Enterprise Tax Management Solution

Eliminate the Guesswork in Tax Jurisdiction Assignment
Tax Jurisdiction Assignment


Businesses struggle with the challenges of accurate tax assignment everyday – if it’s not worrying about audits and penalties for incorrect filings, or dealing with understaffed and under funded tax departments, then it’s the reality of using outdated or ZIP Code based tax software products and the arduous task of researching over 10,000 state and local taxing jurisdictions. These are but a few examples of the multitude of problems that businesses face daily.

It is a fact that state and local taxes on businesses in the United States total approximately $590 billion in fiscal year 2009. Couple this statistic with the fact that many businesses will overpay their taxes by 5 to 20 percent, and the results are staggering.

As we all know, taxes are a reality of life. But what sets us apart from our competitors is how we deal with them.

<table>
<thead>
<tr>
<th>State and Local Business Taxes FY 2009</th>
<th>2009</th>
<th>% TOTAL TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes on Business Property</td>
<td>$215.3</td>
<td>36.0%</td>
</tr>
<tr>
<td>General Sales Taxes on Business Inputs</td>
<td>126.8</td>
<td>21.0%</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>44.1</td>
<td>7.0%</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>30.7</td>
<td>5.0%</td>
</tr>
<tr>
<td>Business and Corporate License</td>
<td>25.9</td>
<td>4.0%</td>
</tr>
<tr>
<td>Public Utility Taxes</td>
<td>28.8</td>
<td>5.0%</td>
</tr>
<tr>
<td>Individual Income Tax on Business Income</td>
<td>32.3</td>
<td>5.0%</td>
</tr>
<tr>
<td>Excise Taxes</td>
<td>26.3</td>
<td>4.0%</td>
</tr>
<tr>
<td>Insurance Premiums Taxes</td>
<td>14.9</td>
<td>3.0%</td>
</tr>
<tr>
<td>Other Business Taxes</td>
<td>44.8</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Total Business Taxes</strong></td>
<td><strong>$589.9</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Ernst & Young: Total State and Local Taxes, March 2010
Our GeoTAX® Enterprise Tax Management solution provides you with the necessary tools to centralize all of your corporate tax jurisdiction processing needs and supports critical tax compliance issues. This solution provides your business with current jurisdiction assignment to customer and employee address records. And bottom line -- the GeoTAX® Enterprise Tax Management solution can help reduce your financial risks and regulatory liability, and improve compliance while helping save your company considerable tax research efforts, tax management resources, and ultimately, dollars.

The GeoTAX® Enterprise Tax Management solution, gives you a powerful software ally that:

- Automates the address standardization and tax jurisdiction assignment process
- Tracks rapidly changing tax boundaries, built on TeleAtlas street data, helping ensure accuracy and currency
- Monitors and assesses different tax jurisdiction types
- Reduces the number of misfiled taxes significantly
- Provides complete coverage in all states - nationwide
- Provides correspondence files to assign correct codes for major industry third party system providers
- Offers on demand and cloud-based access, so you can pay-as-you-go with no overhead expenses
- Leverages the tools of Pitney Bowes Business Insight Professional Services to ensure successful integration into your current installation

The GeoTAX® Enterprise Tax Management solution helps take the guesswork out of determining the correct tax jurisdiction for:

- Sales and use tax
- Payroll tax
- Personal property tax
- Insurance premium tax

Each of the individual tax modules takes advantage of the powerful GeoTAX® technology while providing the ease of on-demand access.
GeoTAX® Enterprise TAX Management Solution from Pitney Bowes Business Insight

Address the Complex Issues Surrounding Sales and Use Tax Assignments

For all businesses, especially those focused in the areas of telecommunications, government, and eCommerce, Pitney Bowes Business Insight has the answer! Our GeoTAX® Enterprise Tax Management solution offers current geographical based determinations that allow your company to determine in which tax jurisdiction a given address is located. This powerful assignment tool is paramount for the telecommunications and eCommerce segments as you strive to comply with the MTSA and SSTP provisions and correctly assign taxes based on your customer’s address.

For state and local governments the GeoTAX® Enterprise Tax Management solution provides more comprehensive coverage of municipal and special tax districts through a more accurate method of address matching and determination. Accurately determining address location relative to local tax jurisdiction boundaries, as well as providing up-to-date information on the ever-changing local jurisdiction boundaries, positions the GeoTAX® Enterprise Tax Management solution as the only tax assignment solution you will ever need, regardless of the type of tax involved.

