

Sales Tax Management Strategies



Summary Results | May 2017

Survey Summary

- ▶ Between February and April 2017, Gatepoint Research invited selected finance executives to participate in a survey themed *Sales Tax Management Strategies*.
- ▶ Candidates were invited via email and 100 executives have participated to date.
- ▶ Management levels represented are predominantly senior decision makers: 11% hold the title CxO, 33% are VPs, 22% are Directors, and 34% are Managers.
- ▶ Survey participants represent firms from a wide variety of industries including business services, financial services, healthcare, consumer services, high tech, general, and primary manufacturing; transportation, retail trade, and wholesale trade.
- ▶ Responders work for firms with a wide range of revenue levels:
 - 16% work in Fortune 1000 companies with revenues over \$1.5 billion;
 - 10% work in Large firms whose revenues are between \$500 million and \$1.5 billion;
 - 7% work in Mid-Market firms with \$250 million to \$500 million in revenues;
 - 67% work in Small companies with less than \$250 million in revenues.
- ▶ 100% of responders participated voluntarily; none were engaged using telemarketing.

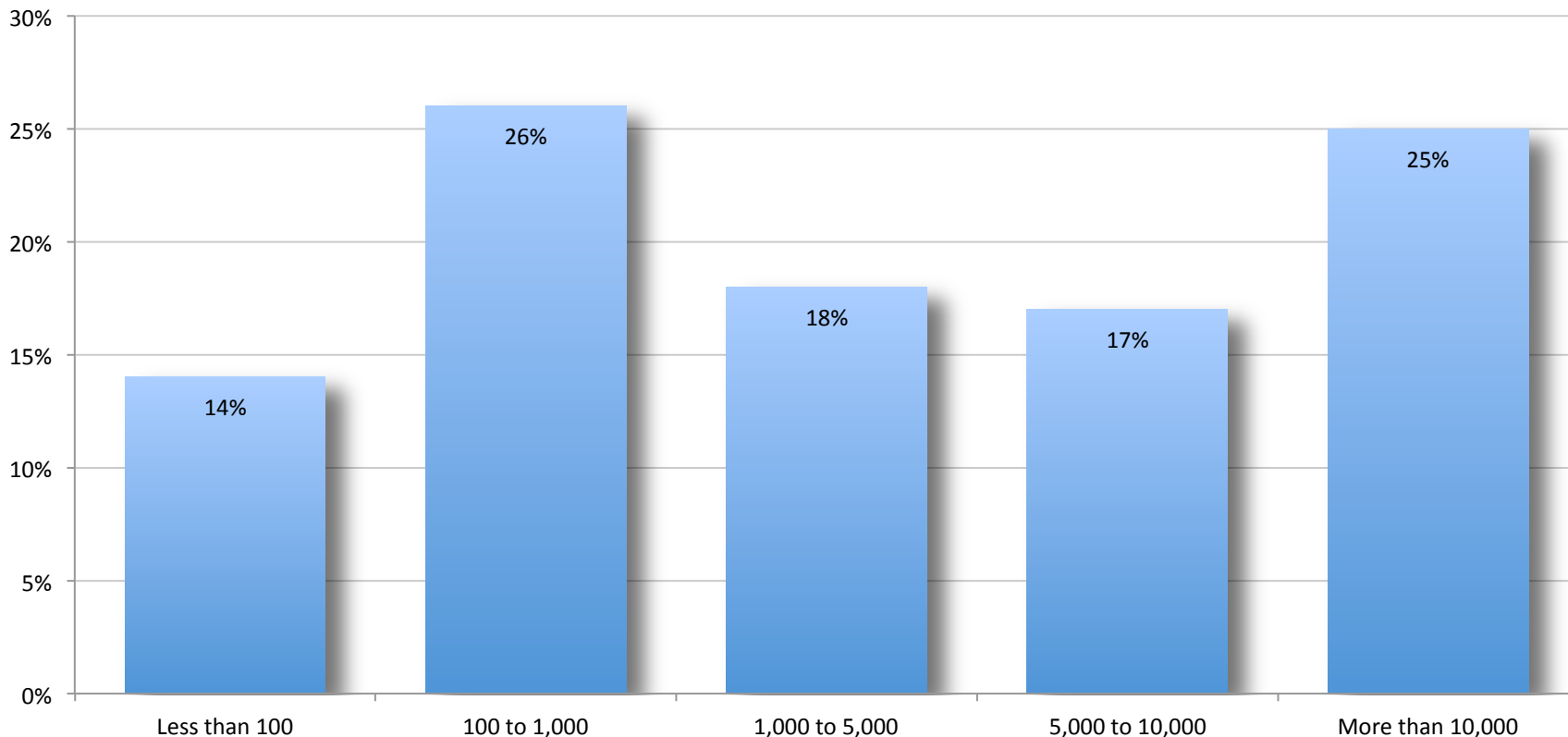
Executive Overview

Many organizations have taken the major step of automating their sales and use tax calculation. But what about the next hurdle: managing tax collection and remitting in all pertinent geographies, while remaining compliant with changing sales tax legislation and product taxability rules?

