

AUTOMATE COMPLIANCE DOCUMENT MANAGEMENT WITH Avalara Exemption Certificate Management

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ABOUT AVALARA

Avalara helps businesses of all sizes get tax compliance right. In partnership with leading ERP, accounting, ecommerce, and other financial management system providers, Avalara delivers cloud-based compliance solutions for various transaction taxes, including sales and use, VAT, GST, excise, communications, lodging, and other indirect tax types. Headquartered in Seattle, Avalara has offices across the U.S. and around the world in Brazil, Europe, and India.

More information at avalara.com

Fueling growth and overcoming the efficiency deficit

In today's rapidly evolving business landscape, efficiently managing exemption certificates is more critical than ever. It's not just about sales and use tax compliance; it's about streamlining operations, fostering trust with stakeholders, and staying agile amid the changing tax environment.

A recent global [study](#) conducted by Hanover Research found that more than half (53%) of finance, accounting, and tax professionals surveyed still handle exemption certificates manually or mostly manually. Just 3% of respondents have fully automated their process. This could explain why companies were least likely to describe themselves as efficient at managing exemption certificates. This is especially true for teams in North America; only 37% believe they are very or extremely efficient.

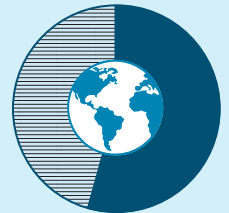
Traditional exemption certificate management and cumbersome manual systems can stand in the way of global growth. While many ERP systems offer basic functionality for marking customers as tax exempt, they often fall short when it comes to compliance management. Businesses can increase efficiencies, improve accuracy, and better position themselves to expand into new markets with a centralized solution that automates the entire exemption certificate management process. Automating the creation, collection, verification, usage, and storage of exemption certificates helps businesses to effortlessly manage compliance across multiple regions and adapt to ever-changing tax laws.

When selecting an exemption certificate management solution such as [Avalara Exemption Certificate Management](#) (ECM), consider how it will help solve these business challenges.

HANOVER RESERACH
CONDUCTED A GLOBAL STUDY

53%

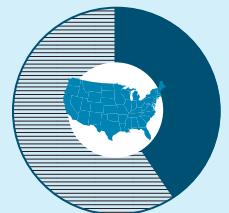
OF SURVEYED
finance, accounting,
and tax professionals



STILL MANUALLY
HANDLE EXEMPTION
CERTIFICATES

63%

OF COMPANIES IN
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believe they are



INEFFICIENT IN
MANAGING EXEMPTION
CERTIFICATIONS

Adapting to diverse sales tax rules across states

Sales tax compliance is especially complex for businesses that sell into multiple states. States, counties, cities, and other local municipalities have their own regulations, which vary and are frequently updated.

Keeping up with these changes can be difficult and time-consuming but is necessary to avoid noncompliance penalties.

ECM includes a built-in tax exemption reference library. This tool serves as a guide to hundreds of thousands of tax regulations across all states. Clear answers let you know whether an item is tax exempt or not. With access to a frequently updated database, you can easily remain informed of sales and use tax changes while freeing up resources to focus on other business priorities. With ECM helping you stay on top of current taxability rules, you're more likely to stay compliant.

