



**2020 Advisory Conference**

October 27–29

Converging knowledge and behaviors to deepen client relationships

**CONVERGE**

RSM Canada Alliance  
RSM

**FIRM FOUNDATION**  
Advice, tools and resources for CPAs

RSM US Alliance  
RSM



**HELP YOUR ECOMMERCE CLIENTS ACHIEVE THEIR GLOBAL ASPIRATIONS**

October 27-28, 2020

RSM US Alliance  
RSM

**FIRM FOUNDATION**  
Advice, tools and resources for CPAs

RSM Canada Alliance  
RSM

**Avalara**

**Rock Island Capital**

## Speakers list



### Evan Wright

Cross Border Lead, Avalara

Evan is passionate about advising and helping businesses that have a global tax footprint to grow and scale cross-border as they navigate challenges of sales tax compliance.



### Sona Akmakjian

Sr. Dir Global Accounting Partnerships, Avalara

Responsible for developing global, strategic, long-term relationships between Avalara and our accounting partners California CPA with over 28 years of experience in transactional tax services and automation.



© 2020 RSM US LLP. All Rights Reserved.



## Agenda

Topic	Minutes
Industry trends	10
Key considerations for cross border sellers	20
The case for automation	20
Closing	10



© 2020 RSM US LLP. All Rights Reserved.



## Objectives

By the end of this course, you will be able to:

- Help your clients improve efficiencies and customer satisfaction
- Advise clients how to seamlessly calculate customs duties and import taxes
- Understand how to comply with customs regulations anywhere in the world through automated Harmonized System (HS) code assignment



© 2020 RSM US LLP. All Rights Reserved.



RSM US Alliance



FIRMFOUNDATION

Advice, tools and resources for CPAs

RSM Canada Alliance



Avalara



# INDUSTRY TRENDS

## Compliance is becoming more challenging

At the center of **four major tailwinds**



© 2020 RSM US LLP. All Rights Reserved.



## Industry trends

- **Expansion** of advisory services and **globalization**
  - Clients demand more from trusted advisors
  - Cross-border & VAT
- **Value pricing & subscription services** embraced across different size firms and clients
- **AI** enables bookkeeping increasingly automates repetitive tasks
- **Financial insights** allow tax professionals to glean trends
- **Anticipatory vs. reactive** makes service providers more successful
- Accounting industry moved from essential to **indispensable**
- CPAs adopting the **mindset of millennials**
  - Baby boomer firm owners are passing torch to millennials



- **Virtual collaboration** the new norm
- Time for **transformation** - not just change



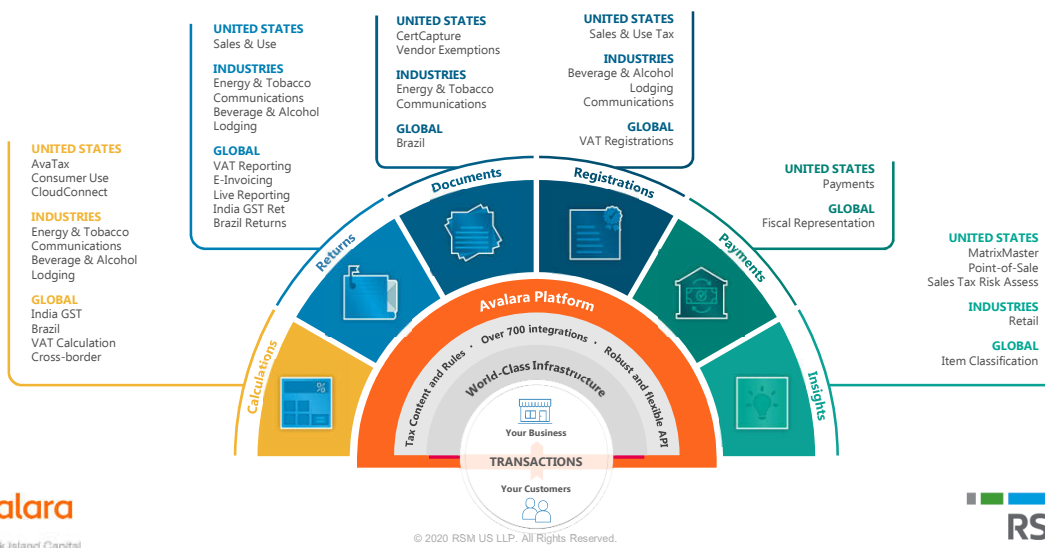
© 2020 RSM US LLP. All Rights Reserved.



