

Selecting New Services for the Growing CAS Tech Stack in Accounting Firms

September 22, 2023

Safe Harbor

This information is Avalara's confidential information. Materials are solely for use in this context and are not approved for further distribution. This document describes Avalara's intentions as of the date of drafting and may include descriptions of product functionality or technology that are not currently available. Avalara reserves the right to change the functionality, release dates, technology, initiatives, and plans described herein without notice or duty to update.



Marianne Fisher

Sr Strategic Partner Manager –
Accounting Channel,
Avalara

Marianne oversees the Avalara for Accountants Partner Program, delivering partner 1st experiences by driving strategy and execution as the Senior Strategic Partner Manager – Accounting Channel.

She brings 15 years of experience and knowledge working with the tax & accounting profession specializing in client advisory services (CAS) and sales and use tax, guiding and consulting with firms as they embrace technology, evaluate internal processes, and expand service lines.

Before Avalara, Marianne was at CPA.com, where she co-developed and co-facilitated the “*Compliance & Advisory: Roadmap to Your Sales and Use Tax Practice Model*” workshop, educating accounting firms on the changing sales & use tax landscape, the emerging business opportunity, and how to build a successful practice.

Marianne has been a featured speaker at many thought leadership events and industry conferences where she shares her passion and extensive knowledge of client advisory services (CAS) and sales and use tax with the profession.

Agenda

- CAS Service Expansion: Sales Tax Opportunity
- Wait, Isn't Sales Tax Complex?
- Why Sales Tax is a Good Fit for CAS
- Partner with Avalara to Support your CAS practice

Poll #1

Where are you in your CAS journey?

1. We're exploring CAS, but haven't launched a practice
2. Our CAS practice is less than a year old
3. Our CAS practice is 1-2 years old
4. Our CAS practice is 3-5 years old
5. Our CAS practice is 6 or more years old
6. Help!

> CAS Service Expansion: Sales Tax Opportunity



**Client
Advisory
Services
(CAS)** is
disrupting
the status
quo

*NO longer bookkeeping to
support tax*

This Disruption, Results in.....

Data from the *CPA.com & AICPA CAS Benchmark Survey, 2022*

Opportunity

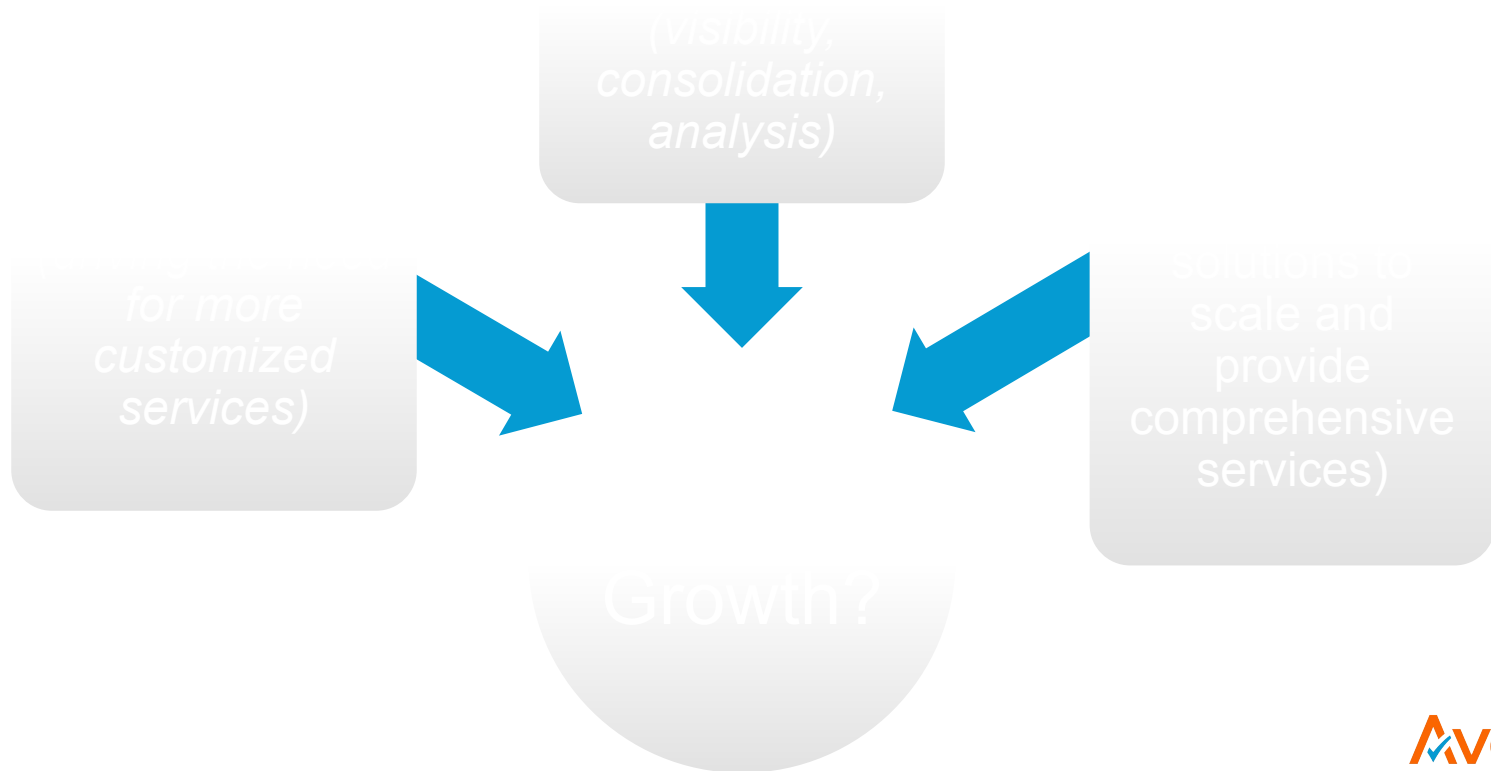
72% of all CAS practices that responded to the survey believe their pipelines indicate they have strong opportunity for growth