This survey asks respondents to report:

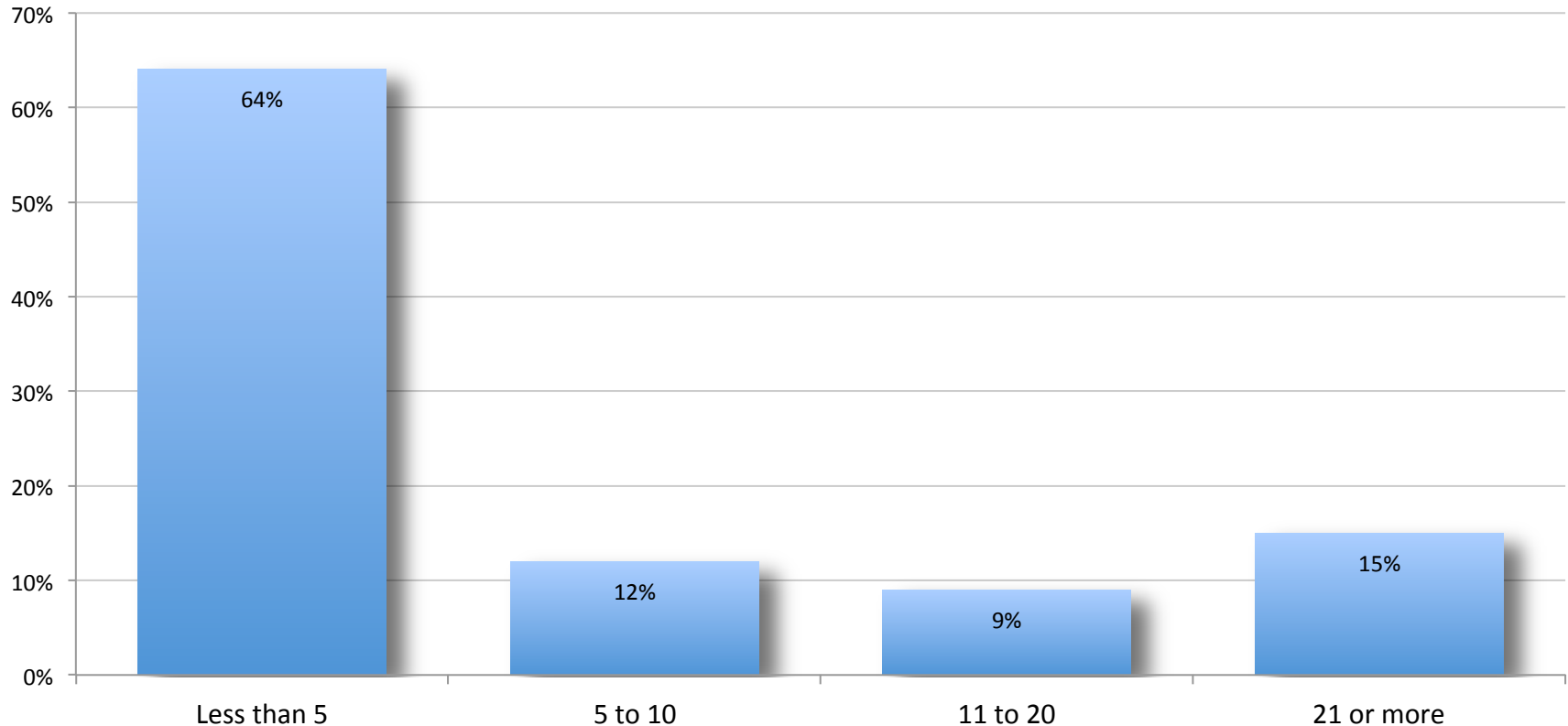
- ▶ How many sales transactions do they perform monthly? How often do they file taxes?
- ▶ Do they have difficulty managing indirect taxes? Are they confident they are collecting and remitting taxes properly in all geographies they are obliged to?
- ▶ Is their company growing? If so, in what aspects?
- ▶ Are changes in tax rules making your job easier or harder?
- ▶ What aspects of sales tax management would they like to do better or more easily?

How many sales transactions does your company perform monthly?



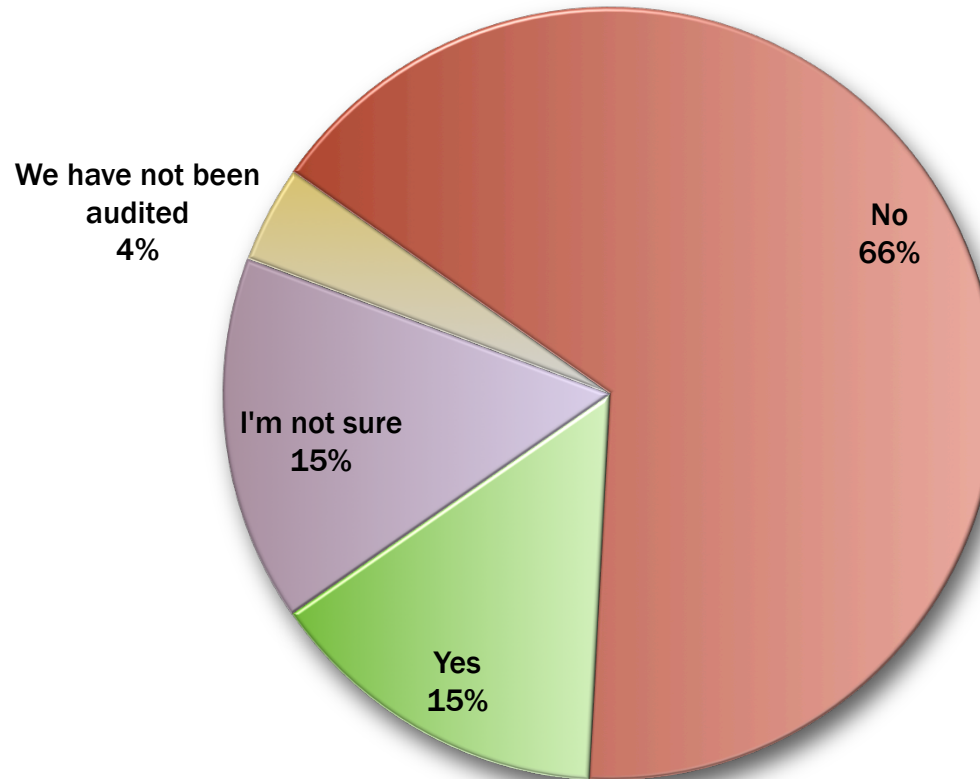
Ranked by transactions, respondents' organizations vary dramatically in size, from less than 100 to more than 10,000 sales per month.

