

TAB Bank has partnered with Tax Guard for 9 years to increase efficiency and boost revenues through improved credit monitoring and IRS expertise.

CASE STUDY SUBJECT



CLIENT TYPE

- Factoring

USE CASES

- Due Diligence Checks
- Ongoing Monitoring

PRIMARY VALUES

- Increased Revenue
- Workload Reduction
- More Complete Data

SITUATION

TAB Bank was utilizing an internal process for managing their 8821 forms, collecting IRS information on prospective clients, and for ongoing credit monitoring.

Managing all of these activities internally generated two key issues for TAB Bank:

- The first issue was the time delay when submitting 8821 forms for prospective clients. "We would manually submit the form and wait for a response," said Curtis Sutherland, Vice President of Factoring at TAB Bank. "Time is of the essence if you're trying to fund someone with a cash flow problem. We would often wait up to a week for the IRS to accept our form and respond."
- The second difficulty TAB Bank experienced was a lack of IRS expertise throughout the process. "Once we received the IRS reports, an analyst would have to go through the raw data," said Curtis. "We aren't IRS experts, we're lenders. So the time our analysts would spend - sometimes determining incorrect results - was a big waste."

SOLUTION

TAB Bank partnered with Tax Guard to facilitate and improve their tax monitoring IRS form management.

Working with Tax Guard has solved the key issues TAB Bank dealt with managing tax monitoring internally:

- According to Curtis, TAB Bank "went from 1 week to 24-hour turn around times. The process is a lot smoother and quicker with Tax Guard."
- They are also now able to rely on Tax Guard's IRS expertise rather than have an analyst spend time parsing raw data. "Tax Guard has an incredible understanding of the tax system, what different liabilities mean, and the timeframe that the lender has to make decisions whether to fund or not," said Curtis.
- Ultimately, because TAB Bank has Tax Guard as part of the approval process, they have been able to become more profitable through improved efficiency and approving deals they may have previously missed.
- "[With Tax Guard] we can decline clients faster who we cannot fund rather than wasting resources on those deals. It also lets us close more deals because we are more responsive to the customer and can meet aggressive deadlines," Curtis said.

"Tax Guard is extremely knowledgeable on everything IRS. We can call them with a situation and ask, What is the best course of action? They will give us advice, consult us on the best overall decision. A lot of times they get involved and help negotiate something with the IRS. Their expertise is such a valuable aspect of working with them. I've been in this industry for over 20 years, but I am constantly learning new things from them that I didn't know about the IRS."

Curtis Sutherland
Vice President of Factoring
TAB Bank

RESULTS

More Closed Deals

Curtis estimates they have been able to close 10-15% more deals per year thanks to Tax Guard.

Less Man Hours

TAB Bank used to have a full-time employee handling tax monitoring and form 8821 submissions, now fully managed by Tax Guard.

Better decisions

"Using their expertise on different tax situations allows us to mitigate our risks. We can then increase the number of deals we close each year," said Curtis.

IRS Resolutions

"Sometimes Tax Guard can help negotiate an installment agreement with the IRS to get a subordination in place. With Tax Guard, we can get a solution in place that works for all parties and allows our customer to get working capital financed while protecting the lender and ensuring the IRS doesn't come back later and interfere," Curtis said.

Monitoring

"If a customer stops paying their taxes, we are going to find out about it the following month. If it's something more important like a lien, we will find out even sooner," said Curtis.