Growth

CAS continues to grow, showing a median growth rate of **16%** over the previous year

Profitability

CAS net client fees (NCF) and CAS net client fees per professional (NCFPP) maintained strong growth. For all respondents, the median rose to **\$121,454** per professional, up **8%** over 2020





“The CAS offerings were services that were already being provided at the firm, both from within the tax group and other areas of advisory, as a means to an end. It wasn’t a big focal point to work proactively with our clients to connect the dots on how we could create tailored integrated solutions, now with a standardized CAS practice, that has changed”

.....

KANE POLAKOFF, PRINCIPAL, CLIENT ADVISORY SERVICES PRACTICE LEADER

COHNREZNICK LLP

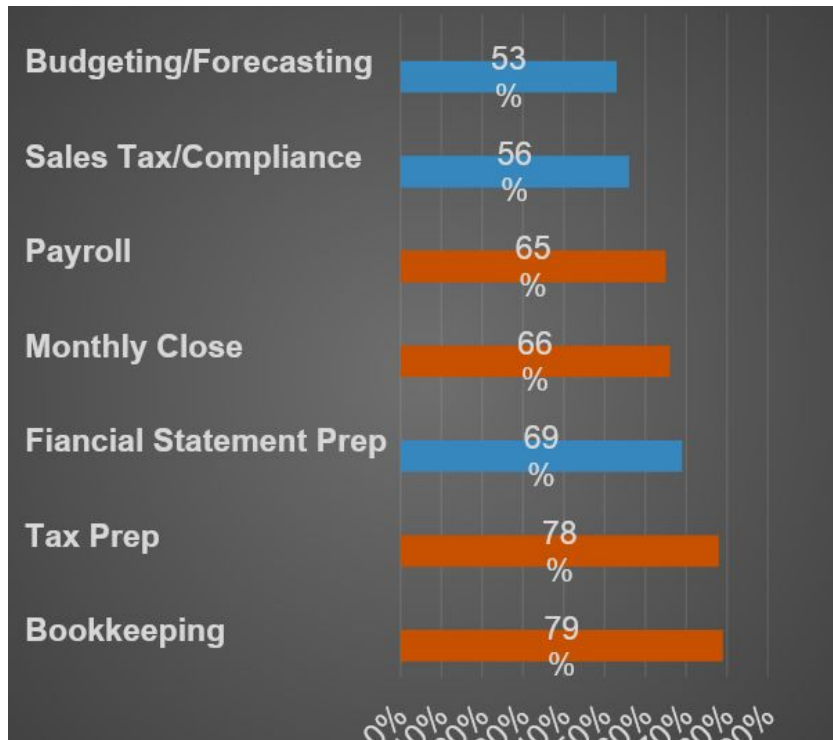
Poll #2

What services are in most demand in your CAS or firm practice?

