1099 Pro Corporate Suite Case Study: Onboarding

The Situation

As the 2012 tax year came to an end, Insurance ABC found itself in a peculiar situation. Insurance ABC was under contract for another year with its current tax software provider - but the 2012 tax year had been marked with errors, poor customer service, and time-consuming resolutions. Ultimately, management at Insurance ABC knew that they would not renew their contract when the time came, but the question was, could Insurance ABC risk another year of the same recurring issues? Any potential solution would need to pick up a messy situation as well as require a break of contract with Insurance ABC's current tax software provider.

Company Background

Insurance ABC is a mutual holding company that offers insurance, annuities, and mutual funds through a variety of products and services. Having been in business for over 145 years, Insurance ABC has grown its reporting onus to approximately 700,000 records across 10 payer codes and 8 form types (1099-DIV, 1099-INT, 1099-LTC, 1099-MISC, 1099-R, 5498, 1042-S, & W-2). Moreover, Insurance ABC has state direct reporting requirements, IRS/SSA reporting requirements, and the need to report Puerto Rican tax forms in the near future. Due to the wide variety of form types and reporting methods, Insurance ABC requires managed services and compliance support in addition to a software package.

Data Retrieval: Current & Prior Years

Insurance ABC ultimately decided to break its existing contract and enter into a new agreement, for the 2013 tax year, with 1099 Pro and its compliance partner, IRS Compliance, for the full spectrum of software, managed services, and compliance support.

1099 Pro Corporate Suite is SQL driven which indicates that the optimal data format for onboarding is a SQL database backup. This allows 1099 Pro to extract the data and migrate to the 1099 Pro SQL database to the new environment. Insurance ABC requested the database backup from their previous software vendor but were unethically refused. Accordingly, Insurance ABC's legal department had to involve itself.

While legal conflict ensued, 1099 Pro opted received the backup copies of the 1220 formatted electronic files that had been previously filed with the IRS. 1099 Pro utilized a tool, described in the section below, which can extract pertinent data and import IRS 1220 data into the software.

Identification of Data Conversion Issues

1099 Pro developed a tool, called eFileViewer, that converts IRS tax files into excel or delimited text files that can be imported in the software (Exhibit 1). The software also supports custom mapping for imports from different file formats - which is common with companies with multiple departments and business areas.

The absence of the SQL database backup required 1099 Pro to work with incomplete data because IRS files leave out state data as they are formatted to report data only to the federal government. Each state could possibly have its own electronic filing specifications with data that is not included in, or converted from, an IRS file (Exhibit 2).

The record audit history, a trail of recorded actions taken from viewing a form to changing a form, of the data was a second point of concern as the prior software provider had not yet returned Insurance ABC's data. During a data

migration, audit history can be transferred or can begin at the time of re-import. Businesses generally like to retain this data, however, Insurance ABC had no choice but to move forward in the short-term.

Rebuilding and Reimporting of Data

1099 Pro has the ability to rebuild and import a list of all filers and form related data. Before importing, Insurance ABC and 1099 Pro agreed upon how their filer/department hierarchy would be established in order to link each record to the right business area. Insurance ABC and 1099 Pro then began to organize their data files so that Insurance ABC's converted 1220 data was able to be imported using standard import maps and Insurance ABC's variously formatted fixed length text files were supported by customized import maps.

The flexibility of the custom mapping options went as far as supporting import files with multiple form types which prevents users from the need to manually separate the records into separate import files – cutting weeks of manual data formatting out of the process. Secondly, the custom mapping option also allowed for the combining of fields, mapping data to multiple fields, and allowing for SQL Stored Procedures that can execute sophisticated calculations during the import (Exhibit 3).

Ultimately, Insurance ABC needed the custom mapping processes to accommodate different department numbers and account numbers which were combined in their data but mapped to separate locations in the tax software. 1099 Pro then demonstrated the customized import processes in a test environment and moved forward with Insurance ABC's approval.

