MAXIMIZING YOUR USE OF

AVALARA AVATAX
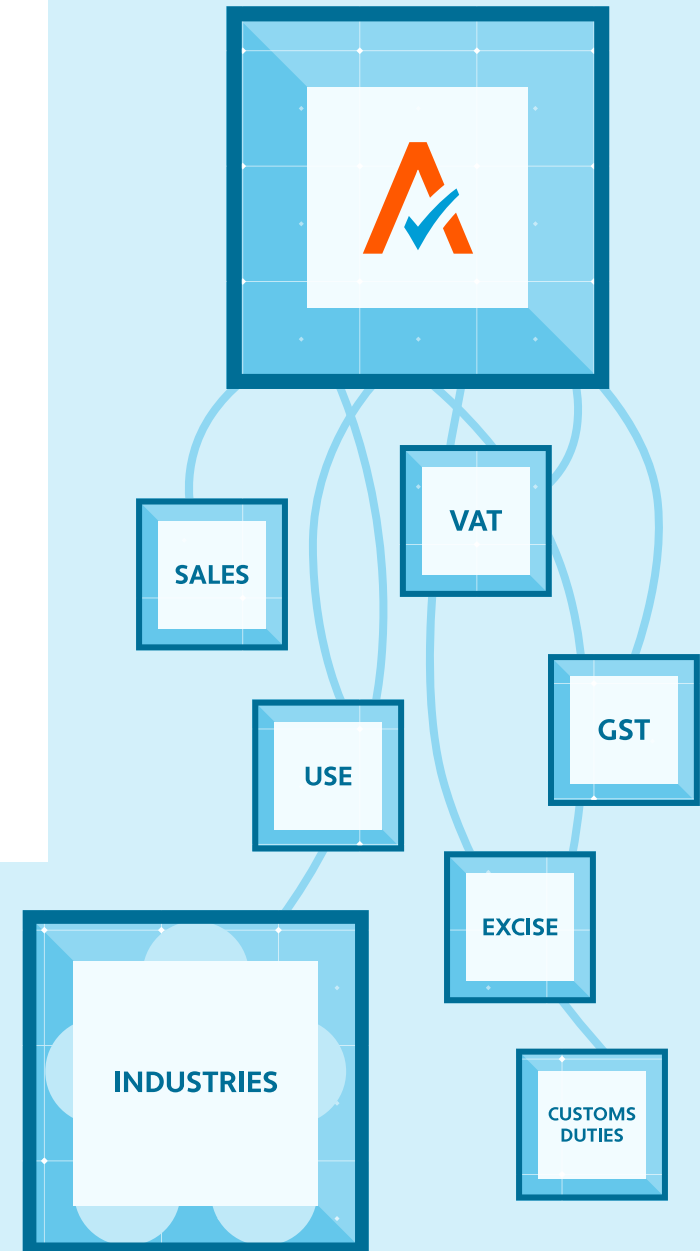
Avalara

Tax compliance done right

Contents

Introduction

Avalara AvaTax is a next-generation, cloud-based tax calculation solution built to solve compliance challenges facing industry-leading enterprises and growing businesses. AvaTax helps reduce risk, drive efficiency, and increase customer satisfaction by improving accuracy. The solution calculates sales and use tax, excise tax, VAT, GST, customs duties, and tax types for specific industries including communications, lodging and hospitality, beverage alcohol, energy, and tobacco and vape.

Getting the most out of AvaTax begins with implementation. Avalara offers support to get you up and running for as long as you're using AvaTax.

