



Grant Thornton

## **Sales and use/property tax - Compliance and best practices**

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## Today's presenters



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# Agenda

- **What is property tax outsourcing and why do companies do it**
- What are companies' options for being property tax compliant
- What are some of the complexities of preparing and submitting property tax returns
- What outsourcing the process can accomplish
- What type of property tax outsourcing services can Grant Thornton provide



## What are the driving factors leading companies to request property tax outsourcing services:

- Return due dates
  - 70% of returns are due between March 1 and May 15
  - Due dates in Jan, Feb, Mar, Apr, May, July, September, November, December
  - Counties having different due dates within a state
- Complexity – Taxability, Depreciation, Inventory, Ghost Assets

## What are the driving factors leading companies to request property tax outsourcing services:

- Terminology – Lien date, assessment date, fair market value, taxable value, assessed value, assessment ratio, tax levy, tax rate, mill rate, ad valorem
- Lack of resources

## What are the driving factors leading companies to request property tax outsourcing services:

- Desire to use personnel in other areas
- Volume of paperwork necessary to complete returns
- Lack of software to automate the process



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- What is property tax outsourcing and why do companies do it
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## Company options for being property tax compliant

- Manually prepare returns
  - Great for companies that have less than 20 returns (depending on complexity of returns)
  - No software systems to learn or money to invest
- Purchase and maintain third party software to assist with return preparation
  - Need to maintain internal resource to run the software
  - Training can be expensive
  - Pay higher rate per return for less volume

# Company options for being property tax compliant

- Outsource to service provider



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## What are some of the complexities of preparing and submitting property tax returns

- Return formats and information requested vary from state to state or even county to county
- Taxability of assets/inventory
- Reporting too much information



## What are some of the complexities of preparing and submitting property tax returns

- Purchase price / Historic cost
- Nuances
- Filing thresholds
- Due dates can vary from state to state

## What are some of the complexities of preparing and submitting property tax returns

- Assessed values not in-line with rendered values
- Assessment notice tracking – missed appeals



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## What outsourcing the process can accomplish

- Free up company resources to perform other tasks
- Increase accuracy of returns being filed through automation and third party review
- Maintain consistency in filings if company personnel depart or change functions

## What outsourcing the process can accomplish

- Have flexibility if sales information, data or accounting packages change internally
- Access a ready repository of sales data through the third party if needed



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- **What type of property tax outsourcing services can Grant Thornton provide**



## What does Grant Thornton offer?

- Compliance Centers in Dallas and S. Florida
- Dedicated professionals specifically trained to provide property tax compliance services



## What does Grant Thornton offer?

- Returns processed through PTMS (Property Tax Management System)
  - Software less expensive due to large volume
  - Software transferable if company decides to bring compliance in house
- On line access for our clients to access and generate values, tax liabilities, filing status (PTMS Dashboard)
- Availability of SharePoint sites for client reviews and data archiving

## Learning objectives

- Describe the issues that drive companies to outsource sales tax compliance
- Identify company options for sales tax compliance
- Recognize complexities of preparing and submitting sales tax returns
- Define benefits of outsourcing sales tax compliance



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## What are the driving factors leading companies to request sales tax outsourcing services:

- Frequency of return due dates  
(Monthly, Quarterly) 20<sup>th</sup> and 25<sup>th</sup>
- Number of returns potentially due (could easily exceed 75 returns per month)

