Avalara

Making Tax Digital on Amazon EU and US

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About Avalara

Disrupting the status quo of global tax management since 2004

Provide a fast, easy and accurate way to manage transactional tax calculation, registrations and filing

Our cloud-based tax automation has helped businesses of all sizes to:

- Achieve Compliance
- Reduce Risk
- Streamline Processes

COVERING **193** COUNTRIES

MORE THAN **600** PRE-BUILT INTEGRATIONS

SUPPORTING **20,000+** COMPANIES GLOBALLY

15 OFFICES ACROSS **3** CONTINENTS

A handful of Avalara customers

International Tax Trends

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Move to Digital

Self assessed
Summary
Periodic

Taxpayer submit returns

Submit returns & Electronic data

4 day Invoice data

Govt. Collects Invoices & Creates draft return

Digital invoice seals

Govt. software digital invoice seals

Govt. calculates VAT & invoices

Govt. assesses
Transactional
Real-time

Why

- EU VAT GAP = EUR 150 Billion
- UK Tax GAP £34B (£13B VAT)

- Reduce fraud
- Reduce errors
- Improve communications from Tax Authorities
- Increase Tax Revenues

International Tax Trends

Market-places

- UK + Germany will hold Marketplaces jointly liable for unpaid VAT
- US - increased pressure on Marketplaces to divulge seller information

Brexit

- How will it affect VAT?
  - Distance Selling?
  - Intra Community?
- Customs/import duties?
- New trade deals with EU, US, China, Japan, etc?

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VAT Services on Amazon

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amazon Pan-European FBA

amazon services Europe

How it works

Sign

Add VAT Services c
account from S

I

Input
and pr
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Your Amaz
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business of
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prc

Start filing

You approve all filings with a single click. We work with global tax solution provider Avalara to ensure complete accuracy.

US Sales Tax Compliance Automation

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What is Sales tax?

As an indirect tax (a tax levied on goods and services), sales tax requires the seller to collect funds from the consumer at the point of purchase.

Although Alaska and Montana do allow localities to charge local sales taxes!

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Scenarios that could trigger Nexus and Sales Tax obligations

1. Having a physical presence of offices, warehouses, employees, goods, etc
2. Storing inventory in a third party warehouse can create nexus
3. Licensing software for use in certain states
4. Installations / sales people travelling in certain states on business
5. Attending tradeshows or advertising in the US can be considered nexus in certain states.

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A few examples from New York:

Taxable

- Bicycle gloves
- Shower Caps
- Shoulder pads for ladies clothing
- Walking boots
- Sweat bands

?

Non-Taxable

- Gardening, ski, tennis, gloves
- Swimming Caps
- Shoulder pads in sports gear
- Hiking boots
- Headbands not designed to absorb sweat

To be compliant, you need to know the *correct classification of an item in each state* to ensure you collect and remit the right amount of tax.
Remember…there are over 12,000+ taxing jurisdictions!

Just how complex is Sales tax?

