5 ESSENTIAL STEPS

To Achieve Accurate, Optimized, and Reliable Telecom Tax & Regulatory Fee Compliance

PERFECTING DATA *INPUTS*

1. Define & Classify
2. Optimize
3. Map
4. Align

LEGAL SERVICES

Provided by the Specialized Telecommunications Taxes & Fees Law Firm:

M&D MARASHLIAN & DONAHUE, PLLC
THE COMMLAW GROUP

MANAGE PERFECTED DATA *OUTPUTS*

5. Outsource Compliance

CONSULTING SERVICES

Provided by the Most Accurate & Reliable Outsourced Compliance & Consulting Firm:

THE COMMPLIANCE GROUP

Whether your company is brand new to the communications industry or an established service provider seeking to integrate with a new billing or "tax engine" software system, in order to succeed and achieve your compliance goals, you need to know that:

Compliance is complicated and should not be outsourced blindly!

Invest in your success by following the 5 Essential Steps and trusting real experts to do compliance the right way!

WHAT DEFINES **SUCCESS?**

Success means clearly understanding what you sell and what compliance obligations apply, not placing blind trust in the hands of false prophets. It means seizing opportunities to optimize your compliance and minimize competitive disadvantages. Success means facing the future with confidence, knowing that your company isn't sitting atop a tinder box of liabilities or throwing good money after bad putting out bush fires that could have been avoided!

Regulatory and tax compliance is part of a complex ecosystem, with a diverse set of interconnected puzzle pieces, operational systems, internal departments, and outside vendors

- ☑ *We will guide you through every critical step along the road to compliance, ensuring that all of the dots are connected, optimized, and fully operational.*
- ☑ *By applying "Best Practices" and aligning with "Best of Breed" systems and solutions vendors, you can bill, collect, and remit regulatory fees (USF, TRS, PUC fees, etc.) and communications taxes (sales, gross receipts, 911, excise, and utility users' taxes) in an accurate, optimized, and defensible manner, all without sacrificing your company's competitive positioning.*

Compliance IS NOT a "one and done" exercise

Compliance evolves and must be monitored, managed and maintained to keep pace with legal and technological developments, not to mention competitive forces, which lead to frequent changes to the products, services, and solutions you sell.

- Software solutions are essential pieces of the over-all compliance solution set all companies must leverage (OSS/BSS, tax engines, accounting, etc.).
- But software is only as good as the data inputs and the people responsible for implementing and managing it.
- We will help you align the solutions and perfect the data to avoid the "garbage in/garbage out trap," where a misstep at the beginning can lead to adverse, costly and compounding economic consequences down the line.

earn far more $$$ putting out fires and cleaning up messes than they can preventing them (emergencies are expensive). It is also a fact that our entire organization is premised on the knowledge that our clients are more likely to engage our lawyers to perform valuable, business and opportunity generating legal work if their bank accounts aren't being drained fixing the avoidable compliance challenges arising from their blind trust in the "One Stop, Easy Button" shops.

By enlisting the support of our organization and laying a solid foundation from the beginning, your company will be prepared to face the future with confidence through awareness, not blindness.

- Upfront preparation results in fewer headaches down the road.
- Establishing a foundation of knowledge yields confidence in your policies, methods, and data.

90% of **The *Comm*pliance Group's** clients originated as clients of **The *Comm*Law Group**; the majority of which originated as customers of another compliance vendor

0% of **The *Comm*pliance Group's** clients have spent a dollar hiring another law firm to fix something broken by **The *Comm*pliance Group**

"One Stop Shops" DO NOT exist (unless you choose to ignore the "Jack of all trades, master of none" realities of life!)

- Many in the industry have nightmares about the complexities, burdens and costs of compliance.
- Unsurprisingly, many are easily persuaded to trust anyone that promises to alleviate the burdens with an "Easy Button" available at superficially low prices.
- Lawyers are usually hired to clean up the mess created by the "Easy Buttons."

