2022 Sales Tax Reporting Trends

DAVO by Avalara

PREPARED FOR INTERNATIONAL FRANCHISE ASSOCIATION

DAVO Sales Tax
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Sales Tax Management is Outdated

Merchants are reluctant sales tax collectors for states in which they operate. They are required to collect tax on their sales, accumulate those funds on behalf of the state, and periodically remit them along with detailed reporting data.

Sales Tax Management is Time-Consuming

For merchants, managing sales tax from collection to remittance and reporting is a time-consuming process that is prone to errors and risks and distracts them from running their businesses.

Even in the best of times, merchants may look to sales tax funds as a source of "working capital." However, once a business falls behind in sales tax remittance, getting caught back up is often very difficult.

Businesses have more on their plates than ever before and often work with fewer resources. Sales tax can overburden business owners and accounting personnel.

Businesses are Under a lot of Pressure to Reduce Risk

Audits are time-consuming, expensive, and can cause significant problems for businesses. Businesses need to identify and control risk. Accounting professionals need to do their own due diligence to protect their business.

Rapid Shifts for Merchants and States

Businesses and states are changing rapidly to keep up with consumers and expectations. Technology enables merchants to look for operational efficiencies across their companies:

- ## Businesses are selling online

  More businesses are selling online than ever before. COVID forced many companies to pivot and make technological advances. 67% of operators changed their POS in the past year. 95% report using an online ordering system of some kind.

- ## Transactions have shifted from cash to credit cards and other electronic payment methods

  Payments have upgraded from cash to credit and debit cards, and now are advancing again to contactless payment. Businesses no longer store all of their cash transactions and sales tax in a safe.

Rapid Shifts for Merchants and States

Restaurant tech is automating back-office tasks

Restaurant technology is no longer costly and challenging to implement. Businesses can use their POS and apps to automate back-office functions like payroll, timekeeping, scheduling, and sales tax compliance.

Restaurant POS systems are now more than just cash registers. A good POS can be an all-in-one piece of restaurant-tech equipment helping manage employees, inventory, and automating back-office business functions. Using technology eliminates complexity and automates tasks so businesses can focus on efforts that drive revenue.

● States are digitizing tax technology

States are working on upgrading their tax technology to reduce complexity, increase compliance, and reduce the sales tax gap. Other countries are leading the charge for digitalization of tax reporting, but the US is watching with interest. With more robust systems, state tax authorities will use the data they have to find potentially non-compliant businesses. They will need to rely less on costly and time-consuming audits and use digital tools to work on prevention.

All of these changes for businesses and states is affecting how businesses operate and it is time for a significant change in how we all think about sales tax.

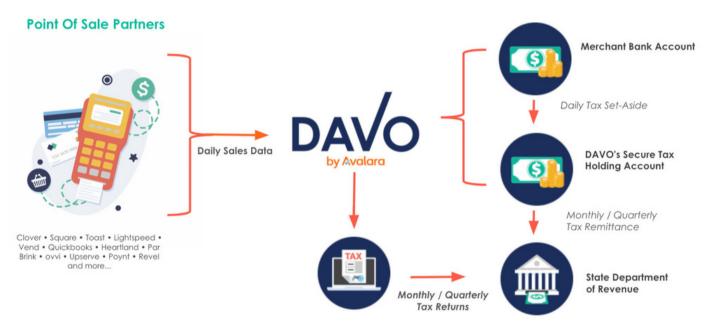Why doesn't the business get their money, the state get theirs and never the two shall meet?

Rapid Shifts for Merchants and States

Sales Tax Disruption

We believe the accelerated adoption of new technologies and the shift to electronic payment mechanisms offer an opportunity to dramatically improve the overall sales tax collection and management system.

How Davo Automates Sales Tax

Point Of Sale Partners

Cliver • Square • Toast • Lightspeed • Vend • Quickbooks • Heartland • Par Brink • ovvi • Upserve • Poynt • Revel and more...

Daily Sales Data

DAVO by Avalara

Merchant Bank Account

Daily Tax Set-Aside

DAVO's Secure Tax Holding Account

Monthly / Quarterly Tax Remittance

State Department of Revenue

Monthly / Quarterly Tax Returns

**DAVO by Avalara automates sales tax end-to-end, from reporting and management to filing and paying using their existing POS.
DAVO saves thousands of businesses time, stress, and hassle.**

"Why be burdened by sales tax when there is a solution, and it isn't a headache anymore. Sales tax is just another task that doesn't make you any money, so why should you spend your valuable time on it?"
Warren, Playa Bowls

About DAVO
by Avalara

DAVO by Avalara

Thousands of brick-and-mortar merchants trust DAVO's patented technology to automate their sales tax from start to finish.

Through our partnerships with leading POS providers such as Square, Toast, Par Brink, Clover, Revel, Poynt, and others, our goal is to eliminate sales tax from merchants' to-do lists through automated daily cash management and seamless return filing.