

Maximizing your use of Avalara Returns

Avalara
Tax compliance done right

IMPLEMENTATION GUIDE

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ABOUT AVALARA

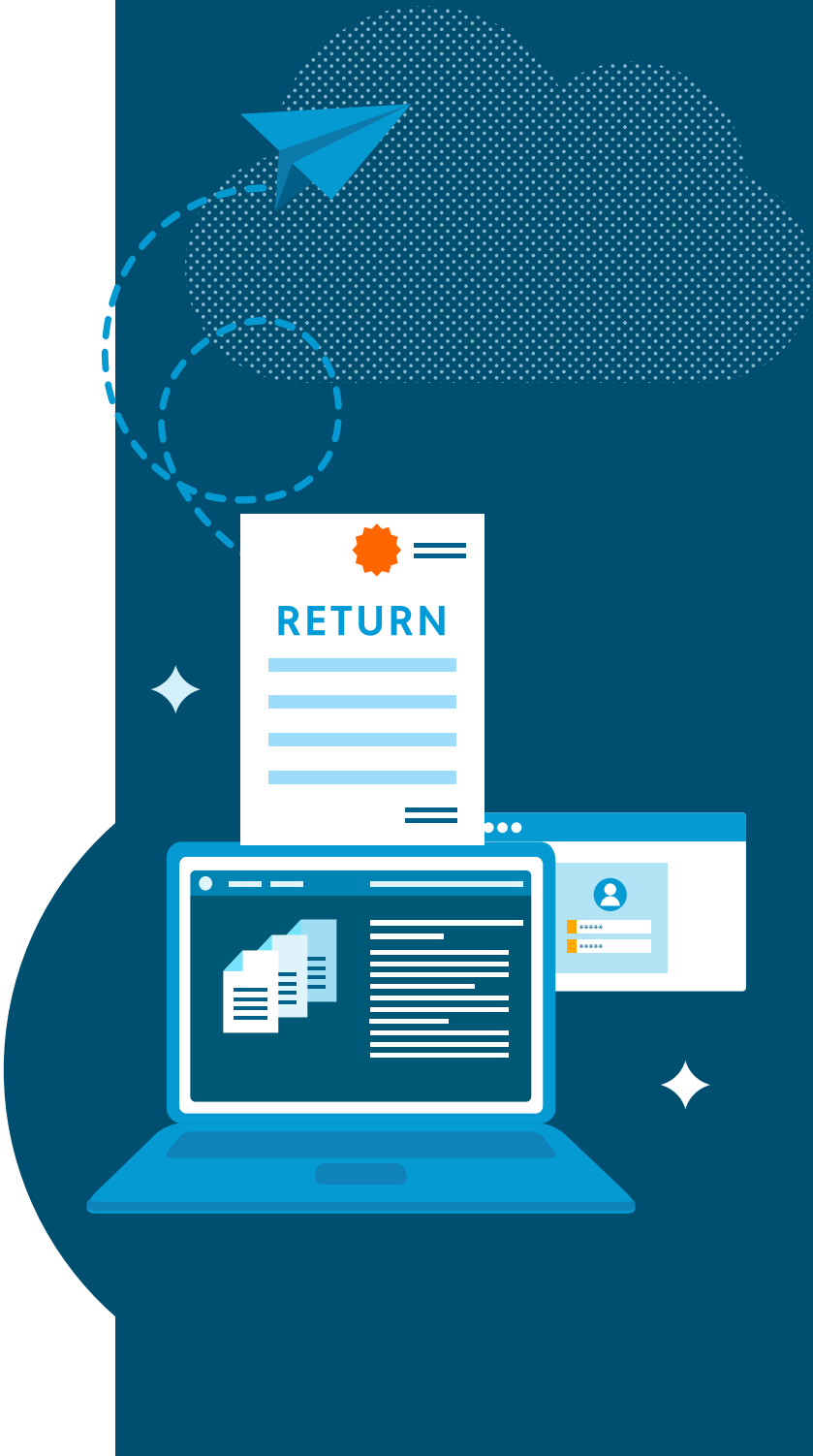
Avalara makes tax compliance faster, easier, more accurate, and more reliable for 41,000+ business and government customers in over 75 countries. Tax compliance automation software solutions from Avalara leverage 1,200+ signed partner integrations across leading ecommerce, ERP, and other billing systems to power tax calculations, document management, tax return filing, and tax content access. Visit **avalara.com** to improve your compliance journey.

Introduction

Avalara Returns is a next-generation, cloud-based tax calculation solution built to solve compliance challenges facing industry-leading enterprises and growing businesses. It helps save time, reduce costs, and improve compliance by automating returns preparation, filing, remittance, and notice management for sales and use tax, excise tax, and industry-specific tax types.

Avalara Managed Returns is ideal for small and medium-sized businesses. Avalara Managed Returns Premium provides larger businesses with dedicated support for custom compliance needs.

Getting the most out of Avalara Returns begins with implementation. Avalara offers support to get you up and running quickly and for as long as you're using Avalara Returns.



