

# Indirect Tax for the Retail Industry

**Retailers get tax right.  
The first time, every time.**



# Introduction

Preserving revenue and optimizing cash flow are always top priorities for businesses, but achieving these goals can be challenging — especially for retail companies. From precisely calculating sales, use and value-added taxes for numerous taxing authorities, to properly managing exemption certificates and being prepared for audit, retailers operate amidst a particularly challenging environment. With constant pressure to drive down costs and expand market reach, it's no wonder retail businesses are looking for intelligent solutions to position themselves for the future. Savvy retailers are focusing on an indirect tax strategy that serves more than just a tax compliance purpose. Strategic transaction tax management through intelligent automation greatly increases accuracy, removes compliance risk, improves efficiency by enabling you to centrally establish your tax policy and consider business implications across entities and markets.

Thomson Reuters ONESOURCE™ Indirect Tax is like a digital tax officer analyzing each and every invoice, calculating the right tax for each customer, managing exemption certificates and recording details for compliance and audit defense. ONESOURCE Indirect Tax helps manage retail operations globally. You can expect coverage for over 50 countries — including sales, use and value-added type taxes, as well as food and beverage tax returns. It offers the industry's only patented tax calculation software powered by the market's most comprehensive SSAE 16 and ISAE 3402 certified tax research, and includes global tax return software to deliver the highest degree of indirect tax compliance. It doesn't matter if you are a big box grocery, clothing retailer or if you are a restaurant needing prepared food, beverage and alcohol taxes — ONESOURCE provides the trusted answers and expert automation that retailers of all sizes need.

Many of the largest retailers have seen a clear return on investment when managing indirect tax with ONESOURCE Indirect Tax — including minimizing DSOs (Days Sales Outstanding), lowering tax exposure and reducing or eliminating audit penalties.

ONESOURCE  
Indirect Tax global retail  
operations

50+  
countries



## Best in class product coverage

Retailers are defined by the products and services they sell, and customers expect them to know their products and expect to be charged the right tax. But they don't know how complex this process can be. ONESOURCE Indirect Tax understands the myriad of product taxability laws retailers have to navigate, which can clock in at tens of thousands. With the largest number of product taxability categories in the market, we simplify getting the right tax on products you sell, so you can focus on your customers' needs. With 50% greater product coverage than the competition, retailers will find the trusted answers they need with ONESOURCE Indirect Tax.

## Get more — including prepared food & alcohol taxes

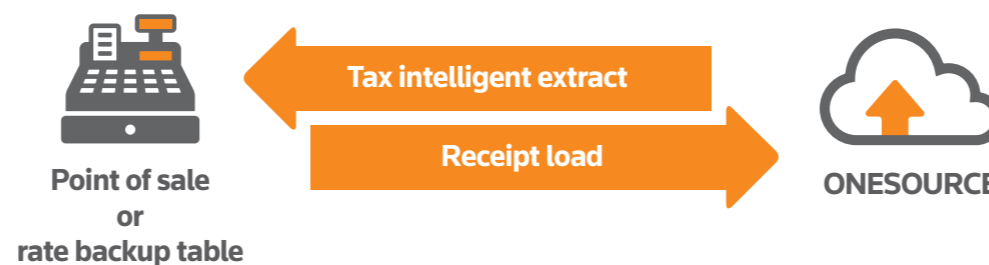
Retailers, convenience stores, delis and restaurants selling prepared food and alcohol know that in addition to sales taxes, they also have to charge prepared food & beverage and alcohol excise taxes. These taxes are unique and can be impacted by whether the food is hot, if utensils are provided, the amount of alcohol in a drink or whether it is meant for on-premise or off-premise consumption. ONESOURCE Indirect Tax has you covered, from calculating prepared alcohol excise taxes to preparing food and beverage tax returns. Our trusted tax research is always up to date so your business can focus on what's more important.

## Retail operations — precision at the point of sale

Retailers need a tax solution that will seamlessly integrate with their e-commerce, POS and/or ERP systems. Pre-built and certified integrations make it possible for ONESOURCE Indirect Tax to connect and analyze, in real-time, each and every sale to deliver the right tax categorization.