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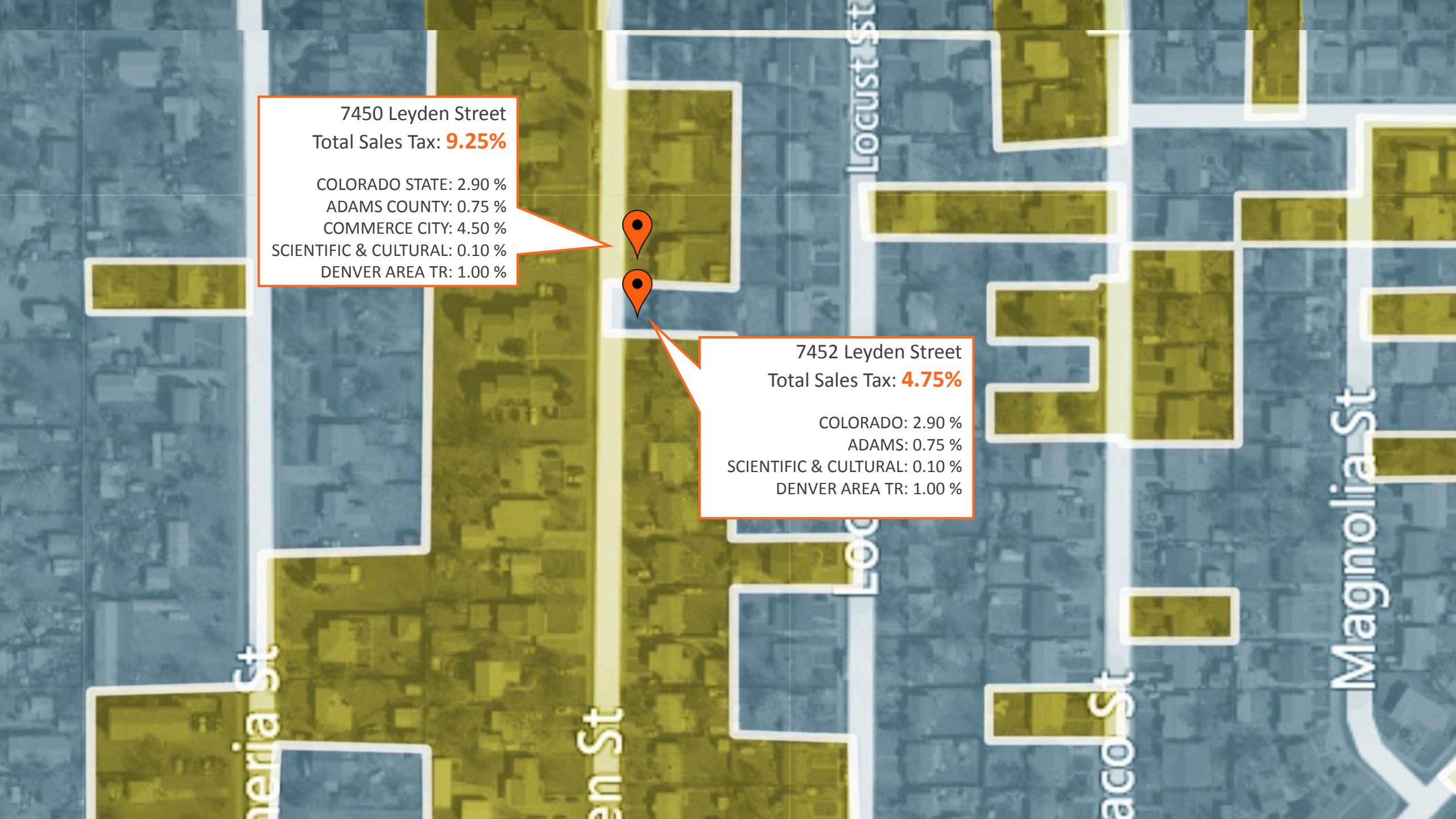
7450 Leyden Street
Total Sales Tax: 9.25%
COLORADO STATE: 2.90 %
ADAMS COUNTY: 0.75 %
COMMERCE CITY: 4.50 %
SCIENTIFIC & CULTURAL: 0.10 %
DENVER AREA TR: 1.00 %
7452 Leyden Street
Total Sales Tax: 4.75%
COLORADO: 2.90 %
ADAMS: 0.75 %
SCIENTIFIC & CULTURAL: 0.10 %
DENVER AREA TR: 1.00 %
Locust St
Magnolia St

The Risk of Audit

[1] *The Costs of Compliance: Strategies for Automating Tax Management in the Cloud and Avoiding Hidden Costs*

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How can Avalara help you?

