



## Tools to maximize agency resources and increase tax revenue

Taxes paid by businesses in your jurisdiction are a vital source of revenue. But often companies underpay, and some don't pay at all. Whether their owners are not aware they owe taxes or they're deliberately underreporting what they owe, you're tasked with identifying these delinquent companies and pursuing them for payment.

LexisNexis® Business Due Diligence Solutions for Tax Auditors can help you close the immense gap between business taxes owed and taxes paid.



## Reduce business tax non-compliance

The gap between what is owed and what is paid in business taxes is estimated at approximately \$500 billion a year<sup>1</sup>. Much of that gap is due to non-compliant businesses that pay too little or nothing at all.

Because of the complexity of businesses and data silos that can exist across jurisdictions, solving this problem has posed a formidable challenge. The tax gap problem is particularly acute in small- to medium-sized businesses. Over 627,000 new businesses open each year in the U.S., and according to the Small Business Association<sup>2</sup> most of these are small businesses.

Finding all of the available data needed to piece together a complete and accurate picture of a business—whether a startup or existing enterprise—is complicated.

### Self-reported business data is often inaccurate

Information about unpaid taxes is often fragmented across different government agencies. And much of that information is incomplete or inaccurate because it's self-reported by businesses that may or may not be forthcoming.

Adding to the complexity is that some business owners intentionally create complex organizational layers and shell companies to conceal ownership details, the location of revenue producing activities and connections between related businesses.

### Even compliant businesses can be difficult to track

It's not only nefarious businesses that confound tax agencies. Seemingly compliant businesses that are interrelated can be difficult to see in their entirety. Consider the franchise restaurant owner who has multiple locations across different tax jurisdictions. Collecting and consolidating business information from the various agencies involved is difficult. Sometimes even finding the entity or person owing the tax is difficult due to complex multi-state ownership structures.

Businesses are also continually changing. They can grow, downsize, move locations, merge and change ownership, often neglecting to update the information on file with government agencies.

For all of these reasons, identifying and researching businesses that may not be paying their taxes is a time-consuming, labor-intensive endeavor.

### Look to big data for insights into businesses

Business Due Diligence Solutions for Tax Auditors leverages big data to help you identify non-compliant organizations, detect fraud and optimize your tax collection efforts. With our Business Due Diligence Solutions, you no longer have to rely on a business's self-reported information. It breaks down data silos by aggregating and analyzing data from over 10,000 sources including government, commercial and public records data.

Then, using our proprietary linking technology and advanced analytics we connect all those disparate records to create a holistic picture of a business entity and the people associated with it, even if they're located out of state.



