



# Beginner's Guide to everything sales tax

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Chad Meszaros

Sales Executive

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**Chad Meszaros** is a Sales Executive with Avalara that maintains the partnership with Paladin.

He has been with Avalara for the past 6 years, assisting businesses as they navigate the complex world of sales and use tax, also providing guidance to our mutual customers to understanding Avalara's product offerings, helping them automate their sales tax compliance process.

Chad has more than 9 years of customer service experience in the technology industry working with small and mid-sized companies up to Fortune 500 clients



# About Avalara:

- ✓ Founded in 2004
- ✓ More than 30,000 active customers
- ✓ 700+ pre-built integrations
- ✓ 17.6 billion AvaTax API calls made in 2019
- ✓ \$8.4 billion sales and use taxes remitted by Avalara Returns in 2019
- ✓ More than 2 million returns processed in 2019
- ✓ Over 50 countries served through VAT Reporting

# Agenda

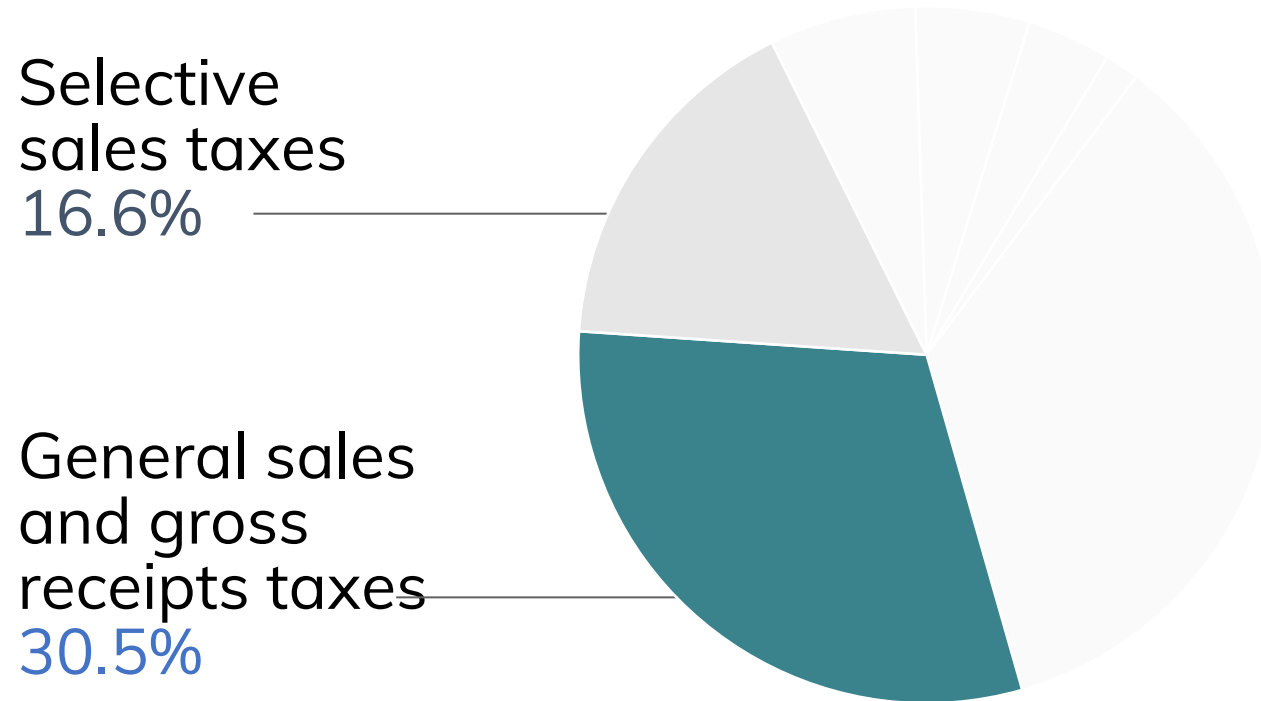
- Why Tax Compliance Matters
- How Avalara & Paladin Can Help
- Q&A

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> Why Tax  
Compliance Matters