How many times do you file taxes per quarter?



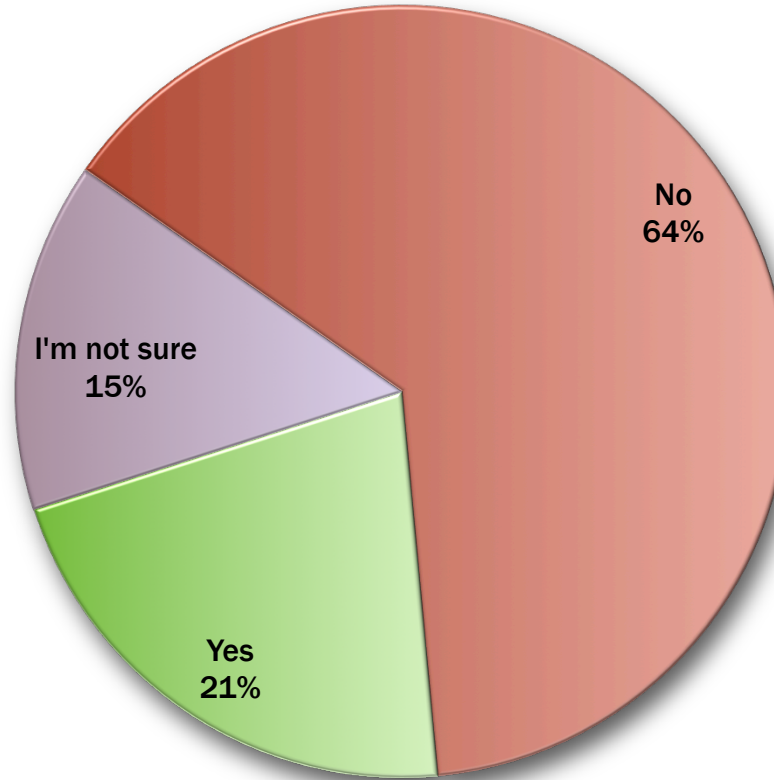
More than 2/3 of respondents report filing taxes less than 5 times per quarter. 15% file more than 21 times quarterly.

Have you ever been found non-compliant as the result of an audit?



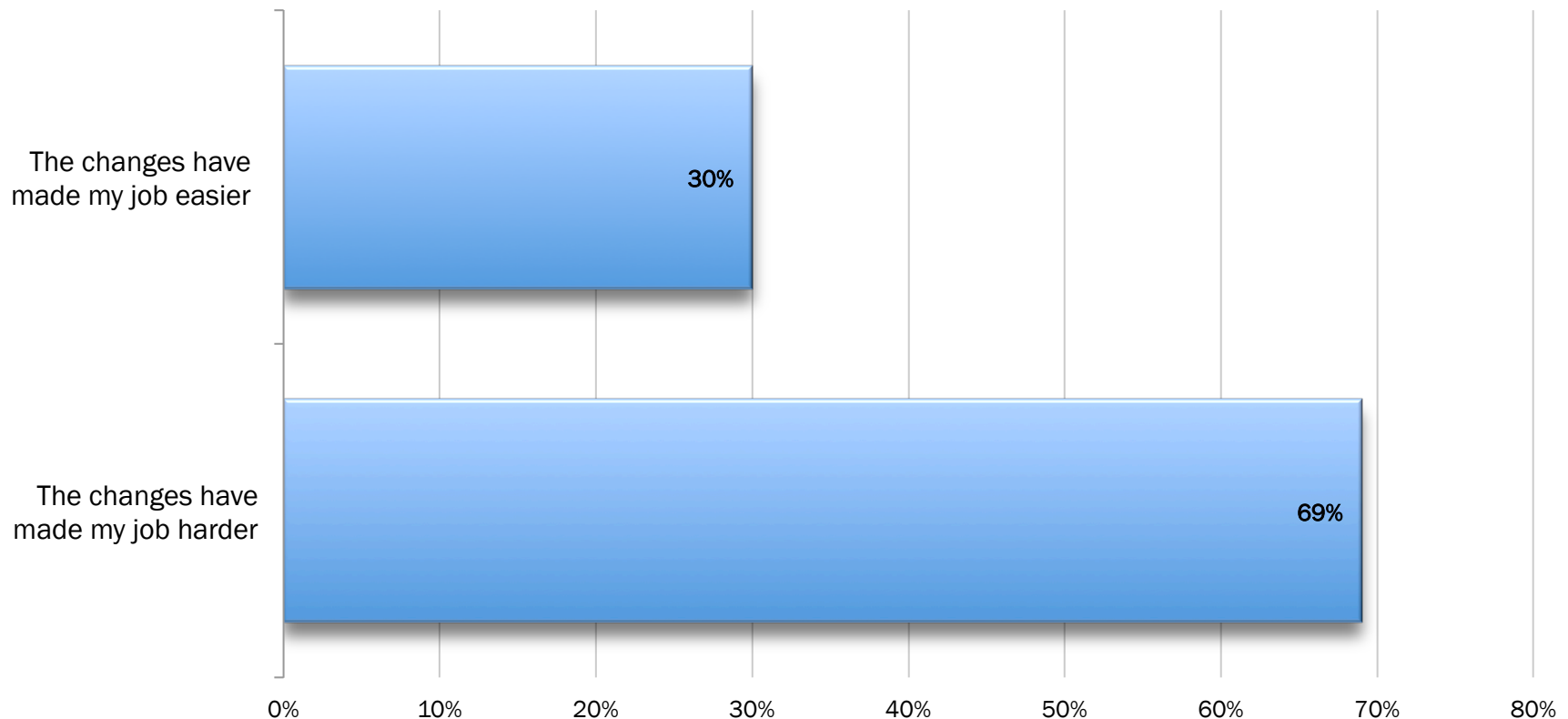
15% of respondents have been discovered non-compliant by audit. Another 15% are not sure of their status.

