

Tax Audit Solution

Unlock the **power**
within your data.

Close the Tax Gap with IDEA®

The U.S. Internal Revenue Service (IRS) estimates that more than \$350 billion USD each year goes uncollected in taxes, and potentially into the underground economy. Known as the "tax gap," the majority of these unpaid taxes are the result of individuals and companies understating or misreporting their incomes. Other contributing factors include:

1. LIMITED RESOURCES

Governments are facing budget cuts and staff reductions, leaving fewer resources to examine more tax returns. Staff attrition also creates gaps in expertise, which leads to ineffective assessments and limits the ability to stay ahead of threats.

2. DATA CHALLENGE

When it comes to tax data, variety is the norm. Tax assessments involve examining multiple types of data. Without a solution to bring information in from disparate systems, tax administrators can't analyze the full population of data.

Make Tax Assessments & Collections Easier

IDEA software helps auditors examine disparate sources of data as though they were one and run simple tasks to view anomalies and potentially non-compliant activities. With IDEA you're also able to import from virtually any file source, including PDFs, ERPs, POS systems and more.

RUN ANALYTICS

- Reconcile general ledger to financial statements and tax returns
- Summarize tax returns to reconcile taxable earnings to payroll annual returns
- Extract sales transactions from unedited POS transaction files

VIEW RESULTS

- Reports
- Charts
- Exports
- History
- Project Overview

EXECUTE TASKS

- Append
- Benford's Law
- Data Visualization
- Compare/Correlate
- Duplicates
- Fuzzy Duplicate
- Gap Detection
- Statistics
- Trend Analysis
- Age
- Extract
- Group
- Join
- Sort
- Search
- Stratify
- Summarize



Get the Complete Picture

IDEA allows you to import a very large number of records from practically any source, including bank account details, EIN, POS system data, ERPs, spreadsheets, and more. Read-only access ensures that your data is not accidentally or intentionally altered.

Analysis, Simplified

IDEA commands designed for tax audits include the ability to easily identify duplicates, detect gaps in numeric sequences, group data by categories and filter numerous rows and columns of data in only seconds. Every analytic step is also automatically recorded in order to make it easier to repeat processes.

Target Zapper Fraud

Clever fraudsters have found a way to make electronic sales transactions disappear and thus make the taxes owed on that revenue disappear as well. A Zapper is an automated sales suppression device that falsifies electronic records of POS systems in order to evade taxes. The Canadian Restaurant and Food Services Association, estimates that yearly suppressed sales in the restaurant sector could add up to nearly \$2.4 billion CAD.* In one South African case, wholesalers had avoided taxes on €22 million in sales.

Zappers modify sales records in the POS to make it appear as though fewer transactions actually took place. It produces two sets of accounting records: one accurate set for the business owner to check for internal theft, and another adjusted version that is provided to tax authorities.

Case Study

Un-Zap Hidden Sales

The Canada Revenue Agency (CRA) uses data analysis techniques and IDEA to find hidden sales. Examining the raw POS system data, the CRA looks for unusual trends, such as low cash sales and low average cash bills. It also uses a number of unique identifiers, such as transaction ID, to detect bill numbers not in sequence and analyze cash versus non-cash ratios. Ultimately, the CRA has been able to use data analytics to identify millions in unreported sales, of which a significant portion was recoverable.*

**Electronic Sales Suppression: A threat to tax revenues, Organisation for Economic Co-operation & Development (OECD) 2013.*

For more information about IDEA and how it can help you perform your tax audit more efficiently and effectively, contact us at salesidea@caseware.com or at **1-800-265-4332 ext. 2800**.

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