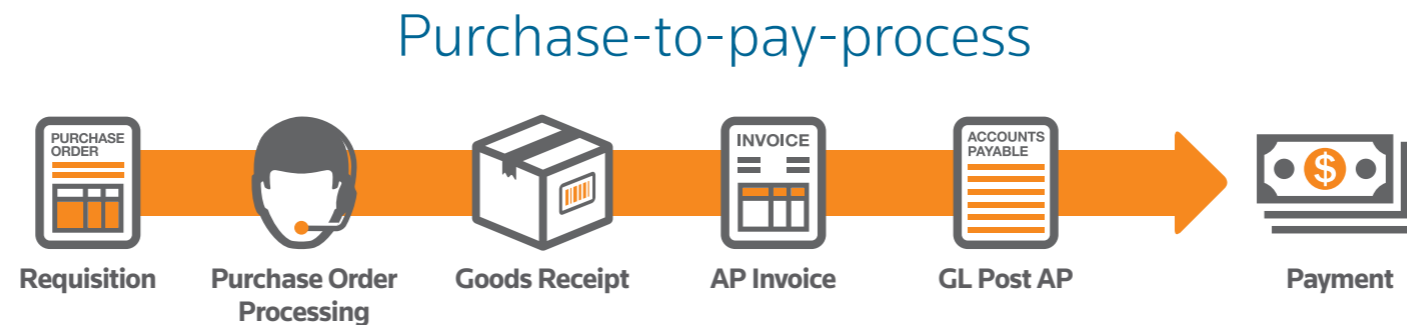
Sometimes, store locations have systems that need to be loaded with tax intelligence because they can't connect to an external tax system. ONESOURCE Indirect Tax makes it easy to load tax rates and product taxability into your disconnected systems that will raise their tax IQ. With pre-built extracts, like Aptos and Oracle Retail xStore, retailers no longer need to research tax rates and product rules, or manually update their POS systems. ONESOURCE Indirect Tax is always up to date with the latest rate or product taxability change — including sales tax holidays for each of your store locations. After the sale, ONESOURCE Indirect Tax makes it possible for retailers to load sales receipts for analysis and centralize tax reporting. This includes the ability to identify and resolve potential tax discrepancies charged at the register before an auditor finds it. ONESOURCE Indirect Tax even supports ship-from-store transactions, with expanded geographic detail in our tax intelligence that feeds into your systems.



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## Operations — control your use tax exposure

Retailers with physical locations or shipping products to customers will purchase signage, shelves and equipment for their businesses — and even pay for services like landscaping or janitorial services. If tax is not charged correctly by the supplier, this creates a use tax obligation for the retailer. Most states have use tax laws requiring companies to self-assess tax if their supplier doesn't charge for it. Let's face it - checking the tax charged by your supplier is just as important as charging the right tax to your customers. Underpaying tax can result in potential audit penalties, and overpaying tax means money is left on the table. Many companies are only able to manually review some supplier invoices, so to avoid human error and validate tax charged by your suppliers, make sure you are paying the right amount of tax. ONESOURCE Indirect Tax is your digital tax officer that can analyze every supplier invoice with personalized tax policy configuration, and it will make sure you pay the right amount of tax to your supplier.



## Manage exemption certificate with ease

Retailers know that customers are key to their business' survival, and don't want to have their customers unhappy with incorrectly charged taxes. Retailers have customer exemption certificates and know that collecting these certificates, making sure the customer is exempt and keeping the certificates up to date is critical for customer satisfaction. ONESOURCE Indirect Tax helps you manage exemption certificates with form validation, alerts and automatic notifications and a customer portal, so your customers can easily provide their certificates directly to you. Together, we make it easy to receive, track and renew your customer's exemption certificates.

## Peak performance

As a retailer you often have periods of intense selling, like Black Friday or other seasonally driven business, which can account for a good portion of annual revenue. During these times, you can't afford disruptions like tax issues. ONESOURCE Indirect Tax scales your business to meet the heavy transaction volumes of retailers, with some retailers processing over 2,000 orders per second. You can find proactive resource management, scalable clustering, no single points of failure, mirror sites, and data center builds that meet ISO 9001 quality requirements, SSAE 16 Type II certified compliant procedures and is ISO 27001 security certified compliant.

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## Minimize implementation risks and IT maintenance costs

With ONESOURCE Indirect Tax, retailers can leverage all the benefits of the cloud. Alleviate pressure on your IT team, reduce technology costs, scale easily and have the retail tax intelligence of ONESOURCE connected to any system, anywhere. You'll always have up-to-date, secure and reliable digital tax officer ensuring every sale, order or invoice has the right tax. It is cost effective to implement, administer, upgrade and support, which minimizes the impact on IT services and lowers your total cost of ownership.

## SSAE 16 and ISAE 3402 certified tax research

The ONESOURCE Indirect Tax research team — comprised of CPAs, tax and legal experts — tracks and analyzes tax law for over 15,000 U.S. taxing jurisdictions in more than 190 countries. Retailers trust that they adhere to the strictest standards for accuracy, with data and processes successfully meeting SSAE 16 and ISAE 3402 certifications. ONESOURCE delivers indirect tax product taxability data to many of the world's largest retailers on a monthly basis. Combined with the ability to configure a retailer's own products and product category exceptions, ONESOURCE Indirect Tax can accommodate your special product taxability needs.

## Quick and easy changes for sales tax holidays and more

With an average of over 1,400 tax changes per year in the United States alone, it is a huge task for retailers to keep up to date with the latest rates and rules. Thomson Reuters keeps abreast of taxability changes that affect retail customers, and delivers these changes automatically so that your company can breathe easy and concentrate on sales, instead of tax changes. Customers prepare and enjoy sales tax holidays, so these days can generate additional sales in states like Connecticut, Texas, Iowa, Alabama and more. Gone are the days where retailers would have to worry about when sales tax holidays occur and what the pertinent products or item amounts are. The tax intelligence included in ONESOURCE Indirect Tax covers sales tax holidays, so you can pass the savings onto your customers.

