

**AUDIENCE:**

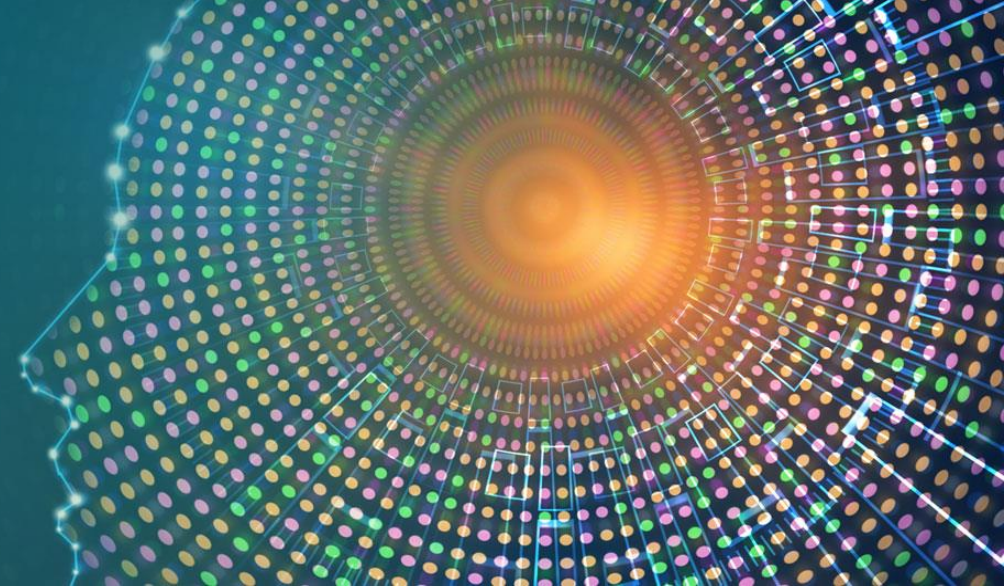
Medium to Large
Company, CFO

**INDUSTRY:**

Commodities

Cost Savings Through Proper Application of Tax Code

COST SAVINGS SUCCESS STORY



CLIENT PROFILE

Independent
Global
Commodities
Merchant

OPPORTUNITY

Many regulatory jurisdictions offer specific exemptions and rate reductions with regard to Oil and Gas Severance Tax. Severance tax had been overpaid since the client's process for calculating and remittance of Severance Tax did not include an analysis to discern eligibility for these exemptions and rate reductions.

Desired Outcome

Mitigation of risk associated with improper statement of tax expense in financial statements. Reduction of operation cost thru proper application of tax administrative code and establishment of best practices and internal controls. Sustained revenue growth and increased shareholder value.

CUSTOM SOLUTION

Performed critical analysis of severance tax history (for the period eligible for tax refund), with specific inquiry to identify opportunities for tax reduction and exemption. Analysis through current period, provided go-forward protocols to continue reduction in tax liability, as allowed.

Scope of analysis included marketing costs, ROI determination for qualifying assets, and tax reimbursement. For gas wells, additional analysis to determine exemptions related to high cost gas exemptions and low producing wells was performed.

Trained Revenue Accounting Staff and JIB Accountants on proper accounting treatment of transactional activity related to severance tax and allowable deductions in support of continuity of new processes and procedures.



IMPACTFUL RESULTS

- **\$500k+ recovery of tax savings for prior years across multiple states.**
- **Recognition of \$350k in immediate savings on an annual basis across multiple states.**
- **\$75K short term and \$200K+ projected annually (when benchmarked to growth projections for that period) in immediate annual savings with Addendum to existing affiliate company contracts.**

