

Communications



At-a-Glance

Business Type: Cable Communications Company

States: 37

Locations: 500+

Invoices/Month: 39,000

Transactions/Month: 113,000

Spend/Month: \$187 Million

TaxView Results

Tax Rule Structure

| | |
|------------------|-------|
| Situsing Rules | 1,301 |
| Tax Policy Rules | 607 |

Average Monthly Findings

| | |
|----------------|------------|
| Over Payments | \$ 488,042 |
| Under Payments | \$ 247,985 |
| Total Errors | \$ 736,027 |

Estimated Monthly Savings

| | |
|--------------------|-------------------|
| Over Payments | \$ 488,042 |
| Audits Interest | 29,758 |
| Audits Penalties | <u>24,789</u> |
| Gross Savings | \$ 542,589 |
| Less TaxView Fees | \$ 13,198 |
| Net Savings | \$ 529,400 |

TaxView™ Diagnostic View Confirmed Communications Company's Current Processes were Riveted with Costly Tax Errors \$529,400 Monthly Savings

Tax Challenges

A leading communications company that provides cable television, telecommunications and home automation services in the U.S. put its current integrated tax engine software and manual indirect tax audit processes to the test. The company believed its tax tools were effectively keeping them in proper compliance until they engaged DTS to conduct a TaxView's Diagnostic Review.

Current Systems Believed to be Accurate until Put to the Test

The client's immediate need was simply to validate the effectiveness of their current sales and use tax process and tax engine software which was integrated with the ERP system. Although they were confident their software and related processes were working well, they never had a way to prove it until they heard about DTS' Diagnostic Review project.

TaxView Solution

The Diagnostic Review took approximately four weeks to complete and included a comprehensive review of all of the company's purchase transactions for a given month. The DTS team developed approximately 1,300 situsing rules and 600 tax policy rules to process the transactions for accurate tax calculations. Not only did the project unveil significant tax errors going in both over and under payments, it also uncovered a material issue with respect to how stock purchase items were being coded for tax purposes.

Quantifiable Results

Based upon the TaxView Diagnostic Review results, the client was able to identify many errors that were associated with the current tax function which added up to more than \$529,000 savings a month. The detailed quantification of the tax errors and estimated savings were also used to build a cost justification and business case for a TaxView monthly subscription service.