How Three Major Retailers Manage Sales Tax Compliance

EVERY MAN JACK.

PIT VIPER

uncommon goods

TaxJar
a stripe company

Introduction

The retail industry is undergoing a dramatic transformation.

With a pandemic forcing customer habits to shift, retail owners have shifted as well, resulting in new channels for revenue growth. Nowadays, retail businesses can meet customers wherever they are; whether that's an online store, social media platform, reopened brick and mortar location, or a virtual world like the metaverse. There has never been more opportunity for growth in the retail industry.

However – with all these opportunities come compliance challenges. Retail companies today have so much to consider when it comes to managing sales tax obligations. Take shipping for example, a common logistics hurdle for retail companies. Should you always collect sales tax on shipping charges? Well, each state handles shipping taxability differently so you are likely charging certain customers sales tax on shipping while exempting it for others. How does a growing retail company manage that level of complexity?

And that's just one example. Let's not forget marketplace facilitator laws, varying product taxability, inventory storage creating physical nexus, or multichannel sales tax reporting. With great opportunity comes great responsibility.

Luckily, there is a way to streamline sales tax compliance, and automate the process. You could add hours back to your day if your retail business took the strenuous task of sales tax compliance off your plate. That's exactly why we created TaxJar. Keep reading to see how retail companies like yours are easing the burden of compliance, and as a result, taking advantage of the growth opportunities present today.

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Pit Viper makes the switch to TaxJar for cost savings and superior customer service

How does an edgy, Instagram-famous sunglass and apparel company manage exponential growth? By choosing the right partner to help them manage compliance.

When Chris Garcin's friend, Chuck Mumford, came across a pair of military supply sunglasses eight years ago on a ski trip in Idaho, they knew they were onto something. Chris quickly set up a website and after selling 10,000 pairs of these military-style sunglasses, they launched a crowd-sourced campaign to increase production of the now infamous **Pit Viper** sunglasses. Now with sales in over 30 states and growing, Chris and team are relieved to have a sales tax compliance platform that provides convenience and peace of mind.

Like many other nationwide retailers, Pit Viper was directly affected by the 2018 *South Dakota vs Wayfair* Supreme Court ruling that determined states could set their own economic nexus thresholds. As a young and growing company, Pit Viper wasn't sure how the ruling would affect their business — especially since the rules were unclear and each state was still deciding how they wanted to approach their new power to determine economic nexus.

As the pace of the company's growth increased, the need for a strategy to manage their sales tax compliance became unavoidable.

Being a lean team, Neil Almy, the Chief Financial Officer, knew they needed to find a sales tax solution to help them not only calculate the right sales tax rate during checkout, but also collect all the transaction details for reporting and filing. After starting out with a different solution, Pit Viper eventually switched to TaxJar for its cost effectiveness, convenience, and customer support team. Now, they can focus more on continuing to grow their business and less on worrying about sales tax.

Fast growth = more sales tax responsibilities

The combination of the Wayfair ruling and the company's fast growth made finding a sales tax solution top priority. Because Pit Viper was growing so quickly, they were reaching nexus in many new states — and fast. Understanding the complexity of sales tax, the team knew this was not something they wanted to handle in-house. So the search for a sales tax solution began.

Chris said it all started with nexus: "We really just wanted to know where we had reached nexus. And how can we do this accurately and reliably, over and over again."

They knew they needed something where automation was the key feature, along with a nexus tracking capability. Keeping these features in mind, their search led them to one particular solution that they believed fit the bill. But during the implementation process, Chris and Neil started to wonder if they had made the right choice.

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> **Chris Garcin**
> Pit Viper Co-Founder

Making the switch to TaxJar

As the integration progressed, Pit Viper started raising concerns about the sales tax partner they chose. "We were focused on running our business and finding a partner that could handle the taxes and take that off of our shoulders," Neil said. "It seemed that [their initial solution] still put the onus on us to figure out absolutely everything that needed to be figured out. And in doing so, there were many balls dropped on their side. And that took more time and cost us more money in not only filings, but back filings."

But they persevered. It was after Pit Viper was completely set up and integrated with the software tool that they met with a company representative to talk through some outstanding issues.

"I think after we got off that call, Neil and I talked, and we're just like, this isn't the right partner," Chris said. "We need to find someone else that cares about our business, and will actually take this compliance issue that we have and help us figure it out and file taxes for us."

