

Case Study

In-Store Systems

Outsource Sales & Use Tax Return Processing

A returns outsourcing solution helped True Value shave nearly two weeks from its sales and use tax return processes.

by Erin Harris

Corporate tax departments feel increased pressure to manage more activities in the face of dwindling resources. While necessary, the manually intensive processes associated with monthly return processing mire strategic resources that could be focused on adding value for higher level activities such as audit defense and other compliance initiatives. Charles Lundgren, director of tax and payable services at True Value Company, chose returns outsourcing to manage what had become a time-consuming burden for a relatively small internal tax staff.

Lundgren explains that preparing sales and use tax returns took its one staff person nearly two weeks to complete, and True Value filed more than 100 returns per month every quarter. “We don’t pay a great deal of tax — it’s a relatively insignificant amount,” laments Lundgren. “Our staff was doing an immense amount of work for not a lot of dollars.” For example, True Value’s staff person spent those two weeks preparing schedules, preparing check requests, making copies of checks, and preparing documents to be mailed. “Once a month, I had giant stacks of documents on my desk that I had to go through, review, and sign off,” says Lundgren. “It was a lengthy process, and I knew there was a better way to do it.”

In order to streamline the sales and use tax returns process, Lundgren chose to outsource True Value’s returns process, and he chose Returns Outsourcing Service from Vertex, a corporate enterprise tax solutions provider. He chose Vertex, because True Value had already been using the vendor’s rate solution, a monthly sales tax service that provides True Value with the jurisdictional rates throughout the country used for its billings. True Value uses the rate solution for its tax billings to stores so that all locations have accurate, updated sales and use tax rates.

Manage The High Volume Of Data Associated With Sales And Use Tax Returns

Vertex Returns Outsourcing Service is a Web-based solution, and Lundgren accesses the solution via his desktop computer. Once logged on, Lundgren views the returns entities True Value is filing. He can also review notices, as well as registrations and jurisdictions for new companies. “If you think about our old process — all the signing and mailing, all the checks, all the spreadsheets, taking files and separating them by state and jurisdiction — it was exhaustive,” explains Lundgren. “Now I have seven files that I upload into the Vertex portal, and I do a summary on my end of what those files total — in total, not by jurisdiction. Vertex takes the files, does the returns, and explains exactly what True Value will pay. I compare those numbers to my files, and then I send two wire transfers rather than 120 checks. Vertex lets me know when the returns are ready for approval. I can approve the returns en masse or individually. I click a button, and then I am done.”

As a result of the Returns Outsourcing Service, True Value’s original two-week returns process has been reduced to one day. Lundgren explains that he uses the time saved to work on other value-added projects that will return money to the company, including increased focus on audits, reviewing overpayments for sales and use tax, etc. “Retailers often find it difficult to have someone in my position make the call to outsource sales and use tax processes,” says Lundgren. “Most directors might feel as though there’s a lack of control when an in-house process is outsourced. And, I felt that way at some point as well. But, if you use a service that has the right tools for approval, proper customization, and a detail-oriented process for approval, I don’t believe that control is lost at all.” ■

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