$700 MILLION DENTAL MANAGEMENT COMPANY FINDS TAX EFFICIENCY THROUGH OUTSOURCING

Industry experience, flexible resources deliver measurable value and results

When a $700 million dental management company found it had multiple errors on its tax returns and that it was missing tax planning opportunities, it decided it had outgrown the local accounting firm that had been its outsourced tax provider. The company has more than 200 sites under management in 10 different states and a complex structure involving professional corporations, C corporations and other entities.

**Goals**

The company sought new tax advisors with the depth of resources and industry experience to not only address their sophisticated compliance needs, but also identify planning opportunities. The company wished to continue with an outsourcing model, and also wanted a firm with proven experience serving as an outsourced tax function. They chose RSM.

**Our role**

RSM’s initial focus was on meeting the client’s immediate compliance and tax provision issues, including federal returns and filings in 10 states. The client has been through three management changes in two years, but we have met their tax needs and kept each successive management team informed on all tax issues in a timely fashion. As we worked with the client, we uncovered other issues and opportunities, including:

- Addressing the tangible asset reporting rules that went into effect in 2014 and how they applied to the client’s $100 million in fixed assets
- Identifying cost segregation as an additional benefit of the tangible property repair regulations study
- Restructuring the entities to better address intercompany activities
- Addressing sales tax concerns regarding sales of dental products in the client’s 200–plus managed sites
- Identifying state and local tax credit and incentive options
- Addressing FIN 48 disclosures
Benefits

In addition to timely and accurate completion of all federal, state and local tax filings and tax provision work, RSM has added real bottom-line value by identifying key planning opportunities, including:

- Completing a tangible assets study that resulted in a $10 million deduction
- Securing state and local tax credits and grants for employee training
- Gaining long-term treatment for financed receivables
- Examining two FIN 48 disclosures currently on the client’s financial statements and working with the client to reduce the risks so they could eliminate one of these disclosures
- Assisting with fixed asset tracking leading to potential property tax refunds

By providing the industry experience the client needed and the depth of resources to address its compliance, provision and planning needs, RSM has helped this client address its full range of tax needs. By delivering a tax outsourcing model they can trust, the client can focus its full attention on its business.