

# Avalara™ AvaTax Excise\*

Real-time identification and calculation of excise and value-based taxes for financial transactions involving petroleum products

## Business challenge

Fuel suppliers and distributors are required to track, collect, and submit indirect taxes on each fuel transaction. They must identify which taxes are due, based on a complex framework of overlapping tax jurisdictions, product-based rules, and rates based on the type of transaction, its origin and destination, and business partner exemptions and exceptions. Typically, this requires an equally complex set of custom software and data to automate tax calculations for each transaction, such as invoices, purchase orders, or sales orders. Tax and IT departments spend countless hours building, maintaining, and supporting these tax sub-systems to minimize mistakes and the resulting margin impact, hidden tax liabilities, and exposure to compliance fines and penalties.

Even when taxes are calculated correctly, this complexity leads customers to question invoices or even withhold payment until taxes can be validated. The simple question, “why is this tax charged?” or “why is it this amount?” can lead to a time consuming IT and Tax project to understand the underlying tax law and verify that all systems and data are configured properly to calculate taxes accurately.

Similarly, energy traders need to accurately understand the tax implications of a potential purchase or sale. Since trades often involve high volumes and low margins, even small mistakes in tax determination can mean the difference between a profitable and an unprofitable trade.

## Solution

Avalara AvaTax Excise integrates with existing back-office systems to automate the process of identifying and calculating indirect taxes on petroleum transactions. It's a unique, out-of-the-box solution for petroleum suppliers, distributors, and traders, with comprehensive support for both volumetric and value-based taxes, including: excise, environmental, and sales & use taxes.

This proven excise tax solution ensures on-going tax compliance, accuracy, and repeatability. Designed to handle the tax complexities inherent in the fuel industry, AvaTax Excise eliminates the risk of mistakes which can result in negative margins, tax authority fines, and customer dissatisfaction.

By replacing existing excise tax determination software, both IT and tax departments will see improved operational efficiency and productivity. IT no longer needs to develop, maintain, and support complex fuel tax sub-systems. The tax department no longer needs to track tax changes, interpret new laws, and specify system changes to ensure on-going compliance. Comprehensive jurisdiction support empowers businesses with new agility, allowing easy expansion into new regions, transaction types, or products, without worrying about the time it might take to upgrade internal systems to support new tax requirements.



- **Ensures tax compliance, accuracy, and repeatability**, eliminating the risk of costly mistakes
- **Lowers IT costs** of software development, maintenance, and support
- **Lowers tax costs** for tax law tracking, interpretation, upgrade projects, and audit support
- **Enables business agility** to quickly expand to new regions, transaction types, or products
- **Gives control to tax experts**, eliminating the need for IT projects for rule changes, tax reporting, or audit support
- **Tax transparency** allows easy visibility to exactly why taxes are what they are, improving responsiveness to customer inquiries

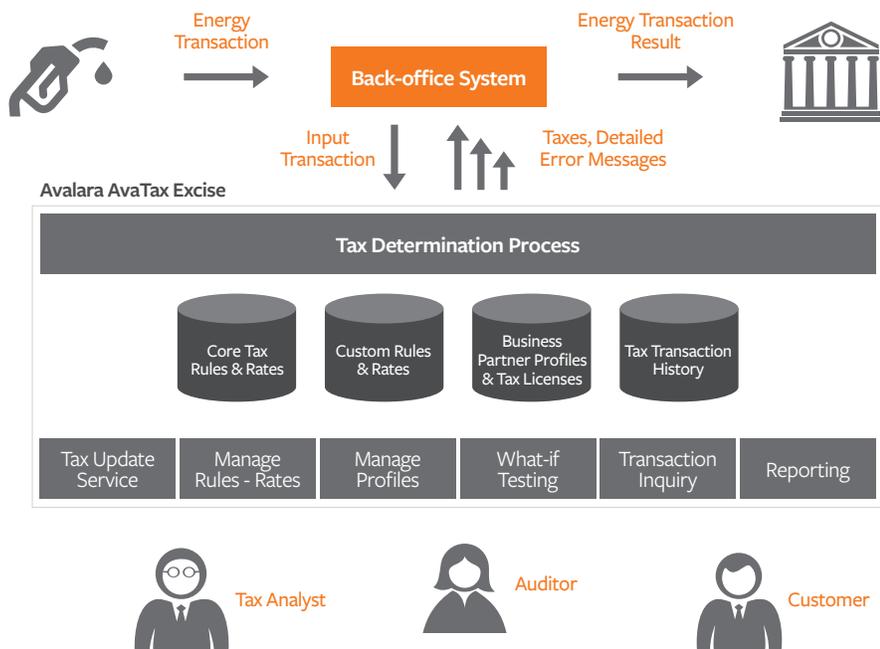
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AvaTax Excise returns control over taxes to the tax department. It's flexible, scenario-based architecture means that tax rules, rates, exemptions, and exceptions are all managed easily without IT involvement. Data extraction and reporting tools enable the tax department to handle any questions that may arise. True transaction transparency means tax professionals can easily find out "why" taxes are what they are, speeding the handling of customer inquiries, and resulting in customer satisfaction and faster payments.



