

Should your firm offer SUT compliance services – and can it do so profitably?

Due to client demand, sales and use taxes (SUT) advisory services were the focus for many firms before the *Wayfair* ruling, which expanded nexus. Following *Wayfair*, the trend is shifting. Clients are increasingly looking for SUT compliance services from firms, given the massive complexity of complying with SUT guidelines in thousands of jurisdictions. While firms see the demand, many leaders still want to know whether SUT compliance can be profitable.

The key to profitability in SUT compliance is scale. Below, we've outlined some of the key most important business decisions firm leaders can make to achieve scale in compliance services, how they differ from advisory-related decisions, and how to make the shift in mindset from advisory to compliance.



The elements of profitability: comparing SUT compliance to advisory

	Advisory	Compliance
 <p>Technology Evaluation</p>	<ul style="list-style-type: none"> • Consultative need: High-touch, analytics-heavy capabilities • Focus on tax research tools for advising client on broader sales tax strategy and context. • Customizable templates for creating bespoke client deliverables 	<ul style="list-style-type: none"> • Transactional need: Automation and AI for high-volume transactions • Focus on cross-jurisdictional tax rate tracking capabilities for accuracy in calculating taxes • Vendor tax processing/partnering capabilities for achieving assembly-line level efficiency
 <p>Pricing</p>	<ul style="list-style-type: none"> • Lower-volume, higher-priced projects undertaken on as-needed basis • Higher-billing services requiring greater level of expertise • Hourly rate 	<ul style="list-style-type: none"> • Higher-volume, lower-priced projects that automatically recur month to month • Lower-billing services relying on high-technology, high-automation assembly line model • Fixed- or flat-fee model
 <p>Staffing</p>	<ul style="list-style-type: none"> • Partners and leaders with higher billable rates • Extensive SUT knowledge for providing strategic guidance to clients • High-level, client-facing communication skills 	<ul style="list-style-type: none"> • Entry-level staff with lower billable rates • Process-driven skills for enabling assembly-line model • Technological proficiency
 <p>Client Identification</p>	<ul style="list-style-type: none"> • Moderate client demand among high-value clients • Moderate, variable volume • High industry concentration – manufacturing, wholesale, distribution, etc. 	<ul style="list-style-type: none"> • High (and growing) client demand among wide range of clients • Large, consistent volume – any client who sells something • Low industry concentration/ all industries (compliance required regardless of industry)

To learn more about how your firm can make the shift from advisory services to compliance services, profitably, visit [CPA.com/SalesTax](https://www.cpa.com/SalesTax) or contact our team at inquire@hq.cpa.com.