SALES

VAT

USE

GST
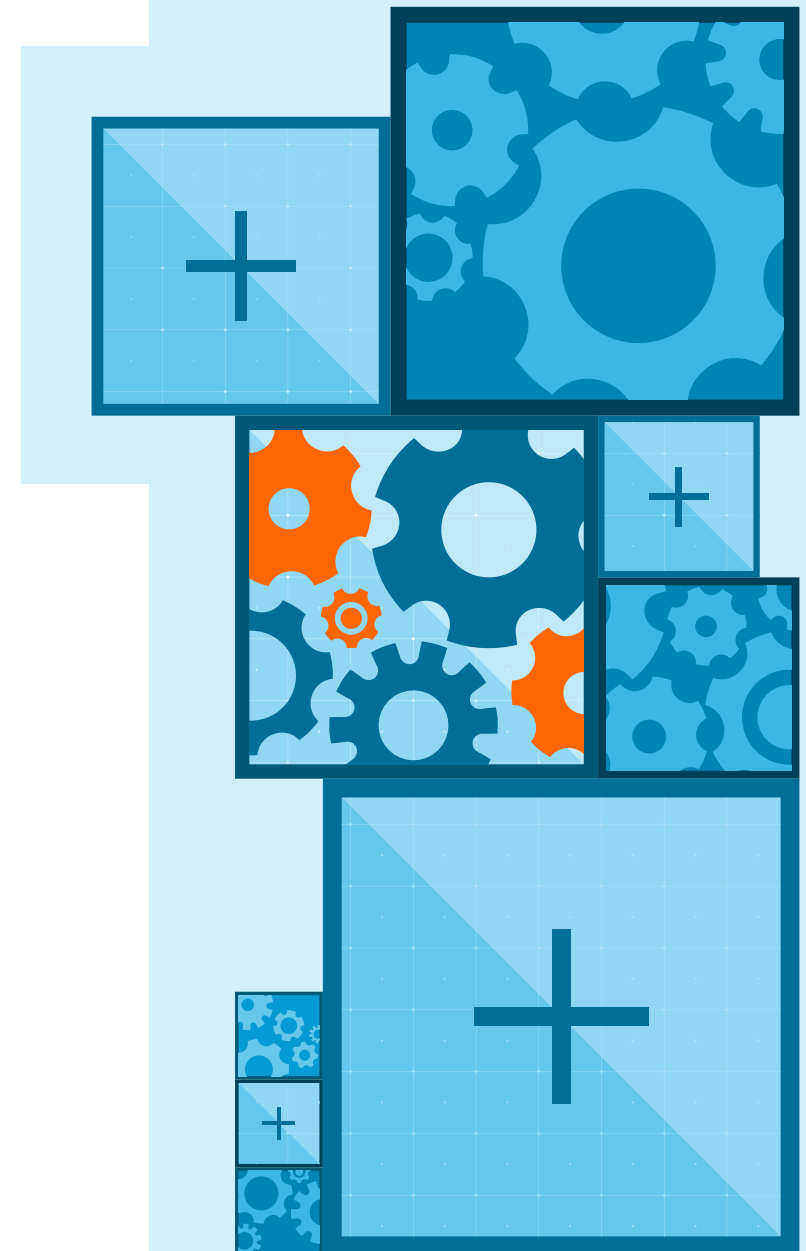
EXCISE

INDUSTRIES

CUSTOMS DUTIES

Integrate AvaTax with your business systems

Data and automation power business. When technology platforms are incompatible, it disrupts operations and burdens IT teams and end users. Choosing a tax calculation solution that integrates with your existing tech stack helps avoid these problems.

AvaTax integrates with common ERP, ecommerce, CRM, accounting, and other financial systems that you already use. Avalara has 1,200+ signed partner integrations.