Global VAT Review

- Discussion with one of our EU based VAT experts
- Free consultation to review your business and determine your VAT footprint

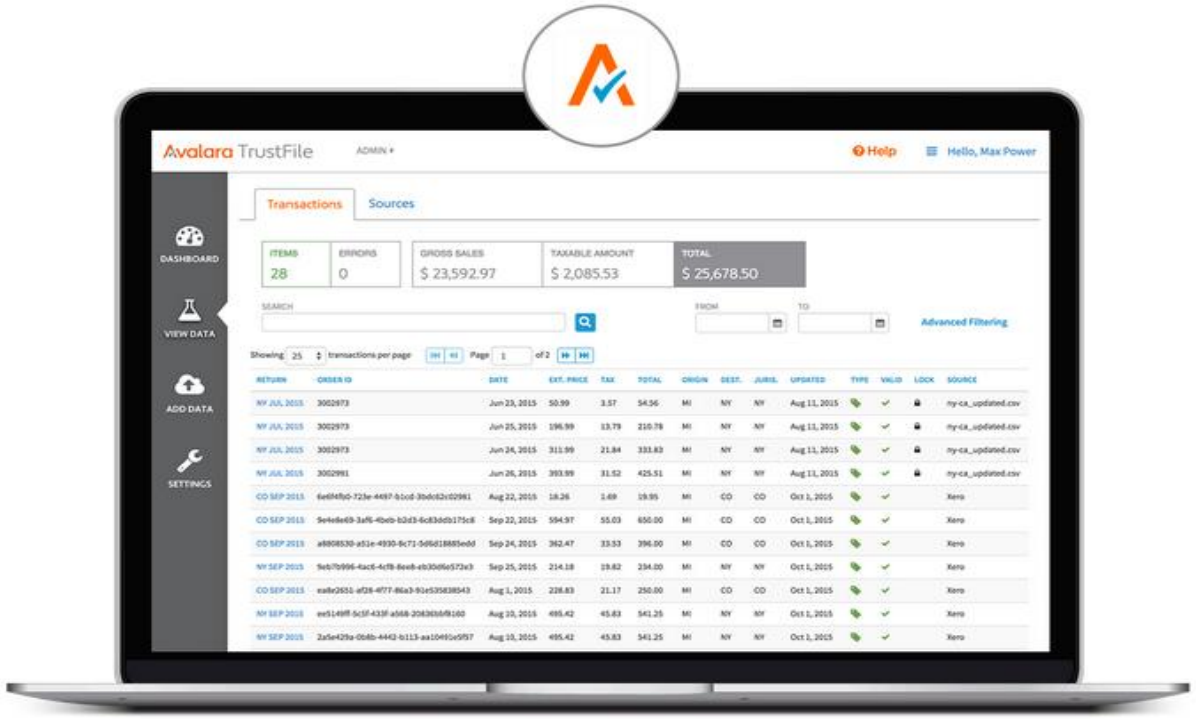
US Nexus Study / Registrations

- Detailed questionnaire to assess your business operations and activities
- Comprehensive 60+ page report outlining your sales tax obligations state by state
- Recommendations to register based on each state's legislation, incl. Voluntary Disclosures, AvaTax