# Sample Return List

Returns					Returns				
	Due Date	Date Printed	Months Late	Print?		Due Date	Date Printed	Months Late	Print?
AL State Consumer's Use Return 3610	5/20/2010	5/18/2010	0	0	KY Sales/Use Tax Return 51A102	5/20/2010	5/15/2010	0	0
AL State Sales Tax Return w/Est Pay 2105	5/20/2010	5/18/2010	0	0	LA Monthly Sales Tax Return R-1029	5/20/2010	5/13/2010	0	0
AL-JEFFERSON CO Consumer Use Educ Tax	5/20/2010	5/18/2010	0	0	LA-CADDO Sales/Use Tax Report	5/20/2010	5/18/2010	0	0
AL-JEFFERSON CO Sales/Education Tax	5/20/2010	5/18/2010	0	0	LA-CALCASIEU Sales/Use Tax Report	5/20/2010	5/13/2010	0	0
AL-MADISON CO Sales/Use/Rental Return	5/20/2010	5/18/2010	0	0	LA-EAST BATON ROUGE Sales/Use Tax Report	5/20/2010	5/18/2010	0	0
AL-MONTGOMERY CO Sales & Use Tax Return	5/20/2010	5/18/2010	0	0	LA-JEFFERSON Sales and Use Tax Report	5/20/2010	5/13/2010	0	0
AL-MORGAN CO Consumer Excise Tax Report	5/20/2010	5/18/2010	0	0	LA-LAFAYETTE Sales Tax Return	5/20/2010	5/13/2010	0	0
AL-MORGAN CO Sales/Sellers Use Tax Rpt	5/20/2010	5/18/2010	0	0	LA-LIVINGSTON Sales/Use Tax Report	5/20/2010	5/13/2010	0	0
AL-SHELBY CO Sales, Use, Rental Return	5/20/2010	5/18/2010	0	0	LA-NEW ORLEANS Sales/Use Tax Report	5/20/2010	5/13/2010	0	0
AL-TALAMONOS Sales/Use/Rental Return	5/20/2010	5/18/2010	0	0	LA-OUACHITA Sales Tax Return	5/20/2010	5/18/2010	0	0
AL-BIRMINGHAM Sales Tax Return	5/20/2010	5/18/2010	0	0	LA-TERRIBONNE Sales/Use Tax Return	5/20/2010	5/13/2010	0	0
AL-DECATUR Tax Report	5/20/2010	5/18/2010	0	0	MA Monthly Sales/Use Tax Return ST-9	5/20/2010	5/18/2010	0	0
AL-HOOVER Sales & Use Tax Report	5/20/2010	5/18/2010	0	0	MD Sales & Use Tax Report COT/RAD-077	5/20/2010	5/20/2010	0	0
AL-HUNTSVILLE Standard Local Tax Return	5/20/2010	5/18/2010	0	0	ME Sales/Use Tax Return ST-7	5/19/2010	5/13/2010	0	0
AL-MONTGOMERY Tax Return	5/20/2010	5/18/2010	0	0	MN Combined Sales/Use Tax ST-1 CON	5/20/2010	5/13/2010	0	0
AR Excise Sales/Use Tax Report	5/20/2010	5/20/2010	0	0	MO Sales Tax Return SS-1	5/20/2010	5/20/2010	0	0
AZ Privilege/Use/Severance Tax TPT-1	5/25/2010	5/20/2010	0	0	MO Use Tax Return 53-U	5/20/2010	5/17/2010	0	0
AZ-AVONDALE Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	MS Sales Tax Return 72-001	5/20/2010	5/13/2010	0	0
AZ-CHANDLER Privilege & Use Tax Return	5/20/2010	5/13/2010	0	0	MS Use Tax Return 72-110	5/20/2010	5/18/2010	0	0
AZ-FLAGSTAFF Sales Tax Return	5/20/2010	5/13/2010	0	0	NC Sales and Use Tax Return E-500	5/20/2010	5/20/2010	0	0
AZ-GLENDALE Sales and Use Tax Return	5/20/2010	5/13/2010	0	0	ND ST - Sales and Use Tax Return	5/13/2010	5/13/2010	0	0
AZ-MESA Yumacond Privilege & Use Tax	5/20/2010	5/13/2010	0	0	NE State Local Sales/Use Tax Return 10	5/25/2010	5/20/2010	0	0
AZ-PEORIA Privilege & Use Tax Return	5/20/2010	5/13/2010	0	0	NM Combined Sales/Use Tax Report CRS-1	5/25/2010	5/13/2010	0	0
AZ-PHOENIX Privilege (Sales) Tax Return	5/20/2010	5/13/2010	0	0	NV Combined Sales/Use Tax Return ST-18	5/11/2010	5/13/2010	0	0
AZ-SALT RIVER-PIMA MARICOPA Indian Cmnty	5/20/2010	5/13/2010	0	0	NV Part-Time Only Sales/Use (MBA) ST-805	5/20/2010	5/13/2010	0	0
AZ-TEMPE Sales/Use/Transient Tax Report	5/20/2010	5/13/2010	0	0	OH UST-1 Sales	5/23/2010	5/13/2010	0	0
AZ-TUCSON Business/Public/Rental Tax	5/20/2010	5/13/2010	0	0	OH UST-1 Seller's Use	5/23/2010	5/13/2010	0	0
