Ever Changing Trends in Sales and Use Tax Compliance

Presented by:

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Agenda:

Emerging Trends and Strategies for Handling Sales Tax Compliance

Co-sourcing versus Outsourcing

Managing Outsourced Providers

Emerging Trends and Strategies for Handling Sales Tax Compliance

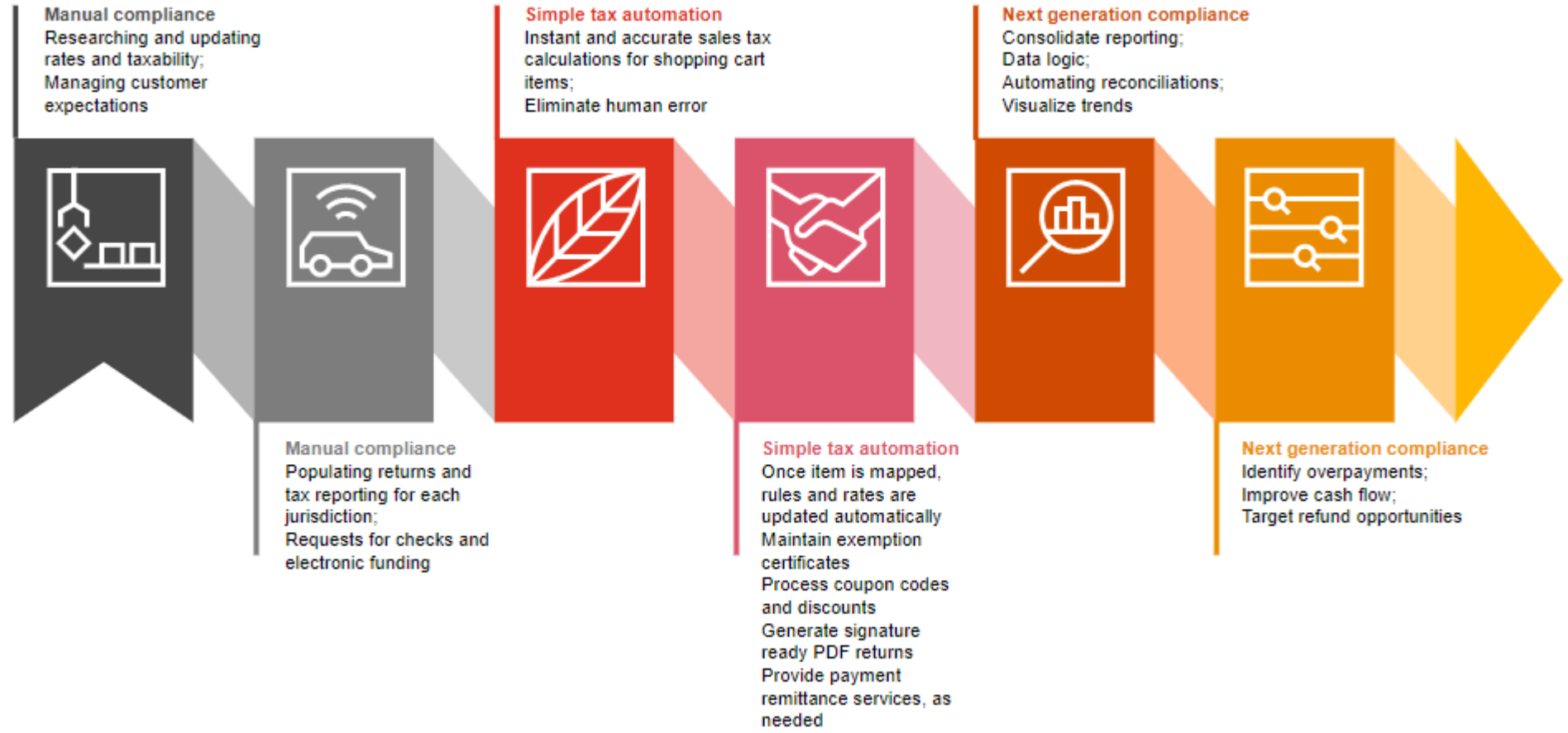Moving from manual processes to automated processes

Leveraging technology to gain better efficiencies, reduce risk, and prepare for audits

Evolving tax functionality

Consider how automated processes & hiring outside parties (cosource/outsource/returns software) can work best for your team.

