



Synergy Services, Inc. Implements a Sales Tax Management Solution

Sales Tax Implications Conquered and Audits Diminished with AvaTax

“We don’t have tax issues any more. It’s as simple as that—because of AvaTax.”



Ben Moyer
Owner
Synergy Services

SUCCESS STORY

Synergy Services, Inc.

Customer Profile

Synergy Services, Inc. provides a full range of value-added IT services, managed services, integrated support, and system migrations based on the principle of excellence and the highest level of customer service attainable. The company consists of 10 employees and has been in business since January of 2000. Synergy Services currently conducts business in many states, filing over 100 invoices per month with six individual employees managing all accounting related activities.

Business Challenge

Synergy Services, Inc. conducts business in 8 states which requires accurate sales tax calculation, collection, and remittance on a monthly basis. The company’s sales force had the burdensome task of manually researching sales tax rates which resulted in repeatedly applying inaccurate amounts to customer invoices. The company’s accounting department manually researched tax changes and updates every four weeks to modify their database with the new rates. The company also required external accounting resources to verify, update, and correct the inaccurate sales tax information. As a result of the incorrect data, Synergy Services experienced customer dissatisfaction when contacting customers to request additional tax for past invoices after realizing the original calculations were wrong. To make matters worse, the company was faced with a cumbersome audit for years 2005-2007.

Solution Overview

Synergy Services is no longer burdened with manual maintenance of tax schedules or verifying the accuracy of rates and calculations because Avalara’s AvaTax handles each automatically. Since AvaTax’s 2007 implementation, the company has completely eliminated the need for external accounting professional services to research rate and tax schedule updates, check for invoice errors, and compare QuickBooks reports against accounting logs, resulting in cost savings of over \$5K per year. AvaTax handles all compliance tasks with accuracy, speed, automatic maintenance, and seamless integration into Synergy Services’ Intuit QuickBooks financial software application.

Business Benefits

AvaTax provides companies with the power of a fully automated, end-to-end sales and use tax calculation engine which performs all transactions in real-time without disruption to the existing workflow. Since AvaTax is completely web-based, manual maintenance and updates to tax schedules occur automatically, therefore minimizing administration activities. Synergy Services experienced an 80% reduction in time spent filing taxes and over \$51,000 in cost savings within the first year of implementing AvaTax. Additionally, the company is fully compliant with each state’s Department of Revenue requirements because AvaTax manages all updates automatically. Synergy Services is no longer concerned about future audits since officials were unable to find a single error or miscalculation after the AvaTax implementation.

AT A GLANCE:

Customer:

Synergy Services, Inc.

Location:

St. Paul, Minnesota

Industry:

Technology

Business Challenge:

Synergy Services’ sales force inaccurately calculated tax amounts when manually researching sales tax rates. The company also experienced a stressful sales tax audit.

Solution:

As a result of implementing Avalara’s AvaTax, integrated with Intuit QuickBooks, Synergy Services is no longer burdened with the time consuming tasks of sales tax compliance.

Results:

AvaTax provided Synergy Services full compliance with each state’s DOR sales tax filing requirements which enables the company to focus on revenue generating activities.





SUCCESS STORY

Synergy Services

Before AvaTax, Synergy Services' manual sales tax calculation processes required the company to contact customers each month requesting additional tax amounts that were incorrectly totaled at the time of the transactions. As a result, the company quickly recognized its customers were becoming weary and concerned of being overcharged, therefore causing customer dissatisfaction to be of concern.

Ben Moyer, Owner and CEO of Synergy Services, Inc., realized monitoring the sales tax calculation activities of his staff was highly time consuming and provided no guarantee of accuracy. He also noted errors were still being uncovered on a high number of invoices. Moyer's team had no way of determining the accurate rates to apply to invoices and therefore hired external accounting services for monthly reviews and verification on all sales. Unfortunately, these extensive reviews did not yield any degree of improvement, and at the end of each month, the company still had to request payment of the additional sales tax from customers.

In 2007, Synergy Services was alerted that audits would be conducted for tax years 2005 and 2006. Upon initial examination, auditors uncovered inaccurate sales tax calculations for revenue exceeding \$2 million. It was later discovered the company's sales staff was improperly collecting sales tax on labor fees associated with hardware components. With penalties mounting to well over \$50,000, auditors determined a thorough examination of the 2007 tax year was essential.

The audit process for the 2007 tax year occurred quickly and did not yield a single miscalculation or error. Auditors attributed the accuracy to the AvaTax implementation and reduced the \$50,000 penalty to a mere \$1,000. Moyer believes the decrease in penalty amount was the direct result of the company's implementation of AvaTax which served as acknowledgement that their manual sales and use tax calculation methods yielded a high degree of errors. "We corrected our own mistakes---and the auditor was forgiving and more lenient on our penalty amounts. We attribute it all to the AvaTax service" says Moyer.

Implementing AvaTax with Intuit QuickBooks has enabled Synergy Services full compliance with each state's DOR sales tax filing requirements allowing the company to focus on revenue generating activities. Synergy Services was able to reduce their time spent filing taxes by 80% and experienced cost savings of over \$51,000 in the first year of the AvaTax implementation. AvaTax's customized reporting features enables Synergy Services to perform comparison auditing functionality against their QuickBooks reports. Moyer estimates the company spends only one and a half hours per month filing returns for all three states. Leveraging the AvaTax reporting tool means mistakes are caught before monthly filing takes place and provides the company with added assurance. Additionally, Synergy Services customers are benefitting from AvaTax's accuracy since every invoice received is guaranteed to be 100% accurate. "We don't have tax issues any more. It's as simple as that—and all because of AvaTax."



"I bought AvaTax because we were so busy with trying to determine the correct tax amounts. Additionally, I was relying on my sales and office staff to attribute the appropriate amount of tax being calculated for each customer however, it became clear to me there were always reasons why tax wasn't being charged and the wrong tax was being estimated incorrectly."

Ben Moyer
Owner
Synergy Services

FOR MORE INFORMATION VISIT:

Avalara

www.avalara.com

QuickBooks

www.quickbooks.com

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