

Understanding exemption certificate management



Disclaimer

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



Avalara

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Continuing Professional Education (CPE)



Qualifying for credit

- › Respond to 3 of 4 poll questions
 - › Questions display for a limited amount of time
 - › Select your answer and click submit
- › Attend the full duration of the webinar
 - › Attend at least 50-minutes to qualify



Downloading Certificate

- › Download the certificate once you qualify
 - › Find the Earn Certification box
 - › Click the icon to download
- › Those that qualify will also receive their certificate in a post-event email

Meet your presenter



Jeffrey Lutters

Sr. Manager,
Product Solution Engineering

Avalara

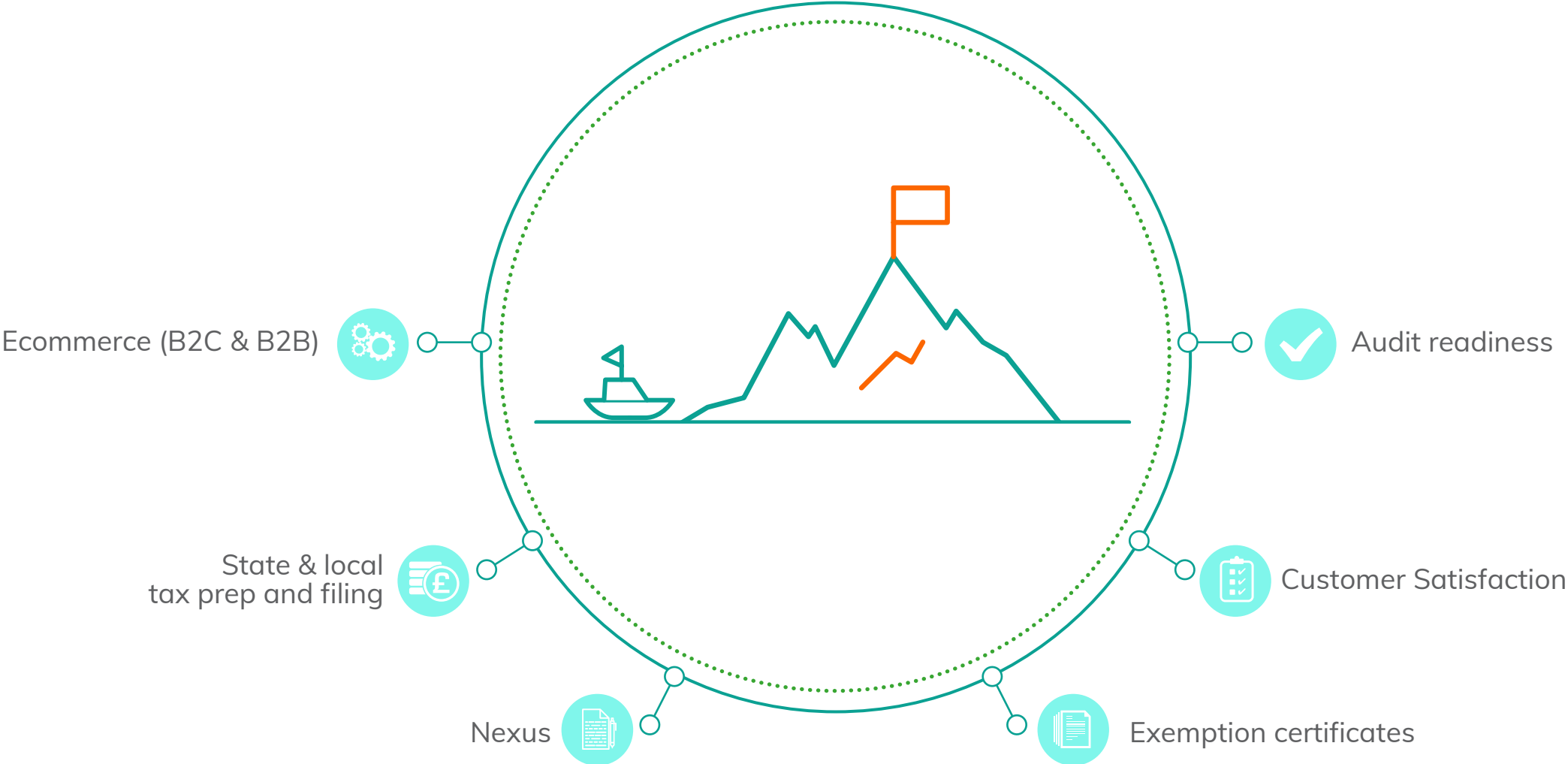
Jeffrey leads a team of Product Solution Engineers in direct support of 30,000+ Avalara customers. His team acts as both technical and tax subject matter experts as their customers look to deploy new technologies, move into new markets, sell around the world, or restructure how they look at tax compliance.

Personally, he focuses on global compliance, retail and ecommerce intricacies, new technology deployments, document management, and business processes for large multi-national customers.