# States rely on sales tax revenue

Total state government tax collections



- > Sales tax makes up 47% of total state revenue

# Compliance is not optional

## Needier, greedier states



Sales taxes are a large part of a state's revenues



Billions in uncollected sales tax revenue from e-commerce



States implementing new laws / initiatives to collect

- Economic nexus laws
- Marketplace fairness laws
- Use tax reporting laws

## Rapid growth triggers tax challenges



Adding new geographies or products



Implementing ERP, ecommerce, or other business applications

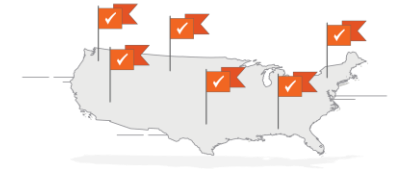


Mergers, acquisitions, and fundraising



Newly-hired finance executives sales tax audit

# When must businesses collect sales tax?



It all comes down to nexus

- The connection that establishes a business obligation to collect and remit tax is known as nexus.
- Until this connection is established, the taxing jurisdiction cannot impose its sales taxes on a business.
- Many business activities can create nexus (*see table*).

## NEXUS-CREATING ACTIVITIES

Affiliate relationships	Maintenance / service / repairs
Trade show attendance	Owned / leased real property
Commissions to resellers	Hosted data centers
Investors / board meetings	Field sales / service staff
Marketing / web advertising	Licenses / royalties / fees
Drop shipments	Inventory
Multistate locations	Economic activity



# Tax Law Changes by the Numbers

## Economic Nexus

- **21 states** adopted economic nexus as of December 31, 2018, requiring out-of-state businesses with a certain amount of economic activity in the state to collect and remit sales tax
- **43 states** are now enforcing economic nexus
- **Missouri and Florida** are the two hold-out states



# Evaluating Nexus – Physical Presence is Still There

The triggers that obligate you to collect sales tax in a state

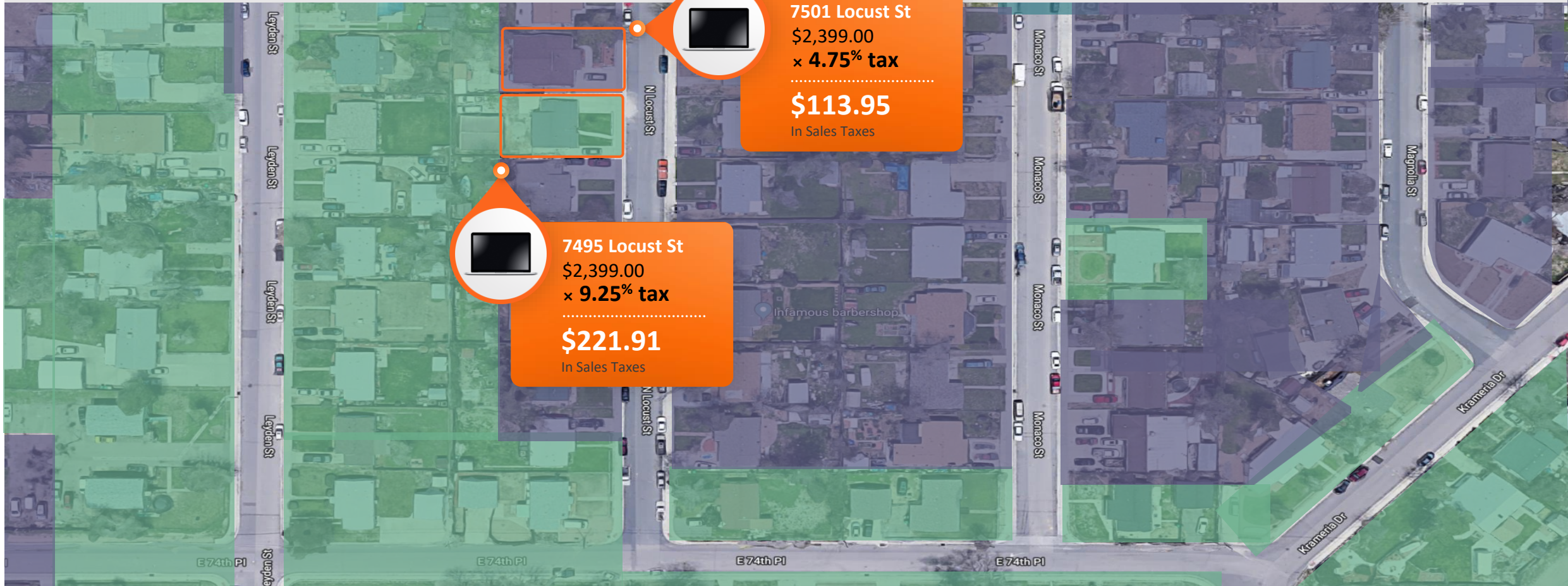
- **Nexus** is the connection between a business and a taxing authority that requires the business to submit itself to the jurisdiction of that authority.
- Types of nexus for remote sellers:
  - Property
  - Employees
  - Click-through
  - Affiliate
  - Economic
  - Marketplace



