



The graphic features a large blue arrow pointing right with the word "CONVERGE" in white. To the left of the arrow is a circular logo with green and blue segments and dashed lines radiating from the center.

# 2020 Advisory Conference

October 27–29

Converging knowledge and behaviors to deepen client relationships

**RSM Canada Alliance**  
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**FIRMFOUNDATION**  
Advice, tools and resources for CPAs

**RSM US Alliance**  
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The graphic features a large blue rectangle with a white border. A green line connects a small white box on the left to the blue rectangle. The text "A WORLD IN UPHEAVAL: GLOBAL SURVIVAL AND GROWTH" is centered in the blue rectangle. Below it, the date "October 29, 2020" is displayed.

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## A WORLD IN UPHEAVAL: GLOBAL SURVIVAL AND GROWTH

October 29, 2020

**Avalara**

**Rock Island Capital**

## Speakers List



### Frank Le Bihan

Global Growth Leader  
N.A. Leader – Foreign Direct Investment

Frank leads RSM US LLP Global Growth strategy, aiming at supporting our clients global service needs. He also drives our FDI Growth & Client experience strategy, making RSM the leading service provider to the Foreign-Owned Middle Market.



### Duncan Stocks

Principal – Global Indirect Tax  
National Leader

Duncan leads the global indirect tax service team covering VAT advisory, VAT compliance, VAT automation and international trade services



### Matt Dollard

RSM Director – Management Consulting

Matt is an engagement leader in RSM's Management Consulting Practice where he guides clients through their strategic and cross function decision making. This includes the development of financial and non-financial goals, opportunity formation and analysis, business case modeling, and execution planning.



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## Agenda

Topic	Minutes
Key global issues and trends	5
Impact on clients	5
How can we engage our clients – Tools and resources	17
Best practices to win, serve and build enduring relationships	3
Small group discussion	10
Q&A	20



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## Objectives

**By the end of this course, you will be able to:**

- Leverage industry-specific challenges, and compare issues for companies operating overseas vs. subsidiaries of foreign parents to have impactful conversations with clients and prospects.
- Identify tangible best practices and behaviors to successfully serve and build enduring relationships with global companies.

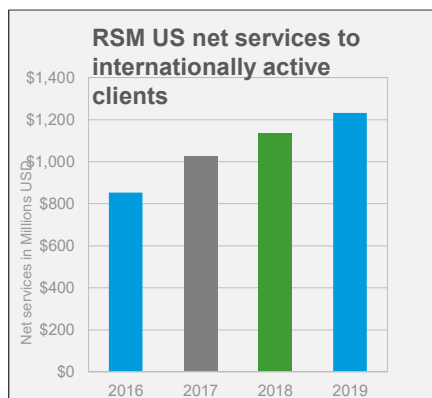


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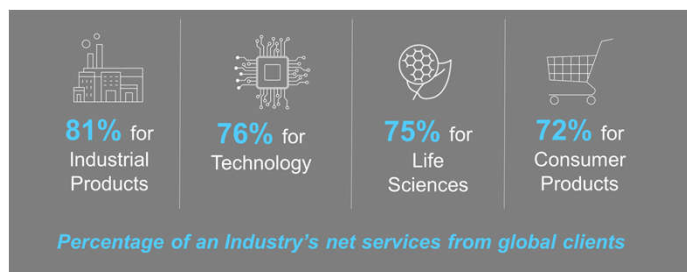