## Avalara's offerings



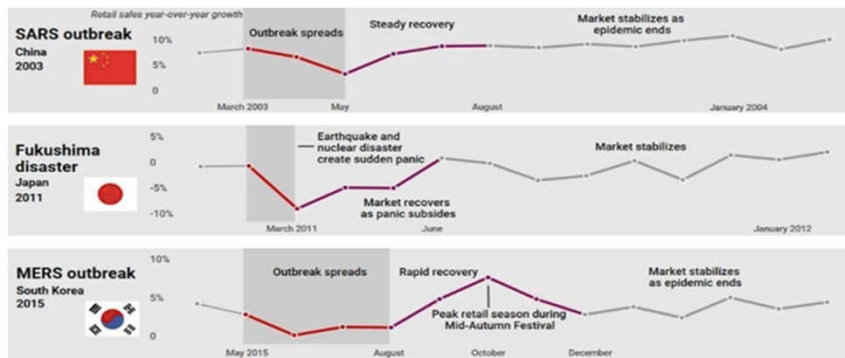
## End to end tax compliance



## Covid-19 – game changer

### Preparing for recovery

- Research suggests that retail businesses will eventually recover and stabilize from crises
- Businesses that make operational excellence a priority and focus on automation will likely prevail
- Now may be a good time to get ready for the recovery and build for the future



Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Today's commerce landscape

Commerce is increasingly digital



US retail ecommerce sales are expected to total \$668.5 billion in 2020 and to **\$969.7 billion by 2023.**

US Ecommerce 2019. eMarketer, 2019

Ecommerce in 2019 reached all-time highs, accounting for 14% of US retail sales, while **worldwide online sales totaled more than \$3.5 trillion in 2019.**

Ecommerce Sales Worldwide. Statista, 2019



Rock Island Capital

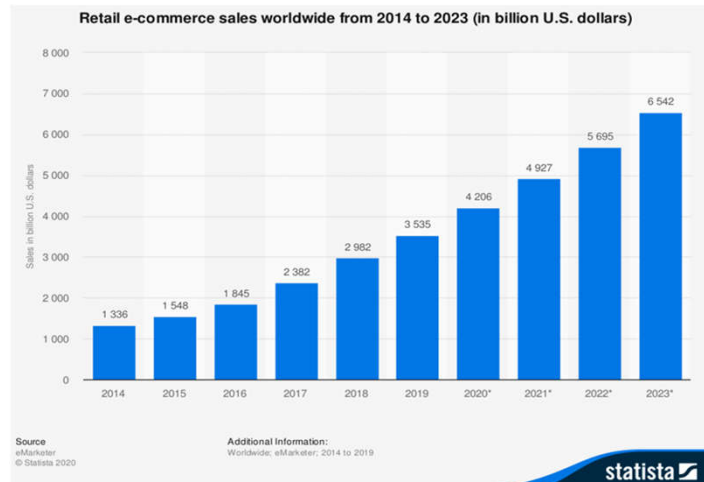
© 2020 RSM US LLP. All Rights Reserved.



## Ecommerce is booming – and borderless

Global e-commerce revenues projected to reach **\$6.54 trillion** by 2023.

