

## EXAMPLE OF A REQUEST FOR PROPOSAL



CAIUS

Tax Management Solutions

## EXAMPLE OF A REQUEST FOR PROPSAL

### EXAMPLE OF A REQUEST FOR PROPSAL FOR:

- ASSISTING IN PREPARATION OF STATUTORY ACCOUNTS; AND,
- PREPARATION OF CORPORATE INCOME TAX RETURNS.

July 18, 2020

To:

Re: Request for Proposal (“RFP”) International Compliance Function

Dear ....,

You are invited to submit for our consideration a proposal for the work described in the attached RFP pertaining to certain aspects of our company’s International Compliance Functions.

Although both are closely connected, we have distinguished two deliverables within the RFP. Accordingly, we have separated out two different areas within the attached statement of work (“SOW”) document that describes in detail the Company’s requirements and deliverables for each service area.

Please do not hesitate to contact us, if you require more information to thoroughly understand the scope of work for each aspect of the service area.

### ***Objectives***

The Company’s objectives of this RFP are as follows:

- Cost reduction
- Establish and leverage a strategic customer/vendor partnership with a global outsourcing service provider
- A centralized, standardized, and simplified process for both service area’s
- A process building upon communalities of activities, data and expertise between US GAAP audit, and the preparation of statutory accounts and tax returns
- Improved accuracy, control and predictability
- Increased visibility to and input in the preparation process of required filings

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- Increased lead time to ensure evaluation and/or implementation of tax planning opportunities
- Improved visibility to, management of, and control over positions taken in the required filings
- Improved visibility to and control over the statutory and tax audit process
- Ability to use the process as a stepping stone for an improved Sarbanes-Oxley compliance process
- Increased visibility to and control over the status and timing of the process
- Improved visibility to the timing and amounts of cash tax payments
- Reduction in audit exposures in multiple European tax jurisdictions

### ***Service areas***

The SOWs cover the following service areas:

- Assisting in preparation and filing of local statutory accounts
- Preparation of the corporate income tax returns

### ***Context***

This RFP is part of a strategic finance initiative currently being deployed in Europe. The initiative encompasses of the centralization of key accounting and reporting functions within the European Finance Centre in ... ( "EFC"). It is currently foreseen, that the implementation of the aforementioned initiative, for the accounting and reporting functionality relevant for this RFP, will take place gradually, following a country clustering approach over a three years period in time. We have attached a list of legal entities providing the targeted date for conversion to the EFC for each legal entity.

Based on the current plan, we expect that per the 1<sup>st</sup>, of January, 2015, a total of 85% of the activities as defined in the SOW will have been captured within the EFC Organization. Within the EFC the country finance leads will be responsible for the day to day activities regarding the preparation of the statutory accounts. However, the Company will appoint a dedicated single point of contact ("SPC") to deal with general issues, and, for coordination and process purposes.

We would anticipate entering into a 5 year contract with the selected service provider, effectively from the 1<sup>st</sup> , of January, 2014. As a result, we would anticipate that the selected service provider will incur the upfront costs of set up and implementation of the required infrastructure, like training of the finance leads of the EFC Organization, in order to provide them with the necessary skill set to perform their duties in connection to preparation of the statutory accounts.

### ***Cooperation and Billing***

We expect the service provider also to appoint a European based SPC to centrally manage and have accountability for the engagement on a European basis. The SPC will be responsible for ensuring that all Company's requirements and deliverables are completed accurately and on a timely basis.

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We also expect that the level of service to be provided for each legal entity will be at a level of cost that is best in class and that it will be supported by the service provider regardless of the size and scope of the local entity's operations in a particular country. We will require certain assurances from the service provider and its affiliates regarding internal support and commitment to satisfy the Company's expectations. We do not expect to encounter redundant country/regional level senior management structures.

Even though invoices for services rendered should be made out to the local legal entity, we expect that they will be submitted first to the tax director for review and approval and that the Company will receive a detailed monthly summary invoice that reflects the summation of all country billable time and expense by line item, including local taxes, together with all supporting local country invoices. The local country invoices will be passed along by the Company to the respective local entity for chargeback purposes as well as to minimize or reduce potential VAT liabilities. In addition, the Company will require that all process scope changes and any upscope work be approved by the tax director before any billable time is incurred.

We would appreciate receiving your firm's proposal on or before the 1<sup>st</sup> , of September, .... . Please do not hesitate to contact either of us if you have any questions.

Yours sincerely,

.....  
CFO & Vice President

.....  
Tax Director

Enclosure: Statement of work

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### **Statement of Work: Statutory Accounts and Corporate Income Tax Returns**

#### ***Scope***

Prepare and file local statutory accounts and local corporate income tax returns as required by local law for each legal entity where it operates or where it has a taxable presence in a non-U.S. jurisdiction (see attached list). Provide and maintain a global web-based tool to store and track the statutory account and income tax return process and filings, including the memoranda and reconciliations as mentioned in the SOW under deliverables.

#### ***Deliverables***

##### **1. Process**

Developing of a process, that will increase the overall quality (e.g., accuracy, timeliness, simplification, etc.) and decrease the current effort involved with respect to the Company's statutory accounts and its corporate income tax return preparation process. This process should leverage of the activities conducted for the US GAAP audit and year end provision process and must be fully compliant with local laws and maintain a high standard of integrity.

