

Sovos Global Tax Determination Achieves Colorado Department of Revenue Certification

Sovos CO DOR certification is an excellent example of what's possible when revenue authorities partner with private technology providers. Through this certified solution, Colorado rests assured that any tax due is properly collected while businesses are able to reduce the significant risks associated with non-compliance.

What is Certification?

The Colorado Department of Revenue (DOR) certified the Sovos address database, part of the Sovos Global Tax Determination solution, in the summer of 2016 and re-certified Sovos in September 2018 for another three years. This is the same database that powers the Colorado rate lookup tool: <http://portal.taxify.co/coloradotax>.

- Sovos was the first business to receive this certification
- The Sovos database continues to be certified as accurate

How did Sovos Become Certified?

In November 2015, the Colorado Office of the State Auditor released a Performance Audit Report of the Department of Revenue for local sales taxes, finding that the department could improve its performance by “obtaining a geographic-information-system (GIS)-based mapping application...that is capable of plotting business site addresses and determining applicable sales tax jurisdiction and corresponding GenTax location codes.”

- The Department of Revenue tapped into the state's strong software and technology industry to create this mapping application at no cost to the state
- Colorado law allows the state to certify the accuracy of third party vendors' databases that are used to determine the tax rates and boundaries of taxing jurisdictions
- Sovos sought and received this certification after rigorous testing by the DOR

“The Colorado Department of Revenue is committed to making it easier for businesses to understand and stay compliant with the State's sales and use tax laws. We take the findings of the Office of the State Auditor seriously and have found a cost-effective way to respond by leveraging the private sector expertise to develop this mapping function in a way that benefits all parties – businesses, customers, as well as the State and local jurisdictions who rely on this tax revenue to fund essential government function.”

- Eric Myers, Taxpayer Service Division Director, Colorado Department of Revenue

Sovos Client Benefits of Certification

- ▲ Colorado assesses a state-level tax and over 220 local jurisdictions also assess sales taxes, some of which are state-administered and others collected by local entities. This local tax structure creates a complex web of overlapping tax jurisdictions, making it very difficult for businesses to know exactly which taxes apply at a given address.
- ▲ Companies operating in Colorado are able to direct their tax resources to drive business growth initiatives rather than spending a lot of time and money staying compliant with the state's varied sales and use tax laws. This certification (in conjunction with Sovos's comprehensive approach to maintaining accurate state and local rates across the country) assures clients that sales and use tax rates are determined correctly on every transaction in the state.
- ▲ Colorado rule now also requires remote sellers with economic nexus (defined as more than \$100,000 in gross sales) to collect state level tax, county level tax in all counties, and in any state-administered cities and districts. Knowing the correct tax to apply for a sale to a given Colorado address is more complex than ever making accuracy that much more important.



Hold Harmless Provision

- ▲ Sovos clients using the Global Tax Determination SaaS solution for Colorado transactions cannot be held liable for improper jurisdictional assignment in the specified Colorado locations.
- ▲ This protection extends to state level tax rates, state-collected localities, and certain participating "home rule" jurisdictions.
- ▲ Stated simply, our address lookup is deemed to be correct.

About Sovos

Sovos is a leading global provider of software that safeguards businesses from the burden and risk of modern tax. As governments and businesses go digital, businesses face increased risks, costs and complexity. The Sovos Intelligent Compliance Cloud is the first complete solution for modern tax, giving businesses a global solution for tax determination, e-invoicing compliance and tax reporting. Sovos supports 5,000 customers, including half of the Fortune 500, and integrates with a wide variety of business applications. The company has offices throughout North America, Latin America and Europe. Sovos is owned by London-based Hg. For more information visit <http://www.sovos.com> and follow us on LinkedIn and Twitter.

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