## KEY FEATURES

- **Comprehensive coverage** for U.S. and Canadian indirect fuel transaction taxes
- **Tax update service** provides monthly rule and rate updates for supported jurisdictions
- **Scenario-based architecture** provides flexibility to support both built-in and custom tax rules
- **Exemption and exception certificate management** accurately tracks business partner tax status
- **Transaction inquiry** to quickly find both the taxes and the rules governing tax determination for a transaction
- **Simulated scenario evaluation** for testing new rules & rates or what-if analysis of proposed transactions
- **Data extraction and reporting tools** provide fast information access and audit support
- **Detailed error reporting** makes it clear what is wrong when taxes cannot be calculated
- **Easy integration** to back-office or ERP systems for fast time-to-value

## Comprehensive coverage

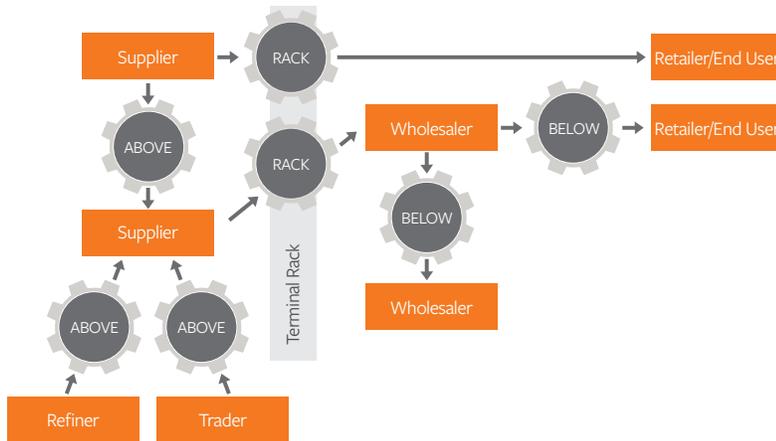
AvaTax Excise is not a generic tax calculator. It was designed specifically to handle the full range of indirect taxes on petroleum and energy products, such as motor fuels, natural gas, and renewables. It provides built-in support for excise, environmental, and sales & use taxes. This includes U.S. Federal, all 50 states, city, and county taxes. In addition, full support is provided for Canadian Federal and all 13 provincial jurisdictions, including border distance-based rates. Regardless of whether the transaction is above, at, or below the terminal rack, it's covered by AvaTax Excise.

Built-in rules and rates have been fully validated and tested for accuracy and compliance with current tax codes. AvaTax Excise customers process and tax millions of fuel transactions every year. Avalara tax experts constantly monitor pending legislation and regulations for any changes that may impact fuel taxes. The tax update service provides monthly rule and rate refreshes so that as new taxes go into effect, all rules stay up-to-date and taxes continue to be calculated accurately.

## Enhanced Control

AvaTax Excise's innovative scenario-based architecture analyzes transaction information such as origin, destination, transaction type, and product, to identify and calculate relevant taxes for all jurisdictions. This flexible architecture supports both the built-in rules managed through the tax update service, and any custom tax rules as created by the user. Business partner-specific exemptions, exceptions, and exclusions are tracked via the integrated certificate processing module. As a result, IT no longer needs to be involved in tax issues, since all tax determination decisions are made based on configurable rule, rate, and certificate information managed and controlled directly by the tax department.

AvaTax Excise supports transactions at the terminal rack, above, or below.



## Tax transparency

Transaction inquiry enables users to quickly find both the taxes and the rules governing tax determination for any transaction. Unlike most other systems, which treat tax determination as a “magic black box,” the unprecedented transparency of AvaTax Excise makes answering the “why” question very easy. Fast turnaround to tax inquiries means enhanced customer trust and loyalty.

Transparency is not just about understanding when things go right, but also enabling easy troubleshooting when there are problems. Detailed error messages make it easy to understand when input validations fail or when taxes could not be calculated. Troubleshooting is also greatly enhanced with simulated scenario evaluation, allowing configuration changes to be made and easily tested off-line. Simulated scenario evaluation makes it easy for traders to calculate a proposed transaction’s taxes prior to actually committing to the transaction.

AvaTax Excise also provides flexible tools for data extraction and reporting. These can be used to assist tax auditors or support any ad hoc analysis requirements.

## Integration

AvaTax Excise is designed for easy integration with back-office or ERP systems. Based on a high-performance, web services interface, AvaTax Excise is called in real-time directly from any existing process which requires tax determination. Typical examples include purchase orders, sales orders, invoices, or movement accruals. In addition to returning a transaction’s tax items and amounts, AvaTax Excise also provides detailed error messages if problems are found in either the input validation or tax determination phases. Comprehensive validation and error messaging ensures tax accuracy and simplifies troubleshooting when problems do occur.

To minimize on-going maintenance requirements, methods are provided to help automatically synchronize business partner information with existing master data. To facilitate the use of built-in tax scenarios (rules and rates), functions are provided to automatically map product codes from the source system to those used in AvaTax Excise scenarios.

AvaTax Excise can be integrated with existing back-office systems and deployed either with a remote, Software-as-a-Service (SaaS) approach or as standard, on-premises software.

## About Avalara – making sales less taxing

Avalara helps businesses of all sizes achieve compliance with sales 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 the complicated and burdensome tax compliance obligations imposed by state, local, and other taxing authorities in the United States and internationally.

Avalara is integrated with leading accounting, ERP, ecommerce and other business applications. Founded in 2004 and privately-held, Avalara’s venture capital investors include Battery Ventures, Sageview Capital, Arthur Ventures, and other institutional and individual investors. Avalara employs more than 500 people at its headquarters on Bainbridge Island, WA and in offices across the U.S. and in London, England and Pune, India.



Getting started with Avalara AvaTax Excise is easy.

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