

# Strategic tax administration

HOW GOVERNMENTS CAN IMPROVE COMPLIANCE AND MAXIMIZE EFFICIENCY

# Contents

<b>INTRODUCTION</b> .....	<b>3</b>	<b>GO</b>
<b>IMPROVING SALES TAX CALCULATION ACCURACY WITH A COLLABORATIVE PLATFORM FOR TAX RATES AND RULES</b> .....	<b>4</b>	<b>GO</b>
<b>EMPOWERING SMALL BUSINESSES TO MEET SALES AND USE TAX OBLIGATIONS</b> .....	<b>5</b>	<b>GO</b>
<b>HELPING STATES HELP FUEL DISTRIBUTORS GET EXCISE TAX RIGHT</b> .....	<b>6</b>	<b>GO</b>

<b>ENHANCING ECONOMIC DEVELOPMENT THROUGH PROPERTY TAX COMPLIANCE ADMINISTRATION</b> .....	<b>7</b>	<b>GO</b>
<b>PARTICIPATING IN THE STREAMLINED SALES TAX PROGRAM TO INCREASE TAX COMPLIANCE</b> .....	<b>8</b>	<b>GO</b>
<b>FIND OUT HOW TAX COMPLIANCE ADMINISTRATION CAN BE EASIER</b> .....	<b>9</b>	<b>GO</b>

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## DISCLAIMER

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

## Introduction

States, local governments, and businesses suffer when companies fail to comply with tax regulations. Inaccurate tax returns and late payments disrupt annual budget forecasts for jurisdictions. Compliance lapses can lead to time-consuming audits that are expensive for businesses and absorb agency resources. Making sure businesses are tax compliant helps ensure government revenues match projections and avoids pain for both parties. For tax compliance to happen, jurisdictions need to have systems in place that make it easier for taxpayers to meet their obligations and support government teams who administer those tax obligations.

**Avalara for Government** helps jurisdictions achieve greater accountability and accuracy when it comes to tax remittance. The suite of cloud-based compliance solutions removes obstacles standing in the way of government and businesses, while back-office tax administration tools empower government authorities to do their jobs more efficiently.



# Improving sales tax calculation accuracy with a collaborative platform for tax rates and rules

Many businesses fail to collect the right amount of tax because they use the wrong tax rates. Rates and rules for sales and use tax and other tax types vary across states and local jurisdictions, and frequently change. This makes it difficult for companies to keep up with the latest regulations, assuming they even know where to look for reliable information. Left guessing, they're more likely to submit inaccurate returns.

State legislation requires most revenue departments to provide tax rates online. Maintaining these databases can be cumbersome. Changes have to be made when cities, counties, and special taxing districts approve new rates and rules, or when annexations occur. If not, businesses looking up rates by address or ZIP code may rely on outdated information, resulting in tax calculation errors.

**Avalara Tax Research for Government** makes it simple for businesses to look up tax rates and laws using an address search tool. The solution shows tax rates broken down by boundary and which products and services are tax-exempt.

States benefit from automated updates and a historical archive of tax changes they can reference. Plus, the solution gives local jurisdictions administrative access to an ordinance management tool that allows collaborative changes.

By bringing states, local jurisdictions, and taxpayers together in a central hub, Avalara Tax Research for Government helps improve data accuracy and provide businesses the information they need to calculate tax correctly.



# Empowering small businesses to meet sales and use tax obligations



Tax compliance enforcement can be especially difficult for states when it involves small businesses. The little amount of money these operations typically owe is often disproportionate to the amount of work required to collect when they become delinquent filers.

Many small business owners fear falling behind on their sales and use taxes. These businesses are pulled in so many directions they lack both the time and expertise to handle compliance.

**DAVO by Avalara** guarantees taxes will be paid on time and in full, subject to the **terms** of the guarantee. The solution automates on-time tax filing and remittance for small businesses, helping ease taxpayer worries and lifting the burden from state authorities.

DAVO by Avalara uses data from a POS system to set aside the exact amount of sales and use tax collected each day and hold it in a secure account. When taxes become due, the solution automatically files and pays sales and use tax with the state. State authorities benefit from prompt, more accurate remittance.

## Helping states help fuel distributors get excise tax right

Excise tax is incredibly complicated, which explains why many motor fuel distributors make compliance errors. When businesses in the energy industry file incorrect excise tax returns, it causes more work for state regulators.

**Avalara for Government** offers excise tax-specific solutions that help fuel distributors, energy traders, and mobile refuelers get tax right. These solutions provide a convenient way for businesses to file excise tax returns and remit payments through a portal on a state's website. Taxpayers who attempt to submit inaccurate returns receive detailed error messages, allowing them to make corrections and helping ensure states receive clean data.

State tax compliance professionals gain access to a comprehensive array of features. They can generate tax notices, conduct audit analysis, and send messages to taxpayers.

States also receive support from Avalara Excise compliance specialists who bring substantial expertise. Our specialists have filed returns electronically in every state and can advise states on Federation of Tax Administrators filing standards.



