

A US - based IT Solutions Company

SERVICES OFFERED: **Finance Controlling, Accounting & Management Reporting, Compliance Management**

SECTOR/INDUSTRY: **Technology Sector**



Accounting and Corporate Services Setup

Challenge

Our client is a leading Information Technology (IT) solutions company, headquartered in the US. They provide IT managed services, infrastructure solutions, advisory and IT products to Fortune 500 companies. The company employs approximately 11,500 associates across the globe.

The company wanted to setup its operations in a Special Economic Zone (SEZ) in India. Challenges for successfully setting up their company in India included hiring employees, setting up requisite infrastructure, seeking regulatory approvals for operating in the SEZ, setting up of systems and processes around accounting and payroll, recurring tax compliances, etc. The company wanted to focus on its core processes and operations and needed a local partner to assist them in setting up the processes around accounting and compliance management.

Our Solution

We worked closely with the senior management of the company in the US and India to understand the exact requirements of the group for their new company in India. This gave us a clear perspective of the work involved, its criticality and the order in which each of the activities had to be approached.

Setting up the accounting system and processes:

The company started its operations with 100+ employees in first few month's. As such, robust systems were required to be established right at the outset. We assisted the company with setting up of systems relating to accounting and relevant parts of Human Resources (HR), administration and operations that impact accounting. We assisted the company with:

- Designing the formats and process flows for data capturing, reporting and documentation to ensure that data is captured at the source itself.
- Since the company provided IT solutions, we anticipated the challenges that the company would face for recovering employee advances, salaries, etc. due to the high turnover involved in this industry. Accordingly, we advised the company on the process and documentation to be maintained for such transactions.
- SKP assisted in designing the process flow for disbursing vendor payments, salaries, employee advances, tax payments, receipts, etc. The company used different bank accounts for these payouts, and it was critical that bank reconciliation, problem resolution and detailed accounting happens on time and without any error to ensure business continuity.

Setting up the payroll system

The employee cost is one of the biggest cost drivers in an IT solutions company. As such, it was essential that payroll process is setup with precaution. We played a pivotal role in facilitating a payroll process system between the company and the payroll vendor. We assisted the company in the following areas in the initial set-up phase:

- Suggesting adequate checks and balances in the payroll process.
- We coordinated with the overseas management and payroll service provider every month till the payroll process was stabilised. This was done to ensure all payroll queries were resolved and employees were paid on time.
- We assisted the company's overseas management to familiarise them with the Indian payroll nuances and calculations from time to time.
- We independently reviewed payroll reports provided by the payroll vendor and company policies for initial few months by validating it with inputs to ensure they were compliant.

We continue to support the company on various matters in areas of advisory, compliance and litigation support services (including indirect taxation, direct tax and transfer pricing). The services include on-going compliances, obtaining refunds, handling of tax scrutiny and assessment, monthly management reports, annual financial statements as per the Indian Generally Accepted Accounting Principles (GAAP) and audit liaison.

Impact

Our support to the company in the initial phase enabled them to setup robust processes around critical areas like accounting, compliance management and payroll function for the company in an outsourced environment. This helped senior management in US and India to focus on their core operations and business expansion. The processes setup helped the company at a later stage when they expanded further in India and set-up a new unit in the SEZ.

For more information on this case study, please contact:

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