

CASE STUDY

EASTMAN

The major goal for the Eastman EMEA tax team was, – to a large extent, – to become self sufficient in the production of certain transfer pricing reports to meet the increasingly localised requirements of European tax authorities.

OVERVIEW

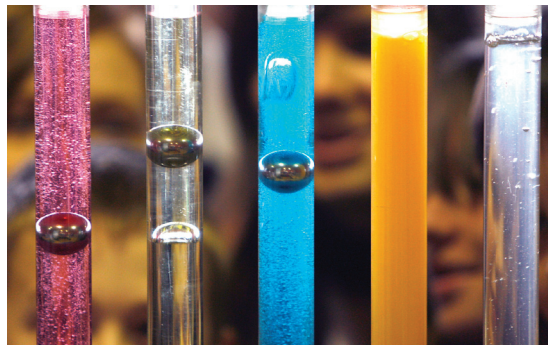
Eastman Chemical is a multinational corporation that adopted a global approach to transfer pricing with the head office in the US responsible for the generation of all reports. This worked well for a number of years but faced with greater demands by tax authorities and with more stringent documentation requirements, increasing amounts of time were being spent on amending the reports to ensure they satisfied European requirements. The decision was taken in 2011 by the EMEA tax team to install an in-house transfer pricing solution so that they would be in a position to generate their own reports.

“We could have outsourced to a third-party but we would not have been in control,” Alexander van den Bosch, EMEA tax manager, Eastman Chemical comments.

On the recommendation of a fellow transfer pricing specialist and following a trial that showed

“We can now prepare as many reports as we want and are not so dependent on our US colleagues. We no longer need to outsource the process to external consultants and if we decide we do not have the time or capacity to produce a particular report, we can buy it directly from Thomson Reuters. I am very happy.”

Alexander van den Bosch, EMEA Tax Manager



ONESOURCE Transfer Pricing Documenter to be ‘flexible and easy to understand’, the solution was implemented. Instead of relying on colleagues in the US or on costly third parties to produce the reports, the web-based solution has enabled the department to ‘be more prepared and more in control.’

With help from the ONESOURCE ‘Jump Start’ programme initially to build the first three reports, the EMEA tax team then went on to build between fifteen and twenty transfer pricing reports, all set to meet local requirements, in the space of just three months. The reports will be updated to reflect annual changes and simply, run again. “We work in a stable environment so there are not many changes,” says Alexander van den Bosch. “We are saving money and are able to generate as many reports as we like without being so dependent on our American colleagues. We have been using ONESOURCE TP Documenter for a year and I am very happy.”

Positive feedback regarding its flexibility and ease of use has since persuaded the US head office to switch to ONESOURCE TP Documenter. The subscription is being extended from three users to five and the solution will be used to document and defend global transfer pricing across many more jurisdictions.

ONESOURCE Tax Provision is also to be implemented on a global basis.

“If we produce more than five reports, we have covered the cost of the solution and the beauty of it is that we can produce as many as we want”

Alexander van den Bosch, EMEA Tax Manager

SPOTLIGHT ON EASTMAN

Eastman is a global specialty chemical company that produces a broad range of advanced materials, additives and functional products, specialty chemicals, and fibers that are found in products people use every day. As a world leader in the diverse markets it serves, Eastman is focused on delivering innovative and technology-based solutions while maintaining its commitment to safety and sustainability. Serving customers in approximately 100 countries, Eastman had 2012 pro forma revenues, giving effect to the Solutia acquisition, of approximately \$9.1 billion. The company is based in Kingsport, Tennessee, USA, and, with the completion of the Solutia acquisition, now employs approximately 13,500 people around the world.

SNAPSHOT OF EASTMAN'S TRANSFER PRICING SITUATION

Eastman EMEA Tax Department completes:

- 20-30 transfer pricing reports annually
- Is located in the Netherlands

Challenges

- Transfer pricing reports produced in the US
- Reports not designed to meet local requirements
- Amendments required and translation
- Costly to outsource report building
- Little control

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