Agenda

- 1 > What is exemption management?
- 2 > Why is exemption management so difficult to manage?
- 3 > Exemption Management & the SST Program
- 4 > What is Avalara Exemption Certificate Management?
- 5 > How does it work with AvaTax?
- 6 > Benefits of ECM
- 7 > Demo
- 8 > Q&A

Tax calculation is just the tip of the iceberg...



What is exemption
management?

Understanding exemption certificates

An exemption certificate is the form presented by an exempt organization or individual to the seller when making a tax-exempt purchase.

Exemptions are based on the customer making the purchase and always require documentation.

UNIFORM SALES & USE TAX EXEMPTION/RESALE CERTIFICATE — MULTIJURISDICTION

The following states have indicated that this certificate is acceptable as a resale exemption certificate for sales and use tax, subject to the notes on pages 2-4. The issuer and the recipient have the responsibility to determine the proper use of this certificate under applicable laws in each state, as laws may change from time to time.

Issued to Seller: _____
 Address: _____

I certify that:
 Name of Firm (Buyer): _____
 Address: _____

and is registered with the below-listed states and cities within which your firm wholesale, retail, or organizes or consignment of a new product or service is in the business of wholesaling, selling, manufacturing, leasing (leasing) with

Descriptions of Business: _____
 General description of tangible property or taxable services to be purchased by _____

State	State Registration, Seller's Permit, or ID Number of Purchaser	City
AL		AL
AK		AK
AZ		AZ
CA		CA
CO		CO
CT		CT
DC		DC
FL		FL
GA		GA
HI		HI
IA		IA
IL		IL
IN		IN
KS		KS
LA		LA
MA		MA
MD		MD
ME		ME
MI		MI
MN		MN
MO		MO
MS		MS
MT		MT
NC		NC
ND		ND
NH		NH
NJ		NJ
NM		NM
NV		NV
NY		NY
OH		OH
OK		OK
OR		OR
PA		PA
RI		RI
SC		SC
SD		SD
TN		TN
TX		TX
UT		UT
VA		VA
VT		VT
WA		WA
WI		WI
WV		WV
WY		WY

I further certify that if any property or service purchased on this form is used or resold directly to the proper taxing authority when state law so provides or a such order that no other benefits give to you, unless otherwise specified, and state.

Under penalties of perjury, I swear or affirm that the information on this form is true and correct.

Authorized Signature: _____
 Title: _____
 Date: _____

Revised 1/2019

Customer # _____

Streamlined Sales and Use Tax Agreement **Certificate of Exemption**

This is a multi-state form. Not all states allow all exemptions listed on this form. Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale. The seller may be required to provide this exemption certificate (or the data elements required on the form) to a state that would otherwise be due tax on this sale.

The purchaser will be held liable for any tax and interest, and possibly civil and criminal penalties imposed by the member state, if the purchaser is not eligible to claim this exemption. A seller may not accept a certificate of exemption for an entry-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entry-based exemption.

- Check if you are attaching the Multi-state Supplemental form.
 If not, enter the two-letter postal abbreviation for the state under whose laws you are claiming exemption.
- Check if this certificate is for a single purchase and enter the related invoice purchase order # _____
- Please print**
 Name of purchaser: _____
 Business Address: _____ City: _____ State: _____ Zip Code: _____
 Purchaser's Tax ID Number: _____ State of Issue: _____ Country of Issue: _____
 If no Tax ID Number: FEIN: _____ Driver's License Number/State Issued ID Number: _____ Foreign diplomat number: _____
 Enter one of the following: _____ State of Issue: _____ Number: _____
 Name of seller from whom you are purchasing, leasing or renting: _____
 Seller's address: _____ City: _____ State: _____ Zip code: _____
- Type of business.** Circle the number that describes your business.

01 <input type="checkbox"/> Accommodation and food services	11 <input type="checkbox"/> Transportation and warehousing
02 <input type="checkbox"/> Agricultural, forestry, fishing, hunting	12 <input type="checkbox"/> Utilities
03 <input type="checkbox"/> Construction	13 <input type="checkbox"/> Wholesale trade
04 <input type="checkbox"/> Finance and insurance	14 <input type="checkbox"/> Business services
05 <input type="checkbox"/> Information, publishing and communications	15 <input type="checkbox"/> Professional services
06 <input type="checkbox"/> Manufacturing	16 <input type="checkbox"/> Education and health-care services
07 <input type="checkbox"/> Mining	17 <input type="checkbox"/> Nonprofit organization
08 <input type="checkbox"/> Real estate	18 <input type="checkbox"/> Government
09 <input type="checkbox"/> Rental and leasing	19 <input type="checkbox"/> Not a business
10 <input type="checkbox"/> Retail trade	20 <input type="checkbox"/> Other (explain): _____
- Reason for exemption.** Circle the letter that identifies the reason for the exemption.