##### **2. Assistance in Statutory Accounts Preparation**

- Define and prepare the simplest standard (e.g., the minimal year over year changes, etc.) of legally compliant statutory accounts.
- Assist in preparing (a) local statutory accounts template(s) for each entity reflecting minimally required adjustments between U.S. GAAP and local country statutory accounts.
- Apply IFRS as a local accounting standard where possible.
- Advise on maintaining schedules that fully substantiate all U.S. GAAP vs. statutory differences in each fiscal year and cumulatively.
- Assist the the EFC finance leads in preparation of a memorandum for each legal entity identifying all material issues, opportunities, risk assessment, sources of information, methods used, particularly as they relate to possible implications of positions taken on the statutory accounts for income tax compliance purposes.

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- Prepare based on the schedules comprising the reconciliation from US GAAP to statutory accounts, as provided by the EFC finance leads, the official statutory account templates, including footnotes, and deliver these for review to the EFC finance leads or designated equivalent and the Company's tax director along with the memoranda referred to in the previous paragraph 3 months following fiscal year end.
- File final statutory accounts within four weeks thereafter.
- Provide analysis and schedules in support of local statutory account audits when requested by the Company to do so. The EFC finance lead will be responsible together with you for responding to the local statutory auditor's questions and accountable to ensure that maximum leverage from U.S. GAAP audit work is obtained. The finance lead will also be responsible for ensuring a clean audit opinion within four calendar months of the fiscal year end.
- Propose adjustments to the local statutory accounts to minimize the corporate income tax charge and optimize the tax audit position.

### 3. Income Tax Returns

- Prepare a pre-tax return memorandum for each legal entity identifying all material issues, opportunities, risk assessment, sources of information, and methods used, and identify and explain significant differences between amounts reported for US GAAP and statutory versus tax return purposes.
- Deliver for review draft tax returns to the EFC finance lead or designated equivalent and the Company's tax director along with the memoranda referred to in the previous paragraph at least three weeks prior to the due date of the filings.
- Maintain schedules that fully substantiate all US GAAP to statutory versus tax return differences in the fiscal year and on a cumulative basis.
- Supply quarterly schedules that fully allow the Company's tax organization and the EFC's finance leads to determine the correct deferred entries for U.S. GAAP and local statutory and tax reporting purposes (FAS 109), including all originating and reversing temporary differences by tax year, and highlight all estimates.
- Maintain the appropriate level of detailed tax return work papers and schedules for local tax audit purposes.

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- Provide analysis and schedules in support of tax audit questions when requested by the Company to do so.

### 4. Data/Document Retention Tool

- Provide and maintain with real-time updates of actual status of filings a data tool that is easy to navigate for inputting, tracking and researching the status of filings.
- Provide 24/7 on-line global accessibility to the Company of data and documents residing in the tool
- Ensure that the following, at a minimum, is included and maintained on the web-based tracking tool:

#### 1. User Information

- Name
- Address
- Phone
- Fax
- E-mail
- Access to information (or restricted to)
  - Region
  - Country
  - LE
  - Type (statutory accounts, tax returns, audits, documents, etc.)

#### 2. Legal Entity Information

- Name
- Address
- SAP Code
- Type of entity for local purposes
- Type of entity for U.S. tax purposes
- Organization chart
- Activities engaged in
- Link to the Company's Corporate Secretary's web site

#### 3. Years

- FY... and forward for process flow purposes
- Historical income tax returns from .. to ...

#### 4. Process Flow

- Calendar
  - Statutory Accounts
  - Date statutory due date

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- Date statutory accounts completed
- Tax Returns
- Quarterly estimated payment dates
- Assessment dates
- Statutory due dates
- Statutory due dates with extension
- Statutory Accounts – Tracking
  - Information requested
  - Information received
  - Preparation in progress
  - Under review by CPA firm
  - Draft sent to WHR
  - Draft under review by WHR
  - Draft approved by WHR
  - Final preparation
  - Stat accounts completed
  - File with local government authorities
- Income Tax Return – Tracking
  - Information requested
  - Information received
  - Preparation in progress
  - Under review by CPA firm
  - Draft sent to WHR
  - Draft under review by WHR
  - Draft approved by WHR
  - Final preparation
  - Tax Return completed
  - Tax Return filed with the local tax authorities
- Tax assessments – Tracking
  - Preliminary tax computation
  - Preliminary tax assessments received
  - Reconciliation
  - Appeal yes/no
  - Final tax computation when return completed
  - Final tax assessment received
  - Reconciliation
  - Appeal yes/no
- Income Tax Audits
  - Statute of limitation
  - Audit started (this should also include current on-going audits)
  - Preliminary assessment



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- The Company’s response to preliminary assessment
  - Audit settled
- Store the following documents in the web-based tracking tool and link the following web sites:
  1. Statutory accounts (current only)
  2. Income tax returns (.... to current)
  3. Work papers (current only)
  4. Compliance memoranda
  5. Return to provision reconciliation schedules meeting FAS109 standards
  6. Intercompany agreements
- Provide the ability to search/sort/report data and documents:
  1. By user
  2. By year
  3. By legal entity
  4. By country
  5. By region
  6. By status (where it is in terms of the process steps above)

### 5. Target Implementation Date

The attached list of legal entities provides the targeted date for the conversion of each legal entity. The Company anticipates a cutover of services to the selected service provider on a legal entity by legal entity basis on targeted dates. TBC

### 6. Critical Success Factors

- Understand the Company’s accounting policies, business structures, and local law sufficiently to prepare and file complete and accurate statutory accounts and local income tax returns.
  - Understand the implications of the positions taken on the statutory accounts on subsequent corporate income tax returns and provide the Company with tax minimization opportunities.
  - Ensure a smooth transition of work between the parties.
  - Have a clear understanding of roles and responsibilities.
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*For over 20 years Caius has worked within companies to provide the necessary know-how, and management skills to effectively manage any aspect of the tax function under whatever situation.*



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