## Engaging Global Clients: An Industry Perspective

**63%** of RSM N.A. revenue  
come from internationally active clients



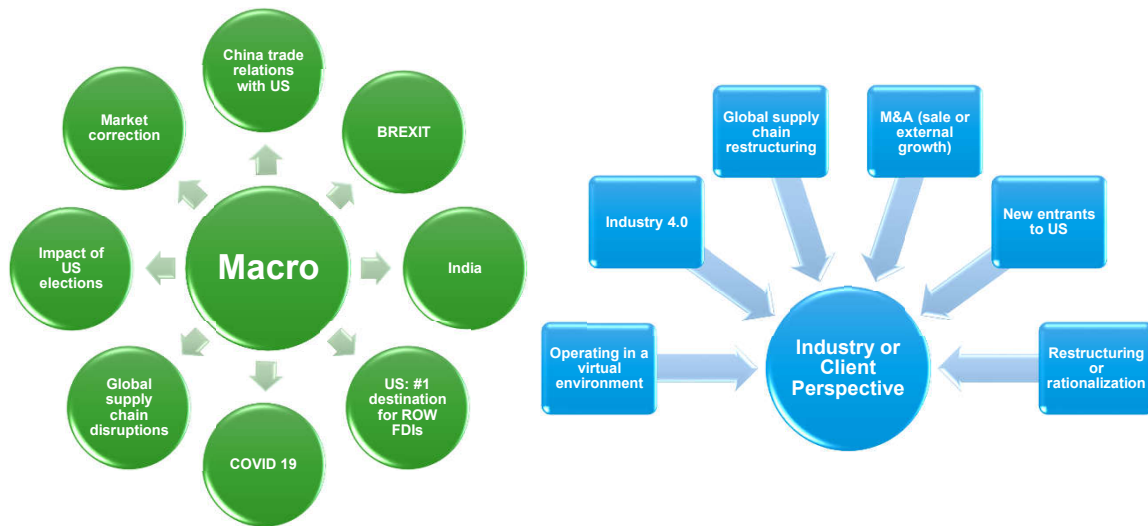
### % of international clients by Industry



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## Global Trends and Issues



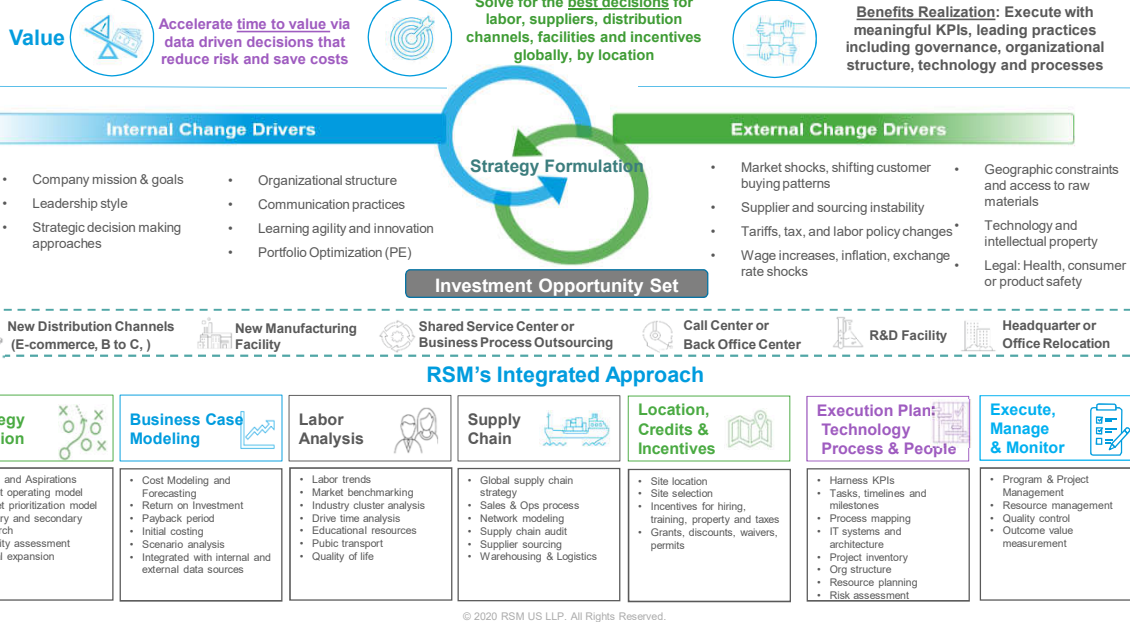
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## GLOBAL STRATEGY ADVISORY