Do you find it difficult to manage indirect taxes, e.g., sales tax and use tax?



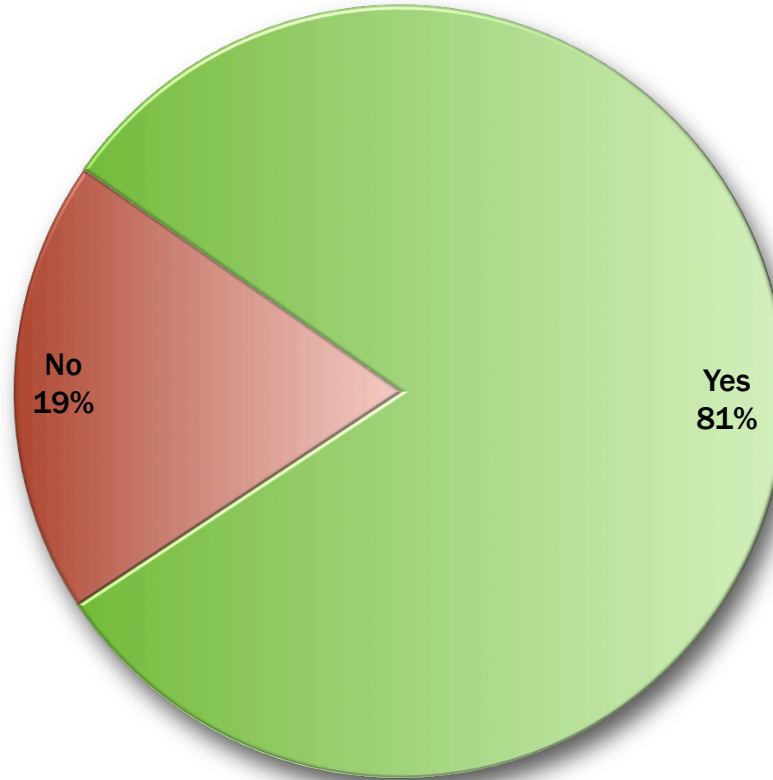
Although 64% of respondents are not challenged by it, 21% find managing sales and use tax difficult.

How have changes to sales tax legislation and product taxability rules affected your job?



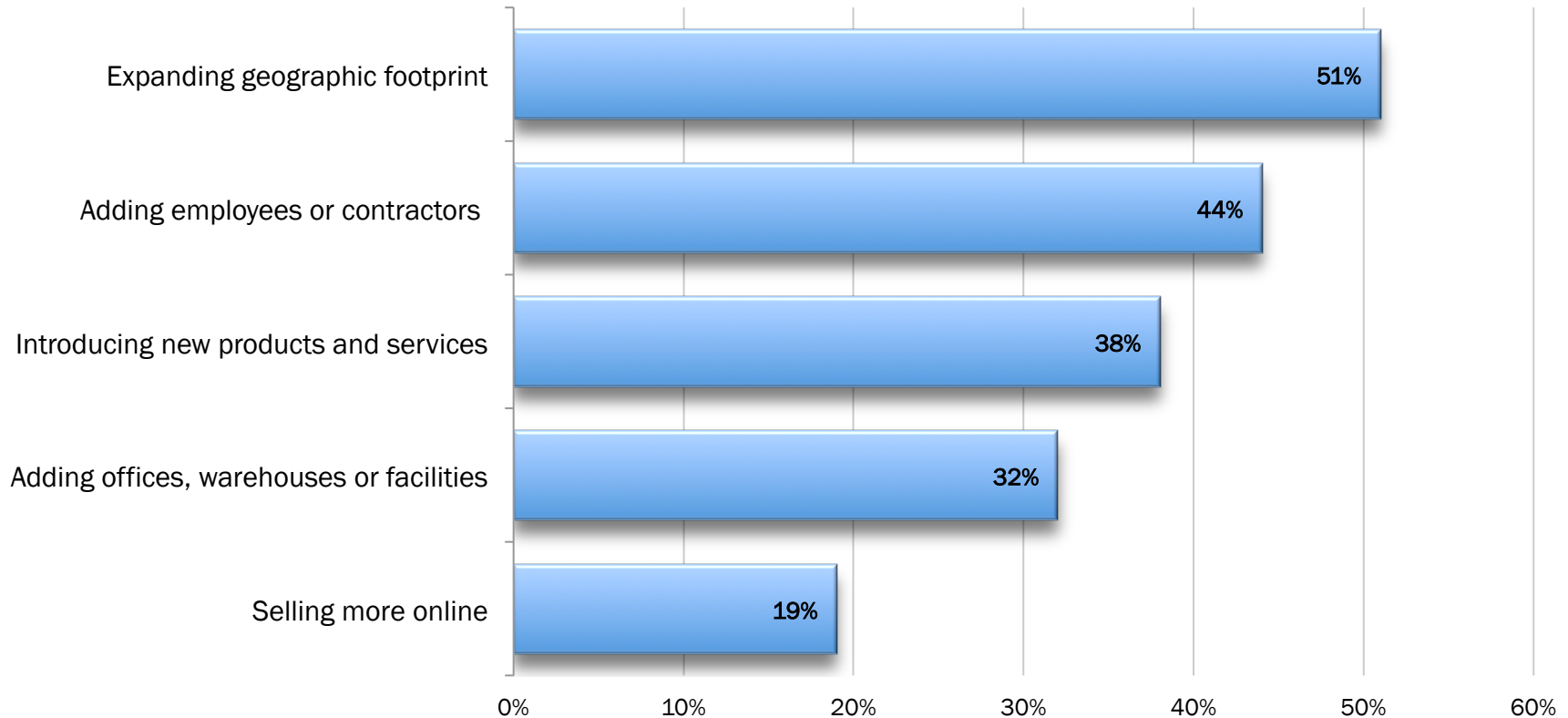
A resounding 69% of respondent agree: changes in sales tax legislation and product taxability has made their job harder, not easier.