Integrate Avalara Returns with your business systems

Data and automation power business. When technology platforms are incompatible, it disrupts operations and burdens IT teams and end users. Choosing a tax returns automation solution that integrates with your existing tech stack helps avoid these problems. Avalara Returns integrates with common ERP, ecommerce, CRM, accounting, and other financial systems that you already use. Avalara has 1,200+ signed partner integrations. Prebuilt integrations and developer tools for custom API integrations are available. For large businesses, dedicated support and onboarding services help make integration as smooth as possible.

Avalara Returns seamlessly integrates with other Avalara solutions including Avalara AvaTax and Avalara Exemption Certificate Management for a complete tax compliance suite. These products share single sign-on credentials.



Protect your data with rigorous security and privacy standards

Avalara prioritizes data security with robust encryption, stringent access controls, and continuous monitoring to protect customer information against cyber threats.

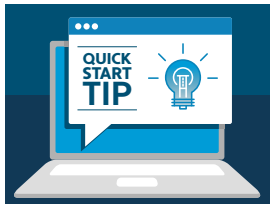
Avalara Returns is SOC 1 type 2 and SOC 2 type 2 compliant. By following these global standards and regulations Avalara ensures that tax compliance data is handled with the utmost security and privacy. With a dedicated security team and advanced technologies, Avalara delivers peace of mind, allowing businesses to focus on growth while trusting your compliance data is secure.



Grow your business with Avalara Returns

Avalara Returns scales with your company as it grows, supporting unlimited users and entities while putting you in a position to seize opportunities now and in the future.

As your company expands into new states, you can easily add jurisdictions where you're registered to Avalara Returns to start filing and remitting tax. Avalara Returns supports multi-company organizations, helping to ensure a smooth transition during a merger or acquisition.



Avalara Business Licenses can help you get registered in new states where you do business.



Get started with Avalara Returns

When implementing any new software, it's comforting to have a helping hand. Avalara gives you options so you can select the level of support that's right for your business.

Choose from three pathways to get started:

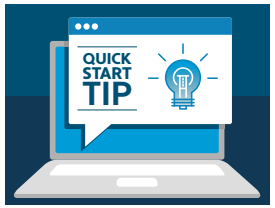
- With **Avalara Professional Services**, our Avalara Returns product specialists will expertly guide you each step of the way and answer your questions.
- You can have a **certified partner**, trained by Avalara, guide you through implementation.
- When you opt for GoLive, our basic implementation service, we'll provide assisted support.



Set up Avalara Returns

Setting up Avalara Returns is a four-step process:

1. **Review your company profile**. Before you set up your returns, make sure all your information is up to date. Check your company name and employer identification number (EIN). Next, make sure we have the right details about your company locations and where you sell, such as offices, stores, and online marketplaces. Add each place where your business is registered to collect and pay tax, including local jurisdictions. Lastly, we need to know what you sell and if you have exempt customers. Managed Returns Premium customers receive dedicated support to help ensure correct location setup.
2. **Give us authority to make payments on your behalf**. For Avalara to pay the jurisdictions where you file your returns, we need a funding power of attorney (FPOA). This authorizes Avalara to pay the tax you owe by withdrawing from your bank account.
3. **Choose which returns you want us to file**. We suggest returns based on where you told us you're registered to collect and file. Choose the returns Avalara should file for you from the suggested returns list. We'll ask you about your filing frequency in a state, your filing due date, and whether you need to file a prepayment.
4. **Tell Avalara you're ready to begin filing**. Submit your account for compliance review. If instructed, send an email to your GoLive implementation consultant.



When setting up Avalara Returns, make sure Avalara has the correct state registration ID number and e-file credentials for every state where you're registered to collect and pay tax.

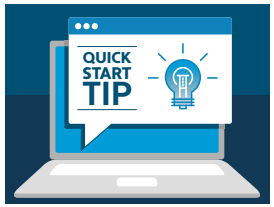


Automatically file your returns and remit tax

When you're ready to file, select **Approve returns** to view state and local returns that are due. The deadline for you to approve returns is the 10th of every month.

Avalara makes monthly withdrawals from your bank account to cover each period's tax payments then holds that money in a trust account. We file your returns prior to the due date and remit tax directly to state and local jurisdictions on your behalf.

Managed Returns Premium supports an expanded list of nonstandard returns.



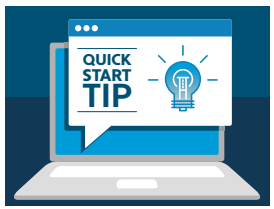
If you forget to sign in and approve your returns, Avalara will still file and remit tax for you to ensure you remain compliant.



Determine whether you may be out of compliance

Avalara Returns shows you what you need to do to stay compliant. When you sign in to the Avalara Returns portal, your homepage will show an interactive economic nexus map.

Avalara Returns tracks your company's sales in the U.S. and alerts you to where you may be close to meeting a state economic nexus threshold, and therefore where your company should consider registering to collect and remit sales and use tax.



