

Turning to automation to manage tax



ERIC CARRASCO: AVALARA

Businesses struggling with the complexity and costs of use tax are looking to technology to provide more efficient and effective solutions

Use tax is an indirect tax levied on the use, storage or consumption of tangible personal property or services, and is paid for by the purchaser. All 45 American states that have sales tax also have use tax, and certain industries like manufacturing, construction and hospitality face greater risks of noncompliance because the use tax rules for these businesses are more complex and can vary from state to state.

Major enterprises face multifaceted challenges related to use tax that can significantly impact various aspects of their procure-to-pay processes. Use tax compliance can also be particularly challenging for small and midsize businesses, which might overlook or mismanage their use tax obligations because of a lack of awareness or not having finance personnel dedicated to ensuring they are fulfilled.

“Managing tax manually isn’t efficient, which is why so many companies need automation to make the process easier”

In a recent survey we commissioned of accounts payable departments, accounting, finance and tax professionals, Avalara found that the top challenges around managing use tax are that the rules and rates are complex and subject to change. Businesses also find that the cost of managing consumer use tax obligations is high.

Survey respondents also said that another major challenge is that compliance with use

tax requires teams with specialised skills, and they’ve had to refocus resources away from other compliance obligations within their business to manage it. Managing tax manually isn’t efficient, which is why so many companies need automation to make the process easier, and some are beginning to realise the value of technology.

Businesses are therefore looking for solutions that make sure they are paying the right amount of tax and can easily apply it to their returns to make the entire process seamless.

Avalara’s AvaTax for Accounts Payable solution helps businesses manage consumer use tax compliance via the AvaTax platform. The solution empowers businesses to use prebuilt integrations or APIs for real-time management of use tax on their purchases, ensuring compliance with use tax regulations. Customers needing consumer use tax automation can also now leverage the power of AvaTax for their use tax compliance need – all from within the Avalara Portal.

The AvaTax for Accounts Payable integration for Microsoft Dynamics 365 Business Central delivers accounts payable functionality into customer workflows. This ensures businesses can calculate accounts payable tax on purchase orders and invoices, adjust the amount charged by the vendor or the tax rate and percentage, and review journal entries created with accounts payable tax accruals and post the entries to their general ledger. ■

Eric Carrasco is senior product marketing manager at Avalara