



Nu Skin

ONESOURCE Automates Indirect Tax Process for Nu Skin

Nu Skin needed exacting control over its indirect tax data. ONESOURCE™ Indirect Tax gives the company this capability.

The Tax Challenge of Rapid Global Growth

Nu Skin, which develops and sells personal care products and dietary supplements through a direct selling business model, has an origin story many businesses would envy. It was founded in 1984 in Provo, Utah, and its business began to really heat up around 1990. It entered into Canada and then Asia, and in 1996 Nu Skin went public.

Today, Nu Skin does business in all 50 states and approximately 50 markets globally, and has a large sales force selling its products. To reduce complexity and empower tax, it sought a platform that would reduce the tax department's reliance on IT and the SAP team. It also required a platform with global data to accommodate other international markets.

The company's use of a direct selling business model creates a unique environment for its tax teams. Most of the sales force who sell the company's goods do so simply for supplemental income, but this does not keep tax regulators from calling.

Nu Skin, therefore, chose to absorb indirect tax accounting for most of its U.S. independent sales force. Once Nu Skin sells to its sales force, it collects and remits the sales tax. The company's massive sales force accounts for between \$800,000 and \$1.3m in monthly transactions.

This measure serves a dual purpose. It makes the sales force more efficient, which can boost sales, and it also reduces risk and increases the efficiency of Nu Skin's own indirect tax process.

"One of our objectives with tax is to make it as easy as possible for our sales force to focus on what they do best, which is promote our innovative products," said Kyle Kimball, vice president of corporate tax at Nu Skin Enterprises.

Nu Skin negotiated with states to be authorized and have the right to collect indirect taxes on behalf of their sales force. Because some states have barriers that discourage arrangements of this nature, Kimball said Nu Skin had to effectively lobby these states' tax authorities individually in order to get the necessary clearance.

The states, in other words, must have confidence in Nu Skin's process and its technology — and so too must Nu Skin's sales force.

Automating for Efficiency, Accuracy, and Compliance



"ONESOURCE just gives us more control over all relevant indirect tax data than we had before, and that has improved how we, the tax department, can collaborate with the business and with our independent sales force."

**— Kyle Kimball,
vice president of corporate tax**

The control Kimball described has to do with the platform's capabilities to determine, calculate, and record taxes with the highest levels of accuracy, and to achieve maximum compliance with tax regulators on behalf of its vast sales force network. A robust platform is key.

ONESOURCE also keeps the company's tax department lean.

"ONESOURCE has allowed us to better manage the number of resources required in managing indirect taxes," added Amy Clark, sales tax specialist at Nu Skin.

“When more things were done manually, our sales and use compliance tax group used to require five people and reporting would take too long. With ONESOURCE, we can manage this process with one person. ONESOURCE has made our tax department much more efficient and has reduced audit exposure.”

Kimball said that the indirect tax process at Nu Skin is between 90 and 95% automated, meaning only a small percentage of the necessary steps for calculating the tax, managing its financial consequences, and meeting regulatory compliance requirements is done manually.

Transaction volume can fluctuate. The company offers flash sales on new products, which typically last for several hours. These deals can drive several weeks’ worth of transactions in a few hours. “ONESOURCE Indirect Tax has always been able to handle this volume and we have never had a problem,” Kimball said.

Additionally, the company frequently rolls out new products.

“When we release a new product, we are able to take care of it without involving the IT department. One of the biggest advantages is that we have control of our reports, which are always at our fingertips and can be run quickly. This is valuable when they need to be provided to auditors,” Clark explained.

The company is unquestionably a power user of ONESOURCE Indirect Tax.

“We are very pleased with the performance of this platform. There are no concerns,” Kimball said.



Nu Skin and ONESOURCE: At A Glance

Products used: ONESOURCE™ Indirect Tax Determination and ONESOURCE™ Sales and Use Tax Compliance

Implementation: 2009

Challenges:

- Manage the indirect taxes for a large sales force in the United States that account for between \$800k and \$1.3m in monthly transaction revenue
- Maintain a trusted process and platform
- Achieve near-full automation of the indirect tax process

Outcome With ONESOURCE Indirect Tax:

- Massive reduction in manual effort and errors with a sharp increase in efficiency
- Tax regulators that permit Nu Skin to manage the indirect taxes of a large sales force
- Indirect tax automation of 90 to 95%

To learn more, call **+1 800 865 5257**, visit onesourceindirecttax.com, or email onesource.indirecttax@tr.com.

