

Case Study – European Tax Strategy - Commissionaire

Customer **Major High-tech Company**
Industry **Semi-conductor**

About Customer

A major semi-conductor company based in the Silicon Valley, California and the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's products and services enable integrated circuit manufacturers to manage yield throughout the wafer fabrication process from research and development to final mass production yield analysis. In addition, it provides manufacturing with older technologies and refurbished certified tools. The company also provides other services, such as on-site repair, system installation, and educational services. It sells its products and services through direct sales force and distributors primarily in the United States and Japan, as well as in Europe and the Asia-Pacific region.

Business Challenge

The customer wanted to implement the most tax efficient structure for its European sales. Previously the client had individual sales companies in six EU member states and was subject to varying tax rates in each country. The client wanted to implement a Principal/Commissionaire structure to move revenue to a low tax country.

QS&S Solution

QS&S helped the client negotiate many of the tactical difficulties of implementing this solution in SAP. To ensure the Principal/Commissionaire relationship was legally valid the client need to ensure all transactions were treated correctly, e.g. all parent company sales to the Commissionaire occurred via the Principal, all European inventory was held by the Principal, all customer credit were reimbursed to the Commissionaire by the Principal, etc. Ensuring all of the requirements for a valid legal relationship occurred required a great deal of SAP configuration and custom coding.

Benefits

The implementation of the Principal/Commissionaire structure resulted in a large cost saving for the customer, the full cost of the project was recovered in less than one year.

Technology

- SAP ECC 6.0
- SAP Application Modules – FI, CO, SD, MM

Methodology

- The project was implemented using the customer-specific project methodology with lifecycle milestones of Design, Build, Test and Evaluate

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- The mass data updates were done using standard SAP tool LSMW – Legacy System Migration Workbench.
 - Considering the sensitivity, as data being changed in the production system, exhaustive testing was done. Three (3) rounds of testing were conducted prior to go-live.

Why QS&S?

- Acknowledged SAP Financials Experts in the industry
- Managed, handled many of the most complex Financials projects
- Most qualified team with Business, Functional and Technical Skills
- Previous experience working with European and multi-national tax issues
- Deep knowledge and understanding of SAP processes, procedures and functions

About QS&S

Quality Systems & Software (QS&S) is a Business & Technology consulting firm with special focus on maximizing ERP investment. QS&S offers full-scale SAP services including – [Global Roll-outs](#), [New G/L](#), [GRC](#), [GTS](#), [Fresh implementations](#), [Upgrades](#), IT Support, Remote Consulting, Offshore Development and more. Our experienced team is ready to take on new initiatives and projects up to \$10 million. For more information, please visit us at <http://www.QSandS.com> to review our offerings and services.