With prebuilt integrations and developer tools for custom API integrations, it's easy to get up and running.
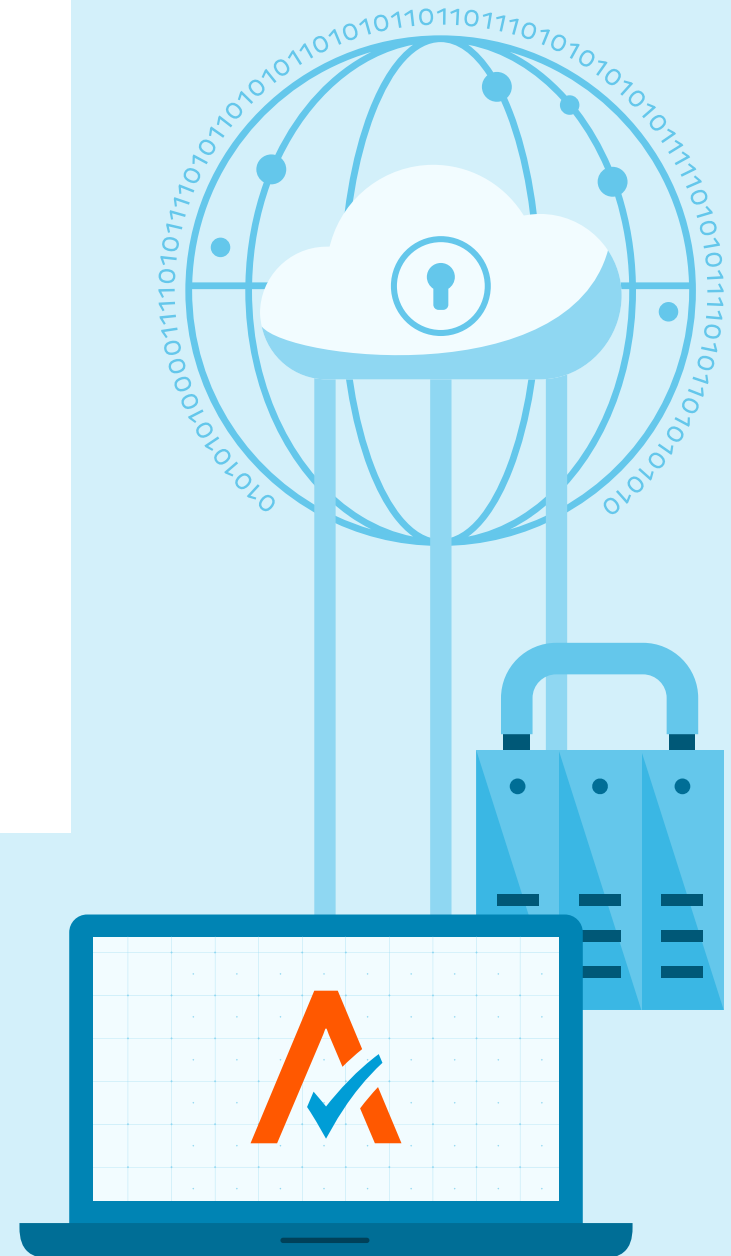
AvaTax seamlessly integrates with other Avalara solutions including **Avalara Returns** and **Avalara Exemption Certificate Management** for a complete tax compliance suite. These products share single sign-on credentials.

Protect your data with robust security and privacy standards

Avalara prioritizes data security with industry-leading encryption, stringent access controls, and continuous monitoring to protect customer information against cyber threats. AvaTax is SOC 2 type 1 and type 2 compliant. By following these global standards and regulations Avalara ensures that tax calculation data is handled with the utmost security and privacy.

With a dedicated security team and advanced technologies, Avalara delivers peace of mind, allowing businesses to focus on growth while trusting your compliance data is secure.

Grow your business with AvaTax

AvaTax scales with your company as it grows, supporting unlimited users and entities while putting you in a position to seize opportunities now and in the future. As your company expands into new states or countries, you can easily add those jurisdictions to AvaTax to start collecting tax. Avalara has tax content for more than 30,000 jurisdictions, including 190+ countries worldwide. AvaTax supports multi-company organizations, helping to ensure a smooth transition during a merger or acquisition.

QUICK START TIP

Go to **Settings** > **Manage Companies** and select **Add a Company**. If your business has a parent company/child company relationship, add the parent company first.

HOW AVATAX CAN HELP

Anh is the chief information officer for an enterprise software provider. Her company recently acquired a software as a service (SaaS) startup. Anh needs a tax calculation solution that will work with business systems used by both entities. AvaTax integrates with both of their business applications and both companies can also be added to the same AvaTax account. Advanced transaction rules make it easy to extend standardized tax codes for products Anh's company sells to the newly acquired startup.

