

Data Driven Case Selection to Improve Compliance

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About the Presenter



- Stan Farmer
- Executive Director, Labor and Revenue
- 28 Years of Tax and Revenue Experience
- Former Tax Director

- (573) 338-0012
- sfarmer@ponderasolutions.com

Agenda

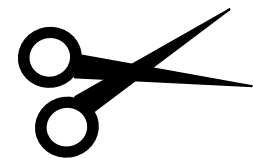


- **Traditional Compliance**
- Expected Outcomes
- Technology Assistance
- Examples

Traditional Compliance



- Small / Reducing Compliance Staff
 - Fewer staff (authorized and/or actually hired)
 - Turn over
 - Small percent of coverage
 - Dwindling travel/expense budget



Traditional Compliance



- Customer Service / Aggravation
 - Takes taxpayer's staff time
 - Stress on taxpayer
 - Repeat Audits – “Why are you picking on me?”



Traditional Compliance



- Efficiencies?
 - No tax due audits
 - No return of cost
 - Bad for agency reputation
 - Opportunity Cost



Traditional Compliance

Pondera

- Audit Selection
 - Random choice, chance of no change
 - Biased choices
 - Repeat audits
 - Excessive selection time invested



Agenda

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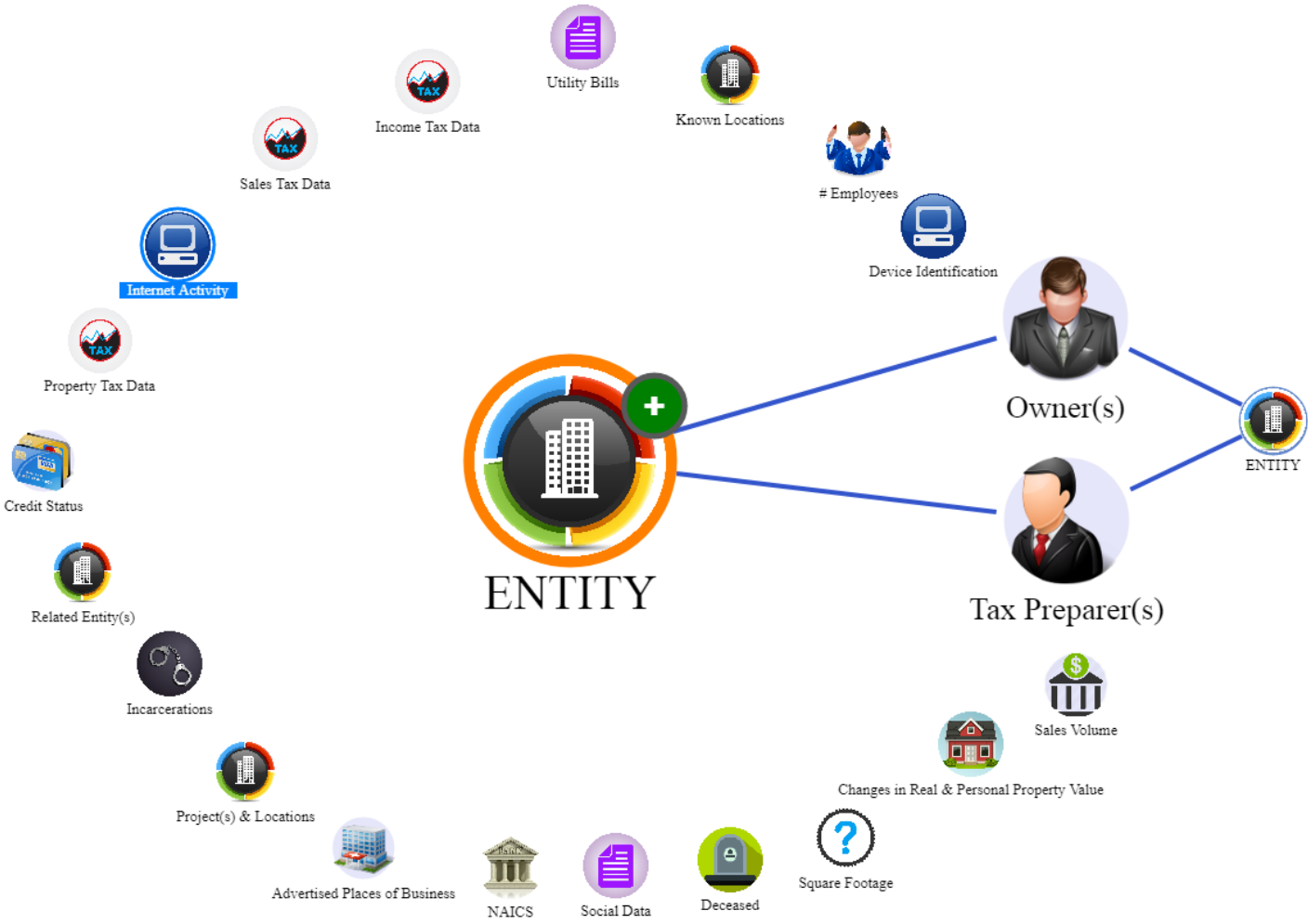
Expected Outcomes



