Filing Your Taxes Using AvaTax

Last Modified on 08/01/2025 3:38 pm EDT

This guide explains important factors for deciding to use Avalara services for filing state taxes. It is intended for advanced users.

Avalara's services include the option to use AvaTax to file your state tax returns. If you opt into this service, the state tax authority will require your total amount of sales when filing a tax return, *including* non-taxable sales (e.g. wholesale distributors). However, your AvaTax setup might be configured to limit the number of transactions you send in order to reduce costs.

Managing Expenses from Tax Calculations

A balancing factor in the decision to use Avalara tax filing is that Avalara charges you for every transaction — even if the tax value is zero. You can reduce your expenses by only sending orders to Avalara that you know will return a tax value.

aACE provides several features in various modules to give you hierarchical control over which invoices are uploaded to AvaTax:

- System Admin> Tax Automation > AvaTax > Enable AvaTax — When this flag is cleared, the AvaTax integration is disabled and *no* invoices are uploaded for any customers.
- Company detail view > Finance & Accounting tab > Tax Exempt fields — When these fields are filled, all orders for this customer are initially marked as tax exempt.
- Invoice detail view > Totals section > Exempt flag — When marked, the invoice is *not* uploaded to AvaTax. You can manually clear/mark this flag on each invoice you open.
- Tax Profile detail view > AvaTax flag — When cleared, any invoices linked to the tax profile are *not* uploaded.

Note: Avalara also requires you to identify tax exempt customers using their CertCapture tools (https://help.avalara.com/0021_Avalara_CertCapture).

Managing Data for Tax Filing

Reducing expenses by limiting the sales processed in AvaTax means that some of your sales information will not be present in their system. But in order to implement AvaTax tax filing, you must ensure that *all* invoices are accounted for. You can handle this in a few different

ways.

Manually Upload Non-Taxable Transactions

If you need to report on non-taxable sales for a period, you can locate all your non-taxable invoices in aACE, export them, then manually upload them to AvaTax.

Avalara may charge a per-transaction cost for these manual uploads. To minimize this cost, format these non-taxable invoices with a single line representing the invoice total, rather than an itemized list of invoice items.

Upload All Transactions

You may decide that the reduced expense from not uploading all invoices does not balance the time required to manually upload transactions later. If this is the case, configure your tax profiles so that *all* transactions (both taxable and non-taxable) are sent to AvaTax.

Using aACE Reports for Tax Filing

You can also use reports in aACE to prepare your taxes. With this approach, you can use AvaTax for tax calculations, but you don't need to upload every transaction.