# Enhancing economic development through property tax compliance administration



Companies considering where to locate their headquarters, open a store, or start up a factory always consider the costs of doing business in a state. One way governments can entice companies to choose them is to make sure property value assessments are competitive.

County assessors use a variety of factors to value tangible personal property. It can often be difficult to know whether they're taking the best valuation approach for assessments. Determining how one jurisdiction values a computer, for example, compared to another jurisdiction in a different state is challenging without access to reliable data.

**Avalara Property Tax** provides economic development groups, states, and local jurisdictions with information that helps them determine whether their property tax valuation approaches may be too high or too low.

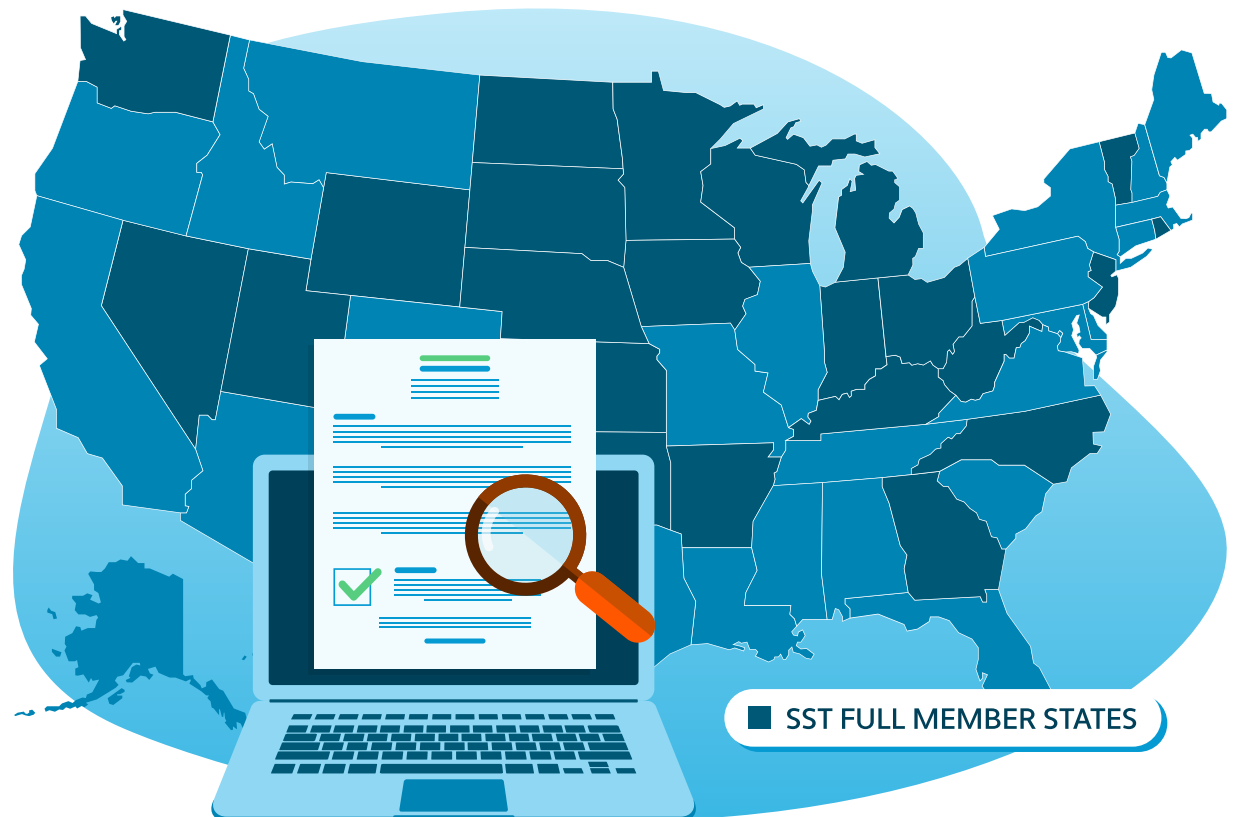
Avalara Property Tax streamlines property tax compliance for businesses and helps assessors receive accurate returns on time. Avalara also has integrations with third-party payment facilitators that automate property tax payments for businesses, increasing the likelihood counties will be paid by the deadline.

# Participating in the Streamlined Sales Tax program to increase tax compliance

If your state participates in the **Streamlined Sales Tax** (SST) program, you're helping businesses stay compliant. SST simplifies sales and use tax compliance for companies selling into multiple states.

Avalara is an SST certified service provider and provides businesses with free access to software for sales tax registration, calculations, exemption certificate processing, returns preparation, filing, and remittance. Businesses have access to uniform filing forms and certified rates, boundaries, and tax codes that are updated automatically, in addition to audit support.

By helping companies reduce their risk, Avalara makes it easier for states to administer tax compliance and reduce time and costs associated with audits.







# Find out how tax compliance administration can be easier

**Avalara for Government** can help your agency collect the taxes it's owed with less work. Learn how our solutions improve compliance, increase efficiency, and save costs associated with complex audits. Call 877-286-2149.

