



COMPANY CONSOLIDATES SUBSIDIARIES & TURNS TO ARMANINO TO BOLSTER TAX TEAM



Challenge

The company was rolling an existing subsidiary's product development into an existing secondary subsidiary. The tax department had a more than 20-step internal reorganization plan to get through, and they weren't ready for their year-end tax provision audit.



Solution

Armanino integrated tax professionals came in to act as part of the company's tax team to coordinate and complete the more than 20 steps required to finish the reorganization – as well as the tax provision audit.



Result

By working with our tax advisors on a staffing solution customized to their unique needs, the company was able to claim more than \$30M of refunds for the carryback of capital losses. The reorganization also established an efficient funding stream for another subsidiary.

CLIENT CHALLENGE

Management of an established software company was in discussions regarding how an acquired subsidiary was winding down, and its product development was being taken over by another subsidiary corporation. The tax department, in coordination with their tax advisors, developed a more than 20-step internal reorganization plan for the winding down subsidiary. However, they required additional, specific tax expertise onsite to support the technical tax knowledge of their team.

THE TAX ISSUE

One month before the accounting year-end, the reorganization plan had been devised but not implemented. The crucial tax and accounting calculations had progressed significantly, but the calculations had not been finalized or reviewed. They were not ready for the year-end tax provision audit.

A delay in the reorganization would have likely delayed the cash refunds for another year. With the tax department focused on the year-end tax provision, the company needed external assistance to coordinate with tax, legal, accounting and external advisors to complete the reorganization steps, including:

- Finalize calculations supporting the capital loss
- Finalize calculations and analysis, and provide support

for the accounting adjusted journal entries and legal document execution for each reorganization step

- Complete analysis and provide support for the year-end tax provision audit
- Support, prepare and file income tax returns

OUR SOLUTION

To augment the company's existing tax department, Armanino integrated supplemental technical professionals to act as part of the internal tax team to coordinate with all relevant parties and complete the more than 20 steps required to finish the reorganization. After completion of the tax planning project, Armanino continued to provide ongoing support of the reorganized structure (e.g., tax compliance).

THE RESULT

Because of Armanino's custom technical tax outsourcing, the company was able to claim tax refunds of over \$30M that tax year versus deferring the claim another year. The reorganization also established an efficient funding stream for another subsidiary making ongoing investments in new product development.



OUR EXPERT

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