20% of global eCommerce sales will be made up of **cross border purchases** by 2022 according to [Forrester](#)



Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Why sell cross border

Let's do the math



**\$6 trillion in revenue**

**x**

**20%**

**=**

**Over \$1 trillion reasons!**



Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Cross border is a competitive advantage

### Cross-Border Selling Has Gone Mainstream

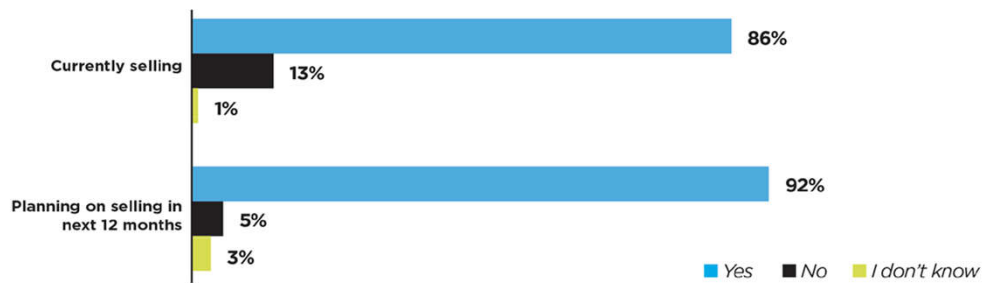


Figure 1  
Q: Is your business currently selling or planning on selling its products cross-border? (i.e., selling and shipping products to customers in a country other than where your business is based)  
n = 153 Retailers

NAPCORESEARCH



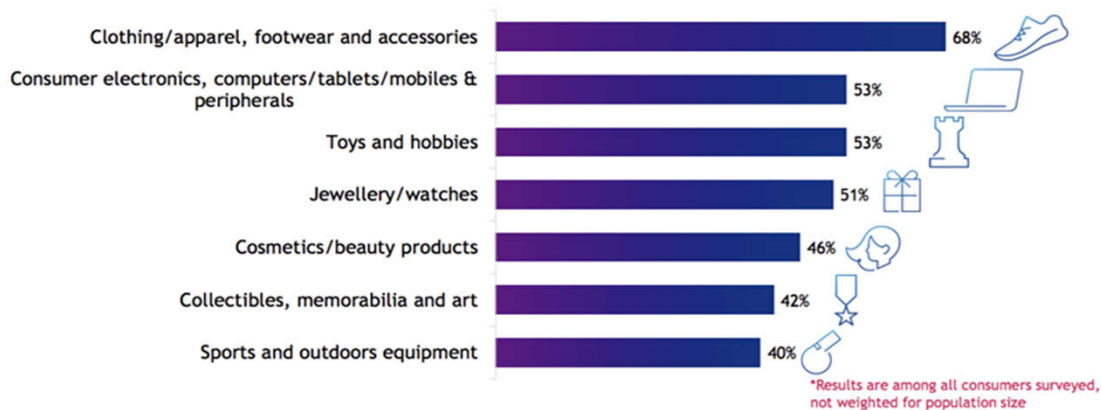
Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Clothing and apparel is the most popular category for cross-border purchases followed by Consumer Electronics and Toys

Top cross-border categories among all online shoppers surveyed\*  
(% of x-border shoppers shopping x-border in each category)








Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.







# KEY CONSIDERATIONS FOR CROSS BORDER ECOMMERCE SELLERS



## *Frictionless Experience*

ONLY 10% OF CONSUMERS AGREE THAT  
MOST BRANDS MEET THEIR  
EXPECTATIONS FOR WHAT THEY  
CONSIDER A 'GOOD EXPERIENCE.'

DELIVER THE CX THEY EXPECT. ACQUIA, 2019



## *Transparency*

95% OF BUYERS EXPECT TO SEE ALL  
SHIPPING FEES AND TAXES TOTALED  
BEFORE THEY'LL COMPLETE A PURCHASE.

.....