Are you confident you are collecting and remitting sales tax in all geographies that you are obliged to?



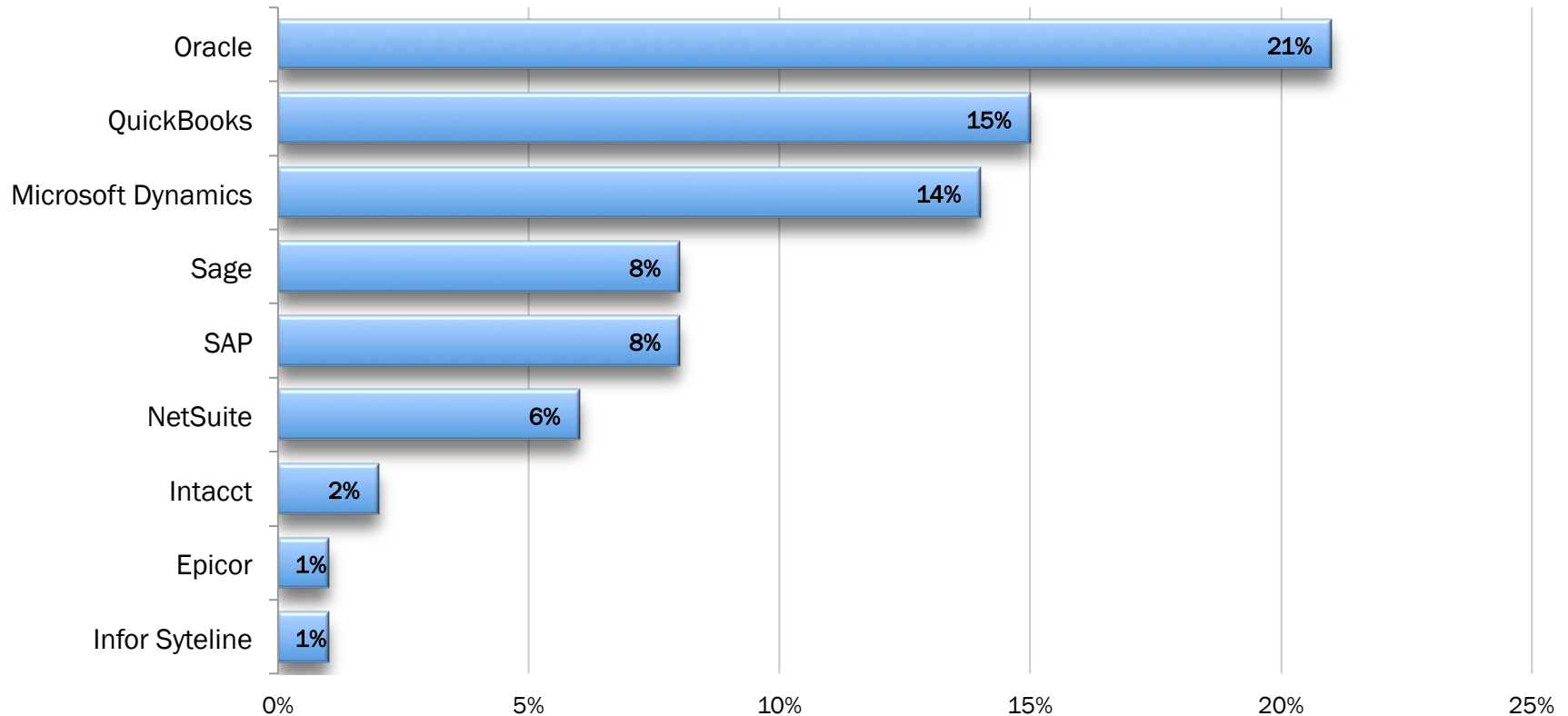
Respondents are generally confident they are correctly collecting and remitting sales tax in all their operating geographies, but 19% express doubts they are in full compliance.

