CORPORATE TAX

Case Study

NXP STREAMLINES TAX PROCESSES

COMPANY OVERVIEW

NXP (NASDAQ: NXPI) manufactures and designs semiconductors that enable secure connections for a smarter world. The company, with operations in over 25 countries, is a global market leader in areas as diverse as automotive chips for in-vehicle networking, passive keyless and immobilisation, silicon tuners for TV and set-top boxes, and contactless transport and access management, and eGovernment applications such as ePassports. Focusing on high-growth application segments fueled by key mega-trends, NXP posted revenue of $4.36 billion in 2012 and is on pace to outgrow the industry.

NXP'S CHALLENGE

NXP needed a solution that would provide an accurate overview of the company's tax situation. The preparation of and insight into tax returns became a complicated process due to dependence on cumbersome spreadsheets to assess tax liability, including working with numerous additional sheets at any one time.

When tax manager Paul van Sloun joined the company and was faced with the preparation of complex tax returns, he quickly realised that the use of spreadsheets would lead to problems and began a review of corporate tax software to find a solution that could handle NXP's exacting demands.

Having rejected a number of solutions that were only capable of submitting tax returns, a colleague and fellow user of ONESOURCE Corporate Tax recommended the software and suggested that Paul visit him to see it in action.

"Within an hour, I was convinced it was the package we had to buy," said Van Sloun. "It offers the clarity and insight we need as an organisation, forcing you to think in a logical and mathematical way. And as long as you maintain the structure, you can deal with very complex fiscal situations and tax returns."

ONESOURCE Corporate Tax is a comprehensive compliance solution used by more than 400 multinational corporations to provide the requisite tools to prepare tax computations, reports, and returns for companies in a number of countries, including the Netherlands.

TAKING TRANSPARENCY TO A NEW LEVEL

The tax authorities in the Netherlands are looking for ever greater transparency. 'Horizontal monitoring' ensures companies have strict processes in place supported by a rigid tax control framework. This puts increased pressure on companies like NXP to "show what they are doing and clearly state where the numbers come from", according to Van Sloun.

Following the implementation of ONESOURCE Corporate Tax in 2012, NXP has taken this a stage further and in an ultimate demonstration of transparency, has given the tax authorities access to the live tax software.

"We are one of the first companies in the Netherlands to offer the tax authorities access to our corporate tax solution. We want to be completely transparent. They visit our premises, we give them a laptop and load ONESOURCE and they can check exactly where the numbers are coming from and how the tax return is put together," adds Van Sloun.

> *"ONESOURCE Corporate Tax is by far the best solution for preparing tax returns."*
>
> **Paul van Sloun,
> Tax Manager NXP**

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BENEFITS

ONESOURCE Corporate Tax enabled the NXP tax team to make informed, strategic decisions by contextualising information and intuitively providing the right information for the situation. "With complex scenarios, the old Excel approach brought problems, and the returns would only reconcile after a lot of effort", said Van Sloun. "Now, the preparation and review of computations is efficient and straightforward and we have the ability to perform thorough analysis."

The decision to implement a hosted version has proved to be a good one. "We opted to go for the hosted version so we don't have to run an SQL server and internally it saves IT hiccoughs. I am very happy as the solution is updated automatically and unlike other tax managers I hear about, there is no need to become frustrated by the unwillingness of the IT department to cooperate."

Comments From NXP's ONESOURCE Corporate Tax Users:

- "Provides more insight into the tax return and gives you a 'feeling for the numbers'. It forces you to think in a certain way and benefits quality."

- "More efficient. Saves time and frustration. No wasting time on calculations as they are performed automatically."

- "Easily consolidates several companies into one fiscal unity."

- "Reduces time spent on consolidation from two weeks down to hours."

- "Great help desk. Quick to respond. And they have always been able to resolve my queries."

NXP RESULTS

Since implementing ONESOURCE Corporate Tax, both the relationship that NXP enjoys with the tax authorities and the quality of the annual tax return have improved significantly. The tax team no longer has to juggle numerous different spreadsheets — a problem faced with the old Excel based approach — and there is no longer a problem with reconciliation. NXP is now able to see the company's tax accounting from every angle in a streamlined, centralised view.

"Every big company faces the same problems, and with ONESOURCE Corporate Tax, those problems can be dealt with."

"It's more efficient for us, as we don't have to keep going back with answers and it makes more efficient use of the tax authorities' and our own time"

"The hosted solution allows us to focus on what we are good at – tax."

"ONESOURCE Corporate Tax almost makes preparing a tax return fun."

Paul van Sloun,
Tax Manager NXP

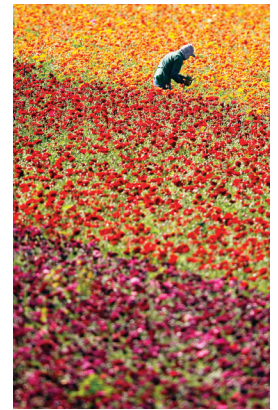**To see how ONESOURCE Corporate Tax can improve your company's tax efficiency, contact us:**

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