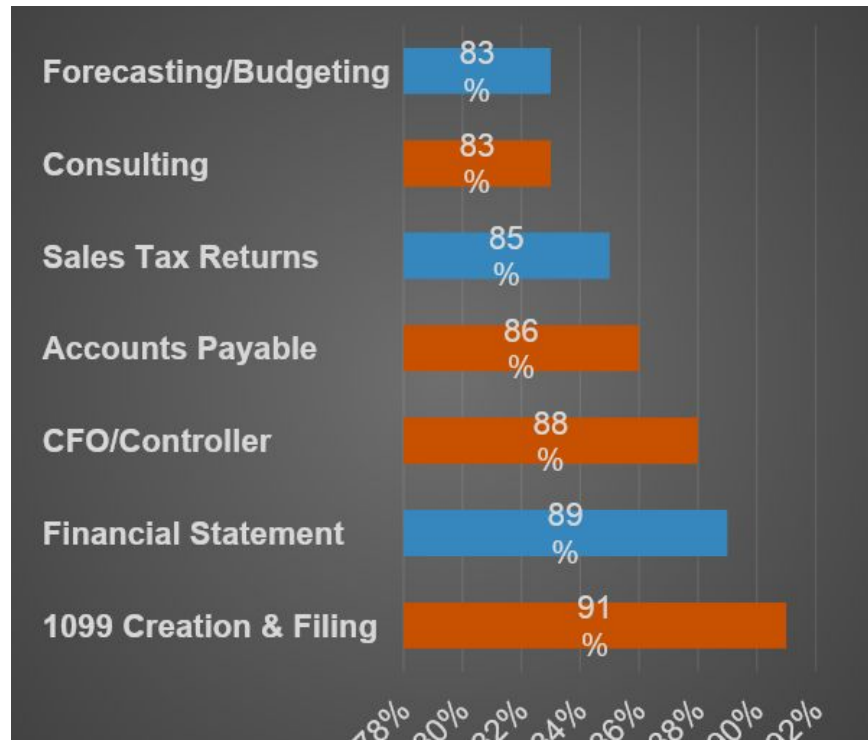
1. 1099 Creation & Filing
2. Sales Tax (Compliance) Returns
3. Bill Pay
4. Expense Management
5. CFO/Controller Advisory Services
6. Something else not listed
7. I don't know

No Two CAS Practices are Alike?

What's in your bundle?