With a better understanding of what a true partner looks like, the Pit Viper team evaluated a new slate of candidates to step in as their sales tax solution, which is when they found TaxJar. And they've already seen the difference. "Although [ending one partnership and needing to start another] added a lot of time and frustration, I think we ended up in the right place," Chris said. "And now we're extremely happy with TaxJar."

In addition to providing superior service quality, TaxJar was the lowest cost option for Pit Viper. "With all those back filings we ended up having to do," Chris said, "With all those back filings we ended up having to do, Neil went through and laid out everything that we were going to end up being charged from [the initial solution]," Chris said. "Even given all the onboarding and everything that we needed to do to move solutions, it was still going to end up being cheaper in the long run to go with TaxJar."

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Neil Almy
CFO at Pit Viper
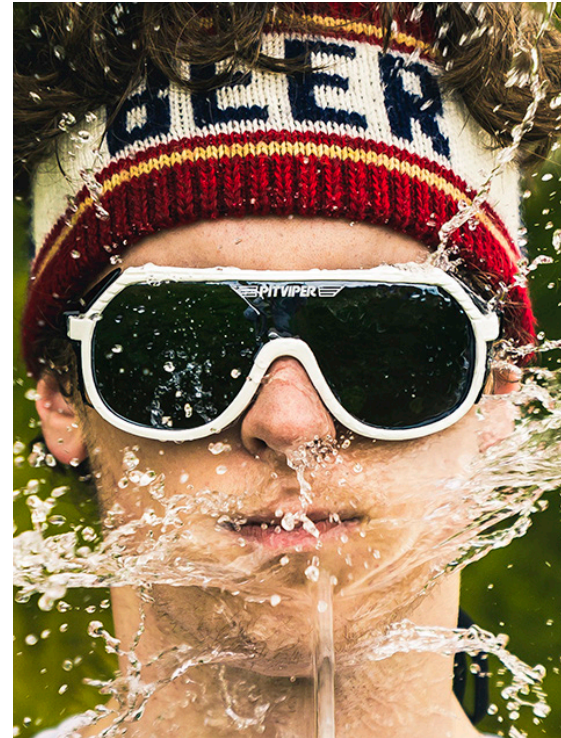
The TaxJar difference

After their previous frustrating onboarding and integration process, Pit Viper was much happier with the sales tax software implementation the second time around. Neil said, "I felt that the onboarding process was super easy."

Having the right resources to support onboarding was key. Pit Viper appreciated having a designated account manager that walked them through the process. Their TaxJar representative explained what they could expect from onboarding, provided helpful videos, laid out tasks for the team, and provided an overall understanding of the TaxJar website portal. "I thought that was really useful," Neil said, "and made it really easy to register and [do] onboarding [in] each state."

Even after onboarding, the communication Pit Viper receives from TaxJar continues to make the sales tax process simpler. Here's how it's going in Neil's own words:

"The emails are really straightforward and super helpful. It's, 'hey, this is what you missed, this is what we need from you' and all the support that [TaxJar] has is super responsive and gives clear instruction of how to appropriately onboard a state, which I thought was super useful."

Pit Viper also has an integration with **Shopify**, and is finding the reporting and filing of sales tax with TaxJar to be seamless.

The Pit Viper team is currently enrolled in **TaxJar's AutoFile** in 30 states. The tools and resources TaxJar provides helps the team onboard new states as efficiently as possible. It's a world away from when they started their sales tax journey, and goes to show the difference selecting the right partner can make for a growing company.

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The emails are really straightforward and super helpful."

Neil Almy
CFO at Pit Viper

Do your homework and avoid choosing the wrong partner

When asked what advice Pit Viper would give other e-commerce companies searching for a sales tax solution, Chris and Neil were clear: "Personally, I'd say don't bother trying to set up with a [competitor] and go directly to TaxJar. Just to do it once with the right partner instead of twice. Don't pick the wrong partner first."

In addition, the two had other advice to share: Do your homework and research first. "This is a big partner that you're bringing on, it controls a lot of the cash that you have to spend on taxes, and find the right partner that works for you. And for us, due to convenience, support, and cost structure it was TaxJar."

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Chris Garcin
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Uncommon Goods Sells Unicorns, Chooses TaxJar

Uncommon Goods, seller of unique and unusual gifts, needed a sales tax solution that was cost effective and developer friendly, so they turned to TaxJar.