Get started with AvaTax

When implementing any new software, it's comforting to have a helping hand. Avalara gives you options so you can select the level of support that's right for your business. Choose from three pathways to get started:

- With **Avalara Professional Services**, our AvaTax product specialists will expertly guide you each step of the way and answer your questions.

- You can have a **certified partner**, trained by Avalara, guide you through implementation.

- When you opt for GoLive, our basic implementation service, we'll provide assisted support.

It's easy to start testing in as little as a few hours.

Set up AvaTax

Setting up AvaTax is a four-step process:

1 **Gather information about your business.** To create your company profile, you'll need to have certain information on hand, such as your employer identification number (EIN) and international tax identification number if you do business outside the U.S. You'll also need the information described in the following steps. In addition, you'll need the names and email addresses for others who will have access to your account.

2 **Use the AvaTax setup wizard to create your account.** We'll ask you where you do business, including locations where you have a physical presence, remote employees, and ecommerce sales. You'll also tell us where you're already registered to collect tax.

3 **Connect AvaTax to business systems you use to process or store orders.** To do this, you'll need access to your business system account, and you may need administrative privileges.

4 **Fine-tune your tax profile.** In this step, you'll provide information about the products you sell, including assigning tax codes and Harmonized System (HS) codes for international sales. You'll also provide information about your tax-exempt customers. Fine-tuning your settings helps AvaTax calculate the best tax rate.
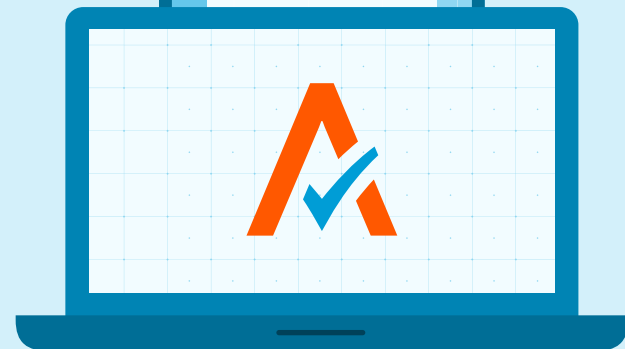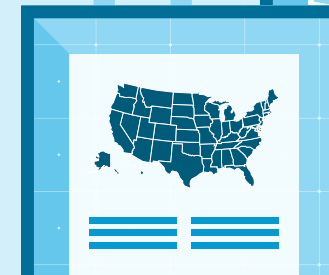
Determine whether you may be out of compliance

AvaTax shows you what you need to do to stay compliant. When you sign in to the AvaTax portal, your homepage will show an interactive economic nexus map. AvaTax tracks your company's sales in the U.S. and alerts you to where you may be close to meeting a state economic nexus threshold, and therefore where your company should consider registering to collect and remit sales and use tax.

QUICK START TIP

An **Avalara Sales Tax Risk Assessment** can help you start out compliant by identifying where you've triggered physical and economic nexus.

Follow rate changes for every address

There are more than 13,000 U.S. sales and use tax jurisdictions, each with its own rates and rules.

AvaTax uses geospatial rate targeting to help ensure you calculate and collect the right tax.