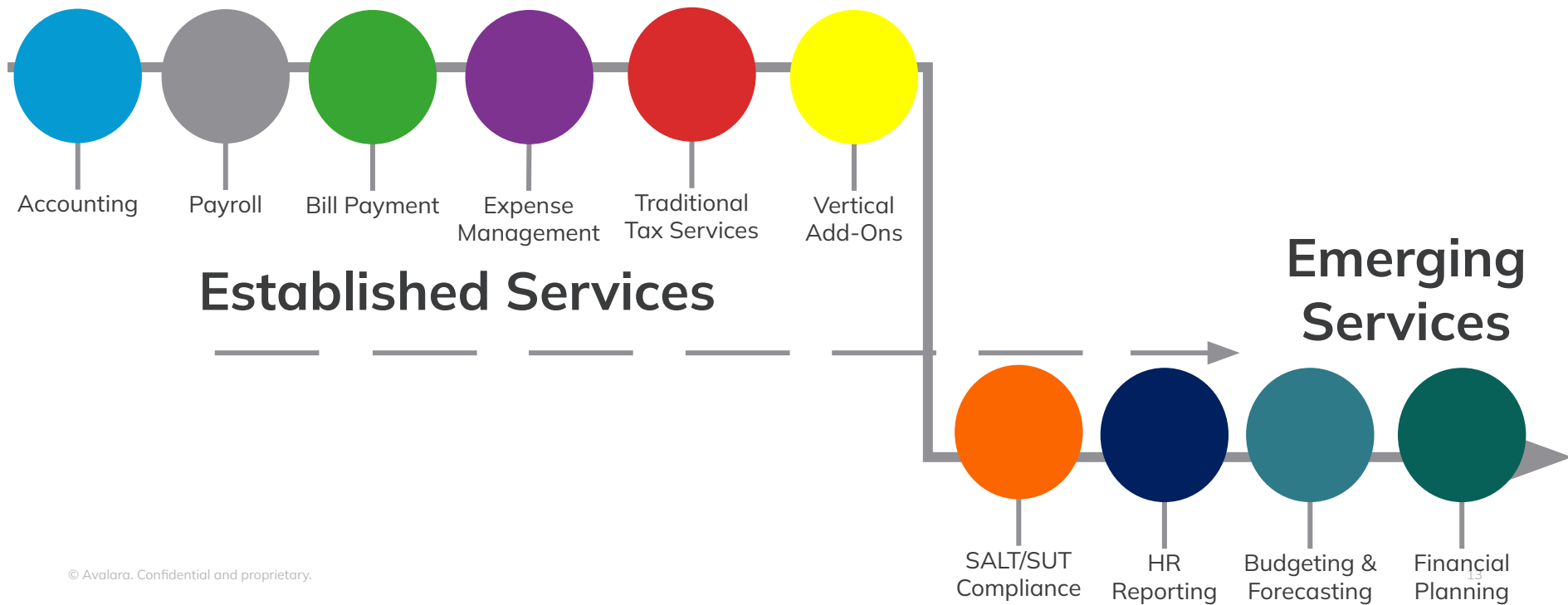


"From Accounting to Advisory," Accounting Today/Arizent Research, 2022



"CAS Benchmark Survey" AICPA & CPA.com, 2022

Evolution of CAS Services



Emerging: Sales Tax Compliance Trending in CAS Practices

What I am Hearing from Firms:

- We are providing sales tax services, it's just as a one-off
- We haven't standardized the service
- We haven't figured out how to profitably deliver the service
- We aren't experts, and are concerned about the liability

The Takeaway:

There is an opportunity, and your clients can benefit from these services

> Wait, Isn't Sales Tax Complex?



A Universal and Intensifying Problem

Compliance



INCREASING WITH TIME



Can You Guess?

Although Oregon is a NOMAD state (no sales tax) one of the following products IS taxable.



Can You Guess?

While Rhode Island is considering making bicycles tax-exempt to encourage alternative modes of transportation, Oregon charges tax on bicycle sales.



Can You Guess?

New York taxes some powdered beverage mixes, but one is exempt.



Can You Guess?

Sip some Avalara orange Tang and daydream about the moon landing while someone else handles your sales tax.

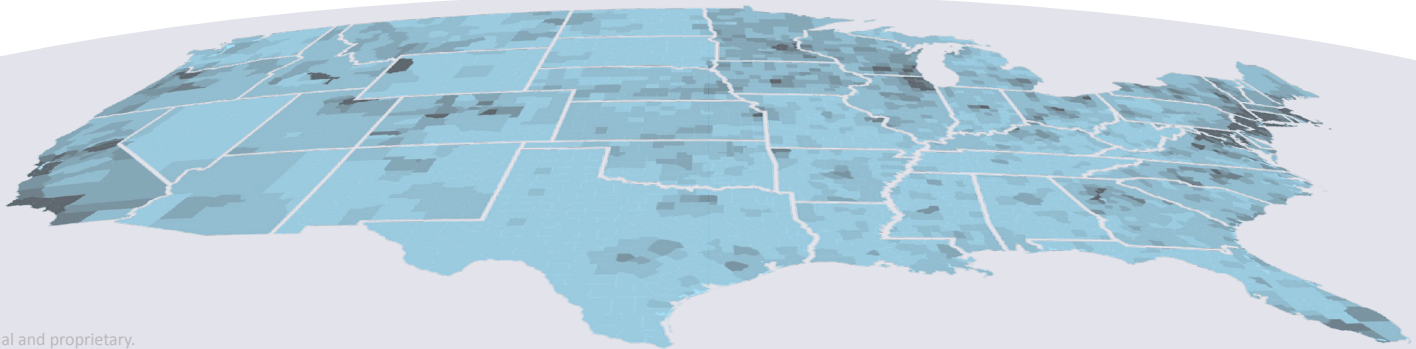


But wait... there's more!
Why is sales tax so hard?



