CORPORATE TAX OUTSOURCING ARRANGEMENT GIVES CLIENT THE DEPTH IT NEEDED

RSM’s team approach proves real value

Background

A $1 billion pharmaceutical company had a problem. They had a control deficiency in their tax provisioning process and, as a result, their annual tax provision was not completed accurately or timely. While they were relying on a Big 4 accounting firm, that firm served them through a single professional, leading to real issues with responsiveness and depth.

Goals

The company was looking for a new tax relationship that would deliver deeper, more reliable resources. A new tax manager at the company who was familiar with RSM’s team approach suggested they talk to us.

Our role

RSM started as the outsource provider for the company’s tax provision for a single year. Based on our timely and accurate performance, and the relationships built with the company’s tax and financial staff, our relationship expanded over the next few years to include both tax provision and tax return preparation services, and finally to serve as their preferred provider for all federal and state tax matters. RSM used a team approach to serve the client, including significant involvement from the tax partner. In addition, RSM invested time in numerous on-site meetings with the client to deepen the relationship and to demonstrate both industry and technical knowledge.

Benefits

RSM proved our value early. In the company’s first year of profitability, we identified an opportunity for them to take the section 199 manufacturing deduction, even though the company outsourced all aspects of its manufacturing process. Over the course of our relationship, the client realized millions in tax savings through this deduction.
Through RSM’s involvement, there were significant early improvements in the company’s close process, including timely meeting the company’s very aggressive close schedule (five business days after their period end). We were able to consistently meet this tight timeline, including one quarter when the client performed two significant stock acquisitions. We were able to complete all of the purchase accounting and other work necessary to meet the one-week deadline. We also assisted with the tax due diligence for both transactions and other related work, including a section 382 net operating loss analysis and a transaction costs analysis.

Throughout our relationship, we delivered consistent, timely service coupled with experienced, on-point advice driven by a deep understanding of the client’s industry and of the client’s unique business needs and goals. Because of the efforts of the RSM team, the company concluded that RSM could deliver high-quality, timely services in an efficient manner, allowing the company to focus on its core business.