

The property tax revolution

How technology, processes, and
people are changing the game

Introduction

Property tax management is on the cusp of a massive transformation. A recent market research study revealed that 56% of enterprise companies surveyed receive between 500 to 10,000 property tax bills per year – bills that must be received, tracked, responded to, and paid.

Large, globally dispersed teams are having a hard time keeping up with the work. A lack of automation around property tax can result in missed due dates and costly penalties. In fact, 41% of enterprise companies surveyed pay real property tax penalties more than 25% of the time. **And 51% of enterprise companies surveyed are paying personal property tax penalties more than 25% of the time** – with a quarterly reporting cadence causing peaks in workload and an inordinate amount of paperwork.

To compound the difficulty, changing government policy and economic conditions require property tax processes to continually evolve. Many tax departments are still using manual, complex, and time-consuming processes, but savvy tax and financial experts are turning to automation to improve efficiency, reduce human error, and increase compliance.

Along with the overhaul of manual compliance processes, we're seeing a transformation in terms of the technology solutions embraced by tax teams. Automation and artificial intelligence (AI) software platforms are streamlining data entry and tracking, reducing the risk of errors and delays. Additionally, cloud-based automation and compliance solutions are providing centralized locations for property tax data, allowing for real-time updates and collaboration across multiple departments and locations. And data analytics and visualization tools are helping financial professionals better understand trends in property values and tax rates, enabling more informed decisions.

Finally, in terms of people, emerging technologies are helping to alleviate the burden of manual processes and allowing financial professionals to focus on more strategic and value-added activities. These new technologies are bridging the gap between technical and nontechnical stakeholders, enabling better collaboration and communication.

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Over the next few years, we'll continue to see these emerging trends impacting the way property tax is practiced and managed – transforming property tax in these three key areas: processes, technology, and people.

Processes

PROPERTY TAX TECHNOLOGY IS CHANGING TAX DEPARTMENT PROCESSES FOR THE BETTER

As tax regulations continue to change and become more complex, the role of the property tax team in managing risk is becoming increasingly important. Thanks to new developments in tax and compliance technology, teams are better equipped to handle compliance – and audit challenges – particularly with improved reporting accuracy and automation.

KEY WAYS TAX TEAMS ARE EMBRACING AUTOMATION TECHNOLOGY



AUTOMATING DATA ENTRY

By extracting data from various sources, such as property valuation data, jurisdictional data, and payment data, automation is helping organizations reduce the time and resources required for manual data entry while reducing errors and increasing accuracy.



TRACKING AND PAYMENTS

Technology streamlines the tracking and payment process by providing a centralized platform for managing property tax payments. This functionality can include automated payment scheduling, alerts for upcoming payment deadlines, and real-time payment status updates.



DATA ANALYTICS

Organizations can identify patterns and trends to inform decisions by analyzing large volumes of data. Seamless integration between systems can increase data insights. For example, predictive analytics can help teams anticipate changes in tax rates and exemptions, enabling them to adjust their tax strategies accordingly.

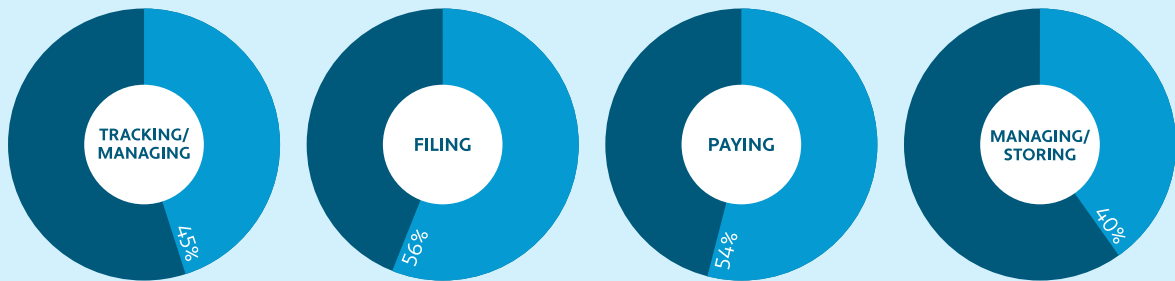


STAYING COMPLIANT

Compliance is challenging, especially with changing tax laws and regulations is becoming an increasingly complex problem. By automating compliance tasks – such as generating compliance reports and tracking deadlines – tax teams can reduce the risk of noncompliance and associated penalties. Technology also can automatically collect and update tax rates across multiple jurisdictions to save time and increase efficiencies.