Unicorns are real.

Ok, maybe they're not *real* real. But Elwood the Rainbow Unicorn does exist, because thousands of people have bought its **namesake handmade stoneware** mug from the unique online marketplace Uncommon Goods.

Since its founder Dave Bolotsky visited a craft show in 1999 and thought it would be a great idea to connect makers with shoppers, Uncommon Goods has existed as a beacon for handpicked gifts just like Elwood, all of which are designed to surprise and delight.

Elwood is made from "clay and fairy dust," according to the company. Everyone's favorite mug-based unicorn holds 12 fluid ounces of coffee and tea, is a bit pudgy, has miniature legs—and over the years it's been a popular item for the e-commerce brand.

And it's not just crafts. There's plenty of other goodies available on the store, including popular gifts like a **custom book of all The New York Times front pages** on your birth date through the years, and even online experiences with experts, like **learning how to make chocolate truffles in two hours**.

Uncommon Goods faced a common problem with other retailers in 2018 – the Supreme Court ruling **South Dakota v. Wayfair**, which required online retailers with economic nexus to collect sales tax from buyers in that state, even if the retailer had no other presence in the state. (For example, a merchant achieved economic nexus if they exceeded a certain amount of revenue or a number of transactions in that state. **You can learn more about economic nexus here**.)

Courtney Costello, the company's Lead Product Manager, said that things changed quickly after the ruling, when states lined up to create tax thresholds. "We really only collected tax in a small handful of states up until that point in 2018," she said. "I don't think it was very onerous. But once *South Dakota vs. Wayfair* hit and all the states started rolling in, we knew we needed a solution. That's where we started our evaluation of TaxJar."

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> Lead Product Manager

At the time, Costello said Uncommon Goods was utilizing another sales tax platform's product, which she described as "expensive," and not fitting their developing needs. When the company brought on TaxJar as a sales tax solution, things changed for the better.

TaxJar delivers clear documentation, top-notch customer service

Many retailers like Uncommon Goods utilize TaxJar's custom API as a means to calculate sales tax on purchases with rooftop-accurate rates, which means calculations based on your customer's state, county, city, and special jurisdiction.

But not all APIs are the same. "We looked at your **API documentation** with our developers, and I think it was more modern and clear, and easier to work with and maintain," Costello said. "That's a big reason we chose TaxJar."

Even seasoned developers can use assistance during a custom integration to ensure everything is configured properly. That's why TaxJar provides customers with an onboarding specialist, along with a product plan to help expedite the onboarding, configuration and education of your TaxJar account. This was especially helpful for Uncommon Goods. "Back in the start of the implementation, we had to work with you on specific scenarios, and TaxJar was very accommodating with that," Costello said.

Saving time manually filing with AutoFile

When Uncommon Goods signed up for TaxJar, it was to take advantage of the real-time sales tax calculations and the custom integration. But as the company grew, their needs changed as well. "When we first started using TaxJar, we weren't using **AutoFile**, and manually filing was a big time suck for our finance team," Costello said.

AutoFile automates sales tax filing and remittance by using data from your company's e-commerce platforms and ERPs to prepare and submit an accurate return. As Uncommon Goods grew and gained economic nexus

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Courtney Costello
Lead Product Manager

in more and more states, the idea of manually filing returns regularly in many states became a huge challenge. "AutoFile was the biggest help for our finance team," Costello said. "It was a lot of work once we got up to 30-35 states. That was eating up a big chunk of their time."

How Uncommon Goods chose the right sales tax platform

When Uncommon Goods began using AutoFile, there were no worries about missing a deadline or having inaccurate returns. And it saved hundreds of hours of work the finance team would've had to do on their own. "I imagine it saved the finance team a couple of days up to a week per month filing in about 30-40 states," Costello said, noting that they've added about 10 states even since they signed up for TaxJar a couple years ago. "We're filing monthly in most states."

Retailers know that there are options in the sales tax compliance space, but that selecting the right brand can be difficult. "My general philosophy with vendor assessment is that going with the biggest name is not generally going to get you the most bang for your buck," Costello said. "It's more about thinking about what the vendor's willing to work with you on."

TaxJar worked with Uncommon Goods on a custom API that fit their needs, and after the company gained more customers in more states, it began using the power of AutoFile to file and remit sales tax to 30+ states. Whether your company sells unicorn mugs or **SaaS**, TaxJar can help automate your sales tax compliance.