Addressing Chronological Data

When dealing with IRS original filings and IRS correction filings, records must be treated in chronological order if prior years are considered. Therefore, 1099 Pro began the importing process with prior year data and was able to replicate the timeline of filings and corrections – thus providing a seamless transition with no loss of data – despite the lack of cooperation from Insurance ABC's previous software provider. Insurance ABC's management was further impressed when 1099 Pro rebuilt the audit history for filings in a similar fashion.

Final Customer Approval

Insurance ABC now had its data migrated and imported with the chronological history rebuilt. Contrary to Insurance ABC's past experiences, 1099 Pro had performed these operations in a test environment which allowed Insurance ABC final approval before moving forward to a live/production environment. Management at Insurance ABC was also pleased to learn that the test environment was continuously maintained for experimentation with new tax practices and import adjustments before applying the changes to live data.

Training

1099 Pro provided free webinar training sessions, video tutorials, and customized manuals for Insurance ABC. However, Insurance ABC felt that separate, in-person, training sessions for customer service representatives and administrative users was necessary for a true understanding of the software. Fortunately, this was not an issue for 1099 Pro and arrangements were made for in-person training sessions. Coincidentally, these sessions also proved to strengthen the relationship between both companies.

Insurance ABC also chose to utilize IRS Compliance's managed services and compliance support which performs services and can provide recommendations and insight on process flow. The compliance perspective also gives Insurance ABC assurance they are compliant with IRS and State regulations.

Reflection

The migration process will always require adjustment for any company. 1099 Pro and IRS Compliance have proven to work diligently to simplify the process and are readily available for support requests from customer service representatives to senior management alike.

Progression through the 2013 tax year have provided 1099 Pro and IRS Compliance with feedback from Insurance ABC's customer service representatives and managerial users – feedback which in many cases has been quickly implemented in incremental software patches.

As of now, Insurance ABC plans to attend IRS Compliance's annual compliance conference. The conference is host to a 1099 Pro user group meeting as well as compliance seminars/workshops that are open to all related businesses looking to improve current tax practices and prepare for upcoming changes. Insurance ABC also has one on one meetings scheduled with their dedicated Account Manager during the conference. All in all, a healthy and lasting relationship is being forged.

Exhibit 1: eFileViewer & Conversion of Prior Tax Years and Various Form Types
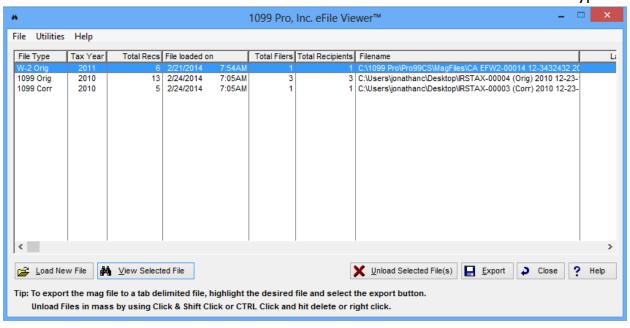

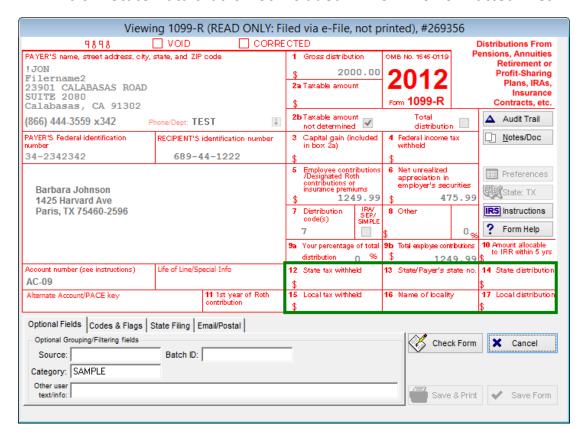## Exhibit 2: State Data that is Not Included in IRS 1220 Formatted Files

Exhibit 3: Custom SQL Processing During Import Process