13,000

tax jurisdictions in the U.S. alone



IN
2021
ALONE

— **123,000+** —

rate and taxability updates
in the U.S. and Canada

— **131,000+** —

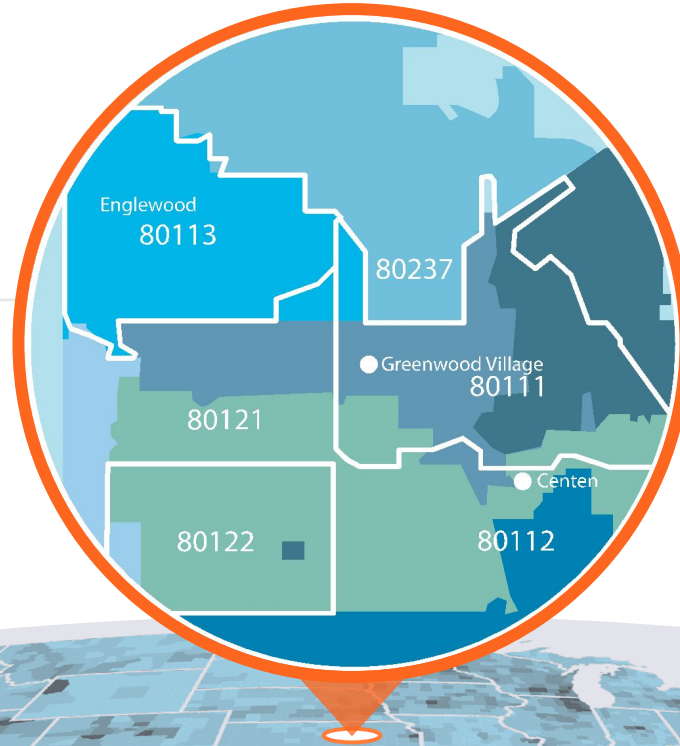
U.S. sales tax holiday
rule updates

Virtually every transaction crosses at least some boundary

Varying metrics like sales tax paint a confusing picture from one region to the next

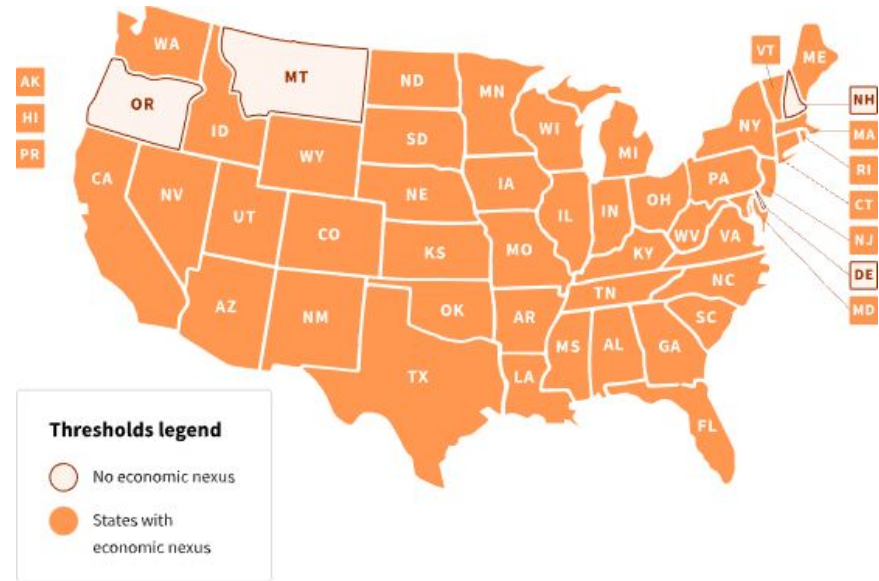
Tax rates can change between neighboring buildings on the same street

Similar complexities exist along countless other dimensions





- States don't administer the sales tax process the same
- Each state has its own thresholds for economic nexus
- Each state has its own form to be filled out to render sales tax





The 5 Steps to Managing End-to-End Sales Tax Compliance



1

UNDERSTAND

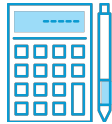
Understand where your business must collect and remit sales tax



2

REGISTER

Register to collect and remit sales tax



3

CALCULATE

Calculate the correct sales tax amount



4

TRACK

Track and manage exempt sales



5

REMIT

Remit sales tax to the tax authority

Are you
thinking?