Automate and Simplify Your Payroll Tax Process

The Pitney Bowes Business Insight’s GeoTAX® Payroll Tax module provides more accurate geographical determinations, allowing your company to automate your payroll tax assignments based on employee’s home and work address location. This GeoTAX® module is set apart from the competition by the fact that we offer address standardization and validation that increase the accuracy of determinations, and provide a correspondence file to integrate into existing payroll system provider programs.

Use the same technology the auditors use! School districts in the state of Ohio are realizing millions of dollars of additional

The Sales and Use Tax assignment issues experienced by the eCommerce, government, and telecommunications industries, are both complex and confusing. Each of these areas struggle with its own set of challenges and requirements:

The eCommerce Struggle
Companies, large and small, that sell products via the internet are bracing themselves for eventual regulations and compliance costs associated with the repeal of the Internet Tax Freedom Act. This act was passed in 1998 to avoid multiple sales taxes and to prevent states from levying extra taxes to compensate for lost revenue. However, states are losing billions of dollars in sales tax and given the current economic situation are looking to change this act. While the Internet Tax Freedom Act was extended in 2008, the Streamlined Sales Tax Project (SSTP) is also aimed at simplifying tax definitions and structure nationwide to provide businesses with a standard method and simplified process to collect this tax. SSTP supporters have also introduced legislation pending in Congress that will introduce national guidelines for determining proper tax collection. Similar to the MTSA, this new law will require sellers to base taxes on their customer’s PPU. Currently, eCommerce companies only collect taxes on a voluntary basis if they do not have nexus with a state. If the Streamlined guidelines are enacted, it will require all eCommerce companies to correctly collect taxes from their customers based on their address. Even if the national SSTP legislation is never enacted, some 22 states have already enacted legislation to be substantially similar to the SSTP Guidelines.
tax revenue by correctly geocoding residents to the proper school district, and then using the geocoded information to audit state income tax returns.

Previously, residents would self-report their school district and, in some cases, may have shopped around for lower tax rates. Proper payroll withholding can eliminate similar audit issues and reduce the need to file corrections to W2’s. Local withholding tax geography does not solely encompass municipalities, but also includes school, transit, and other types of withholding districts. In addition, complex tax states require up to four different types of withholding depending on the combination of municipal and school districts an address falls within. The GeoTAX® Payroll Tax module provides the correct combination within an automated process.

Implement the Only Address Based Personal Property Tax Solution

The GeoTAX® Personal Property Tax (PPT) module provides a more accurate, automated asset location and jurisdiction assignment. This is critical for the significant reduction of misfiled tax returns for businesses that are required to pay property taxes based on the address location of mobile personal property assets and customer leased equipment. In many states, local tax geography does not solely encompass counties or municipalities, but also includes a variety of more granular tax districts such as school, fire, MUDs, PUDs, hospital, drainage, and a variety of others. Our GeoTAX® PPT module provides comprehensive coverage of these local tax districts. We offer the most accurate method to match an address and determine whether it is inside or outside of these tax districts, thereby removing another, often troubling, area of local tax jurisdiction concern. Linear assets are also taxed based on the number of miles of the asset within the tax district boundary. Overlaying our property tax boundaries on a distributed assets map can dramatically reduce the cost, time and effort to calculate this manually. Correspondence file codes are provided to easily integrate the process into your existing property tax management system.

Eliminate Incorrect and Costly Insurance Premium Tax Assignments

Pitney Bowes Business Insight’s GeoTAX® Insurance Premium Tax module automates the tax jurisdiction determination process for insurance companies that are currently required to pay taxes on premiums written in an

The State and Local Government Struggle

Traditional methods of tax assignment have historically proved problematic for state and local governments. Due to ever changing tax boundaries, assessing correct taxes, publishing correct tax rates and jurisdictions, and collecting incorrect taxes are but a few of the problems facing today’s state and local governments. Tax boundaries are in a constant state of flux as a result of incorporations, annexations, mergers, consolidations, or dissolution of local government entities. Added to this is an increasing number of special and local tax districts, creating an assignment struggle of Herculean proportions for state and local governments.

The Telecommunications Struggle

The tax and jurisdiction assignment challenges faced by telecommunication companies today are two-fold — comply and correctly assign, or face the consequences. For a telecommunications company, these consequences mean stiff tax penalties. These penalties stem from the Mobile Telecommunications Sourcing Act (MTSA), enacted in July 2000. The MTSA, in an effort to simplify billing, reduce administration costs, provide accuracy and consistency, and eliminate excess taxation, requires companies to base taxes on their customer’s primary point of use (PPU), which is either their business or residential address. This is further complicated by the fact that there are over 10,000 taxing jurisdictions and over 30% of municipal boundaries change every year. New special tax districts are being created every year, to compound this assignment challenge.
increasing number of states. Each year, many municipalities and fire and police districts change boundaries, which are the foundation for most premium tax districts. Pitney Bowes Business Insight provides an ongoing research program with nationwide coverage that tracks these changes and provides you with an integrated solution with up-to-date premium tax boundary information. The GeoTAX® Insurance Premium Tax module helps eliminate the tedious and complicated manual and ZIP code based systems providing more accurate results, thereby greatly minimizing the audit risk, eliminating fines, and boosting customer satisfaction.