2019 UPS PULSE OF THE ONLINE SHOPPER. UPS, 2019



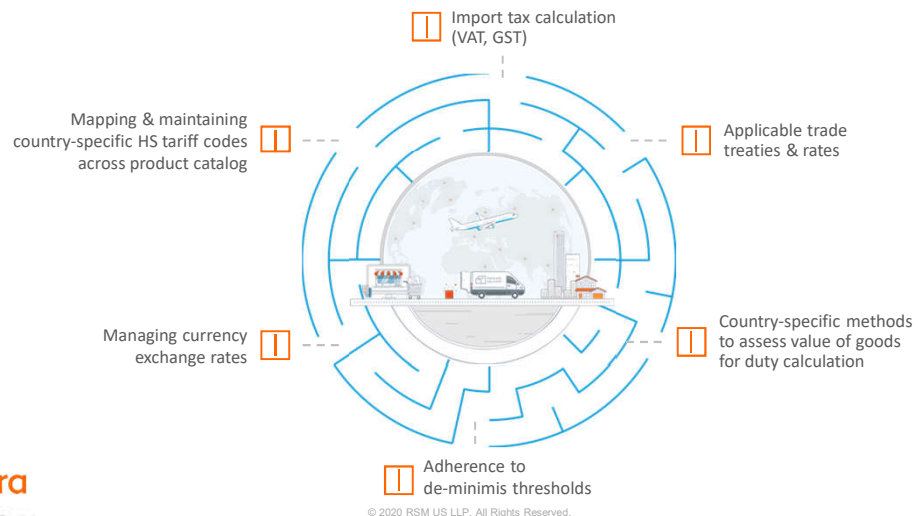
## *Convenience*

90% OF CONSUMERS SAY WHEN THEY  
INTERACT WITH A BRAND ONLINE, THEY  
WANT A CONVENIENT EXPERIENCE.

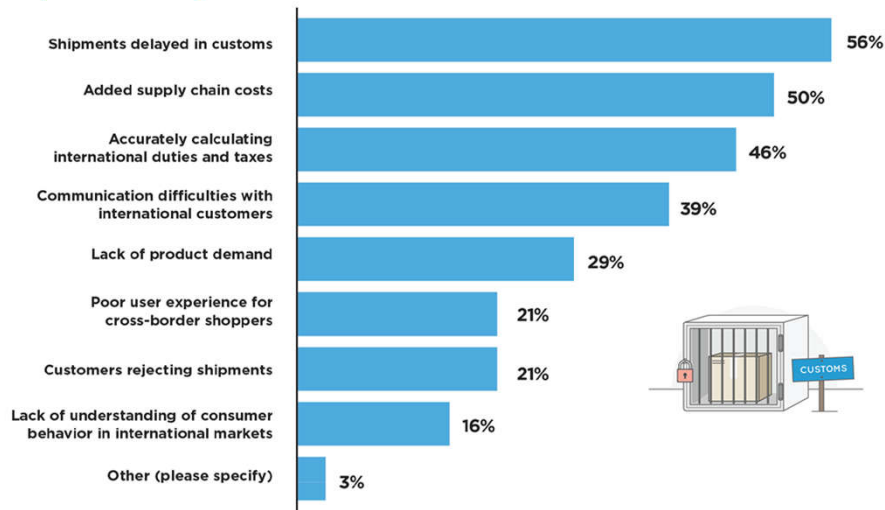
.....

DELIVER THE CX THEY EXPECT. ACQUIA, 2019

## Complexity does not have to stifle your client's sales

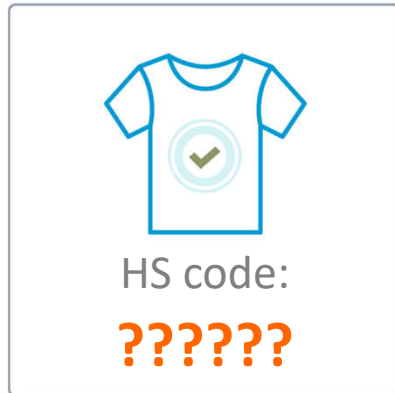


## Top challenges for cross border sellers



## Meeting expectations starts with classification

Customs officials want to know what's in the box



Inaccurate item  
classification information

=

Delays & added costs



© 2020 RSM US LLP. All Rights Reserved.



