VERTEX

Customer Story

Toyota switches to Vertex for more experienced staff

TOYOTA FINANCIAL SERVICES

Company Profile

Toyota Financial Services Tax Department (TFS Tax) is a spinoff from the Toyota Motor Sales Tax department. TFS Tax started with one person and has grown to 25 people. The group is responsible for filing sales and use tax returns for two entities conducting business in all 50 states. The company files approximately 7,000 sales and use tax returns a year.

According to Lisa Dominguez, Director of Sales and Property Tax, TFS Tax made a strategic decision to outsource sales tax compliance from the beginning. The new head of the tax department wanted to be able to focus on setting up the department, developing strategies, and being proactive in evaluating tax positions, opportunities and tax savings. Over the years, however, even as the department grew, they never brought sales tax compliance back in-house.

> **"It's allowed me to grow to a higher level in my career simply because I'm not involved in compliance."**
>
> Lisa Dominguez, Director, Sales and Property Tax, Toyota Financial Services

The Need to Switch Outsourcing Providers

When Dominguez joined Toyota she took over responsibility for the sales tax compliance outsourcing relationship, and quickly grew concerned. "There were a lot of errors," says Dominguez. "We were unhappy with the service we received. I was spending too much time managing the relationship and ensuring accuracy. It simply was not worth it," she recalls. "My core job was not sales tax compliance, I was supposed to be focusing on more value added opportunities and developing the department."

"In addition," Dominguez explains, "there was an increasing amount of penalties due to the previous provider's errors. And even though the outsourcing provider was paying those penalties, ultimately, it was damaging our reputation with taxing authorities."

Dominguez summarizes "When it got to the point where managing the outsourcing required my full-time attention, I knew we needed to move to another vendor."

Evaluating Compliance Vendors

Dominguez conducted a formal RFP process evaluating three to four vendors from public accounting firms to boutique firms that specialized in sales tax compliance outsourcing. She outlines the criteria she used when evaluating outsourcing providers:

- End-to-end solution – from returns preparation to payments to notices.
- Experienced staff who know exactly what's required for a sales tax return filing.
- Proven track record of handling accounts.
- Reliable audit support – from returns archives to knowledgeable and responsive staff.
- Immediate response time – since everything the tax department does is time-driven.

Company Profile

- Tax Department grew from 1 person in 2002 to 25 people today
- Sales & use tax compliance has always been outsourced
- 2 entities
- 7,000 returns/year filed in 50 states

Vertex Solution

- Vertex Sales & Use Tax Compliance Service

Results

- Outsourced management of returns preparation & filing, payments, and notices
- Less time spent managing compliance, in-house tax staff focuses on more strategic work
- 24/7 visibility into returns workflow and access to archived returns and data

"We wanted a provider to handle not only the returns processing but payments as well. And we had some very strict requirements in the area of treasury," she explains. "Many firms could not provide that end-to-end service, or could not accommodate our specific funding needs. Not only did Vertex offer a complete solution from start to finish, but they were willing to work with us on funding requirements which was critical."

The Importance of Experienced Staff

While the systems and the operational processes were important, Toyota had learned from past experience that staff expertise is the key component of an outsourcing service. "With some firms, I was told their staff had come from public accounting firms. And that 's fine if you need consultants. But when you're looking for somebody to do compliance, you need compliance experience."

"One of Vertex's greatest strengths as an outsourcing provider is that they're all tax returns professionals. They know how to prepare returns, they know how they should look," she states. "They speak the same language that we do in the tax department, and that's what works." She adds that the team at Vertex Returns Outsourcing has built a good relationship with the various taxing authorities, which impacts TFS' corporate reputation.

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Toyota Financial Services

Making the Transition to a New Provider

According to Dominguez, the transition from their previous provider to Vertex was very simple. "We met with the Vertex Returns Outsourcing team to review the data mapping, and discuss any questions," she explains. "But it was such a simple transition. Vertex answered all our questions, and understood the importance of what we needed. And it got done."

Dominguez explains that there are two associates in the tax department who gather and upload all the data for the monthly sales tax compliance. "But these people are also responsible for reconciliations, licenses, unclaimed property, and insurance premium tax filing," she explains. "So they have a full-time job not including sales tax compliance." She continues, "The fact that we're able to just send the information to Vertex and everything is prepared and filed on our behalf is outstanding."

At the time they transitioned to Vertex, Dominguez explains, Toyota requested a monthly phone call to stay on top of issues. "Over time, that call became a five-minute check-in because there weren't any issues to discuss," she recalls. "And now, I don't even get involved in the monthly compliance which is a huge difference from our previous outsourcing provider. With Vertex, I have complete confidence."

Dominguez adds that her role in the TFS tax department has increased. She is able to focus on more value added work. "It's allowed me to grow to a higher level in my career simply because I'm not involved in compliance."

About Vertex Managed Services

Since 2007, Vertex has offered outsourcing services for companies who choose to outsource the administrative tasks of compliance in order to re-focus in-house resources on higher value work. A team of experienced US-based professionals provide an extension of your in-house tax staff, focusing on:

- Sales & Use Tax Returns Outsourcing
- Exemption Certificate Services

About Vertex

Vertex, Inc. is a leading global provider of indirect tax solutions. The Company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,400 professionals and serves companies across the globe.

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