The solution verifies purchase addresses and assigns street-level tax rates, rather than relying on ZIP codes. Geolocation technology calculates more accurate taxes for transactions occurring on mobile devices as well as ecommerce, POS, and ERP platforms. Simply select a transaction in AvaTax to find out the tax rate and where the item was shipped.
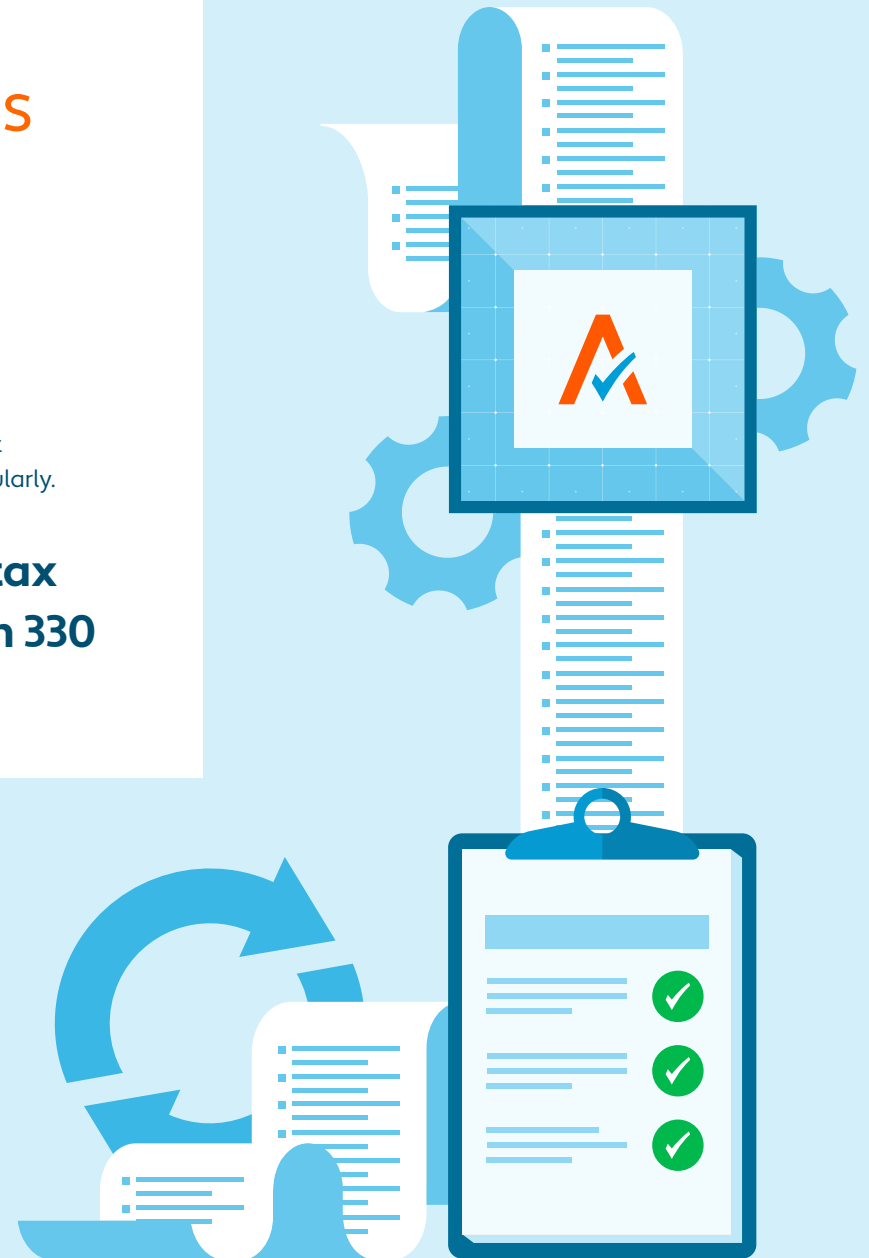
HOW AVATAX CAN HELP

Farhad is the controller for an online retailer specializing in pet supplies. His company recently expanded into Colorado. Colorado is a home rule state with 272 municipalities; cities, counties, and special taxing jurisdictions administer and establish their own sales tax rates and rules. With AvaTax, Farhad can calculate sales and use tax more accurately using geolocation technology that pinpoints addresses and applies the right rates.

Keep up with taxability changes

Tax rates and rules often change, making it difficult for businesses to stay on top of the latest regulations. AvaTax reduces the risk of noncompliance through tax information updated regularly.

Avalara has tax content for more than 900,000 tax rules, more than 82,000 tax rates, and more than 330 product categories.

Create business reports

AvaTax helps your team be organized and audit-ready with robust reporting features. Create and export reports that help you reconcile your transaction data each month, decide tax liabilities, and identify exemption exposures. Review information for multiple tax types and cross-border sales. Customize reports to provide more information and apply filters to see line-item details.

QUICK START TIP

If you want to use a report with specific criteria repeatedly, save it to **Favorites**.

