

7 Common Tax Compliance Challenges Retailers Need to Overcome

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The Pace of Tax Change

The United States has 11,000 tax jurisdictions, which are constantly tweaking regulations and documentation requirements. This can include changing rates on what's taxable and what's not as well as setting up sales tax holidays.



2

Unifying Commerce

In many retail organizations, there is a complicated mix of POS systems, commerce platforms and tax solutions across channels and divisions. All this complicates sales and use tax compliance, in which inaccuracy causes confusion for consumers and complicates reporting.



3

Wayfair & Marketplace Facilitators

A similar set of laws, like those that came from the wake of *South Dakota vs. Wayfair*, are emerging around marketplace facilitators such as Amazon and Etsy. These laws address the obligation to collect and remit sales tax from either the retailer or the marketplace facilitator that makes that sale possible.



4

Processing Returns Sales Tax

Capabilities such as buy online and return in-store are essential in the omnichannel era. But they create complexities for tax departments, particularly if a customer returns the item in a different tax jurisdiction. Tax rules and rates must follow the rules of the original purchase, but it's easy to get it wrong.



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Managing Exceptions

Brick-and-mortar exemption practices tend to be manual and paper-driven, typically requiring customers to present certificates at the POS to be manager approved, photocopied and kept in each store's backroom.



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Sales Tax IT Support

Manual or partially automated sales and use tax maintenance processes often require considerable use of IT resources to continually update financial systems. As the retail business grows, IT must also ensure tax solutions are integrated with additional financial systems from several different vendors.



7

Seamless Customer Experience

Customers expect a fast, accurate and consistent sales tax calculation. And if they're using an exemption certificate, they want that fast and easy, too. Those expectations don't go away even if a retailer's network goes down. But for many retailers, an outage stops transactions and tax calculation in their tracks.



To get more information on the importance of integrated tax solutions and how to achieve this streamlined approach, please download the Vertex and Microsoft Dynamics eBook.