VERTEX®

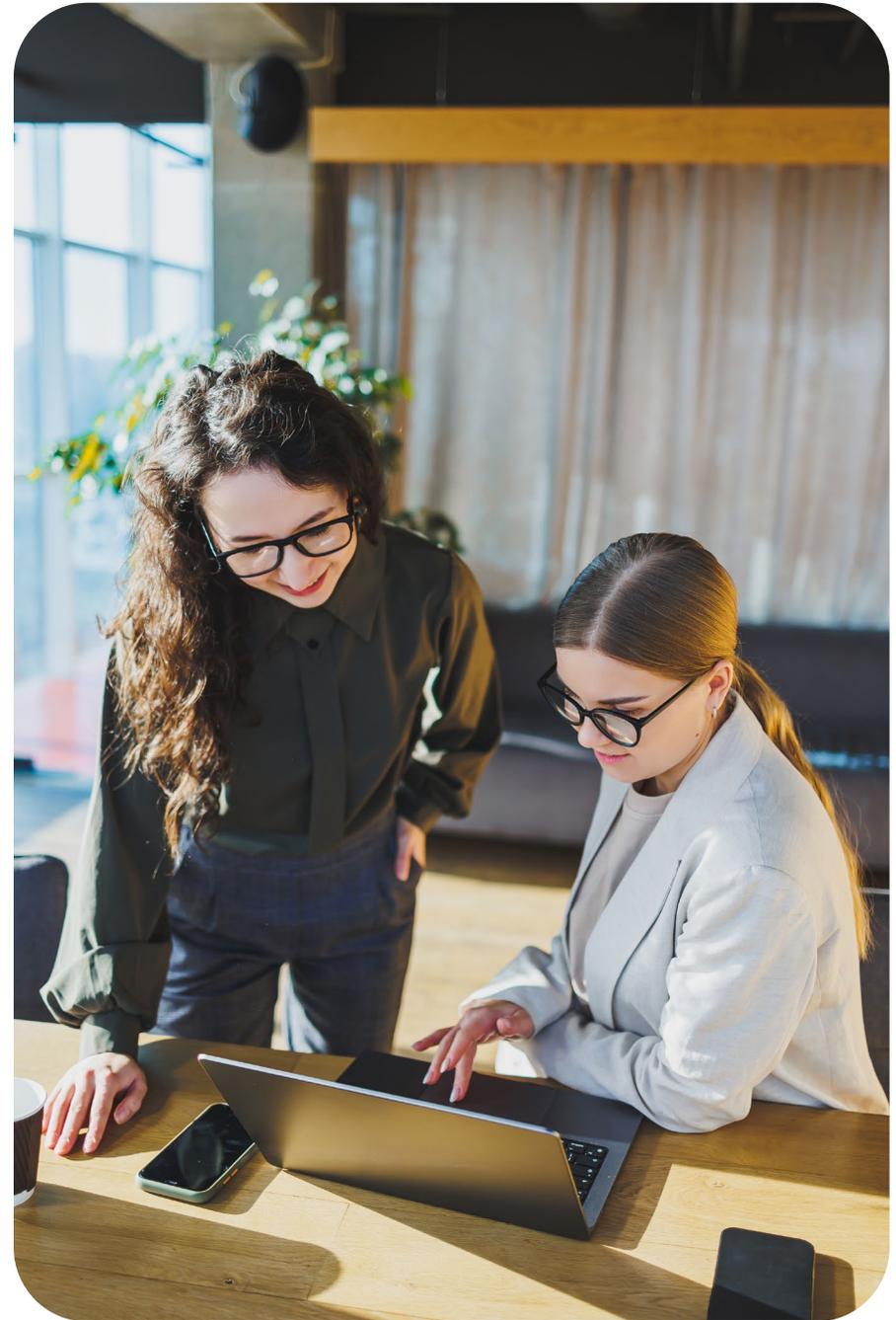# Solving Tax's Biggest Compliance Barriers:

Data Quality, Technology, Staff Skills & Regulatory Changes

Managing sales tax compliance is no easy task. At Vertex, we want to better understand the risks businesses encounter as they navigate sales tax compliance including the gaps they identify, and the tools they wish they had to mitigate those risks effectively.

We [surveyed](#)[1] people from around the world with influence over decisions about indirect tax in their business. We asked them about their top barriers to compliance. Here's what we found...

[1] Compliance Complexity: Attitudes and barriers to getting indirect tax right, Vertex Inc., 2024

Key compliance findings from our research

Our research revealed four key barriers that businesses face in maintaining sales tax compliance:

- Data quality
- Technology
- Staff skills
- Regulatory change

The right technology solves these barriers

The best way to address these sales tax compliance barriers—data quality, technology, staff skills, and pace of regulatory change— is the end-to-end, automated, integrated, cloud-based sales tax solution.

Here's why and how…

Barrier #1: Data quality

The accuracy of tax data emerged as the most significant barrier, with 41% of respondents identifying it as a gap. Data issues could be caused by master data errors, inaccurate tax calculation caused by a variety of factors, or manual data movement when generating returns. This lack of precision often results in inaccurate tax compliance and increases audit risk.

