

CASE STUDY: Use Tax Compliance Review

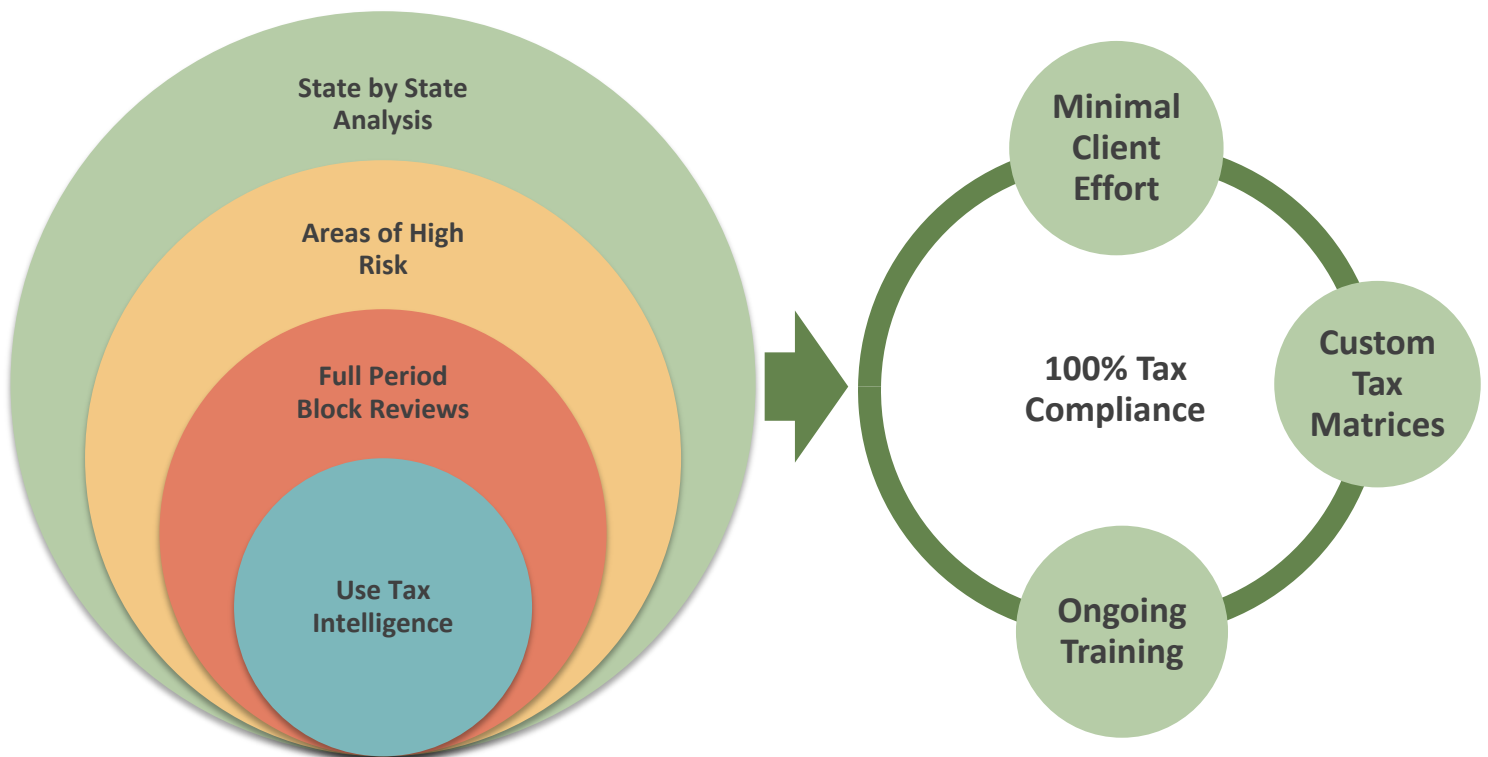
Tax Matrix assists a manufacturer in reconciling use tax compliance issues in 17 states

SITUATION

This client engaged Tax Matrix to provide an end-to-end business process and operations review of the client's tax compliance process. In this case, the client prepared over a dozen sales and use tax returns per month with an average use tax accrual of \$300k per month. As is the case with most clients, many of the tax decision points were decentralized and a large population of employees had the ability to utilize p-cards for expense purchases.

SOLUTION

During the review we identified and documented their tax collection policies (where and how they collect tax) as well as the flow of tax collection through their internal systems – from initial tax calculation through the tax reporting process.



SCOPE OF SERVICES

Based on our review, Tax Matrix identified areas of weaknesses in the use tax reporting process as well as the way in which tax determinations were being made. As part of the deliverable, Tax Matrix performed a review for over and under-reporting of tax using a combination of statistical sampling and full period block reviews. With this state-by-state analysis in hand, the client was able to decide how and where to move forward with refund recovery projects and exposure mitigation measures.

SUCCESS

- ✓ Highlight areas of risk and present areas of improvement
- ✓ Minimal client FTE time and expense
- ✓ Custom taxability matrix for each and every facility
- ✓ Custom training program for tax, finance, procurement and A/P divisions