## Classification requires Harmonized System (HS) codes

HS codes are a system to classify globally traded products – enable the accurate calculation of customs duties worldwide



- **EACH COUNTRY WILL HAVE A UNIQUE HS CODE FOR THE SAME PRODUCT**
  - The **first 6** digits are universal – they are the same for all countries for a specific product.
  - The **last 4-6 digits** are country-specific
- **MAPPING HS CODES IS A PRE-REQUISITE TO ACCURATELY CALCULATE CUSTOMS DUTIES**
  - HS codes tie directly to a country's **tariff rates**

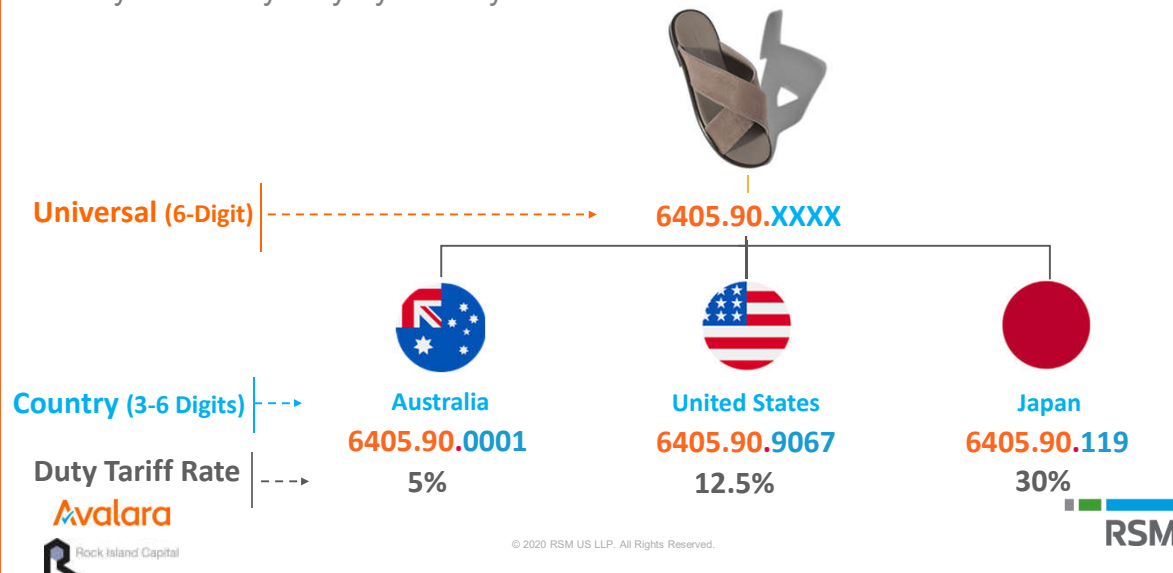


© 2020 RSM US LLP. All Rights Reserved.



## HS codes are country-specific

Duty rates may vary by country



## Other options

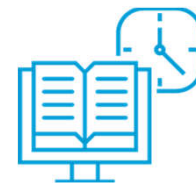
Traditional methods of assigning HS codes are inefficient, expensive and prone to error



Using a shipping company



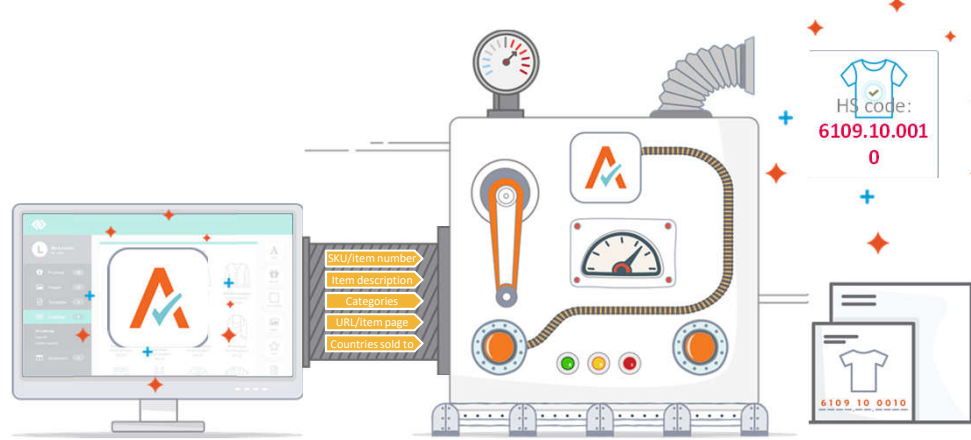
Using a customs broker



Doing it yourself

## Automation

Most efficient, affordable, and accurate way to assign HS codes



End to end automation

© 2020 RSM US LLP. All Rights Reserved.



