



CASE STUDY

Employment Tax Services

Large Corporation Specializing in Dairy Products



CHALLENGE

To implement a large internal legal entity reorganization plan and help with employment tax requirements.



SOLUTION

Equifax Employment Tax Services assisted with a smooth transition, helping the client with processing and filing necessary documents.



RESULT

The internal reorganization was completed from an employment tax perspective timely and efficiently.

Challenge

The client was planning a large internal reorganization, whereby numerous legal entities (including assets and employees) would be consolidated into two legal entities. The reorganization was expected to take place on January 1st and the consolidation would affect business operations in approximately 40 states. Additionally, the client used a third-party payroll provider for all employment tax filings and deposits.

The client understood that there would be significant employment tax requirements associated with the reorganization. Due to the passage of SUTA (State Unemployment Tax Act) dumping legislation and the associated mandatory notification and transfer requirements for state unemployment purposes, compliance had become more complex and time-sensitive. With these stricter requirements, the client had potentially greater exposure to employment tax risk associated with not (or only partially) complying with mandated reporting requirements.

Without the necessary personnel or experience to help handle these requirements internally, the client was seeking a service provider to assist them with the stringent payroll tax issues associated with the anticipated reorganization.

Equifax Employment Tax Services assisted with a smooth transition, helping the client with processing and filing necessary documents.

Solution

The client attended an Equifax Employment Tax Services webcast which discussed the employment tax requirements for mergers, acquisitions, and reorganizations. Through the webcast, the client began to understand the complexity of the issues involved with the reorganization and the subject matter expertise offered by Equifax to assist clients with these types of transactions. After a few discussions with the Equifax team regarding the client's specific facts and associated payroll tax compliance requirements, they chose to work with Equifax to help ensure the employment tax aspects of the reorganization were properly addressed.

During the initial planning meeting, Equifax and the client collaborated to develop a comprehensive work plan which detailed items that needed to be accomplished from an employment tax perspective to help effectuate the internal reorganization. During this meeting, deadlines were assigned to key items, taking into account statutory requirements, internal client needs, and the third-party payroll provider's prerequisites based on the January 1st implementation date.



The specific employment tax services performed included:

- ✓ Reviewing state requirements for transfers of experience
- ✓ Coordinating communications and correspondence with the client's third-party payroll provider
- ✓ Helping prepare state employment tax registrations —SIT (State Income Tax), LIT (Local Income Tax), and SUI (State Unemployment Insurance)
- ✓ Helping prepare documents to request transfers of SUI tax experience
- ✓ Assisting with the closure of all predecessors' state and local employment tax accounts
- ✓ Providing summary charts of employment tax accounts established with periodic updates
- ✓ Designating Equifax as a point-of-contact for questions from workforce agencies related to the filings
- ✓ Helping monitor compliance filings and responding to help ensure expected outcomes were achieved
- ✓ Helping verify state acknowledgements for accuracy and confirming transfers of experience in rate calculations
- ✓ Helping with protests of incorrect SUI rate assignments, as required

Rather than try to handle all of these issues internally, Equifax assisted the client in navigating the complex regulatory terrain and helped ensure that employment tax aspects of the reorganization were handled appropriately and efficiently, allowing the client's personnel to focus more on their daily responsibilities.

Choosing Equifax in helping address the employment tax issues associated with the client's reorganization plan helped ensure that current regulatory requirements were properly addressed in a timely manner. Equifax assisted in both providing subject matter expertise and additional resources to help deal with a situation which was outside of the client's normal business activities. Rather than try to handle all of these issues internally, Equifax assisted the client in navigating the complex regulatory terrain and helped ensure that employment tax aspects of the reorganization were handled appropriately and efficiently, allowing the client's personnel to focus more on their daily responsibilities.

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