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Catching International Tax Evaders

CHALLENGE: Exploiting collected international treaty data

To ensure that taxpayers are fully compliant in reporting income derived from foreign sources, the IRS collects and reviews large volumes of data provided by treaty nation partners. This massive undertaking requires IRS analysts to peruse and analyze copious amounts of data to verify compliance and identify discrepancies in reported income. Much of this data was unusable or inaccessible due to the difficulty of standardizing data across so many partner countries. Varying interpretations of the information sharing standard were common and resulted in inconsistent data exchanges, including missing or incomplete information such as taxpayer names, addresses, or Tax Identification Numbers (TIN). Even when the analysts were able to access the data, it was a difficult and time-consuming process to review the data and make comparisons with internal taxpayer filing records to identify any compliance issues. This laborious process not only hindered the agency's ability to efficiently administer and enforce compliance, but it posed a greater challenge to the IRS' efforts to reduce the growing tax gap.

Eastport Analytics' solution enabled IRS analysts to more efficiently analyze data, identify non-compliance issues, and speed the time to initiate investigations.

The analysts needed a more efficient capability to organize and analyze the collected treaty data, compare the data with reported tax holding records, and identify any discrepancies in reported data. They also needed the capability to provide field agents with usable and actionable data for investigation, delivered in such a way that they could readily understand

the information and use it without complex, complicated, or time consuming efforts.

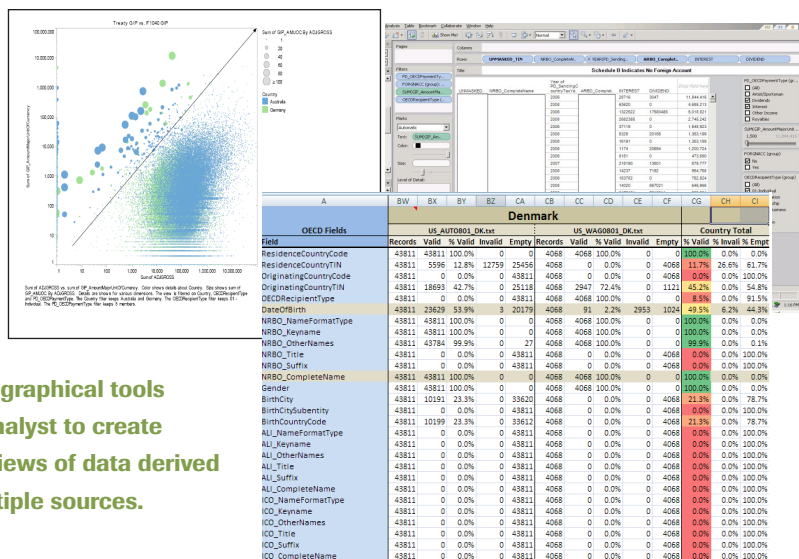
To meet this need, the IRS engaged Eastport Analytics to help them develop a solution that would bolster their capability to capture, exploit and analyze the treaty data and support their tax administration objectives.

SOLUTION: Flexible data exploration and discrepancy discovery

Eastport Analytics engaged with IRS to explore possible solution scenarios, and produce analytical insights leveraging the capabilities within IRS' Intelligent Business Solutions Advanced Research Lab (IBS ARL). Working collaboration, the team developed a web-based capability that enables IRS analysts to efficiently access the treaty data, create custom views from multiple data sources, improve their search capacity, and efficiently download datasets to review associations and identify discrepancies in data. The tool provides the analysts with a more accessible and unified view of the treaty data, enabling them to improve their understanding of international tax behaviors and individual taxpayers of interest.

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Powerful graphical tools enable analyst to create custom views of data derived from multiple sources.

IMPACT: Identification of non-compliant tax payers

By leveraging existing resources with Eastport Analytics' innovative approach to solving mission-critical challenges, the IRS boosted their analytic capabilities—faster and with greater impact.

The solution rapidly delivered low-cost, high-impact results that improved the IRS' ability to access and exploit treaty data and illuminate key facets and correlations of international tax and non-compliance. With their boosted capability to identify non-compliance issues and provide case agents with more usable and actionable data to expedite investigations, the agency has successfully reviewed, identified and resolved over 2 1/2 million discrepant tax filing records. The overall result is greater impact on reducing the IRS' biggest challenge: closing the tax gap.

ABOUT EASTPORT:

Eastport Analytics provides innovative analytic solutions that transform information into vital insights and enable our customers to make more informed and smarter business decisions. We blend sophisticated technology with agile approaches to deliver actionable insights that improve operational performance and positively impact mission objectives.



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Delivering actionable insights for better-informed decisions

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