## Key is transparency

Be transparent about all the costs in a cross-border sales



HS codes allow you to  
calculate customs duties  
& taxes

=

No surprise fees &  
fewer rejected shipments

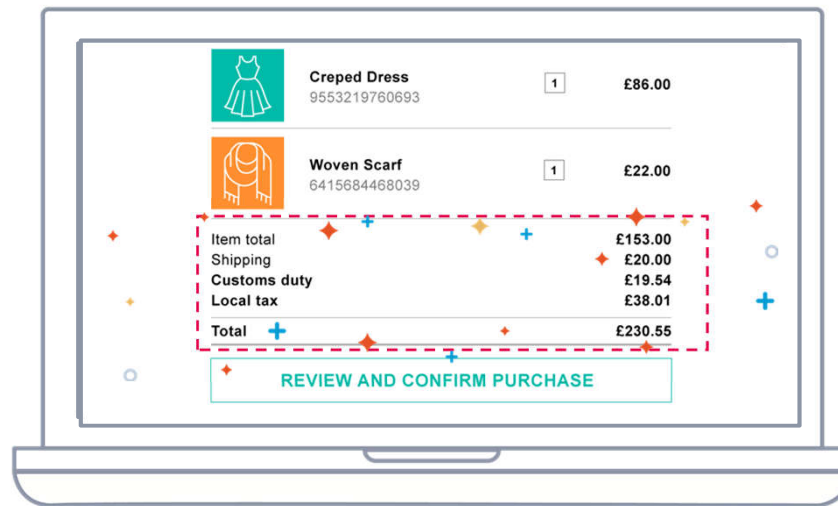


© 2020 RSM US LLP. All Rights Reserved.



## Your clients now have cost transparency

Communicate duty and import tax at the point of sale



© 2020 RSM US LLP. All Rights Reserved.



## Convenient and accurate

Calculate and communicate duties & taxes for a better experience

DDP delivery

=

A convenient &  
frictionless shipping  
experience




© 2020 RSM US LLP. All Rights Reserved.



RSM US Alliance  
  
**RSM**

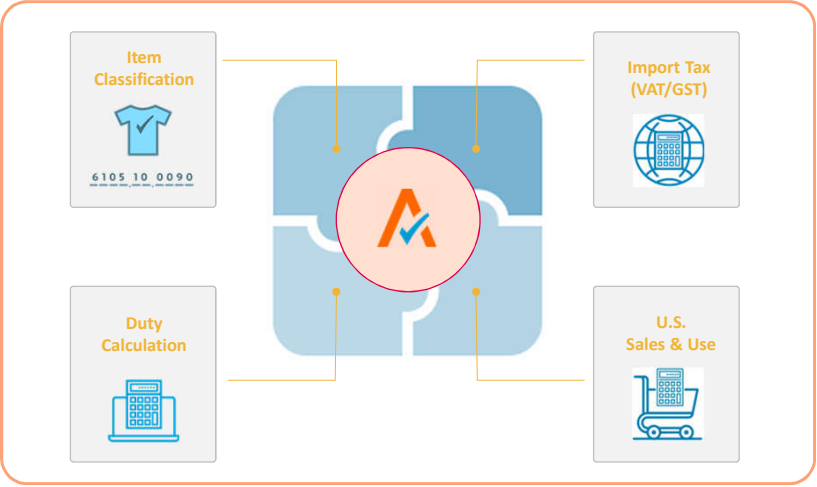
**FIRMFOUNDATION**  
Advice, tools and resources for CPAs

RSM Canada Alliance  
  
**RSM**

**Avalara**  
 Rock Island Capital

# THE CASE FOR AUTOMATION


## Connect all 4 pieces of the global tax puzzle




The diagram illustrates the integration of four key global tax components into a central system. The components are represented as puzzle pieces surrounding a central circle with the Avalara logo:

- Item Classification**: Represented by a t-shirt icon and a barcode (6105 10 0090).
- Import Tax (VAT/GST)**: Represented by a globe icon.
- Duty Calculation**: Represented by a calculator icon.
- U.S. Sales & Use**: Represented by a shopping cart icon.