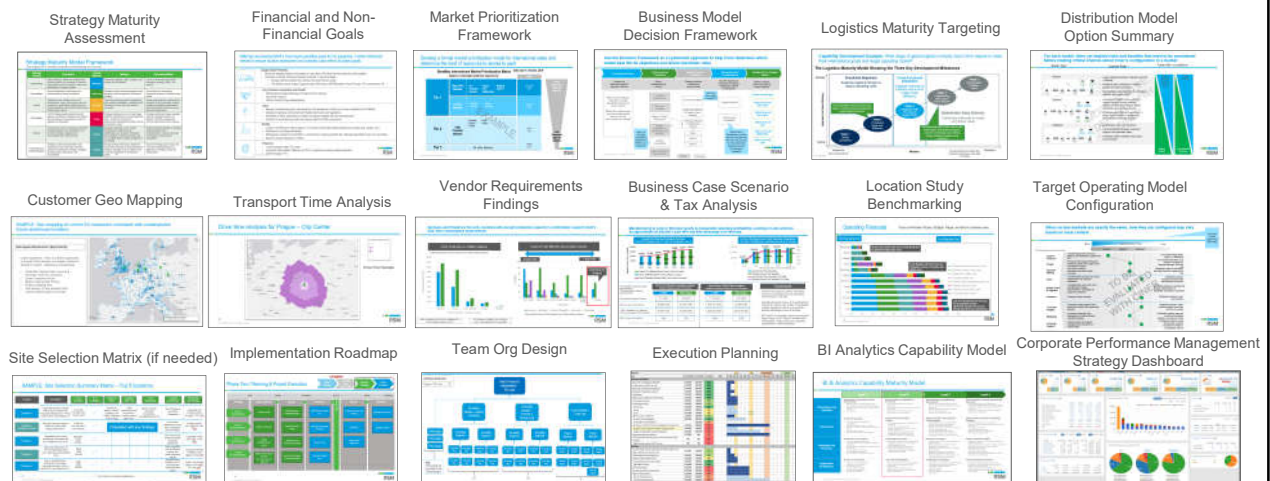
Pragmatic solutions for the mid-market

## RSM Strategy Advisory – Generate Quantifiable Revenue and Cost Savings



## Strategy Advisory Sample Deliverables

Sample deliverables that are designed to be used as an integrated tool kit to support your strategic decision making and execution.



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## INDIRECT TAX COMPLIANCE AND STRATEGY: IMPACT ON CLIENTS' SUPPLY CHAINS

### Introduction to VAT on Physical Goods and Forthcoming VAT Reform


- The typical supply chains in the e-commerce space, and the ones addressed by recent legislative changes, are as follows:




US e-commerce Seller




Sale facilitated by third party marketplace






Import of goods into a third party warehouse before sale to consumer



Direct sale in connection with an import transaction



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Private Consumer

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## EU 2021: European Union VAT Reform for e-Commerce

From **July 1, 2021** the European Union will introduce sweeping VAT reforms that will transform the **taxation of online sales of physical goods**.

### 1. ONLINE MARKETPLACES AND PLATFORMS

- Online marketplaces and platforms “facilitating” sales of physical goods by non-EU established sellers will be liable to account for VAT on the sale to private individuals
- This also includes “low value” imports coming into the EU below EUR 150 in value
- Record keeping requirements for sales occurring on platforms

### 3. “DISTANCE SELLERS”

- Direct sellers that are currently selling goods physically located within the EU and are registered under the so called “distance sales” regime can simplify their compliance through a single VAT return
- The distance sales regime will end and the VAT treatment will be based upon the destination country

### 2. NON-EU SELLERS ON MARKETPLACES

- Sales of goods located in the EU by non-EU sellers will be deemed to occur to the marketplace and be “zero-rated” for VAT purposes
- Non-EU sellers should ensure that they are appropriately registered for VAT and in a position to reclaim any import VAT incurred if goods are warehoused in the EU prior to sale

### 4. E-COMMERCE SELLERS SHIPPING INTO THE EU

- The EU’s low value import relief of EUR 22 will be abolished
- Any import under the value of EUR 150 will no longer be subject to import VAT, but the seller (or marketplace) would be liable to remit VAT under a new “Import One Stop Shop” (IOSS) scheme
- There are situations where the VAT could be remitted by a freight forwarder or customs broker.

