



HOBSON & COMPANY

Driving ROI

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

The Business Case for Avalara VAT Reporting

Complying with global VAT requirements creates significant financial, operational, and regulatory burdens for multinational organizations. As companies expand into new countries and grow sales channels, navigating constantly evolving VAT rules becomes increasingly complex and resource-intensive.

Organizations often rely on a combination of disconnected systems, partial automation, and manual validation to prepare VAT returns, or outsource the effort to local accountants and advisors. This approach increases compliance and audit risk, as it depends on stitching together data across multiple sources, maintaining complex rule sets, and coordinating across internal teams or managing multiple third-party providers.

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 VAT Reporting addressed specific customer challenges to deliver a quick and compelling ROI.

Customers typically experience a

3.3 month

Payback Period

In 3 years, customers typically experience a

200%-500%

ROI

The impact of 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 Data



ERP and finance systems capture sales transactions, but companies often struggle to extract the data needed to meet country-specific VAT compliance rules due to the various reporting formats and reconciliation requirements. Typically, an outside consultant or an internal IT department must build customized extractors for one-time or periodic reporting needs.

Optimizing Accounting Efficiencies



Organizations often face challenges 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 the actual preparation and filing of VAT returns, requires teams of internal staff or hiring outside consultants.

Reducing Compliance Risk



Customers noted that they are continuously at risk of falling out of compliance with current VAT legislation and have faced fines and penalties in the past. Additionally, without an automated audit trail, tracking changes becomes challenging, leading to potential inaccuracies and accountability gaps.

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

Streamline Data Management
Improve Accounting Efficiencies
Mitigate Compliance Risk

Streamline Data Management

Reduce cost and effort to integrate with core ERP systems

VAT Reporting's extractor automatically imports data from popular ERPs including SAP, NetSuite, Oracle, Unit4, and Certinia to avoid manual entry and ensure that existing systems communicate with each other. Imports can be scheduled on a daily, weekly or monthly basis depending on business needs.

"Coming from a competitive solution, we still save over 20% of the time each day uploading data from SAP to the VAT system because Avalara's automated upload process is very straightforward."

- Tax Manager

90%

DECREASE in cost and effort to integrate with core ERP systems

Improve Accounting Efficiencies

Reduce time spent on compliance reviews, data accuracy checks, and manual data validation

80%

REDUCTION in time managing compliance reviews, data accuracy checks, and manual data validation

VAT Reporting's standardized platform includes: a) continuous updates from Avalara's tax experts who monitor VAT legislation changes; b) more than 150+ data validation checks so users only spend time reviewing errors; and c) VAT Number Checker to verify VAT numbers are valid.

"The 3 FTEs manage all the VAT reporting including compliance reviews, validation, preparation and filing, tasks that the local 60 FTEs managed previously. Avalara does all the work for us now; otherwise, we would need in-house experts to interpret the filing requirements for each country and to validate the data ourselves."

- Senior Manager, Finance & Tax



Reduce time spent preparing and filing VAT returns

VAT Reporting provides a standardized approach for accurate and compliant filing in over 50 countries. Returns are automatically created upon import, which include VAT, EC Sales lists, Intrastat reports, Periodic SAF-T (Standard Audit File for Tax) filings, Control statements, Spanish Sii reports, VAT Books and OSS/IOSS filings, and Direct Submissions. Transaction errors can be corrected in the same time period, eliminating the need for filing corrected returns.

85%

REDUCTION in time
preparing and filing VAT
returns

“Avalara replicates the VAT return so when we go to the individual country’s web page, it’s easy to enter, especially for countries with direct submission. VAT Reporting saves us time confirming that all the VAT registration numbers are valid by checking with the VEIS site before we report the EC Sales list; previously, we didn’t check the VAT numbers before we reported.”

- Indirect Tax Manager

Avoid cost of hiring 3rd party compliance accountants

95%

DECREASE in cost of 3rd
party compliance
accountants

VAT Reporting’s single user interface for uploading VAT data provides a standardized approach for accurate and compliant filing in over 50 countries. Returns include VAT, EC Sales lists, Intrastat reports, Periodic SAF-T (Standard Audit File for Tax) filings, Control statements, Spanish Sii reports, VAT Books, OSS/IOSS filings, and Direct Submissions.

“Paying for a Big Four accounting firm was much more expensive than the 2 FTEs we now have in-house working with VAT Reporting.”