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Lead Product Manager

EVERY MAN JACK.

Every Man Jack thinks differently about men's grooming products — and sales tax compliance

Every Man Jack started out with the mission to reinvent men's grooming. When they needed a sales tax solution that could help manage an increase in growth, TaxJar was there to help.

In 2007, founder and CEO of **Every Man Jack**, Ritch Viola, set out with the mission to reinvent men's grooming. After finding that most men's grooming brands were either too expensive or were full of chemicals, Ritch and team set out to create something that was affordable and full of natural ingredients. Fast forward to the present, and Every Man Jack has become an innovator in the men's grooming industry. Using as many naturally derived and plant-based ingredients as possible, they create a full line of men's grooming products that can now be found in most major retailers across the U.S. and Canada, and they show no signs of slowing down.

In fact, it's this rapid growth that led Every Man Jack to search for a better way to manage sales tax.

With business growth comes greater sales tax responsibilities

In their early days, when Every Man Jack only had one warehouse located in their home state of California, Accounting Manager Amy Ocasio was fine manually filing sales tax. It was time consuming, yes, but manageable.

As their customer base grew, though, Every Man Jack set up warehouses across the country to meet demand. They also began selling their products on Amazon and increased traffic on their own e-commerce platform. Suddenly, the team had sales tax responsibilities in almost every state.

Even with a small team of accountants, like Liz Norato, a Senior Accountant at Every Man Jack, helping her, Amy knew the manual process wasn't sustainable. Liz once spent two to three hours on a Texas sales tax return alone. Now, imagine doing that exact process for more than 40 states on a regular basis. Clearly, there had to be a better way.

Every Man Jack began their search for a sales tax solution that would enable them to continue to grow the company without having to hire someone full time to manage their sales tax compliance.

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Every company in multiple states should use TaxJar. You want to be in compliance with every state and this is the way to do it. TaxJar reduces the work that we need to do. It saves us time. It has the feature to automate our sales tax filing. If you are a company that is looking for that, TaxJar has helped us a lot. I would definitely recommend TaxJar 100%."

Amy Ocasio
Accounting Manager

Finding the right solution with TaxJar

Amy reached out to a contact at Amazon for a sales tax solution recommendation and he suggested TaxJar. Amy and the Every Man Jack team did their research and found that the product had all the features they were looking for — they were especially excited about TaxJar's AutoFile solution — and decided to become a TaxJar customer.

With a clearly laid out onboarding schedule and customer support from TaxJar, the onboarding process went smoothly. And Every Man Jack was always able to reference blog articles for questions that came up. Liz said, "Even if we didn't know something, it was easy for me to find a blog on TaxJar's site to know exactly what was needed for a certain state."

As Every Man Jack continued to grow, they found they needed to register in new states as well. They were able to be part of TaxJar's state registration pilot program and take one more step to compliance off their plate. "TaxJar was able to register pretty much all the states we needed to register in — that was amazing for us," Liz said.

While Every Man Jack was growing, so was TaxJar. When Every Man Jack needed exemption codes that TaxJar didn't have in place, TaxJar set to work to create them and give the team one less thing to worry about. Liz said, "Luckily, now TaxJar has that exemption code option for us. So it's been a breeze. We're growing and TaxJar has kept up with us."

Now when it comes time to reconcile reports, instead of spending hours filing sales tax manually, Amy has everything she needs in one spot: TaxJar. It's been a game changer not having to worry about sales tax daily. "I love getting the monthly report, which tells us what's set to AutoFile," said Amy.

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Amy Ocasio
Accounting Manager

Reaping the benefits of their TaxJar decision

How is Every Man Jack feeling about their decision to go with TaxJar now? Pretty positive. "If we didn't have TaxJar, we'd have to have a team dedicated to doing sales tax," Amy said. "We'd probably have an entire department dedicated to just doing these regular renewals and registrations. Stuff like that takes a lot of time."

They've taken full advantage of AutoFile and now use it to file automatically in every state possible. "AutoFile was a big, big thing for us. It's been our lifesaver," Liz said.

While their rapid growth put them in a position to hire more accountants, the simplified TaxJar dashboard has made onboarding new hires easier. "The dashboard is so user-friendly. We have a new employee who just started and she understands it and how easy it is to use," said Amy. "It's very simplified and not confusing."