“But wait...
I am **not an
expert**”

I say,
“It’s ok, let’s
simplify”



Expertise, When and Where

There are a wide range of resources

Client Needs Help With

- ✓ Determining where to register
- ✓ Registering with the jurisdictions
- ✓ Validate if they are calculating accurately, using the correct rates and/or rules
- ✓ Help with an audit

Where to Find Resources

- ✓ Internal indirect tax department
- ✓ Technology Partners
- ✓ Partnerships with professional alliances/organizations
- ✓ Indirect tax research tools
- ✓ External networking – collaboration with expertise from other accounting firms



The 5 Steps to Managing End-to-End Sales Tax Compliance



1

UNDERSTAND

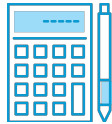
Understand where your business must collect and remit sales tax



2

REGISTER

Register to collect and remit sales tax



3

CALCULATE

Calculate the correct sales tax amount



4

TRACK

Track and manage exempt sales



5

RETURN PREP & FILING

Remit sales tax to the tax authority

> Why Sales Tax is a Good Fit for CAS

It All Starts with the Transaction



Sales Tax Return Prep & Filing in CAS

It's the right fit!

- You have the power of the **data**
- Compliance is **repetitive**; monthly, quarterly, annual
- The service is **scalable**, as it can be applied to many clients and many types of businesses
- It can be incorporated into a flat fee, or subscription-based **pricing** model

None of this can be true without **TECHNOLOGY**

Process Driven Services: The Assembly Line

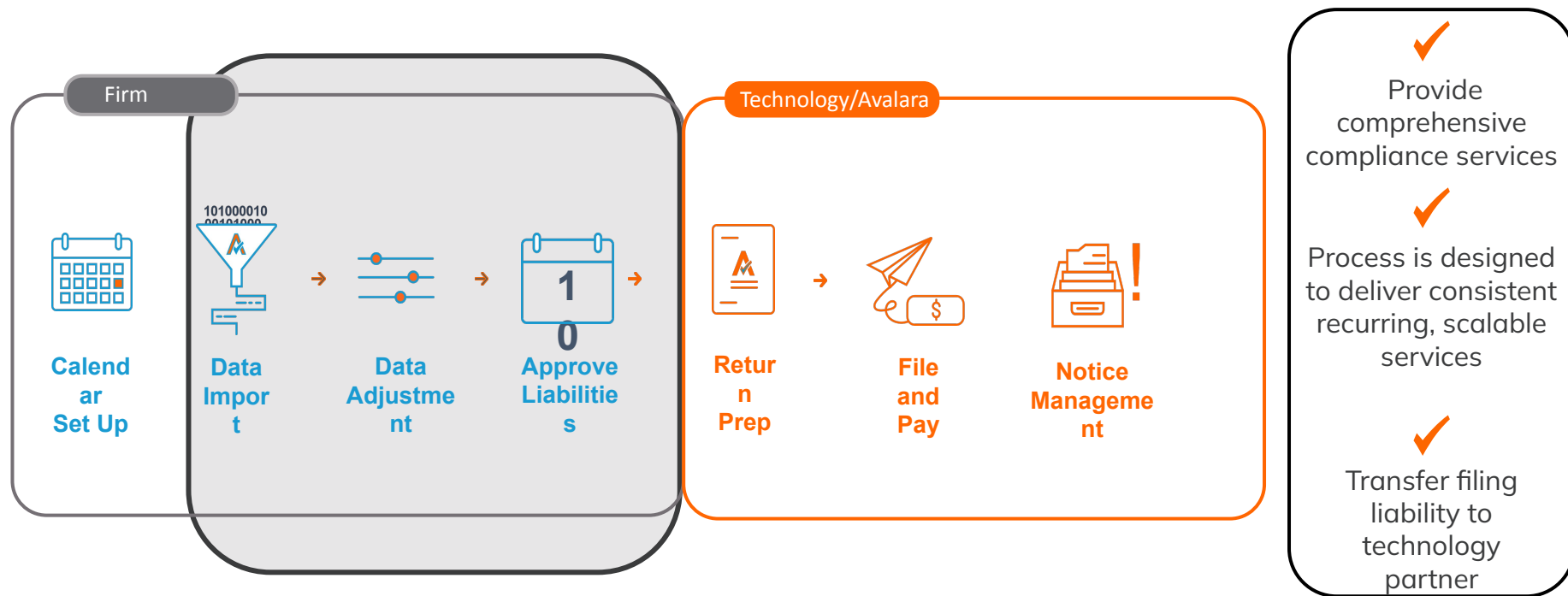
Pivotal invention of the industrial revolution that developed the automotive industry