- More complete picture of the taxpayer's compliance situation
- More effective use of resources
- Improved reputation
- Broader/more appropriate compliance coverage



Complex and Disparate Data



Agenda

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- **Technology Assistance**
- Examples

Technology Assistance



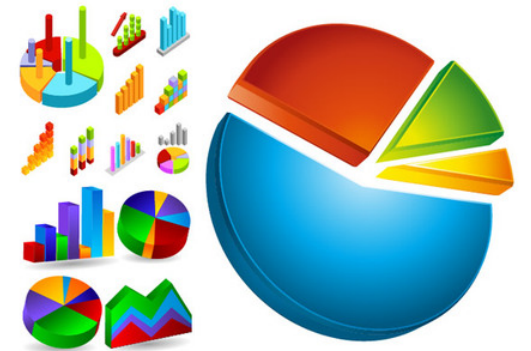
- Move away from single issue (even tax type) approach
- Deploy agile analytics solutions that are easily adjusted as non-compliance issues evolve
 - Data Modeling
 - Prediction Algorithms
 - Machine Learning



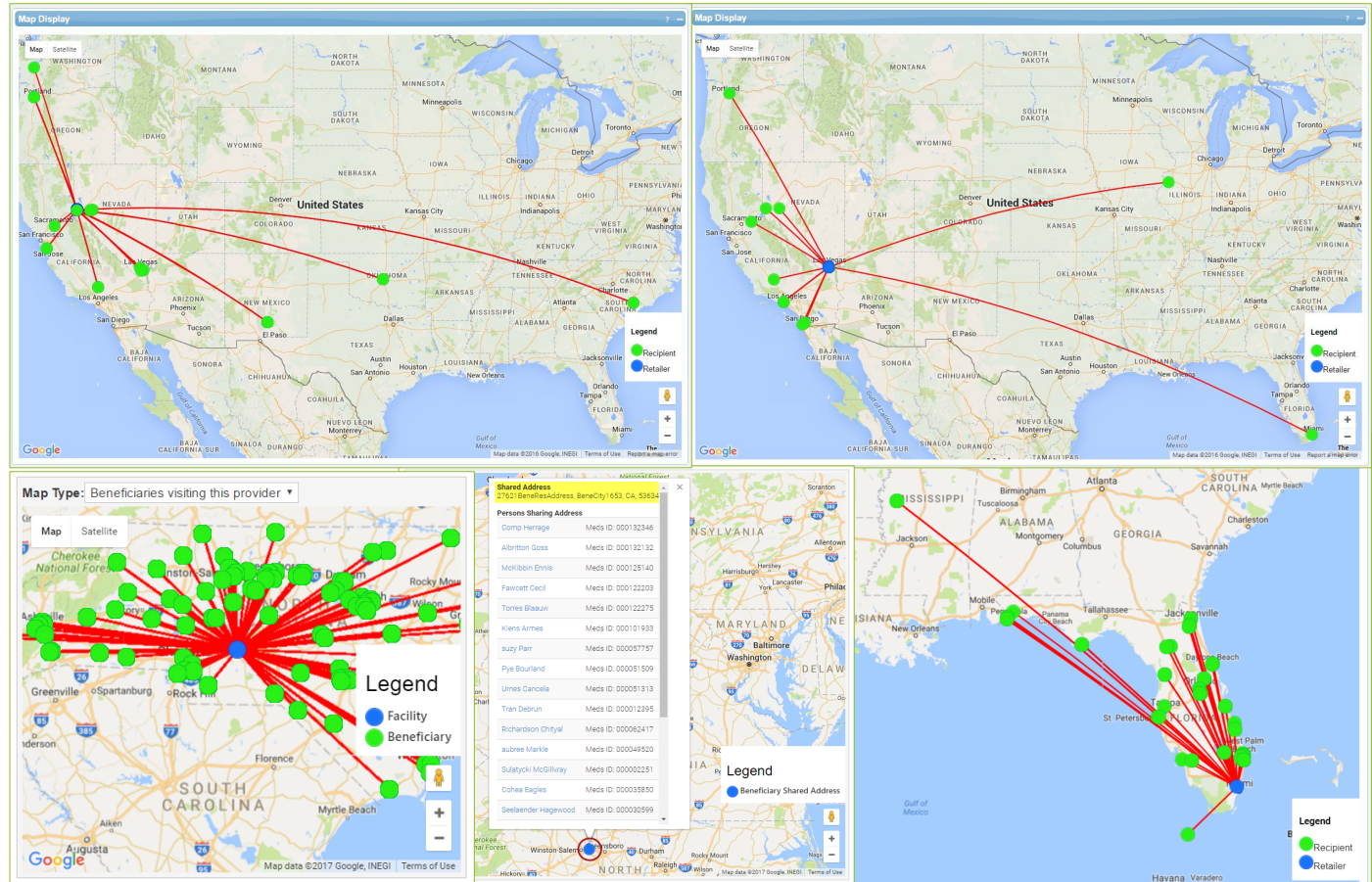
Technology Assistance



- Remove data silos
- Integrate non-traditional data sources
- Utilize statistical applications to identify peer comparisons
 - Geospatial analysis
 - Compound business rules



