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SALES AND USE TAX

The Schneider Downs Business Process Automation team developed an automated solution for a retail client that was selling products in multiple states and required to collect and remit sales tax for each of the states and localities in which they sold their products.
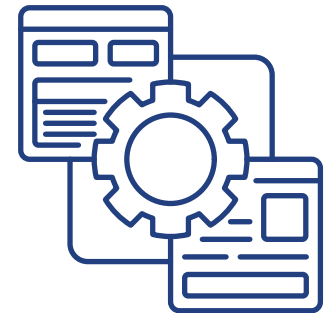
The Manual Process

Processing records for a given month using manual processing was taking multiple days' worth of time and resulted in high labor costs and slow turnaround times.

- Tax rules vary greatly from state-to-state and include variable rates, filing frequency and additional locality specific requirements.
- Filing requirements change over time and can be affected by the volume of sales at a given location. For example, the filing frequency requirement in Pennsylvania changes between annual, quarterly and monthly depending on the dollar value of sales within the state.
- Additional complexity in analyzing sales invoices can make the task manually intensive. Some items are tax exempt based on the state and some invoices could need to have tax withheld for multiple locations.

The Impact of Automation

Automation provided the ability to quickly and efficiently process large amounts of data. In this instance, the automation saved dozens of hours per month and could produce a tax report in about an hour . Human expertise was still required for overseeing the process inputs and output as tax jurisdictions modify the tax laws, the automation needs to be reconfigured to handle the changes.

For more information visit www.schneiderdowns.com/rpa or contact Patrick B. Armknecht CPA, CITP at parmknecht@schneiderdowns.com.

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