- ❑ Initiative
- ❑ Standardized
- ❑ Process Oriented
- ❑ Efficient
- ❑ Allowed for Profitability
- ❑ Delivered time savings



How To: The Sales Tax Return & Filing Assembly Line

Example of the end-to-end workflow leveraging technology



Poll #3

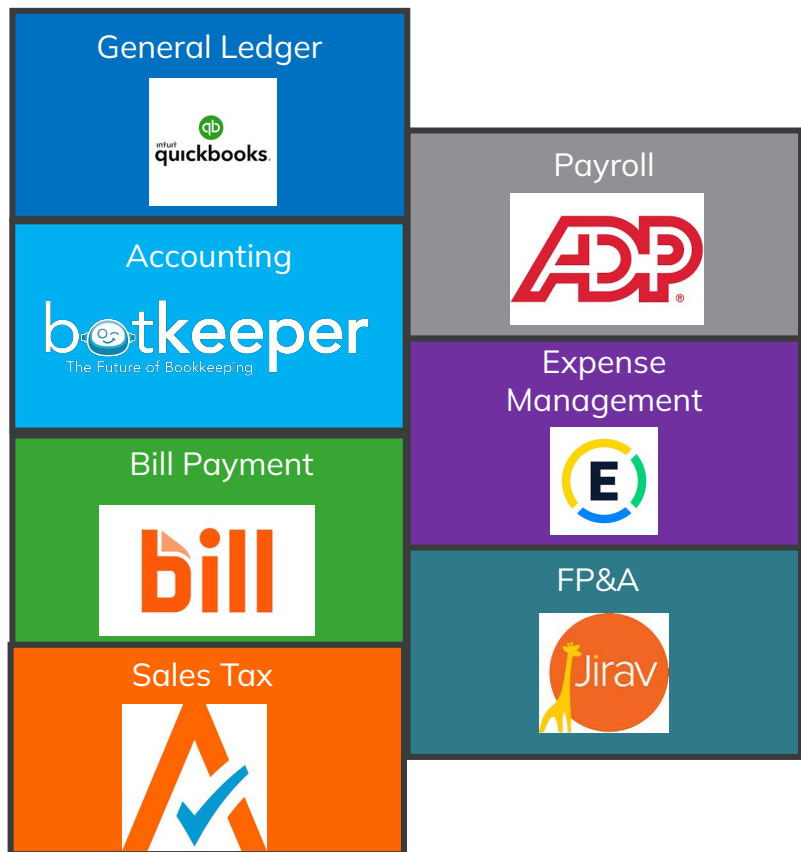
If your practice does not offer sales tax return prep and filing services today, what is the main reason?

1. We don't have the right technology solution
2. Lack the experience or staff
3. It is not profitable
4. We focus on other services
5. Clients aren't asking for it
6. I don't know

How To: Grow Sales Tax Services

- Bring up **sales tax** with every client
- Say **yes** to the work, leverage technology
- Set **expectations** with clients regarding the services you are providing and those that you are not providing
- Manage **scope creep**
- Define firm and client **responsibilities**
- **Bill** for your services (sales tax compliance is valuable)

Example of Today's CAS Tech Stack



Visibility

Deliver real-time collaboration between firm & client

Process

Streamline processes to drive consistent workflows

Time-Savings

Relieve burden of manual transactional work

Strategic

Increase productivity & efficiency, gaining time to focus on value-added advisory services

- Partner with Avalara to support your CAS practice

About Avalara



4,800+

Employees worldwide



16

Offices, in the United States,
Europe, South America, and Asia



2004

In operation since 2004.
Founded on Bainbridge Island, WA

Solutions

Avalara's Compliance Cloud delivers transaction tax compliance automation services to businesses of all sizes.



