

IBM ECM Solutions for Taxation

In Brief

By integrating content and processes, IBM's integrated Enterprise Content Management software suite allows taxation departments to quickly verify filings and process refunds, providing citizens with their refunds faster.



Citizens increasingly are taking advantage of the opportunity to file their taxes electronically. According to the Internal Revenue Service (IRS), more than 70 million Americans filed their taxes electronically through IRS e-file during the 2006 tax season – representing nearly one-quarter of the total U.S. population and an increase of 6 percent over 2005. While e-filing streamlines processes for state departments of taxation, it concurrently forces them to maintain dual systems to accommodate those still filing traditional paper forms. Additionally, citizens expect departments to rapidly process returns enabling fast and accurate refunds paid via a variety of methods – from the traditional check to the more recently available direct deposit option. As citizens adjust to the new e-filing process, mistakes – such as duplicate electronic and paper filings – are inherent in the evolving system. These mistakes amplify the importance for departments of taxation to automate the data cross matching and correlating processes to verify the accuracy of each filing and associated refund as well as to minimize time spent by individual employees processing duplicate returns.

While transitioning to e-filing and electronic records ultimately simplifies processes and optimizes customer service, it also poses an added challenge for complying with records retention guidelines. Each state develops its own record retention schedules for departments of taxation, requiring different retention periods based on the document type. For example, in Texas income tax payment records must be retained permanently, while other materials such as property tax calculation worksheets or correspondence between the department and a taxpayer hold different retention schedules of three and two years, respectively. Departments must account for the storage and upkeep of millions of files, in both electronic and paper form, while also ensuring the integrity and privacy of these files.



Departments of taxation should look to adopt technology solutions that optimize the accuracy and speed associated with processing and verifying tax returns, as well as distributing refunds. Integrated enterprise content management and business process management enable these objectives – providing departments with the ability to incorporate both structured and unstructured data, as well as to ensure that information is easily accessible, automatically updated and properly preserved.

The IBM ECM Solution

IBM's integrated Enterprise Content Management (ECM) software suite enables taxation departments to more effectively manage filings, refunds and business processes. By integrating content and processes, the IBM ECM solution allows taxation departments to quickly verify filings and process refunds, providing citizens with their refunds faster. With the IBM FileNet P8 platform, critical processes are launched automatically, enabling departments to process and respond to filings as quickly as possible.

IBM FileNet Business Process Manager

Automating and optimizing processes within a department, IBM FileNet Business Process Manager (BPM) creates, manages and enforces a unified process management infrastructure connecting state taxation departments with other relevant organizations, such as the IRS. BPM allows departments of taxation to optimize limited human and financial resources, as well as improve the ability to provide citizens with fast and accurate refunds by automatically initiating the returns process when the system receives a tax filing and sending the file through a predetermined series of steps.

IBM Content Management

IBM Content Management provides taxation departments with increased visibility and access to all available information by taking data from numerous sources and federating critical information to a single source for content. By providing a full picture containing all relevant information, departments can easily cross-check data to ensure the accuracy of each filing, as well as more easily identify non-filers and under-reporters.

IBM FileNet Image Manager

IBM FileNet Image Manager allows tax departments to create and manage electronic images of documents – essential as the population and associated tax filings continue to grow. IBM FileNet Image Manager enables taxation departments to create electronic copies of returns, payments and vouchers that can be integrated with other systems to enable Web-based access for department staff. As a result, taxation departments can limit storage requirements and simplify access to critical information.



IBM FileNet Records Manager

IBM FileNet Records Manager allows tax departments to manage individual records while also meeting each state's mandated records retention schedule. IBM FileNet ZeroClick technology automatically designates documents as records, employing the specific rules put in place by local experts. This technology eliminates end-user participation and enforces policy compliance at the technology level, which reduces human error and employee time spent processing records.

Virginia Department of Taxation (VA TAX)

The Virginia Department of Taxation supports a statewide population of 7.1 million with annual tax revenues of more than \$12 billion. As customer service demands increased, handling the magnitude of paper associated with taxes hindered productivity throughout VA TAX. The end result was that paper documents requested from the central storage facility took some time to appear; many times documents did not show up for days or weeks.

VA TAX sought a solution to increase taxpayer document availability, allow for automated capture of all types of documents – including coupon-sized returns – and minimize movement of paper throughout the agency. Leveraging IBM ECM solutions, VA TAX created an integrated, image-based, automated data capture and document management system; later dubbed “Total Automated Capture System” (TACS). An automated image-based data capture system using advanced recognition technologies, TACS provides a comprehensive scanning platform and an interface with VA TAX's remittance system. In Virginia, state regulations require that all checks be deposited within 24 hours of receipt. This can present challenges because the incoming volume of checks varies significantly depending upon the time of year and month whereas the remittance staff size is fixed. With an image-based system, Virginia is able to respond immediately to the need for additional human resources by passing the images into TACS and having staff in other areas access the images and perform any required data capture to complete the processing of the checks and associated documents. Remittance payment records are then uploaded to the host financial system, and checks and coupons are committed to the TACS repository.

Every area of its business process improved from the onset of the pilot program in 2001. VA TAX's TACS rolled out to 650 users, including home-based employees throughout the state. In 2003, VA TAX issued more than 90 percent of the refunds due taxpayers in less than 12 days. VA TAX reduced the average time required to respond to customer correspondence from six months to about two weeks, doubled the number of tax returns processed per hour and reduced storage space requirements by 50 percent.

About IBM ECM

IBM's Enterprise Content Management software operation enables the world's top companies to make better decisions, faster. As the market leader in content, process and compliance software, IBM ECM delivers a broad set of mission-critical solutions that help solve today's most difficult business challenges: managing unstructured content, optimizing business processes and helping satisfy complex compliance requirements through an integrated information infrastructure. More than 13,000 global companies, organizations and governments rely on IBM ECM to improve performance and remain competitive through innovation.



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