© 2020 RSM US LLP. All Rights Reserved.

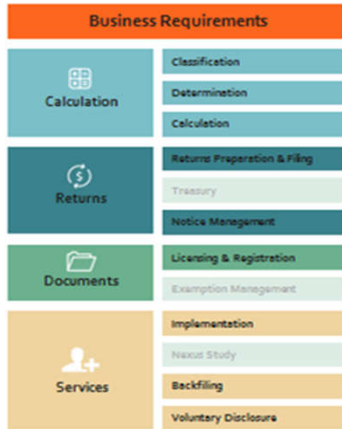
**Avalara**  
 Rock Island Capital

  
**RSM**



## Avalara's regional solutions

EMEA



- **VAT Expert:** Online VAT advisory for the correct VAT treatments
- **AvaTax:** Real-time determination and calculation for VAT tax
- **AvaTax Cross-border:** Real-time determination and calculation for customs duty
- **Item Classification:** Product classification for for Harmonized System codes
- **VAT Reporting:** International Return preparation and filing solution
- **Managed Returns and Filing:** Outsourced VAT returns, Intrastat, and EC Sales Listing
- **Live Reporting & e-invoicing:** Spanish SII, Hungarian & Italian e-invoicing
- **Licensing:** VAT registration
- **Implementation Services:** Manage technical integration of business systems
- **Enterprise Support:** 24 hours a day, 7 days a week, 365 days a year; 1-hour response

© Avalara. Confidential and proprietary.



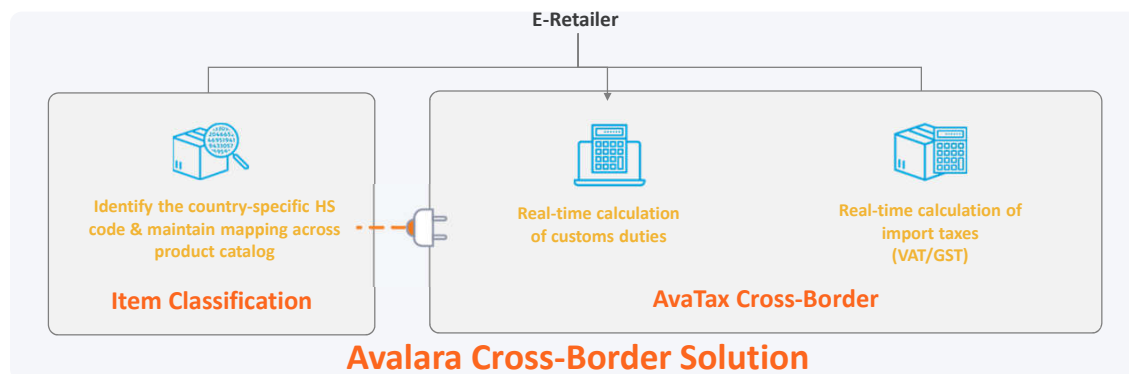
Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Overcome cross border challenges with automation

Modular solution for assigning HS codes and calculating customs duties & import taxes



