

F2

**BUILT FOR
GOVERNMENT**



**REDUCING RISK OF
FRAUD AND ERROR
THROUGH NEW DIGITAL
PROCESS AND END TO
END CASE SOLUTION**

cBrain has worked with The Danish Tax Authority to reduce instances of fraud and error in the processing of dividend tax refunds.

CUSTOMER PROFILE

Customer Name

The Danish Tax Authority

Sector

Central Government

Volume of claims processed

Approximately 35000 per year

Estimated fraud in the 4 years prior to 2015

12.7 billion Danish kroner

BEFORE THE SYSTEM WAS IMPLEMENTED 2/3 OR ALL CLAIMS WAS APPROVED. TODAY UNDER HALF OF THE CLAIMS ARE ACCEPTED

FOR INTERNAL USERS IT IS NOW MUCH EASIER AS ALL THE DOCUMENTATION AROUND A CASE IS STORED IN ONE PLACE

FOR CUSTOMERS, MAKING THE CLAIMS PROCESS DIGITAL HAS LED TO A BETTER QUALITY OF UPFRONT INFORMATION

THE CHALLENGE

The Danish Tax Authority wanted to reduce instances of fraud and error in the processing of dividend tax refunds. In particular there were concerns about the process for providing refunds to foreign organisations that owned shares in Danish companies. In August 2015 the Tax Authority reported suspicions of criminal activity to commit fraud, and paused payment of dividend tax refunds until March 2016.

The previous process had a lot of manual controls, with a lot of paper-based documentation being provided, which made the risk of fraud or error much greater.

THE SOLUTION

The solution was to provide a digital process with end to end case management and quality control checklists. The incoming claims are processed via two channels – applications from financial institutions and banks applying on behalf of others, and smaller volume applications coming from individuals.

The process is now managed from receipt of the application through to being ready for payment. Case workers receiving the claims follow a standard operating procedure described in a checklist to ensure that all the right actions are taken. Additional decision support has been provided – the system checks for unusual patterns, or patterns that are known to be indicative of fraud or error. Entitlement checks are also in place to validate ownership of the shares and that tax has been withheld.

The Tax Authority used the F2 case management system as the core software, and on top of that configured specific checklists to manage the workflow. But there was also a need to build specific calculation services and integrations to legacy systems in order to manage the complexity of the refund process.

The delivery approach focused on running beta pilots to ensure the process checks were in place and accurate, and then to build iteratively on the processes based on the experience of using the system on real cases. Production dashboards were put in place to allow real-time operational views of case volumes and status.

THE BENEFITS

There is now much better oversight over case flow – how many cases there are, what type of cases, and where they sit in the process. Before the system was implemented 2/3 or all claims was approved. Today under half of the claims are accepted. The tax authority have in figures accepted 1.7 billion DKK and refused 2.1 billion DKK

For internal users it is now much easier as all the documentation around a case is stored in one place, and there is clear guidance in place on what to do.

This means that more time can be spent analysing the content of the case, rather than simply keep track of the case information. Adding automated checking has made it easier to identify suspicious cases or those worthy of further investigation.

For customers, making the claims process digital has led to a better quality of upfront information – previously documentation could be missing and need to be chased which extended processing times.

The Tax Authority is also using the system to manage the backlog of cases that built up when the service was paused. But now they know they are in control and can significantly reduce losses to fraud.