

Small business lender, Kapitus, reduces losses from fraudulent applications by using Tax Guard for IRS tax data.

CASE STUDY SUBJECT



CLIENT TYPE

- Business
- Financing

USE CASES

- Income Verification
- Tax Debt Identification

PRIMARY VALUE

- Reduce Losses

PROBLEM

Kapitus was having difficulty reliably identifying applicant tax debts and collecting their tax transcripts.

“There were times we would call to verify line items that looked suspicious, but those were rare instances. We didn’t have any direct access to IRS records,” said Steven Podhorzer, Senior Vice President of Underwriting at Kapitus.

Instances of fraud are a fundamental concern for Kapitus, making it important for them to be able to easily verify applicant-provided tax returns. “In our industry, we see a lot of fraud. It is fairly easy to doctor a tax return,” said Steven.

Kapitus needed to find a solution that could provide them with a direct line to the IRS and allow them to easily review tax transcripts and identify the tax debts of their applicants.

SOLUTION

Kapitus partnered with Tax Guard for tax debt identification and tax transcript reporting.

“Tax Guard is able to provide us with recent, up-to-date information directly from the IRS,” Steven said.

Thanks to Tax Guard, Kapitus has been able to improve their underwriting process and reduce instances of fraud, ultimately saving their team time and money.

“There are so many cases where we see nothing on our initial background check. Then we run it through Tax Guard and we see all that negative information. I have no doubt during our history there were merchants we funded that we would have said no to if we had the same information Tax Guard provides us,” said Steven.

RESULTS

▶ **Fewer Losses Based on Fraud** - “Any time we cross reference and find fraud, Tax Guard has saved us enormous amounts of money,” Steven said.

▶ **Improved Application Process** - Tax Guard enables an easier, more competitive process while still protecting Kapitus. “We have cases where a merchant would walk from a possible deal if we are requiring tax returns. In that case, we can get the 8821 and access to transcripts from past 3 years via IRS, which is actually more valuable than a tax return,” Steven said.

▶ **Fast, Direct Access** - Tax Guard gives Kapitus access to IRS records with same day or next day turn-around times.

I highly recommend Tax Guard. I would say it is very helpful for protecting against fraud and giving you up-to-date information. They provide information that you can really trust. I give Tax Guard my 100% recommendation.”

Steven Podhorzer

Senior Vice President of Underwriting
Kapitus