Our lawyers have witnessed the good, the bad, and the ugly that permeates the outsourced compliance industry. It is true that our lawyers (any lawyers) can

Working alongside our experienced Communications Tax & Regulatory Fees professionals, following the "5 Step Process" detailed below, and adhering to "Best Practices" along the way will allow your company to confront the inevitable and unavoidable audits, customer inquiries, and the constant glare of regulatory oversight with a high level of confidence.

Achieve peace of mind, so you can focus on what's most important to your business:

Growth, Revenue and Profits!

MARASHLIAN & DONAHUE, PLLC
THE COMMLAW GROUP

The Following Professional Services are Provided by
The *Comm*Law Group:

STEP 1 Define & Classify

Create, Define, and Properly Classify Your Services to Ensure Taxes & Fees Apply to "Taxable" Services (and in the Least "Taxing" Manner to Customers)

Accurate and reliable application of regulatory fees and communications taxes begins with a thoroughly defined, thoughtfully classified, and fully developed "Product & Service Catalog."

What is a Product & Service Catalog?
A Product & Service Catalog is an Excel Spreadsheet listing EACH and EVERY product and/or service, including "bundles" and discretionary surcharges, that a service provider offers and which is billable as a a discrete line item in a customer invoice.

A Product & Service Catalog should contain the following:

- Product/Service Name
- Product/Service Description (the more detailed the descriptions, the better)
- Frequency of billing (MRC, NRC, etc.)
- Tax Engine/Billing System Mapping Codes

What does The *Comm*Law Group do?
One of the experienced Telecom Law attorneys from The *Comm*Law Group's Communications Taxes & Fees practice group will collect detailed information about each service offering and conduct a legal analysis to determine the most appropriate regulatory and/or tax classification. For any service whose classification remains uncertain, The *Comm*Law Group will advise on "Risk & Consequence" based outcomes and work with your company to arrive at classification decisions best-suited for each unique client.

STEP 2 Optimize

Apply Lawful Techniques and Methodologies to Lower Tax and Fee Burdens and Recover Your Company's Compliance Expenses

Perfecting your company's Product & Service Catalog does not end at accurate classifications, especially if your catalog includes "bundles."

What is a Bundle?
A "bundle" is any service offering that combines regulated communications and non-regulated elements into a finished solution. For example, typical "Cloud PBX" solutions include regulated interconnected VoIP and non-regulated software and other elements in a bundled service offering.

What is the value of a Product & Service Catalog "Optimization"?

1. Reduces-over and under-collection risk
2. Ensures your products are priced competitively
3. Helps you cover compliance costs without impacting margins
4. Creates defensible positions in case of audit

What are the available "optimization" opportunities?
Bundled services that include a combination of regulated and non-regulated components and with geographically diverse (intrastate, interstate and international) usage can be optimized in two ways:

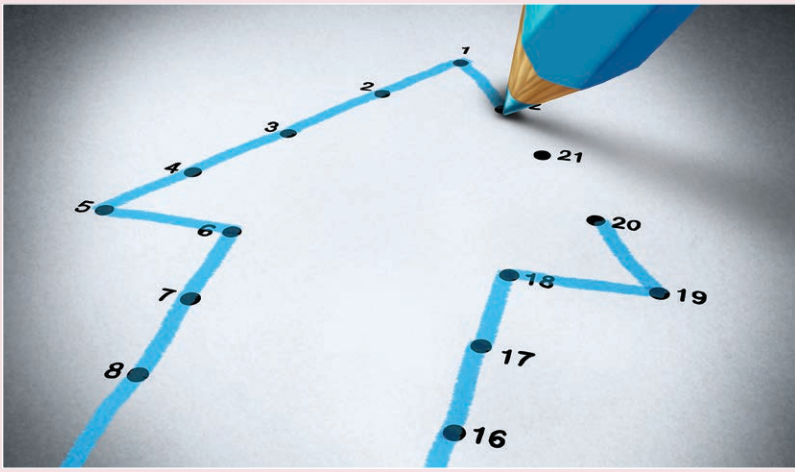
1. Service Allocations
2. Geographic Jurisdictionalization

As we often say, "if you aren't optimizing, you're subsidizing your competitors."

