



Tax Solutions: Optical Character Recognition (OCR)

Optical Character Recognition and Artificial Intelligence capabilities increases operational efficiency and reduces rekeying errors.

Tax Solutions has developed Optical Character Recognition (OCR) and Artificial Intelligence (AI) functionality to digitize the tax validation and due diligence process. The integration of these new capabilities is available through Tax Solution's Mandatory Document Due Diligence (MD3®) and Common Reporting Standard (CRS) due diligence modules.

MD3® is a tax form validation solution, which can be utilized by withholding agents to standardize the validation of US tax Forms W-8, W-9, 8233, and KYC documentation for both financial service and vendor payments. CRS Due Diligence supports the electronic solicitation of CRS Self-Certifications and the validation of Self-Certification forms. The CRS Due Diligence tool also identifies reportable accounts and those accepted under CRS.

MD3® and CRS Due Diligence incorporates the most up-to-date changes in IRS regulations and local competent authority guidance to ensure compliance whenever a user looks to digitize and validate tax documentation. Firms can identify and extract data from tax form images, scanned or handwritten, and automatically bulk upload customer data. Users benefit from digitizing the data points from multiple tax forms including CRS self-certifications, Forms W-8, W-9, 8233 and KYC documentation. These new enhancements further aid the complex validation and due diligence processes by reducing manual rekeying, saving on costly time and resources. In addition, the use of artificial intelligence provides confidence that the information extracted is accurate and up to date based on a designated rating.

OCR technology utilizes artificial intelligence (AI) such as Natural Language Processing (NLP) to match images with recognized text characters to transmit data accurately for machine-readable files. This increases file searchability and extraction of key data points, reducing the number of follow-up questions needed in validation.

Enhance Business Continuity

Enabling withholding agents to employ the most recent tax rules and regulations and eliminating the potential for error in the application of IRS rules and regulations to the validation process.

Reduce Training Time

Reducing the amount of time withholding agents spend doing research and enabling them to process more forms with less training, saving time and money.

Centralize Information

Access validated client tax information and documentation to manage expiring forms, update client information, deal with changes in circumstance and generate reports for audit purposes.

Improve Audit Readiness

Produce a valid tax form at any time by quickly retrieving all form expiration dates, questions asked, and validated tax profiles stored within the system.

OCR Workflow

Once a form has been successfully uploaded as a batch file into the workflow, the user can review the digitized data for accuracy and edit the fields directly on the front-end screen.

Once the data on the form has been confirmed, the form will then be sent to a landing page. The user will select the form they want to review and they will automatically be brought to the MD3 profile page. There will be no need to select an account or form type and the data will be pre-populated.

Simply Workflows

Streamline your due diligence workflow by collecting physical documentation, digitizing the information and receiving a validated client tax profile.

The image shows a screenshot of a W-9 form titled "Request for Taxpayer Identification Number and Certification" from the Department of the Treasury. The form is displayed within a software interface. The name "Vernon Studley" is entered in the top section. Below that, the address "151 Posnegansett Avenue, Warwick, RI 02888" is entered. The Social Security Number (SSN) is shown as "010567428". The form includes various checkboxes for business types and exemptions. A "PREVIEW" button is visible at the bottom left of the form area.

This image shows a digitized version of the W-9 form with input fields and labels. The fields are numbered 1 through 8:

- 1 Name: Vernon Studley
- 2 Business Name/Disregarded Entity Name: Blank
- 3 Federal Tax Classification: Individual
- 4 Exempt Payee Code: Blank
- 5 Exemption from FATCA Reporting Code: Blank
- 6 Permanent Residence Address: 151 Posnegansett Avenue, Warwick, RI 02888, UNITED STATES
- 7 Social Security Number: 010567428
- 8 Employer Identification Number: Blank

More information on IHS Markit products and services

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