



Are you subject to communications tax?

Determine whether your products, services, and business model may trigger communications tax obligations.



Answer the questions below to assess whether you're carrying potential risk

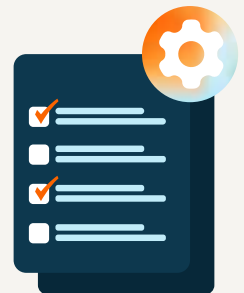
Has your business changed in any of the following ways?

- | | |
|--|---|
| ☐ Been involved in a merger or acquisition | ☐ Launched a new product, feature, or service |
| ☐ Expanded into new states, or jurisdictions or countries | ☐ Added a communications-enabled offering (voice, streaming, data and connectivity services, tech-embedded services) |
| ☐ Increased transaction volume or complexity | |

Are contemplating adding communication services to your portfolio (organically or via M&A)

Do you sell any of the following?

- | | |
|--|--|
| <ul style="list-style-type: none">• Voice services• Wireless services• Video and streaming services• Data and connectivity services• Communications APIs | <ul style="list-style-type: none">• SaaS services with embedded communication features• Messaging/SMS• IoT devices with embedded wireless services |
|--|--|



How are you managing compliance?

Are communications taxes being calculated separately from your sales and use tax?

- ☐ YES ☐ NO ☐ UNSURE

Would your current approach hold up to audit scrutiny for both sales and use tax and communications tax compliance?

- ☐ YES ☐ NO ☐ UNSURE

Are you confident all applicable communications taxes, fees, and surcharges are being calculated?

- ☐ YES ☐ NO ☐ UNSURE

Are you confident all applicable communications taxes, fees, and surcharges are being calculated?

- ☐ YES ☐ NO ☐ UNSURE

The impact on business strategy

Communications tax exposure often stays hidden until a major business event forces someone to look closely, such as an acquisition, business sale, or investors and buyers reviewing liabilities. Unaddressed communications tax obligations can suddenly become highly visible and even impact valuation.

Would your current approach hold up through M&A, expansion, or restructuring, or the launch of a new communications product?

☐ YES ☐ NO ☐ UNSURE

If a buyer reviewed your tax compliance records tomorrow, could you demonstrate that communications taxes are being calculated and remitted correctly?

☐ YES ☐ NO ☐ UNSURE

Additional qualification questions to ask yourself:

- Do you operate in multiple states?
- Has your tax complexity increased faster than your compliance processes?
- Are you relying on manual processes or a sales tax-only solution?

Common situations that create hidden exposure

M&A activity

You acquired a company that sells communication-related services.

Result: New communications tax obligations may have been inherited.

New product launches

You started offering a communications-related product.

Result: Communications tax requirements may now apply.

Geographic expansion

You entered new states or jurisdictions.

Result: Communications tax rules vary significantly by location.

Common misconceptions

- “We already calculate sales tax, so we’re covered.”
- “Streaming isn’t telecommunications.”
- “VoIP is taxed the same as software.”
- “Our billing platform handles everything.”

Your results

If you answered “Yes” to any of these questions, you’re likely carrying risk and may have communications tax obligations that standard sales tax solutions don’t address. A short conversation with an Avalara expert can help prioritize what to fix.

If you answered “No” or “Unsure” you’re on the right track, but it’s worth validating key assumptions to make sure you don’t have hidden communications tax exposure