Solution

Monthly compliance actually starts at the tax calculation step. The familiar expression "garbage in, garbage out" is most relevant here. An automated tax engine significantly enhances compliance data quality by improving tax calculation precision. The combination of robust tax content and tax exemption logic yields a more precise tax amount. Then a platform that integrates calculation and returns automatically feeds the transactional tax data and populates it into the return forms. This automation reduces the risk of errors from selecting the wrong form or manual data entry, ensuring greater accuracy across the process. Additionally, some tax engines incorporate address cleansing for more precise jurisdiction identification, which further enhances tax calculation accuracy and the reliability of return forms. These features collectively result in higher-quality, more reliable compliance data.

Vertex improves data quality

- The **Vertex tax engine** features robust tax content for even the most complex tax scenarios. Built-in U.S. address **cleansing** and exemption logic adds precision.

- The solution automatically populates the latest returns for U.S. (SUT, CUT) & Canada (GST, HST, PST/RST, QST) for in-state and out-of-state reporting.

- Integrated exemption management adds precision, with **tools** **for certificate** collection, tracking, archiving, and reporting to support audit.

- And a real-time nexus dashboard keeps businesses aware of their position against complex nexus rules.

> "Having accurate, reliable tax calculation data is critical for maintaining compliance and avoiding costly errors. Vertex O Series Cloud not only improves calculation precision, but also eliminates manual processes that can introduce mistakes. This helps ensure tax operations are both efficient and dependable."
>
> *– Vince Morasco, Director, Product Management, Vertex*

Barrier #2: Technology

Nearly 40% of survey respondents reported that inadequate technology was a major obstacle. From missing integrations to outdated tools, technology gaps create inefficiencies and increase risks. However, 74% agreed that having the right technology is critical to achieving effective compliance.

Solution

And a single tax engine can integrate to multiple source systems— such as ERP, e-commerce, and other financial platforms—to support company-wide tax determination in a centralized manner. The added benefit of cloud deployment means the provider handles the content and maintenance, eliminating the need for IT infrastructure and updates. This streamlines operations, reduces IT workload, and helps to ensure seamless, up-to-date functionality.

Vertex delivers streamlined SUT technology

- **Vertex offers a single integrated solution for automated SUT calculation and "one-click" returns generation.**

- **Common user experience from end-to-end for streamlined efficiency.**

- **Cloud-hosted for low maintenance (Vertex maintains the tax content and technology updates).**

- **Vertex-built integrations to 100+ source financial systems.**

Barrier #3: Staff skills

Another 39% of respondents pointed to staff skills as a key barrier, with 36% identifying skill gaps as the largest compliance challenge. While tax-specific expertise remains essential, there's growing demand for technology specialists to complement tax professionals.

Solution

Implementing a tax engine with continually updated content and robust calculation logic reduces the need for time-consuming tax research and specialized tax expertise. Automating tax calculation and returns generation significantly reduces manual steps and simplify the compliance process for tax teams. And an intuitive user interface, single sign-on, and consistent workflows can minimize training needs and accelerate mastery of the solution. In addition to accelerated onboarding and training, the right tax technology solution streamlines the compliance process to allow time for staff to focus on more strategic work. This is especially valuable for companies facing staffing shortages, as it maximizes productivity and efficiency.

> **"Vertex built a robust cloud platform with integrated end-to-end solutions leveraging a common data foundation. This not only streamlines the user experience, but it enhances tax performance.**
>
> *– Jeff Horner, Principal Product Manager, Compliance, Vertex.*

Vertex reduces the need for staff skills

- **The Vertex O Series tax engine is continually updated with the latest sales tax rule sand rates, removing the need for specialty tax research from tax teams.**

- **The cloud-hosted platform is maintained by Vertex, eliminating the need for IT to manage system updates.**

- **A simple user interface is common across the calculation and compliance steps of the tax process.**

Barrier #4: Pace of regulatory change

With 12,000+ jurisdictions in the U.S. alone, regulatory changes are a constant challenge. This means not only sales tax calculation rules and rates, but ever-changing exemption certificates and return forms. Respondents ranked this issue on par with technology and employee skills (39%), highlighting the need for solutions that can keep pace with evolving requirements.

Solution

An automated sales and use tax engine helps to ensure the latest regulatory requirements for tax determination, exemptions, and compliance. Choosing a platform with integrated exemption certificate and returns functionality extends the value. And using a cloud-hosted solution means the provider maintains the tax research and updates the solution with the latest tax rules and rates, exemption logic, and return forms to help ensure compliance. Additional features like a real-time sales tax nexus dashboard enables businesses to easily track nexus to know when they need to start charging and remitting tax across 12,000+ jurisdictions.

Vertex keeps you ahead of regulatory changes

- **With Vertex, the latest sales and use tax content is automatically maintained.**

- **Exemption logic helps to ensure precise calculation.**

- **The latest jurisdictional return forms are available and auto-populated directly from the transactional tax data.**

- **Exemption certificate management tools help to ensure the latest certificate formats, and automate collection, validation, tracking, and reporting to support audits.**

Break down the sales tax compliance barriers with a single solution

In today's complex and fast-changing tax environment, having an end-to-end cloud-based sales tax solution is no longer a luxury—it's a necessity. The barriers to compliance, including data quality, technology gaps, employee skill shortages, and the rapid pace of regulatory changes, can overwhelm even the most experienced businesses.

Investing in such a solution can streamline tax and finance operations, reduce compliance risks, improve IT efficiency, and empowers tax teams to focus on strategic initiatives that drive growth.

Learn more about the end-to-end, cloud-based, sales tax solution from Vertex today.

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