

Nikki Dietz, Tax Manager at Arizona Chemical

Cost saving by outsourcing



Arizona Chemical is the world's leading producer and refiner of pine chemicals. Our products are used in thousands of everyday products including fragrances, personal care items, plastics, household cleaners, inks, paints and rubber products, and help make the world healthier, cleaner, safer and more efficient. Faced with the challenges of the compliance obligations in Europe in addition to several internal business changes, Arizona Chemical was referred to Pincvision by a colleague who had worked with them in a previous company. During this interview Nikki Dietz looks back at the partnership with Pincvision.

Situation before and after outsourcing

"As of January 2010, Arizona Chemical implemented a Single Business Entity (SBE) model in Europe, in which its Dutch Headquarters was designated as the SBE. As a result, the Dutch BV had to register for VAT in several EU Member States. Prior to that they had few VAT compliance obligations outside the Netherlands. With the new business model we also centralized the compliance obligations at the Shared Service Center located in the Netherlands, and the Dutch location became responsible for filing the VAT returns, European Sales Listings and Intrastat declarations. The company also went live with a new ERP system in January 2010. Coupled with the new principal structure as well as the new place of supply rules for services that became effective the same month, there was a risk that transactions were not being captured and reported correctly in the system.

With so many changes occurring simultaneously in the business, time constraints also became an issue, in addition to the lack of internal knowledge of VAT in general. However, Pincvision demonstrated the experience and expertise we were looking for. In the initial period of transition, our company faced a penalty in the UK due to an incorrectly submitted VAT return. By outsourcing the VAT preparation and submission

process to Pincvision, the penalty we were facing was suspended. Moreover, by preventing this penalty our savings were even higher than the annual costs for outsourcing.

Early on in the process, Pincvision also detected booking errors where manual overrides were taking place in the system. By submitting a voluntary disclosure in France, the company avoided a possible penalty of 5% of a large amount.

Furthermore, the management dashboard created by Pincvision is an excellent tool and is used by many of our employees globally. It provides a comprehensive, high level overview of the activities in all of the EU countries where we file, and also offers a live newsfeed to keep us updated on the constantly changing legislation. It is extremely user-friendly and provides 24/7 access to all our information, including the centralized archive that stores our declaration data for the typical audit period of 7 years. Users can access the dashboard remotely from all of our locations across Europe and North America.

Last but certainly not least, our cash flow position improved after outsourcing to Pincvision. Both teams (Arizona and Pincvision) agreed on an aggressive filing schedule so that countries with high refund amounts are submitted at the earliest date possible."

What is your experience on working together with Pincvision?

"Working together with Pincvision is easy, as both Arizona and Pincvision have the same goal. We gave the Pincvision team access to our new ERP environment, so they are able to run reports themselves and pull copy invoices from the server.

This saves us a lot of time and allows Pincvision to manage the compliance process completely.

Our main driver to partner with Pincvision is their great wealth of knowledge. Besides taking over the VAT & Intrastat processes, they also conducted a training session for our Accounts Payable team to improve their technical skills in an area that can sometimes be complex. The Pincvision team is always responsive to questions by mail or telephone, and they are on site every month so we can discuss issues face to face as needed."

"Pincvision has added significant value to the processes and quality of our VAT and Intrastat compliance and provided a high level of expertise throughout. We look forward to strengthening our relationship as our business continues to evolve and grow."

Does the knowledge level of the Pincvision team meet your expectations?

"As I mentioned before, the knowledge level within the Pincvision organization is very high. They have extensive expertise in the area of European VAT which not only ensures we are completely compliant, but also facilitates quality in the work done. More importantly, they are interested in sharing their knowledge and improving our process. The VAT training significantly helped to reduce the amount of errors before they occurred, instead of having to fix things after the fact. I think it also improved the confidence level within the Accounts Payable team to provide them with the intelligence to do their job correctly."

What are reasons for you to recommend Pincvision to others?

"I would definitely recommend Pincvision to other companies based on the reasons I've mentioned so far: level of expertise, quality of work, and responsiveness. Through their comprehensive review and reconciliation process they not only identify issues, but also offer solutions and action plans to resolve them."

How do you envision the future relationship with Pincvision?

"Our company is constantly changing, which always brings new opportunities. We are currently in the process of migrating the VAT and Intrastat compliance obligations of our other European entities to Pincvision, in addition to the SBE. We are also investigating our other trade compliance processes to see if Pincvision can support Arizona on these lines of business as well. After all Pincvision also offers compliance control on Customs, Environmental obligations and Export documents." 🌸



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Interview: by Carola Evers