



Why This International Investment Firm Trusts ONESOURCE International Tax Calculator

Until they implemented ONESOURCE, an international tax manager and team were struggling with the difficult and time-consuming task of keeping track of all the TCJA's changes and counter-changes. Read how she can't even imagine using a Microsoft® Excel model going forward.

All multinational corporations share similar challenges when it comes to compliance and reporting issues related to the 2017 Tax Cuts and Jobs Act (TCJA). The law essentially re-wrote existing tax policy for international organizations, and applied a complex array of new rules and regulations to the calculus of a multinational's US tax responsibilities. Using legacy accounting methods, the law's new requirements could take a company's tax department weeks to compile, and every calculation itself can be a potential source of error.

The Thomson Reuters ONESOURCE™ International Tax Calculator was designed specifically to prevent the TCJA from draining time and resources from already stressed multinational tax departments, and to boost their accuracy and efficiency in the process. Whether used as a standalone application or in combination with other modules in the powerful ONESOURCE™ suite, the OITC is an indispensable tool for the turbulent tax times we live in.

One Tax Manager's Experience

These issues and more are part of the daily tax challenge facing a well-known global investment and wealth management firm with offices in 35 countries and clients in more than 150. A longtime Thomson Reuters customer, the company handles international taxes related to about 80 foreign entities and hundreds of passive foreign investment companies (PFICs). About forty analysts work in the firm's tax department, and they are located in offices around the world.

The company's international tax manager works out of the firm's headquarters in San Francisco. She and her firm already use Thomson Reuters ONESOURCE™ Tax Provision, and recently began using the ONESOURCE International Tax Calculator (OITC) module in order to help manage and coordinate the firm's international tax operations.

Head to Head: ONESOURCE International Tax Calculator vs. Excel

The OITC was specifically developed to help multinational corporations navigate the unfamiliar and often rocky international tax terrain introduced by the TCJA. To complicate matters even further, the US has released a steady stream of clarifications and additions to the law, and many other countries have responded by modifying their own tax policies.

It would be extremely difficult and time-consuming for a tax team to keep track of all the TCJA's changes and counter-changes, but OITC does it automatically. The law's basic requirements are already integrated into the platform's templates and workflow, which are continuously updated to alleviate the need for constant monitoring. Using the OITC, multinational tax departments can track and manage their TCJA obligations efficiently and easily, with much greater accuracy. This saves time and money, to be sure, but it also helps streamline the auditing process, if necessary, and radically improves the company's overall reporting and forecasting capabilities.

When the current international tax manager was originally hired, however, her firm had yet to take full advantage of OITC's capabilities, because some in the firm doubted the program could yield better results than the traditional methods they were using at the time.

"At that point, [we] were still using an Excel model to calculate the foreign-income inclusion instead of using OITC," she recalls. To test whether OITC could process the calculations more accurately than the Excel model they were using, the firm conducted parallel calculations for a year and compared the results. "Through the comparison, we found a lot of human errors in Excel that were fixed in OITC," she says. "That gave me great comfort in the data integrity and all the logic behind it, and helped us build confidence in the product."



SOLUTIONS AT WORK:

ONESOURCE International Tax Calculator

ONESOURCE Tax Provision

Convinced that the OITC produced better results than its Excel models, the firm began using the OITC for a broader range of calculations, and they have not been disappointed. “OITC is much more accurate,” the manager says. “It’s the consistency of the data that gives us more confidence in the results.”

Keeping Up With the TCJA

Among the most complex rule changes introduced by the TCJA are the ones having to do with how foreign companies are taxed. In the past, taxation of foreign earnings was “deferred,” which means it wasn’t taxed in the US until a dividend was paid to individuals. The TCJA switched the US tax code to a “territorial” model, which treats foreign earnings more like domestic earnings. This requires US companies and individuals with foreign earnings — from business activities or investments — to report all tangible assets, itemize expenses, and apply an entirely new set of tax calculations based on a number of different—and often confusing or contradictory — factors.

The bottom line is that the TCJA asks multinational corporations to do a great deal of extra work. Fortunately, the OITC is designed to do that work more or less automatically, which makes it much easier for multinationals to meet their tax deadlines and avoid costly fines.

“Before tax reform, we could pretty much dump everything in a tax pool,” the firm’s tax manager says. “Now all the tax expenses have to be tracked and directly linked back to the taxable income. OITC does a great job of separating all the categories of income, tracking all the taxes associated with general income, passive income, and all these things. It’s been really helpful. I can’t even imagine using an Excel model to do this type of work going forward.”

More Complete Workflow Integration

OITC also makes it extremely easy to roll data forward from year to year, allowing users to utilize that data for modeling, strategic analysis, and other purposes. For a firm that deals with so many foreign multinational corporations and other entities, the ability to introduce more sophisticated data analytics into the equation is extremely valuable.

“The ability to easily roll data forward is one of the best things about OITC,” she says. “Now we can build up a really nice database with years of data.” For a firm as large as hers, creating such a dynamic, comprehensive database in Excel would be next to impossible, she says: “Smaller companies without a large foreign imprint might be able to keep everything in Excel, but for a company with a large amount of CFCs or foreign branches and any other type of foreign entities, using OITC would make their lives so much easier.”

Having tested and utilized OITC for a number of different tax purposes, her firm is in the process of re-structuring its international tax work to integrate ONESOURCE more completely into its workflow and standardize its data-gathering for greater accuracy and efficiency. As international tax manager, she is currently training a new team in India and developing what she says is a “roadmap for how we are going to approach post-reform, international tax work. That’s one of my biggest challenges now.”

OITC does a great job of separating all the categories of income, tracking all the taxes associated with general income, passive income, and all these things. It’s been really helpful. I can’t even imagine using an Excel model to do this type of work going forward.

Bringing It All Together

Fortunately, the OITC integrates seamlessly with other ONESOURCE modules, including Tax Provision, so that particular challenge won't be quite as daunting. Both OITC and Tax Provision are part of ONESOURCE's powerful portfolio of customizable tax solutions, all of which are designed to complement each other and make life for tax professionals "so much easier," as this customer put it.

For example, Tax Provision allows companies to access all of their tax data from one central dashboard, and to calculate their tax provision at any given time in seconds. It also allows users to pull data from other sources — Excel or an ERP, for example — and to filter, drill down, and run reports in as little as two mouse clicks. When integrated with OITC, crucial TCJA data is added to those calculations automatically, taking the guesswork and panic out of sudden (and increasingly common) requests for a real-time assessment of the company's tax position.

Overseeing the international tax responsibilities for a global investment-management firm is an extremely complex and challenging task, even in the best of times. Nowadays, however, an uncertain mix of worldwide political tensions, shifting trade policies, and complications arising from the TCJA are making the job that much more difficult. The ONESOURCE International Tax Calculator was designed specifically to help ease the burden of the TCJA — by helping multinationals spend less time on tax preparation, and more time on growing their business.

When integrated with OITC, crucial TCJA data is added to those calculations automatically, taking the guesswork and panic out of sudden requests for a real-time assessment of the company's tax position.

Thomson Reuters is a leading provider of business information services. Our products include highly specialized information-enabled software and tools for legal, tax, accounting and compliance professionals combined with the world's most global news service – Reuters. For more information on Thomson Reuters, visit tr.com and for the latest world news, reuters.com.

Contact us today:

+1 800 865 5257

tax.thomsonreuters.com

ONESOURCE@thomsonreuters.com

The intelligence, technology
and human expertise you need
to find trusted answers.



the answer company™
THOMSON REUTERS®