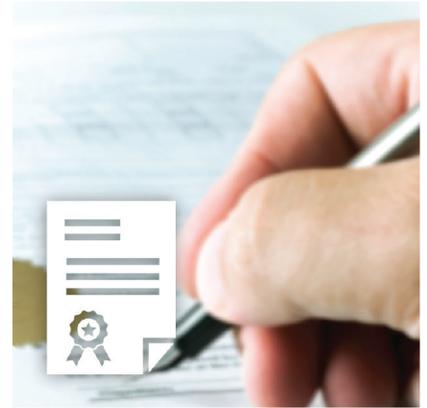




Avalara Government

Fuel tax filing automation for government agencies



Business challenge

Fuel excise tax revenues have stagnated recently due to increasing vehicle fuel efficiency, and this has challenged states to meet minimum road maintenance funding requirements. State government agencies responsible for fuel tax filing processes are under pressure to increase tax compliance, and thus revenues, without increasing related administrative costs. Many of these agencies operate with outdated paper-based filing and payment processing systems. These systems often require slow and error-prone tax form data entry and manual check processing. Typically, only summary-level return information is captured electronically, limiting the ability to easily detect errors, omissions or fraud. Considerable administrative time is spent on basic operations- managing license applications and renewals; processing reports, returns, and amendments; accepting payments; and processing refunds. Without easy access to all taxpayer return and schedule data, fuel tax auditors are challenged to select audit targets that will optimize the revenue return on their time. Selecting accounts to audit sometimes is simply based on transaction volume or past audit results. This can allow smaller filers to “fly under the radar,” perhaps ignoring significant tax errors or even fraud. Conducting an audit often requires considerable time searching through transaction details in stacks of paper schedules, resulting in low auditor productivity.

Solution

Avalara Government provides a complete solution for automation of fuel tax filing and audit processes. Through electronic filing and schedule validation, errors are reduced, thus improving compliance and speeding cash flow. By automating license applications, returns processing, and payment processing, internal productivity is increased and customer service is improved.

Avalara Government enables more audits, as well as, more directed audits. Auditors have all return and schedule data for all parties to a transaction at their fingertips. Using cross-match analysis to reconcile multiple filers participating in the same transaction, errors, omissions, and fraud can be quickly identified. By increasing “desk audits,” on-site visits are reduced, thus increasing efficiency. Compliance analysis and audit management processes work together to improve audit effectiveness, increase tax findings per audit, and grow tax revenues.

Avalara is the industry leader in fuel tax automation. Over the years, fuel industry tax professionals and taxing jurisdictions have both come to trust us to determine and file taxes reliably and accurately. Avalara Government is uniquely designed to automate government processes for motor fuels excise taxes, one of the most complex taxes today.

KEY BENEFITS

- **Improve tax compliance** through e-filing, error detection, automated tax calculation, and increased audit coverage
- **Increase audit efficiency and effectiveness** through cross-matching analysis, return reconciliation, and audit management
- **Reduce administrative costs** by eliminating paper returns and automating manual processes
- **Increase tax revenues** through greater compliance and audit effectiveness
- **Improve cash flow** through electronic payment processing, faster error detection, and improved taxpayer communications



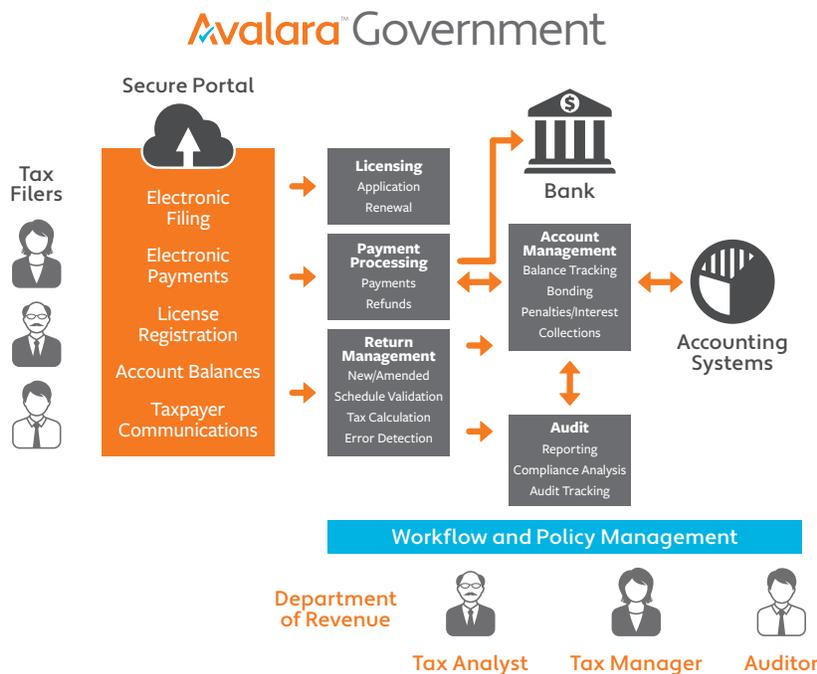
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Avalara Government
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License Registration and Returns Processing

Tax filers use a secure internet portal for all interactions with Avalara Government. Filer self-service simplifies and automates the processes of fuel license registrations and renewals, returns filing, tax remittances, audit and collection notices, and account balance inquiries.