Overall we're seeing property tax technology improve processes by reducing manual effort and errors, and streamlining workflows – enabling organizations to make data-driven decisions. By implementing the right technology solutions, tax teams can stay ahead of changing tax laws and regulations and manage their property tax obligations more effectively and efficiently.

RESPONDENTS THAT USE AUTOMATED PROPERTY TAX SOFTWARE SOLUTIONS



Source: Avalara and Potentiate

Technology

HOW TAX SOFTWARE SOLUTIONS ARE SIMPLIFYING PROPERTY TAX COMPLIANCE

Today's tax departments handle more information than ever before. All 50 states tax real property and 43 states tax personal property. It's no wonder that 47% of enterprise companies [surveyed](#) find it challenging to keep up with property tax jurisdictional rules and changes. The ability to stay on top of changing tax laws – while optimizing tax strategies – is paramount.

Organizations of all sizes are feeling the impact of these challenges, and they're trying to get ahead of them by implementing solutions that increase efficiency. Other businesses struggle with aged technologies that need more up-to-date, efficient software deployment and maintenance strategies. Avalara offers an alternative with Avalara Property Tax – providing cloud-based solutions to help enterprises streamline property tax compliance.

CASE STUDY: COMCAST AND AVALARA

Prior to working with Avalara, [Comcast](#) had a decentralized property tax compliance process that was time-consuming and prone to errors. Avalara helped streamline this process by centralizing tax compliance and automating tax calculations and reporting.

Tax compliance solutions from Avalara also improved efficiency, reducing the time and resources required. With Avalara Property Tax, the team at Comcast was able to manage returns with half the resources that were previously required.

“With Avalara's help we can do more tasks in less time, which provides a better work-life balance,” explained Allyssa DeCenzo, a property tax manager at Comcast.

As a global media and technology company with 57 million customer relationships across the United States and Europe, Comcast's property assets sprawl across jurisdictional boundaries, making property tax compliance a complex puzzle.

“We've got cables and all sorts of other electronic infrastructure that doesn't really recognize jurisdictional boundaries,” said Allyssa. “We were doing all allocations manually, and then printing and mailing the returns for each jurisdiction.”

To make matters even more complex, property tax returns were due every two weeks for the first six months of each year. The manual effort to process and file thousands of them was a severe drain on the team.

Adding to the concern, the entire process was largely undocumented – it lived in the brain of a single compliance manager – creating another layer of risk.

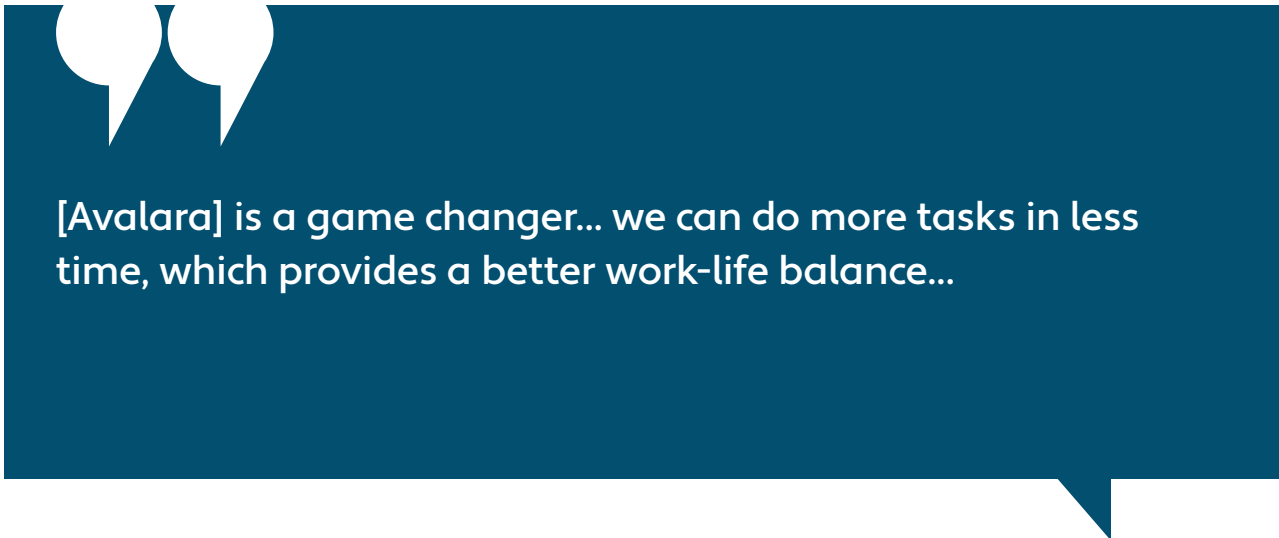
“We needed a consistent, centralized process that was accessible for everyone on the team,” said Allyssa.