In what area(s) is your business growing?



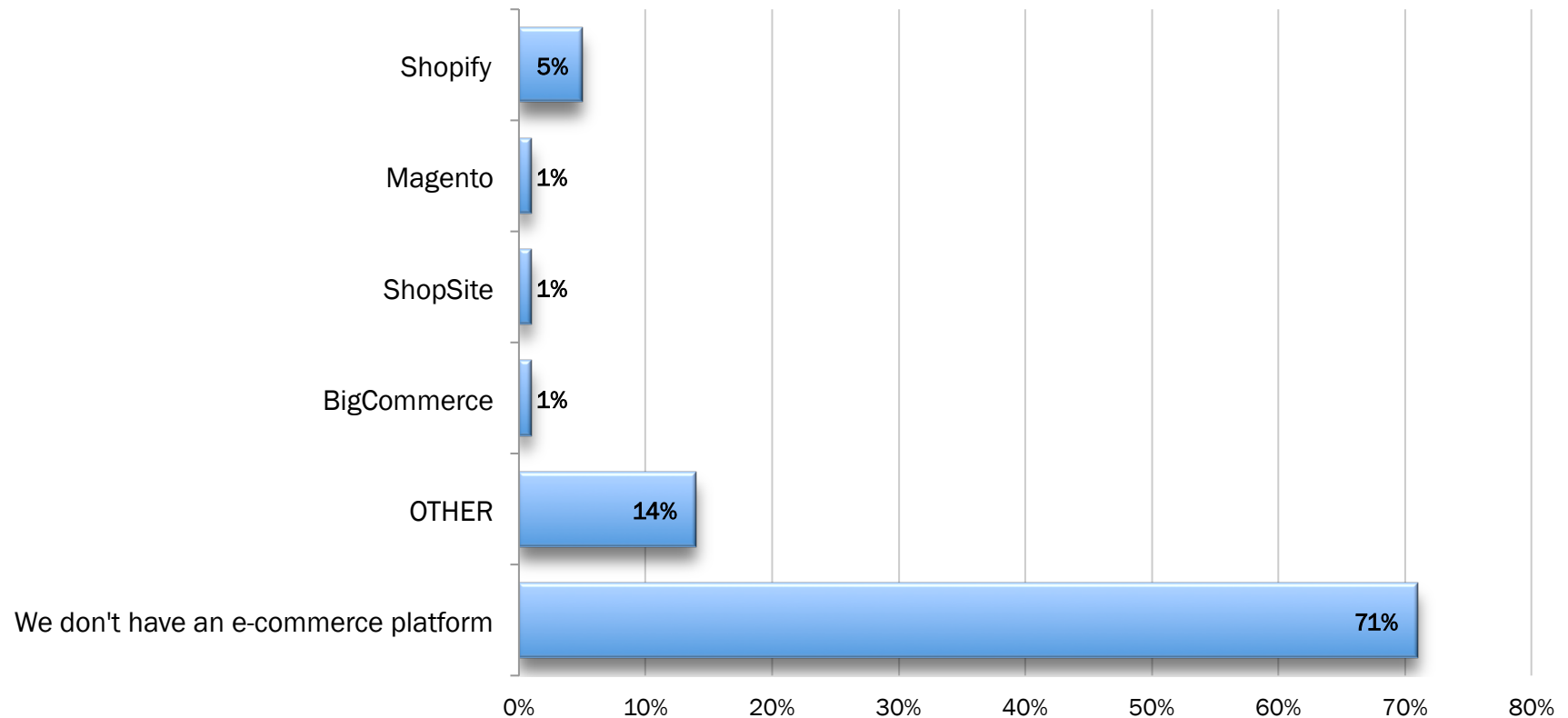
More than half of survey respondents (51%) report their business is expanding geographically. In addition, high numbers report adding to their headcount (44%) and introducing new products/services (38%).

Which ERP or financial accounting system(s) do you use to track sales transactions?



