TAX ENGINE INTEGRATION SERVICE

Serious Growth is Built on Smart Compliance

We ensure the telecommunications service and product data that goes into your tax system is optimized and accurate when it comes out. In our 5-step process, we work directly with you, your accounting and billing team, and your tax software provider from start to finish.

OUTCOMES:
- Reduces over- and under-collection risk
- Ensures your products are price competitive
- Helps you recover compliance costs without impacting margins
- Creates defensible positions in case of audit

1. DEFINE AND CLASSIFY
   - Collect details about each product/service
   - Determine most appropriate regulatory and/or tax classification, lowering over- and under-collection risk

2. OPTIMIZE
   - Determine “optimal” categorization and allocation of bundled offerings to defensibly reduce tax and fee burden
   - Enhance competitive pricing

3. MAP
   - Map product catalog to the most appropriate codes in tax engine software to generate desired outcomes
   - Run sales scenarios in the tax software program in coordination with your billing team to generate invoices that confirm expectations

4. ALIGN
   - Ensure data inputs correlate with the desired data outputs.
   - Map revenue to each line of the Form 499-A used for FUSF reporting.

5. OUTSOURCE COMPLIANCE
   Once initial set up is complete, you may choose to continue working with our experienced consultants to manage your compliance at the federal, state, and local levels for affordable and predictable fees.

Managed Compliance Services:
- FCC registration and registered agent services
- Annual FCC compliance certifications
- Applicable 499 and 477 filings
- Tax filings and escrow services
- Quarterly risk-management reports
### LET’S GET **SERIOUS** ABOUT...

#### COST

Most telecom companies treat compliance as an obstacle to how quickly and cheaply they can get to market. We often see those same companies paying a huge price in the long run.

*Have you calculated the cost of potential fees, refunds, audits, investigations, complications with M&A or financing due diligence (such as delays and lost value), customer complaints, or even lawsuits you may face?*

*Don’t wait to build a documented and defensible compliance strategy. IT’S NOT WORTH IT.*

#### THE LAW

With more than 100 years’ combined telecom law experience, we have heard it all:

- **We’re confident we can do this in-house.**
- **We don’t need lawyers, we just need a consultant or accountant.**
- **The tax engine data was good, but the auditor disagrees.**

*Here’s the thing: Telecom compliance is a legal quagmire that requires companies to follow regulations and laws stuck in the age of rotary phones.*

Telecom regulatory compliance is a complex legal dance with the federal government, and you do not want to step on the FCC’s toes or draw the attention of the thousands of state and local jurisdictions that collect telecom taxes and fees.

#### RISK

Are you over collecting? Are you under collecting? Have you optimized your bundles to minimize USF fees? Can you defend your product descriptions and corresponding books and records in an audit?

Are your customers going to see tax and fee lines on their invoices and complain? Are your compliance practices going to lower the valuation of your company? Will you need to issue refunds or cut a bunch of big checks to appease the government?

*If you can’t answer definitively – and justify your answers based on experience at the local, state, or federal levels – then you’re at risk.*

#### PRICE

What does it cost annually to outsource your compliance to experienced and trustworthy professionals?

*Not that much. Seriously.*

The cost of compliance generally falls within a range somewhere between 1% to 3% of your company’s revenue. Compliance costs relative to revenue decrease as revenue grows, making compliance a small and manageable part of your operations. We can even show you how to lawfully recover your compliance costs through an end user surcharge, so not a penny comes from your bottom line.

*Estimated Annual Cost of Managed, Outsourced Compliance Services*

<table>
<thead>
<tr>
<th>Annual Telecom Revenue</th>
<th>Estimated Service Cost (as percent of Telecom Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$300k</td>
<td>3%</td>
</tr>
<tr>
<td>$1m</td>
<td>1.5%</td>
</tr>
<tr>
<td>$3m</td>
<td>1.2%</td>
</tr>
<tr>
<td>$5m</td>
<td>1%</td>
</tr>
<tr>
<td>$10m</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

**EXAMPLES:**
- **Company A:** $300k Annual Telecom Revenue @ 3% Service Cost = $7,500/yr
- **Company B:** $1m Annual Telecom Revenue @ 1.5% Service Cost = $15,000/yr
- **Company C:** $10m Annual Telecom Revenue @ 1% Service Cost = $100,000/yr

**DO IT **RIGHT **THE FIRST TIME.**