- Senior Tax Manager



Mitigate Compliance Risk

Reduce the risk of VAT compliance fines and penalties

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 VAT Reporting.

“VAT Reporting significantly reduces the risk of a compliance fine because previously we were always playing catch up. We had risks of not filing or running late and we had been issued warnings a fines in a number of markets.”

- Senior Manager, Finance & Tax

90%

DECREASE in risk of compliance fines and penalties

Reduce cost and effort responding to Tax Authority audits

VAT Reporting includes an extensive audit trail that tracks all changes and captures submission receipts, date stamps, and GL reconciliations.

95%

DECREASE in cost and effort responding to Tax Authority audits

“We now have a clear overview of where we should report the different tax codes; it used to be a guess to determine which box to put the VAT tax number in. Additionally, the checks in Avalara help us find crucial errors if we use the wrong tax code for a wrong country. If an auditor were to ask for a list of all of the supporting documents in one of the VAT return boxes, it would be very easy to extract that information from Avalara.”

- Indirect Tax Manager



Based on customer research conducted by Hobson & Company

Key Findings

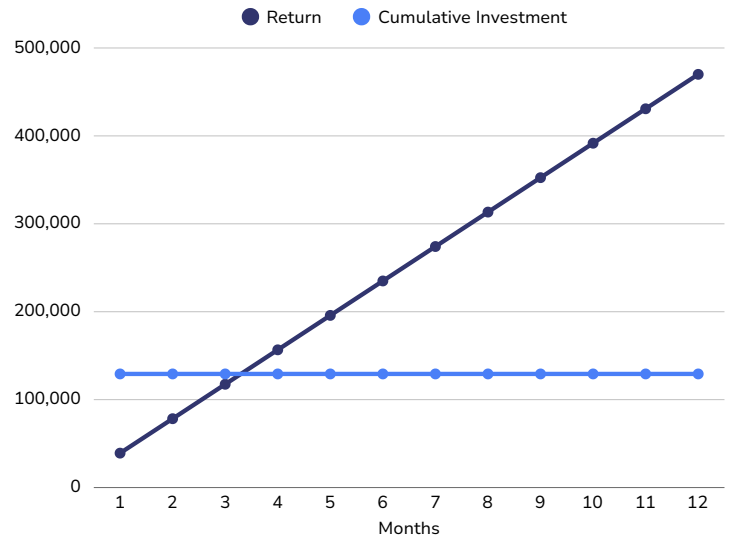


Research Results

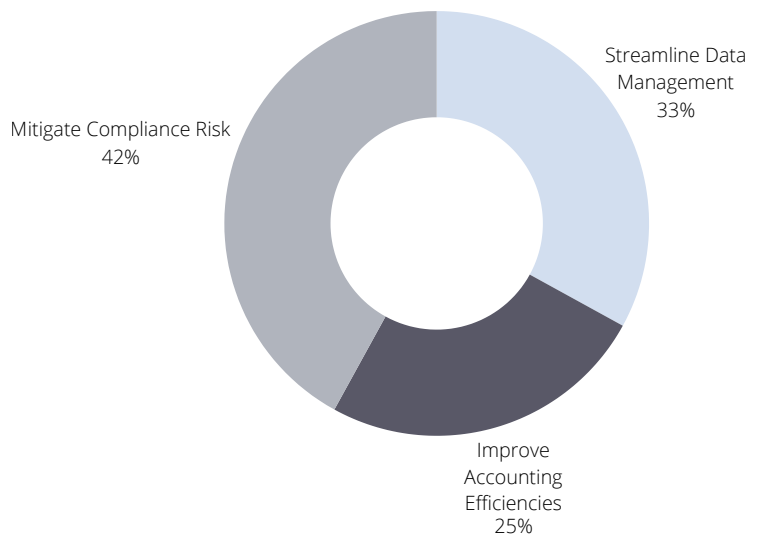
The value of a VAT reporting solution is immediate and demonstrable. For this case study, the financial impact of VAT Reporting is represented by an Enterprise company with \$150,000,000 of revenue subject to VAT operating in 5 countries with 5 VAT Registrations.

For this typical company, there is a positive return in 3.3 months and a 3-year ROI of 466%, with annual benefits exceeding \$470,000.

Cumulative Breakeven - 3.3 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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