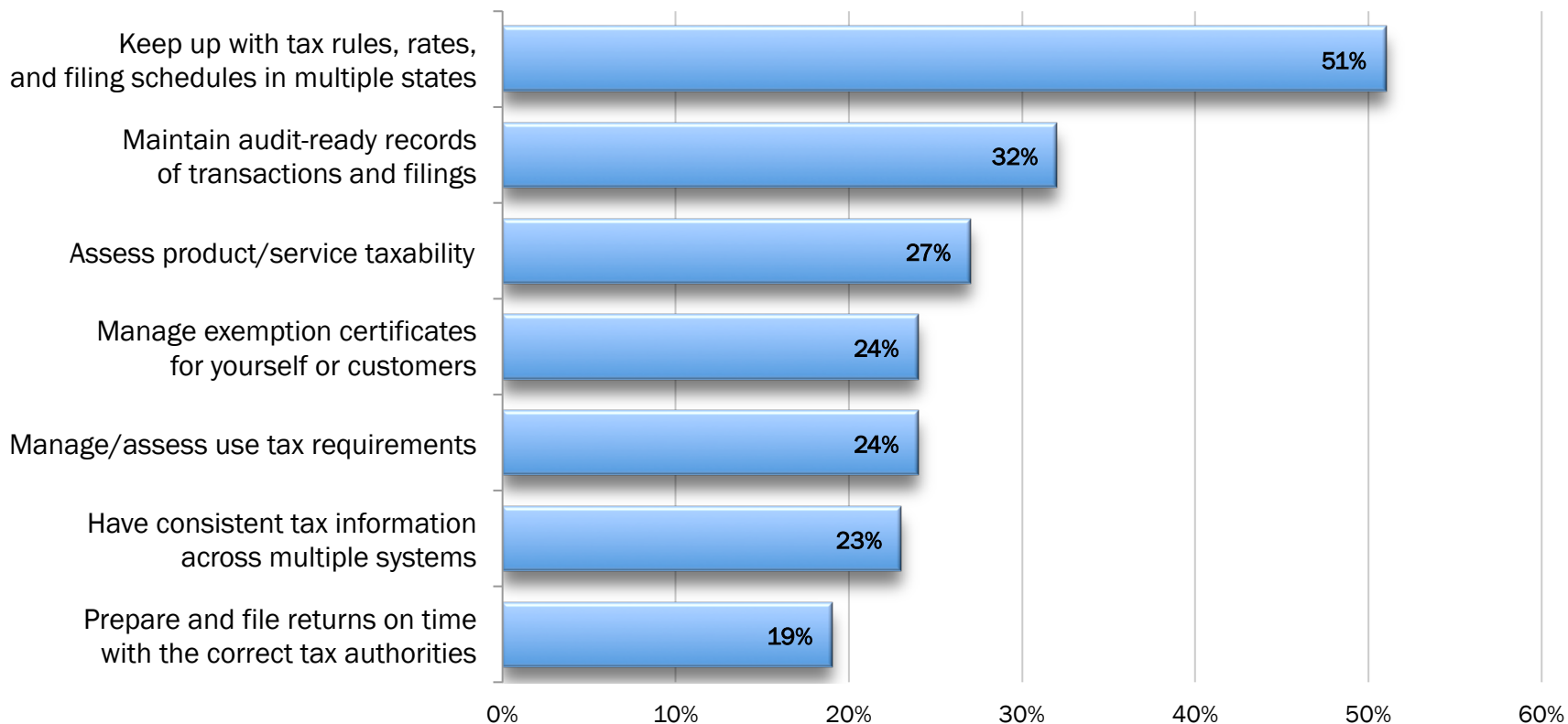
Among respondents the top three financial accounting systems currently used to track sales are Oracle (21%), QuickBooks (15%), and Microsoft Dynamics (14%).

Which e-commerce platform(s) do you use?



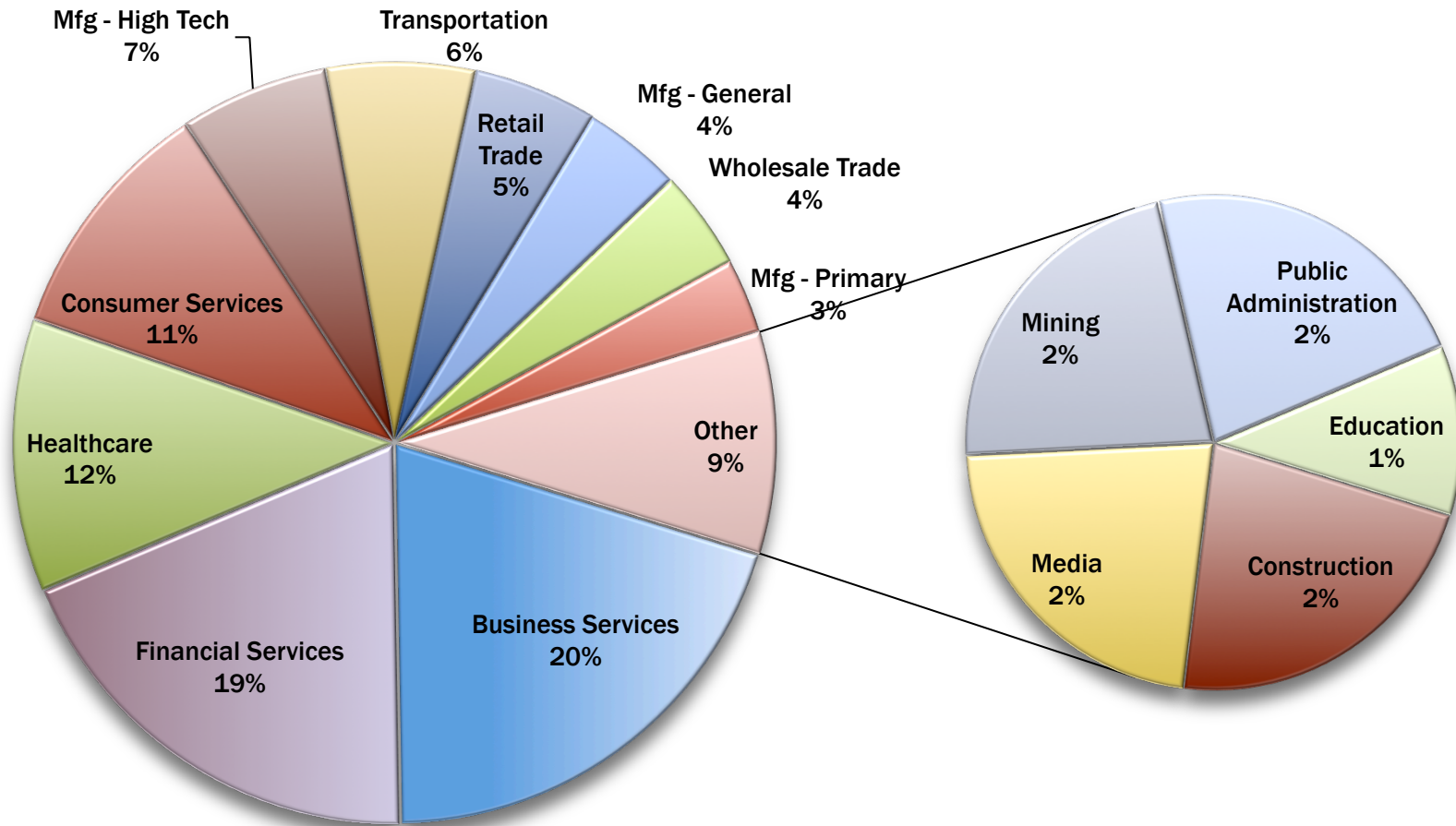
71% of those surveyed do not yet use an e-commerce platform.