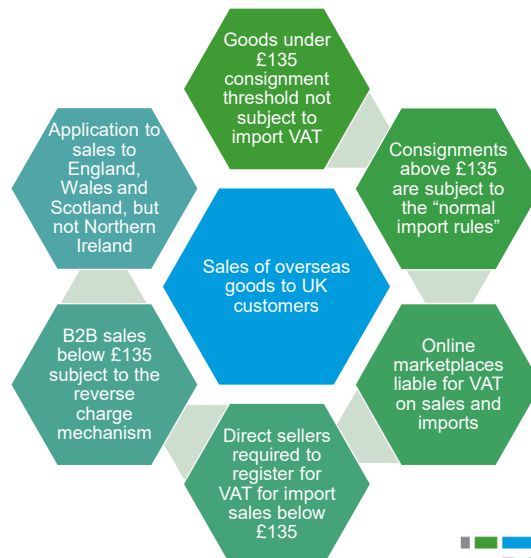


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## Brexit: Implications for e-commerce sellers

- On December 31, 2020, the UK’s transitional period with the European Union will end.
- From **January 1, 2021**, the UK will then be treated as a “third country” for EU VAT purposes.
- The UK will implement new VAT legislation that largely mirrors the EU’s 2021 VAT reform.
- Northern Ireland will have a special “dual status” for UK and EU VAT purposes, concerning imports and distance sales.



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## VAT on Digital Services

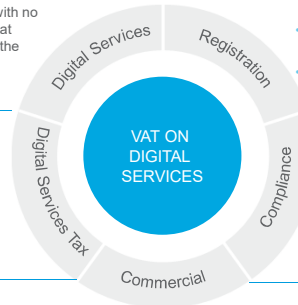
### Rapidly changing global landscape

The global Indirect Tax (VAT) landscape for companies providing *digital services* continues to change at an *exponential rate*. More and more countries continue to place obligations on "non-resident" suppliers of digital services. With *VAT rates typically between 15% and 25%*, it is crucial to ensure *VAT is managed appropriately*.

There are a number of key factors that businesses should consider in terms of their VAT position.

- Digital services are typically defined as services delivered electronically with no or minimal human intervention, that would be impossible to ensure in the absence of technology

- These are typically gross receipts taxes based on revenue streams earned from domestic customers



- Determine the effective date of registration and manage the potential risk and expense of late notifications
- Simplified procedures – e.g. Mini One Stop Shop in the EU
- Third party liability – e.g. online market places

- Data reporting and filing processes
- Fiscal representation
- Payment mechanism – including in some countries withholding by payment card processor

- Collection of customer data to support a VAT decision
- Determining whether to use VAT inclusive or exclusive pricing
- Accounting software to automate decision making and support compliance processes
- Contracting structure and use of third parties
- Data protection regulations and risks

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING



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## HOW?

How to identify, Win and Recognize global clients?



## Becoming a **global** First-Choice Advisor

### Solution:

Are you fully addressing their global needs, in the US and overseas?

Are we bringing clients new ideas and thought leadership on global issues they face in:

- Their industries?
- Countries they operate in?

Are we introducing clients to our specialized global SMEs? \*

Do your global clients understand the full extent of RSM's global capabilities?

\* e.g. Country Desks, GCRS, Global Indirect Tax, Global Expansion Advisory, RIALs, etc.

Analyze  
&  
Discuss

What do clients say about their global service experience? (Voice of Clients, Client Loyalty Survey, etc.)

