SEATA 2019
Orlando – July 16, 2019
Scott Peterson
Vice President of U.S. Tax Policy and Government Relations

Avalara

- Joined Avalara in 2012
- Previously served as the Executive Director of the Streamlined Sales Tax Governing Board, Inc. and the Director of the South Dakota Sales Tax Division
- *Accounting Today’s* 100 Most Influential People in Accounting – 2018
Avalara
What we’re up to

✓ **HQ** in Seattle with offices in in the U.S., Canada, Europe, Brazil, and, India

✓ **25,000+** customers

✓ **1,600+** partners

✓ **700+** pre-built integrations

✓ **9.5B** transactions processed in 2018

✓ **1M+** returns processed in 2018

✓ **$36.2B** prepared for remittance in 2018
Teamwork makes *Dreamwork*

- Compliance / Processors
- Treasury - Global Payments Team
- Content (Rates and Boundaries)
- Reconciliation Team
- Support Team
- Engineering Team with a focus toward Automation
- Developers / Mappers
2019 Returns Highlights

- **8,000** Customers
- **2.2M** Returns filed

Sales and Use
Telecommunications
Excise Tax
Fuel Tax
Alcohol & Beverage
VAT
Lodging and Hotel
Remittances

May 2019 Mix of States by Payment Method

ACH Credit 68%
Debit 28%
Check 4%
Remittances
Non-zero returns

Volume of Non-Zero Returns by State, May 2019

- AL
- LA
- TX
- FL
- SC
- NC
- GA
- VA
- OK
- TN
- MS
- KY
- AR
- MO
- WV
Remittances

Tax remittances

Tax Remittance by State, May 2019
ACH Credit States

**ACH Debit:**
1) AL
2) CO
3) DE
4) GA
5) IA
6) LA
7) MD
8) NE
9) NY
10) PR
11) SC
12) WV

- Red = ACH Credit
- Orange = ACH Debit
- Yellow = No Sales Tax
ACH Credit Benefits / Risks

Benefits
- One lump sum payment to the state; as opposed to hundreds of thousand debits
- Reduce payment friction
- Reduced fraud opportunities
- Environmentally friendly, as opposed to paper checks
- Streamline payment cycle
- Financial controls over all payments
  - Accuracy
  - Speed – delivery of payments

Risks / Concerns
- If due date, liability is incorrect, all payments submitted/debited at once
- ACH Credit file must be sent to the bank one business day earlier to settle; therefore the filing must be complete at that time also.
- Taxpayers do not always see confirmations and inquire to us concerned
- Avalara desires partnerships with State representatives to forge forward opportunities to make this process more seamless
Returns

• Over 1 million returns remitted every year
• We have approximately 2,100 returns in our inventory
  • Sales, lodging, communication taxes and motor fuel taxes
• Approximately 616 of them are sales and use tax returns
• Approximately 80 of these forms we only support for manual filing where customers call in their values every month for filing:
  Examples of manual returns include:
  • B&O Tax returns
  • Retail Incentive Zones returns
  • Commercial Activity returns
  • Rental, Leasing and Motor Vehicle returns
Global Returns Services

- Promote Employee & Customer Experience
- Share Best Practices
- Manage Risk under Compressed Deadlines
- Drive Automation
# State Summary Filing Capabilities

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<th>States</th>
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<th>Transmission Capabilities</th>
<th>ACH Credit</th>
<th>Upload Capabilities</th>
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Administrative Considerations – Types of Live e-Reporting

E-Invoicing

Order → Invoice / credit → Post → Ledger → Report

- “Invoice authorisation”
- “Pre-clearance”
- “Post-clearance”

Digital seal recorded on invoice

Live reporting

- Hungary: Copy of invoice sent to GVT immediately
- Brazil: Call to GVT to get permission to issue invoice
- China: Call to GVT to get permission to issue invoice
- Italy: Invoice issued through GVT
- India: Proposal invoice issued through GSTN
- Spain: High frequency batches of invoices sent to GVT