A <input type="checkbox"/> Federal government (Agreement)	H <input type="checkbox"/> Agricultural production # _____
B <input type="checkbox"/> State or local government (name) _____	I <input type="checkbox"/> Industrial production/manufacturing # _____
C <input type="checkbox"/> Tribal government (name) _____	J <input type="checkbox"/> Direct pay permit # _____
D <input type="checkbox"/> Foreign diplomat # _____	K <input type="checkbox"/> Direct mail # _____
E <input type="checkbox"/> Charitable organization # _____	L <input type="checkbox"/> Other (explain): _____
F <input type="checkbox"/> Religious or educational organization # _____	
G <input type="checkbox"/> Retail # _____	
- Sign here. I declare that the information on this certificate is correct and consistent to the best of my knowledge and belief.**
 Signature of Authorized Purchaser: _____ Print Name Here: _____ Title: _____ Date: _____

557GB Form F000 Exemption Certificate (3/16/11) Form by www.Certificates.com

Understanding exemption certificates

An exemption certificate is the form presented by an exempt organization or individual to the seller when making a tax-exempt purchase.

Exemptions are based on the customer making the purchase and always require documentation.

UNIFORM SALES & USE TAX EXEMPTION-RESALE CERTIFICATE — MULTIJURISDICTION

The below listed states have authorized that this certificate is acceptable as a resale exemption certificate for sales and use tax, subject to the terms on page 2nd. The issuer and the recipient have the responsibility to determine the proper use of this certificate under applicable laws in each state, or those laws change from time to time.

Signed to Seller _____
Address _____

I certify that:
Name of Firm (Buyer) _____
Address _____

and is registered with the below listed states as a wholesaler, retailer, or agent/wholesaler or consignee in the business of wholesaling, retailing, or consigning.

Description of Business: _____
General description of tangible property or tax-exempt services: _____

State	State Registration, Sales Tax, and Number of Purchases
AL	
AK	
AZ	
CA	
CO	
CT	
DC	
FL	
GA	
IA	
IL	
IN	
KS	
KY	
LA	
MA	
MD	
ME	
MI	
MN	
MO	
MS	
MT	
NC	
ND	
NH	
NJ	
NM	
NV	
OH	
OK	
OR	
PA	
RI	
SC	
SD	
TN	
TX	
UT	
VA	
VT	
WA	
WI	
WV	
WY	

I further certify that if any property or services are sold directly to the public, resale restrictions will apply that no sales benefits will be given to the public.

Under penalty of perjury, I make or allow to be made the following statement:

Authorized _____ Title _____ Date _____
Signature of Authorized Purchaser _____

Streamlined Sales and Use Tax Agreement

This is a multi-state form. Not all states allow all exemptions listed on this form. Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale. The seller may be required to provide this exemption certificate to the state.

Certificate of Exemption

Customer # _____
Name _____
Address _____
City _____ State _____ Zip Code _____
Foreign diploma number _____
State _____ Zip code _____
Manufacturing _____
Retail _____
Wholesale _____
Other _____

5. Reason for exemption. Circle the letter that identifies the reason for the exemption.

A <input type="checkbox"/> Federal government (department)	H <input type="checkbox"/> Agricultural products # _____
B <input type="checkbox"/> State or local government (name) _____	I <input type="checkbox"/> Industrial production/manufacturing # _____
C <input type="checkbox"/> Tribal government (name) _____	J <input type="checkbox"/> Direct pay permit # _____
D <input type="checkbox"/> Foreign diplomat # _____	K <input type="checkbox"/> Direct mail # _____
E <input type="checkbox"/> Charitable organizations # _____	L <input type="checkbox"/> Other (explain) _____
F <input type="checkbox"/> Religious or educational organizations # _____	
G <input type="checkbox"/> Resale # _____	

6. State here, I declare that the information on this certificate is correct and consistent to the best of my knowledge and belief.

Signature of Authorized Purchaser _____ Print Name Here _____ Date _____ Date _____

UIGB Form F1001 Exemption Certificate (3-10-11) www.igbtax.com

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When should you use certain certificates?

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> When should you use
certain certificates?