Once a return and its related schedules have been submitted, Avalara Government validates each field to ensure that there are no errors. For example, dates must fall within specified ranges and products must only use accepted codes. If field values cannot be validated, filers will receive a notification and will be required to resubmit their return. After all fields have been validated, Avalara Government will calculate summary fields and taxes due based on the schedule data provided. Again, if summary form or tax calculation errors are found, the filer will receive a notification and be required to make the necessary changes. By automating field and tax calculation validation, tax compliance is greatly improved while reducing administrative overhead.



KEY FEATURES

- Electronic Filing and Payment Processing** — E-filing using FTA-compliant schedules, returns, reports, and amendments in EDI or XML formats, or simple on-line import of CSV/Excel files. Direct, secure credit card, ACH, and EFT payments.
- Schedule Validation and Calculation of Motor Fuels Excise Taxes and Reports** — Detect data errors and eliminate calculation errors to improve tax compliance.
- Compliance Analysis and Audit Management** — Custom reporting, ad hoc reporting, and cross-match analysis to identify errors, omissions, and fraud by reconciling information provided by multiple filers participating in the same transaction. Manage and track the audit process from beginning to end.
- Taxpayer Account Management and Communications** — Manage taxpayer registration, license application and renewal management, account balance tracking, bonding requirements, penalty/interest charges, and multiple taxpayer communication methods in support of collections.
- Automated Workflow and Policy Management** — Track status of key processes and automate rules to route tasks to required resource or approver. Enables automation of license application, license renewal, payments, refunds, audit, and collection processes and policies.

Taxpayer Account Management

Avalara provides comprehensive support for taxpayer account management, including all financial considerations. As part of the license registration process, bonding requirements are determined and tracked. Account management also includes automatic calculation of late charges, penalties, and interest. Taxpayers can be notified automatically of these charges to facilitate timely collections.

When additional efforts are required to collect, Avalara Government collections management automatically tracks both internal and external collections cases. This reduces the errors inherent in manual tracking and the administrative efforts often required to manage collection processes.

Taxpayer accounts are synchronized automatically with government accounting systems, including all tax charges, payments, penalties, and interest. This eliminates error-prone manual account reconciliation processes and ensures that accounting systems are accurate and provide full visibility to current tax status.

Compliance Analysis and Audit Management

The first challenge for auditors is to select accounts which will maximize audit returns. Using both custom and ad hoc reports, auditors have all the information needed to zero in on specific types of taxpayers, products, or transactions that may yield greater returns. Using cross-match analysis to reconcile multiple filers participating in the same transaction, inconsistent reporting can be detected, which often leads to taxpayer errors, omissions, and fraud. With the availability of these compliance analysis tools, auditors can quickly identify audits that are likely to result in increased tax revenues. Some tax errors can even be handled using “desk audits,” thus reducing on-site visits, and further increasing audit efficiency and effectiveness.

Audit management brings the entire audit process on-line, eliminating the need for paper files and enabling tracking of the audit process from beginning to end. All audit work products, including compliance analysis reports, findings, and customer communications are maintained together and easily accessible. By eliminating the need to search paper files, audit process productivity can be significantly improved. Audit productivity analysis enables more directed audits and the optimization of audit resources.

Workflow Automation

Avalara Government tracks the status of all processes and uses customizable workflow rules to route tasks to the required resource or approver. Workflow automation provides support for many complex processes, including license application, license renewal, refunds, collections, and audits. By ensuring consistent implementation of administrative processes, operational costs are minimized, errors are reduced, and policy compliance is achieved.

About Avalara – making sales tax less taxing

Avalara helps businesses of all sizes achieve compliance with sales tax, VAT, GST, excise tax, and other transactional tax requirements by delivering comprehensive, automated, cloud-based solutions that are fast, accurate, and easy to use. Avalara’s end-to-end suite of solutions are designed to effectively manage complicated and burdensome tax compliance obligations imposed by state, local, and other taxing authorities in the United States and internationally.

Avalara offers hundreds of pre-built connectors into leading accounting, ERP, ecommerce and other business applications. The company processes millions of tax transactions for customers and free users every day, files hundreds of thousands of transactional tax returns per year, and manages millions of exemption certificates and other compliance related documents. Avalara employs more than 700 people at its headquarters on Bainbridge Island, WA and in offices across the U.S. and in London, UK and Pune, India. More information at: www.avalara.com



Getting started with Avalara Government is easy.

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