



FIS TAX REPORTING MANAGER

FORMERLY COMPLIANCE PLUS

Best Practices Review,
Risk and Compliance | Tax

The Challenge: To incorporate current best practices into tax reporting systems and procedures and ensure the processes utilized by tax operations are efficient

A significant challenge facing financial firms is to keep up with industry trends, best practices and the stream of new products impacting tax reporting. This is particularly difficult to do when a firm seeks to grow its business. The combination of regulatory change and new product development occurring, in conjunction with the use of legacy systems, leads to inefficiencies, often in the form of manual solutions. These inefficiencies can result in processes that have hidden costs and potential compliance risks.

A related challenge arises when a firm fails to hire experienced tax professionals from other firms. Downward pressure exerted on operating budgets often leads to onboarding new employees who are more junior in knowledge and experience than those they are replacing. Often the only choice a tax operations department has is to do its best to retain long-time employees with deep tax and institutional knowledge. But either way, the result is the firm is not bringing in sufficient “outside” knowledge of new processes and best practices to have a positive impact on the firm’s tax reporting.

FIS Tax Reporting Manager Best Practices Review

A Best Practices Review can identify areas of opportunity to enhance tax operations efficiencies and the customer experience. FIS® Tax Reporting Manager (formerly Compliance Plus) can facilitate a firm’s need to keep aligned with industry best practices and ahead of the latest tax reporting regulatory challenges. Tax processes are reviewed with the following questions in mind.

- Are there manual tasks being performed?
- What are the resultant inefficiencies?
- Are there single points of failure?
- Can the firm scale easily or not?
- Are there latency, privacy or other IT issues resulting from use of multiple and/or legacy systems?
- Does the firm have sufficient processes and controls in place to assure regulatory compliance?

As a Tax Reporting Manager user, a firm already has a head start on best practices with the many system tools, validations and reconciliations offered. But there is more to achieving best practices in tax reporting than just relying on Tax Reporting Manager. Best practices can be employed in all aspects of tax operations. Internal and external customer support, upstream activities with tax reporting impact, and the execution of tax season strategies are all opportunities for employing best practices.

Getting started

In advance of an onsite review, copies of various documents are requested, including:

- Run book
- Written procedures
- Tax calendar
- Customer tax guide
- Tax Operations’ organization chart
- Client service inquiry protocols
- Examples of certain account transactions and account documentation

Information garnered from these documents and the firm’s responses to a questionnaire will be incorporated into the onsite visit program.

The onsite visit

Year-end processes are analyzed and compared with standard industry practices and FIS recommended best practices. Our year-end processes review focuses on minimizing the year-end crunch, eliminating reliance on manual interactions, and identifying gaps between industry standards and a firm’s own processes. Areas reviewed include:

- Statement design and creation
- Preliminary forms and year-end reviews
- Income reallocation and reclassifications
- NRA reporting
- State and Puerto Rico reporting practices

Tax operations functions are reviewed both horizontally and vertically for ways to improve the tax information flow and quality. By looking at account opening, corporate action processing, tax withholding and other upstream activities better workflows can be arrived at and greater confidence can be achieved in the ultimate tax reporting

Product delivered to customers. Activities reviewed include:

- Account documentation and annual updates
- NRA withholding and allocations among sub-accounts
- Withholding and deposits
- B and C Notice practices
- Reconciliations of cost basis to Books & Records and the tax reporting engine
- RMD processes and alternative asset valuations for retirement accounts

Forms Production and Statement Delivery reflect the end product of the year-long gathering, filtering and grooming of tax data. Tax statement delivery must now facilitate a taxpayer's use of information well before the creation of a final statement. The Tax Package is reviewed for adherence to IRS regulations, the printing and hosting processes, security of PII and the manner of statement delivery, electronic or physical. The tax statements generated via Tax Reporting Manager are compared to competitors' and reviewed with the firm's customers' and representatives' perspectives on presentation.

Tax Reporting Manager uses is a critical component of the FIS Tax Reporting Manager - Best Practices Review. To be certain the firm is benefitting from the many best practices that exist in the core of Tax Reporting Manager, the tools, features, reports and on-screen information will be highlighted and approaches for their best use outlined. Gaps in use and new areas that Tax Reporting Manager can offer best practice support will be highlighted. The Tax Reporting Manager portion of the Best Practices Review can be performed as a stand-alone, independent of the other reviews. A Tax Reporting Manager client may desire a review of their use of the system, because over time, features are added, staff members change and many of the systems benefits may be overlooked or no longer understood. A Best Practices Review limited to a firm's Tax Reporting Manager use is often a first step in the review processes provided by FIS for Best Practices.

Deliverables

Upon conclusion of the review, findings and recommendations will be presented in three parts.

1. A checklist review of Compliance Plus will highlight features and reports, their current use, recommendation for future use and the expected benefit from use.
2. A RAG report on the various processes and practices reviewed beyond those of Tax Reporting Manager will be delivered with green as a best practice, amber as a sufficient practice and red as a practice in need of improvement.

3. A General Discussion Report presents potential tax reporting gaps or deficiencies (i.e., processes that are non-existent or appear outside of compliance, etc.) that require remediation. Highlights of current areas of strength and observations on staff knowledge and resourcing needs will also be included along with recommendations where FIS products and/or services can facilitate a best practices approach. Recommendations may include training programs, customer statement upgrades, operational support services and/or situation-specific custom solutions.

As a Tax Reporting authority and the "Industry Leader," FIS will deliver a thorough, comprehensive Best Practices Review with detailed and insightful findings and recommendations.

About FIS Tax Information Reporting Suite

FIS® Tax Information Reporting Suite (formerly Wall Street Concepts) helps financial services firms meet U.S. Federal and state tax information reporting requirements. It supports individual asset classes such as REMICs, long term OID bonds, Master Limited Partnerships, mutual funds, REITs, Unit Investment Trusts, and Widely Held Fixed Investment Trusts (WHFITs). These asset class services are also available as part of Tax Reporting Manager, a web-based tax reporting solution. Tax Reporting Manager provides a single view of process status and data availability across its services, and offers a robust correction management system, coordination with cost basis systems, and data feeds for third-party tax preparation software packages.

Enabling the adaptive enterprise

Sitting at the intersection of technology and finance, FIS is focused on delivering fresh ideas and inventive solutions to help our customers adapt and thrive in an ever-changing environment. With a blend of software solutions, cloud infrastructure, global service capabilities and deep domain expertise, FIS is capable of supporting virtually every type of financial organization, including the largest and most complex institutions in the world. For more information on FIS please visit www.fisglobal.com

About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our employees are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.

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