Avalara AvaTax
Consumer Use Tax

The tax you probably owe (but aren't paying).

All 45 U.S. states that have sales tax also have use tax. While most buyers and sellers know about sales tax, far fewer know about use tax. Simply put: it's the tax owed when sales tax isn't collected. If a seller doesn't charge sales tax on a taxable sale, then the buyer is obligated to pay use tax. But few do. The states lose $23 billion in revenues annually from uncollected use tax. Despite 27 states having a dedicated line item in tax returns for reporting use tax owed, *only 2% of taxpayers actually report it.*

Tax experts and state auditors agree that consumer use tax is one of the most mismanaged and costliest compliance issues – and the number one biggest audit risk. Thankfully, like sales tax, consumer use tax can be efficiently managed with Avalara AvaTax automation software. A simple integration with NetSuite and you're up and running and in compliance.

Automated

There is a simple, affordable, and accurate solution that helps accounting departments mitigate risk while relieving the burden of maintaining compliance manually. AvaTax with Consumer Use automates consumer use tax management through integration of your accounting system and Avalara's powerful tax engine.

The AvaTax integration to your accounting system will verify the tax on a purchase, suggest the accrual and allow you to self-assess. Approved accruals are booked in your liability account and reported to AvaTax for inclusion in your tax return filing. The offsetting entry is booked to increase the cost of the expense or asset.

Safe

If your business uses products or services which were not taxed, or were taxed incorrectly, you likely owe consumer use tax. This happens frequently in the course of modern business, and state tax auditors are pursuing violators.

Are you at risk? Some industries are more susceptible than others, and there are many common business situations that can cause noncompliance for consumer use tax. High risk industries and activities are detailed in the sidebar.

NETSUITE

High risk industries:

- Contract services
- Manufacturing
- Hospitality
- Distribution
- Service or repair
- Medical or dental

High risk activities:

- Operating multiple business locations
- Using a remote sales force
- Registering in more than one state
- Providing product samples
- Consuming saleable products

Avalara™

Get started with Avalara AvaTax today.

Call 877-780-4848
Visit: www.avalara.com

AvaTax with Consumer Use

Accuracy

Incorrect tax calculations are common when managing consumer use tax. AvaTax ensures accurate tax calculations with Avalara's comprehensive and always up-to-date rates, tax research, and jurisdictional boundary data.

Efficiency

AvaTax quickly analyzes transactions and calculates correct transactional tax with a few clicks of the mouse. The speed of processing by the AvaTax engine can be measured in milliseconds, rather than the hours or days required by manual consumer use tax management.

Reporting

Robust and detailed reports are a necessity for any compliance process and AvaTax delivers dynamic, on-demand reporting tools to quickly and easily generate the reports you need.

Returns & Filing

Combining AvaTax with Avalara Returns allows you to streamline your tax management process, outsource your consumer use tax compliance and automate your returns filing and remittance.
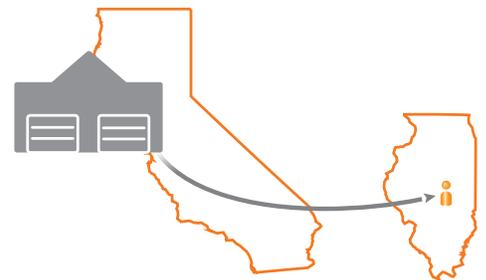
File & Pay Electronically

Transmit your returns quickly and easily via the Internet, with a simple, inexpensive solution for e-filing and e-payment.

SALES TAX

A business sells to a customer in the same state or another state where it has physical presence (nexus). The seller calculates, collects and remits sales tax.

CONSUMER USE TAX

A buyer owes use tax on taxable items purchased without sales tax or less tax than the applicable sales tax rate. Unlike sales tax, the remittance responsibility lies with the buyer.

Avalara

Getting started with AvaTax for NetSuite is easy.
Take the next step toward automating your sales tax process.

Call: 877-780-4848
Visit: www.avalara.com/products/avatax