What is a Cost Recovery Fee, and why should my company consider creating one?
A Cost Recovery Fee is a discretionary, non-government mandated revenue-generating surcharge added to the Taxes & Fees section of a customer invoice. With the creation of a customized and defensible Cost Recovery Fee, a service provider can recover expenses associated with developing, implementing, and maintaining its "optimized" regulatory and tax compliance profile, along with various other costs.

What does The *Comm*Law Group do?
One of the experienced Telecom Law attorneys from The *Comm*Law Group's Communications Taxes & Fees practice group will collect detailed information about each bundled service offering and conduct a legal analysis to identify opportunities to optimize (lower the exposure of revenue to fees & taxes) through application of a lawful revenue allocation methodology.

STEP 3 Mapping (and Invoice Testing)



Map Product & Service Catalog to Tax Engine Codes

What is Tax Mapping?

Tax Mapping connects the dots between products and services in a catalog and their associated taxes and regulatory fees. For major communications tax software vendors like Avalara, Sure Tax, CereTax, and Vertex. Tax Mapping involves selecting the most suitable "Tax Code" from the vendor's Tax Code Guides and applying it to each service or product. Once Tax Codes are assigned, we will test the results, identify any inconsistencies, and refine the mapping in collaboration with your company, to ensure your team learns the ropes and are better positioned to manage the process internally.

STEP 4 Alignment

Aligning Input Data from Billing system/Tax Engine to Data Outputs for Compliance Reporting

Simply assigning Tax Codes to each product and service is not the end of the road. It is critical that you ensure that the data inputs correlate with the desired or expected outputs.

This step aims to avoid the "garbage in/garbage out" that plagues so many businesses.

Once Tax Codes are assigned to each of your company's products and services, we will work with you and your Tax Calculation Vendor to create sample invoices for testing purposes. This ensures that there are no surprises on the invoices your customers will see. As part of this process, we will also ensure that your invoice presentation is accurate and complies with consumer protection requirements.

Upon finalization of the Tax Codes assigned to your products and services, we will map your revenue to each line of the Form 499-A used for FUSF reporting.

THE COMMPLIANCE GROUP

The Following Professional Services are Provided by
The *Comm*pliance Group:

STEP 5 Outsource Compliance

Manage & Maintain Compliance Through the Industry's Most Experienced, Expert Consultant Led (but Technology Assisted), Customer Service-Centric Compliance Solutions Vendors

When you have successfully completed the first 4 Essential Steps to achieving accurate and reliable Telecom Tax & Fee Compliance, the final step in the process is allowing The *Comm*pliance Group to manage the administration of your company's compliance obligations!

In a marketplace saturated with vendors selling the mythical "Easy Button," only one outsourced compliance service provider is willing to speak the hard truth!

We do so at the risk of losing business opportunities in the short term, because the "Easy Button" is a simple and easy sales pitch, that resonates with small start-up companies that are intimidated by the complexities and financial burdens of regulatory and tax compliance. Who doesn't want to put their trust in a vendor who says,

"close your eyes, trust us, we'll do everything, you don't even have to lift a finger."

We will knowingly turn down clients that chase the mythical "Easy Button" today because we have seen scores of companies who fell prey to come back to us months or years down the road. Solving the problems that befall those who succumbed to the "Easy Button" pitch always costs more to cure than your company would have paid to do it the **RIGHT WAY!**

The Essential 5-Step Process Way!

Right from the start, the very idea of **The *Comm*pliance Group** was hatched out of the litany of missteps and shortcomings of our competitors.

While it is Impossible to "Automate" Compliance, we take technology-assist+ed compliance seriously! And we've made serious investments in one-of-a-kind technology!

One Small Step for Man, One Giant Leap for ***OUTSOURCED COMPLIANCE***

The *Comm*pliance Group has positioned itself as an innovator and thought leader in the outsourced compliance services market. One of the company's most powerful tools is AccuCompliance℠ – a one of a kind, comprehensive compliance software platform. Believing in the power of combining professional experience with software, The *Comm*pliance Group has melded the unique, experiential knowledge and nuanced risk sensitivities of experienced Telecom Lawyers with its robust, highly intuitive software platform, AccuCompliance℠. AccuCompliance℠ brings an entirely different and revolutionary model to the field.

