

Checklist: Finding the Right Tax Software Vendor for Your Company

Essential questions to help you choose software and services to achieve indirect tax automation.

How do you sort through all the choices and find the right vendor to automate your indirect tax process? Use the questions below as you evaluate vendors. Each “yes” equals 1 point, while each “no” equals 0 points. Tally the scores at the end of the checklist. The vendor with the most “yes” boxes checked will best support your indirect tax automation needs.

What to ask the vendor	Yes or No		Why this is important
 <p>Does your solution automate the entire global indirect tax process end-to-end?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>Indirect tax technology provides the most value when it automates the entire process end-to-end. This starts with the calculation of sales, use, value-added (VAT) and goods and services (GST) taxes, address validation, automatic rate and rule updates, and use tax accruals, exemption certificate management, dynamic reporting all the way through to compliance with signature-ready returns.</p>
 <p>Does your solution integrate with my current ERP system?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>Integration with your current business systems is critical to ensure consistent and accurate tax calculation and reporting.</p>
 <p>Does your solution support real-time automated global tax determination for both sales and purchase transactions?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>Through integration with your existing ERP system, the latest indirect tax technology enables transaction data and attributes to flow through to the tax solution. That data is used to make consistent, repeatable, and scalable tax calculations, and even post tax collections and accruals automatically to the general ledger.</p>
 <p>Does your solution include geographical information systems that define jurisdictions?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>Through address validation and cleansing, tax technology gives you significantly increased accuracy. Complete jurisdictional coverage includes state, county, and city authority taxes as well as district taxes, such as police, transportation, mall, cultural, and scientific taxing authorities.</p>
 <p>Does your solution support the ability to “re-determine” the tax for error-prone transaction systems via a scheduled batch process?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>The “re-determine” function allows you to more accurately file and remit your global tax liabilities by applying (i.e. re-processing) your desired tax policy and treatments on transactions from one or multiple systems consistently, and without a technical systems integration effort.</p>
 <p>Does your solution provide a method of housing and tracking exemption certificates?</p>	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>A robust indirect tax automation solution provides an easy method to maintain exemption certificates for the customers to which they pertain. Additionally, the solution knows when the exemptions apply (i.e. blanket exemption, product exemption, retail, manufacturing, etc.).</p>
 <p>Does your solution provide easy access to audit defense data and capabilities? Does it provide a graphic report module?</p>	Y <input type="checkbox"/> Y <input type="checkbox"/>	N <input type="checkbox"/> N <input type="checkbox"/>	<p>The software you choose should allow detailed audit reports each month via web portals, enabling you to easily analyze tax results and put a process in place that facilitates Sarbanes-Oxley compliance.</p>

Vendor Selection Checklist

Essential questions continued...

What to ask the vendor	Yes or No		Why this is important
 Does your solution provide robust reporting, reconciliation, and tax return preparation?	Y <input type="checkbox"/>	N <input type="checkbox"/>	The solution you choose should run various non-statutory reports for audit purposes, customer inquiries, management, and reconciliations. This includes ERP reconciliations, state summaries, and tax authority details. Once your reconciliation is complete, the software should be able generate signature-ready state and local returns that can be e-filed or printed and remitted.
 Does your solution provide continuous global tax research and updates that are certified and compliant in SSAE 18 and ISAE 3402 standards?	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>Continuous tax updates supported by trusted researchers with industry experience enable you to stay ahead of global tax legislation, without spending time on research and code adjustments.</p> <p>Only a few of today's "best of breed" technology providers have in-house teams comprised of CPAs, tax lawyers, and former auditors, coupled with tax research processes annually certified and compliant in SSAE 18 and ISAE 3402 standards. Rate updates should be provided monthly, at a minimum. In addition to rates, product taxability, rules, and logic should also be updated.</p>
 Do you offer a highly-rated global cloud-based solution? Do you control and own your cloud-based solution? Do you have a disaster recovery plan?	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>With cloud-based solutions, your tax team, and even other departments, can increase collaboration by accessing tax information anytime, anywhere.</p> <p>Additionally, cloud offerings remove reliance on internal IT teams for maintenance and updates. Cloud data centers should be rated at tier 4, which is the highest level with minimum downtime.</p> <p>If a cloud solution is leased, the vendor is at the mercy of the provider of the cloud. It is typically better to go with a provider who owns their own cloud data centers. And, of course, a disaster recovery plan is imperative.</p>
 Are your policies compliant and audited frequently? Do they successfully pass annual SSAE 18 and SOC audits?	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>When dealing with your organization's sensitive information, it's essential that the appropriate security measures are in place. Policies and procedures should be certified by a third party to ensure procedures are SSAE 18 and ISAE-3402 compliant.</p>
 Do you partner with all Big 4 firms for implementation?	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>From implementation to configuration, your vendor should have a close working relationship and strong partnership with your advisors.</p>
 Do you offer personal support, as well as adequate training, documentation, and support materials?	Y <input type="checkbox"/>	N <input type="checkbox"/>	<p>No matter how much you scrutinize potential vendors, there will always be questions post-implementation. You should choose a vendor that offers on-going, convenient support. This may include 24x7 priority support.</p>
<h2>Total Score</h2>	<div style="border: 1px solid #ccc; width: 100px; height: 40px; margin: 0 auto;"></div>		<h3>How'd they score?</h3> <p>We encourage you to call and go through this same checklist process with a Thomson Reuters ONESOURCE™ expert!</p>

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