

# Changing nexus rules call for an upgrade to best-of-breed technology



Chris Gallo  
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CPA.com and Vertex  
**Firm Success Story**

## BerganKDV responds to economic nexus requirements by automating and standardizing sales and use tax processes firm-wide

While BerganKDV offers a wide array of state and local tax services, including income tax; credits and incentives; and unclaimed property, it's sales and use tax that makes up the majority of the firm's tax work.

*"There are about 11,000 state and local jurisdictions to keep up with, so sales and use tax really keeps everyone busy,"* said Chris Gallo, State and Local Tax Manager at BerganKDV.

Today, new rules around nexus and online sales are impacting businesses, especially those that sell goods remotely. The *South Dakota v. Wayfair* Supreme Court ruling held that states can require online retailers to collect sales tax even if they lack a physical presence in the state. This decision expands the definition of nexus, beyond physical presence to include "economic nexus", which is based on sales revenue, transaction volume, or a combination of both. This has pushed the firm to reevaluate its processes surrounding sales and use tax and look into new technologies to better support clients.

Gallo explained in more detail: *"The Wayfair ruling changed everything. A business can now establish nexus based on a monetary gross sales threshold or numerical threshold from the times they've sold products in that state. It's no longer just about physical presence."*

Following the Supreme Court case closely and predicting its outcome, the firm began researching several sales and use tax technologies in an effort to streamline and automate processes.

*"We embarked on a software journey and started to figure out what was going to be the best process for our firm to standardize all of our filings,"* Gallo explained. *"We had two*

*main objectives. First, we needed to standardize processes firm-wide so everyone was performing sales tax return work the same way. And two, we wanted to be out in front of and ready when multi-state economic nexus became a reality."*

## Performing their due diligence

Historically, the firm relied on manual sales and use tax processes. With the *Wayfair* ruling, leaders realized this would not be sustainable in the long-term. Gallo confirmed that the move to a cloud-based, automated solution represented a huge leap for the firm.

Understanding the need for powerful sales and use tax workflow automation, leaders at BerganKDV began the search for a best-of-breed solution.

*"We went out and looked at just about every software there was and vetted them. We talked with our peers and a number of other firms we work with about the sales and use tax solutions available."*

After putting in much research and testing time, Gallo stated, *"We landed on Vertex. It's an amazing system ... the Cadillac of sales and use tax solutions."*

## Offering value for both the firm and clients

While the Vertex Firm Advisor Program offers a long list of benefits, Gallo was clear on what he views as the most valuable.

*"One of the main benefits of the program is the accountant's console. This allows me to see every client that we have. It's one login, you've got everyone in front of you, and you can file one client in one state or multiple states and you never have to leave the portal [console]."*

The Firm Advisor Program, developed by Vertex and CPA.com supports accounting firms that service small

# bergankDV

**Firm profile:** BergankDV is a leading professional services firm powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions.

**Niches served:** Construction, manufacturing, agriculture, not-for-profit, government and small business

**Locations:** Offices in IA, MO, NE and MN

**Staff:** About 400

*"We are modeling our Sales Tax Practice off the proven playbook we have used to build multiple multi-million-dollar business units including Outsourced Payroll, Human Capital Management, Technology, ERP and Outsourced Accounting that provide services to clients in all 50 states using world class cloud software backed by experienced BergankDV professionals."*

- Dave Hinnenkamp, CEO, BergankDV

and mid-sized businesses with the same powerful system functionality larger companies use – including a custom dashboard, detailed reporting and on-demand access. Firm professionals also have direct access to a CPA.com strategic account manager to coach them at each level of their transition.

Vertex also offers powerful calculation functionality, but the real value, according to Gallo, is in the calculation-to-return automation. *"The ability to calculate and then create the return instantaneously is so beneficial. This level of automation was not possible before we implemented Vertex."*

He continued: *"The ACH component is also extremely beneficial ... and the exemption tool that allows you to easily monitor every exemption. It's a true one-stop shop."*

The ability to consolidate all clients is another notable benefit. *"From a consolidation and streamlining standpoint, Vertex does everything you need it to do. If we have hundreds of returns being filed simultaneously, I can see every one of them. So, if we have an issue, we don't need to go and try and dig up all of the historical info on the client. It's right there in front of us."*

Vertex not only offers immense value to the firm in terms of time-saving automated processes, but also to the firm's clients.

*"The speed in which we are able to file for clients is a big benefit,"* Gallo said. *"We are able to take everything from registration to return and put it in a defined process. And the client can see everything we are doing, which opens up communication and makes it truly a collaborative process. It allows us to serve as an adviser, and the client feels that too."*

## Parting advice ...

According to Gallo, the *Wayfair* ruling has had a major impact. *"I've been doing sales tax for 15 years, and Wayfair really made everyone stand up and take notice."*

The transition from trying to avoid physical nexus to complying with economic nexus has further fueled the need for professional advisory support, specifically in the area of sales and use tax. And while this may be appealing to firms looking to expand services, it requires a great deal of thought and preparation.

*"It's such a specific area of tax that you have to have someone highly experienced in it if you are going to take it on. Sales and use tax is completely unique,"* Gallo warned.

Dabbling in sales and use tax is not an option, according to Gallo. A firm should be all in and understand the need for support outside their firm as well. *"We have a dedicated team in-house, but we also have regional partners we rely on. If we have a client in the southwest, we talk to our southwest partner firms to advise us, because we can't know everything."*

In the end, Gallo said that the best advice he can offer is to, *"... take as much advice as possible to be successful in the area of sales and use tax."*



Call 855.855.5CPA or learn more at [CPA.com/Vertex](https://www.cpa.com/Vertex)

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