

# DIGITAL TAX TRANSFORMATION

ADDING TAX COMPLIANCE SERVICES  
TO BENEFIT YOUR FIRM AND CLIENTS

WHITEPAPER

**Many B2B and B2C companies are dealing with the expansion of sales tax obligations and compliance burdens as consequences of a changing business landscape. Due to the rise in economic nexus laws and the growth of ecommerce sales internationally, the complexity of managing global tax compliance has increased significantly for many businesses – while time and energy have not.**

As a result, businesses are looking to streamline many basic operational functions. Much like payroll, outsourcing sales tax returns to an accounting partner frees up valuable employee time while increasing accuracy and minimizing the risk of errors.

A digital transformation (DX) was already under way across the business and accounting world, but 2020 saw that trend accelerate exponentially. For accounting firms wanting to serve the growing needs of existing clients while attracting new clients with additional, differentiated services, embracing a digital strategy is key.

Clients see great value in partnering with a single service provider for multiple accounting and tax functions, prompting firms of all sizes to enter the sales tax returns preparation and filing space to remain relevant, nimble, and competitive. Automating the sales tax compliance process provides a solution that enables your firm to offer enhanced advisory services without staffing a specialized team, scale

as you take on more clients, and improve customer satisfaction and retention.

*According to a global [survey](#) of nearly 800 finance professionals, 75% said their company's accounting processes are either predominantly manual or still require a considerable amount of manual effort.*

In the past, manual sales tax filing services were offered in response to client demand and didn't serve as a profit center or high-value service for firms. In fact, it's been a low-margin, yet high-risk business.

Firms also struggle to resource and keep up with client demand for these services, as well as stay up to date on shifting requirements, state-by-state legislative changes, and regulatory complexity on a global scale. These factors make it challenging to grow their client base and profit margins due to increasing complexity and the reliance on manual processes. To remain competitive, firms must consider how automation helps transform sales tax services into a profitable, recurring revenue source, increasing client stickiness and fostering trusted client relationships. This can enable firms to shift the resources spent working on manual tasks to the higher-margin advisory services.

As IDC analyst Danielle Hernandez tells [Forbes](#), "Now is the time for digital transformation to shine, helping organizations multiply the value they produce with automation, intelligence, and connectivity because that's what is key to a faster economic recovery."

**To meet the changing needs of clients, accounting firms must harness automation and embrace a digital strategy to achieve increases in efficiency, growth, and client retention.**

## Efficiency

Sales tax preparation and returns services are labor-intensive, manual processes, which is why many clients are increasingly looking to outsource these tasks to a trusted accounting partner.

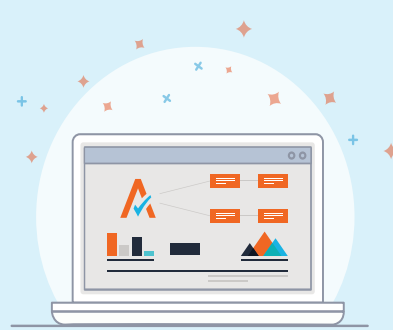
**52% of firms** – from small to large – still have some reliance on spreadsheets and manual processes in their sales tax compliance area.

**Source:** Avalara Accountants Attitudes & Usage Study, April 2020

In the wake of state-by-state economic nexus and marketplace facilitator legislation, clients are faced with increasing obligations, compliance requirements, and sheer complexity when it comes to sales tax. Coupled with significant growth in ecommerce sales and a necessary response to a pandemic, businesses are expanding to new sales channels to continue serving customers and reach new markets. Thus, multichannel sales create additional complications. The combination of these forces is pushing many businesses to consider how firms' compliance services can help them manage it all.

Accounting firms offering sales tax services encounter similar challenges, with manual processes being a drain on resources and lacking the necessary scalability to turn services into a profitable offering. Modern, growth-oriented firms can no longer remain dependent on staff to track, manage, and deliver these client services. Employing cloud-based technologies to handle returns preparation, filing, and remittance enables firms to free employees from repetitive, time-consuming tasks to

focus on more advisory services. To address the realities of client urgency and demand, firms must identify and embrace technologies that increase efficiencies with process and enable staff to be more productive and attentive to clients.



### How automation helps:

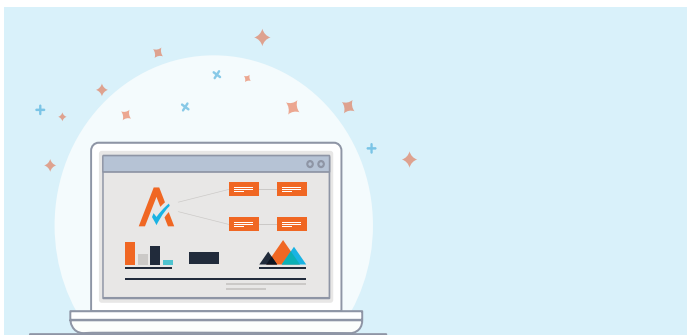
Automating sales tax returns preparation and filing streamlines the process and increases efficiency. Avalara for Accountants returns solutions, developed specifically for firms performing these services on behalf of their clients, can help your accounting firm to:

