



Building a 21st century tax practice

The vision of a thriving transactional
tax compliance practice

GUIDE

 **Avalara**
Tax compliance done right

Introduction

Your clients have adapted to a landscape of dynamic regulatory changes and requirements as well as a dramatic increase in online sales from consumers around the world.

As a result, they're experiencing an increase in manual and time-consuming tasks related to managing sales tax compliance, forcing many to search for help from their trusted accounting advisor. It's time for accounting practices to build a 21st century indirect tax practice with solutions that not only better support your existing clients but can also help grow your practice by attracting new clients and offering additional services through automation.

Table of contents

Complexity and a changing client landscape	4
The role of technology	5
Addressing clients' increased needs	6
A vision for firm growth and enhanced client services	7
The solution: Automation and expanded advisory services	8
The 21st century tax practice	9
Solutions for the 21st century tax practice	10
Who is Avalara?	11

Complexity and a changing client landscape

Once upon a time, businesses had more control over their sales and use tax obligations. They could choose to maintain a small liability footprint, often involving strategic physical locations in a limited number of municipalities or counties in a few states. A controlled footprint made keeping up with changes to sales tax rates, regulations, reporting, and remittance requirements straightforward. But today, businesses face a different environment.

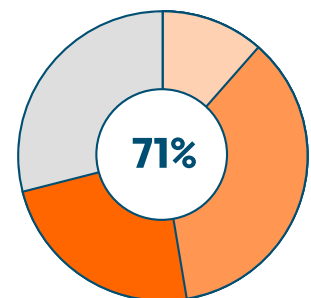
The *South Dakota v. Wayfair, Inc.* decision in 2018 began a tide of state-by-state economic nexus and marketplace facilitator legislation that laid the groundwork for increased sales tax obligations as businesses of all sizes embraced ecommerce and omnichannel selling.

Even clients who once had the smallest customer bases now have access to new customers across the United States, Canada, and the world. A business that was once required to register, collect, and remit sales tax in a single jurisdiction is now facing sales tax obligations in multiple local, state, and global jurisdictions. To keep up with growing complexity and new obligations, expanding businesses are also demanding services to assist with business registration and licensing.

In a CPA Trendlines Research study conducted in conjunction with Avalara, about 71% of accountants are falling short of handling all client sales tax issues, with about 12% saying they address most issues, 36% handling some, and 24% handling none. With technology, accounting advisors can stay current with increasing regulatory changes and updates to help their clients as their businesses grow.



71% of accountants are falling short of handling all client sales tax issues.



The role of technology

Historically, many accounting firms have been reluctant to provide sales and use tax filing services to clients because of the additional resources required to monitor regulatory changes, manage manual processes, and support a relatively low margin part of their SALT practices. The available sales tax technology didn't provide a comprehensive solution, nor was it designed for the specific challenges faced by accounting professionals as service providers.

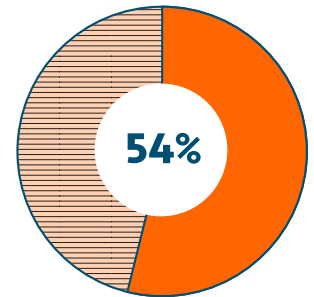
Others spent valuable resources building semi-automated workflows to overcome the limitations of the sales tax filing software packages originally designed for businesses and not large-scale use by accounting professionals.

New automation technologies created specifically for accounting, tax, SALT, and advisory professionals are greatly reducing these complications, with the report from CPA Trendlines showing that 54% of accountants recognize the need to adapt to a more online, or virtual, environment to succeed. Cloud-based automation solutions allow firms to add sales tax research, sales and use tax filing services, and business license and registration services seamlessly.

The result is a scalable, and more accurate client service that minimizes risk, enhances client relationships, and increases retention.



54% of accountants recognize the need to adapt to a more online, or virtual, environment to succeed.



Addressing clients' increased needs

Accounting and tax advisors help clients untangle sales tax complexity, handle increased workloads, and find an orderly path to sales tax compliance. Their clients' increased needs encourage them to look for new partnerships and alliances to expand valuable client advisory services. Yet, an Avalara Accountants Attitudes & Usage Study from April 2020 instructs that out of the firms which do not offer sales and use tax filing services, approximately 50% do not do so because the cost to prepare and file returns exceeds the profit.

Accounting professionals can struggle with the new dynamics of a changed business environment. Many firms are adopting automation solutions for manual and repetitive processes, like managing business licenses and registrations and sales and use tax prep and filing. Automating these processes frees valuable resources that can be used for strategic advisory services, which improve client relationships and increase business.

A firm that is building toward a 21st century practice will be positioned to help clients with new compliance demands and to anticipate and even thrive when faced with unforeseen changes.



Out of the firms which do not offer sales and use tax filing services, approximately 50% do not do so because the cost to prepare and file returns exceeds the profit.



A vision for firm growth and enhanced client services

This confluence of forces is causing accounting professionals to rethink, consolidate, and retool their service offering, so they can achieve the efficiency needed to sustain or grow their practice and accomplish more with the same staff while satisfying client demands. There is an opportunity for future-looking firms to extend their practices into previously untapped and underserved areas of indirect tax compliance. These 21st century compliance automation solutions are designed to work with a firm's process and workflow. They have modular design and smart visual multi-client views that offer accelerated ramp up time.

The new vision for accountants is to redirect resources across the compliance practice, away from onerous manual tasks towards advisory services with greater profit margins. Integrating automation solutions for your firm and your clients enables you to support clients through the indirect sales tax compliance journey.