# Jurisdiction assignment challenge



Commerce City, CO – 80022



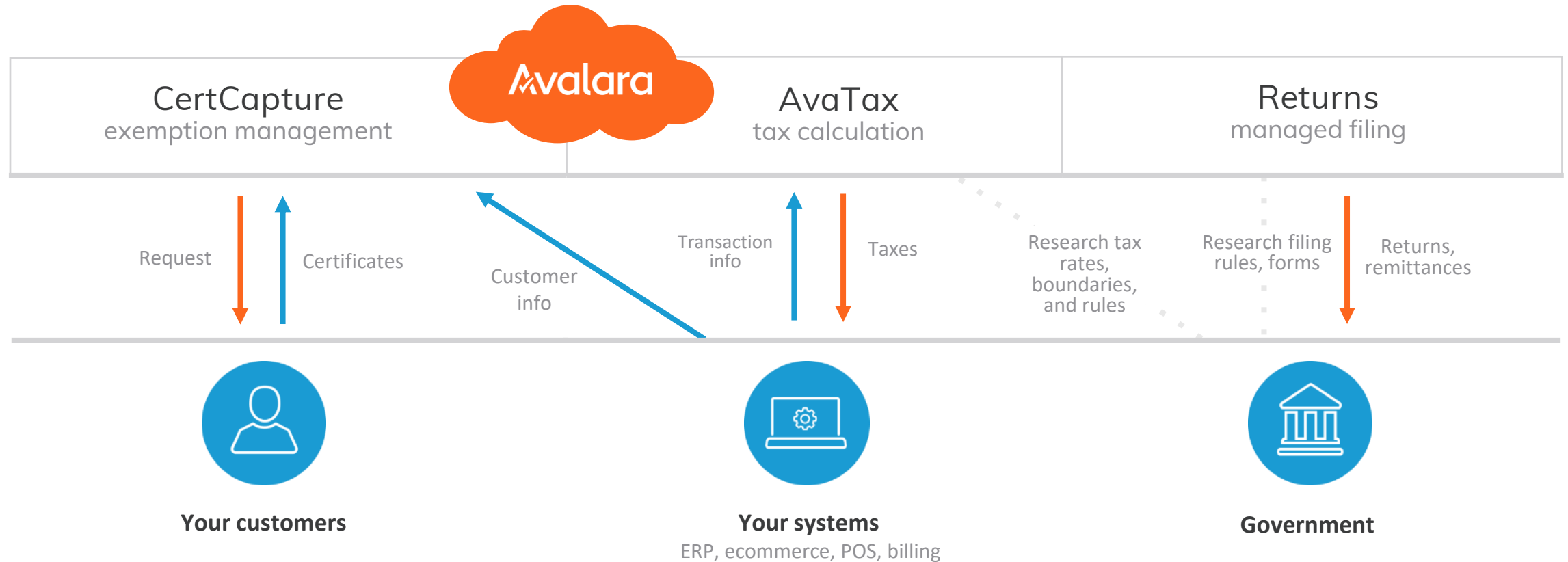
More than 12,000 overlapping sales and use tax jurisdictions in the US alone

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> How Avalara &  
Paladin Can Help