- Automate preparation, filing, and remittance of returns
- Reassign resources to more strategic tasks
- Upload data in a number of different methods and formats
- Aggregate client sales tax data across channels
- Transition time-consuming filing and remittance tasks to Avalara
- Streamline returns workflows
- Improve profit margins while minimizing client risk

## Growth

Accounting firms of all sizes continuously look for opportunities to grow their practice and provide additional value to clients. In order to grow without increasing overhead, firms need to move away from manual processes that limit capacity and adopt current technology solutions that scale returns services to more clients without adding staff. This shift in mindset is the key to growth and increased profitability. Thinking a few steps ahead, consider how modernizing your returns service to an automated, digital solution can improve process while also supporting growth for the firm and increasing client satisfaction.

Existing clients will seek your counsel and additional services, so they can outsource the complexity of sales tax compliance and focus on growing their businesses. As a trusted advisor, adding proven automated returns services to your portfolio helps clients feel confident that your firm can expertly and efficiently handle their sales tax compliance needs, wherever business growth takes them.



### How automation helps:

A digital transformation within your client returns service is quickly becoming a requirement for many accounting firms looking to offer efficient support to clients as well as grow their services

business. Avalara for Accountants returns solutions support your firm by allowing you to:

- Reduce overhead requirements in providing returns services
- Grow a profitable services division with efficient use of resources
- Scale a sales tax returns solution effectively
- Take on and support multiple clients seamlessly within a single dashboard

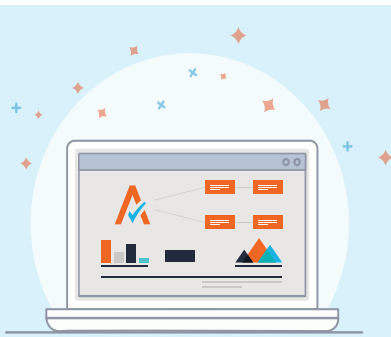
## Client retention

The successful growth of any accounting firm relies on the ability to create long-term client relationships and provide an experience that's better or more valued than that of your competitors. Firms of all sizes are ever mindful of client retention, but what does it take to maintain these valued relationships for the long term? Becoming a full-service accounting practice offering comprehensive services for clients, including cloud-based returns automation services, helps increase retention and revenue per client – and ultimately increases the valuation of your firm. Building out these services in-house provides an opportunity for your firm to be a full-service provider, supporting your clients' needs and developing long-term partnerships with clients.

As businesses and individuals adapted to the reality of remote working, increased physical distancing between client and firm forced many accounting practices to provide services remotely. While working remotely exclusively won't continue forever, the convenience of working from home and holding meetings online will likely require a long-term solution that's a combination of in-person and

remote services. Either way, clients want to know their needs are being met without delays or the possibility of missing a filing deadline.

If your firm is still taking an analog approach to managing client services, this disruption may well impact both the service you provide and your bottom line. By employing digital solutions for traditionally manual processes or services, clients can rest easy knowing your accounting firm continues to manage their services, regardless of remote working scenarios. In addition, with client data held securely in the cloud, accounting professionals can continue to analyze data and anticipate client needs, including expanding sales tax requirements or additional registration, filing, and remittance to support compliance with changing sales tax obligations.



#### How automation helps:

Expanding your service offerings and moving your returns service to the cloud helps increase customer retention and satisfaction. Avalara for Accountants preparation and filing solutions benefit your firm by allowing you to:

- Outsource sales tax returns preparation and filing
- Engage in cross-sell opportunities
- Focus on client retention and satisfaction
- Capitalize on cloud efficiency with secure data and up-to-date information
- Position your firm as a trusted advisor, offering comprehensive services for your clients
- Support clients with access from anywhere
- Impress clients through innovation



#### A competitive advantage

To maintain a competitive advantage and weather times of uncertainty, accounting practices need to enter the world of digital transformation, in lockstep with business clients making this same leap. Implementing automation solutions for sales tax returns provides the opportunity for your firm to gain efficiencies, grow your tax compliance services business, increase profitability, and improve client satisfaction and retention while reducing risk for you and your clients.

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## Avalara Accountant Program

Designed for accounting firms of any size, Avalara Returns for Accountants and Avalara Managed Returns for Accountants leverage the same sales tax technology Avalara uses to file millions of returns each year.

Avalara Managed Returns for Accountants provides the cloud-based tools, tax content, and support required to efficiently add sales tax return preparation to your firm's service offerings.

Avalara Returns for Accountants is a complete sales tax compliance solution. Designed for larger accounting firms, Returns for Accountants allows firms to use Avalara software to manage the end-to-end workflow internally with your own team.

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*Sales tax rates, rules, and regulations change frequently. Although we hope you'll find this information helpful, this paper is for informational purposes only and does not provide legal or tax advice.*



Visit [this page](#) to learn more about the Avalara Accountant Program or call [877-540-9402](tel:877-540-9402)

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.