

Case Study

One of the leading players in the Alternative Investment Funds (AIF) in India

Service(s) offered: Automating tax computation process

Sector/Industry: Banking and Financial Services



Automated processes to provide tax computation of Net Asset Value (NAV) computation for a large AIF company

Context

The client is one of India's leading players in the AIF industry.

AIFs are required to report monthly NAV with the Securities and Exchange Board of India (SEBI). After introducing tax on long-term capital gains, it became imperative for the funds to factor in the tax cost while computing the NAV.

Our client had 40+ funds, and hence computing tax working and NAV was a very difficult task given the stringent regulatory timelines.

Approach

To ensure that tax working is delivered accurately and on a timely basis, the Nexdigm team reviewed the entire process. We developed a detailed structured flow post review and automated a major part of the process.

Case Highlights

- Our detailed understanding of the process and technical knowledge helped us in automating the entire process seamlessly.
- Shared detailed tax computation with the client which they use to finalize the NAV for the fund.
- We have been consistently delivering the workings on a timely basis for over 2+ years.

Solution

- Real-time recording of script-wise transactions is carried out to avoid a last-minute rush.
- An automated tool is used to process the bulk data received from the custodian bank at the month-end. Checks and balances are also carried out through the automated tool with the corresponding data provided by the custodian banks.
- The use of automated processes has reduced the turnaround time extensively, which helped deliver the computations of multiple funds in a short period.
- Our team adopted the correct tax positions and communicated error-free tax provisions to the client.
- The end-to-end process is managed by us in coordination with the custodian to ensure that the tax computations are delivered correctly and on time.
- Nexdigm team records trade on partner software and process the same through its in-house tool.
- The automated tool carries all checks and balances, and tax computations are generated highlighting the tax provision.
- The team verifies the auto-generated tax computations with the corresponding data provided by the custodian before releasing the same to the client.

Impact

The automated solution has helped the client ensure that compliance deadlines are adhered to without compromising accuracy.

Our expertise and dedicated service has resulted in several new assignments from the client and several other funds of the said client group.

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