MTC, SST, state-specific

Types of certificates



RESALE CERTIFICATES

Merchandise intended for resale

Tangible personal property
purchase to lease or rent

Taxable services performed on
tangible personal property in
resale inventory



OTHER TYPES

Direct Pay Permits

Manufacturing Exemptions
Agricultural Cards/Exemptions

State Issued Letters

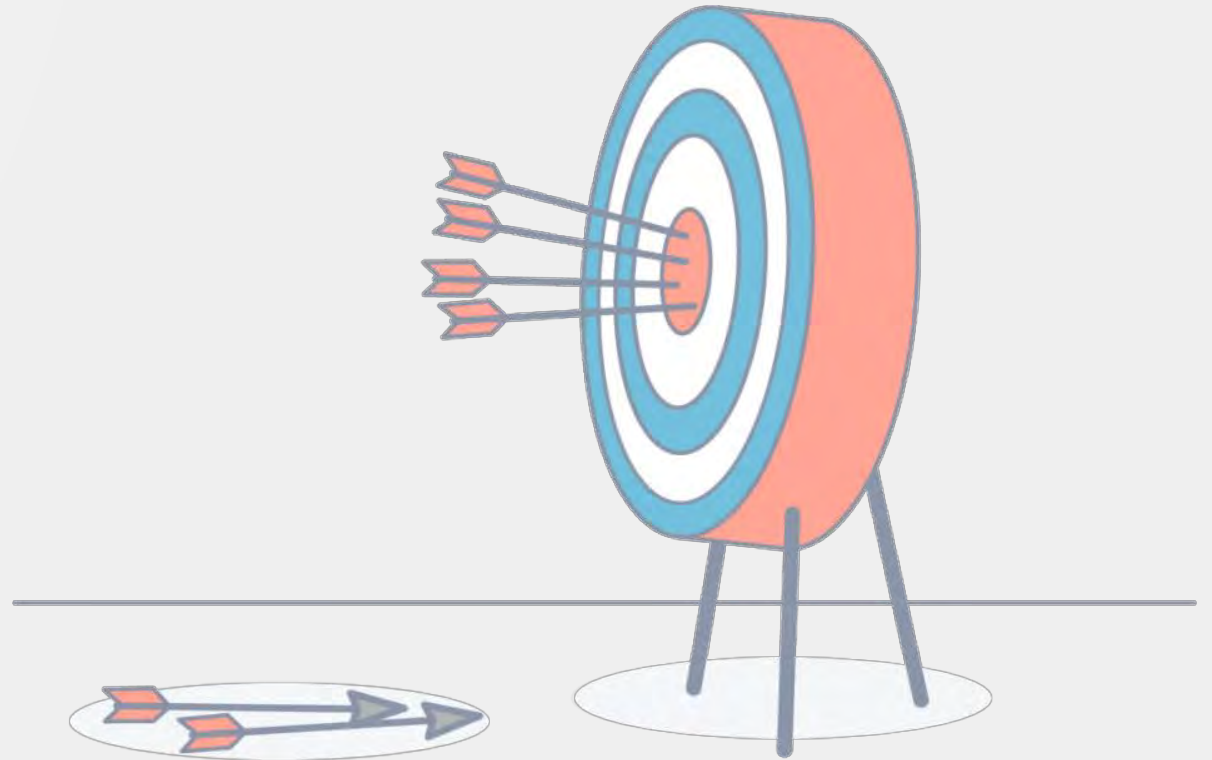
Why is exemption
management so difficult
to manage?

REASON 1:

Lack of awareness

“ Most of my sales are exempt, so I don't have to worry about sales tax...”

Exemption certificate management isn't about collecting tax but proving why you didn't. Sales tax may need to be collected as you move to sell directly to end users



REASON 2:

Customer management

- Customers feel burdened by providing accurate documentation on time
- It's presented as a billing issue because charges aren't done correctly
- Front-line employees need a smooth collection process to earn customer trust



REASON 3:

Internal Management



The Exemption Certificate Challenge

Internal Management

- 1 Employees find it difficult to collect them
- 2 Employees are not trained to validate them properly
- 3 Certificate retrieval is time consuming and hard
- 4 A single missing certificate could cost much more than the taxes you failed to collect



**Form ST-5
Sales Tax Exempt
Purchaser Certificate**

Rev. 6/09
Massachusetts
Department of
Revenue

Part 1. Exempt taxpayer information. To be completed by exempt government or 501(c)(3) organization.

Name: 3M

Address: 123 Main Street

City: Alpha State: MN Zip: 99999

Exemption number: 11111

Issue date: 01/01/2014 Date of expiration of certificate: 01/01/2015

Certification is hereby made that the organization named above is an exempt purchaser under Massachusetts General Laws, Chapter 64H, sections 6(j) or 6(k). All purchases of tangible personal property or services by this organization are exempt from taxation under said chapter to the extent that such property or services are used in the conduct of the business of the purchaser. Any abuse or misuse of this certificate by any tax-exempt organization or any unauthorized use of this certificate by any individual constitutes a serious violation and will lead to revocation.

Signature: _____ Title: Sales Engineer Date: 01/22/2014

Warning: Willful misuse of this certificate may result in criminal tax evasion sanctions of up to one year in prison and \$10,000 (\$50,000 for corporations) in fines.

Part 2. Agent information. To be completed by agent of exempt government or 501(c)(3) organization.

Name of agent's organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Agent's name: _____

Address: _____

City: _____ State: _____ Zip: _____

I certify that in making this purchase, I am acting as an agent for the exempt organization named above (select one):

Government organization (local public school, city/town government, state agency, etc.)
Attach Form ST-2, if available. If Form ST-2 is not available, enter exemption number, if known: _____

501(c)(3) organization (parochial school, Scout troop, etc.). Form ST-2 must be attached.

Signature: _____ Title: _____ Date: _____

Part 3. Vendor information

Vendor's name: Multi State Manufacturing dba MS Distribution

Check applicable box:

Single purchase certificate (attach detailed receipts or complete Part 4, on reverse)

Blanket certificate.

Signature of authorized purchaser: _____ First name: Jason Last name: Warren Title: Janitor Date: 01/31/2014

If you are a government or organization purchasing on behalf of an exempt government organization, please contact: Massachusetts Department of Revenue, Customer Service Bureau, 200 Arlington Street, Chelsea, MA 02150; (617) 887-8367.