The time reclaimed from the manual process also allowed the team to be more proactive with assessments and valuations; they filed fewer appeals after the fact.

“[Avalara] is a game changer,” said Allyssa.

Comcast gets audited hundreds of times every year, and Avalara Property Tax also streamlined that process.

Overall, Avalara’s solution helped Comcast improve tax compliance processes, reduce errors, and improve efficiency. Automating repetitive tasks with solutions like Avalara allows property tax teams to focus on more analysis and forecasting activities – functions that have a significant impact on organizations.



[Avalara] is a game changer... we can do more tasks in less time, which provides a better work-life balance...

Allyssa DeCenzo
Property tax manager at Comcast

People

While the property tax team's primary function was once reporting and compliance, today it has evolved to include tax risk management. By incorporating tax risk management into their roles, property tax teams are helping to ensure their organizations stay compliant, while avoiding costly penalties and fines. They're also identifying areas where organizations may be able to reduce their tax liability.

When managing property tax processes manually, repetitive work like data entry, verification, and report generation becomes tedious and error-prone. Highly qualified tax professionals who spend their time doing menial data entry work have less time for activities delivering higher value.

That's why teams are searching for alternatives, including outsourcing data entry, using software to recognize text, and making templates from tax documents for data extraction. Additionally, teams have also begun to reconfigure how and when they work.

SHIFTING EMPLOYEES TO FOCUS ON STRATEGIC WORK

One of the most effective ways property tax teams are evolving is by streamlining their work, such as automating routine tasks, eliminating unnecessary steps in workflows, and implementing standardized procedures. For example, cloud-based solutions can enable teams to work collaboratively on projects, regardless of their physical location, leading to a more distributed workforce. Automated solutions can also reduce the amount of manual work required for tasks such as data entry and compliance reporting, freeing up staff to focus on more strategic tasks. Solutions that provide real-time data analysis can enable data-driven decisions, leading to a shift in the distribution of work toward data analysis and interpretation.

"...repetitive work like data entry, verification, and report generation becomes tedious and error-prone... [automated solutions] reduce the amount of manual work required for tasks such as data entry and compliance reporting..."

EXPANDING THE RESOURCE POOL

By leveraging a flexible workforce – including contract workers – tax teams are completing critical tax processes through an expanded resource pool. With a remote workforce, potential employees span the globe, increasing the need for centralized, automated financial systems. Chief financial officers and tax executives are continually searching for operational efficiencies and increased agility, using these new resources to engage and maintain a scalable, flexible workforce can be cost-effective.

ESTIMATED WEEKLY HOURS SPENT ON PROPERTY TAX ACTIVITIES

Source: Avalara
and Potentiate

REAL PROPERTY TAX

PERSONAL PROPERTY TAX

PROCESS NOTICES (DATA ENTRY)



ANALYZE WHICH PROPERTIES TO APPEAL (VALUATION, ERRORS, ETC.)



