

## DOES YOUR STATE OWE YOU MONEY?



### KEY CONTACTS:

#### JAMES MIHILLS

PARTNER-IN-CHARGE, BANKING SERVICES

O: 817.882.7361

JAMES.MIHILLS@WEAVER.COM

#### SHANE STEWART

PARTNER-IN-CHARGE, TAX SERVICES - SALT

O: 972.448.9250

SHANE.STEWART@WEAVER.COM

#### BLAKE FUQUA

SENIOR MANAGER, TAX SERVICES - SALT

O: 972.448.9818

BLAKE.FUQUA@WEAVER.COM

### Is your financial institution paying sales tax it doesn't owe? Weaver can help get it back.

Many financial services companies mistakenly pay sales taxes on purchases that are tax exempt.

Weaver recently helped a financial services company recover nearly \$1 million in sales tax overpayments.

The company paid too much in sales taxes for purchases related to data processing, information services, and software as a service. We can help you find out if you are paying too much.

Financial institutions are often looking for ways to add value to their bottom line. Our clients have found that performing a sales tax recovery review

is a worthwhile exercise to potentially generate additional cash. In addition, the process gives them peace of mind with the knowledge that their sales tax policies and procedures have been reviewed and updated to avoid overpayments in the future.

Based on our experience and industry knowledge, Weaver's State and Local Tax (SALT) professionals estimate that sales tax overpayment errors occur on approximately 10% or more of a taxpayer's annual spend. With frequent changes in state and local sales tax regulations and exemptions, it's easy to overlook new opportunities for sales tax savings. Vendors often default to charging tax on all sales, even if tax should not be collected. Then accounting teams don't typically have the time or resources to review every invoice for sales tax overpayments which results in paying more sales tax than legally due.

The lookback period for sales tax refunds ranges from three to four years in most jurisdictions. Your open refund time periods can fall out of statute each month; therefore, it is important to start a sales tax recovery project immediately.

Banks and other financial institutions may qualify for sales tax exemptions — exemptions that can lead to significant savings to the bottom line. The majority of tax savings come from the purchasing side of the business. Our SALT team usually finds sales tax overpayments for financial institutions in the following categories:

- ▶ Non-taxable Services
- ▶ Purchase for Resale
- ▶ New construction projects
- ▶ Data Center Equipment
- ▶ Data processing / Information services
- ▶ Multistate Use Benefit
- ▶ Bill payment services
- ▶ Software, Software-as-a-Service (SaaS)
- ▶ Freight and shipping
- ▶ Third-party services

## OUR SALES TAX RECOVERY APPROACH...

The best approach for sales tax recovery is two-phased: 1) a focused assessment and evaluation of all overpayments and other savings opportunities available, followed by 2) a detailed review of those savings areas and preparation of refund claims to recover any and all overpayments.

### Phase One — Assessment and Evaluation

- 1. Review sales/use tax payment records.** Use data analytics and technical experience to examine accounts payable, fixed asset, use tax accrual, and expense records for all periods open under statute.
- 2. Identify and quantify refund opportunities.** Search for smart, innovative tax recovery opportunities.
- 3. Document findings and evaluate options with clients.** Deliver review findings, recommendations, and options for refund recovery and exposure mitigation.

### Phase Two — Overpayment Recovery, Deficiency Correction

- 1. Detail review.** Perform in-depth detailed review of all refund opportunities, documenting support and evidence.
- 2. Prepare and submit.** Process refund claims, credits and/or vendor refunds.
- 3. Recover and negotiate.** Work with state auditors throughout claim verification process and negotiate settlements, if necessary, ensuring every penny of savings is achieved.

## WHY CHOOSE WEAVER?

- ▶ **We have in-depth experience doing this work in the financial industry.** Reviews are conducted by our experienced professionals, who focus primarily on sales tax recovery projects and have achieved millions in tax savings for our clients.
- ▶ **Minimal personnel time investment.** We usually need only a few hours of a client's time to complete the entire project.
- ▶ **For overpayment recovery, our fees are typically based on a percentage of tax savings.** No payment is due to Weaver until your company receives a refund or realizes tax savings.
- ▶ **We focus on the right purchases to maximize the benefit.** Weaver's team leverages our extensive knowledge of the financial industry, the numerous exemptions available, and technology tools to ensure your company receives the maximum benefit.
- ▶ **Tax overpayments are corrected on recurring purchases.** Thus, your company receives continued savings in the future — at no additional cost.