Exemption

Item description

Quantity

Unit price

Exemption amount

Cost

Signature

Date

Exemption Management & the SST Program

Streamlined Sales Tax Program (SST)

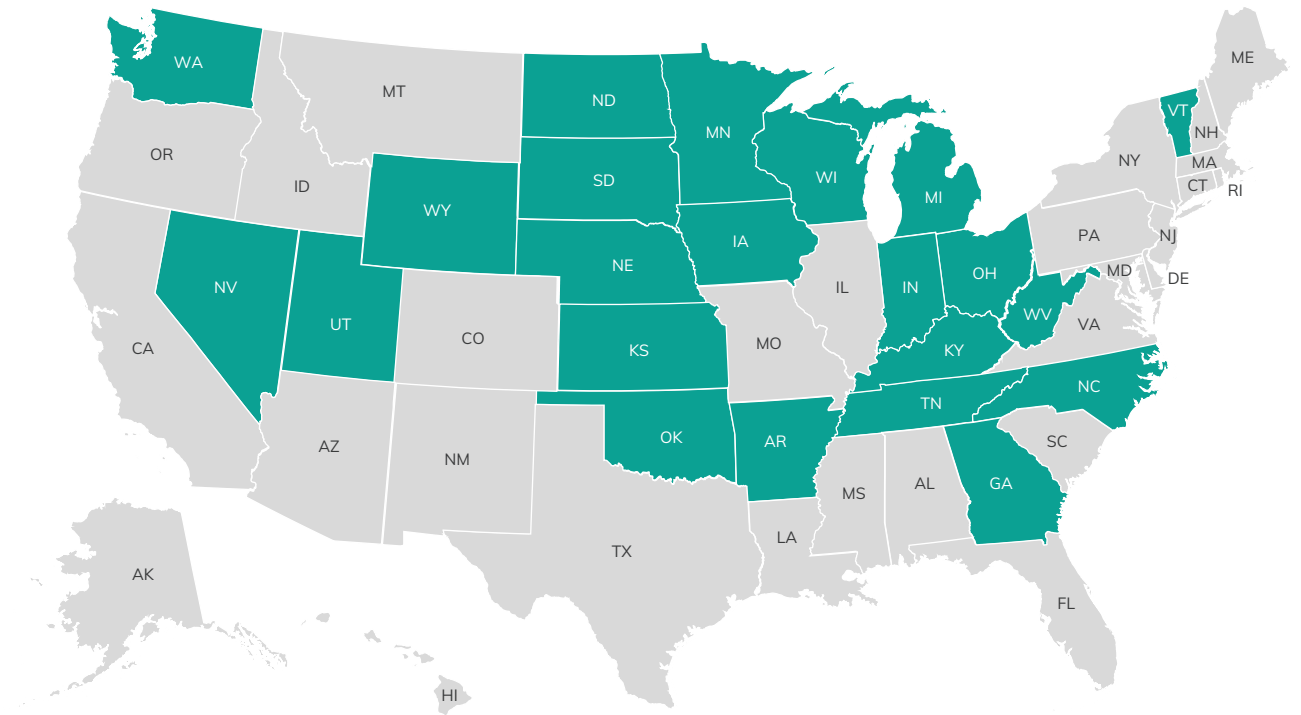
Free sales tax services for qualifying businesses

In up to 25 states, your business may qualify for:

- Free registrations
- Free tax calculations
- Free returns preparation and filing
- Audit assistance and response
- Uniform definitions and rules
- One registration and identification

*Avalara must verify a certificate or its data is on file to exempt the buyer from sales tax

SST member states



What is Exemption Certificate Management?

Exemption Certificate Management

Intelligent exemption certificate management



Shifts onus from seller to buyer



Eases need for tax expertise



Web-based automation and process centralization



Manual (paper) to automation (pixels)



Enables B2B online sales



Improves buyer experience and seller employee satisfaction



What is ECM?



ECM Pro

ECM Pro is the next-generation, best in class solution for exemption certificate collection and compliance management. Setting a new standard with a re-imagined user experience, industry-first certificate collection automation and intelligence, powerful campaign management tools, and expansive integration options.

Proof points

1

Re-imagined user experience based on simplicity – Ensuring improved compliance through proactive intelligent workflows

2

Industry-first, AI-powered automation of certificate review and validation – Saving valuable time and costs

3

Over 35 connectors, and robust open API architecture – Supporting best of breed integration solutions and key tasks from within leading ERPs

4

Deep integration with AvaTax, both in user experience and data – enabling a seamless experience with real-time updates

5

Powerful new campaign management tools, including automated renewal request and checkout flow eComm module integration – Streamlining the certificate collection process

How we do it



Online shopping cart



Web portal / e-commerce



In-store POS / kiosk



Mail, email, phone



Tablet / sales force

- Real-time certificate completion for e-commerce checkout
- Point-of-sale and mobile device for sales associates in-store and field sales
- Online web portal for customers

How we are different

Automate your exemption certificate management process to collect, validate, store, and renew compliance documents in the cloud — securely and at scale



Collection done your way

Collect and validate new sales tax exemption certificates in-store, online, or in the field. Submit information through a secure web portal, or send pre-filled certificate requests to scan, fax, or email.