#### Step 1:

*Recognize*



#### Step 2:

*Prioritize*



#### Step 3:

*Advise*

*Involve Global Subject Matter Experts*



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# BREAK-OUT EXERCISE

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## Small Group Discussion – 10 minutes

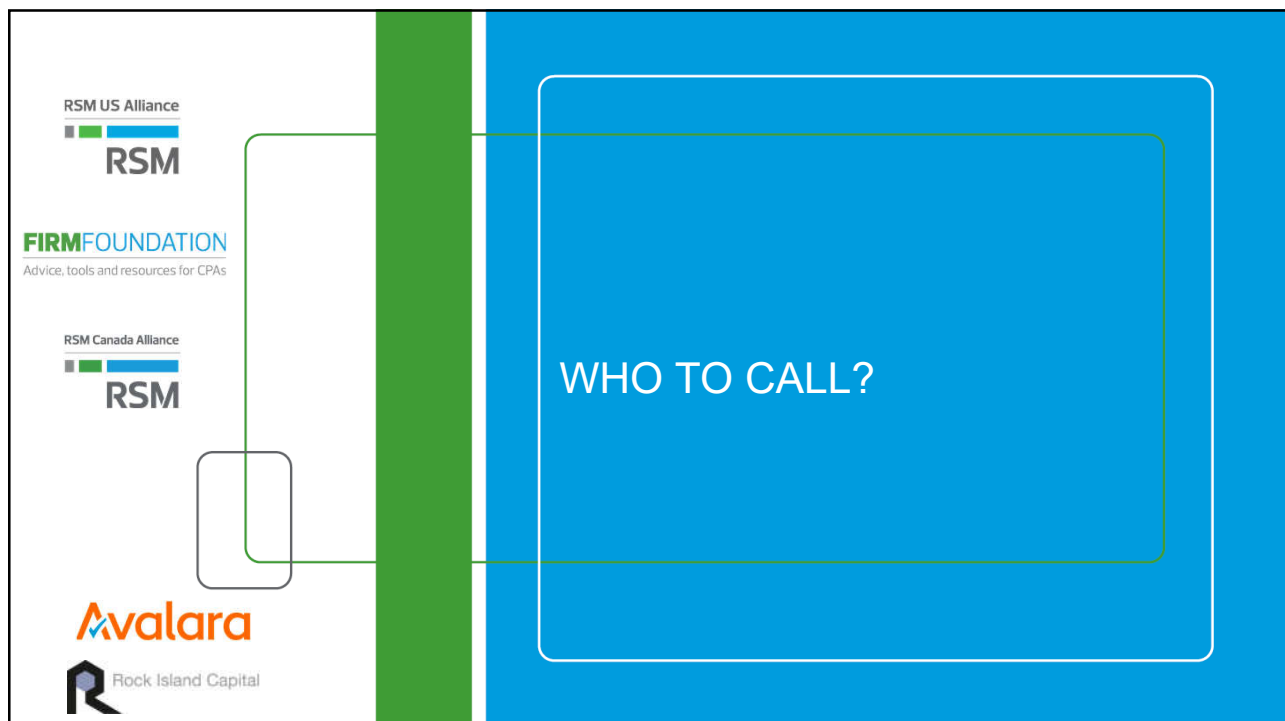
Please discuss the following:

- What is one key take-away that resonated with you that would apply to your global clients?
- What is one action step you will take to generate growth or improve client experience?

Designate someone in your group to share a summary of your discussions with the larger group.



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## Team Leaders and Recent Projects

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### Industry Focus



Company Size \$30M to \$1B+

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### Food Manufacturing Facility Strategy (Eastern Europe)

Geo-located existing and future customers and vetted future Eastern European suppliers. Optimized location with operating costs with desired customer service levels by modeling EU locations between suppliers and end customers. Established key requirements then dialogued with third parties, including EU Economic Development Agencies, recruiting firms, Real Estate firms and conducted secondary and primary research. Identified fifty potential Eastern European locations in two city regions and vetted each via empirical primary and secondary research. Delivered 5 viable locations with a business case study, supplier study and supply chain study. The client has since acquired our top recommended site and is developing the property for their use.



