








Trust in ADP leads to unexpected tax benefits

ADP Work Opportunity Tax Credit (WOTC) Integrated with Oracle Talent Acquisition Cloud (formerly Taleo Enterprise Edition)

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Quick facts:

-  **Company:** GEICO
-  **Headquarters:** Chevy Chase, Maryland
-  **Industry:** Insurance
-  **Number of Employees:** 40,000
-  **Product:** ADP SmartCompliance® Tax Credits

Learn more about GEICO at www.geico.com

GEICO

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When the federal government created natural disaster tax credits for businesses affected by recent hurricanes and wildfires, many companies, like GEICO, believed they were ineligible due to limited physical damage to property and buildings. But with the help of ADP's expert discovery and analysis, GEICO was able to claim an almost seven-figure tax credit due to an interruption in business operations as a result of the hurricanes that affected a large part of the southern United States.

We recently interviewed **GEICO's Assistant Controller, Todd Prigal**, who is responsible for all tax functions at GEICO, about the benefits of working with ADP to uncover tax credit opportunities such as this one. GEICO has also been using the ADP® Work Opportunity Tax Credit (WOTC) solution for several years, with equally impressive results in the form of tax credits. Here's what he had to say:

My initial reaction to ADP proposing a hurricane employee retention tax credit analysis

I really didn't have any expectation when ADP first approached me about the hurricane employee retention tax credit. And I spoke to our human resources people and our real estate people to find out if we were actually closed for any time period. It turned out that we weren't, so I pretty much thought that it was a dead issue.

Relying on the experts

When I forwarded the notice from ADP to our human resources and real estate people, they didn't think the tax credit was applicable since we never actually shut down. So I sent that response to ADP and their team that works on tax credits responded, "You don't necessarily have to be fully shut down, you just have to be rendered inoperable as a result of damage from the hurricane and continue to pay affected employees during the period of inoperability." We wouldn't have understood that nuance without their expertise.

"With ADP, we look at opportunities. I know that if they bring something to me, then it's worthwhile looking into. That's not to say that it's always going to work out, but there's definitely a relationship we have that's almost to a friendship level. That's how much I trust ADP. Sometimes I'll tell them, 'This is not worth it. It's not even worth pursuing.' And there are no hard feelings. So it's just really nice to have a company that you trust and rely on. If I was to go to a different provider, I don't know what I would get."



I was very impressed with how ADP blended their technology, data insights and tax credits expertise.

Todd Prigal

Assistant Controller, GEICO



ADP encouraged us to reconsider our stance, and given their proven track record with us on other tax credits and incentives, we agreed to work with them, rather than any of the other companies who had also contacted us. Still, I remained skeptical about seeing any meaningful results and it took some time for us to get all the data together for ADP's analysis. I also gave them a very short window for the analysis and study. To their credit, not only did the ADP Tax Credits team deliver on my deadline, they helped us claim a credit close to seven digits! These results were truly astronomical, considering we never actually fully shut down.

Finding out about other substantial tax credits

We had a similar story with the WOTC program. I really was very skeptical when I first heard about this tax credit because I didn't think we hired anybody from the target groups that qualified. We had a couple of meetings with ADP to review the program and then we tested it at one of our locations, and the results were very favorable. So we rolled the WOTC program out to all our regions throughout the country. And then, shortly thereafter, an additional credit became available when the HIRE Act of 2010 was enacted — if you'd hired a new, unemployed worker during a portion of 2010 who hadn't worked in 60 days, you were eligible to claim an additional credit. So the combination of those two programs resulted in about 4.5 million dollars in tax credits for GEICO over an 18-month period.

Because we're a claim insurance company, we pay something called a premium tax, and we're always looking for ways to offset that premium tax. There's not a whole lot of those opportunities out there, but in certain states there are credits against the premium tax. So ADP does a lot of that work for us because it involves analyzing payroll data, a unique expertise of ADP.

A history of building trust

The process for identifying and claiming these credits was seamless. There was no interruption to any of our GEICO operations. Everything went really smoothly.

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On recommending ADP SmartCompliance to others for tax credits

I would say ADP is fantastic. I was very impressed with how ADP blended their technology, data insights and tax credits expertise. They were consultative from the discovery stage through project delivery, and their wealth of supporting metrics to substantiate our impacted locations gave us high confidence in the results.

About ADP SmartCompliance

ADP SmartCompliance is a cloud-based platform of outsourced services that integrates with many leading payroll, HR and financial systems to help you maintain HCM-related compliance, mitigate risk associated with noncompliance, improve efficiencies and drive operational growth. Its unified capabilities can help handle your health care, employment tax, tax credits, wage payments, employment verification, unemployment claims, W-2 management and wage garnishments needs. Your information is organized in one place to be concise and actionable.