Leveraging Geospatial Information



Device ID and Reputation



Already in wide use in the commercial & financial industries

- Fairly new to government (especially State/Local)
- Device Identification
 - tracking cookies or tokens, or collecting IP addresses
 - only provides limited information about the customer's device, such as geolocation, the IP address they choose to report, and details of the browser in use
- Device Reputation
 - identifies if the device has been "seen" before, does it have associations, has anyone in the network had a bad experience, and do any anomalies exist

Agenda

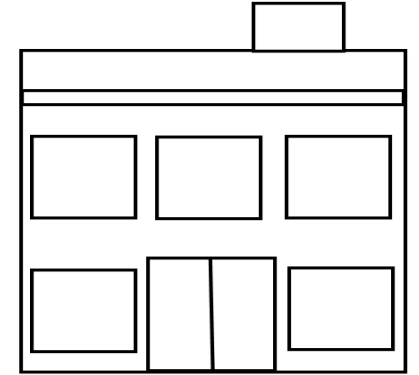


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- **Examples**

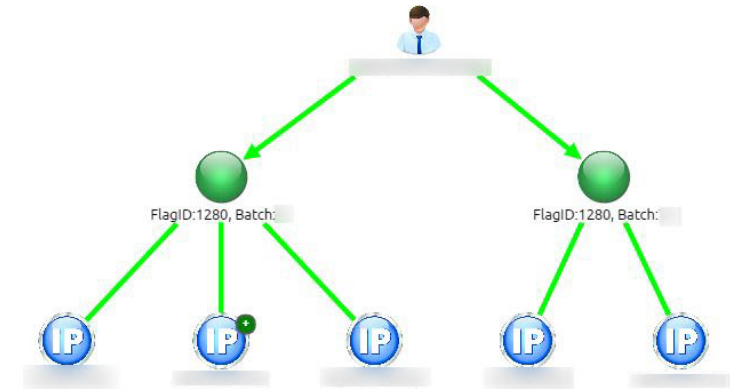
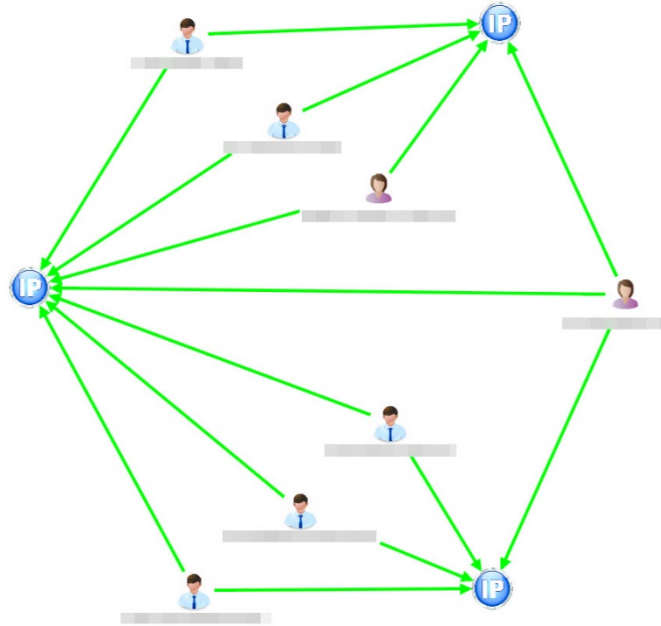
Example