Tax calculation

39.6B+

AvaTax API calls
processed in 2022



Tax Document management

31M+

Documents managed
in 2022



Transaction tax returns

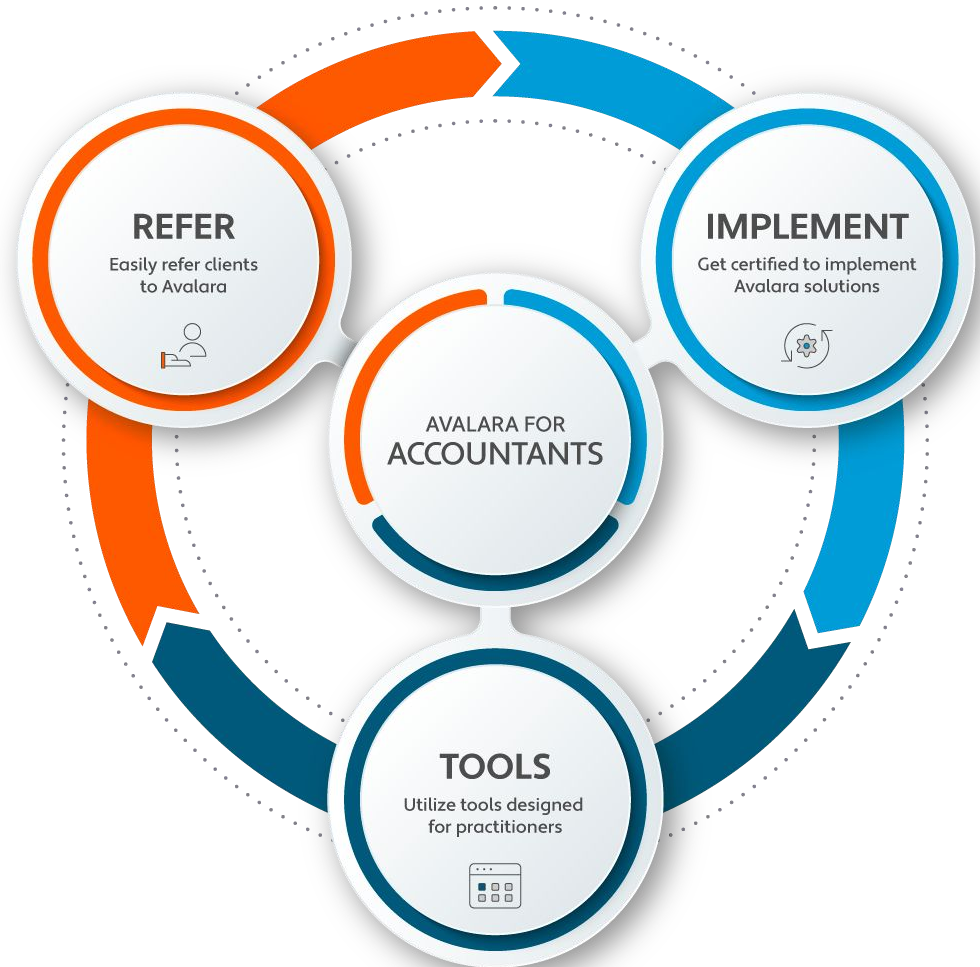
5.2M+

Returns filed
in 2022

Avalara delivers tax compliance in real-time to more than **30,000** customers with more than **1,200** signed partner integrations designed to link to business applications used for accounting, ERP, e-commerce, POS, recurring billing, and CRM systems.

AVALARA FOR ACCOUNTANTS

Three ways to engage with Avalara



Technology Designed to Support Your CAS Practice



AVALARA FOR ACCOUNTANTS TOOLS



Managed Returns
for Accountants (MRA)



Tax Research for
Accountants



Avalara 1099 (powered
by Track1099)

Poll #4

Would you like to learn how Avalara can help you expand your tech stack with new services for your CAS practice or general service offerings?

1. Yes
2. No
3. Maybe at a later date

Resources

- Avalara Managed Returns for Accountants datasheet



- [Avalara Managed Returns for Accountants demo](#)
- [Avalara CAS webinar hosted by Accounting Today](#)

Stop by our booth or learn more at:

Accountants@Avalara.com
Avalara.com/Accountants

THANK YOU!