### E-Commerce Distribution Center Strategy (Europe)

Identified the ideal operating model and break even analysis for multiple distribution channel options including owned distribution model, 3PL, and distribution via Amazon. Created a dynamic multi-vendor benchmark model to calculate landed costs and shipping cost estimates. Identified by SKU, the proper starting inventory and replenishment plan. Identified EU locations that are a best fit given the client's requirements for service level and shipping costs. Created an implementation roadmap with multiple projects to execute. Identified low hanging e-commerce opportunities to increase sales revenue that the client implemented which increased non-U.S. revenue by 14-30% over the prior year periods.



### Shared Service Center Strategy & Implementation (Eastern Europe)

Determined two ideal locations in Europe for a Shared Service Center for a consumer goods company for the optimal mix of talent, cost, quality and business environment and created an implementation plan. RSM established the shared service center saving over USD \$2M in annual costs.



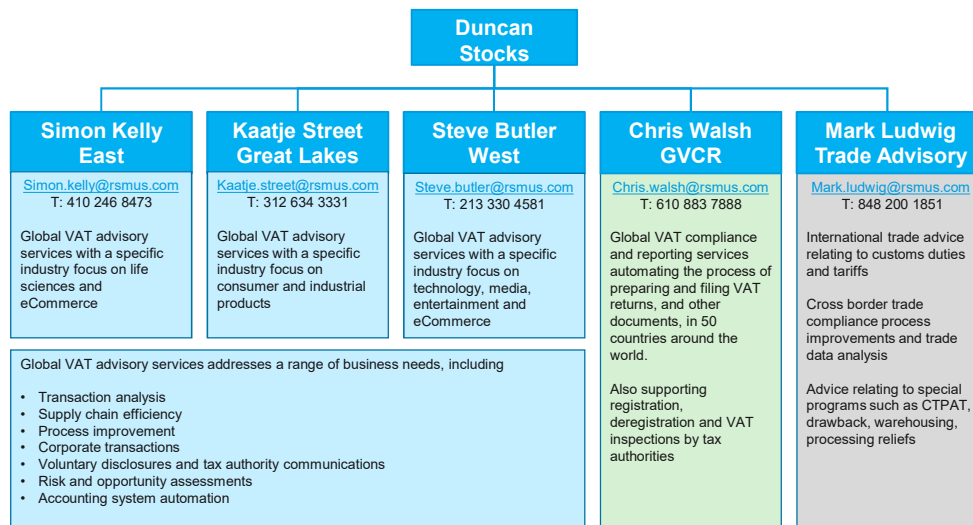
### Back Office Business Processing Center (US)

Identified five locations based on client's existing infrastructure and access to global talent. Analyzed the locations based on factors, such as labor costs, property costs, direct flights cities, client existing operations, and time zone differences. Through our analysis, we determined that the back office processing center would be most efficient co-located within an existing center. Narrowed to two locations for the center based on greatest identified synergies. Narrowed our recommendation to final site based on refined labor analysis.

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## Global Indirect Tax – Team Leaders



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## Who to call: Country Desks

*Drive a differentiated client experience and growth through bilingual, bicultural, and bi-technical skillsets and deep bilateral ties to RSMI member firms*



**Frank Ji**  
China  
Chicago



**Nelly Montoya**  
Ireland  
San Francisco



**Jim Claraham**  
UK  
Peoria



**Remi Forgeas**  
France  
New York



**Frank Le Bihan**  
FDI Leader  
Chicago



**Tim Nakai**  
Canada  
Toronto



**Mukesh Patel**  
India  
Dayton



**Nick Schaefer**  
Germany  
Great Lakes/South East



**Edgar Lopezlena**  
Mexico &  
Spanish-speaking  
countries  
Chicago



**Doug Roozeboom**  
Netherlands  
Des Moines

FDI = Foreign Direct Investor



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