

Case Study

A US-based software and semiconductors company

Service(s) Offered: **Project Management and Tax Litigation Services**

Sector/Industry: **IT and ITeS**



Project management for winding down operations in India

Our client is a US-based technology company. The client had substantial presence in India earlier and now was in the process of winding up its operations. The client was facing problems winding up their operations in India and eventually windup their presence and needed a partner to assist them. At that stage there were no employees on rolls in India.

There were several issues that were hindering the winding up process:

- Multiple registrations
- Open litigations
- Numerous consultants on payroll
- No local signatory
- Voluminous records

First, we drafted a plan of action for the open litigation cases after deliberating with the client. We organized meetings with the clients tax consultants to understand the issues under litigations to examine the probability of success for open items and decide which items of should taken ahead.

Case Highlights

- The client was facing problems winding up their operations and eventually winding down their presence in India
- There were several issues that were hindering the winding up process like multiple registrations, open litigations, numerous consultants
- With our experience and understanding of the client's problems we were able to resolve client's issues, including long drawn litigation issues, to help them windup their company

With our past experience and understanding of the client's litigation matters, we were able to emphasize that the matters of recurring nature may not require substantial incremental in efforts. We also successfully convinced the tax consultant to work on a fixed fee model as against a time based model, and subsequently secured a significant reduction in professional fees and provided better clarity on the costs to handle protracted litigation.

Since most of the open litigations were around transfer pricing adjustments, we suggested that the client opt 'Safe Harbour Rules' under the transfer pricing regulations to avoid litigation exposure in the future.

We then devised a systematic plan to catalogue, index and file identified historical records of the client. We conducted a review of key records that may be pertinent for future requirements of the client and documented them systematically. We also coordinated the physical transfer of records to the new premises of the company.

We also handled the accounting, book-keeping, payroll and compliance services (income tax, indirect tax and transfer pricing) procedures involved during the transition phase.

We then conducted a limited review of the provident fund matters of the client and managed the ongoing compliances and surrender of registrations. We also advised the client on how to repatriate their assets and implemented the solution and actively coordinated and engaged with the local and US auditors.

We also handled all banking related compliances, changes and coordination.

We coordinated with the statutory and tax auditors, company secretary and other consultants during the whole course of the project and provided de-bonding and exit related assistance from Software Technology Parks of India (STPI). We assisted the client with recovering capital from various trusts and helped monetize the leased land.

Impact

A right mix of experienced professionals with multivariate skills enabled us to quickly adapt to the requirements and provide deliveries across all work streams, including in situations that extended well beyond the traditional mandate in a typical winding down assignment.

The client was extremely pleased with our solution-oriented approach, and hence, we were retained as their preferred partner for almost every routine and non-routine aspect of the project.

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