



HOBSON & COMPANY

Driving ROI

The Business Case for Modernizing
Global VAT Compliance with
Avalara Managed VAT Reporting

The Business Case for Avalara Managed VAT Reporting

For many growth-stage companies, VAT compliance is a painful yet necessary outgrowth of expansion or acquisition, especially when entering new markets outside of the UK or EU. Companies must register for VAT IDs in multiple countries, prepare and file periodic VAT returns, and maintain compliant documentation to avoid compliance fines or tax authority inquiries and audits.

Companies facing VAT requirements for the first time typically engage with local accounting firms in each country or attempt to coordinate filings internally. Both approaches create fragmented oversight, high costs, and limited scalability.

Hobson & Company, a leading research firm focused on Return on Investment (ROI) studies, worked with Avalara, a leader in global tax compliance, to explore these challenges and learn how industry leaders are responding. Hobson & Company conducted independent research consisting of in-depth interviews with Avalara customers and found that Managed VAT Reporting addressed specific customer challenges to deliver a quick and compelling ROI.

Customers typically experience a

3.2 month

Payback Period

In 3 years, customers typically experience a

200%-400%

ROI

The impact of Managed VAT Reporting is not only strategic but measurable.



Challenges in managing global VAT compliance

Customers interviewed for this study noted that there are consistent challenges in optimally managing VAT liabilities. Below is a list of some of the most universal concerns.

Managing VAT Registrations



Companies looking to expand globally must navigate language barriers and complex VAT registration processes to obtain VAT numbers in their target countries. Detailed regulatory requirements and strict filing deadlines add to the complexity.

Optimizing Accounting Efficiencies



Many organizations don't have the internal resources to keep pace with evolving VAT legislation across multiple jurisdictions and languages. Conducting compliance reviews, performing data accuracy checks, and completing manual data validation, along with preparing and filing VAT returns, requires teams of internal staff or hiring outside consultants.

Reducing Compliance Risk



Customers who enter new markets noted that they are at risk of falling out of compliance with current VAT legislation, potentially resulting in fines and penalties. Without an automated audit trail, tracking changes becomes challenging, leading to potential inaccuracies and accountability gaps.

Customer research identified five benefits of Managed VAT Reporting across three key business objectives:

Streamline Data Management

Improve Accounting Efficiencies

Mitigate Compliance Risk

Streamline Data Management

Reduce expected time and effort for VAT registrations

Managed VAT Reporting handles all VAT registration efforts required for global commerce, including registering new VAT numbers with local authorities, transferring existing VAT numbers, and deregistration across 50+ countries.

“When we need to register for VAT in a new country, Avalara explains the requirements and acts as our tax agent. The process is seamless. I don't need to search for local tax agents or learn the detailed steps for registering in each country. Doing it ourselves would be almost impossible.”

- Financial Controller

75%

DECREASE in expected time and effort for VAT registrations

Improve Accounting Efficiencies

Reduce expected effort to prepare, file, and review VAT returns

Managed VAT Reporting includes guided, task-based workflows for VAT return preparation and filing in over 50 countries. It ingests VAT-relevant data through an Avalara template, providing automated validations (150+ checks) and tools to streamline data uploads. The MVR team handles all Intrastat preparation and filing.

90%

REDUCTION in expected effort to prepare, file, and review VAT return

“There is tremendous time savings between the reconciliation, preparation of the reports, submitting them, the various emails back and forth and the final payment of the return. We no longer have to email different partners, use different templates or Dropbox. With Managed VAT Reporting, we upload all our data into one portal. Everything is centralized.”

- Controller, Team Lead

Avoid cost of hiring 3rd party compliance accountants

Managed VAT Reporting prepares and submits VAT returns in 50+ countries, in the correct format and language, eliminating the need to hire outside consultants. Avalara's tax compliance experts monitor legislation and automatically update the platform for new rules, rates, and filing formats. Avalara also provides the fiscal representation and intermediary support required by law where applicable.

“One big benefit of using Avalara is having a single point of contact. We used to have to pay at least £10,000 to all the different tax agents.”

- Financial Controller

75%

DECREASE in cost of hiring 3rd party compliance accountants

Mitigate Compliance Risk

Reduce the risk of VAT compliance fines and penalties

Managed VAT Reporting includes over 150 data quality checks and validations that alert users to resolve errors and anomalies before submission. The Avalara tax team regularly reviews legislative updates and reporting requirement which are automatically applied to Managed VAT Reporting.

“Now, we don't have any penalties. We have reduced our risk of non-compliance. And, if we have an unintentional error, it is easy to communicate with the tax authorities through MVR.”

