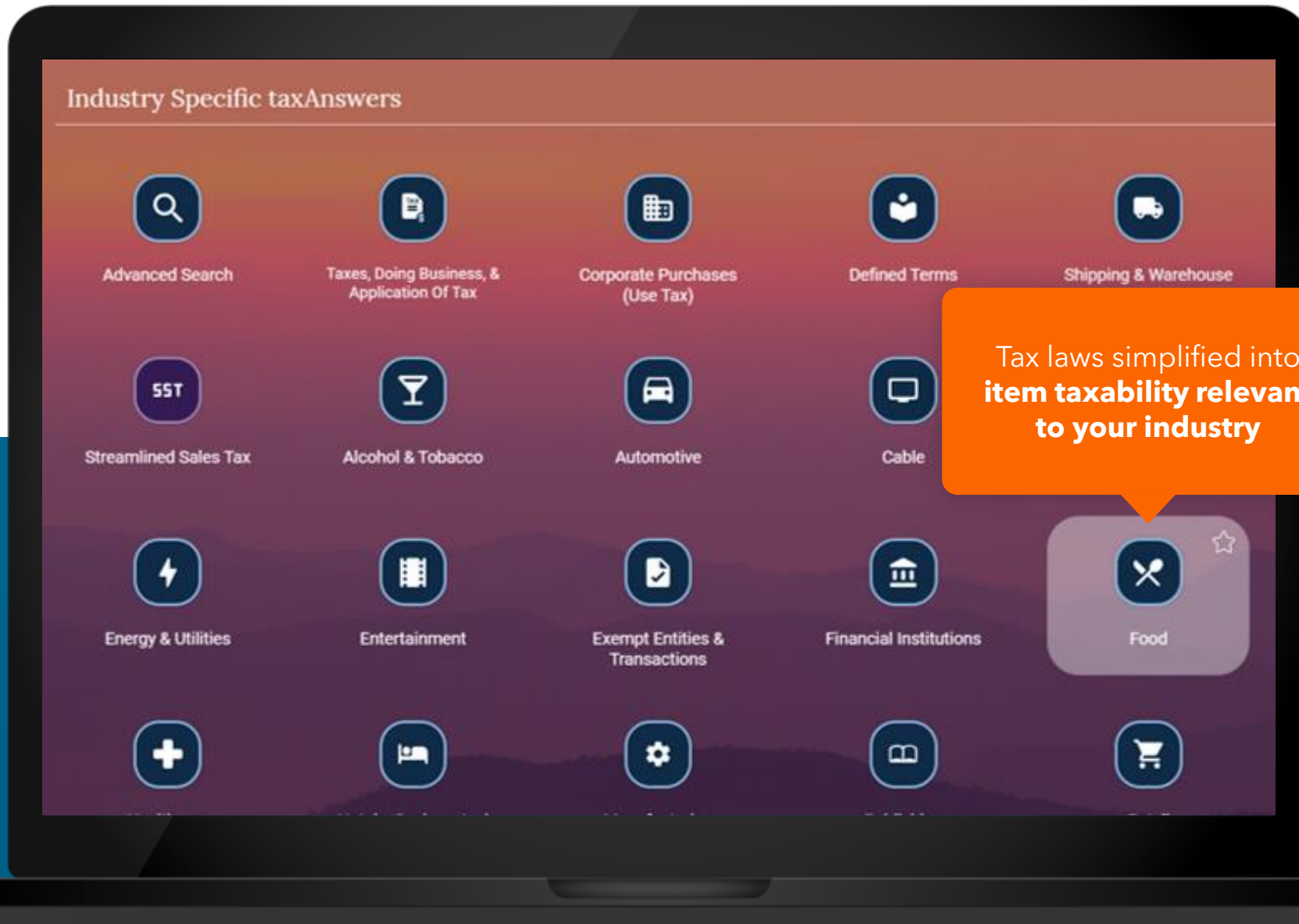Decrease in penalties and fines due to lack of compliance

Introducing Avalara Tax Research (ATR)

The perfect combination of extensive tax content and human support

› Sources **27,000+** web pages daily

› Provides access to **expert researchers** who manage tax queries and provide answers within 24-48 hours

› Gives tax answers in **plain language**, supported by relevant regulatory citations

› Contains extensive research on **processes and procedures in each state**

› **Provides a platform** with expert research support, unlimited training, and several tools to inform users of changes

Sales and use tax law documentation

Custom library, industry, and add-ons

Taxability & exemption panel by jurisdictions

Access to tax by products & services

Export & share tax information as reports

Tax changes history and Q&A

Loop up tax information by location

Avalara Tax Research
formerly ttr

Avalara Tax Research capabilities

Tax laws simplified into **item taxability relevant to your industry**

Avalara Tax Research capabilities

Straightforward **yes/no answers, explanations** and **background information** on item taxability, and **citations** to relevant laws

taxAnswers | Food | Restaurants | Restaurant Sales Tax | Food Preparation Equipment Ma... | alara

State: California ▾   Highlight Changes: None ▾

Categories   5 Total Answers

1. Food Preparation Equipment (5)
   1. Fryer
   2. Broiler
   3. Bread Machines
   4. Blenders
   5. Ovens

History | Compare | Contact Tax Expert | DOR Feedback | Email | Print

1.1 Food Preparation Equipment: Fryer

Is fryer taxable in California?   YES

Explanation: This item is taxable. California taxes sales of tangible personal property unless an exemption applies. There is no exemption for the item. Note that California partially exempts "qualified tangible personal property" purchased by a "qualified person" for use in manufacturing or processing. However, restaurant or food service establishment is not considered a "qualified person." As result, this item is taxable.

Background Info: This item represents a fryer purchased by a restaurant for food preparation.

Authority:
- Cal. Revenue & Taxn. Code sec. 6051
- Cal. Revenue & Taxn. Code sec. 6377.1(b)(8)(A)(ii)

Open All Citations In Laws Tab

History | Compare | Contact Tax Expert | DOR Feedback | Email | Print

1.2 Food Preparation Equipment: Broiler

Is broiler taxable in California?   YES

Explanation: This item is taxable. California taxes sales of tangible personal property unless an exemption applies. There is no exemption for the item. Note that California partially exempts "qualified tangible personal property" purchased by a "qualified person" for use in manufacturing or processing. However, restaurant or food service establishment is not considered a "qualified person." As result, this item is taxable.

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1.3 Food Preparation Equipment: Bread Machines

Avalara Tax Research capabilities

Our **right rates map** lets users know where sales tax rates begin and end

Q&A

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