Sales tax is complicated. And as recent events suggest, it isn’t getting any easier. With an automation tool like CertCapture, tax complexities won’t consume your employee resources or be a burden on your business.

Complexity is especially common in drop shipment relationships, particularly if you drop ship to numerous states. When it comes to sales tax, the equation is complicated by issues of product sourcing, customer location, and drop shipper location.

If you’re already an old-hand at drop shipping, you may think everything is status quo – that you don’t need to register to collect and remit sales tax. But your situation may now have changed dramatically based on how much you sell, the dollar value of what you sell and who you purchase from.

And here’s why.

As it always has, everything revolves around nexus – the connection between a seller and a state that requires the seller to collect and remit tax on sales made in that state.

Since 1992, nexus was understood in the context of the U.S. Supreme Court decision in Quill Corporation v. North Dakota. The ruling in that case was straight-forward: states could not require companies to collect sales tax unless they had a physical presence, sales and employees in a particular state.

However, that standard changed this summer after the Supreme Court’s review of South Dakota vs Wayfair. Its decision, in favor of South Dakota, overturned Quill and paved the way for South Dakota and other states to impose sales tax obligations on out-of-state transactions – irrespective of physical location.

Post-Wayfair, physical presence remains a standard. But every state can now also impose sales tax obligations on remote sellers based on economic nexus, which includes thresholds relating to the volume or dollar value of sales into a state or a combination of both.

South Dakota, for example, now defines economic nexus thresholds as more than $100,000 in sales or 200 or more separate transactions.

Currently, [29 states have jumped on that bandwagon](https://www.avalara.com/us/en/blog/2018/07/States-with-south-dakota-style-economic-nexus-laws.html), adopting their own sales revenue and transaction volume requirements. Remote sellers now have a new set of obligations and challenges that make the process of understanding sales tax obligations ever more complicated, with the potential for 50 new sets of economic nexus requirements.

## Automation not frustration

If your company is growing or you anticipate growth, the new economic nexus thresholds will increase your tax obligations. Before you know it, you may hit the transaction threshold, particularly if a big part of your customer base is in one state or you sell a lot of small items. Complicating matters, you may be meeting the threshold in one state, but your compliance requirements may balloon because you now have obligations in multiple states where you register sales.

Your current method of managing sales tax, use tax and exemption certificates may not keep you compliant once each state begins expanding and enforcing their individual definitions of economic nexus.

As these state requirements change, you’ll need to register to collect sales tax or exemption certificates, remit tax, and file sales tax returns in those states. How and when you need to file returns and remit sales tax can be drastically different from state to state.

If your financial systems aren’t optimized for changing tax document management requirements of this magnitude, if you’re too reliant on out-of-date, homegrown technology solutions or you’re hoping your staff can keep you compliant, your company could be at greater risk for errors and audits.

Keeping track of it all can be a frustrating part of doing business. But it doesn’t have to be.

A tool like CertCapture automates the process in a way that helps eliminate corporate risk, allowing your firm to stay compliant now and into the future. You’ll rest easy knowing that you can avoid heavy financial penalties that could jeopardize your business if the auditor comes calling.

## Ready to help, wherever and however you do business

Managing sales tax complexities requires flexibility. CertCapture provides the automation you need, whether your employees are working in the field, in an ecommerce setting or in retail.

#### For Mobile

Companies with either a retail presence or mobilized sales force face challenges in order to securely collect exemption certificates and other compliance documents to meet state requirements.

Your employees can use Avalara’s CertCapture Mobile Scan App at every customer touch point, including checkout terminals, kiosks, trade shows and on-site sales. They simply log in on an Android™ or iOS™ device, define the jurisdiction and reason for the document, add an email address for follow-up, snap a picture of one or more documents and hit submit. The app connects securely to CertCapture and uploads the information for management and reporting.

#### For eCommerce

CertCapture for eCommerce is designed specifically for integration with online shopping carts. It allows you to efficiently collect and validate exemption certificates from shoppers during checkout. The product ensures compliance, reduces shopping cart abandonment and minimizes audit exposure from tax-exempt Internet sales.

Customers who can submit exemption certificates and make tax exempt purchases in-store, should be able to do the same when they’re purchasing online. Otherwise, they’ll go to another eCommerce site where tax-exempt purchases can be completed more easily.

Avalara CertCapture for eCommerce integrates with your existing digital storefront and order management software to collect, validate and store sales tax exemption certificates. The product also proactively tracks expiration dates and missing certificates, and provides secure online storage and a searchable database you can use to create on-demand exemption certificate reports.

#### For Retail

CertCapture for Retail makes it easy to quickly verify, collect and store sales tax exemption certificates at the POS—on a mobile device, system register or tablet. If an exemption certificate is not current, the customer can fill out the certificate quickly before completing the sale.

By eliminating delays and enabling simple, efficient tax exempt in-store purchases, you’ll increase customer satisfaction and loyalty.

The product integrates with your enterprise resource planning system and order management software, and tax managers can easily run reports in real time to monitor expiring certificates and identify missing information.

No matter the size and scope of your business, or the revenue benchmarks your firm has achieved, we can help automate your business. Each year, Avalara processes billions of indirect tax transactions for customers and users, files more than a million tax returns, and manages millions of tax exemption certificates and other compliance documents.

To learn more, get in touch with us at 877-759-6520 or visit [avalara.com](https://www.avalara.com/us/en/index.html?referrer=&lastReferrer=www.avalara.com&sessionId=1539638296620).

For further information, review these resources:

* [State-by-state guide to economic nexus rules](https://www.avalara.com/us/en/learn/nexus/find_your_nexus.html?referrer=&lastReferrer=www.avalara.com&sessionId=1539368279864)
* [Tax implications of drop-shipping](https://www.avalara.com/us/en/learn/whitepapers/sales-tax-implications-of-drop-shipping.html?referrer=&lastReferrer=www.avalara.com&sessionId=1539368279864)
* [Compliance document management made easy](https://certcapture.avalara.com/?CampaignID=70133000000dxAs&lsmr=Direct%25252525252520Visitor&campaignname=CERTMKT2016Q204%25252525252520-%25252525252520Drop%25252525252520Shipping%25252525252520Reference%25252525252520Guide&referrer&lastReferrer=www.avalara.com&sessionId=1539260088601)
* FAQ: [Economic nexus and the future of sales tax](https://www.avalara.com/us/en/learn/sales-tax/south-dakota-wayfair/sd-wayfair-more-info-faqs.html)
* Webinar: [Tax experts explain Supreme Court Decision on Nexus](https://simplify.avalara.com/sdvwayfair-qaforum/?%2520=undefined&referrer=&lastReferrer=www.avalara.com&sessionId=1539368279864)