

CASE STUDY

Steering Sales Tax Compliance Back on Track With a Software Assessment

An online aftermarket automotive parts and accessories company (the Company), using an automation software to manage its tax compliance, partnered with Cherry Bekaert sales and use tax professionals after its leadership realized the business may be incorrectly collecting and remitting sales tax.

Sales Tax Turmoil: Mismanaged Company Financials

Following the departure of an employee who managed the Company's tax automation software, the Company discovered the employee had unintentionally configured the software to collect sales tax in all 45 states with a sales tax. However, the Company had only registered and obtained a sales tax license in about half of those states. This oversight could have led to serious financial consequences, as well as potential criminal charges by the state's Department of Revenue for collecting sales tax without a permit, had the Company been identified.

Having initially assumed that the former employee correctly configured the tax software settings, Company leadership was disappointed to uncover that it owed over \$100,000 in sales tax due to this mistake. This financial setback forced the Company to delay other business activities due to the outlay in cash flow, ultimately impacting the Company's immediate plans for growth.

Business Risk Mitigated Through Professional Sales Tax Services

Building upon its existing relationship with the Firm, the Company engaged Cherry Bekaert's Sales & Use Tax team to extract data from the automation software and perform a complete assessment of the tax platform. Through this assessment, Cherry Bekaert professionals confirmed the Company's suspicions of an error within the system. The team then implemented the necessary steps to get the Company into compliance with all sales tax issues.



CLIENT

Online Retailer for
Automotive Accessories



INDUSTRY

E-Commerce



OUR ROLE

Sales & Use Tax
Sales Tax Nexus &
Registration Services
Sales Tax Compliance



Cherry Bekaert

Your Guide Forward

To remedy the tax collected inadvertently, Cherry Bekaert proceeded with sales tax voluntary disclosure agreements (VDAs), a program offered by many state governments that allow businesses to come forward, disclose, and pay unpaid sales taxes without penalty.

As the Company progresses, it is dedicated to upholding sales tax compliance with the support of Cherry Bekaert. Beyond overseeing monthly sales tax filings and reconciliations, Cherry Bekaert's Sales & Use Tax team will work diligently to keep the business compliant as it expands, diversifies, and faces shifts in the tax landscape. By adopting a proactive and collaborative approach, the Company can feel confident about its sales tax compliance.

The Company has a substantial presence on social media, where leadership invests considerable time in showcasing its products. These include lift kits, bumpers and lighting, all designed to enhance performance, appearance and off-road capabilities in remote locations. Maintaining an impeccable reputation is crucial in this digital landscape, which means staying compliant with all tax obligations. The partnership with Cherry Bekaert helps safeguard smooth operations and compliance, allowing the Company to focus on its passions and growth-oriented activities with optimism for the future.

Let Us Be Your Trusted Advisor

How sales and use tax liabilities are addressed impacts a business's legal, financial and business reputation. Cherry Bekaert's Sales & Use Tax team can take the burden of navigating complex sales and use tax considerations off your shoulders and keep your business on the path to compliance and success. Our tax advisors are equipped to handle various issues to minimize your sales tax exposure and maximize sales tax savings, including:

- ▶ Sales Tax Nexus & Registration Services
- ▶ Outsourced Sales Tax Compliance
- ▶ Tax Technology Selection & Implementation, with Shopping Cart and Marketplace Configuration
- ▶ Tax Consulting & Controversy

Contact Us To Discuss Your Sales Tax Concerns & Evaluate Solutions



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About Cherry Bekaert

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