PREPARING APPEAL PACKAGES FOR PROPERTIES



PRESENTATION OF APPEALS TO AUTHORITIES



PROCESS TAX BILLS



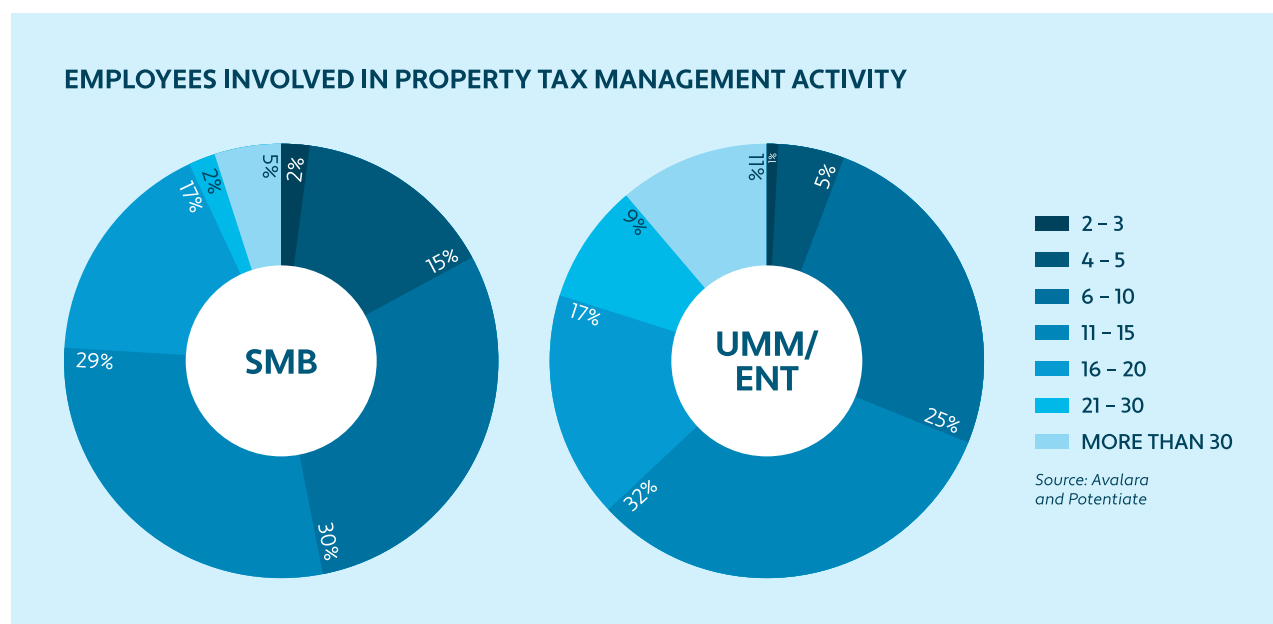
BUDGETING/FORECASTING/ACCRUALS



Conclusion

Property tax teams play an essential role in the finance department. An estimated **57% of enterprise companies surveyed have 6–15 staff members** involved in property tax management activities, and many are working with outdated software or manual spreadsheets. This can add up to hundreds of hours per week spent managing tax compliance, appealing tax assessments, and preparing for audits. In addition, property tax processes are constantly changing due to shifting government policies and fluctuating economic conditions.

A wave of new solutions is transforming the landscape of property tax. Cloud-based automation and AI platforms can help streamline data entry and reduce the risk of errors and delays. This change allows for updates and collaboration across multiple departments and locations. Data analytics and visualization tools are helping financial professionals better understand trends in property values and tax rates, enabling more informed decisions.



DELIVER MORE VALUE WITH AVALARA PROPERTY TAX

Avalara Property Tax offers a whole new way to look at property tax management. With a secure hub for real and business personal property tax information and tax-related activities, Avalara Property Tax provides users immediate access to forms across assessing jurisdictions, facilitating the management of deadlines, asset categorization, depreciation schedules, return form generation, assessment notices, appeals, and tax bills in one system.

Key reports provide users with instant visibility of the complete property tax management cycle, including due dates, values, and more. This approach quickly identifies missing notices or bills with system-maintained jurisdictional deadlines. The APT (Almost Plain Text) documents module rapidly extracts essential property tax data – from scanned notices and tax bills – while standardizing the data and appending it to the correct accounts.

These time-saving solutions provide employees a chance to determine and challenge property value assessment and unlock your team's potential, no matter their location or skill level.

Avalara
Property Tax
powered by **crowdREASON**

Visit our website to learn more, or
to schedule a customized demo:

AVALARA.COM