

# Information reporting and withholding

Risk Reduction, Process Optimization and Compliance Services

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned behind the 'Y', extending from the bottom left towards the top right.

Building a better working world

# Helping businesses navigate 1099 information reporting and withholding to address risk and unnecessary expense

Tax reform continues to increase pressure to protect and increase revenues without raising taxes and expanding the tax base. Regulators are keenly focused on information reporting and withholding (IR&W) at the federal and state level as a means to close the revenue gap. In many cases, businesses lack the knowledge, technology and resources needed to stay ahead of ever-changing and increasingly complex reporting and withholding requirements.

## Is it time to consider a process review?

- ▶ Has your organization received penalties related to information reporting in the last five years from the IRS or state revenue departments?
- ▶ Do you have multiple data systems decentralized from one another?
- ▶ Are you expending too many resource hours annually on your information reporting operations?
- ▶ Do you perform an annual assessment of state reporting and withholding liabilities?
- ▶ Are you confident with your end to end reporting processes in place today?

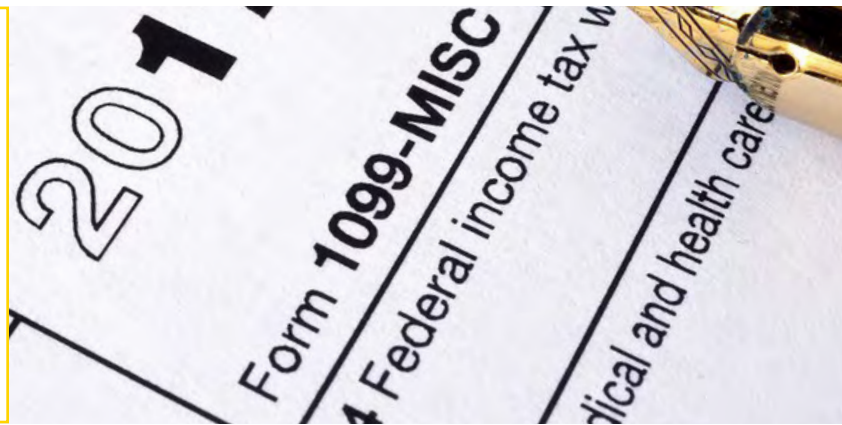
## How we can help – Advisory and Compliance

Through staff interviews, data analysis, and random sampling, our advisory professionals will identify functions that may be out of compliance with current regulations and expose the business to unnecessary risk. Our team will also look for process improvements that are designed to reduce the time, effort, and cost of information reporting for your organization. We offer a suite of compliance services ranging from one-time projects to help implement new procedures to a full service outsourcing option where our professionals administer the information reporting compliance activities for the business.



Recent studies indicate that government-mandated information reporting and withholding requirements can reduce underreporting or misreporting of income from as much as 63% to 7%.

Source: IRS publication 1415, *Federal Tax Compliance; Tax Gap Estimates for Tax years 2008-2010.*



## Our approach

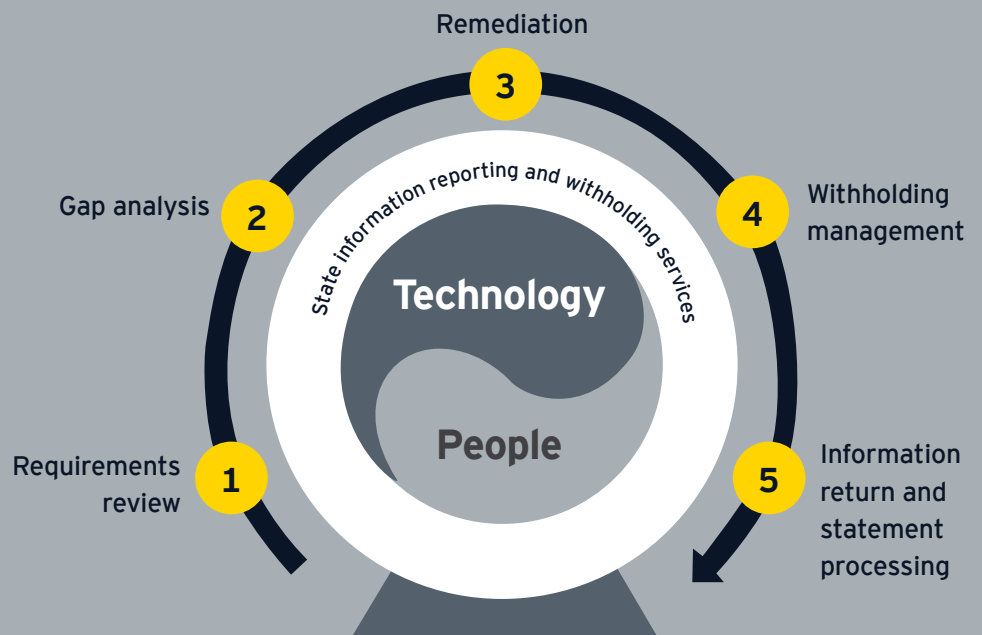
We assist businesses in evaluating their information reporting performance, including identifying areas of risk as well as inefficiencies.

- 1 Hold kick off meeting to determine scope, timing, needs and expectations
- 2 Conduct interviews, examine data, process and documentation
- 3 Prepare detailed report findings with prioritization based on the current regulatory environment and business needs
- 4 Review and discuss findings and their root causes
- 5 Co-develop strategic and tactical action plans



## How Ernst & Young LLP can help

We offer our clients the unique advantage of providing comprehensive advisory and compliance services. Our team includes tax technical, business process and systems professionals enabling us to help businesses effectively implement, monitor and remediate information reporting and withholding issues across the business enterprise.



## Ernst & Young LLP contacts

### **Kristie Lowery**

kristie.lowery@ey.com

+ 1 704 331 1884

### **Stephanie Faiad**

stephanie.faiad@ey.com

+1 763 670 1155

### **Sophie Pedersen**

sophie.pedersen@ey.com

+1 612 371 8316

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