Turn paper to pixels

Existing certificates can be digitized through a powerful one-step validation, mapping, and certificate intake process.



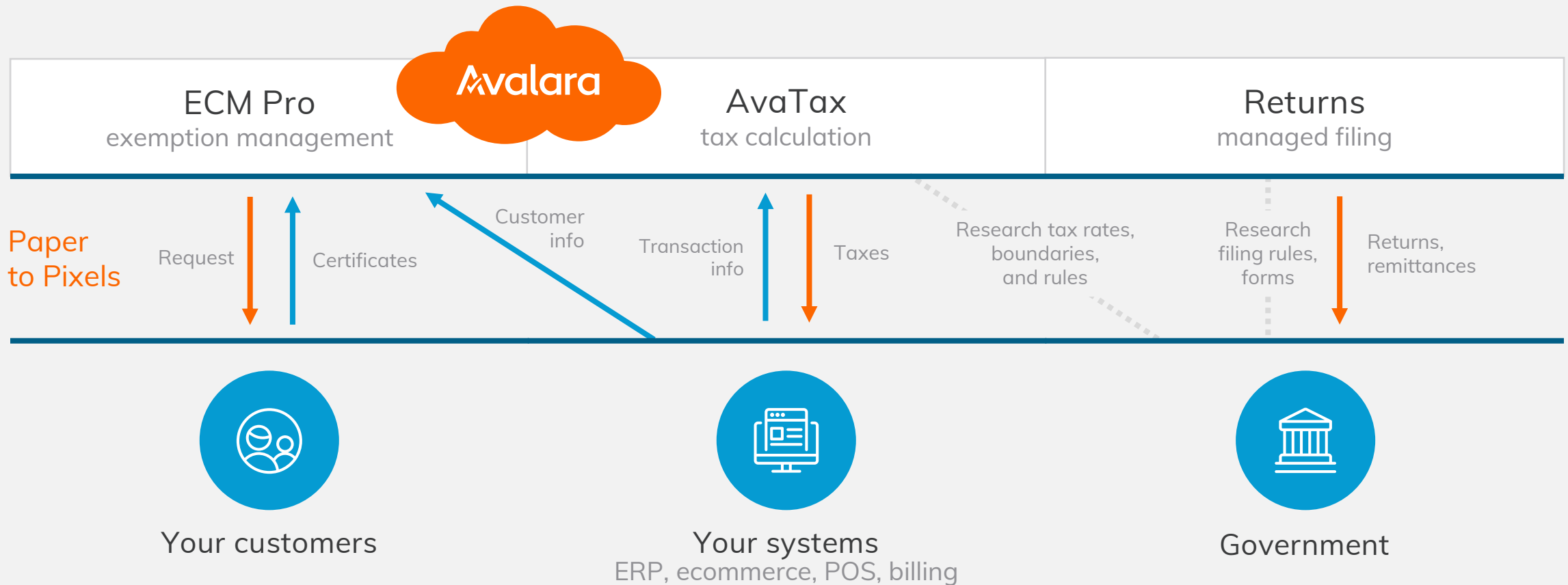
Stay in touch with customers

With a comprehensive customer mailing module, it's easier than ever to contact customers about issues such as by sending renewal requests before exemption certificates expire.

How does it work
with AvaTax?

Avalara Sales Tax Suite

Best Practice: End-to-end sales tax automation



How it works with AvaTax

TAX CODE PF050305
ENTITY USE CODE None

SHIP FROM 1243 OLD ROUTE 17 FERNDALE, NY 12734-5422 US
SHIP TO 2136 BELLAIRE AVE RALEIGH, NC 27608-1806 US

Sales

[Review this calculation](#)

Are you collecting tax here?

Yes

Is your customer taxable?

Yes

Is the product or service taxable?

Yes

JURISDICTION	TAX NAME	ADDRESS	RATE	EXEMPT	NON-TAXABLE	TAXABLE	TAXES/FEES
North Carolina State	NC STATE TAX	Destination	0.047500	0.00	0.00	100.00	4.75
Wake County	NC COUNTY TAX	Destination	0.020000	0.00	0.00	100.00	2.00
Wake Co Tr Special	NC SPECIAL TAX	Destination	0.005000	0.00	0.00	100.00	0.50
Total			0.072500				7.25



CertExpress

Create and send
free tax compliance
documents



We made it easy to **find, complete, and send** the right tax compliance document for your situation.

CertExpress contains over **1,000 unique, and state-specific exemption certificate forms in digital format** and enables certificates to be completed electronically and auto-validated.

With CertExpress, you can find confidence in:

1. Presenting the right form (for the right reason) to the buyer
2. Controlling all required fields, such as:

Date format (issue, expiration, etc.)