Manual compliance
Researching and updating rates and taxability;
Managing customer expectations

Simple tax automation
Instant and accurate sales tax calculations for shopping cart items;
Eliminate human error

Next generation compliance
Consolidate reporting;
Data logic;
Automating reconciliations;
Visualize trends

Manual compliance
Populating returns and tax reporting for each jurisdiction;
Requests for checks and electronic funding

Simple tax automation
Once item is mapped, rules and rates are updated automatically
Maintain exemption certificates
Process coupon codes and discounts
Generate signature ready PDF returns
Provide payment remittance services, as needed

Next generation compliance
Identify overpayments;
Improve cash flow;
Target refund opportunities

ERP

- SAP
- ORACLE
- Workday
- Coupa
- JDE

Tax Engine

- Vertex O-Series
- Onesource Determination
- AvaTax

Compliance

- Vertex Returns
- Onesource Compliance
- Avalara Returns
- CorpSales

ETL Tools

- Alteryx
- Knime
- Trifacta
- Data Wrangler

Robotic Process Automation

- UiPath
- Blue Prism
- Automation Anywhere

Artificial Intelligence/Machine Learning

Visualizations

- Tableau
- PowerBI
- QlikView

Blockchain

- Distributed ledgers
- Increased transparency

Geospatial

- Leveraging GPS systems on fleets to determine on/off road usage for motor fuels tax
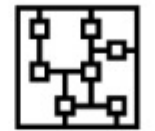- Identifying where specific assets are being used for use tax accruals

Robotic automation is:

Configurations that automate manual, repeatable tasks

Algorithms that solve specific problems

Software 'robots' that plug into, and access, existing business software

Workflow enabled interaction

Robotic automation is not:

A humanoid robot

Something that can entirely replace humans

Something that replicates human cognitive functions… yet

Purely just another cost play

How tax functions are evolving …

People	• **Highly proficient** in data analysis, statistics, technology, process improvement, and change management • Employ **dedicated tax IT**, data, and project management specialists to develop, champion, and execute tax technology and transformation strategies	
Process	• Use real-time **collaboration** tools to automate workflow, manage documents, plan calendars, and institute internal controls	
Technology	• Use enterprise-wide financial systems to prepare tax calculations (e.g., income tax accounting and indirect taxes), **replacing spreadsheets** and/or traditional tax technology solutions • Rely on **professional data analysis** tools to inform the decision-making process in areas such as risk detection, opportunity identification, projections and scenario planning, and overall business support	
Data	• Receive tax-ready information from their enterprise-wide financial systems or a **dedicated tax data hub** • Use dedicated tax data hubs that are mainstream and internally developed, licensed from a third-party vendor, and/or accessed through an accounting firm as part of a co-sourcing arrangement • Make **data security** a high priority due to concerns of confidential information being inadvertently released or shared publicly	
Legislative/ regulatory	• Stay updated and comply with continuously evolving income tax provisions • Subject Matter specialists available to help companies stay up to date on state-specific nuances Regarding tax compliance	

Co-Sourcing versus Outsourcing

Benefits of co-sourcing

- Maintenance of in-house knowledge
- Pricing/cost of department
- Consistency of in-house team
- Access to systems and in-house network
- Understanding the company culture and motivations
- Access to SME that would be costly to keep on staff
- Ability to expand and contract services as needed

Cons of co-sourcing

- Dependent on third party providers for certain processes
- Remote access and/or contractor access to IT systems
- Provider may not understand business pressures
- Pricing
- Skill sets are not developed internally
- Inconsistency on provider's team

Benefits of outsourcing

- Can be less expensive than maintaining in-house staff
- Access to broader skill sets
- Employee retention and staffing is no longer a concern
- Upskilling of prior team members
- Gain access to better technologies and processes

Cons of outsourcing

- Dependent on third party providers
- Transition can be complex and time consuming
- Hard to switch from one provider to another
- Remote access and/or contractor access to IT systems
- Misunderstanding of what is in and out of scope
- Pricing

Working with Outsourced Providers

Outsourced providers are selected to help companies efficiently and cost-effectively achieve organizational goals.

Once contractual agreements are executed, management oversight is required to ensure a successful outsourcing experience.

Some critical areas to manage in an outsourced arrangement are highlighted on the following pages.

Don't forget that you/your team is ultimately accountable – own the process and ensure that you get credit for the results.

1 Communication Management
- Require consistent, regular scheduled project updates
- Request clarity when communicating technical issues
- Require awareness of any known business risks…No surprises!

2 Performance Management
- Set project expectations before executing the outsourcing agreement to make sure providers understand expected deliverables
- Require a timeline for deliverables
- Monitor quality of work

3 Relationship Management
- Appoint an internal resource to manage the outsourcing project
- Maintain regular communication

4 Knowledge Transfer Management
- Host onboarding session(s) to properly equip outsourced provider with company
  resources (internal POC, access to accounting systems, etc.)
- Provide necessary information needed to perform the project
- Upon completion of project, require transfer of knowledge regarding
  business risks and opportunities

5 Cost Management
- Monitor cost to ensure the project is completed on budget

6 Contingency Management
- Verify outsourced provider has a contingency plan in case of disruptions or issues, such as those caused by natural disasters or mechanical failures

Thank you!

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