Overcome Assignment Challenges

The GeoTAX® Enterprise Tax Management solution was designed specifically to address the triple challenges in accurate tax jurisdiction assignment. First by maintaining an ongoing national research program, the GeoTAX® Enterprise Management solution offers jurisdictional boundary information down to the municipal, school, and special tax district level. Second, it offers the most accurate and complete ability to assign this current taxing jurisdiction information to employee or customer address files. Because it is based on the actual street address and not just on postal ZIP Code information, it provides a new level of accuracy in these applications. Third, by providing monthly updates, the currency of the data is unequaled in the industry. In combination with Pitney Bowes Business Insight’s industry leading data quality tools, advanced geocoding capabilities, and tax jurisdiction files, the GeoTAX® Enterprise Tax Management solution provides a total solution for precise tax jurisdiction assignment across the enterprise.

Standardize Address Data Quality

The GeoTAX® Enterprise Tax Management solution’s tax processing begins with the standardization of address records. GeoTAX® determines if the address is complete according to official standards. With Pitney Bowes Business Insight’s 20+ years of experience in the field, our GeoTAX® Enterprise Tax Management solution helps businesses ensure increased accuracy of their customer and employee records.

Using Postal Data to Make These Assignment Determinations is Problematic

Most other solutions use postal data to make these determinations. This is problematic as postal data was designed to deliver mail, not assign tax districts. Five digit ZIP Codes cross municipal boundaries as much as 30% of the time which makes them unsuitable for accurate tax determinations. While much more accurate, nine-digit ZIP Codes are problematic in that not all areas have ZIP + 4’s assigned by the post office. Many rural areas, and some cities (Carmel by the Sea, CA, for example), have only post office box delivery. Further, attempting to correlate either of these postal mail codes to frequently changing boundaries can introduce significant additional errors.
Employ Precise Geocoding

Relying on the most precise geographic data available, the GeoTAX® Enterprise Tax Management solution assigns a state, county, township, municipal, school, and other appropriate tax type information to an address. The GeoTAX® Enterprise Tax Management solution utilizes enhanced street address and nine-digit ZIP Code matching methods to provide localized geographic precision. Output results exceed nationally recognized standards. In fact, we often set the standard!

Integrate with Third-Party Applications

The GeoTAX® Enterprise Tax Management solution is used in conjunction with most major third-party tax processing products in use today. GeoTAX® does not replace these systems; instead it significantly enhances the accuracy of the results. Whether talking payroll, sales, insurance, or property taxes, we provide easy integration into your existing processes. Correspondence files are developed to associate the address location with the correct code for the appropriate third-party processing system. The guesswork is eliminated and the likelihood of significant errors and audit risks are greatly reduced.

Supports the Brodest Range of Platforms

Pitney Bowes Business Insight is proud of its open system strategy – the same software running natively on all major enterprise platforms including mainframes, AS400/iSeries, Unix, Linux and Windows. No other vendor offers such flexibility. Subsequently, system operations and the processing results are consistent across all platforms. We also provide client/server and web-enabled versions.

Get Results – On Demand

With our SaaS and OnDemand solutions, typical integration efforts take hours, not days due to the availability of multiple APIs including web services. With no investment in servers, no ongoing maintenance and no software updates to install, you can save time and money month after month.

- Lower total cost of ownership
- Quicker time to value
- Flexibility to rapidly scale based on market opportunities
- Automatic access to the most current – and most accurate – information
- More efficient collaboration

Partner with Pitney Bowes Business Insight and Eliminate the Guesswork

Our GeoTAX® Enterprise Tax Management solution will help you eliminate the guesswork and uncertainty that has encumbered traditional tax jurisdiction assignment. We understand and we can help you succeed with a solution that is cost effective, flexible, and will take your company into the future.

For more information about Pitney Bowes Business Insight’s GeoTAX® Enterprise Tax Management solution, or to arrange a benchmark trial with your data, call us today at 800-327-8627.

Pitney Bowes Business Insight has created a special web site – www.GeoTAX.com – so you can see how easy it is to determine a US local tax jurisdiction and tax rate for an individual address. Try it... it’s free!