What do you wish you could do better or more easily regarding managing sales tax?



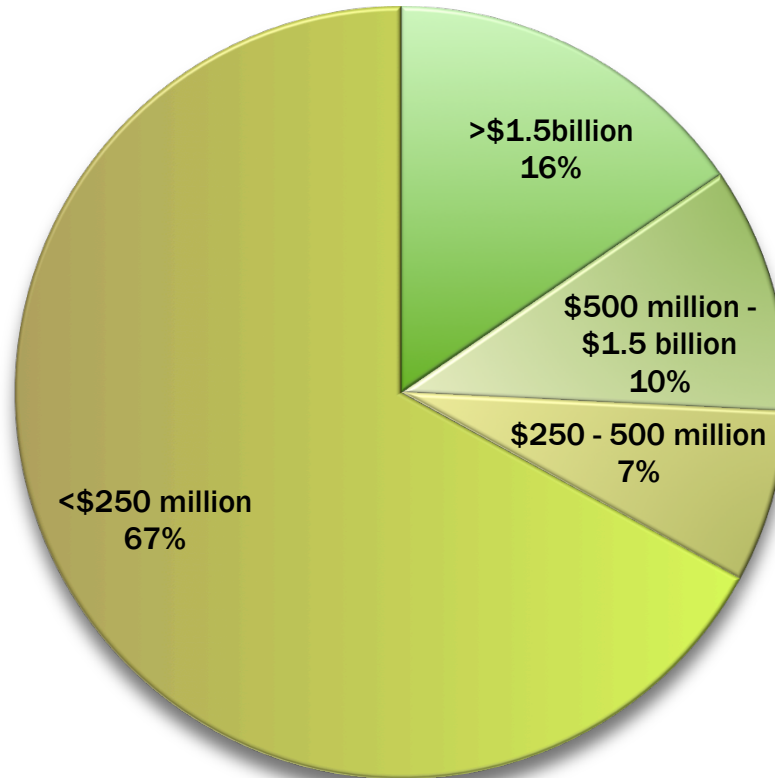
The toughest challenge cited by respondents regarding sales tax management is keeping up with changes in tax rules, rates, and filing schedules (51%). This concern far outstrips the problem of maintaining audit-ready records (32%) or assessing taxability (27%).

Profile of Responders: Industry Sectors



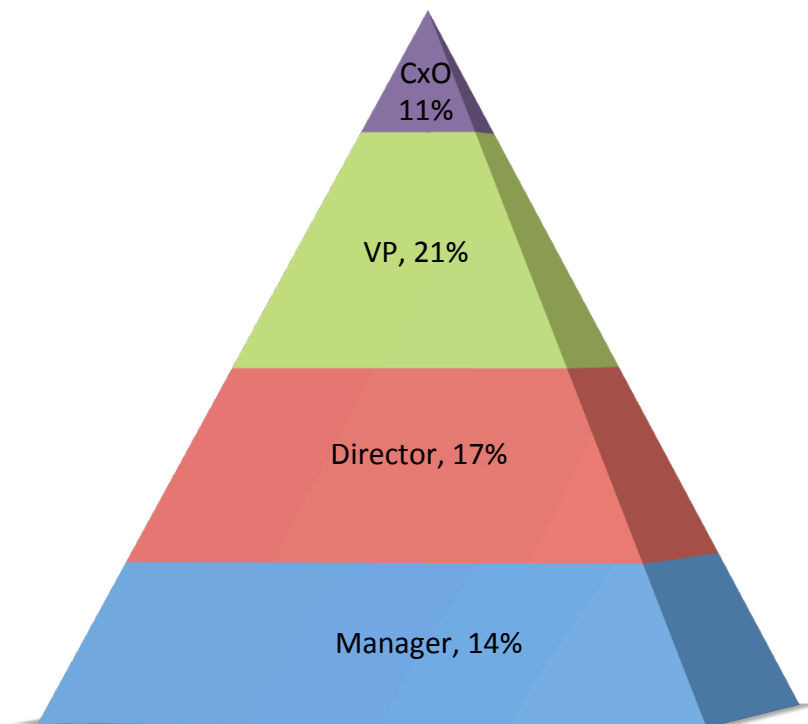
Responders represent a wide variety of industries.

Profile of Responders: Revenue



Two thirds of those responding to the survey work in small organizations with less than \$250 million in revenue.

Profile of Responders: Job Level



66% of those surveyed hold executive level positions within their organizations.



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