CHECKLIST

Sales Tax Audit Preparation

When it comes to preparing for a sales and use tax audit, few aspects are as problematic as managing sales tax exemption certificates for numerous states. Evaluate your current status with our audit preparation checklist and learn tips to reduce your audit liability.

Audit Preparation Checklist

- [ ] **EDUCATE EMPLOYEES**
  Ensure everyone who interacts with customers–from credit departments to sales associates–understands when an exemption certificate is needed.

- [ ] **BUILD A LIBRARY**
  Identify the correct certificates for each state and type of sale, then make them readily available at each point of transaction.

- [ ] **RECORD EXPIRATION DATES**
  Maintain detailed records on how long certificates remain valid in each state and note when they'll need to be renewed.

- [ ] **INVENTORY YOUR STOCKPILE**
  Inventory your existing exemption certificates so you can begin to organize, categorize and update as needed.

- [ ] **CATALOGUE VALID CERTIFICATES**
  Index all exemption certificates that are up-to-date and fully verified so you can easily locate the ones requested by an auditor.

- [ ] **EXTRACT INCOMPLETES**
  Extract certificates that are missing data, such as an overlooked field or forgotten signature, to follow up with customers and complete their records.

- [ ] **FOLLOW UP**
  Create letter templates, calendar alerts and automated emails that make it easy to follow up when certificates are about to expire or need updating.

- [ ] **PLAN AHEAD**
  Decide how you will update and maintain records in the future. The more you can automate, the easier it will become over time.

- [ ] **SYSTEMATIZE YOUR COLLECTIONS PROCESS**
  Develop a system that makes it easy to quickly search and extract records–both for your company and for an auditor.

Tips to Reduce Audit Liability

KEEP CURRENT
Exemption certificate requirements vary from state to state and can change often. Have a system in place to regularly check for new laws and ensure you're providing customers with the most up-to-date certificates. Get the most current state forms here: certcapture.avalara.com/certificates.

STAY AHEAD OF EXPIRATIONS
Give customers ample time to submit new certificates before existing ones expire. This will help reduce your liability for uncollected sales tax and show an auditor you've made a good faith effort to play by the rules.

FOCUS ON THE POINT OF SALE (POS)
Make it easy for customers to provide exemption certificates at the POS. This will save you from the future headache of tracking down missing certificates months or years later, which becomes problematic when a customer has gone out of business or is otherwise impossible to contact.

INTEGRATE CHANNELS
Make it easy to submit valid certificates by giving customers a seamless experience–provide the same exemption certificate submission options in-store and online.

About Avalara CertCapture

Avalara CertCapture is an automated, cloud-based solution that empowers organizations to streamline and simplify the sales tax exemption certificate management process. CertCapture automates the process of soliciting, collecting, verifying, storing and tracking exemption certificates to help increase your compliance and reduce audit risk. Retail and eCommerce modules enable you to easily collect certificates at the point of sale in store and online.

More than 2,000 customers trust Avalara CertCapture to securely manage 17,000,000 compliance documents.

To learn how Avalara CertCapture can help streamline and simplify the sales tax exemption certificate management process, visit certcapture.avalara.com

More Resources

SALES TAX EXEMPTION CERTIFICATE LIBRARY
Full library of blank, fillable certificates for any U.S. state.

certcapture.avalara.com/certificates

AVALARA CERTCAPTURE RESOURCE CENTER
On-demand webinars, white papers, guides and more.

certcapture.avalara.com/resources

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