- Hardware Store – Data
- Reported Annual Sales
- Gross Receipts from Corporate Return
- Number of Employees
- Average Inventory
- Total Square Footage
- Peer Group Average per sales



Shared Demographics

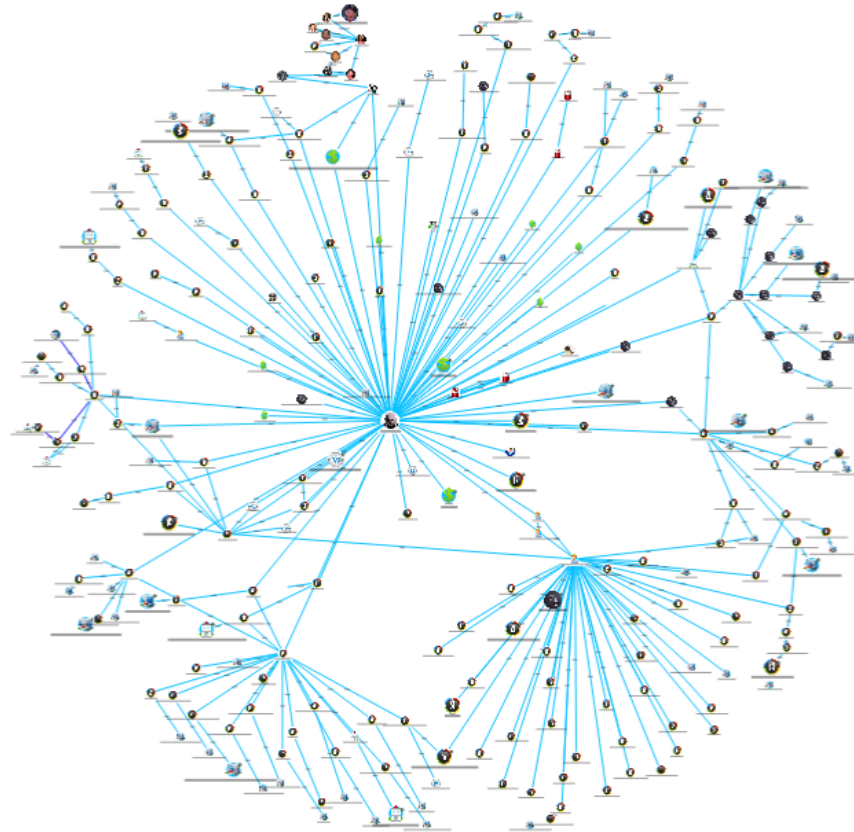


Finding shared demographics amongst taxpayers, owners and practitioners can lead to populations with fraudulent intentions

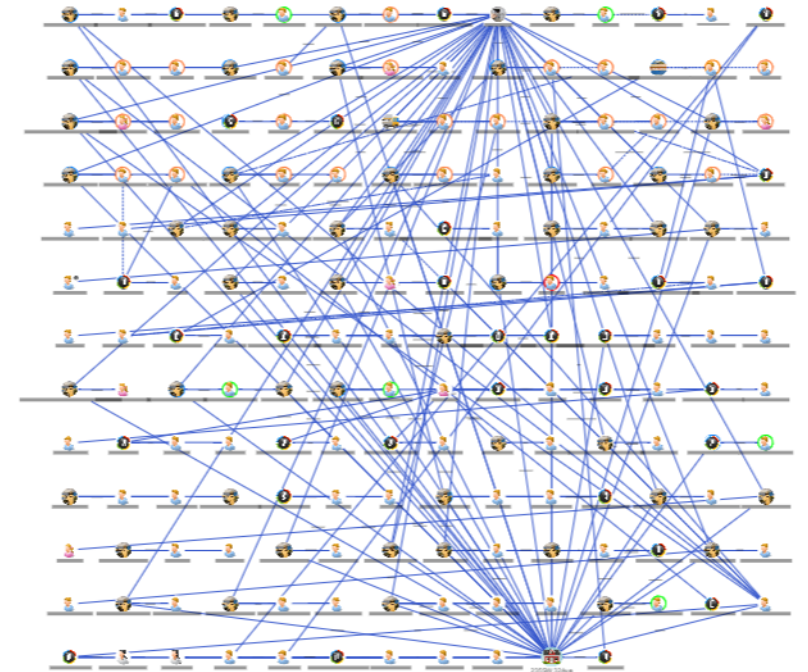
Relationship Examples



Follow The Money



Public Record Connections



Questions?