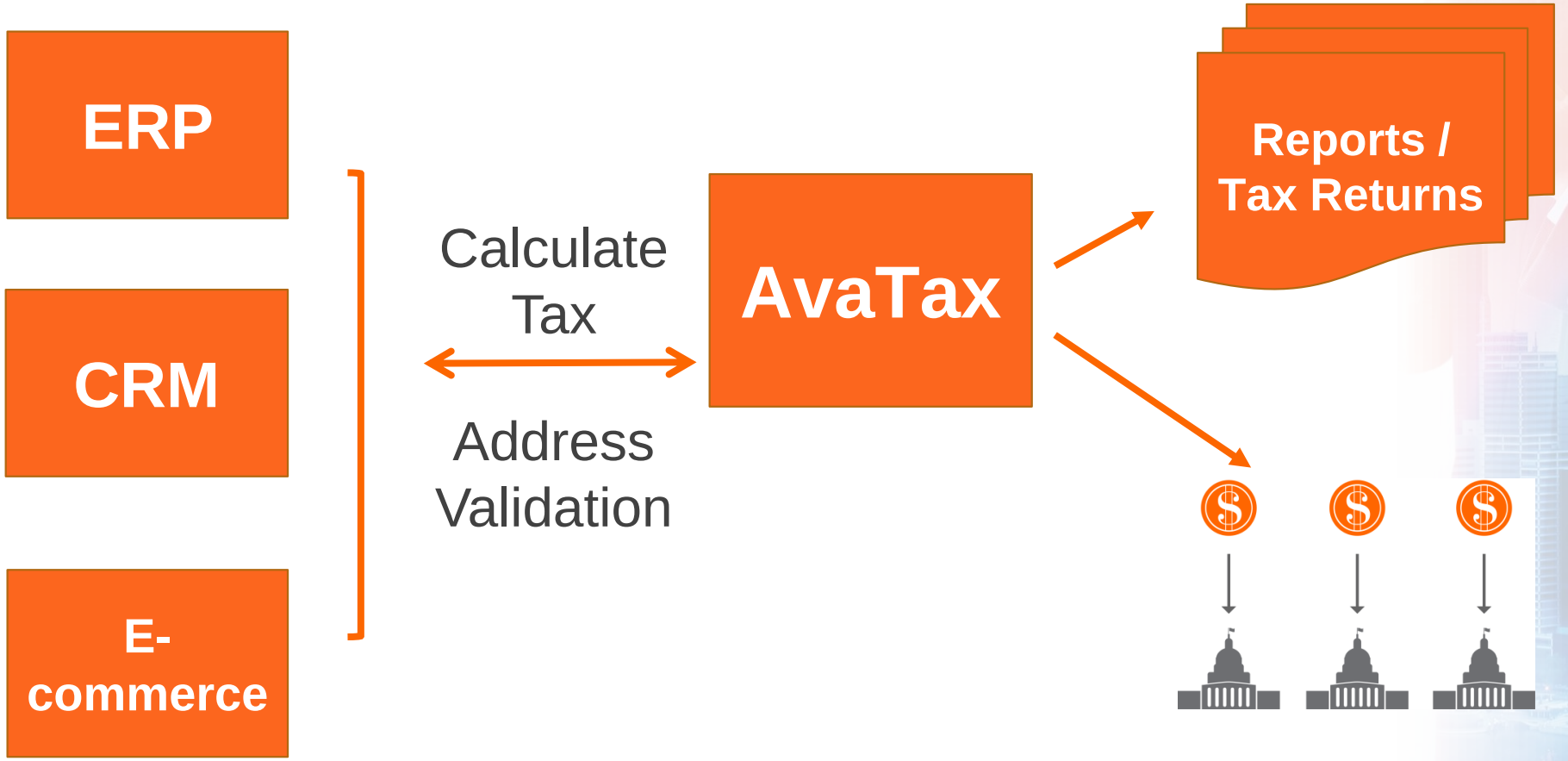
Automated sales tax filing for Amazon sellers