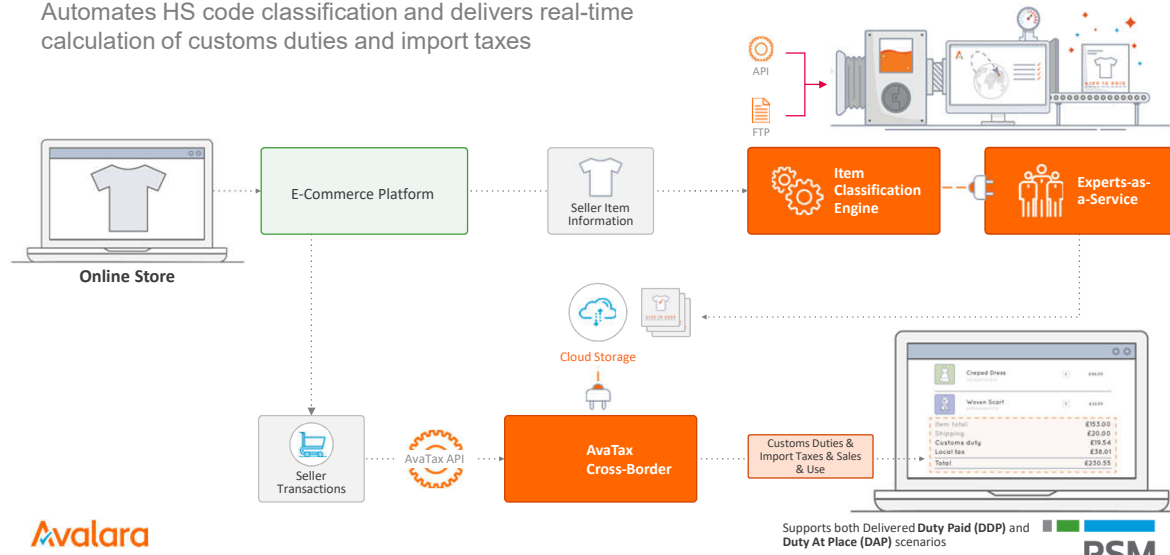
Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Avalara's cross border solution

Automates HS code classification and delivers real-time calculation of customs duties and import taxes



© 2020 RSM US LLP. All Rights Reserved.



## Your client's cross border strategy

Simplify and scale cross border e-commerce



### Complete Solution

- Unified S&U, Customs Duties & Import Tax calculation platform
- Out-of-the-box integration to our best-in-class HS classification service



### Breadth & Depth of Global Content

- Deep, continually researched global content spanning 200+ global jurisdictions
- Sourced directly from government sources – not 3<sup>rd</sup> parties



### Ease of Integration

- Ever-growing ecosystem of connectors to popular e-commerce platforms
- Built on our industry-leading universe of strategic partners and proven API



### Flexibility & Control

- Open and modular design
- Works in harmony with the rest of your e-commerce technology stack
- Preserve the freedom to choose best-in-class partners



© 2020 RSM US LLP. All Rights Reserved.



46

## Automated cross border solution

Help clients simplify cross-border selling

### From this

✗ Expensive

✗ Inefficient

✗ Slow

✗ Manual

### To this

✓ Cost-effective

✓ Efficient

✓ Fast

✓ Automated



Rock Island Capital

© 2020 RSM US LLP

47

## Stay informed

### [Economic nexus laws by state](#)

Explore which states currently enforce economic nexus laws and some of the variations in each state's law.

### [Marketplace facilitator laws by state](#)

See a state-by-state breakdown of marketplace facilitator and non-seller use tax reporting laws.

### [How Avalara can help your clients](#)

Find out more about how Avalara can support your clients with their sales tax compliance needs.

### [Track VAT/GST changes](#)

Keep up to date with the latest coronavirus pandemic VAT rate cuts with Avalara's Covid-19 VAT / GST rate cuts tracker and sign up to receive [Avalara's free VAT newsletter](#).

### [Avalara's COVID-19 resource hub](#)

See the latest news and insight to help you navigate an economy in flux.



Rock Island Capital

© 2020 RSM US LLP. All Rights Reserved.



## Contact Avalara

Avalara general questions and partner referral program

[Accountants@avalara.com](mailto:Accountants@avalara.com)



Visit us for more information at the Avalara booth!



© 2020 RSM US LLP. All Rights Reserved.



RSM US Alliance



**FIRMFOUNDATION**

Advice, tools and resources for CPAs

RSM Canada Alliance



**Avalara**



### RSM US LLP

+1 800 537 7178  
rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and *the power of being understood* are registered trademarks of RSM International Association.

© 2020 RSM US LLP. All Rights Reserved.