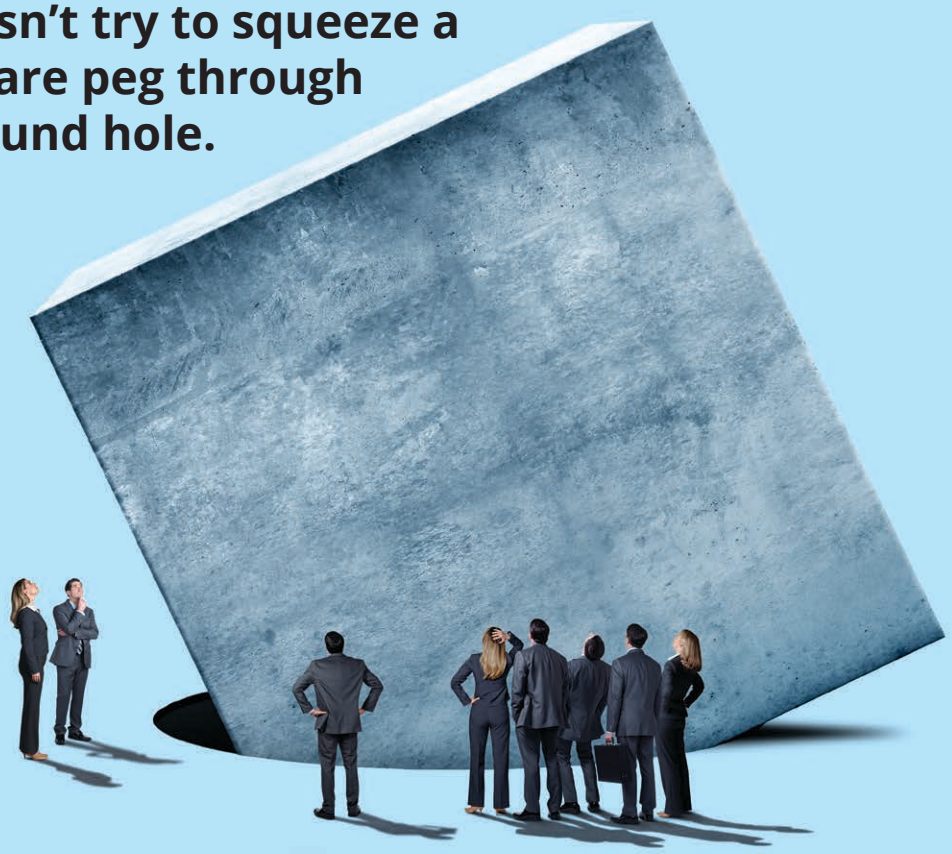
The solution is built from the ground up to ensure accurate, thorough, and timely compliance with USAC's FCC Form 499-A.

What's more is the solution serves as a "USAC Audit Avoidance System" by providing users with advance pre-filing notice any time a company's reporting materially diverges from prior periods. The best way for telecom companies to minimize the likelihood of selection for a USAC audit is to avoid triggering any "Red Flags" in its E-File System. Once a red flag is raised, the prying and suspicious eyes of the auditors are more difficult and costly to appease.

www.AccuCompliance.com

The *Comm*pliance Group's entire approach to compliance stands apart from every other outsourced compliance vendor or solution in the marketplace because it is the only solution that starts with "Regulatory Fees" compliance as its foundation. Most other solutions vendors come from the "Sales Tax" or "Accounting" fields, not "Regulatory." There are significant and very impactful distinctions in the way revenue is subjected to Regulatory Fees as compared to revenue reporting for Sales Tax purposes.

Unlike others, The *Comm*pliance Group doesn't try to squeeze a square peg through a round hole.



When "tax data" is the sole basis for "regulatory" reporting, you can rest assured, something is amiss in your company's regulatory filings. But by creating a clearly delineated bifurcation of its "Regulatory" and "Tax" reporting functions and ensuring the reliability and defensibility underlying data entering its AccuCompliance℠ platform, The *Comm*pliance Group helps its customers report revenue as accurately and optimally as possible, based on the different rules and requirements governing the distinct universes of Tax and Regulatory compliance reporting.

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