Ease the sales tax hassle and get back to growing your business

Start your free trial



Sales Tax Compliance Automation



Thank you

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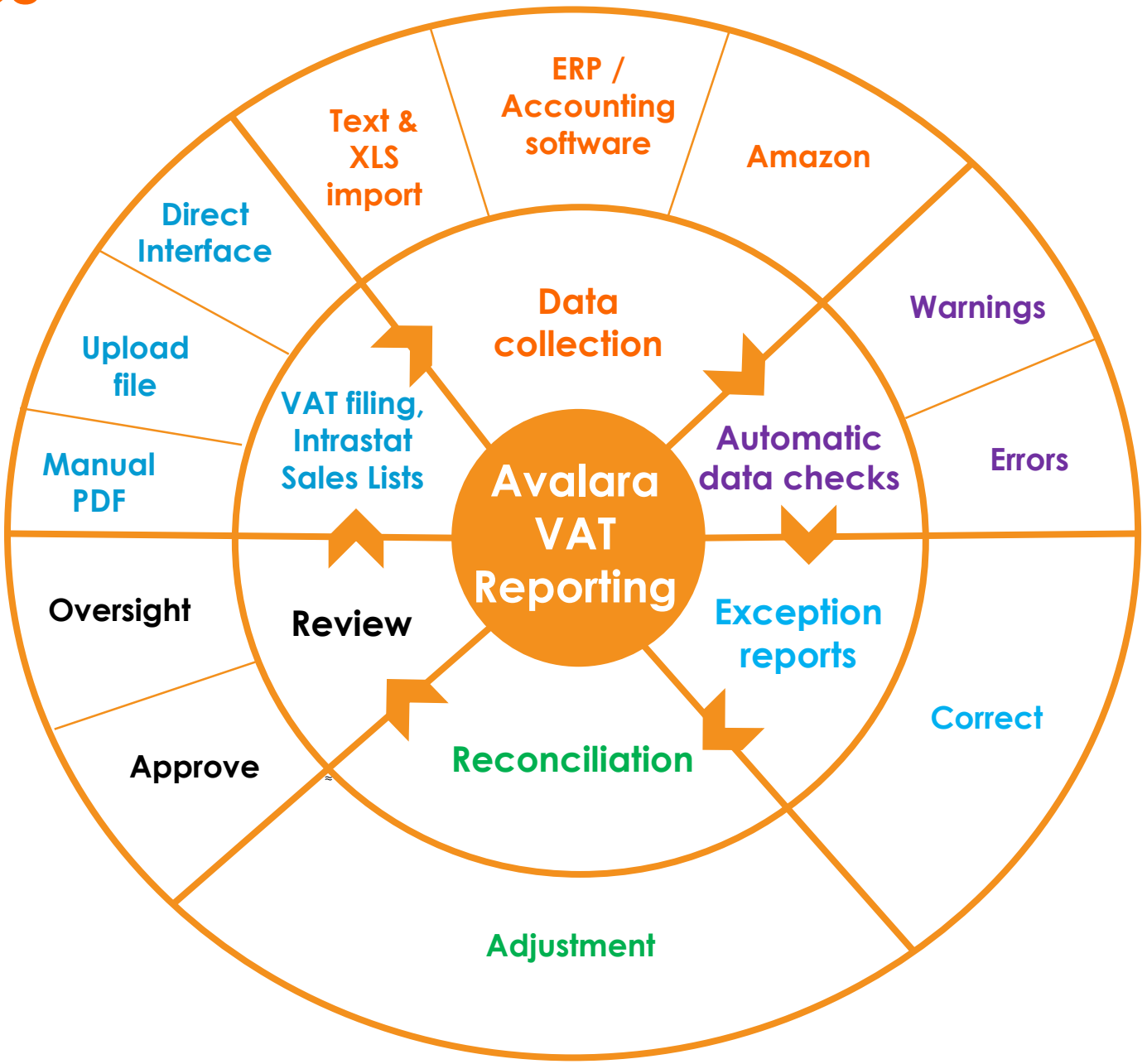
Appendix

VAT Compliance Automation



EU VAT

- Distance Selling Thresholds
- EUR 35,000 most countries
- EUR 100,000 DE, NL, LUX

Move to Digital

- Growing EU VAT reporting burden
- Spanish SII launched July 2017 (high frequency invoice reporting programme)
- Hungary due July 2018 (real-time submission)
- Control Statements required in Czech, Poland, Italy, etc
- Making Tax Digital – UK initiative 2019

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VAT Compliance Automation

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Why Automate?

Manual VAT compliance process

10 mins	10 mins	30 mins	60 mins	30 mins	20 mins	30 mins	30 mins	40 mins	10 mins	30 mins	10 mins
Run ERP Reports	Combine in Spreadsheet	Consistency & Completeness Checks	Invoice Checks	Manual VIES Checks	Deal with Errors	Prepare VAT Working Papers	Prepare ESL & Intrastat	Reconciliation & Adjustments	Review & Approval	File VAT, ESL, Intrastat (portal upload or rekey)	Remit

Average filing time for a single registration in one country 300 minutes/ 5 hours

Avalara VAT Compliance process

15 mins	15 mins
Manual VIES Checks	Deal with Errors

20 mins	10 mins	10 mins	10 mins
Reconciliation & Adjustments	Review & Approval	File VAT, ESL, Intrastat (portal upload or rekey)	Remit

Average filing time for a single registration in one country 80 minutes/ 1 hour 20 minutes

70% reduction in effort