Phone number format

Pick Lists (“select one” or “select all that apply”)

State abbreviations

Exemption reason / Type of business

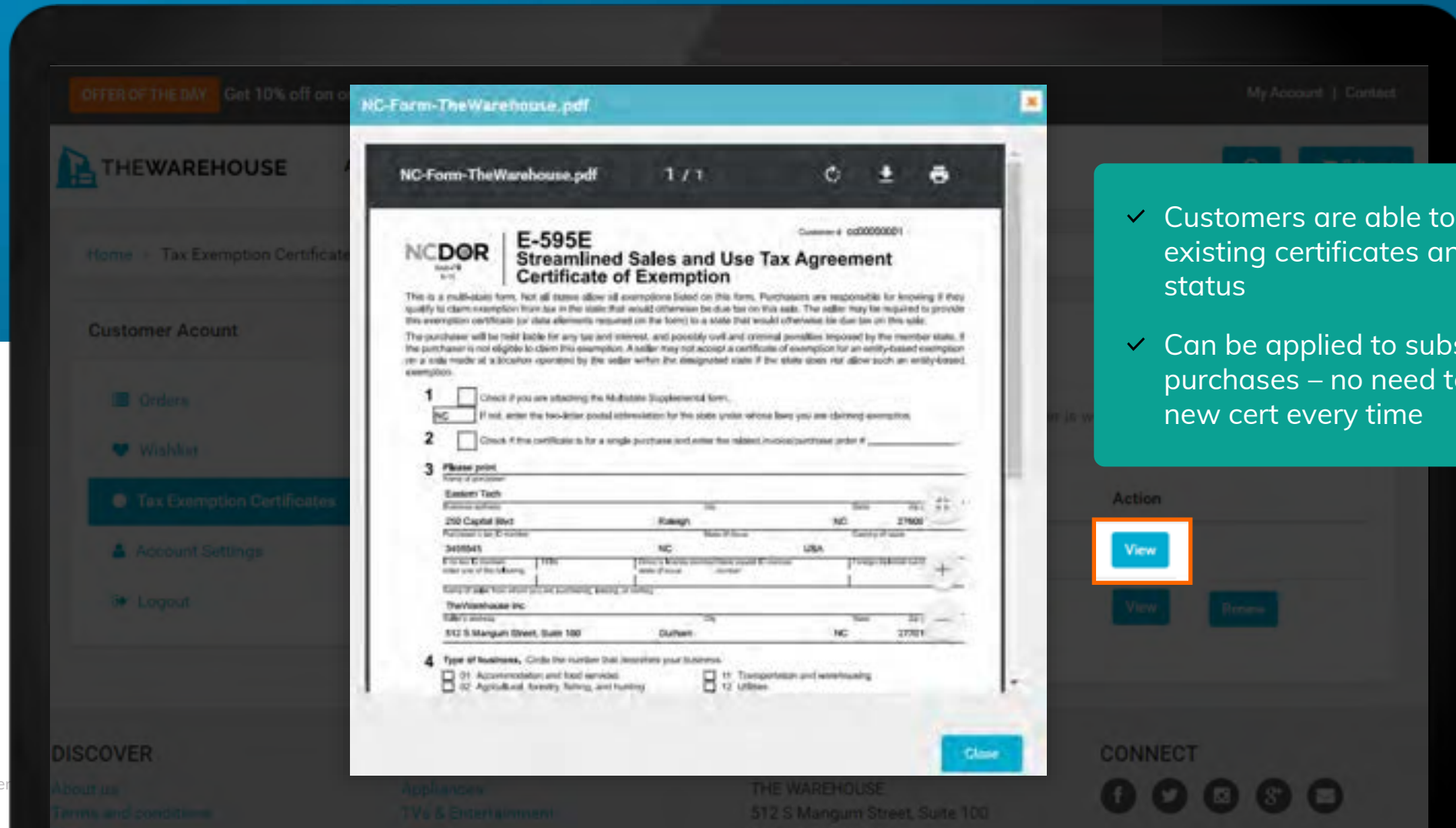
Any yes/no or checkboxes

Any other required fields

Benefits of ECM

One centralized location for all exception certificates

Allows customers to view and manage their exemption certificates from their customer portal



- ✓ Customers are able to view existing certificates and their status
- ✓ Can be applied to subsequent purchases – no need to collect a new cert every time

Collect exemption certificates in the shopping cart

Allows e-commerce retailers to embed CertExpress to collect exemption certificates right at the point of purchase

OFFER OF THE DAY Get 10% off on orders over \$500 My Account | Contact

The Warehouse

Business Information - North Carolina

You are completing the North Carolina Streamlined Sales and Use Tax Agreement Certificate

Business Information

Select Yes if this certificate is for a single purchase

Please select one of the following

Select an exemption number type

Please select one of the following

Type of Business

Select your type of business

Please select one of the following

Reason for Exemption

Select your reason for exemption

Fill Details Upload

Order \$446.00

Shipping \$10.00

Tax \$31.00

Total \$487.00

Place Order

Is this purchase tax-exempt?

- ✓ Launch CertExpress right at the point of purchase
- ✓ Collect & store certificates in ECM
- ✓ Apply the exemption to customer's real-time transaction calculations in AvaTax

Where is the sale sourced?

Access existing exemption certificates on file or easily collect new ones in-store

Exemption Certificate Wizard

Business Information

Type of Business

— Select Exemption Number Type * —

— Select Business Type * —

Reason for Exemption

— Select Exemption Reason * —

Signer Information

Name *

Title *

09/24/2015

All fields marked (*) are required to generate your certificate.