## With Business Due Diligence Solutions, you'll be able to:

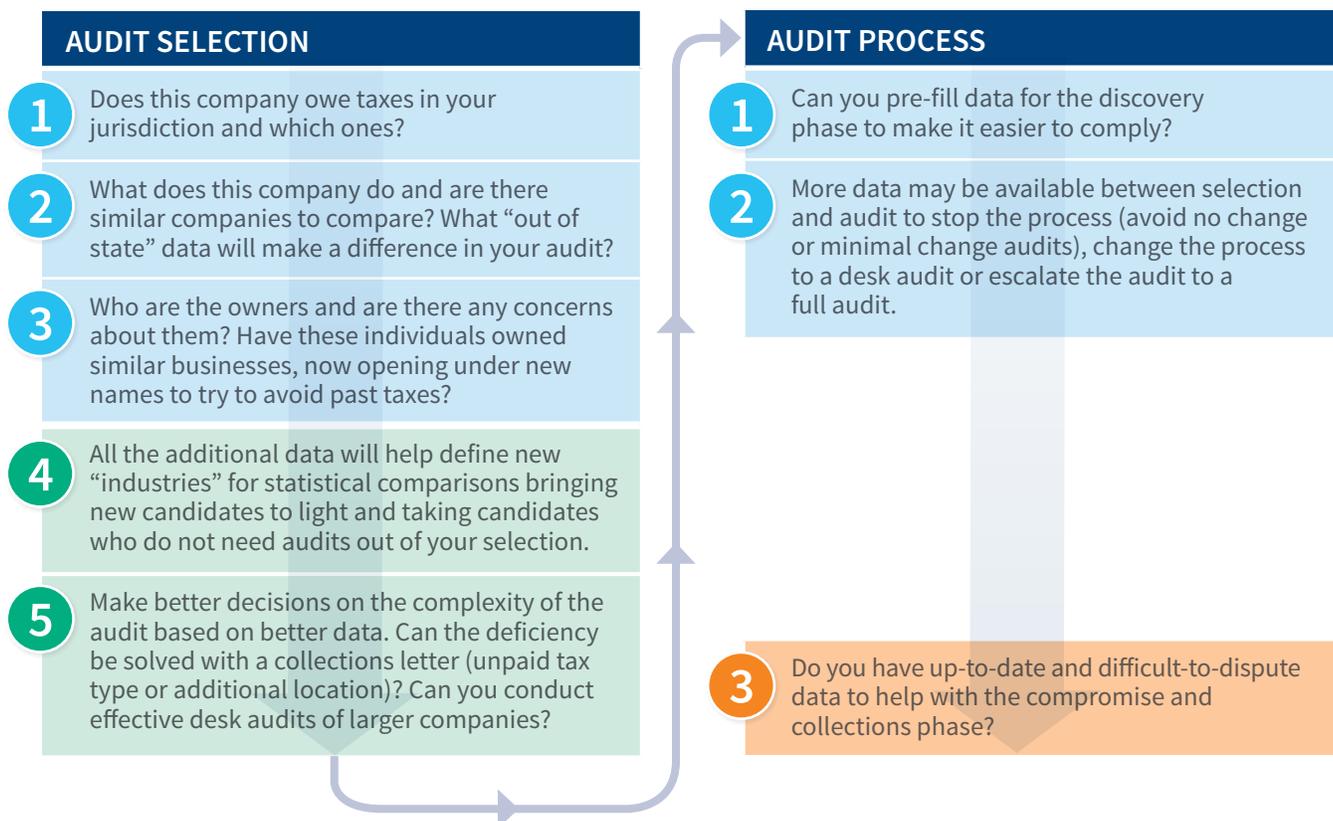
- **Verify a company's self-provided data**
  - **Uncover** related businesses
  - **Recognize suspicious activities** or unknown owners that may suggest fraud
  - **Understand the full scope** of organized networks with bad actors
  - **Identify businesses** that owe income, sales, property, sin or other taxes
  - **Nudge businesses** into voluntary compliance by sending a discovery or collections letter
- **Prioritize audits**, focusing attention on those businesses that owe the most or have the greatest compliance impact
  - **Convert more audits** to simpler desk audits
  - **Reduce the number** of zero change audits
  - **Streamline investigations** and confidently pursue collections
  - **Ensure consistency** no matter who does the research

Whether a business's non-compliance stems from lack of awareness of tax laws, misunderstanding of tax code requirements, misreporting or fraud, Business Due Diligence Solutions can help expose it.

## How the audit selection process works

Our Business Due Diligence Solutions assists with these key areas:

- **Discovery** — Get a clear picture of what a business does, its industry (by code), where it's located, how much it makes and who owns it.
- **Analysis** — Conduct industry-specific statistical comparisons to determine whether taxes may be owed, and if so, decide whether to send a letter, perform a desk audit or escalate the process to a full, onsite audit.
- **Report** — Leverage up-to-date and difficult-to-dispute data to defend your audit and strengthen your position in the compromise and collections phase.



## Make every business pay its share

More data and stronger analysis capabilities are important tools for improving business tax compliance. They're the key to removing your reliance on self-reported data and audit selection processes that are inefficient.

Equip your staff with crucial labor-saving tools that deliver a solid return on investment. Rely on LexisNexis Business Due Diligence Solutions for Tax Auditors to help identify delinquent companies in your jurisdiction, determine the scope of their violation to prioritize audits and solidify your case for collections.

For more information, call 888.579.7638 or visit  
[risk.lexisnexis.com/government](http://risk.lexisnexis.com/government)



Government

### About LexisNexis® Risk Solutions

LexisNexis Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit [www.risk.lexisnexis.com](http://www.risk.lexisnexis.com) and [www.relx.com](http://www.relx.com).

Our government solutions assist law enforcement and government agencies with deriving insight from complex data sets, improving operational efficiencies, making timely and informed decisions to enhance investigations, increasing program integrity and discovering and recovering revenue.

<sup>1</sup> <https://taxfoundation.org/tax-gap-tops-500-billion-year/>

<sup>2</sup> <https://smallbusiness.chron.com/information-small-business-startups-2491.html>

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