



How did ARGO International Corporation gain control of multiple state sales tax rates and returns?

With 2008 sales of \$90 million and 23 offices worldwide, this industrial product distributor uses CCH CorpSystem® Sales Tax Office and Sales Tax Returns Online to ensure an accurate, streamlined process.



Challenge: Staying on Top of Changing State Tax Rates and Regulations

ARGO International Corporation has been distributing mechanical and electrical products to its industrial customers since 1952. With \$90 million in sales in 2008 and 23 offices in the U.S., Canada, China, Italy, Belgium, India and Mexico, the company does business worldwide. Still, it was keeping up with the state sales tax rates and regulations for its 10 U.S. offices that was causing the company headaches each month — especially the states of Louisiana and Washington.

Monitoring changing state tax regulations is a challenge for any company, but Louisiana and Washington State are two of the most challenging to navigate. That's because Louisiana has 68 different parishes and Washington State has 39 counties — each with the power to set their own sales tax rates. For ARGO, keeping up with the changing sales tax regulations in each state, county and parish was an ongoing, time-consuming process.

“As a mail-order business, we are required to comply with the tax rate present at the point of delivery — the customer site,” explained Franz Kistner, Director of Information Technologies at ARGO International. “With the potential of having two different tax rates on opposite sides of the same street, we were finding ourselves spending a great deal of time keeping track of rate changes and ironing out sales tax errors or discrepancies with customers. What's more, it was difficult to have 100 percent confidence that we had the correct sales tax information in the first place.”

Submitting monthly state sales tax returns was a time-consuming process for the accounting team. After being audited and hit with late fees in the past, ARGO took advantage of a move to Microsoft® Dynamics AX as their ERP solution to go about improving their sales tax and tax compliance processes. The accounting team asked for Kistner's help in identifying an accurate and automated sales tax solution that would work well with the new ERP platform.

Solution: An Automated Approach

After reviewing a number of offerings, Kistner and the accounting team selected CCH's CorpSystem Sales Tax Office and Sales Tax Returns Online to create a state-of-the-art sales tax solution.

CorpSystem Sales Tax Office handles real-time tax calculation automatically, and logs all transactions for end-of-month liability reporting and secondary audit defense. By partnering with First American Spatial Solutions (formerly Proxix Solutions'), CCH was able to develop a comprehensive database of boundary definitions and tax matrices for state, county, city local and special tax districts. This in-depth and highly accurate tax solution enables ARGO to determine the correct sales tax regardless of a shipment's final destination — even in states like Louisiana and Washington, where a single block could mean a difference in sales tax rates.

In addition, Sales Tax Returns Online automates the filing and forms management process. Now, once a month, the ARGO accounting team loads the new sales tax data with all of the changes that they need to know about. They then upload their sales tax files to CCH, and 48 hours later, they receive their completed returns. Accounting reviews the returns, makes adjustments if necessary, and then files them with each state and/or county. Both systems connected seamlessly with ARGO's Microsoft® Dynamics AX ERP solution, which made it easy for ARGO to implement, customize, and get up and running quickly.

After configuring the system to meet their needs, Kistner said that he and the accounting team no longer worry much about state sales tax rate issues.

"Going with CCH has freed our staff to focus on more strategic areas of the business," explained Kistner. "It's important that we be in compliance with state and local laws, but it's simply not feasible for our small staff to go through every single new tax law. Being able to leverage CCH's expertise helped us automate and improve what was once a difficult process."

Results: Reduced Process Time, Improved Accuracy

By selecting CCH's CorpSystem Sales Tax Office and Sales Tax Returns Online, ARGO was able to:

- Significantly reduce time spent on state, county and parish sales tax returns from two days to a few hours
- Improve sales tax accuracy, reducing the number of customer sales tax complaints
- Eliminate time spent resolving sales tax discrepancies
- Improve ARGO's tax compliance processes



Using CCH's CorpSystem Sales Tax Returns Online enabled ARGO to cut the time required to complete the returns from two days to a few hours, including review and sign-off. As a result, the team is able to easily complete all returns within the first week of each month, and has avoided all late fees since the CCH implementation. In addition, while the company was handling up to 20 customer sales tax complaints per month in the past, they have not received any customer complaints about being charged the wrong sales tax rate since implementing the CCH solution. Furthermore, the firm has not been audited since implementing the solution, but if they should be, they feel confident in their ability to produce the appropriate back-up information.

"CCH Sales Tax Office and Sales Tax Returns Online certainly save us time, but perhaps even more importantly, we now have the confidence in our data and process," explained Kistner. "We know that the data in the system are correct, and that we are on top of all changes, whether at the state or parish level. That confidence and peace-of-mind is extremely reassuring."

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ARGO International Corporation

To learn more about
CCH CorpSystem® Sales Tax Office
and Sales Tax Returns Online,
call **1-800-PFX-9998** (1-800-739-9998)
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