

Oil & Gas

At-a-Glance

Business Type: Oil & Natural Gas Exploration and Production Company

Locations: 500+

Invoices/Month: 68,000

Transactions/Month: 264,000

Spend/Month: \$391 Million

TaxView Results

Tax Rule Structure

Situsing Rules	524
Tax Policy Rules	1,114

Average Monthly Findings

Over Payments	\$ 1,330,001
Under Payments	\$ 2,799,422
Total Errors	\$ 4,129,433

Estimated Monthly Savings

Over Payments	\$ 1,330,001
Audits Interest	335,993
Audits Penalties	<u>279,944</u>
Gross Savings	\$ 1,945,938

Less TaxView Fees \$ 20,126

Net Savings \$ 1,925,812

One of the World's Largest Oil & Gas Exploration and Production Companies Turn to TaxView™ to Fix Its Sales and Use Tax Issues \$1,925,812 Monthly Savings

Tax Challenges

A top US-based Oil and Gas Company experienced several surprise audit assessments with significant penalties and interest related to its sales and use tax deficiencies. The company's tax department also knew many vendors were overcharging tax on their purchases, but they had no idea by how much. With wells located in rural areas across 20 states and applicable tax exemptions being heavily reliant on their various stages of production, the company knew they needed to fix their sales and use tax processes once and for all.

Traditional Solutions Couldn't Handle Complex Taxing

In an effort to address their tax challenges, the company embarked on a project to identify and implement a tax engine that would effectively remedy their problems. Over the course of a year, they had demos of every available on-premise tax engine software. However, meeting after meeting proved that none of the options could properly handle their complex situsing needs and known coding issues. The shortcomings of the traditional tax engines were because they all utilized very few "drivers" for tax rule determination and every transaction had to be treated in the exact same manner. No matter the configuration, the company knew it would still have significant errors which was unacceptable. That's when they examined TaxView's cloud-based solution.

TaxView Solution

Due to the fact that TaxView utilizes batch processing and allows more than 50 different data drivers for every tax determination, the company knew our solution could address both of their largest concerns. The DTS team worked diligently with the company to ascertain what data elements from their ERP systems would allow TaxView to properly handle their situsing and tax coding issues. The company sent raw data to DTS for validation and import into TaxView. Using our Proven Rules Methodology, the DTS team took only four weeks to construct more than 500 situsing rules and over 1,000 tax policy rules to address the company's complicated tax needs.

Quantifiable Results

Thanks to TaxView, the company now has the ability to make accurate tax accruals, as well as validate and fix all erroneously charged vendor tax. Since implementation, the company hasn't experienced any surprise audit assessments which has saved them hundreds of thousands of dollars in unnecessary interest and penalties. Furthermore, they are currently using TaxView to find and fix an average of \$900,000 per month of tax that is consistently overcharged by their vendors.