

# technology vs. service

## Case Study

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### Case Study

Can You Really Fully Automate Sales Tax Compliance?

### Client Profile

Software developer providing their software to customers nationwide

### Challenge

Finding the right combination of service and technology to minimize sales tax compliance risk

### Solution

Technology was used to facilitate tax calculation and a service-based solution was used to oversee the sales tax process including the preparation and filing of the tax returns

### Results

Experienced a significant drop in the number of notices, decreased risk, more control over the process and access to a dedicated professional

### Client

Software developer providing their software to customers nationwide.

### Challenge

Looking to implement a sales tax compliance process to manage their growing sales tax obligations and without any in-house sales and use tax expertise, the Client sought both a sales tax calculation solution and an outsourced compliance service to file the sales tax returns. The Client evaluated multiple options, and ended up utilizing one of the industry's well-known sales tax technology providers. This technology provider specializes in sales tax calculation and offers sales tax return preparation as an ancillary service. The Client did not realize that while technology can be an effective tool in facilitating sales and use tax compliance, it can't substitute for the required oversight and business specific knowledge required to comply with the vast array of sales and use tax laws and reporting requirements.

As the Client's products expanded, so did their sales and use tax nexus footprint and the complexity of their compliance requirements. Questions about the taxability of products, how to present the products and services on invoices, and whether or not customers qualified as exempt from sales and use tax increased in volume and complexity. The Client soon learned that while the technology-centric solution was effective at generating returns by the statutory due dates, the technology solution could not solve for the changing sales tax requirements of a growing business.

The Client expected their technology solution provider to guide them through these issues but the service provider was not equipped to provide this level of support. "Every time we had a question or a need, they either didn't have an answer and pushed the issue back to us or they tried to sell us consulting services", stated the Client.

Eventually, jurisdictional notices started to pile up and the growing frustration and increased risk associated with the lack of knowledge and expertise forced the Client to look at new alternatives.

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To learn more about how TaxConnex can help with your sales and use tax issues, contact us at **877.893.5304** or [info@taxconnex.com](mailto:info@taxconnex.com).

### Solution

Tax calculation technology is almost essential for companies with multistate activities and significant invoice volumes. Recognizing this, the Client sought a separate vendor to compliment the tax calculation process with a more inclusive, service-oriented compliance outsourcing solution – TaxConnex. In TaxConnex, the Client found the level of expertise as well as the level of focus and attention to their business that they needed to be successful. Questions about new product taxability – TaxConnex was able to address. Questions about whether they had nexus in a particular state – TaxConnex was able to address that as well. And when the Client wasn't asking questions, TaxConnex was; proactively inquiring as to why a certain data set was missing key tax information and engaging the Client in discussions regarding use tax accruals.

### Results

After transitioning their sales tax outsourcing service to TaxConnex, the Client experienced a significant drop in the number of notices, decreased risk, a stable and professional point of contact, and a resource that is always available to address the ad-hoc sales tax questions that pop up in their business – all for one flat monthly fee, with no up-charges. This Client recognized that sales tax compliance cannot be fully addressed through technology. Having access to expertise to guide the process is critical. This Client found the necessary expertise and service with TaxConnex.

### About TaxConnex

TaxConnex, “your outsourced sales tax department”, is America’s leading independent sales and use tax outsourcing and consulting firm. TaxConnex was founded based on the premise that sales and use tax compliance cannot be solved with technology alone. Using a team of experienced tax and accounting professionals, TaxConnex provides sales tax outsourcing, sales tax consulting and VoIP tax service to businesses of all sizes with a focus on technology companies, small and mid-sized businesses, and VoIP providers. TaxConnex provides a complete set of highly customer intimate services including end-to-end compliance, data analysis, remittance, reporting, notice resolution, question handling, proactive suggestions, straightforward advice, and audit support. TaxConnex is your “on-call” Sales & Use Tax Department.