STAY COMPLIANT WITH EASE: ECM INFORMS YOU ON THE LATEST TAXABILITY RULES

- ✓ Get clear answers
- ✓ Access an updated database
- ✓ Save time and resources



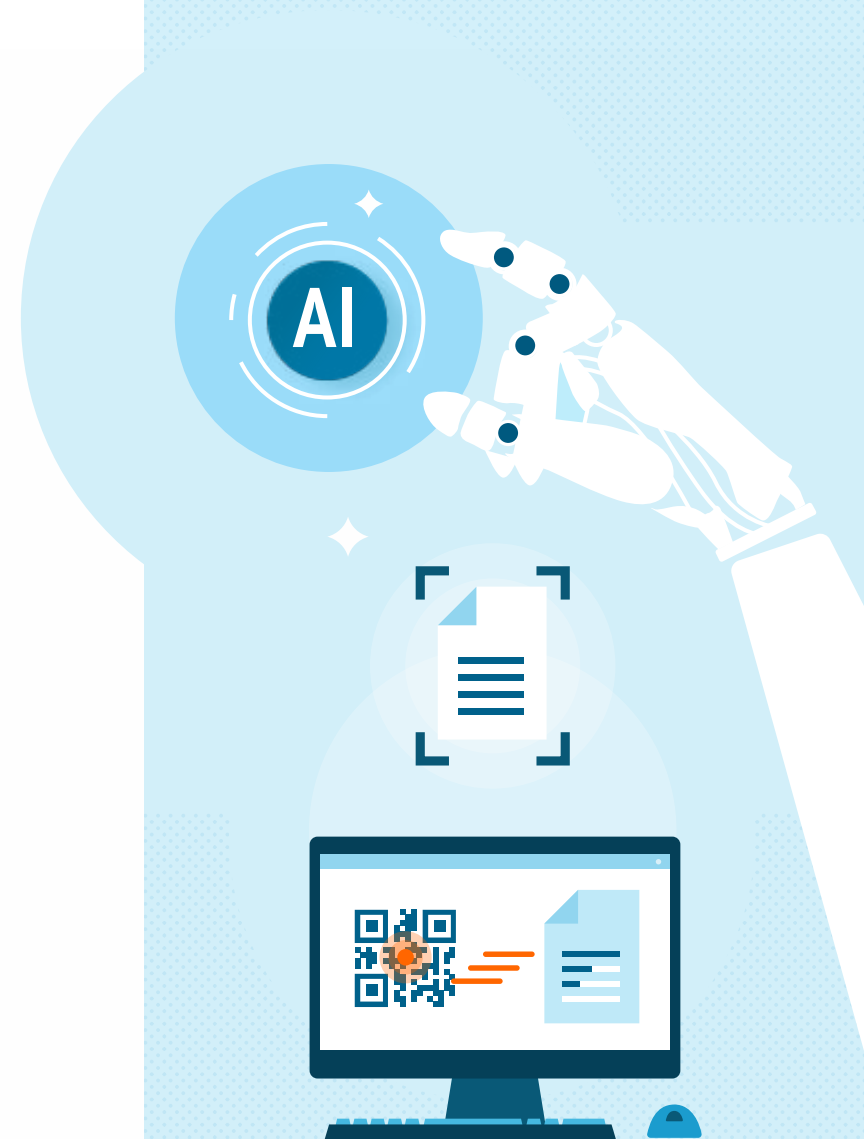
Managing a high volume of tax-exempt transactions

As your business grows, you need to handle more sales transactions that are subject to sales and use tax or tax exempt.

Trying to manage large volumes of tax-exempt sales transactions manually becomes increasingly difficult. This can lead to inaccuracies that increase risk and shipping delays that erode customer trust.

[Avalara Exemption Certificate Management Premium](#) and [Avalara Exemption Certificate Management Pro](#) make it easier to manage high volumes of tax-exempt transactions and certificates. Advanced artificial intelligence uses optical character reader (OCR) technology and machine-based learning to scan, read, and digitize documents including photos and other images, then populate fields on certificates. The solutions rapidly validate forms and reduce the margin of error by recognizing incorrect forms.

When used with [Avalara AvaTax](#) to calculate and collect tax, ECM helps you monitor where you may have created nexus and have new sales and use tax obligations.



Enabling consistent operations across multiple departments and locations

It can be tough to ensure consistent operations across teams in different departments and even harder when employees are located in different cities. Siloed and inconsistent processes can stand in the way when managing sales and use tax exemption certificates. If they lead to missing certificates or inaccurate or incomplete data, your company could be on the line for audit penalties.

Collaboration is easier with ECM. The solution helps ensure uniformity across the board.

A centralized platform provides a singular method of handling exemption certificates, along with tools for businesses with multiple locations. ECM Premium allows businesses to create workflows by assigning certificate review to specific users. Businesses that have gone through mergers or acquisitions are able to smoothly consolidate tax exemption compliance data.



Reducing sales and use tax compliance audit risks

Discrepancies in exemption certificate management can lead to unfavorable sales and use tax audit findings. Recent studies by [Potentiate](#) and [Aberdeen Strategy & Research](#) both found that missing exemption certificates are among the top five reasons businesses incur audit penalties.

[Preparing for sales and use tax audits](#) and ensuring every aspect of tax compliance is in order can save your business from fines and reputational damage. With ECM Premium and ECM Pro, businesses have a robust defense against audit-related challenges.

Features such as automated certificate collection and AI-assisted certificate validation help ensure companies have their bases covered when audit season rolls around.



Success story

Bartlett Bearing Company

Bartlett Bearing Company distributes bearings and other power-transmission components to motor-repair shops throughout the United States.

Exemption certificate management became a huge challenge for the growing company.

“The vast majority of our customers are tax exempt. Storing certificates and keeping them updated and organized was a mountain of work,” says Sarah Musser, President at Bartlett Bearing.

Sarah found that automating tax compliance with Avalara provided both peace of mind and a higher level of accuracy.

“Having these processes automated is vital as we grow. And the Avalara calendar gives us notice well in advance when a customer’s certificate is set to expire, so we can get ahead of it with the customer,” says Sarah.