An Avalara Sales Tax Risk Assessment can help you start out compliant by identifying where you've triggered physical and economic nexus.

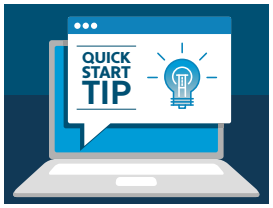
How Avalara can help

Michiko works at a business that sells apparel and gear for outdoor activities. Her company is quickly acquiring customers in new states. Michiko's company outsources tax return preparation and filing to a local CPA. The CPA has limited expertise for all U.S. jurisdictions, and Michiko is unable to keep up with where her company has established nexus and new obligations. Michiko chooses Avalara Returns to save time and reduce costs, giving her more time to focus on company growth.

Create business reports

Avalara Returns helps your team be organized and audit-ready with robust reporting features.

Minimize risk by running detailed liability reports to verify your tax returns before approving them. Find out how much tax was calculated in each place where you set up returns, then compare those amounts to how much tax you owe. Get details on how we calculated the amount due on each return, including any credits or prepayments that were applied. Review and download summaries and PDFs of returns you've approved.



When you add or edit transactions in AvaTax, the **Approve returns** view in Avalara Returns automatically reflects the latest totals in a few hours. This information helps you reconcile returns with your general ledger.

If you want to use a report with specific criteria repeatedly, save it to **Favorites**.

How Avalara can help

Shivam is the tax manager at a company that sells musical instruments and recording equipment online. His team spends days each month manually preparing and filing returns. A recent sales and use tax audit turned up mistakes in the company's accounting practices. Shivam recognizes that automation will improve accuracy. He chooses Avalara Returns to reduce risk and provide comprehensive reporting to support audit requirements. Shivam's team is freed up to focus on profit-generating activities.

Manage sales through online marketplaces

Marketplaces where you sell your products, such as Amazon or Etsy, may be required to collect and pay tax on your company's behalf. Some jurisdictions require you to report (but not pay) tax on all sales even if a marketplace has paid the tax for you.

Avalara Returns imports your sales transactions made through marketplaces in states that have marketplace facilitator laws, adds those transactions onto your returns, then deducts the total amount of tax due.

The solution applies rules to determine the tax reflected on returns, helping ensure you don't pay tax that was already paid by a marketplace.

For marketplaces, such as Amazon, that directly sync with Avalara Returns, the solution applies taxability rules automatically. If you sell through a marketplace that doesn't have a direct connection with Avalara Returns, the solution supports CSV file uploads for importing your transaction data.

How Avalara can help

Dakota is the ecommerce product manager of a company that manufactures luxury handbags and accessories. Their business sells products on several marketplaces as well as their company website. Dakota needs a tax compliance solution that can track whether or not a marketplace has collected tax for a transaction. Dakota uses Avalara Returns with AvaTax to help ensure they remit the right amount of sales and use tax in each state.

Submit a tax notice to Avalara

Tax jurisdictions send notices for a variety of reasons. Some might indicate a problem with your return. Others are informational only, letting you know about updates to tax rates or filing schedules.

If you receive a tax notice letter, let Avalara know by adding the notice to your Avalara Returns account. We'll either resolve the issue, ask you for more information, or prompt you to take action, such as updating the filing frequency for your scheduled returns.

Managed Returns Premium customers receive accelerated notice resolution.

To resolve discrepancies or other complex issues, we may need you to fill out an additional power of attorney, which gives us the authority to talk to the jurisdiction on your behalf.

If you receive an email or phone call from a state seeking information about past returns we filed, contact Avalara Support instead of uploading the details as a tax notice.



Manage global VAT reporting from a centralized platform

If your company does business internationally, **Avalara VAT Reporting** helps you stay compliant with U.K. and EU rules in 49 countries. The solution reports VAT to tax authorities, checks transactions for errors, then prepares your VAT returns for filing. Integrate your data manually or use an integration to add your data directly from your sales application.

VAT Reporting is included in the Avalara Cross-Border product suite, tailored solutions designed to overcome global compliance challenges.



File returns and remit tax for specific industries

Avalara offers solutions designed to meet the needs of your industry. Choose a comprehensive product suite for end-to-end compliance or start with Avalara Returns and scale up later.

We have solutions designed specifically for the following industries:

- Communications
- Lodging
- Hospitality
- Beverage alcohol
- Energy
- Tobacco and vape



Avalara

Accessing ongoing support services

Avalara offers multiple ways to get additional help when you need it and to make tax compliance even easier.

- Engage **Avalara Professional Services** to help with nexus analysis, configuration, and other tasks to free your team up to focus on business priorities.
- Get assistance within Avalara Returns through in-app messaging.
- Watch **Avalara University trainings**, your self-help resource with tips on implementing and using Avalara Returns.

DISCLAIMER

Tax rates, rules, and regulations change frequently. Although we hope you'll find this information helpful, this implementation guide is for informational purposes only and does not provide legal or tax advice.

Ask an Avalara Returns product specialist for more information about how you can get started.

Learn more

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