

CASE STUDY

FRANKLIN ELECTRIC

HOW FRANKLIN ELECTRIC ACHIEVED COMPLIANCE IN LESS TIME WITH ONESOURCE BEPS ACTION MANAGER

As complying with global BEPS regulations demanded more and more of their tax department's time, Franklin Electric made a strategic decision to centralize their transfer pricing data and automate how it was used in an effort to meet ever-evolving international tax legislation.

OVERVIEW

The five-person tax team at Franklin Electric handles the full spectrum of tax compliance for the company's \$1 billion operations. With such limited resources, they had trouble finding enough hours in the day to complete their usual domestic tax work, let alone the expanded transfer pricing demands resulting from the OECD's BEPS Action Plan.

CHALLENGES

Prior to implementing ONESOURCE BEPS Action Manager, Franklin Electric faced challenges in:

- Understanding what was involved in BEPS compliance from a filing and timing perspective
- Deciphering what government bodies around the world were looking for in terms of BEPS reporting
- Pulling relevant information out of their tax systems and organizing it in compliance with country-specific BEPS regulations
- Relying on a spreadsheet-based methodology that lacked consistency and accuracy

SPOTLIGHT ON FRANKLIN ELECTRIC

- Annual Revenue: \$924.92M
- Industry: Motor & Generator Manufacturing
- Headquarters: Fort Wayne, Indiana

ONESOURCE PRODUCTS IN USE AT FRANKLIN ELECTRIC:

- ONESOURCE Tax Provision
- ONESOURCE Income Tax
 - 1065 (RS)
 - 1120 (RS)
- ONESOURCE Transfer Pricing
 - WorkFlow
 - DataFlow
 - Fundamentals
 - Documenter (Public & Private Data)
- ONESOURCE BEPS Action Manager



THE NEED FOR A COMPREHENSIVE BEPS SOLUTION

Using their manual, spreadsheet-based methodology, the tax team at Franklin Electric decided to test the capabilities of their internal processes to gain a better understanding of what it would take to handle the additional responsibilities necessary under BEPS, including country-by-country reporting. Even with a single ERP system and readily available data, their initial trial raised concerns about the accuracy and consistency of their final presentation. It became evident that, while they may be able to marginally comply with regulations using their manual processes, it was not a sound method. It was then that they began evaluating BEPS compliance solutions.

In assessing their options, the team was looking for a solution that could help them understand what content was expected by various governmental bodies and when. They also took into account their existing infrastructure and how the solution could help them locate information from within their internal systems and present it in a format compliant with OECD country-by-country reporting standards.

As a client of Thomson Reuters since 2009, Franklin Electric used ONESOURCE solutions daily to complete their income tax, provision and transfer pricing work. Their familiarity and positive experience with the ONESOURCE platform led them to choose ONESOURCE BEPS Action Manager to meet their BEPS reporting needs.

“At the end of the day, ONESOURCE BEPS Action Manager just made the most sense. It was the most all-encompassing and well put together. Plus, it was an easy transition because the platform was similar to other ONESOURCE products and we had already established a positive working relationship with Thomson Reuters.”

Mark Moon

Senior Tax Accountant, Franklin Electric

ACHIEVING RESULTS

After implementing ONESOURCE BEPS Action Manager, Franklin Electric:

- Cut their expected 40 hours per week of BEPS compliance work to 20-25 hours per week over a 4-month period, a 38-50% reduction in time
- Gained the ability to focus more time on the underlying factors of audit risk, including filing requirements, R&D processes and intangibles — all of which were overlooked in the past
- Completed their CbC report in 8 working days

Upon implementing the BEPS Action Manager solution, the tax team at Franklin Electric expected the BEPS compliance process to take a dedicated resource 3-4 months complete. In their first year, however, they were able to cut that expectation in half, completing the data collection and documentation work in only 20-25 hours a week, a 38-50% reduction in time, over a four-month period.

With the first year of data now populated, the team was able to complete their first CbC report in 8 working days. Perhaps most importantly, instead of spending time checking spreadsheet files and data links, the tax team can now spend their time gaining a deeper understanding of underlying factors of audit risk including filing requirements, research and development processes and intangibles.

“For me, the features that stand out with ONESOURCE BEPS Action Manager are the local file and master file documentation preparation modules. They are key to successfully completing my job on a daily basis.”

Mark Moon

Senior Tax Accountant, Franklin Electric

LOOKING AHEAD

In the future, Franklin Electric sees BEPS compliance becoming even more demanding, thus making transfer pricing compliance a full-time role. The tax team is looking forward to learning more about the capabilities of ONESOURCE BEPS Action Manager, particularly building in a local file report, and continuing to use the software’s analytics features, including “heat maps,” to give their executive team a big picture view of the company’s tax exposure.

“Even with a single ERP system, it took us several months to gather and organize the data necessary for country-by-country reporting. For companies with multiple ERP systems, it will take gross amounts of time to understand the resources and man hours necessary for compliance. These challenges make a software solution with the functionality of ONESOURCE BEPS Action Manager crucial for achieving an accurate outcome.”

Mark Moon

Senior Tax Accountant, Franklin Electric

BEPS ACTION MANAGER

ONESOURCE BEPS Action Manager combines research, data management, entity charting, document storage, reporting and analytics in a single solution, enabling worldwide compliance and multidisciplinary collaboration for multinational enterprises in a post-BEPS era.

Across the globe, from start to finish, ONESOURCE BEPS Action Manager lays the foundation for a standardized and sustainable worldwide country-by-country (CbC) compliance process, enabling multinational enterprises to document and defend their results to taxing authorities.

With up-to-date research, country specific compliance, valuable risk assessments and intuitive analytics, multinational tax departments can remain current amidst an ever-evolving legislative landscape and stay ahead of inquiries from various tax administrations.

ONESOURCE BEPS Action Manager addresses BEPS challenges by:

- Leveraging established work streams in your organization to simply and efficiently gather the detailed info for CbC Reporting
- Creating an automated sustainable, repeatable process to generate country compliant CbC reports year over year
- Enabling global consistency and transparency of data
- Documenting and defending results to tax authorities
- Staying on top of rapidly changing regulations in all countries in the world
- Simplifying the reporting burden, producing CbC reports in country specific formats all the way

To learn more, visit

tax.tr.com/onesource/beps-action-manager

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