Accounting firms of any size must also identify strategic partnerships to support the changing needs of clients and become expert in sales tax compliance. A strategic partner is more than a technology vendor. When choosing your partner look for additional training, marketing support, and collaboration opportunities.

Business processes can rapidly change and firms that work with a trusted technology partner find they can future-proof their firm to better adapt to ongoing changes and unforeseen trends.

The solution: Automation and expanded advisory services

Firms of all sizes can benefit by adding sales tax compliance to their client advisory services. Your entire firm can do more than before, including helping clients reduce the most time-consuming and error prone processes through automation.

Knowledge and expertise

Access to expert knowledge and resources helps accounting professionals service clients more efficiently and accurately, while minimizing the risk of errors. Simplified accessibility through easy-to-use tools and dashboards provides a strategic advantage over historically manual processes for licensing, tax research, and sales tax preparation and filing.

Scalability

Automated solutions are scalable to the needs of large or small firms, whether managing compliance for a handful of lower complexity clients or hundreds of clients with much broader needs in multiple states. As the service grows within the firm, more clients can be added, further strengthening the firm's standing as their trusted advisor for all their indirect tax needs.

Efficiency

With cloud-based automation, accounting professionals can support more billable and recurring services, refocusing existing resources from manual processes to a platform that can support more clients who need more services. Firms of all sizes benefit from newfound profitability and an extended service offering.

Multi-client management

Ideally, automation solutions are designed expressly for accounting practitioners. This means the system can be securely accessed from the office or remote work locations, with a multi-client dashboard that simplifies oversight of all clients and access to reporting. In the example of sales tax prep and filing, firm staff can quickly view the status of returns, tax liabilities per jurisdiction, or other summary data. Firm staff can view the filing status of all returns for any or all clients, with the ability to drill down on specific teams or processors.

Client retention

Many of the most successful small businesses are technology driven, particularly those with ecommerce sales channels, who may have seen these sales and their compliance exposure grow dramatically during the coronavirus pandemic. These businesses want their accounting firm to address their needs. Firms that are unable to provide support for multi-jurisdictional sales tax compliance may risk losing these valuable clients. Just as firms need clients to meet certain technology expectations to match their internal workflow, clients want to feel their firm is a good match and can support these business-critical functions.

The 21st century tax practice

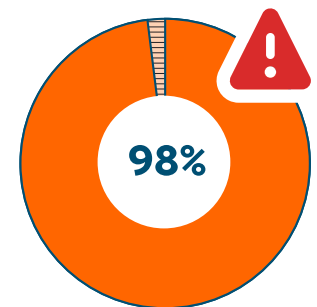
Transactional tax compliance continues to be incredibly complex, and many businesses are struggling to maintain compliance. The [CPA Trendlines study](#) reveals that accountants estimate that up to 98% (virtually all) of small businesses are likely out of compliance with all the interstate sales tax issues they may be liable for. These businesses instinctively turn to their outside business advisor, especially accounting professionals, for assistance. This is a great opportunity for accounting practices that are equipped for these challenges. Your firm can become a 21st century tax practice, supporting your clients with their ever-expanding needs.

The Avalara vision for firms looking to achieve these goals includes purpose-built tax compliance automation solutions to enable firms to streamline and manage new client services. Grow your services with Avalara's modular, scalable solutions designed for any size firm or client.

Avalara's vision includes best-of-breed, cloud-based technology along with programs to help firms expand their expertise in areas of automation and tax compliance. Avalara's accountant-focused technology and programs will bring your accounting practice into a new era of global client service.



Accountants estimate that up to 98% (virtually all) of small businesses are likely out of compliance with all the interstate sales tax issues they may be liable for.



“Driven by the need for expanding capacity, increasing flexibility, and cost efficiency, [2020] was the wake-up call many businesses needed to realize the benefits of the cloud.”

- [Cloud Computing News](#), “How cloud-powered changes will accelerate innovation in 2021.”

Solutions for the 21st century tax practice

The Avalara Accountant Program is designed for accounting teams and firms, to support clients with indirect tax compliance. In addition to powerful automated solutions, this program offers opportunities for robust training, education, and resources, and even marketing support to help you expand your client base.

In partnership with Avalara, you can grow your firm, scale to add new business, and reduce risk – through proven returns and filing technology, comprehensive and accessible tax research, and streamlined license management.

Avalara Accountant Program

- Accountant Referral Program
- Certification program for accountant-led implementations
- Education through Avalara University
- Comarketing programs and support

Avalara for Accountants

- Multi-client sales tax filing for accounting firms
- Business registration and licensing management
- Tools for sales tax research, rates, and calculations, as well as other tax areas

Avalara indirect tax solutions

- Domestic and international tax calculations, including VAT, customs, imports
- Consumer use tax
- Exemption certificate management
- Special taxes: communications, lodging, beverage alcohol, tobacco, and energy

Who is Avalara?

We're a team of tax experts and technologists behind one solution for your accounting firm. We live and breathe sales tax and license compliance, so you don't have to.

We help firms confidently, efficiently, and profitably provide compliance services to their clients. From independent operators to midsize businesses and Fortune 100 companies, more than 30,000 customers choose Avalara for tax compliance tools scaled to their needs. You'll find Avalara all around the world helping businesses prepare for growth in the global market.

Avalara
Tax compliance done right

877-540-9402
avalara.com

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 the U.K., Belgium, Brazil, and India. More information at avalara.com.