

CASE STUDY

Our Sales Tax & Use Recovery team identified a total of \$6.6 million in recoveries for a Florida utilities company across two engagements.



Client

A Major Electric Provider and Distributor



Industry

Utilities



Project Timeframe

November 2022 – March 2023



Revenew Services

Sales Tax & Use Recovery

Project Scope

With annual revenue exceeding \$2.5 billion, our client is an electric provider and distributor for a major US city. Its size led our client to initially contact Renew for support with contract compliance and duplicate payment review. Based on the findings from that engagement, Renew suspected that the client would have significant tax overpayments and proposed its Sales Tax and Use Recovery Services on a no-risk contingency model. Our client was confident that they had been paying correctly, but agreed to allow Renew to verify its tax filings, expecting to only find under \$1 million in refunds.

Renew's Approach

In November 2022, Renew began the auditing process, analyzing data from February 2020 to November 2022 to potentially recover as much as possible before reaching the state's statute of limitations. The client gave Renew access to its SAP invoicing system, and the team pulled tens of thousands of invoices, many of which were manually reviewed.

Rather than pursuing a high-level analysis of overpayments, the team dug a layer deeper to examine both overpayments and underpayments, pinpointing the exact transactions where errors occurred. To ensure the client would receive the maximum possible refund, the total review period spanned 5-6 months—rather than 2-3 months. Even with this attention to detail, the Renew team was still able to complete its review well before the statute expired.

Outcomes

By March 2023, Renew presented its findings:

- \$5.6 million in refunds, including overpayments in numerous areas, double taxation, real property services, and labor-only transactions.

However, the largest refund found was for the local surtax, which came as a surprise to the client. The client had indicated that it knew that it did not need to pay local surtax upon reaching a certain bulk level of purchase, and that it was filing and paying accordingly. However, upon review, it became clear that the client's team was unaware of some of the nuances of the law and that its surtax refund had not been captured correctly. After some detailed calculations, Renew discovered that the client's surtax overpayments would represent a substantial portion of its total refund.

Inspired by the success of this first review, the client asked Renew to conduct a second review, covering payments made between December 2022 and November 2023. For this 11-month period, Renew found over \$1 million in recoveries, bringing the client's total refund to \$6.6 million.