# Avalara Tax Compliance Suite

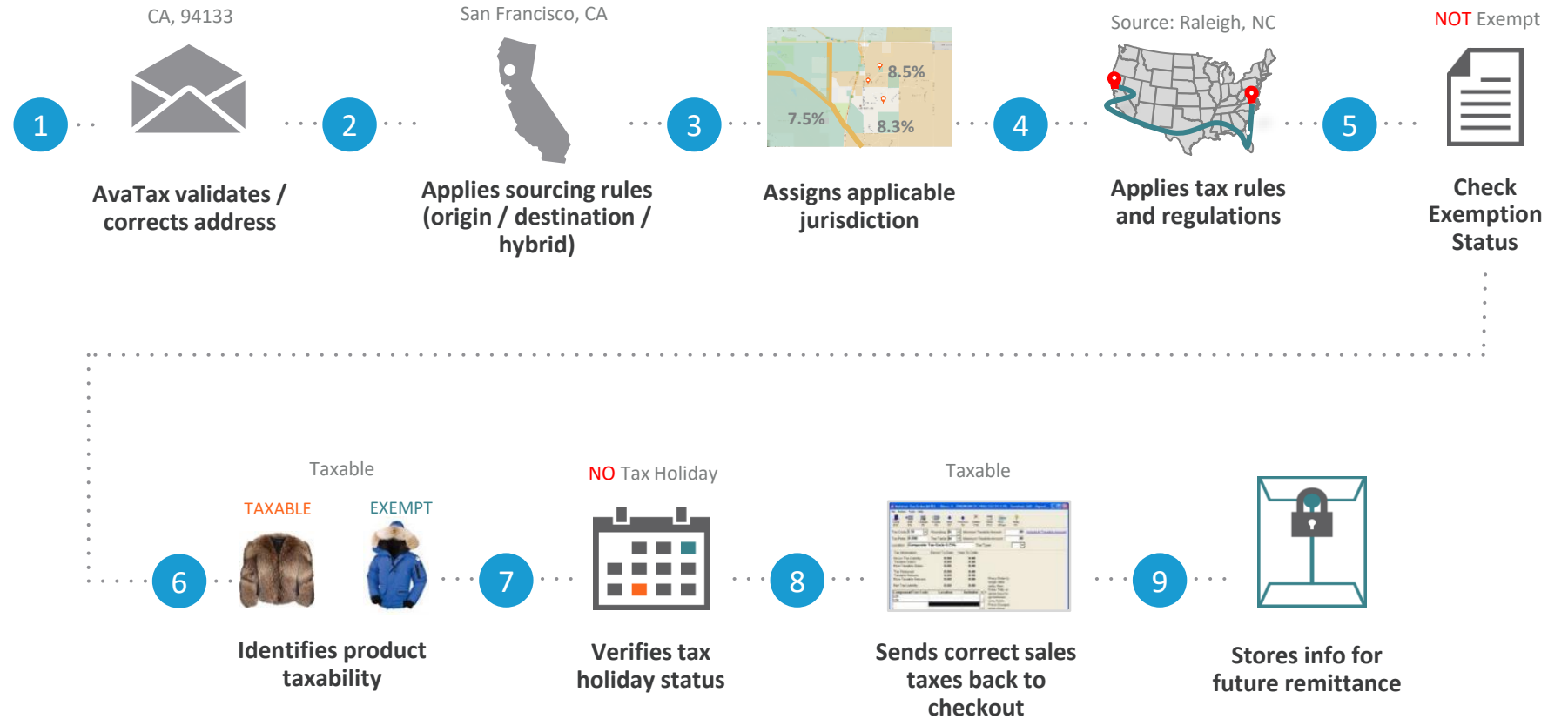
End-to-end sales tax compliance



# Sales Tax: The Sub Second Challenge



Customer Hits Purchase



# Benefits of Automating Sales Tax Management



## Accuracy

Real-time tax calculations that get it right every time



## Efficiency

Reduce costs and time spent managing tax compliance



## Risk Management

With accurate results, you'll decrease your company's risk



## Customer Satisfaction

Streamline transactions with instant sales tax calculations



## Business Growth

Free up resources to focus on high-value projects



## Tax Compliance

Added protection and reassurance if audited

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> Q&A



# Thank you!

If you have additional questions, please reach out or schedule a meeting:

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Schedule a meeting:

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