Review and reconcile marketplace transactions

Marketplaces where you sell your products, such as Amazon or Etsy, may be required to collect and pay tax on your company's behalf. Some jurisdictions require you to report (but not pay) tax on all sales even if a marketplace has paid the tax for you.

AvaTax allows you to view details about your marketplace sales and determine whether tax on a transaction needs to be paid when you file your return.

HOW AVATAX CAN HELP

Drew is the ecommerce product manager of a company that manufactures running shoes. Their business sells products on several marketplaces as well as their company website. Drew needs a tax compliance solution that can track whether or not a marketplace has collected tax for a transaction. Drew uses AvaTax to track sales and help ensure they remit the right amount of sales and use tax in each state.

Calculate international taxes and customs duties

Avalara AvaTax Cross-Border minimizes surprises for customers by calculating or estimating customs duties upfront and populating international taxes into online shopping carts.

To calculate customs duties, VAT, GST, or other local taxes, you'll need to tell us where you're selling. Your portal includes a section for customs duties and another for VAT and GST. In most cases, you should add your locations to both.

When selling internationally, you need country-specific Harmonized System (HS) codes, also called tariff codes, for all of your products. **Avalara Tariff Code Classification** combines AI and human expertise to quickly provide tariff codes for products going to 180+ countries. You can also include the full HS code on your invoice to help your products pass through customs without delays.

To include duties and taxes in the transaction, you need to ship Delivered Duty Paid (DDP). This means you're responsible for paying the customs duty and import taxes. If you ship DDP, you need to tell us you're the importer of record. If you choose to ship Delivered at Place (DAP) instead, your product will be held at customs until your buyer pays the customs duty.

AvaTax Cross-Border integrates with Avalara Tariff Code Classification and **Avalara VAT Reporting** to provide end-to-end global tax compliance in a single platform.

HOW AVATAX CAN HELP

Valentina is the vice president of finance for a global company that sells products for hair care and skin care in stores across the U.S. and on its website. The company is expanding into the U.K. and Germany. Valentina chose AvaTax with Avalara AvaTax Cross-Border to calculate sales and use tax, VAT, GST, and customs duties in all the states and countries where customers are located.

Calculate taxes for specific industries

Avalara offers solutions designed to meet the needs of your industry. Choose a comprehensive product suite for end-to-end compliance or start with AvaTax for calculation and scale up later.

We have solutions designed specifically for the following industries:

- **Communications**

- **Lodging**

- **Hospitality**

- **Beverage alcohol**

- **Energy**

- **Tobacco and vape**

HOW AVATAX CAN HELP

Leo is the tax manager of a hotel chain. His business is expanding across the U.S. Leo needs a tax compliance solution that can keep pace with the hotel chain's rapid growth. He uses Avalara for Hospitality to calculate occupancy tax and sales and use tax in all the states where his company does business.

Automate the assessment and accrual of consumer use tax

Consumer use tax issues often occur when vendors don't collect sales tax or charge the wrong tax rate.

Avalara AvaTax for Accounts Payable is an add-on for AvaTax that uses built-in tax rates and user-defined rules to help determine consumer use tax across multiple locations and in complex transactions.

Save time, reduce tax errors, and help avoid fines and fees for underpaying by using one centralized platform.

VENDOR INVOICE

SALES TAX

Access ongoing support services

Avalara offers multiple ways to get additional help when you need it and to make tax compliance even easier.

- Engage **Avalara Professional Services** to help with nexus analysis, configuration, and other tasks to free your team up to focus on business priorities.

- Get assistance at any time within AvaTax through in-app messaging.

- **Avalara University** is your self-help resource with tips on implementing and using AvaTax.

Ask an Avalara AvaTax product specialist for more information about how you can get started with AvaTax.

Avalara

Avalara helps businesses of all sizes get tax compliance right. In partnership with leading ERP, accounting, ecommerce, and other financial management system providers, Avalara delivers cloud-based compliance solutions for various transaction taxes, including sales and use, VAT, GST, excise, communications, lodging, and other indirect tax types. Headquartered in Seattle, Avalara has offices across the U.S. and around the world in Brazil, Europe, and India. More information at **avalara.com**.