

Case Study

A multinational Indian IT company

Service(s) offered: **Payroll, Administration & HR Compliance**

Sector/Industry: **IT/ITeS**



Payroll consulting and compliance services for an Indian IT company with global offices

Our client is an Information Technology (IT) company involved in software development and implementation. It also provides on-site support to its customers in various countries. This is done by the deputation of employees from India for short, medium, and long-term assignments. The client has branches in various countries for that purpose, including South Africa.

Challenge

The company was dissatisfied with the quality of service being delivered by the existing payroll service provider as there were significant gaps, both in the assurance of compliance and proper information flow from the service provider to the client.

The existing payroll service provider was processing salaries mechanically without applying due processes and disregarding the fact that majority of employees were expatriate employees eligible for special treatment in income tax and other social security laws. Our client did not have in-house capabilities to handle overseas compliances.

Case Highlights

- Our client needed assistance in processing the payrolls of their internationally deputed employees
- There were significant gaps in compliance and the flow of information
- With our help, the client was up-to-date with all compliances and achieved 100% accuracy for its payroll process
- Cumulative savings of USD 30,000 apart from the optimized payroll and holistic compliance

Our Solution

After understanding the challenges faced and the expectations of the client, we finalized a roadmap for the company with step-wise solutions to address the concerns.

We conducted extensive research to understand the nature of the components of salary and benefits provided by the company and the taxability of the same in the hands of expatriate and local employees in South Africa.

We observed that certain elements of the salary paid to associates relocating to South Africa could have been claimed as non-taxable, subject to certain limits and conditions.

The salaries were being taxed in the hands of the employees by the erstwhile firm which resulted in an overall higher payout by the client to its employees.

We also identified historical errors and prepared revised workings of tax calculations for employees on deputation in line with the local laws and incorporated it into cumulative calculations. We also prompted changes in subsequent months' payroll returns.

Impact

With our help, the company was able to achieve a cumulative gross savings of approximately USD 30,000 apart from the ongoing benefit for all the future deputies.

The client was up-to-date with all compliances and had a 100% accurate payroll. Therefore, the client was assured of on-time completion of compliances while having complete access to all relevant payroll information of their expatriate employees.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com