- Financial Controller

90%

DECREASE in risk of compliance fines and penalties

Reduce cost and effort responding to Tax Authority audits

The Managed VAT Reporting portal provides a clear view of upcoming deadlines, submission statuses and receipts, reconciliation files, and historical filings. The Avalara team acts as the main point of contact with local tax offices, managing ongoing correspondence, responding to queries, and providing support during audits or inspections.

95%

DECREASE in cost and effort responding to Tax Authority audits

“We are very confident that if we did have an audit, we would be OK because we have been using MVR. We download all transactions, the draft return, the approved return, etc. so in case of an audit, we can provide all the necessary information.”

- Controller Team Lead



Key Findings

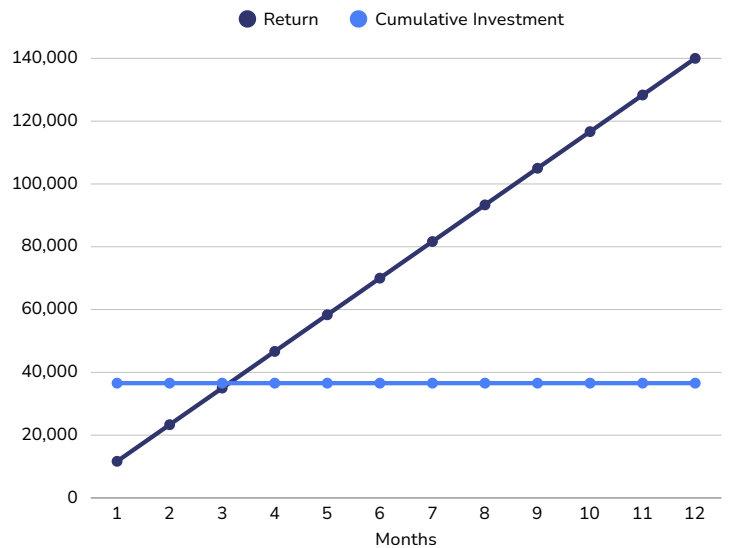


Research Results

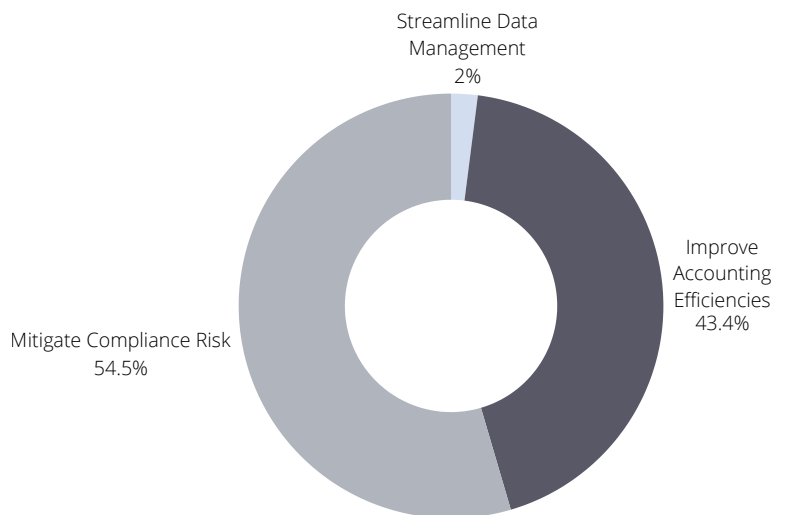
The value of a Managed VAT reporting solution is immediate and demonstrable. For this case study, the financial impact of Managed VAT Reporting is represented by a mid-market company with \$50,000,000 of revenue subject to VAT operating in 8 countries and 5 Fiscal Reps.

For this typical company, there is a positive return in 3.2 months and a 3-year ROI of 277%, with annual benefits exceeding \$140,000.

Cumulative Breakeven - 3.2 Months



Benefits by Business Objective





About Avalara

Avalara is the agentic tax and compliance leader. For more than two decades, Avalara has developed one of the most expansive libraries of tax content and integrations in the industry, supporting over 200,000 direct and indirect customers across more than 75 countries. The company's purpose-built AI agents automate end-to-end compliance processes with greater precision, from tax calculations and return filings to exemption certificate management and beyond. For more information, visit Avalara.com

About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify, and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. For additional information, please visit www.hobsonco.com.

Disclaimer:

The Return-on-Investment (ROI) and other financial calculations performed by this tool are based on data provided by VAT Reporting customers and various assumptions and estimates only. The actual ROI realized by customers may vary from the estimates provided. Avalara offers this tool to assist customers with evaluating VAT reporting platforms; however, Avalara and Hobson & Company (the firm that created the tool) are not responsible for the accuracy of any estimates.

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