



Optimizing Mobility Payroll & Tax Processes to Uncover Sizable Savings

For companies with globally mobile workforces, remaining compliant with complex, fast-changing tax regulations can be a struggle—and an expensive one at that. **It's no wonder that tax gross-up services make up more than 12% of our clients' total program spend.**

On average, companies spend \$4,500 on tax preparation and filing worldwide for each international assignee, a reasonable fee given the complexity and expertise tax firms bring to this process. Unfortunately, the costs don't stop there, with many of these companies also paying their tax firms sizable out-of-scope fees for non-standard services.

An Opportunity to Do Better

Our pharmaceutical company client was being charged around \$4,000 per assignee for tax prep and filing – amounting to roughly \$650,000 for their 166 assignees. This was in line with industry norms, but we saw an opportunity to do better. *Because sometimes, even standard practice can be improved upon.*

Our audit revealed that at year-end, the company accumulated additional invoices from their tax provider, bringing their actual annual spending closer to \$12,000-\$19,000 per assignee (or roughly \$2,500,000 annually).

What was accounting for these swollen costs? The company was racking charges from their tax firm for items that went beyond the defined scope of work, including:

- administrative fees
- reconciling and balancing W2s and T4s
- compensation accumulation processing
- cost projections
- balance sheets
- extension filings and amended returns

Many of these out-of-scope charges were incurred toward the end of the year, around the tax deadline, when the company engaged in its annual scramble to collect data and issue W2s or T-4s.

In the rush, mistakes were often made, key data went missing, and the tax firm was called upon to assist. Tax firms aren't always enthusiastic about providing this support at the eleventh hour, and, accordingly, their expertise comes at a premium—anywhere from \$300 to \$1,200 per hour.



These out-of-scope fees are normal and customary for Big Four firms, but they often fly beneath the radar for many companies...until they start adding up. Additionally, these charges can include “foreign fees” that are often hard to detect.

A better way? Weichert charges a flat fee for most of the out-of-scope services provided by Big Four firms, and because we are already tracking most of the assignment-related data that the tax firms are not, we were able to demonstrate significant cost savings to this company—specifically, a savings of \$1.3M annually over the current program costs!

On top of that, through our audit, we developed a more streamlined process to track, monitor and collect outstanding tax equalization (TEQ) payments, which helped yield an estimated \$1M of annual savings in fees paid to the tax provider.

Collectively, our process would deliver approximately \$2.3M in annual savings. In this case, based on the company's five-year contract with the tax firm, savings would be over \$10M.



The bottom line: By streamlining non-core functions like compensation collection, cost estimates, reporting and automating workflows, we make data collection faster, easier, and more accurate. And because Weichert is already tracking and paying assignee costs—something that Big 4 firms are unable to do—touch points are dramatically reduced.

This frees up mobility teams to focus less on the operational aspects of their programs and more on the strategy. It can also, as in the case story presented here, deliver jaw-dropping savings.