AZ-YAVAPAI-PRES-COTT Indian Tribe	5/31/2010	5/13/2010	0	0	OK Consumer's Use Tax Report 21-1-R	5/20/2010	5/13/2010	0	0
CA Sales/Use Prepayment Form	5/24/2010	5/13/2010	0	0	OK Sales Tax Prepayment Return	5/20/2010	5/13/2010	0	0
CO Consumer's Use Tax Return DR0252	5/20/2010	5/20/2010	0	0	OK Sales Tax Report ST50002	5/20/2010	5/13/2010	0	0
CO Retail Sales Tax Return DR0105	5/20/2010	5/20/2010	0	0	OK Vendor's Use Tax Report 21-3-R	5/20/2010	5/13/2010	0	0
CO-AURORA Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	PA Sales/Use/Hotel Tax PA-3	5/20/2010	5/13/2010	0	0
CO-BOLDER Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	RI Monthly Sales/Use Tax Return T-204M	5/20/2010	5/20/2010	0	0
CO-BROOMFIELD Sales Tax Return	5/20/2010	5/13/2010	0	0	SC Sales and Use Tax Return ST-3	5/20/2010	5/13/2010	0	0
CO-CENTENNIAL Sales Tax Return	5/20/2010	5/13/2010	0	0	SD Sales/Use Tax Return	5/20/2010	5/14/2010	0	0
CO-COLORADO SPRINGS Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	TN Sales/Use Tax Return RV-R0502001	5/20/2010	5/13/2010	0	0
CO-DENVER Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	TX Sales/Use Tax Return 01-114	5/20/2010	5/13/2010	0	0
CO-ENGLEWOOD Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	UT Sales and Use Tax Return CT-62M	5/18/2010	5/18/2010	0	0
CO-FORT COLLINS Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	VA Dealer's Sales/Use Tax w/CU ST-3	5/20/2010	5/20/2010	0	0
CO-GLENWOOD SPRINGS Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	VA Out-of-State Dealer Use ST-8	5/20/2010	5/17/2010	0	0
CO-GOLDEN Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	VT Sales/Use Tax Return (SU-451)	5/25/2010	5/13/2010	0	0
CO-GRAND JUNCTION Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	WA Combined Monthly Excise Tax 2466M	5/25/2010	5/13/2010	0	0
CO-GREELEY Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	WV State/County Sales/Use Tax ST-12	5/20/2010	5/13/2010	0	0
CO-LAKEWOOD Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	WV Sales and Use Tax Return CSF-200CU	5/20/2010	5/13/2010	0	0
CO-LONGMONT Sales/Use Tax Return	5/20/2010	5/13/2010	0	0	WY Sales/Use Return Multiple Location 11	5/13/2010	5/13/2010	0	0
CO-MOUNTROSE Sales/Use Tax Return	5/20/2010	5/13/2010	0	0					
CO-NORTHGLENN Sales/Use Tax Return	5/20/2010	5/13/2010	0	0					
CO-PUEBLO Tax Return	5/20/2010	5/13/2010	0	0					
CO-WESTMINSTER Sales and Use Tax Return	5/20/2010	5/13/2010	0	0					
CT Sales/Use Tax Return OS-114	5/31/2010	5/13/2010	0	0					
DC Sales/Use Tax Return FR-800	5/20/2010	5/14/2010	0	0					
FL Sales/Use Tax Return DR-15	5/20/2010	5/17/2010	0	0					
GA Sales/Use Tax Report ST-3	5/20/2010	5/13/2010	0	0					
HI General Excise/Use Tax Return G-45	5/20/2010	5/19/2010	0	0					
IA Sales Tax Monthly Deposit (eFile)	5/20/2010	5/13/2010	0	0					
ID Sales/Use Tax Return 550	5/20/2010	5/20/2010	0	0					
ID-NEZ PERCE Co Sales Tax Return NS850	5/20/2010	5/20/2010	0	0					
IL Sales/Use Tax Return/Wisht ST-1	5/20/2010	5/20/2010	0	0					
IN Sales and Use Tax ST-103 Pyment Coupon	5/20/2010	5/20/2010	0	0					
IN Sales and Use Tax Voucher ST-103	5/20/2010	5/20/2010	0	0					
KS Consumer's Use Tax Return CT-10U	5/25/2010	5/13/2010	0	0					
KS Retailer's Sales Tax Return CT-36	5/25/2010	5/20/2010	0	0					
KS Retailer's Tax Return CT-9U	5/25/2010	5/20/2010	0	0					