## Key retail support

- Grocery
- Big box merchandise
- Prepared food and beverage
- Alcohol excise taxes
- Sales tax holidays
- Item level taxability
- In-store coupons
- Manufacturer coupons
- Gift cards
- Sales and promotional items
- Layaways
- Refunds and exchanges
- Restocking fees
- Shipping exceptions
- Installation services
- Warranties
- Urban enterprise zones
- White goods
- Ecological fees
- UPC to product category mapping



## ONESOURCE corporate solutions

Workflow | Software | Services | Consulting | Data management | Research

### Global solutions

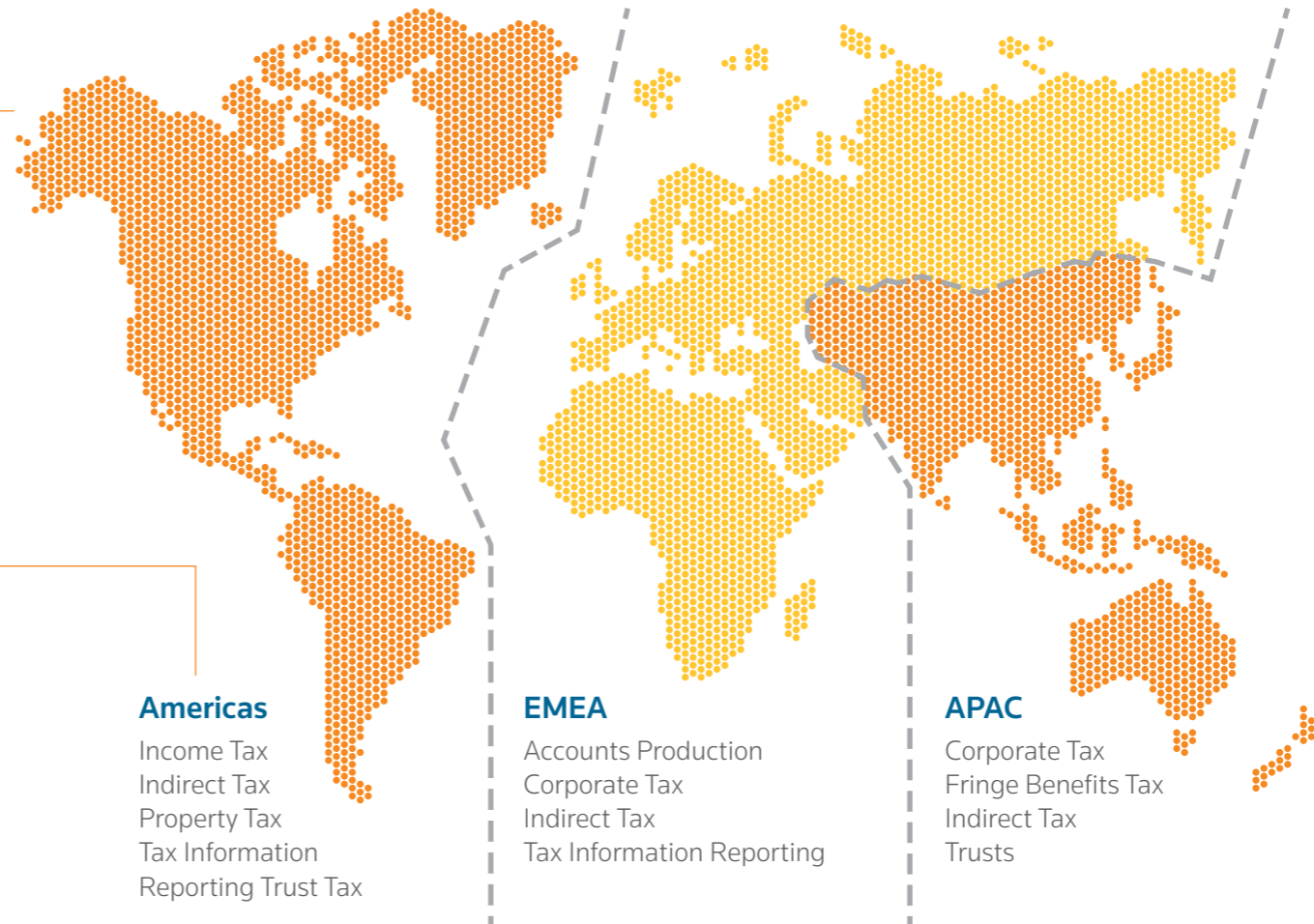
No matter where you do business today, a global perspective is essential to achieve success. That's why Thomson Reuters has focused on developing tax software and services that function globally and enable customers to maintain accurate and seamless compliance with increasingly complex international tax laws and accounting rules.

### Local solutions

Thomson Reuters ONESOURCE provides the localized resources and expertise you need to manage your taxes in numerous jurisdictions worldwide — and we continue to expand. Bridging important language, currency and regulatory gaps, our local solutions and software can help you smoothly interact with the tax requirements and accounting practices in your specific location.

Tax Planning | Tax Provision

Transfer Pricing | Workflow Manager



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