

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

the company's story of maintaining sales tax compliance and transitioning to automated accounting solutions provides insights for accountants supporting growing clients.

May. 09, 2018

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us



While many of us use Zillow as a resource for up-to-date home-related information, the company's story of maintaining sales tax compliance and transitioning to automated accounting solutions provides insights for accountants supporting growing clients.

Scott Peterson, Vice President of U.S. Tax Policy and Government Relations for [Avalara](#), sat down with Jason Heckel, Senior Director of Tax at [Zillow](#) Group, to understand how he manages sales tax compliance in his role.

Scott: What comes to mind when someone mentions sales tax?

Jason: One word: challenging. And far more challenging than income tax. Sales tax is ever-changing; it's state by state and no states particularly agree on how to handle it. You're talking about at least 50 different laws when you have questions like: What is

taxable? How is it taxed? Is it a tax borne by the customer? Being on top of every one

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Jason: I was one of the first tax-related, internal hires at Zillow. The company understood the importance of tax compliance early on. They understand that when a company is not compliant, there can be costly consequences.

In Zillow's case, or for any other business considering taking a company public or looking at an IPO, you're potentially sitting on a huge liability for sales and use tax, which can really affect your ability to move forward as an organization and grow. They invested in this role to minimize the risk and liability as the company continues to grow.

Scott: How do you maintain business efficiency while ensuring Zillow's sales tax compliance?

Jason: At Zillow, we live in a technology environment and operate like a startup even though we are a billion-dollar company. One of our core values is 'move fast and think big.' As part of that, we try to operate extremely fast and be very efficient in everything we do.

As it pertains to sales tax, the key is to have all major stakeholders from different business functions involved, and to have the right resources, software, and tools in place to react quickly and move forward with the business. No one wants to slow down because of a tax issue, so you must operate quickly and efficiently.

Scott: What steps do you take to minimize company risk?

Jason: I try to stay in front of anything that might pose a tax risk to the company.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Jason: It's important that all critical areas of the business are involved to ensure all points of view are considered.

First, it's important to bring in the revenue side of the business to understand the complete suite of products your company is selling. Then, you need to understand who is buying these products and how they are being sold so you can help determine the correct taxability.

Then from a technology perspective, you need to understand the corporate applications and billing systems that are in use to understand how things are being calculated and applied to the customers.

And then finally, from the accounting and general ledger perspective, you need to make sure you are considering the correct accounting and tax liability based on the information provided.

Scott: How does sales tax differ when it comes to a software business?

Jason: State jurisdictions are still trying to catch up to what technology is doing. For example, Software as a Service does not exist in tax codes everywhere, nor do all the states agree on the definition of SaaS. Every state seems to handle the taxability of software a little bit differently so that complicates matters even more.

Scott: What has been your strategy for approaching taxation of digital goods?

Jason: With taxation of digital goods, you can't necessarily look to the law and think you've got the best answer because a new case could come out and be completely different than the actual statute. Then you're just lost in the mix and you're not sure

what to do. You have to stay on top of it all, and unfortunately, there really isn't an

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Jason Heckel is Senior Director of Tax at Zillow Group. A tax specialist with more than 14 years of experience working for and with both private and public multinational companies, Jason has expertise with SEC reporting, large corporate income tax reporting, mergers and acquisitions, entity restructuring, IRS and state tax examinations, as well as indirect tax analysis including nexus and taxability studies.

Zillow Group houses a portfolio of the largest and most vibrant real estate and home-related brands on mobile and the web. With its living database of more than 110 million U.S. homes, Zillow serves people throughout the home lifecycle, including buying, selling, renting, and financing. The company also provides Zestimates, starting points for determining a home's value, Rent Zestimates, and other home-related information. In 2015, Zillow acquired Trulia, an acquisition that greatly changed the way Zillow conducts business and operates on a day-to-day basis.

Scott Peterson is the Vice President of U.S. Tax Policy and Government Relations for Avalara, Inc. In his role, Scott leads Avalara's effort to be the first name in sales tax automation. Prior to joining Avalara, Scott was the first Executive Director of the Streamlined Sales Tax Governing Board. For seven years Scott acted as the Chief Operating Officer of an organization devoted to making sales tax simpler and more uniform for the benefit of business. Before joining Streamline. Scott spent 10 years as the Director of the South Dakota Sales Tax Division where he was responsible for the state sales and use tax, the state's contractor's excise tax, the sales and use tax for over 200 cities, and the sales and use tax for four tribal governments.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us