Case Study: Software company

Global connectivity helps software company save millions via transfer pricing study

Overview
A Charlotte, N.C.-based software company was working with their Australian service provider, RSM Bird Cameron, a McGladrey affiliate. The company was active in three key markets, the United Kingdom (U.K.), the United States and Australia, and had significant tax obligations, causing them to seek tax planning advice. They were using another large firm for transfer pricing services, but the firm was unresponsive to their inquiries. RSM Bird Cameron suggested that the company meet with McGladrey in the United States to consider a transfer pricing study.

Project
During the discovery process, McGladrey’s international tax team quickly assessed the company’s scenario and identified several areas of concern. Thanks to close working relationships with McGladrey’s affiliate partners, the U.S. team was able to get the U.K. affiliate firm on the phone immediately to participate in the conversation. It was this collaborative team approach that convinced the company that McGladrey was right for them. Throughout the company’s previous experience with a large global accounting firm, no one had ever connected them with international service providers so seamlessly.

McGladrey’s international tax team balanced the profits of the software entity between the three countries to achieve a more even approach to tax liability in those jurisdictions. The delivery of the final product took place at the company’s annual meeting in the U.K., with all three affiliate firms participating in the project delivery.

Outcomes
As a result of the McGladrey team’s deep knowledge of transfer pricing regulations, the project saved the software company more than $2 million in tax. The investors in this company were pleased not only with the tax savings, but also with the integrated global approach exhibited by the McGladrey team and affiliates while working through this four-month analytical exercise. Following the sale of the software company, its investors engaged McGladrey to handle their tax compliance projects at another venture investment.