Their sales tax recommendation

Now Every Man Jack has a sales tax platform recommendation for other companies: automate with TaxJar. Here's their advice to other growing companies:

"We spend less time worrying about anything going on behind the scenes with our sales tax, and now we can focus on other aspects of our business." – Liz Norato, Senior Accountant

"Every company in multiple states should use TaxJar. You want to be in compliance with every state and this is the way to do it. TaxJar reduces the work that we need to do. It saves us time. It has the feature to automate our sales tax filing. If you are a company that is looking for that, TaxJar has helped us a lot. I would definitely recommend TaxJar 100%." – Amy Ocasio, Accounting Manager

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> **Liz Norato**
> Senior Accountant

TaxJar
a stripe company

TaxJar supports retail businesses from all industries, from clothing to health and beauty products to home goods.

We're here to make sales tax compliance simple, so you can focus on your business. Here's how we do it.

Accurate sales tax calculation for all of your products in every channel

Assigning accurate product tax categorization is a crucial starting point to sales tax compliance. Otherwise, there is no way to ensure you are collecting the correct amount of sales tax from your customers. Our deep product tax code coverage ensures you are giving your products the right tax treatment and tax rates.
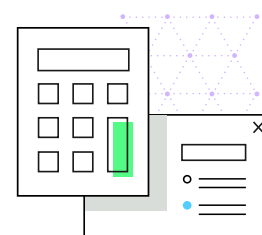
Integrate all of your e-commerce channels for multichannel reporting

Our team maintains a set of prebuilt, tested and certified integrations with the most popular e-commerce and ERP platforms, marketplaces, and shopping carts so you can connect all your sales channels to the TaxJar platform in minutes. And if your needs go beyond our prebuilt solutions, the TaxJar API lets you integrate our platform with your custom-built shopping cart or direct web sales solution.

With all of your e-commerce channels integrated with TaxJar, you'll be able to see a unified view of your transactions across channels. We ingest transactions from all your carts, platforms, and marketplaces into one reporting dashboard, providing a full view of your compliance status.

Rates based on address, not just zip codes

One of the biggest sales tax headaches is determining accurate rates since each state, county, city, or special taxing district can apply their own sales tax rates. Our API and calculations engine applies rooftop-accurate rates based on your customer's state, county, city, and even district.

Some sales tax solutions only use zip code to determine rates, and your business needs a solution that provides the most accurate sales tax calculations.
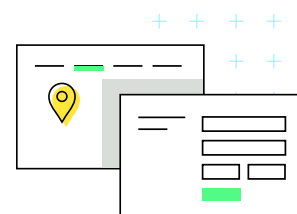
## Reliability and high performance when you need it

You need a sales tax solution that works fast, and doesn't delay checkout. The TaxJar's sales tax API clocks in at sub-25ms with 99.99% uptime, giving your customers instant, accurate tax data at checkout.

Even in busy shopping times, our e-commerce sales tax API and calculation engines scale seamlessly, maintaining the same speed and reliability no matter how many transactions are processed at once.
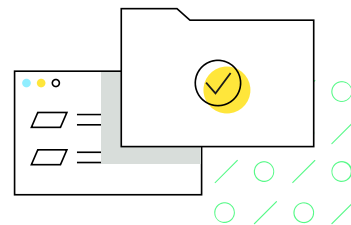
Effortless filings across multiple states

Companies can spend countless hours filing sales tax returns each month, quarter, or even both. But there is a better option. Once your integration with TaxJar is set up, you can enroll in AutoFile, our automated filing service. AutoFile automatically submits your return to multiple states with different requirements, accurately and on-time.
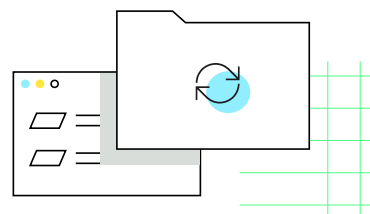
Sales tax compliance made easier

When you need full access to complete sales tax data, a knowledgeable team of sales tax experts, award winning support, and automated filings, TaxJar is here to help. Built to support retail businesses with complex sales tax needs, TaxJar's cloud-based platform was created to simplify sales tax for e-commerce businesses so compliance is never an issue again.

TaxJar

Ready to ease the complex, stressful, manual process of being sales tax compliant? Give us 30 minutes to show you how we can help.