Case Studies

Visibility and control

A retail company with operations throughout EMEA noticed lack of visibility and control causing it to be reactive to local needs. By deploying a global governance model with active service management and local expertise, the company reported significantly improved quality and timeliness of returns and filings and an increase in the time available to focus on planning and other business value-adding activities.

Optimizing working capital through GCR

A company determined that the rationalization of its indirect tax operations in Europe could present a significant working capital opportunity. Following an analysis of its current state, it improved data collection and standardized processes. This resulted in a more robust GCR data supply chain and provided the ability to undertake focused data analytics. This in turn enabled the company to substantially reduce its working capital requirements. The company focused data analytics. This in turn enabled the company to substantially reduce its working capital requirements. The company is now applying similar improvements to its supply chain operations and cross-border transactions worldwide.

Leveraging an array of external providers

A company with highly distributed entities recognized that its GCR processes were about to be tested when it acquired another global company. The company being acquired had no formal GCR processes or governance in place. Compliance and reporting was managed at the country level by local employees with little to no visibility or control at the group level. The company was operating in a complex tax and accounting environment with the potential for tax audits and related controversy. Employees were leaving, exposing the company to a loss of knowledge and insight. Senior executives realized that they needed to reduce risks and prepare for added complexity and workload. The company worked with a specialized GCR service to develop a blueprint that identified filing requirements along with a map of the responsible parties. Key filing risks were identified and immediately resolved without penalties. The company now has a robust GCR model in place that provides visibility and control over its statutory reporting and tax compliance obligations.

Planning and preparing for GCR

Local country
- Identify the business entities and associated filing requirements
- Determine and formalise responsibility, timing and metrics for activities
- Design a model that anticipates and manages accelerating change — regulatory, legal entity, finance and business

Operating model
- Identify the sourcing model required to sustain local finance and tax competencies
- Determine the optimal use and locations for internal and third-party service provider resources (where appropriate)
- Implement a Global Compliance and Reporting governance framework

Processes and systems
- Identify opportunities for integration and efficient use of GCR data
- Include GCR processes in IT and systems architecture and plans
- Identify time-intensive processes and determine what can be standardized, automated or centralized

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Global Compliance and Reporting (GCR)
Balancing efficiency with control and value

Accelerating compliance complexity and enforcement

The global economic climate is driving:
- Companies to expand into new and emerging markets where regulation is in its infancy and subject to rapid change and where knowledgeable resource is scarce
- Regulatory authorities to focus on revenue collection and enforcement resulting in a rapid succession of policy, administration, and reporting changes
- Maximization of internal efficiencies and effectiveness — tax and finance teams are expected to reduce costs while at the same time demonstrating their ability to contribute high value-add to key business activities

This increasingly complex and evolving environment for tax and accounting is driving companies to recognize the close link between statutory accounting and tax planning, provision, compliance and controversy.

Implications on global businesses

Companies are asking themselves:
- I have visibility and control over local compliance and reporting:
  - We have formal compliance process and documentation
  - A consistent process is being applied in each jurisdiction
  - I can access copies of tax returns and statutory filings
  - I am aware of actual or potential late filings
- I know who is accountable for local compliance:
  - I control decision on service provider selection
  - I can show we are getting the expected levels of service
  - I can demonstrate the tax returns are timely and accurate
- Our processes are efficient and effective:
  - We maximize use of centrally available data
  - Financial data sensitised for effective use in tax processes
  - The same data used across finance and tax processes
  - We have formal plans to drive year-on-year efficiency gains
  - We are leveraging our investment in our shared services capability
- I understand what I am paying for compliance services:
  - I know what I am paying to external providers
  - I know which providers we use in each country and why
  - I understand the financial resources involved in compliance
  - I can articulate the value derived to my stakeholders
- I actively track tax audit activity outside the HQ:
  - I understand the audit process for each country
  - I know the right resources handling these audits
  - I can show that the consequences of audits are being minimized

Ernst & Young
Assurance | Tax | Transactions | Advisory

About Ernst & Young
Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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We refer to the resulting end-to-end processes which are at the core of all these issues and services as Global Compliance and Reporting.
Achieving the right balance, and …

Evolving business models
Increasing enforcement
Changing regulations
Market expansion

Globalization of service providers
Finance function transformation
Limited internal resources
New sourcing options

... the benefits of a balanced approach

Global visibility to obligations
Consistent service delivery
Single point of contact
Effective change management
Budgetary control and visibility
On-line workflow management
Real-time reporting
Quality management
Document collaboration
Thought leadership
Continuous improvement

Partnering with Ernst & Young

► Commitment — global Compliance and Reporting is a strategic investment priority for Ernst & Young. We have a global infrastructure which enables the delivery of efficient and timely compliance and reporting services.

► Efficiency — create efficient and effective processes by drawing centrally on our compliance and reporting specialists’ operating in over 140 countries.

► Control — have confidence that you are compliant with local obligations through global governance, consistent service reporting, format change management and budgetary transparency.

► Value — re-use data across the R2R processes to drive continuous improvement, generate planning ideas and deliver increased value to your business.

Maturity models — where are you?

Control, access and visibility over local process
Simplification, standardization and cost reduction

Limited or no global and/or regional visibility
Limited or no standardization in data collection
Variety of service providers globally/regional

Your journey to a fully optimized global compliance and reporting solution

Consolidation of many discrete local processes and service providers, each with inconsistent service levels and performance.
Increased governance, global visibility, consistency of service performance, cost control, reporting and management. Improved readiness for tax audits and controversy.

Increase the use of shared services capabilities. Simplify, centralize and standardize systems. Improve data management, exchange and re-use.
Reduce or remove the need for local finance involvement in compliance and reporting. Focus local resources on business partnership.

Alignment with finance shared service
Leveraging IT and SSC investments
Global KPIs with a single provider

Benefits of our experience

► Effective balance of efficiency, value and control
► Single point of ownership and escalation
► Increased compliance with filing deadlines
► Connecting statutory reporting and income tax data
► Internal resources focus on higher-value activities