## What are the driving factors leading companies to request sales tax outsourcing services:

- Complexity of returns at the local level of tax (County Breakouts, etc.)
- Lack of trained personnel









## What are the driving factors leading companies to request sales tax outsourcing services:

- Desire to use personnel in other areas
- Volume of paperwork necessary to complete returns
- Lack of software to automate the process



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## Company options for being sales tax compliant

- Prepare returns manually
  - Usually works up until about 15 returns
- Purchase and maintain third party software to assist with return preparation
  - Need to maintain internal resource to run the software

## Company options for being sales tax compliant

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## What are some of the complexities of preparing and submitting sales tax returns

- Various tax types and returns required by the states
- Sales tax returns due in 45 states (some in Alaska) and Puerto Rico



## What are some of the complexities of preparing and submitting sales tax returns

- Due dates can vary from state to state (15<sup>th</sup>, 20<sup>th</sup>, 25<sup>th</sup>, 30<sup>th</sup>)
- Local, stand alone returns for jurisdictions in Alabama, Arizona, Colorado, Louisiana
- Preparing, sorting and mailing 50-100 returns per month

## What are some of the complexities of preparing and submitting sales tax returns

- Varying state requirements regarding electronic versus paper filings
- Various requirements regarding prepayments and estimated payments
- Tracking and maintaining tax credits to apply to returns

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## What does Grant Thornton offer?

- National Compliance Center in Charlotte
- Dedicated professionals specifically trained to provide sales tax compliance services



## What does Grant Thornton offer?

- Automated returns processing through industry standard software (Vertex)
- Availability of SharePoint sites for client reviews and data archiving
- Bill paying services through third party vendor (Anybill Financial Services)

## Compliance Data & Processes

# Issues and Best Practices

## Compliance Data & Processes

### Issue - Inadequate Information & Processes

- Lack of complete information
- Inconsistencies in structure and content
- Ledger data versus transaction data
- Adjustments
- Manual gathering, consolidating and cleansing
- Manual tax rate management
- Manual tax return compilation

A small, low-resolution image of a complex spreadsheet or ledger. It features multiple columns and rows of data, with some cells containing text and others containing numbers. The overall appearance is that of a dense data table, possibly representing financial or tax-related information.

## Compliance Data & Processes Best Practices

- Help IT understand your business needs
- Review source information capabilities with IT
- Consolidate information where possible
- Consider revising policies and procedures around adjustments
- Create consistent processes and tools (wash, rinse, repeat)
- Document all processes
- Leverage EDI filing where available
- Utilize software tools to reduce manual effort

# Compliance Reporting Software Vendors



## Compliance Reporting Software Capabilities

- Jurisdictional forms
- Transaction importing/exporting
- Signature stamping
- Credit balance management
- Prepayment management
- Location/outlet reporting
- Payment requisitions
- Tax rates
- Sales gross-up

## Compliance Data & Processes Issue – Historical Information Management

- Non-centralized storage - numerous files and versions
- Uninhibited access to historical data
- Lack of version control capabilities
- Inconsistent policy around imaging and document storage



## Compliance Data & Processes Best Practices

- Establish solid policy and procedure for work paper management
- Utilize central storage devices
- Identify and control capabilities to alter post-filing information
- Utilize SharePoint technologies where viable

## Compliance Data & Processes Other Areas for Improvement

- GL reconciliation
- Payment processing



## Who to contact

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