



TAX RISK SERVICES

Client Success Story

BACKGROUND

The tax department of a \$2B+ publicly traded global manufacturer with more than 100 companies worldwide struggled to sustain an effective internal tax function and experienced significant turnover just prior to a year-end close.

BDO[®]

Company Issue and Resulting Determination

The company was unable to timely complete its year-end tax provision and a material weakness was identified related to its internal controls around tax accounting.



Recognizing the need to stabilize its tax function, the company contacted BDO. BDO then mobilized a team to complete the company's global year-end tax provision for its 100+ legal entities worldwide within a tight time frame.



As a result, the company decided to restructure its tax function and adopt a model with BDO as its outsourced service provider. With a now-stabilized tax function in place, BDO developed and implemented a tax risk management framework to help mitigate the company's tax risk.



BDO's Solution



BDO helped structure a tax advisory committee, which included the CEO and other key business leaders of the company, and continues to provide advice.

- ▶ The committee is governed by a charter and is chaired by the CFO.
- ▶ The committee meets regularly to discuss business and tax initiatives. This includes providing counsel on tax matters, business and operational knowledge to ensure the business and tax strategies are aligned, and support to assist in managing global tax risk.



BDO helped implement processes enhancing communication between the businesses and the tax team as well as the internal control environment, including monthly divisional operations calls, finance leadership team calls and tax function participation on controller's calls.



In order to improve accuracy and completeness of tax returns and disclosures, BDO assisted in their creating a formal Tax Control Framework.

Company Benefits



An effective Tax Control Framework is now in place, which helps to **mitigate** the company's tax risk and allows the company to continue to manage that risk.



Tax is now a **key stakeholder in business-level initiatives** including acquisitions, divestitures and restructuring.



There is now a **regular cadence of communication** between the tax department and the company's leadership team.



Investors, board of directors, executive leadership and other key stakeholders can be more confident that the company is **managing and mitigating** its tax risk.