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Growing companies are continually challenged by legal and regulatory issues while pursuing international expansion. And no issue is more fraught than tax compliance. It literally affects every transaction in some form. Additionally, with the way the IRS is looking to minimize offshore tax avoidance, the challenge of monitoring what regulations are in play and which are not is something smaller, global-centric businesses are always attuned to. But the risk exists whether or not you choose to face it.

Failing to meet the IRS's regulations can be problematic in a number of ways. The

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pipeline contracts than be dealing with the minutiae of tax regulations and tracking with whom the U.S. government might have a tax treaty.

Certainly, we could hire staff to monitor and maintain the process, but this is unscalable and inefficient. In the past we have engaged CPA firms, but the return on investment is not in-line with our lean-operating business model. So, we turned to technology to do more of the everyday heavy lifting.

The first requirement we knew we needed was that the tax compliance process should be holistically tied to the rest of the payables process. Many organizations fail at onboarding their supply chain properly. The process of gathering banking details for payment should happen when you're also collecting and validating their tax identities. If you wait until the end of the year to reach out to a supplier, your likeliness of their compliance is significantly lower.

This is also particularly important in our industry where we are paying artist royalties. Our artists don't send us an invoice to pay. We're charged with measuring their success and calculating the payments, and as such, we're also responsible for withholding any applicable tax against said payments. They are not employees, but it's a similar effect. At the same time, we do have traditional invoices to pay for the "business" of making music (e.g. travel, stylists, studio rents). We still have to collect tax identification for those vendors (including internationally). But to carve out a separate process seems ludicrous. Instead we maintain a single onboarding process and a single flow for approving, making, and reconciling payments.

The solution was to employ [Tipalti](#) for our complete payables operation. Tipalti is able to handle both the royalty flow and the invoice flow. Tipalti also provides a brandable portal for onboarding and supplier communications. Vendors and artists are able to easily set up their bank transfer information – and even select a payment method (ACH, wire transfer, international ACH, PayPal, paper check). This reduces a

significant amount of back-and-forth data entry and also secures the information in

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and it has a secondary benefit of being an identity verification on the payee to reduce potential fraud risk. In fact, because the payment process is tied to the tax verification process, a person can't be paid until they complete this step.

All this data entry is happening in the background with little involvement from anyone. We don't have staff emailing artists and vendors for their tax documentation or banking details. At our last estimate, we're probably removing 20 days of work every year. And it's removed an administrative burden on me so that I can spend more time structuring deals and working on raising capital and more strategic aspects of our business.

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