

A Suite for the Sweet

Dylan's Candy Bar licks the taxing complexities of rapid growth



Tax Challenges

- New product lines
- New distribution channels
- New nexus obligations

Business Systems

- ERP: NetSuite
- Ecommerce: NetSuite
- Multi-store POS

Avalara Products

- Avalara AvaTax
- Avalara Returns
- Avalara CertCapture

Results

- Eliminated the need for a full-time tax accountant
- Saved more than \$100k/year in back taxes, interest, and penalties
- Able to add new stores with a single click

Dylan's Candy Bar is no ordinary candy store. It's a toothsome, pop-art experience, that leaves you with "not just a sugar high," according to the company's web site, "but a sweet, lasting euphoria."

Behind all the confections, however, is a company growing like it's on a high-protein diet. The company is growing into new distribution channels, new product lines, and new nexus obligations.

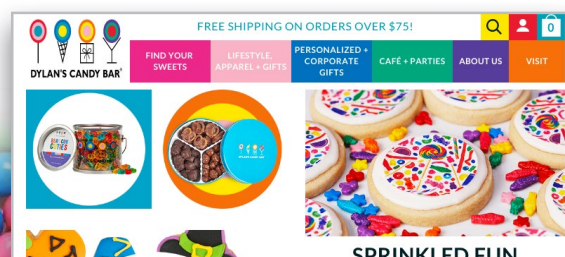
Growth = Tax Complexity = Exposure

Dylan's rapid expansion into new product lines and distribution channels has exponentially increased the complexity of its tax accounting. When and where is an item taxed as food instead of candy? Under what circumstances is a piece of clothing considered a luxury item? The company's omni-channel strategy introduces even more layers of complexity, more surface area for potential errors, as the burden for collecting consumer-use taxes isn't always clear.

As complexity increases, so does exposure, and that has made Dylan's a target for auditors. The accounting team had been calculating taxes, filing in each state, and managing exemption certificates for hundreds of customers essentially by hand. Auditors found Dylan's books such fertile ground for back-taxes, penalties, and interest that they came back every year—New York audited the company on an annual basis from 2006 to 2012.

"It was really grueling," says Lois Browne, the company's vice-president of finance. "Every time an auditor came in, we'd have two people completely dedicated to that for at least three weeks. Our exposure was so high, we couldn't afford not to prioritize it."

As the business grew, so did the challenge of keeping up. And to make matters even more challenging, their systems didn't talk to each other—GL, inventory, and POS systems were completely disconnected. With a growing number and different types of SKUs in their inventory, additional states to contend with, and more financial information to track and manage, Dylan's needed a better way.



The Solution – Avalara Sales Tax Suite

Having decided on NetSuite for its ERP system, Dylan’s quickly saw Avalara as the right choice for automating sales-tax calculations, managing exemption certificates, and filing returns. Avalara’s solution integrates with over 580 business systems out of the box—including NetSuite and Dylan’s point of sale system.

With Avalara’s AvaTax, Dylan’s is able to apply sales tax as the transaction takes place, using continuously updated rates and applying them at the point of sale. “We’re even self-assessing consumer use taxes on purchase orders now,” Lois adds, “per Avalara’s recommendation.” As the company grows, AvaTax is already prepared to determine sales tax for the new locations.

Transactional tax data from AvaTax is provided to Avalara Returns, which allows Dylan’s to automate filing in every jurisdiction. Instead of paying each jurisdiction individually—which used to take a lot of time and labor itself—Dylan’s makes a single ACH payment to a secured account, and Avalara Returns takes care of individual payments to each tax jurisdiction.

And finally, Avalara’s CertCapture helps the company manage exemptions with ease and confidence. Exemptions are only allowed in NetSuite when a valid certificate is available. Certificates are stored in the cloud and are easily searchable by line item if required in an audit. Pre-populated requests for certificates are created and sent with just a few clicks. Expirations and renewals are tracked automatically, and reports highlighting exposure from missing certificates are sent right to Lois’ inbox.

“The implementation of Avalara’s solution was really seamless and user-friendly,” says Lois. “It was a simple, turnkey process, and when we have questions, the team at Avalara is very responsive.”

Tax Automation Results

With AvaTax, Avalara Returns, and CertCapture, Lois and her team no longer spend energy on calculating and collecting taxes, filing across multiple jurisdictions, and complying with exemption requirements. Instead, the team has been liberated to focus on other automation priorities that help Dylan’s pursue its aggressive growth goals.

“Just as importantly, we have shut the door on those annual audits,” says Lois. “We answer with such confidence and authority now; the auditors have moved on to someone else. We are no longer the low-hanging fruit for them.”

And that has left Lois and her team with “a sweet, lasting euphoria” of their own.

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– Lois Browne, VP Finance
Dylan’s Candy Bar



Avalara Sales Tax Suite

A complete, end-to-end sales and use tax compliance solution - built to grow with your business.

Avalara AvaTax accurately calculates sales & use taxes.

Avalara Returns handles monthly sales & use tax filing, payments, and notice management.

Avalara CertCapture helps businesses collect, store, track and utilize exemption certificates.

Avalara supports quick deployment by providing over **580 pre-built integrations** to business applications including ERP, POS, Ecommerce, Billing and CRM.

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