

An Oil & Gas Corporation Automation within International Compliance

A Corptax client, (“Company”), within the Oil & Gas industry, uses CSC Corptax® International Compliance to reduce its international offline calculations. With a goal to automate their Form 1118 Foreign Tax Credit process, Corptax Professional Services was engaged to help the Company achieve it.

At the outset, Professional Services reviewed the Company’s existing Foreign Tax Credit workflow, including the 861 Interest Expense and Interest Netting computation, which were manually calculated in Excel®. Using Corptax Office to aggregate Section 861 inputs, Section 861 automation was achieved within Corptax—allowing the Company to leverage current data for inputs instead of relying on prior year information—creating real-time results and planning opportunities.

Accelerating the 199 Calculation

To facilitate review of the Section 199 Domestic Production Activities Deduction (199 DPAD) calculation within Corptax, a 199 DPAD sourcing detail workpaper was developed. This helped the Company leverage sourcing contained within the International Domestic Sourcing Trial Balance contained within Corptax by categorizing total consolidated taxable income by QPAI/Non-QPAI/Foreign QPAI. Also, it added transparency to view QPAI sourcing at the general ledger account level. This report eliminated the multi-step manual process to recreate a similar report in Excel via lookups summarizing the same data, with risk for formula errors.

QPAI sourcing stays current as the Company separately implements and maintains QPAI when setting up new accounts, ensuring sourcing is updated for the Section 199 calculation when run with the provision process. This permits real-time processing with the best available information.

Standardizing for Proactivity and Accuracy

Corptax Professional Services developed a process to reconcile Form 1118 Taxable Income as compared to Form 1120 Taxable Income within a standard template. With the process implemented, the Form 1120 Page 1 summary and the Unadjusted Taxable Income report is easily exported into the template, making it simple to identify variances, so they can be addressed early in the process.

The Company also uses Corptax International during its provision process to compute provisional Section 199, providing consistency and eliminating the potential of manual computation errors.

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800.966.1639