Clear Signature

Sign your name above with your initials and Date. Create Certificate.

Back Over Create Certificate Cancel

Certificate generation powered by [CompuCert](#).

How it works

- In-store employees can access ECM via a smartphone or tablet, or POS with internet access
- Quickly check to see if the customer has an existing certificate is on-file
- If not, they can collect it in a few clicks

Compliance Document Managed Services

Best practice: Engage Avalara SMEs to help you convert from paper to digital

Why Managed Services?

- ✓ Experts to convert your business from manual (paper) process to digital
- ✓ Subject Matter Experts in Compliance Documents / Exemption Certificates
- ✓ Allows focus on other aspects of the tax compliance project and revenue generating tasks
- ✓ Power Users
- ✓ Campaign Support (respond to buyer questions)
- ✓ Validation Rule Best Practices / Guidance



What's included?

- ✓ One Time (legacy) additions/conversion
- ✓ Certificate validation
- ✓ Tax ID Verification
- ✓ Customer campaigns (email and postal)
- ✓ A team of Subject Matter Experts
- ✓ Customized Validation Rules
- ✓ Ongoing additions and maintenance
- ✓ Reporting assistance
- ✓ Customized Validation Rules

Demo

AVATAX | PSE DEMO | S

- Overview
- Resources
- Customers
- Incoming certificates to review
- Certificate requests
- Customer certificates

Finish setting up

2/6 complete



1 Add to your



[Add locations for online marketplace and location-based reporting and filing](#)

[Add a user and set permissions](#)

Done adding to my company profile

2 Connect to AvaTax

Tasks



Certificates expiring
within 30 days

14



Incoming certificates to
review

19



Customers missing
certificates

100

Favorites



Add a customer



View all customers



Add a certificate



Request certificates from
customers



View all certificates



ECM Reports

Resources



Avolara tax answers



Tax laws



Foreign entities



Certificate library

Insights

Compliance overview

You have **39%** of the certificates you need from customers

Expected	Valid	Needed
1,255 certificates	487 certificates	768 certificates



- Valid certificates (487)
- Invalid certificates (33)
- Certificates expired (363)
- Missing certificates (397)

Exemption certificate 1838

Certificate History

Customers Add a customer

New Cert Expd 27/2022 - 02/2022 ✕ ▾

Region covered by this certificate

Florida ✕ ▾

Reason for the exemption

Resale ✕ ▾

Effective 📅

10/11/2022 📅

Florida taxpayer ID ✓ 📅 Expiration 📅 Reset to default

12/31/2022

Limit this exemption to one document or purchase order

Select a status

Certificate status

Valid ▾

Save

Cancel

Delete this certificate

+ Add a comment

Form reader

Image scan results

No issues found

[View issues](#)

Details

The certificate appears to be complete and valid.

Replace certificate



Split certificate

Attach a file



2022 Florida Annual Resale Certificate for Sales Tax

SR-13
R. 10/21

This Certificate Expires on December 31, 2022

Business Name and Location Address

Certificate Number

AVIARPA INC
512 S MANGLIM ST STE 100
DURHAM, NC 27701-3973

78-8015087723-4

By extending this certificate or the certificate number to a selling dealer to make eligible purchases of taxable property or services exempt from sales tax and discretionary sales surtax, the person or business named above certifies that the taxable property or services purchased or rented will be resold or re-rented for one or more of the following purposes:

- Resale as tangible personal property
- Re-rental as tangible personal property

Certificates

ECH reports

Search by customer name, customer code, or certificate ID

Filters

Show only active certificates

Filters

Save searches

Certificate details

Certificate status

Regions covered by this certificate

Reason for exemption

Single use purchase order or invoice number

Certificate IDs

Certificate ID	Customer name	Customer code	Region	Exemption reason	Effective	Expiration	Status
1000	Smith Industries	23232	Georgia	Resale	10/4/2022	12/31/9999	Valid
1000	Smith Industries	23232	Georgia	Resale	10/4/2022	12/31/9999	Valid
1007	Smith Industries	23232	Indiana	Resale	10/4/2022	12/31/9999	Valid
1004	Wil's Widgets	1131975	Arizona	Resale	9/29/2022	11/30/2022	Valid
1001	DAVE'S MARATHON PRODUCTS	DAVESMARATHONPRODUCTS	Florida	Resale	9/28/2022	12/31/2022	Valid
1002	Wil's Widgets	1131975	Arizona	Resale	9/28/2022	11/1/2022	Valid
1009	Wil's Widgets	1131975	Arizona	Resale	9/26/2022	10/31/2022	Valid
1039	Wil's Widgets	1131975	South	Resale	9/23/2022	12/31/9999	Valid

Q&A

Continuing Professional Education (CPE)



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

Upcoming events

avalara.com/webinars

Events Calendar

- > 12/6 Understanding Harmonized System codes
- > 12/8 Managing international compliance changes
- > 12/13 Sales & use tax master class
- > 12/15 The evolution of tax in the digital age



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