



Business Impact

Lack of agencywide intelligence on tax operations reduces efforts to improve voluntary and investigative compliance programs.

Challenges

- **Identifying audit targets.** Limited empirical methods to find the right individuals or businesses to audit.
- **Pinpointing noncompliant economic segments.** Difficulty determining the most efficient way to collect assessed tax debt in order to increase yield.
- **Integrating fragmented taxpayer data.** Inability to enhance the usefulness of information that is scattered and diverse.
- **Reducing current underreporting and nonfiling to impact future filing habits.** Unable to predict and eliminate future opportunities for noncompliance or late payment in order to proactively impact voluntary tax compliance.



**THE
POWER
TO KNOW®**

How do we implement taxpayer compliance strategies that optimize our resources and maximize voluntary compliance?

YOUR GOAL: Improve audit and collection capabilities and integrate them with taxpayer education programs to increase compliance and reduce the tax gap.

Underreporting noncompliance is the largest component of the tax gap, accounting for more than 80 percent of the total federal tax gap. Nonfiling and underpayment constitute the remaining 20 percent. The same holds true at the state level. Detecting underpayment requires specialized investigative resources. Thus, improving your state's revenue stream by increasing tax compliance is no small task.

At all levels of government, data analysis is essential to refining and closing the tax gap and is also an important step in the selection of individual returns for audit. At the end of the day, the better use of data to anticipate taxpayer behavior and identify revenue collection opportunities strengthens taxpayer compliance.

OUR APPROACH

We help you obtain a holistic view of taxpayers through data integration, analysis and management. With a single, comprehensive view of data across departments, functions and agencies, you can understand taxpayer behavior and identify collection opportunities. Advances in data gathering and storage, coupled with the evolution of analytics, enables more dynamic and comprehensive approaches. Applying these techniques to the rich data environment improves decision analysis.

- **Audit selection.** Understand anomalies in isolated or group taxpayer behavior, assess intentional or inadvertent noncompliance.
- **Revenue estimation.** Identify and forecast revenue collection opportunities.
- **Predicting the impact of tax policy changes.** Anticipate the effect of tax changes on citizens and businesses.
- **Staff and process optimization.** Evaluate the cost and return of operational activities, identify process or staffing alternatives that increase revenue yield at same cost, and predict the impact of implementing compliance and education programs to effectuate changes in filing habits.

THE SAS® SOLUTION: Intelligence on taxpayers and best-case business processes increases efficiencies and yield in compliance and collections.

SAS approaches compliance from a citizen-centric perspective, helping you focus on single taxpayer transactions and uncover opportunities for revenue collection and taxpayer education. Departments can implement data integration capabilities that consolidate information from disparate sources so managers can set a comprehensive compliance strategy.

- **Audit selection.** SAS provides segmentation and decision analytics for a better selection and prioritization of audit candidates.

- **Revenue estimation.** Create new strategies and approaches for measurable, sustainable growth by targeting your tax gap. SAS helps you gather and validate more relevant, predictive and forward-looking data for revenue projections.
- **Predicting the impact of tax policy changes.** Provide state legislators with accurate information to help them decide whether to enact proposed tax changes, modify the proposed changes or reject the changes altogether.
- **Staff and process optimization.** Use SAS business intelligence and activity-based costing to enrich your “what-if” analysis with numbers you can rely on and assess how effectively your resources generate value to the average citizen.

CASE STUDY: Midwestern state optimizes revenue collections

Situation

This state’s department of revenue offers a variety of e-government services, including taxation, property valuation, motor vehicle and alcohol beverage control (ABC), which promise to simplify citizen and business transactions with state government offices. However, because it supports nearly 1,100 employees with more than 400 different reports, the state revenue agency needed to integrate and optimize the information from every division, including information from county appraisers’ offices, motor vehicle registration centers and local businesses.

Solution

SAS data warehousing and business intelligence solutions enable and centralize information management and support robust reporting for revenue departments. The solution:

- Integrates and optimizes taxation, property valuation, motor vehicle and alcohol beverage control data for reporting and analysis.
- Enables business units to run their own reports and predictive simulations.
- Delivers forward-looking metrics that enable performance-based budgeting for business and financial planning.

Result

- Make data available to everyone from the secretary of revenue and the chief financial officer to business unit managers and ABC field agents for making timely, fact-based decisions.
- Apply a balanced scorecard to provide forward-looking and centralized information that gives more control to management and individual business users.
- Provide insight on demand to the state about the impacts of tax policy changes and prevent unintended economic hardships on taxpayers.

Discussion Points

Policy analysis

What if you could determine who will bear the burden of changes in tax policy? How much impact would be felt by taxpayers? Is it likely that the proposed change will accomplish the policy objectives?

Auditor efficiency

What if you could better manage caseloads by eliminating guesswork and selecting audits based on scores that anticipate behavior and patterns?

Performance management

What if you could receive an alert indicating how your department, division or unit is performing based on the agency’s strategic goals?

Single view of the taxpayer

What if you could understand individual taxpayers’ behavior and likelihood of complying with tax collections?



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