[Read the full story](#)

Avalara provides a highly scalable solution to securely collect, store, and manage tax documents in the cloud and automate exemptions at checkout.



Keeping pace with evolving business requirements

Businesses change and evolve. As they do, their exemption certificate management systems must be flexible enough to adapt to their requirements and also anticipate how they'll operate in the future. Many companies grapple with tools that are too rigid to meet their unique needs. This rigidity can lead to inefficiencies and inconsistent processes resulting in problems like order delays and rebilling.

ECM is designed with adaptability in mind.

Businesses can customize the platform by adjusting the default exemption forms and adding data fields to fit their specific requirements. This level of configurability helps ensure that as your business refines operations, your exemption certificate management process remains in lockstep. ECM also offers custom user roles tailored for teams with hierarchical structures. This helps your teams, regardless of their size or complexity, to have an efficient approval workflow in place. Businesses can confidently shape ECM to align with their unique needs, ensuring they are able to meet challenges now and down the road.

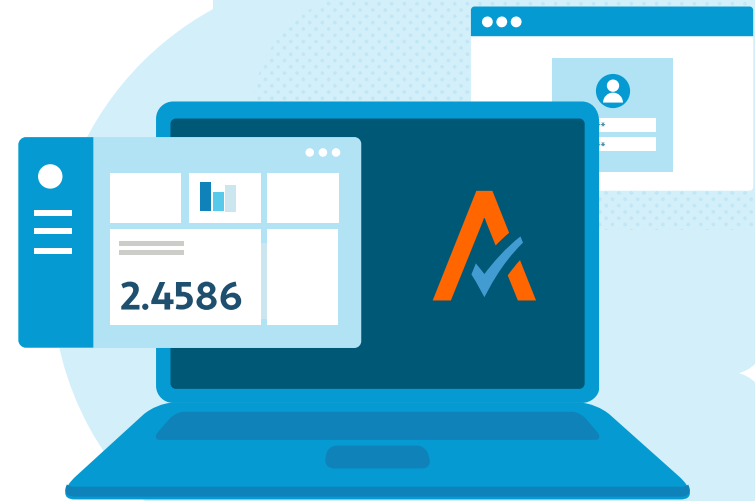


Streamlining vendor exemption management

Vendors play a crucial role in a business's operations. Ensuring they have current exemption certificates is vital.

Companies sometimes struggle with inconsistencies in how they deal with vendors spread out across multiple jurisdictions. A lapse in uniformity can lead to supply chain interruptions and potential compliance issues for your business.

Avalara Vendor Exemption Management (VEM) simplifies the vendor management process by providing a centralized platform for collecting, storing, sending, and tracking certificates. VEM takes a proactive approach to compliance, providing businesses with peace of mind. By integrating specific gateway questions, the solution acts as a preventive measure against the inadvertent creation of vendor certificates for incorrect purposes. This attention to detail not only enhances accuracy but also plays a pivotal role in your business's ability to maintain a clear handle on your use tax responsibilities.



Staying compliant with limited time and in-house expertise

Managing exemption certificates is a detailed process that requires time and specific knowledge.

Some companies lack in-house tax compliance experts or prefer to free up resources to focus on other parts of day-to-day operations. Outsourcing exemption certificate management can save time and better ensure accuracy and compliance.

Avalara ECM Managed Services Premium is all about expertise. With dedicated support specialists, your business can be confident that every aspect of exemption certificate management from setup to document validation is managed with precision and best-in-industry service.



Success story **Oxbo International**

Oxbo International is a world leader in manufacturing and selling harvesting machinery.

Trying to manage sales tax through the company's ERP system was tedious and confining. Without an automated system to manage sales and use tax exemption certificates, Oxbo struggled with expired and missing certificates. Audits were a problem.

Oxbo turned to Avalara to handle sales and use tax compliance including exemptions and saw numerous benefits.

“When you have companies coming together through mergers and acquisitions, it’s nice to know we have one spot where we keep everything. And that’s within Avalara,” says Barb Mika, Sales Accounting Supervisor at Oxbo.

[Read the full story](#)

ECM supports mergers and acquisitions by enabling businesses to consolidate tax exemption data between disparate systems.





Achieve more with Avalara Exemption Certificate Management

With Avalara, your business can get ahead while staying compliant. From complying with state-specific sales tax rules, to providing platinum-level customer satisfaction, and growing your company, ECM can help your business meet significant challenges and position itself for success.

Let Avalara be your guiding partner in this journey. [Visit our product page](#) to learn more and choose the best ECM solution for your business.

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

Which ECM product is right for you?

Avalara gives you options based on your business needs.

Learn more about our [ECM products and services](#).